

**Pathadumbara 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 27 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 Pathadumbara Pradeshiya Sabha for the year ended 31 December 2012 presented to audit.

**1.3 Comments on Financial Statements**

**1.3.1 Accounting Deficiencies**

The following observations are made.

- (a.) A sum of Rs.188,320 due to the Sabha for 17 water tanks sold to 16 persons including the Chairman, Members, Officers of the Sabha and general public had not been shown in the financial statements.
- (b.) The jeep bearing No.32 Sri 4636 and the waste collecting Tractor bearing No.CPRW-7080 donated by the Central Provincial Council had not been valued and shown in the accounts. Therefore, the fixed assets account and the donations contribution for the capital outlay account had been understated by a similar amount.

**1.3.2 Lack of Evidence for Audit**

Transactions totaling Rs.31,809,571 could not be satisfactorily vouched due to 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.7,530,469 as compared with the excess of revenue over recurrent expenditure amounting to Rs.11,317,346 for the preceding year.

**2.2 Revenue Administration**

**2.2.1 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 V ¶	5 V ¶	5 V ¶
(i.) Rates and Taxes	3,302	2,792	1,301
(ii.) Lease Rent	2,418	2,857	-
(iii.) Licence Fees	1,655	1,781	-
(iv.) Other Revenue	23,193	17,877	42,712

**2.2.2 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	274,907
(ii.) Stamp Fees	8,510,889

**2.2.3 Recovery of Hoarding Charges**

The Sabha had deprived of an income of Rs.215,980 due to non-recovery of charges relating to hoardings as stated in Gazette Notification No.1736 dated 23 November 2012 of the Democratic Socialist Republic of Sri Lanka.





(g.) Action had not been taken to charge fines amounting to Rs.64,750 in respect of 05 works for delays due to the non-completion of works on due dates in terms of the agreement.

(h.) According to Section 3.9 of the Government Procurement Guidelines-2006; Community Organizations should UHJLVWHUHG DW WKH 'LYLVLRQD and Divisional Secretary should ensure the financial capability of those organizations. Tenders had not been called for 42 Gama Neguma Projects and the Chairman himself had awarded contracts on the requests made by the community organizations registered at the Pradeshiya Sabha and after the community organizations informed their financial capability of themselves to carry out contracts.

## **2.7 Operating Inefficiencies**

Salaries amounting to Rs.1,731,750 for the period up to May 2013 had been paid to an officer of the Sabha serving full time at the Local Government Training Center-Navayalatenna since 2004 and action had not been taken to get reimbursements of the salaries from the Department of Local Government.

## **3. Systems and Controls**

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

- (a.) Accounting
- (b.) Budgetary Control
- (c.) Control over Debtors and Creditors
- (d.) Contract Administration