

## **Rajanganaya Pradeshiya Sabha**

### **Anuradhapura District**

#### **1. Financial Statements**

##### **1.1 Presentation of Financial Statements**

Financial Statements for the year under review had been submitted to the Audit on 04 April 2016 while Financial Statements relating to the preceding year had been submitted on 21 April 2015. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 31 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 Rajanganaya Pradeshiya Sabha at 31 December 2015 and its financial performance 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) While 554 Library Books valued at Rs. 132,603 had been received from the Health Department and the Local Government Department to the Library situated in Fifth Post area, value of those had not been included in the financial statements.
- (b) The Loan balance of Rs. 197,540 payable as at 31 December of the year under review to the Local Loans and Development Fund had not been shown as amount payable in the Balance Sheet.
- (c) Value of 04 assets totaling Rs. 519,750 had not been included under Fixed Assets in the financial statements .

#### **2. Financial Review**

##### **2.1 Financial Results**

According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Sabah for the year ended 31 December 2015 had been Rs. 1,242,115 as against the operational deficit amounted to Rs. 1,150,144 in the preceding year.

## **2.1 Revenue Administration**

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### **2.2.1 Lease Rent**

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- (a) Although newly assessed values had been submitted by the Chief Valuer on 20 April 2015 with regard to the trade stalls of the Sabha, action had not been taken to recover rent on the basis of those assessed values.
- (b) Action had not been taken in terms of Section 153 of the Pradeshiya Sabha Act No. 15 of 1987 to recover a tax not exceeding 2 percent of the ground value of undeveloped lands from land lords annually.
- (c) Although Stalls Rent should be assessed at least once in 05 years vide circular No NCP/LG/9/7/19(1) dated 14 August 1994 of the Commissioner of local Government North Central Province stalls rents were being recovered based on assessed value old more than 21 years.

### **2.2.2 Court Fines**

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Action had not been taken to recover Court Fines amounting to Rs. 1,844,768 to be recovered as at the end of the year under review.

### **2.2.3 Stamp Fees**

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Action had not been taken to recover Stamp Fees amounting to Rs. 221,000 in respect of the year 2013 computed to be recovered as at the end of the year under review.

## **3. Operational Review**

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### **3.1 Management Inefficiencies**

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Following matters are observed.

- (a) Action had not been taken to recover staff loans totaling Rs.1, 844,768 outstanding since a long period from 13 officers.
- (b) Projects amounting to Rs. 3,000,000 approved relevant to Pradeshiya Sabha Strengthening Program for the year under review had not been implemented.
- (c) Action had not been taken to provide Goods valued at Rs.419,308 purchased under Provincial Decentralized Program to the relevant beneficiaries even as at 25 May 2016.
- (d) Action had not been taken to get settled Balances Receivable totaling Rs. 2,421,532 relevant to 04 items of accounts.

- (e) Action had not been taken to settle Balances Payable totaling Rs. 1,182,568 relevant to 04 items of accounts.

### 3.2 **Idle Assets**

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Four items of Machinery and Equipment valued at Rs. 682,815 remained idle during a number of years.

### 4. **Systems and Controls**

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Special attention is needed in the following areas of controls.

- (a) Accounting
- (b) Revenue Administration
- (c) Assets Management
- (d) Staff loans Management.