

Elpitiya Pradeshiya Sabha

Galle District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 10 May 2013 and the financial statements for the preceding year had been presented on 27 April 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 31 October 2013.

1.2 Opinion

In view of the comments and observations appearing in my report I do not express an opinion on the financial statements of the Elpitiya Pradeshiya Sabha for the year ended 31 December 2012 presented to audit.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

The following observations are made.

- (a.) Capital aid amounting to Rs.17,103,617 receivable for the year under review under Gama Neguma Project had been omitted from the financial statements.
- (b.) A sum of Rs.3,518,091 was payable as at 31 December of the year under review in respect of 16 development projects whilst only a provision of Rs.2,388,119 had been made in the financial statements and therefore, capital expenditure and creditors had been understated by Rs.1,129,972.
- (c.) Provisions had not been made in the accounts in respect of contributions amounting to Rs.6,724,372 payable to the Department of Pensions relating to retired local government employees as at 31 December of the year under review.

1.3.2 Lack of Evidence for Audit

(a.) Un-answered Audit Queries

Replies to 18 audit queries had not been furnished as at 31 December of the year under review. The value of quantifiable transactions relating to the audit queries amounted to Rs.5,804,981.

	Rs.
(i.) Court Fines	680,917
(ii.) Stamp Fees	11,912,166

2.2.4 Lease of Stalls

A spot check carried out on 22 March 2013 in respect of lease of 56 stalls owned by the Sabha revealed that the provisions of Circular No. # issued on 27 December 2010 by the Commissioner of Local Government had not been followed.

- (a.) Agreements of all 56 stalls were older than 03 years.
- (b.) Lease rent had been recovered on an assessment fixed prior to more than 05 years from all the stalls.
- (c.) 06 stalls of the General Market had been sub-let and 03 stalls of the Super Market had been sold.
- (d.) Changes had been done to 06 stalls.
- (e.) Goods had been displayed in front of 06 stalls

2.2.5 Telephone/Transmission Tower Charges

According to Section 7(v) of the Circular No.5/02/1/384 dated 16 December 2008 of the Director General of the Urban Development Authority; conformity certificates should be obtained for each and every tower, and otherwise fines at Rs. 50 per day should be charged in terms of Section 7(vii) of the said Circular for the usage without conformity certificates; if the Sabha had not revised it since a lapse of one year after the approval. However, audit examinations carried out on 25 March 2013 revealed that conformity certificate charges of Rs.18,000 and fines amounting to Rs.54,000 had not been recovered for 03 towers constructed within the area of authority of the Sabha.

2.3 Idle and Underutilized Physical Resources

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 08 May 2012 had been stored in a building of the Sabha premises even as at 29 August 2013; the date of audit examination, without action being taken to install in the Elpitiya & KLOGUHQ ¶ V 3OD\ *URXQG \$ VXP RI 5V KDG EH
 audit examination.

58.28 Perches. However, only 52.70 Perches had been given to the Sabha and it is less by 5.58 Perches.

2.7 Internal Audit

An adequate internal audit had not been carried out within the institution and a Audit and Management Committee had not been established in terms of the Circular No. PE/F/S/4(xiii) dated 28 August 2006 of the Secretary to the Ministry of Finance and Planning.

3. Systems and Controls

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

- (a.) Accounting
- (b.) Budgetary Control
- (c.) Revenue Administration
- (d.) Assets Management