

Siyambalanduwa Pradeshiya Sabha
Monaragala District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 17 July 2013 and the financial statements for the preceding year had been presented on 30 July 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 23 September 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 Siyambalanduwa 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 the Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Siyambalanduwa Pradeshiya Sabha as at 31 December 2012 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 had not been made in the accounts for lawyers' fees amounting to Rs.15,000 payable during the year under review in respect of case No.L-2128 filed at the District Courts, Monaragala.
- (b.) The balance of the cash book amounting to Rs.132,484 of the Gama Neguma Project as at end of the year under review had been shown in the account as Rs.311,619.

1.3.2 **Lack of Evidence for Audit**

Assets valued at Rs.4,546,283, liabilities amounting to Rs.9,838,760 and transactions totaling Rs.204,970 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 recurrent expenditure of the Sabha for the year ended 31 December 2012 amounted to Rs.4,166,375 as compared with the excess of revenue over recurrent expenditure amounting to Rs.5,826,466 for the preceding year.

2.2 **Financial Control**

There were variances of 15 percent to 100 percent between the estimated expenses shown in the Budget for the year under review and the actual expenditure for the year. Therefore, the budget had not been made use of as an effective tool of control.

2.3 **Revenue Administration**

2.3.1 **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.

| Source of Revenue | Estimated | Actual | Cumulative Arrears as at 31 December |
|--------------------------|------------------|---------------|---|
| ----- | ----- | ----- | ----- |
| | Rs.000' | Rs.000' | Rs.000' |
| (i.) Rates and Taxes | 2 | - | - |
| (ii.) Lease Rent | 12,115 | 5,863 | 459 |
| (iii.) Licence Fees | 702 | 967 | - |
| (iv.) Other Revenue | 2,476 | 2,071 | - |

2.3.2 Lease Rent

- (a.) Action had not been taken to recover stall rent in arrears from 09 stalls for over 05 years amounting to Rs.23,750 and stall rent due from 42 stalls for over 02 years amounting to Rs.283,650.
- (b.) Action had not been taken in terms of Section 136 of the Pradeshiya Sabha Act No.15 of 1987 to get assessed the stall rent through the Department of Valuation.

2.3.3 Other Revenue

- (a.) Action had not been taken to pass by-laws and recover charges.
- (b.) Action had not been taken in terms of Section 149 of the Pradeshiya Sabha Act No.15 of 1987 to pass by-laws and to recover charges not exceeding 1 per cent of the turnover of the year prior to the relevant year from the hotels/ lodges exist within the area of authority that had been registered at or approved by the Ceylon Tourism Promotion Authority for the purposes of the Tourism Development Act No.14 of 1968.

2.3.4 Court Fines and Stamp Fees

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

| | Rs. |
|------------------|-----------|
| (i.) Court Fines | 3,114,583 |
| (ii.) Stamp Fees | 499,960 |

2.4 Surcharges

A sum of Rs.723,414 had been recoverable as at 31 December 2012 according to the surcharges levied by me against the persons responsible in terms of the provisions of Section 172(3) of the Pradeshiya Sabha Act No.15 of 1987.

2.5 Idle Physical Resources

Two hand Tractors were lying idle for over 2 1/2 years as at end of the year under review.

