

Kadugannawa Urban Council

Kandy District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 25 March 2013 and the financial statements for the preceding year had been presented on 30 March 2012. The report of the Auditor general for the year under review was issued to the Chairman of the Council on 20 June 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 Kadugannawa Urban Council had maintained proper accounting records for the year ended 31 December 2012 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 Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Kadugannawa Urban Council as at 31 December 2012 and the financial results of its operations for the year then ended.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

The balance of pensions in arrears as at end of the year under review had been accounted less by Rs.1,255,072.

2. Financial and Operating Review

2.1 Financial Results

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2012 amounted to Rs.11,380,696 as compared with the excess of revenue over recurrent expenditure amounting to Rs.1,998,668 for the preceding year.

2.3 Operating Inefficiencies

According to schedule V of the Gazette Extra-Ordinary Notification No.1597/8 dated 17 April 2009 of the Democratic Socialist Republic of Sri Lanka published by the Minister of Urban Development and Sacred Lands; conformity certificates should be obtained for every construction/ development work. Nevertheless, conformity certificates had not been issued in respect of 83 construction and development works relating to year 2010 and 2011. Therefore, the Council had deprived of an income of Rs.352,590 which can be recovered as rates.

3. Systems and Controls

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

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