

Monaragala Pradeshiya Sabha
Moneragala District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to the Audit on 27 April 2015 while Financial Statements relating to the preceding year had been submitted on 02 April 2014. The Auditor General's Report relating to the year under review was issued to the Chairman of the Sabha on 10 July 2015.

1.2 Opinion

In my opinion, except for the effect of the matters described in paragraph 1.3 of this report, financial statements give a true and fair view of the financial position of the Moneragala Pradeshiya Sabha as at 31 December 2014, its financial performance for the year then ended and cash flows in accordance with Public Sector Accounting Standards of Sri Lanka.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

Following matters are observed.

- (a) Action had not been taken to account for 824 Galvanized Pipes of Laksteel type valued at Rs. 912,285 provided by the Divi Neguma Department on 17 November of the year under review.
- (b) Provision had not been made in the accounts with regard to Pension Contributions Payable amounting to Rs. 2,697,630 as at end of the year under review.
- (c) Although the value of library books according to the Register of Reference as at the date of end of the year under review was Rs. 1,169,802; it had been shown as Rs. 947,955 understating a sum of Rs. 221,847 in accounting.

1.3.2 Accounts Payable

Action had not been taken during the year under review too, to settle the sum of Rs. 4,872,912 payable in respect of the trade stalls constructed and handed over to the Sabha by the Urban Development Authority during the years 1989 and 1990.

1.3.3 Lack of Evidence for Audit

Value of 05 Items of Assets amounting to Rs.49,360,244 and 02 items of Liabilities amounting to Rs.5,590,339 could not be satisfactorily vouched in audit due to non-submission of required Information to Audit.

1.3.4 Non-compliance with Laws, Rules and Regulations

Non-compliance with following laws, rules and regulations were observed in audit.

Reference to Laws, Rules, and Regulations	Non-compliance
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| (a) <u>Financial Regulations of the Republic of Sri Lanka</u>
Financial regulation 571 (3) | Action had not been to clear time lapsed Deposits amounting to Rs. 5,590,339. |
| (b) <u>Establishments Code of the Republic of Sri Lanka</u>
Clause 1:6 and 4 in Chapter XXIV | Action had not been taken to recover Loans outstanding amounting to Rs.412,998 due from 34 officers who were in service of the Sabha and vacated service, retired and deceased. |

2. Financial and Operating 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.15,709,693 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.5,547,735. Accordingly the net increase in the financial results had been Rs. 10,161,958.

2.2 Revenue Administration

2.2.1 Arrears of Revenue

Arrears of Revenue totalling Rs. 47,446,384 as at the end of the year under review had not been recovered.

2.2.2 Lease Rent

- (a) Action had not been taken to recover a sum totalling Rs. 4,266,048 including Rs. 165,955 receivable as Security Deposits, Rs. 1,107,132 as Arrears of Lease Rent and Rs. 2,992,961 as liquidated damages due for leasing out the Beef Stall No. 24 for the year 2013.
- (b) Action had not been taken to recover a sum of Rs. 178,613 due as at the end of the year under review from the lessee who took the lease of the Beef Stall No. 24 for the year 2010.
- (c) Action had not been taken to recover a sum of Rs. 2,106,875 as the preliminary lump sum deposit payable in terms of the agreements in respect of 14 stalls out of the 55 stalls constructed and hand over to the Sabha by the Urban Development Authority.
- (d) It had not been possible to earn an income of Rs. 2,282,914 from three properties belong to the Sabha due to lack of response, although tenders had been called for in number of instances during the past few years. An alternative course of action had not been taken by the Sabha to lease out these properties for which lessees do not respond.

2.2.3 Transmission Tower Charges

Action had not been taken even up to the end of the year under review to levy an annual tax on 12 Transmission Towers constructed by various companies in the area of authority of the Sabha during the years 2005 to 2012.

2.2.4 Other Revenue

(a) Action had not been taken to recover a sum of Rs. 206,263 due for providing services of the motor grader on hire basis to ten outside individual persons during the years 2012, 2013 and 2014.

(b) Although a tax not exceeding 1 per cent of the receipts during the preceding year to the relevant year should be recovered from hotels and lodging houses registered in the Sri Lanka Tourism Promotion Authority or approved in terms of provisions in the Tourism Promotion Act No. 14 of 1968, after imposing by-laws action had not been taken to recover such charges from three hotels situated in the area of authority of the Sabha.

2.2.5 Court Fines and Stamps Fees

Court Fines and Stamp Fees due from the Chief Secretary to the Provincial Council and other authorities as at 31 December of the year under review are shown below.

	<u>Rs.</u>
(i) Court Fines	1,131,182
(ii) Stamp Fees	2,416,692

2.3 Surcharges

A sum of Rs. 922,195 was due to be recovered as at 31 December of the year under review in connection with surcharges imposed by me against the persons responsible, in terms of provisions in the Pradeshiya Sabha Act No 15 of 1987.

3. Operational Review

3.1 Operating Inefficiencies

The Assistant Commissioner of Local Government had provided 800 Plastic Waste Bins of 20 Liters valued at Rs. 220,800 to the Sabha during the year 2013. These Waste Bins had been kept in the stores without action being taken to distribute even as at 22 May 2015.

4. 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