

Giribawa Pradeshiya Sabha

Kurunegala District

1. Financial Statements

1.1. Presentation of Financial Statements

The financial statements for the year under review had been presented for audit on 24 March 2014 and the financial statements for the preceding year had been presented on 28 March 2013. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 28 November 2014.

1.2. Opinion

Except for the effects on the financial statements of the matters referred to in Paragraph 1.3 of this report, I am of opinion that the financial statements have been prepared in accordance with the Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Giribaawa Pradeshiya Sabha as at 31 December 2013 and the financial result of its operations and cash flows for the year then ended.

1.3. Comments on Financial Statements

1.3.1. Accounting Deficiencies

The following accounting deficiencies were observed.

- a) The court fines amounting to Rs. 673,850 for the period from July 2012 to October 2012, received in March 2013 had been brought to account as revenue of the year under review. Therefore revenue of the year had been overstated by a similar amount.

- b) The revenue receivable from stamp fees for the period from July 2012 to December 2013 had not been identified and brought to account. The revenue from stamp fees for the year 2011 and the period from January to June in 2012, amounting to Rs.918,803 received in the year 2013, had been brought to account as a revenue of the year. Therefore revenue of the year had been overstated by a similar amount.

- c) The quality assessment charges for laying Paving Blocks in the year 2012 amounted to Rs.182,027 had been paid by the Sabha, on the basis of recovering the charges from the contractor, and such charges recovered from the contractor had been shown under salaries and allowances expenses. Therefore the expenses on salaries and allowances expenses of the year had been overstated by a similar amount. Similarly those charges recovered had been shown under capital revenue, overstating revenue of the year by a similar amount.

1.3.2. Unexplained Differences

According to the financial statements, the value of fixed assets at the end of the year under review had been Rs.18,462,982, but the corresponding balance in revenue contribution to capital outlay account, had been shown as Rs.17,565,602. Hence an unexplained difference amounting to Rs.897,380 was observed.

1.3.3. Accounts Receivable and Payable

- a) The value of balances in accounts receivable as at 31 December 2013 amounted to Rs.36,236,726 and out of this Rs.2,275,503 represent balances for over 1 year, and the age analysis had not been presented for a balance of Rs.1,718,388.
- b) The value of balances in accounts payable as at 31 December 2013 amounted to Rs.37,807,211 and out of this Rs.4,216,277 represent balances for over 1 year.

2. Financial Review

2.1. Financial Results

According to the financial statements presented, the excess of recurrent expenditure over revenue of the Sabha for the year ended 31 December 2013 amounted to Rs.130,582, as against the excess of revenue over recurrent expenditure amounting Rs.38,083,976 for the preceding year. Therefore the financial result had been deteriorated by Rs.38,214,558. When the capital aid of Rs.37,268,725 and capital expenditure of Rs.35,328,785 are adjusted to this financial result, the financial results for the year under review had shown a surplus of Rs.1,809,358.

2.2. Analytical Financial Review

- a) The total recurrent revenue of the Sabha for the year under review amounted to Rs.19,918,810, and of this Rs.16,726,445 representing 84% consists of non-generated revenue, such as court fines, stamp fees, and salary reimbursements. Similarly the entire capital revenue of Rs.37,268,725 had been received from other institutions for development work in the area under authority, through sources such as Maga Neguma and Gama Neguma.
- b) The total recurrent expenditure of the Sabha for the year under review amounted to Rs.20,049,393, and of this, Rs.13,639,962 was expenditure related to personal emoluments. Of this, 88% amounting to Rs.12,085,594 had been received in the form of salary reimbursement, and it had been brought to account under other revenue. Similarly the capital expenditure amounted to Rs.35,328,784 and 2% of this, only a sum of Rs.649,213 had been spent from Sabha funds, and the balance 98% amounting to Rs.34,679,571 consists of expenditure of development works, carried out from provisions of other institutions.

2.3. Revenue Administration

2.3.1. Performance on Revenue Collection

Though the revenue collectors do not possess a clear authority to collect revenue such as trade licences, business taxes, stall rentals, lease rentals in the field, the revenue collectors of the Sabha had collected revenue such as rates and taxes and trade licences in the field through-out the year.

2.3.2. Court Fines and Stamp Fees

The court fines receivable from the Chief Secretary of the Provincial Council and other authorities as at 31 December 2013 was Rs.208,000.

3. Operating Review

3.1. Assets Management

A water bowser with the capacity of 800 gallons, valued at Rs.151,000 had remained idling for about 06 years. A ronio machine with a book value of Rs.1,750, a photo copy machine valued at Rs.126,500, and the Wannu Kudawewa Dispensary valued at Rs.200,000 had remained idling for several years.

4. Accountability and Good Governance

4.1. Budgetary Control

The recurrent expenditure and capital expenditure respectively had exceeded the estimated provisions by Rs. 1,624,000 and Rs. 32,048,000

5. Systems and Control

Special attention of Sabha is drawn to under mentioned areas of systems and controls.

- a) Accounting
- b) Financial Control
- c) Revenue Administration
- d) Assets Management