

Nawagattegama Pradeshiya Sabha

Puttalam District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 13 May 2013 and the financial statements for the preceding year had been presented on 08 May 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 07 November 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 Nawagattegama 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 Nawagattegama 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 Lack of Evidence for Audit

Transactions totaling Rs.36,443 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.72,811 as

compared with the excess of revenue over recurrent expenditure amounting to Rs.1,531,601 for the preceding year.

2.2 Financial Control

The following financial control deficiencies were observed.

- (a.) The value of accounts payable to the outside parties by the Sabha as at 31 December 2012 amounted to RS.1,902,545 and of this, balances over one year amounted to Rs.515,320.
- (b.) The total of the employees loan balances recoverable as at 31 December 2012 amounted to Rs.799,431.

2.3 Revenue Administration

2.3.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

Information on the estimated revenue, actual revenue and 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
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	Rs.'000	Rs.'000	Rs.'000
(i.) Lease Rent	1,304	1,015	289
(ii.) Licence Fees	111	102	09

2.3.2 Court Fines and Stamp Fees

Action had not been taken to recover the court fines and stamp fees receivable to the Pradeshiya Sabha.

2.3.3 Lease Rent

Action had not been taken even by the date of audit examination to recover the rent in arrears amounting to Rs.21,000 of the old library building owned by the Sabha which had been given to Kirimetiya Samurdhi Society.

2.4 Idle and Underutilized Physical Resources

The Mini Kubota tractor and trailer valued at Rs.332,500 owned by the Sabha had been lying idle for over a number of years.

2.5 Operating Inefficiencies

Although a provisions of Rs.6,500,000 had been made for 13 Maga Neguma Projects during the year 2012; only 05 projects to the value of Rs.2,500,000 had been completed.

2.6 Internal Audit

The copies of the Internal Audit Reports had not been submitted to audit.

3. Systems and Controls

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

- (a.) Accounting
- (b.) Assets Management
- (c.) Revenue Administration