

Lunugamvehera Pradeshiya Sabha
Hambanthota 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 May 2013 and the financial statements for the preceding year had been presented on 10 May 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 29 August 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 Lunugamvehera Pradeshiya Sabha 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 Lunugamvehera Pradeshiya Sabha as at 31 December 2012 and the financial results of its operation and cash flows for the year then ended.

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 2012 was Rs.547,840 as against the revenue exceeding the recurrent expenditure of the Sabha for the preceding year amounting to Rs.390,127 for the preceding year.

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 the arrears of revenue for the year under review, as presented by the Chairman, appear below.

	Source of Revenue	Estimated	Actual	Accumulated Arrears as at 31 December
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		5෪	5෪	5෪
(i)	Rates and Taxes	50	1	-
(ii)	Lease Rant	689	2,765	21
(iii)	Licence Fees	552	521	-
(iv)	Other Revenue	8,949	7,425	209

2.2.2 Rates and Taxes

Action had not been taken to identify the improved areas within the authoritative area of the Sabha and to assess and recover rates and taxes accordingly in terms of Section 134(1) of the Pradeshiya Sabha Act.No. 15 of 1987.

2.3 Irregular Transactions.

The following observations are made.

- (a) Quotations had been invites and a supplier selected to repair the cab bearing No.53-5717 and a sum of Rs.716,245 had been paid in 2012. However, at least 5 quotations should be obtained as per Section 2.14.1 of the 2006 of the Procurement Guidelines for supplies and services ranging from Rs.500,000 to Rs.2 million. However 3 quotations alone had been obtained instead of 5

