

Kundasale Pradeshiya Sabha

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 28 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 Sabha on 27 August 2013.

1.2 Opinion

In view of the comments and observations appearing in my report I do not express an opinion on the financial statements of the Kundasale Pradeshiya Sabha for the year ended 31 December 2012 presented to audit.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

Action had not been taken to identify and settle the debit balance of Rs.15,766 in the Suspense Account existed for about 03 years period.

1.3.2 Lack of Evidence for Audit

Transactions totaling Rs.281,212,497 could not be satisfactorily vouched in audit due to the non-submission of required information to audit.

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.49,412,279 as compared with the excess of revenue over recurrent expenditure amounting to Rs.28,157,554 for the preceding year.

2.2 Bank Accounts

The following observations are made.

- (a.) Bank Current Account No.157100190000052 at the Peoples Bank
 - (i.) Action had not been taken in terms of Financial Regulation 396(d) in respect of cheques valued at Rs.53,880 issued but not presented for payment for over 02 years
 - (ii.) Action had not been taken to settle the unidentified receipts amounting to Rs.953,753 of which the details cannot be identified.
 - (iii.) Action had not been taken in terms of the Financial Regulations in respect of 04 dishonoured cheques valued at Rs.76,600 which are 02 years old.
 - (iv.) Necessary action had not been taken in respect of unrealized deposits amounting to Rs.376,000 for periods ranging 02 to 04 years.
 - (v.) Action had not been taken to settle unidentified payments amounting to Rs.643,439 existing for over a few years.
- (b.) Current Account No.002601599 at the Bank of Ceylon
 - (i.) Action had not been taken in respect of cheques valued at Rs.34,055 issued but not presented for payment for over 06 months.
 - (ii.) Details of dishonoured cheques valued at Rs.4,885 shown in the account had not been submitted and action also had not been taken in terms of the Financial Regulations.

2. Revenue Administration

2. .1 Estimated Revenue, Actual Revenue and Arrears of Revenue

Information on the estimated revenue, actual revenue and the arrears of revenue in respect of 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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	5	5	5
(i.) Rates and Taxes	33,617		
(ii.) Lease Rent	9,		
(iii.) Licence Fees			-
(iv.) Other Revenue			

2. . Court Fines and Stamp Fees

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

Rs.

- (i.) Court Fines
- (ii.) Stamp Fees

2. .3 Environment Licence Fees

Environment licence should be obtained for the projects published in the Gazette Extra Ordinary No.1533/16 dated 25 January 2008 according to the regulations laid under the National Environment Act No.47 of 1980 as amended by Act No.56 of 1988 and the Act No.53 of 2000. Nevertheless environment licence had not been obtained in respect of 10 business entities for the year 2012 and therefore, the Sabha had deprived of an income of Rs.74,000.

2. .4 Rates and Taxes

Rates and taxes in arrears as at 31 December 2012 amounted to Rs.8,400,379 and this included rates in arrears amounting to Rs.3,079,057 recoverable from 58 properties for over one year. It also included a balance of Rs.628,855 due from 21 Government properties.

2. Contract Administration

Sample audit checks and physical examination carried out on contracts revealed various deficiencies. Details are shown in the following table.

Contract	Observations
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(i.) Laying metal and tar to the Trinity Guarding Rifle Unit Road	x A bill of quantities had not been prepared.
	x Overpayments amounting to Rs.194.989

