

Passara Pradeshiya Sabha

Badulla District

1. Financial Statements

1:1 Presentation of Financial Statements

The financial statements for the year under review had been presented for audit on 11 April 2013 and the financial statements for the preceding year had been presented for audit on 04 September 2012. The Report of the Auditor General for the year under review was furnished to the Chairman of the Sabha on 01 July 2013.

1:2 Opinion

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

1:3 Comments on Financial Statements

1:3:1 Lack of Evidence for Audit

Transactions totaling Rs.4,089,880 could not be satisfactorily vouched in audit due to the non-submission of the 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 2012 amounted to Rs.9,027,861 as compared with the corresponding excess of revenue over the recurrent expenditure amounting to Rs.6,732,256 for the preceding year.

2:2 Revenue Administration

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

The information on the estimated revenue, the actual revenue and the arrears of revenue for the year under review presented by the Chairman is given below.

Source of Revenue	Estimated Revenue	Actual	Cumulative Arrears as at 31 December
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	5V¶	5V¶	5V¶
(i) Rates and Taxes	443	345	605
(ii) Lease Rents	9,915	9,942	675
(iii) Licence Fees	463	542	--
(iv) Other Revenue	1,277	945	1,061

2:2:2 Rates

The rates in respect of the year under review had been recovered on the basis of the assessment made in the year 2004 without carrying out an assessment of the taxable properties in the area of authority of the Sabha once in 05 years.

2:2:3 Licence Fees

- (a) The institutions in the area of authority of the Sabha on which licence fees and taxes on industries and professions could be recovered had not been identified by conducting a survey of businesses.
- (b) Action had not been taken to conduct a survey of the industries and businesses in the area of authority of the Sabha to identify the institutions which should obtain environmental permits in terms of the provisions in the National Environmental Act, No. 47 of 1980 as amended by the Amendment Act, No. 56 of 1988 and the Amendment Act, No. 53 of 2000.

2:2:4 Courts Fines and Stamp Fees

2:5 Operating Inefficiencies

The following observations are made.

- (a) Action in terms of Financial Regulation 189 of the Republic of Sri Lanka had not been taken on 03 cheques valued at Rs.75,712 received as revenue in the years 1996 and 2004 and dishonoured, for the recovery of the value.
- (b) Thirty Three employees had been recruited and paid salaries without obtaining the prior approval of the Commissioner of Local Government in terms of provisions in Section 19(1)(i) of the Pradeshiya Sabha Act, No. 15 of 1987. The Chairman, who is not an appointing authority had issued letters of appointed to 16 persons.
- (c) Action in terms of provision in Section 1.6 and 4 of Chapter xxiv of the Establishments Code had not been taken for the recovery of staff loans amounting to Rs.16,039 recoverable from 03 employees transferred out, vacated post and retired.
- (d) Advances amounting to Rs.64,496 granted by the Sabha in two instances prior to the year 2005 had not been settled even by 31 December of the year under review.

2:6 Solid Waste Management

A proper procedure is not in operation for Solid Waste Management and the solid waste collected in the area had been dumped in an irregular manner on a land belonging to the Department of Forests situated in Midumpitiya.

3. Systems and Controls

Special attention of the Sabha is drawn to the following areas of systems and controls.

- (a) Accounting
- (b) Revenue Administration
- (c) Budgetary Control
- (d) Contract Administration