

**Kotmale Pradeshiya Sabha**  
**Nuwara-Eliya District**

**1. Financial Statements**

**1.1 Presentation of Financial Statements**

The financial statements for the year under review had been presented to audit on 31 March 2013 and the financial statements for the preceding year had been presented on 19 April 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 11 July 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 Kotmale Pradeshiya Sabha for the year ended 31 December 2012 presented for audit.

**1.3 Comments on Financial Statements**

**1.3.1 Accounting Deficiencies**

The following observations are made.

- (a.) The correct value of the land and buildings capitalized during the year under review amounted to Rs.32,834,235 and it had been brought to account as Rs.33,963,252. Therefore the balance of the land and buildings account as at 31 December of the year under review and the balance of the revenue contribution to the capital outlay account had been overstated in the financial statements by Rs.1,129,017.
- (b.) The balance of Local Loans and Development Fund as at 31 December of the year under review amounted to Rs.9,999,511 and it had been accounted as Rs.8,212,425 and therefore, the said loan balance had been understated in the financial statements by Rs.1,787,086.
- (c.) Advances amounting to Rs.445,549 paid during the year under review had been omitted from the financial statements.

- (d.) The deposits received and the deposits paid during the year under review amounted to Rs.2,340,046 and Rs.1,293,048 respectively, whereas it had been entered in the control account as Rs.521,608 and Rs.472,355 respectively. Therefore, the balance of the deposits account had been understated in the financial statements by Rs.1,064,449.
- (e.) The income from court fines receivable as at 31 December of the year under review amounted to Rs.1,205,333 and it had been accounted as Rs.752,650. Therefore, the income and the current assets of the year had been understated in the financial statements by Rs.452,683.

### **1.3.2 Lack of Evidence for Audit**

(a.) Unreplied Audit Queries

Replies had not been furnished for 03 audit queries as at 03 May 2013.

(b.) Non-rendition of Information for Audit

Transactions aggregating Rs.49,289,066 could not be satisfactorily vouched in audit due to non-rendition of necessary 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 was Rs.4,536,147 as compared with the excess of revenue over recurrent expenditure amounting to Rs.4,756,425 for the preceding year.

### **2.2 Revenue Administration**

#### **2.2.1 Estimated Revenue, Actual Revenue and the Arrears of Revenue**

Information relating to the estimated revenue, actual revenue and the arrears of revenue relating to the year under review as presented by the Chairman is shown below.



### **2.3 Surcharges**

A sum of Rs.0.128 million was recoverable as at 31 December 2012 on the surcharges slayed by me during the preceding years against the persons responsible in terms of the provisions of the Pradeshiya Sabha Act No.15 of 1987.

### **2.4 Assets Management**

#### **2.4.1 Idle and Underutilized Physical Resources**

Matters revealed at the sample audit checks carried out in respect of idle and underutilized physical resources are shown below.

- (a.) An ambulance belongs to the Sabha been lying idle since July 2010.
- (b.) The Tractor Trailer bearing No.RW-5894 donated by the Chief Minister of the Central Province had been parked in the office premises exposed to elements of nature due to the non-availability of a Tractor to use with it.
- (c.) Six Government Quarters owned by the Sabha had not been used and of this, the Government Quarter owned by the Maldeniya Sub-office was in a dilapidated condition.
- (d.) Department of Local Government of the Central Province had provided necessary equipment for implementation of the Nena Piyasa Project at an expense of Rs.607,617. The relevant equipment had been stored in the office of the Sabha without been used for the intended purpose or any other purpose.

### **2.5 Transactions Not Supported by Adequate Authority**

The Sabha had incurred an expenditure of Rs.58,720 contravening the requirements shown under Section 132(J) of the Pradeshiya Sabha Act No.15 of 1987.

### **2.6 Irregular Transactions**

The Sabha had paid a sum of Rs.535,000 for hiring vehicles at Rs.5,000 per day without calling for competitive quotations and the payments were not based on the distance performed. Running charts also had not been maintained for the above travels.

