

Sammanthurai Pradeshiya Sabha

Ampara District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 10 July 2012 and the financial statements for the preceding year had been presented on 18 April 2011. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 31 December 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 Sammanthurai 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, the financial statements have been prepared in accordance with the Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Sammanthurai Pradeshiya Sabha as at 31 December 2011 and the financial results of its operations and cash flows for the year then ended.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

The following observations are made.

- (a) Provision for audit fees had not been made in the financial statements in terms of Section 172(2) of the Pradeshiya Sabha Act No. 15 of 1987.
- (b) The closing balances of the following items of revenue shown in the financial statements differed from the amounts shown in the register of revenue.

Item of Revenue	Balance as per final accounts	Balance as per register of revenue	Difference
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	Rs.	Rs.	Rs.
(i) Rates and Taxes	5,431,491	9,585,536	4,154,045
(ii) Lease Rent	6,353	388	5,965
(iii) Licence Fees	13,347,395	2,346,394	11,001,001
(iv) Other Revenue	1,888,576	102,063	1,786,513

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 2011 was Rs. 5,868,967 as compared with the excess of revenue over recurrent expenditure amounting to Rs.6,923,386 for the preceding year.

2.2 Financial Control

The following deficiencies in financial control were observed.

- (a) Action had not been taken by the Sabha to settle the long outstanding balances of Rs. 3,232,958 due to the Ceylon Electricity Board.
- (b) Goods and Services Tax amounting to Rs. 4,190,623 included in the refundable deposits continued to be shown for a long period without being settled.
- (c) Action had not been taken to recover arrears of revenue amounting to Rs. 20,121,120 due to the Sabha.

- (d) The deposits on lease of meat stalls amounting to Rs. 6,728,840 had not been brought to revenue.

2.3 Revenue Administration

2.3.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

The information relating to 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
	Rs.'000	Rs.'000	Rs.'000
(i) Rates and Taxes	1,000	3,455	5,431
(ii) Lease Rent	10,600	8,425	15,385
(iii) Licence Fees	1,300	676	-
(iv) Other Revenue	2,150	273	4,635

2.3.2 Stamp Fees

The stamp fees due from the Chief Secretary of the Provincial Council and other authorities as at 31 December 2011 amounted to Rs. 9,919,138

2.4 Human Resources Management

2.4.1 Approved and Actual Cadre

The approved and actual cadre of the Sabha as at 31 December 2011 is given below.

Category of Post	Approved	Actual
Executives	01	-
Subordinates	22	20
Primary	52	52
Others	-	31
	75	103

2.5 Internal Audit

Adequate internal audit had not been carried out at the Sabah.

3. Systems and Controls

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

- (a) Accounting
- (b) Financial Control
- (c) Revenue Administration
- (d) Assets Management
- (e) Contract Administration