

**Akurana Pradeshiya Sabha**

**Kandy District**

**1. Financial Statements**

**1.1 Presentation of Financial Statements**

The financial statements of the year under review had been presented to audit on 30 March 2012 and the financial statements for the preceding year had been presented on 15 March 2011. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 10 September 2012.

**1:2 Opinion**

In view of the comments and observations appearing in my report forwarded to the Chairman, I am unable to express an opinion on the financial statements of the Akurana Pradeshiya Sabha for the year ended 31 December 2011 presented for audit.

**1.3 Comments on Financial Statements**

**1.3.1 Accounting Deficiencies**

- (a) The value of 46 lands owned by the Sabha had not been assessed and brought to account.
- (b) The value of capital aid received for the year amounted to Rs. 32,132,960. But, it had been shown in the income and expenditure account as Rs. 18,760,872 thus, understating the capital income by Rs. 13,372,088

**2. Financial and Operating Review**

**2.1 Financial Results**

According to the financial statements presented, the excess of revenue over the recurrent expenditure of the Sabha for the year ended 31 December 2011 amounted to

Rs.5,226,374 as compared with the excess of revenue over recurrent expenditure amounting to Rs.7,359,352 for the preceding year.

## 2.2 Revenue Administration

### 2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

Information relating to the estimated revenue, the actual revenue and the arrears of revenue for the year under review and the preceding year as presented by the Chairman is given below.

Item of Revenue	Estimated	Actual	Accumulated Arrears as at 31 December
	Rs.'000	Rs.'000	Rs.'000
(i) Rates and Taxes	2,288	2,412	(124)
(ii) Lease Rent	2,164	1,934	230
(iii) Licence Fees	2,457	2,457	-
(iv) Other Revenue	6,427	3,567	2,860

### 2.2.2 Court Fines and Stamp Fees

The amount receivable as at 31 December 2011 from the Chief Secretary of the Provincial Council is given below.

	Rs.
(i) Court Fines	128,498
(ii) Stamp Fees	45,315

### 2.2.3 Sub-division Taxes

A tax of 1% based on the sales value had not been recovered by the Sabha in respect of 04 lands auctioned under sub-division in terms of Section 154 of the Pradeshiya Sabha Act No. 15 of 1987.

### 2.2.4 Hoarding Charges

The Sabha had been deprived of an income of Rs. 808,625 due to non-recovery of charges for 178 permanent hoardings erected at 112 business locations in terms of the Gazette Notification dated 30 December 2011 of the Democratic Socialist Republic of Sri Lanka and the decision taken at the general meeting of the Sabha in November 2011.

### **2.2.5 Stall Rent**

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Action had not been taken to recover rent in terms of the agreement and as a result the stall rent amounting to Rs. 348,770 had been outstanding as at 31 December 2011.

### **2.2.6 Transmission Tower Charges**

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- (a) The Sabha had been deprived of nearly of Rs. 150,000 on 07 transmission towers erected without permission and conformity certificates had not been obtained for 09 transmission towers concerned.
  
- (b) Trade licences had not been obtained for over a period of 05 years for 09 transmission towers erected and as a result the Sabha had been deprived of a sum of nearly Rs. 300,000.

### **2.3 Development Licences**

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- (a) Development licences had not been obtained in terms of the Gazette Notification No. 935/6 dated 09 August 1996 of the Democratic Socialist Republic of Sri Lanka for 04 lands auctioned under sub-division
  
- (b) The planning committee had given the Development Licence bearing No. BA/20/12 for a development activity for which the Building Research Institute and the Road Development Authority had refused to issue licence in terms of the provisions in Section 8A(i) of the Urban Development Authority (Amendment) Act No. 04 of 1982. Further, service charges amounting to Rs. 232,645 had not been charged for constructions carried out without obtaining licence,
  
- (c) The licence bearing No. BA/11/12 had been issued to construct a new building stating that there was an old building though there was no such old building and the plan had been approved though Vehicle Park, access and toilets for disabled persons had not been included in the plan.

- (d) Although 03 reminders had been sent as at 09 September 2011 for a notice of unauthorized construction in respect of a construction of a new building, the Urban Development Authority had given permission by licence No. BA/2011/48 for basic plans relating to renovate the building. Further, approval had been given to construct a building block in the Nikara Damwathura Oya, eventhough buildings cannot be constructed on 3.59 perches land.
- (e) Although the Technical Officer had reported the land as a paddy land, development licence had been issued without obtaining the recommendations from the Department of Agrarian Services.

#### **2.4 Conformity Certificates**

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According to the Gazette Extra-ordinary Notification No. 1597/8 dated 17 April 2009 of the Democratic Socialist Republic of Sri Lanka, conformity certificates should be obtained for each construction / development work. Nevertheless, conformity certificates had not been obtained for 65 constructions and as a result the Sabha had been deprived of a sum of Rs, 183,987.

#### **2.5 Staff loans Recoverable**

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The total of the staff loan balances recoverable as at 31 December 2011 amounted to Rs. 3,990,992 and the total of the balances outstanding for over 01 year amounted to Rs. 39,875

### **3. Systems and Controls**

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Special attention is needed in respect of the following areas of systems and controls.

- (a) Accounting
- (b) Revenue Administration.
- (c) Control over Contracts
- (d) Assets Management
- (e) Control over vehicles
- (f) Debtors and Creditors Control