

Damana Pradeshiya Sabha

Ampara District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 17 November 2012 and the financial statements for the preceding year had been presented on 18 May 2012. The report of the Auditor General for the year under review was forwarded to the Chairman of the Sabha on 13 May 2013.

1.2 Opinion

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 Damana 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 Damana 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

1.3.1 Accounting Deficiencies

The revenue from stamp fees for the year under review amounting to Rs.133,000 had not been accounted for, as revenue. Further, the arrears of revenue from stamp fees as at 31 December 2011 was Rs.412,600. However, a sum of Rs.1,090,075 had been accounted for. As a result, the revenue of stamp fees had been overstated by Rs.677,475.

1.3.2 Lack of Evidence for Audit

Transactions totalling Rs.12,465,819 could not be satisfactorily vouched in audit due to non- rendition of necessary information to audit.

2. Financial and Operating Review

2.1 Financial Results

According to the financial statements presented the recurrent expenditure exceeding the revenue of the Sabha for the year ended 31 December 2011 was Rs.169,302 as compared with the recurrent expenditure exceeding the revenue of the preceding year amounting to Rs.2,132,450.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

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

Item of Revenue	Estimated	Actual	Accumulated Arrears as at 31 December
	Rs.	Rs.	Rs.
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Rates and Taxes	735,000	666,856	1,385,801
Lease rent	1,525,000	1,235,972	189,555
Licence Fees	1,025,000	905,254	6,744
Other Revenue	160,000	492,968	1,415

2.2.2 Court Fines and Stamp Fees

Money receivable as at 31 December 2012 from the Chief Secretary of the Provincial Council and other authorities are shown below.

	Rs.
Court Fees	302,400
Stamp Fees	1,090,075

2.4 Operating Inefficiencies

- (a.) Necessary action had not been taken to remit the sum of Rs.103,283 to the Widow's and Orphans' Pension of the Local Government Service by the month of December 2011.
- (b.) Action had not been taken to pay as per agreement, the loan of Rs.1,950,000 obtained from the Local Loans and Development Fund.
- (c.) Action had not been taken by the Sabha to acquire 06 vehicles used by the Sabha at present.
- (d.) A sum of Rs.485,185 had been spent as general expenses from the Development Fund without being used for development activities.

3. Systems and Controls

- (a.) Accounting
- (b.) Revenue Administration