

Thanamalwila 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 18 July 2014 and the financial statements for the preceding year had been presented on 01 April 2013. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 17 October 2014.

1.2 Opinion

In my opinion, 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 Sri Lanka Public Sector Accounting Standards and give a true and fair view of the state of affairs of the Thanamalwila Pradeshiya Sabha as at 31 December 2013 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

- (a) The deficit of Rs.3,133,817 of the year under review had not been adjusted to the accumulated fund account in the ledger.
- (b) The land and building of the Sevenagala Sub – office and the lands and buildings in which the solid waste management centers are located had not been assessed and brought to account.
- (c) Action had not been taken to assess and brought to account the value of 689 books as per the Acquisition Register of the Library.
- (d) Court fines and stamp fees amounting to Rs.6,126,616 relating to the year under review had been brought to account as Rs.4,667,983 understating the revenue by Rs.1,458,633.

1.3.2 Unreconciled Control Accounts

The total of the balances relating to 07 items of account as per financial statements amounted to Rs.67,559,705 and the balance as per registers amounted to Rs.2,422,337.

1.3.3 Accounts Payable

- (a) The balance of the contributions of the Local Government Pensions Fund payable as at end of the year under review amounted to Rs.62,620 and action had not been taken to settle this balance even during year under review.
- (b) Audit fees amounting to Rs.293,531 payable for 1995 – 1999, 2001 – 2007 and 2011 and 2012 had not been settled even during the year under review.

1.3.4 Accounts Receivable

Action had not been taken to recover employees loans amounting to Rs.125,704 due from 17 officers for over a number of years.

1.3.5 Lack of Evidence for Audit

Two items of assets totaling Rs.8,287,926 and 04 items of liabilities amounting to Rs.49,586,756 could not be satisfactorily vouched in audit due to the non – submission of required information to audit.

1.3.6 Non-compliance with Laws, Rules etc

Revenue in arrears totaling Rs.28,477,205 as at end of the year under review had not been recovered in terms of the provisions of Section 158 and 159 of the Pradeshieya Sabha Act No. 15 of 1987.

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 of the year under review amounted to Rs.4,262,570 as compared with the excess of revenue over recurrent expenditure amounting to Rs.1,276,411 for the preceding year and the net increase of the financial result was Rs.2,986,159.

2.2 Revenue Administration

2.2.1 Income from Tax

Action had not been taken even during the year under review to lease out the Thanamalwila Public Lavatory, Kiriibbanwewa Nursery, beef stall at Danduma and the beef stall at Thanamalwila and the property of the Sabha even during the year under review.

2.2.2 Trade Licence Fees

Action had not been taken to decide the trade licence fees and publish in the gazette annually in terms of Section 152 (i) of the Pradeshieya Sabha Act No. 15 of 1987.

2.3 Other Revenue

Action had not been taken in terms of Section 149 of the Pradeshieya Sabha Act No.15 of 1987 to recover a fee not exceeding one percent of the turnover of the year prior to the relevant year from a hotel and a lodge situated within the area of the Sabha that have been registered at the Tourism Promotion Authority or approved by the Authority Act No.14 of 1968.

2.4 Court Fines and Stamp Fees

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

	Rs.
Court Fines	1,834,047
Stamp Fees	86,450

2.5 Surcharges

A sum of Rs.672,220 had been receivable as at 31 December 2013, according to the surcharges levied by me under the provisions of Section 172 (3) of the Pradeshiya Sabha Act No. 15 of 1987, against the persons responsible.

3. Operating Review

3.1 Operating Inefficiencies

- (a) The kilometers of 05 vehicles owned by the Sabha were not working and therefore the distance travelled and the quantity of fuel consumed could not be assured.
- (b) Action had not been taken to dispose of 03 unusable vehicles of the Sabha and action had not been taken in terms of the letter No. PCMD/PR/2013 dated 05 June 2013 of the Secretary to the President.

4. Accountability and Good Governance

Budgetary Control

Significant variances were observed between the estimated income and expenditure of the budget prepared by the Sabha for the year under review and the actual income and expenditure. Therefore, the budget had not been made use of as an effective tool in controlling income and expenditure.

5. Systems and Controls

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

- (a.) Accounting
- (b.) Internal Control
- (c.) Revenue Administration