

Pasbage Korale 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 30 March 2012 and the financial statements for the preceding year had been presented on 31 March 2011. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 24 May 2012.

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 Pasbage Korale 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 issued to the Chairman, 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 Pasbage Korale Pradeshiya Sabha as at 31 December 2011 and the financial results of its operations for the year then ended.

1.3 Comments on Financial Statements

1.3.1 Lack of Evidence for Audit

Transactions totalling Rs. 112,621,937 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.8,309,935 as compared with the excess of revenue over recurrent expenditure amounting to Rs.5,870,143 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
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	Rs.'000	Rs.'000	Rs.'000
(i) Rates and Taxes	1,880	1,816	221
(ii) Lease Rents	2,627	266	106
(iii) Licence Fees	715	695	-
(iv) Other Revenue	10,014	10,781	1,581

2.2.2 Court Fines and Stamp Fees

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

	Rs.
(i) Court Fines	2,000,000
(ii) Stamp Fees	4,000,000

2.2.3 Rent From Stalls, Houses and Buildings

The following matters were observed.

- (i) Action had not been taken in terms of the agreements to recover stall, house and building rent amounting to Rs. 70,743 outstanding as at 31 December 2011.
- (ii) Lease rent amounting to Rs. 34,935 recoverable for over a few years on the lease of a land belonging to the Sabha for tea cultivation had not been recovered.

2.2.4 Water Charges

Action had not been taken in terms of the agreements to recover the water charges amounting to Rs. 1,581,085 due as at 31 December 2011.

2.2.5 Environmental Safety Licence Fees

The environmental licence had lapsed in respect of 03 business entities within the area of the Sabha which were required to obtain such licenses. Nevertheless, action had not been taken to issue new licences to them even as at 15 December 2011.

3. Systems and Controls

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

- (a) Accounting
- (b) Internal Control
- (c) Revenue Administration.
- (d) Debtors and Creditors Control