

**Imaduwa Pradeshiya Sabha**

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**Galle 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 30 March 2012 and the financial statements for the preceding year had been presented on 30 March 2011. The report of the Auditor general for the year under review was issued to the Chairman of the Sabha on 30 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 Imaduwa 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 Imaduwa 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 Assets and Liabilities Distribution committee had recommended that the Habarduwa Pradeshiya Sabha should vest assets amounting to Rs.9,794,393 and liabilities amounting to Rs. 2,051,704 with the Imaduwa Pradeshiya Sabha. Although the accounts had been prepared based on the above assets and liabilities, they had not been legally acquired by the Pradeshiya Sabha even by 27 June 2012.

**1.3.2 Lack of Evidence for Audit**  
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Transactions totalling Rs. 23,729,131 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 revenue over recurrent expenditure of the Sabha for the year ended 31 December 2011 amounted to Rs. 319,637 as compared with the excess of revenue over recurrent expenditure amounting to Rs. 1,607,017 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 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.

	<b>Item of Revenue</b>	<b>Estimated</b>	<b>Actual</b>	<b>Accumulated Arrears as at 31 December</b>
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		Rs.'000	Rs.'000	Rs.'000
(i)	Rates and Taxes	421	200	175
(ii)	Lease Rent	1,050	1,073	-
(iii)	Licence Fees	502	737	142
(iv)	Other Revenue	25,222	13,728	27,034

**2.2.2 Court Fines and Stamp Fees**  
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Money receivable as at 31 December 2011 from the Chief Secretary of the Provincial Council and other authorities are shown below.

	Rs.
(i) Court Fines	226,373
(ii) Stamp Fees	5,948,416

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

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The mini Kubota Tractor valued at Rs. 126,000 was getting decayed in the premises of the Kodagoda sub-office for 04 years. Further, the Sabha had not taken action to repair or to dispose of the tractor.

### **2.4 Uneconomic Transactions**

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Allowances amounting to Rs. 54,500 had been paid to 10 members who had not attended 05 monthly meetings contravening the provisions in the notice published in the Gazette Extra-ordinary No. 1413/15 dated 05 October 2005 of the Democratic Socialist Republic of Sri Lanka in respect of payment of allowances to Pradeshieya Sabha members.

### **2.5 Contract Administration**

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#### **Delay in Implementation of Projects**

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Agreements had been entered into on 08 August 2007 and 12 December 2007 with 02 contractors respectively for a sum of Rs. 6,661,623 to construct the crematorium and for a sum of Rs. 22,156,680 to construct the Imaduwa Trade Complex Building and according to the agreements, the work should have been completed by 09 February 2008 and 12 September 2008. But, these constructions had not been completed even by 27 June 2012, the date of audit examination. The period of delay was 03 years and 11 months and 04 years and 06 months respectively.

### **2.6 Corporate Plan and Action Plan**

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A corporate plan for a period not less than 03 years, with a view to achieve the vision and mission of the Sabha and an annual action plan had not been prepared in terms of paragraph 05 of the Treasury circular No. PED/12 dated 02 June 2003.

**2.7 Internal Audit**  
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An adequate internal audit had not been carried out within the institution and Audit and Management Committees also had not been established.

**3. 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) Assets Management
- (d) Stock Control
- (e) Contract Administration.