

Pasbage Korale Pradeshiya Sabha

Kandy District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to the Audit on 31 March 2015 while Financial Statements relating to the preceding year had been submitted on 31 March 2014. The Auditor General's Report relating to the year under review was issued to the Secretary of the Sabha on 14 July 2015.

1.2 Opinion

In my opinion financial statements give a true and fair view of the financial position of the Pasbage Korale Pradeshiya Sabha as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with generally accepted accounting principles.

1.3 Comments on Financial Statements

1.3.1 Accounts Receivable

Out of value of Rs.40,854,109 receivable from the Central Government in the Capital Grants Account as at 31 December 2014, value of balances which had exceeded a period of more than 01 year had been Rs.246,312.

1.3.2 Accounts Payable

Value of Accounts payable which had exceeded a period of more than 01 year as at 31 December 2014 had been Rs.3,205,833.

2. Financial Review

2.1 Financial Results

According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2014 amounted to Rs.4,554,431 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.10,560,300 indicating a decrease of Rs.6,005,869 in the financial result.

2.2 Analytical Financial Review

When surplus of the year under review is compared with the surplus for the preceding year a decrease in a sum of Rs.6,005,869 was observed. It was due to the decrease in 02 items of revenue in a range from 38 per cent to 93 percent and an increase in 04 items of expenditure in a range from 12 per cent to 491 percent during the year 2014.

2.3 Revenue Administration

2.3.1 Performance in Revenue Collection

Information as furnished by the Chairman relating to Estimated Revenue, Actual Revenue and Arrears of Revenue for the year under review are shown below.

| Item of Revenue | Arrears as at 01.01.2014 | Billings during the year 2014 | Recoveries out of arrears as at 31.12.2014 | Recoveries out of billings for the year | Recoveries out of balance as at 01.01.2014 | Arrears as at 31.12.2014 | Total Arrears |
|-----------------|--------------------------|-------------------------------|--|---|--|--------------------------|---------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Rates | 142,883 | 570,873 | 196,995 | 450,507 | 145,888 | 120,366 | 266,254 |
| Lease | 31,260 | 179,768 | 28,379 | 166,818 | 2,881 | 12,950 | 15,831 |
| Rent | | | | | | | |
| License | -- | 670,366 | -- | 669,832 | -- | 504 | 504 |
| Fees | | | | | | | |
| Others | | 3,306,995 | 639,504 | 3,475,361 | 1,382,582 | 831,634 | 2,214,216 |
| | 2,012,086 | | | | | | |
| Total | 2,386,229 | 4,727,972 | 854,878 | 3,762,518 | 1,531,351 | 965,454 | 2,496,805 |

Arrears of revenue as at 31 December of the year under review was Rs.2,496,805

2.3.2 Lease Rent

A large sum of revenue had been lost to the Sabha due to leasing out 15 stalls belong to the Sabha for a lease period of 30 years, as one stall from the year 2008 and other stalls from the year 2013 without being assessed once in 05 years

2.3.3 Court Fines and Stamp Fees

Court Fines amounting to Rs.3,100,000 and Stamp Fees amounting to Rs.2,865,735 were receivable from the Chief Secretary to the Provincial Council and other authorities as at 31 December 2014.

3. Operating Review

3.1 Operational Inefficiencies

Action had not been taken to issue Certificates of Conformity after inspection to ensure that the relevant buildings have been constructed as specified, with regard to 1156 building applications approved during the period from the year 2006 to the year 2014.

3.2 Management Inefficiencies

- (a) Ownership of Land and Buildings amounting to Rs.142,844,998 had not been confirmed through title deeds, transfer orders and plans.

- (b) Land and buildings of the Sabha had not been inspected in terms of Rule 218 of the Pradeshiya Sabha (Financial and Administrative) Rules Series.

3.3 Idle and Under-utilized Assets

The Concrete Mixing Machine provided by the Disaster Management Ministry during the year 2012 to be used in emergency situations, had been kept idle in the old Pradeshiya Sabha Building Premises opened to natural disasters, due to lack of required facility to operate with three phase electricity supply.

3.4 Delaying Projects

Although an agreement had been entered into for a sum of Rs.1,500,000 for construction of the Community Hall, Balanthota North, and about a part of 50% of the work had been constructed, construction works had been stopped due objections of the Road Development Authority.

4. Accountability and Good Governance

4.1 Budgetary Control

There were variations from 20 per cent to 230 percent in 05 items of revenue and variations from 14 per cent to 296 per cent in 08 items of expenditure when actual revenue and expenditure are compared with the estimated revenue and expenditure. It was observed that, the budget had not been made use of as an effective tool of management.

4.2 Annual Procurement Plan

An Annual Procurement Plan in terms of Sub Chapter 4:2 of the Government Procurement Guidelines Code had not been prepared for the year under review,

5. Systems and Controls

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

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