

DodangodaPradeshiya Sabha

KalutaraDistrict

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to Audit on 16 March, 2015 while Financial Statements relating to the preceding year had been submitted on 16 March, 2015. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 30 June 2016.

1.2 Qualified 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 Dodangoda Pradeshiya Sabha as at 31 December 2015 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) Members' allowance amounting to Rs.30,000 due as at 31 December 2015 had been overstated in the Financial Statements.
- (b) Although Rs.540, 839 of capital grants received in 2016 in respect of the year under review should be credited to the Capital Grants Account and debited to the Debtors Account, the same had not done so.
- (c) Although an amount of Rs.264,409 which was over credited to the Debtors Account in para 2.2(e) of the Audit Report of previous year should have been debited to Debtors Account by the same amount and credited to the Accumulated Fund Account for the rectification, the same had not been done so.
- (d) For the rectification of the over assessment of acre lease in the year under review, although an amount of Rs.194, 760 should have been debited to the Accumulated Fund Account and credited to the Acre Lease Account as per journal entry 35, the relevant credit note was only entered into Ledger accounts. Accordingly, acre lease revenue in the year under review had been overstated by Rs.194, 760.

- (e) As Rs.47, 413 for the payment of creditors in December in the year under review had been understated in Creditors Account, creditors' balance was overstated by the same amount.
- (f) Action had not been not taken to value and account the land in extent A 31, R 1 P 5, handed over to Sabha for common amenities in the land auction during the period from 1994-2015.

1.3.2 Non-reconciled Accounts

- (a) Although the purchases of library books amounted to Rs.104, 122 as per Expense Ledger it was Rs.136, 821 as per the Financial Statements. Hence, a difference of Rs.32, 699 was observed.
- (b) Although provision amounting to Rs.402, 254 had been allocated for creditors for the road development project up to Sanasa Society Hall of Dodangoda Kadanagoda road in the creditors schedule submitted with the Financial Statements, the same had been mentioned as Rs.401, 064 as per the project documents.

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 2015 amounted toRs. 9, 652,945 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 7,035,198.

2.2 Revenue Administration

2.2.1 Arrears of Revenue

Arrears of revenue amounting to Rs.4, 957,928 as at the end of the year under review had not been recovered in accordance with the provisions in sections 158 and 159 of the Pradeshiya Sabha Act No.15 of 1987.

2.2.2 Court Fines and Stamp Fees

A sum of Rs.25, 458,971 was due from the Chief Secretary of the Provincial Council and the other authorities as at 31 December in the year under review as follows.

	Rs.
Court fines	17,535,530
Stamp fees	7,923,441

3. Operational Review

3.1 Operational Deficiencies

The following matters are observed.

- (a) Action had not been taken to recover the loan balance of Rs.62,527 given to 23 deceased, retired officers and those who went on transfers even up to 31 December 2015.
- (b) Action had not been taken to recover advances of Rs.288, 779 paid in 1981,2006,2011 and 2015 in terms of Rules 140 of Pradeshiya Sabha (Financial and Administration) of 1988 even up to 30 March, 2016.

3.2 Sub Division of Lands

In accordance with the para 2.1 of the Urban Development Authority Regulation Circular No.6 dated 30th September 1992 and Order No.22 (i) of Gazette Notification No.393/9 dated 10th March 1986 of the said Authority, the instances where action had not been taken by the Sabha in respect of sub division of lands was observed at the sampling and physical inspection conducted on 25th September 2015.

- (a) Action had not been taken to get the relevant title deeds of the plots of lands in extent 18.2, 67.5, 169.75, 127.5,146 and 64.4 perches which had been transferred to Sabha by 07 sub division of lands even up to 25 September,2015.
- (b) At the physical inspection carried out on 25 September 2015 on 126.5 and 67.5 perches in Kottayahena Kajugahawatte and Pettigalawatte handed over to Sabha for common amenities, boundaries had not been demarcated by using land marks so as to clearly identify the boundaries of such lands and even a name board had not fixed to identify it as a common land belonging to Sabha.
- (c) As the land extent of KandaganodaKalle for which sub division was by Plan No.3612005 and 3622005 is 602.3 perches. 60.23 Perches as 10% out of which ie. which was 10% of that should have been transferred to Sabha. But a land in extent 44 perches had only been transferred. When compared with 1% lease amount paid to Sabha, the extent of land less transferred to Sabha was 16.23 perches and its value was Rs.292, 140.

4. Systems and controls

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

- (a) Accounting
- (b) Budgetary control
- (a) Revenue administration
- (b) Assets management