

**Elahera Pradeshiya Sabha**

**Polonnaruwa District**

**1. Financial Statements**

**1.1 Presentation of Financial Statements**

The financial statements for the year under review had been presented to audit on 31 July 2012 and the financial statements for the preceding year had been presented on 01 April 2011. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 22 October 2012.

**1:2 Opinion**

In view of the comments and observations appearing in my report forwarded to the Chairman, I am unable to express an opinion on the financial statements of the Elahera Pradeshiya Sabha for the year ended 31 December 2011 presented to audit.

**1.3 Comments on Financial Statements**

**1.3.1 Accounting Deficiencies**

The following matters were observed.

- (a) Income from stamp fees amounting to Rs. 225,100 relating to the year under review had not been brought to account.
- (b) The credit balance of Rs. 276,543 of the suspense account had been written – off from the accumulated fund without being identified.

**1.3.2 Lack of Evidence for Audit**

**(a) Unanswered Audit Queries**

Replies to 05 audit queries had not been furnished by 31 December 2011. The value of quantifiable transactions relating to the audit queries amounted to Rs. 27,426,897

(b) Non – submission of Information to Audit

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Transaction totalling Rs. 30,986,562 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**

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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.3,640,819 as compared with the excess of revenue over recurrent expenditure amounting to Rs.610,737 for the preceding year.

**2.2 Revenue Administration**

**2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue**

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Information relating to the estimated revenue, the actual revenue and the arrears of revenue for the year under review and the preceding year 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	628	1,315	808
(ii) Lease Rent	1,564	1,839	758
(iii) Licence Fees	90	90	48
(iv) Other Revenue	6,196	10,303	2,162

**2.2.2 Court Fines**

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

	Rs.
(i) Court Fines	2,657,889
(ii) Stamp Fees	576,450

### 2.3 Idle and Underutilized Physical Resources

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It was observed at sample audit checks that certain assets had remained idle as analyzed below.

Description of Asset	Value	Date of Idling	Idle period
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	<b>Rs.</b>		
(i) Rice flour processing machine	613,500	17.04.2008	04 years
(ii) Building for producing rice flour	493,675	17.04.2008	04 years
(iii) Water bowser	50,000	year 2011	01 year
(iv) Double cab returned by the Army	Not computed	16.10.2009	02 years

### 2.4 Operating Inefficiencies

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A corporate plan indicating the way they plan to achieve the functions entrusted to the Sabha in the coming years and an action plan for the year under review had not been prepared.

### 2.5 Internal Audit

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An adequate internal audit had not been carried out within the institution during the year under review.

## 3. Systems and Controls

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

- (a) Accounting
- (b) Internal Control
- (c) Revenue Administration
- (e) Assets Management