

## Dehiattakandiya Pradeshiya Sabha

### Ampara District

#### 1. Financial Statements

##### 1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to Audit on 21 May 2015 while Financial Statements relating to the preceding year had been submitted on 15 July 2014. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 30 July 2015.

##### 1.2 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Dehiattakandiya Pradeshiya Sabha as at 31 December 2014 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

##### 1.3 Comments on Financial Statements

###### 1.3.1 Accounting Deficiencies

Following accounting deficiencies are observed.

- (a) Provision had not been made in the accounts for Audit Fees relevant to the year review.
- (b) Revenue amounting to Rs.144,288 not relevant to the year under review had been accounted as revenue for the year under review. Due to that revenue for the year had been overstated to that extent.
- (c) Arrears of salaries of two officers, amounting to Rs.55,680 paid during the year under review relevant to the preceding year had been recorded as an expenditure of the year under review. Due to that expenditure for the year had been overstated to that extent.

###### 1.3.2 Non-compliances

Following non-compliance with Laws, Rules, Regulations and Management Decisions were observed in audit.

Reference to Laws, Rules and Regulations  
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Non-compliance  
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(a) Pradeshiya Sabha Act No. 15 of 1987  
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Section 132

A sum of Rs.32,450 had been paid for private vehicles in 02 instances, without approval of the Commissioner of Local Government.

(b) Pradeshiya Sabha (Financial and Administrative) Rules Series of 1988  
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(i) Rule 59

A survey of business entities and industries had not been carried out during the year under review.

(ii) Rule 180

Security had not been furnished by the officers in charge of cash and stores of the Sabha.

**2. Financial Review**  
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**2.1 Financial Results**  
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According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2014 had been Rs.4,990,688 as compared with the corresponding excess of revenue over recurrent expenditure amounted to Rs.1,677,272 in the preceding year.

**2.2 Revenue Administration**  
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**2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue**  
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Information relating to Estimated Revenue, Actual Revenue and Arrears of Revenue for the year under review as furnished by the Chairman is shown below.

Item of Revenue	Estimated Revenue	Actual Revenue	Accumulated Arrears as at 31 December
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	Rs.000	Rs. 000	Rs.000
(i) Rates and Acreage Tax	1,135	1,135	2,162
(ii) Lease Rent	3,087	3,087	26
(iii) License Fees	1,128	1,128	44
(iv) Other Revenue	2,110	3,667	1,470

### 2.2.2 Court Fines

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 Court Fines amounting to Rs.80,583 was due to be received from a Magistrate Court as at 31 December 2014.

## 3. Operational Review

### 3.1 Improper Transactions

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- (a) While lodging facilities and foods had been provided for participating in training programs, a sum of Rs.13,562 had been paid to the officers during the first 03 months of the year under review.
- (b) A total sum of Rs.102,000 as Rs.5,000 to the Chairman and Rs.3,500 to the Vice Chairman respectively, had been paid monthly for the pre-paid mobile phone cards, contrary to the provisions in clause 3:2 Of the Public Finance Circular No. 446 dated 01 September 2010.
- (c) Although it has been stated according to the Letter No. EP/09/BD/2014/TELE 56 dated 22 January 2014 of the Chief Secretary of the Provincial Treasury, that the monthly maximum limit of the mobile phone charge of the Pradeshiya Sabha Secretary should not exceed Rs.4,000, a sum of Rs.5,077 exceeding that limit had been paid to the secretary during the first 03 months of the year under review.

### 3.2 Idle and Under-utilized Assets

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- (a) Although the Mahindra Cab Vehicle provided from the Ministry of Local Government an Provincial Councils during the year 2008 could be repaired and used, it had been kept idle for more than 4 years without being repaired.
- (b) While there had been a cab vehicle provided during the year 2003 in unserviceable condition, it had been lying idle for more than 4 years.

- (c) Although the Three Wheeled Vehicle purchased for Rs.216,550 on 12 August 2004 is in a usable condition subject to repairs, it had been kept idle for more than 02 years.
- (d) While a Four Wheeled Tractor not duly transferred ownership from the Mahaweli Authority is in unserviceable condition, it had been parked in the Pradeshiya Sabha Ground.
- (e) Two Trailers which could be used after repairs remained idle for more than a year.

### **3.3 Internal Audit**

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While an adequate internal audit had not been taken place during the year under review and the preceding year, an adequate audit had not been carried out by the Local Government department as well.

### **5. Systems and Controls**

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

- (a) Accounting
- (b) Revenue Administration
- (c) Assets Management
- (d) Vehicles Control
- (e) Debtors and Creditors Control.