

Minipe Pradeshiya Sabha

Kandy District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements of the year under review had been presented to audit on 19 June 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 12 November 2012.

1:2 Opinion

In view of the comments and observations appearing in my report forwarded to the Chairman, I am unable to express an opinion on the financial statements of the Minipe Pradeshiya Sabha for the year ended 31 December 2011 presented for audit.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

Lands to the extent of 42 Acres, 01 rood, 11 perches and 36 buildings owned by the Pradeshiya Sabha had not been assessed and brought to account.

1.3.2 Lack of Evidence for Audit

Thirteen transactions totalling Rs. 9,707,847 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 the recurrent expenditure of the Sabha for the year ended 31 December 2011 amounted to

Rs.4,904,929 as compared with the excess of revenue over recurrent expenditure amounting to Rs.1,390,414 for the preceding year.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

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.

Item of Revenue	Estimated	Actual	Accumulated Arrears as at 31 December
	Rs.'000	Rs.'000	Rs.'000
(i) Rates and Taxes	560	653	323
(ii) Lease Rent	2,066	2,229	615
(iii) Licence Fees	1,607	3,886	2
(iv) Other Revenue	3,139	6,394	1,307

2.2.2 Court Fines and Stamp Fees

Money receivable as at 31 December 2011 from the Chief Secretary of the Provincial Council are given below.

	Rs.
(i) Court Fines	16,999
(ii) Stamp Fees	224,143

2.2.3 Water Charges

Water Charges outstanding amounted to Rs. 1,229,139 as at 31 December 2011 as a result of not taking action in terms of the water supply agreement.

2.2.4 Stall Rent

Stall rent amounting to Rs. 614,724 had been outstanding as at 31 December 2011 as a result of not taking action in terms of the agreements.

2.2.5 Transmissions Tower Charges

Nine transmission towers had been installed in the area under the control of the Sabha without permission. Eventhough the charges should be recovered on decisions taken by the Sabha in giving permission for towers in areas under the control of the Sabha where the Urban Development Authority Act is not applicable, attention had not been paid in this regard.

2.3 Idle Physical Resources

The two wheeled tractor and the hand tractor trailer purchased for Rs. 124,900 on 18 August 1998 out of the loan obtained from the Local Loans and Development Fund had been parked in the office premises from 2009 without being used even as at 08 October 2012, the date of audit examination.

2.4 Operating Inefficiencies

There was a credit balance of Rs. 13,369 in the suspense account as at 31 December 2011.

3. Systems and Controls

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

- (a) Accounting
- (b) Revenue Administration.
- (c) Stock Control.