

**Dehiattakandiya Pradeshiya Sabha**

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**Ampara District**  
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**1. Financial Statements**

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**1.1 Presentation of Financial Statements**

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The financial statements for the year under review had been presented to audit on 14 May 2012 and the financial statements for the preceding year had been presented on 16 May 2011. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 22 October 2012.

**1:2 Opinion**

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So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Dehiattakandiya Pradeshiya Sabha had maintained proper accounting records for the year ended 31 December 2011 and except for the effects on the financial statements of the matters referred to in my report, the financial statements have been prepared in accordance with the Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Dehiattakandiya Pradeshiya Sabha as at 31 December 2011 and the financial results of its operations and cash flows for the year then ended.

### 1.3 Comments on Financial Statements

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#### 1.3.1 Accounting Deficiencies

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The value of the public playgrounds and cemeteries vested with the Sabha by the Mahaweli Development Authority had not been computed and shown in the financial statements.

## 2. Financial and Operating Review

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### 2.1 Financial Results

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According to the financial statements presented the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2011 amounted to Rs. 1,185,177 as compared with the excess of revenue over recurrent expenditure amounting to Rs. 485,914 for the preceding year.

### 2.2 Revenue Administration

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

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

	<b>Item of Revenue</b>	<b>Estimated</b>	<b>Actual</b>	<b>Cumulative Arrears as at 31 December</b>
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		Rs.'000	Rs.'000	Rs.'000
(i)	Rates and Taxes	4,571	3,389	1,182
(ii)	Lease Rent	-	-	-
(iii)	Licence Fees	977	1,163	(186)
(iv)	Other Revenue	9,644	8,821	823

### **2.2.2 Court Fines**

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Court fines receivable as at 31 December 2011 from the Chief Secretary of the Provincial Council and other authorities amounted to Rs. 455,083

### **2.3 Idle and Underutilized Physical Resources**

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A 04 wheel Tractor valued at Rs. 225,000 owned by the Sabha had been lying idle for over 05 years and although the Bajaj Three wheeler could be repaired and put to use, it had been parked in the Sabha premises since June 2011, without being repaired.

### **2.4 Contract Administration**

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According to 3.9.1 of the Government Procurement Guidelines, when a contract is awarded to a community based organization, the total number of contracts carried out by the said society within a specific period should not be more than 03 and the grand total of the balance work of the contracts already awarded and the value of the proposed contract should not be more than Rs 2 million. Contravening the above provisions, 04 to 09 contracts had been awarded to 06 farmers organizations with values ranging Rs. 125,000 to Rs. 2,375,000

### **2.5 Internal Audit**

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An adequate internal audit had not been carried out within the institution during the year under review.

### **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) Assets Management
- (d) Debtors and Creditors Control.