

Ruwanwella Pradeshiya Sabha

Kegalle District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 28 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 was issued to the Chairman of the Sabha on 28 June 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 Ruwanwella 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 Ruwanwella Pradeshiya Sabha as at 31 December 2012 and the financial results of its operations for the year then ended.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

- (a) A sum of Rs.54,649,503 had been received to the Sabha Fund under 05 projects namely, “Gama Neguma”, “Decentralized”, “Sabaragamuwa Arunalokaya”, “Maga Neguma” and “Provincial Councils” for construction works for the year under review. An expenditure of Rs.52,798,125 had been incurred for construction works from the above funds and these transactions had not been disclosed in the accounts.
- (b) The value of 17 properties to the extent of 07 Acres 12 Roods 10.225 Perches included in the Register of Fixed Assets had not been computed and brought to account resulting in an understatement of assets.

Business entities had not been identified through a field survey in order to recover trade licence fees and business taxes for the year under review. Instead, revenue had been brought to account based on income received.

2.2.3 Court Fines and Stamp Fees

Money receivable as at 31 December 2012 from the Chief Secretary of the Provincial Council and other authorities are given below.

	Rs.
(i.) Court Fines	8,223,498
(ii.) Stamp Fees	7,244,850

Revenue from stamp fees recoverable for the year under review had not been computed and brought to account.

2.3 Contract Administration

The following matters were observed.

(a) **Development of the Vehicle Park near by Ruwanwella Play ground**

An agreement had been entered into with the Bopatta Farmers Organization on 05 June 2012 on a cost estimate of Rs.305,245 and the work had been completed on 14 July 2012. According to the Item of Work No.02 of the estimate and the payment report, a sum of Rs.225,445 at Rs.4,099 per 01 Cube had been paid for supply of 55 Cubes of gravel transport the gravel from a distance of 10km and pack the same. However, details such as the place from where the gravel obtained, the quantity of gravel transported and supplied had not been included in the file.

(b) **Construction of the Open and Closed Compost Yard for Dumping, Sorting and Separating Waste**

According to Section 5.4.4 of the Procurement Guidelines-2006, a maximum advance of Rs.200,000 can be paid to the community organizations without obtaining a security deposit while entering into contract agreements. Nevertheless, an advance of Rs.570,000 had been paid for this contract and as such a sum Rs.370,000 had been overpaid.

