

Padaviya Pradeshiya Sabha

Anuradhapura District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to Audit on 04 April 2016 while Financial Statements relating to the preceding year had been submitted on 23 April 2015. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 02 August 2016.

1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in paragraph 1.3 of this report, financial statements give a true and fair view of the financial position of the Padaviya Pradeshiya Sabha as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

Following matters are observed.

- (a) Value of Equipment amounting to Rs. 242,590 purchased during the year under review had not been accounted under Fixed Assets in the financial statements.
- (b) While value of 19 burial Grounds in extent of 95 acres situated in the area of authority of the Sabha had not been computed and included in the financial statements, a sum of Rs. 2,003,810 spent for fences around 07 burial grounds too had not been accounted under Fixed Assets.
- (c) While value of 150 Galvanized Pipes amounting to Rs. 166,071 provided by the Divi Neguma Development Department to the Sabha during the year 2014 had not been shown under Fixed Assets in the financial statements, those Galvanized Pipes had been distributed among the members.
- (d) Buildings and other Equipment totaling to Rs. 433,280, provided under Pura Neguma Project during the year under review had not been shown as Fixed Assets in the financial statements.

- (e) Values of the Water Browser bearing No. WPLL-2109 and the Tractor bearing No. NCRD 2739 provided to the Sabha had not been included in the financial statements.
- (f) Physical Stocks relevant to the value of stocks amounting Rs. 259,069 continued to be shown in the financial statements during a long period were not in the possession of the Sabha.

02. Financial Review

2.1 Financial Results

According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2015 amounted to Rs. 73,325 as against the excess of recurrent expenditure over revenue of the preceding year amounted to Rs.1,002,672.

2.2 Revenue Administration

2.2.1 Court Fines

Action had not been taken to recover Court Fines Revenue amounting to Rs. 773,018 as at end of the year under review, according to the Court Fines Register maintained by the Sabha.

2.2.2 Stamp Fees

Action had not been taken to recover Stamp Fees Revenue Receivable totaling to Rs. 203,000 as at end of the year under review.

3. Operating Review

3.1 Management Inefficiencies

Following matters are observed.

- (a) Action had not been taken to recover Staff Loans totaling Rs. 47,166 due from three officers who had gone on transfers after serving in the Sabha.
- (b) While present value of lands in extent of 21.5 acres maintained and used by the Sabha had not been assessed, action had not been taken to get the ownership of those lands transferred in favor of the Sabha in terms of paragraphs 03 in the Local Government Restructure Circular No. 03.

- (c) A system of continuous road maintenance had not been implemented as per paragraph 2.2(iii) of the Local Government Restructure Circular No.06,PL/07/01/53 06 dated 08 November 2005 of the Secretary to the Ministry of Local Government and Provincial Councils.
- (d) A separate Register of Fixed Assets had not been maintained for Computer Accessories and Software as per Circular No. IAI/2002/02 dated 28 November 2002 of the Secretary to the Treasury.

3.2 Assets Management

Idle Assets

- (i) While the Cab Vehicle No. WPLE 7506 valued at Rs. 1,319,050 belongs to the Sabha had become un-serviceable and withdrawn from running, subsequent course of action had not been taken in that connection.
- (ii) While Machines valued at Rs. 814,000 for publishing Rice Flour Associated Bakery Food Products had been provided to the Sabha by the North Central Chief Secretariat during the year 2007, action had not been taken to achieve the expected objectives even up to March 2016.
- (iii) 17 Fishing Boats provided to the Sabha as donations by the Padaviya Divisional Secretary had been kept in the Sabha premises, without being utilized for the relevant work.

3.3 Solid Wastes Management

Although Aliwanguwa Pilisaru Center had been constructed for implementation of Solid Wastes Management Project having spent a sum of Rs.6,237,878 in the year 2014, those buildings and equipment had not been utilized for the relevant objective.,Environmental problems had arisen due to disposal of wastes to an open land in extent of one acre in Padaviya Gravel Kanda.

4. Systems and Controls

Special attention is needed in the following areas of controls.

- (a) Accounting
- (b) Revenue Administration
- (c) Assets Management
- (e) Solid Wastes Management.