

Wanathawilluwa 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 01 March 2013 and the financial statements for the preceding year had been presented on 24 February 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 30 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 Wanathawilluwa 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 Wanathawilluwa 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 value of 02 Dispensary building and 03 water tanks owned by the Sabha had not been estimated and brought to accounts and the value amounting to Rs.300,000 of the land on which the Dispensary was constructed had been omitted from the accounts.

1.3.4 Lack of Evidence for Audit

Transactions totaling Rs.46,455,123 could not be satisfactorily vouched in audit due to non-submission of the required information to audit.

2. Financial and Operating Review

2.1 Financial Results

According to the financial statements presented, the excess of recurrent expenditure over revenue of the Sabha for the year ended 31 December 2012 amounted to Rs.3,016,636 as compared with the excess of recurrent expenditure over revenue amounting to Rs.1,784,446 for the preceding year.

2.2 Financial Control

The following deficiencies in financial control were observed.

- (a.) According to the financial statements presented, the balances of accounts receivable as at 31 December 2012 amounted to Rs.4,423,444 and the total of the balances over 01 year amounted to Rs.519,426.
- (b.) The total of the employees loan balances outstanding as at 31 December 2012 amounted to Rs.731,572 and the balances over 01 year amounted to Rs.258,712.
- (c.) Lapsed refundable deposits amounting to Rs.712,007 had not been taken to revenue in terms of Finance Circular No.5/3 dated 13 May 2010.

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
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	Rs.'000	Rs.'000	Rs.'000
(i.) Rates and Taxes	1,491	515	976
(ii.) Lease Rent	1,190	1,100	90
(iii.) Licence Fees	228	228	-
(iv.) Other Revenue	7,337	4,904	2,433

2.3.2 Court Fines and Stamp Fees

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

	Rs.
(i.) Court Fines	632,628
(ii.) Stamp Fees	1,800,000

2.4 Idle and Underutilized Physical Resources

Six water pumps valued at Rs.500,000 had been lying idle for 05 years and the bowser – 2000 liters valued at Rs.70,000 and the electric motor 1 1/2” valued at Rs.40,000 had been lying idle for 03 years. Further, the tractor bearing No.49-7272 valued at Rs.300,000, electric motor 4” valued at Rs.60,000 and 29 compost containers of which the value not estimated had been lying idle for 02 years.

2.5 Operating Inefficiencies

- (a.) 449 library books valued at Rs.67,684 given to the readers by 02 libraries owned by the Sabha had not been returned as at 31 December 2012; eventhough date of return had lapsed. But action had not been taken to get back the books.
- (b.) An annual action plan had not been prepared within the institution.
- (c.) All the assets of the Sabha had not been verified and reports prepared in terms of the Rule 205 of part vi(b) of the Gazette Extra- Ordinary No 554/5 dated 17 April 1989 of the Republic of Sri Lanka.
- (d.) Security deposits had not been obtained from any of the employees who should keep deposits in terms of Circular No.ඩ/ප්‍රමේ/5/4/1/8 dated 15 December 2011.
- (e.) Although the agreement period relating to the construction of the Solid Waste Center commenced through 04 contracts during the year 2012 had expired; the works had not been completed even by 30 May 2013, the date of audit examination.

2.6 Internal Audit

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

3. Systems and Controls

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

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