

Anamaduwa Pradeshiya Sabha

Puttalam District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 24 August 2012 and the financial statements for the preceding year had been presented on 15 July 2011. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 06 November 2012.

1:2 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Anamaduwa Pradeshiya Sabha had maintained proper accounting records for the year ended 31 December 2011 and except for the effects on the financial statements of the matters referred to in my report issued to the Chairman, the financial statements have been prepared in accordance with Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Anamaduwa Pradeshiya Sabha as at 31 December 2011 and the financial results of its operations for the year then ended.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

Omissions in the Financial Statements

Court fines amounting to Rs. 319,670 for the year 2010 and stamp fees amounting to Rs. 807,524 as at 31 December 2011 had not been shown in the accounts and works creditors had been overstated in the accounts by Rs. 3,672,688

1.3.2 Lack of Evidence for Audit

Transactions totalling Rs. 47,153,835 could not be satisfactorily vouched in audit due to the non-submission of required information to audit.

2. Financial and Operating Review

2.1 Financial Results

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2011 amounted to Rs.15,104,806 as compared with the excess of revenue over recurrent expenditure amounting to Rs.4,146,251 for the preceding year.

2.2 Financial Control

The following deficiencies in financial control were observed.

- (a) The total of the balances of 07 items of accounts as per financial statements presented to audit was Rs. 5,203,729 whereas the total of the balances of the said accounts as per registers was Rs. 7,156,584
- (b) The value of accounts payable as at 31 December 2011 amounted to Rs. 8,790,877 and of this, the value of balances exceeding one year amounted to Rs. 3,069,945
- (c) Value added Tax amounting to Rs. 414,102 and Nation Building Tax amounting to Rs. 97,249 collected in relation to the year under review had been retained even up to 30 August 2012, the date of audit examination, without being remitted to the Commissioner General of Inland Revenue.
- (d) The actual expenditure was very low compared to the budgeted expenditure for the year under review and the variance was Rs. 21,895,000. Of this, 47% was capital expenditure variance.
- (e) The value of accounts receivable as at 31 December 2011 was Rs. 8,347,383 and of this, the value of balances exceeding one year amounted to Rs. 3,792,162

- (f) The total of the employees' loan balances due as at 31 December 2011 amounted to Rs. 3,926,240 and the value of balances exceeding one year amounted to Rs. 1,807,803
- (g) The value of assets remaining static for over 05 years as at 31 December 2011 amounted to Rs. 68,291
- (h) The contribution from the funds of the Sabha for the total expenditure incurred on projects during the year under review was at a low level of about 24%

2.3 Revenue Administration

2.3.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

Information relating to estimated revenue, actual revenue and the arrears of revenue for the year under review as presented by the Chairman is given below.

Item of Revenue	Estimated	Actual	Accumulated Arrears as at 31 December
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	Rs.'000	Rs.'000	Rs.'000
(i) Rates and Taxes	5,354	1,927	3,427
(ii) Lease Rent	6,726	4,896	1,830
(iii) Licence Fees	635	635	-
(iv) Other Revenue	14,454	5,008	9,446

2.3.2 Revenue Earned during the Current Year

The main sources of revenue estimated for the year 2011, the progress of recovery and the progress of recovery of the arrears of previous years are shown below.

Revenue source	Revenue billed for 2011	Recoveries made against the billed revenue for 2011	Progress of recovery of revenue for the year	Arrears as at 01.01.2011	Recoveris against arrears	Progress of recovery of arrears
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	Rs	Rs	%	Rs	Rs	%
Rates	2,638,186	922,414	35	3,229,510	972,146	30
Lease Rent	6,970,794	4,659,767	67	1,217,280	129,592	11
Acreage Tax	25,000	13,859	55	329,472	17,973	05

2.3.3 Court Fines and Stamp Fees

Money receivable as at 31 December 2011 from the Chief Secretary of the Provincial Council and the authorities are given below.

	Rs.
(i) Court Fines	446,497
(ii) Stamp Fees	5,000,000

2.4 Idle Physical Resources

The Mini Kubota 04 wheeled tractor bearing No. 49-1965 owned by the Sabha, the value of which had not been estimated had remained idle for 03 years and the tractor bearing No. 40-0994 valued at Rs. 597,668 had remained idle for one year.

2.5 Solid Waste Management

There was a balance of 148 compost containers valued at Rs. 266,400 produced in the year 2010 and of this 98 containers valued at Rs. 176,400 had broken and were not in a saleable condition.

2.6 Internal Audit

An adequate internal audit had not been carried out in the institution.

3. Systems and Controls

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

- (a) Accounting
- (b) Revenue Administration
- (c) Control over Vehicles.