

## Wanathawilluwa Pradeshiya Sabha

### Puttlam District

#### 1. Financial Statements

##### 1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 28 February 2014 and the financial statements for the preceding year had been presented on 01 March 2013. The report of Auditor General for the year under review was sent to the Chairman on 10 December 2014.

##### 1.2 Opinion

Except for the effects on the financial statements of the matters referred to in Paragraph 1.3 of this report, I am of opinion that 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 Wanathawilluwa Pradeshiya Sabha as at 31 December 2013 and the financial results of its operations and cash flows for the year then ended.

##### 1.3 Comments on Financial Statements

###### 1.3.1 Accounting Deficiencies

The balance stock of electrical equipment valued at Rs.44,949 in the stores as at 31 December 2013 had not been brought to account.

###### 1.3.2 Unreconciled Control Accounts

According to the financial statements, the total of accounts on fixed deposits, employees loans and licence fees amounted to Rs.5,808,301 and according to the subsidiary registers the total of those items amounted to Rs.5,164,901 and therefore a difference of Rs.643,400 was revealed.

###### 1.3.3 Accounts Receivable and Payable

The following observations are made.

- (a.) The balances of accounts receivable as at 31 December 2013 amounted to Rs.14,175,245 and the accounts payable as at that date amounted to Rs.15,680,811.
- (b.) Lapsed deposits refundable amounting to Rs.1,133,863 had not been taken to revenue in terms of Public Finance Circular No.5/3 dated 13 May 2010.

### 1.3.3 Lack of Evidence for Audit

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Transactions totaling Rs.53,882,825 could not be satisfactorily vouched in audit due to the non-submission of required information to audit.

## 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 recurrent expenditure over revenue of the Sabha for the year ended 31 December 2013 amounted to Rs.1,932,201 as against the excess of recurrent expenditure over revenue amounting to Rs.3,016,636 for the preceding year.

### 2.2 Financial Control

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The following deficiencies of financial control were observed.

#### 2.2.1 Performance of Collection of Revenue

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The information on the estimated revenue, actual revenue and the arrears of revenue relating to the year under review as presented by the Chairman is shown below.

	Item of Revenue	Estimated	Actual	Cumulative Arrears as at 31 December
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		Rs.'000	Rs.' 000	Rs. '000
(i.)	Rates and Taxes	706	566	1,116
(ii.)	Lease Rent	1,299	1,096	246
(iii.)	Licence Fees	-	202	-
(iv.)	Service Charges	369	369	-
(v.)	Warrant Charges and Fines	2,599	1,823	776
(vi.)	Other Revenue	2,220	1,157	2,863

#### 2.2.2 Rates and Taxes

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Rates and Taxes and Acre Tax in arrears for over one year was 85% and 84% respectively as a percentage of the total arrears as at 31 December 2013. Further, the progress of recovery of Water Tax relating to year 2013 was poor.

#### 2.2.3 Lease Rent

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Lease rent in arrears as at 31 December of the year under review amounted to Rs.29,583 and of this Rs.19,333 was in respect of the year under review.

#### **2.2.4 Court Fines and Stamp Fees**

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Money recoverable as at 31 December 2013 from the Chief Secretary of the Provincial Council and other authorities are shown below.

	Rs.
Court Fines	775,782
Stamp Fees	2,863,000

#### **2.3 Surcharges**

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It is expected to levy surcharges amounting to Rs.43,341 in terms of the provisions of the Pradeshiya Sabha Act No.15 of 1987.

#### **2.4 Idle and Underutilized Physical Resources**

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Assets valued at Rs.676,000 had remained idle and underutilized for a period of 02 to 05 years.

#### **2.5 Identified Losses**

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Action had not been taken since number of years to recover a sum of Rs.20,950 out of the employees loans amounting to Rs.799,797 as at end of the year under review.

#### **2.6 Budgetary Control**

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The following observations are made.

- (a.) No income had been earned with regard to 11 items of revenue estimated at Rs.36,937,746 by the budget for the year 2013.
- (b.) The budget had been prepared without taking in to consideration the estimated data, experience, actual expenditure incurred and the income earned during the previous years.

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

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

- (a.) Accounting
- (b.) Revenue Administration
- (c.) Stores Control
- (d.) Budgetary Control