

Ja-Ela Pradeshiya Sabha

Gampaha District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 16 March 2012 and the financial statements for the preceding year had been presented on 29 March 2011. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 05 February 2013.

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 Ja-Ela Pradeshiya Sabha for the year ended 31 December 2011 presented to audit.

1.3 Comments on Financial Statements

1.3.1 Accounting Policies

The accounting policies followed in preparation of accounts had not been disclosed in the financial statements.

1.3.2 Accounting Deficiencies

- a. The cash balance shown in the financial statements was Rs.109,962,396 whereas the balance as per main cash book was Rs.109,282, 095 thus indicating a difference of Rs.680,301.
- b. The value of goods/materials issued from the stores for works amounting to Rs.6,476,244 had been debited to the repairs to capital assets account and again the same value had been credited to the same account.
- c. Capital expenditure amounting to Rs.1,817,145 incurred during the year under review had not been brought to accounts.

1.3.3 Lack of Evidence for Audit

Transactions totaling Rs.226,286,274 could not be satisfactorily vouched in audit due to the non-submission of required information to audit.

1.3.4 Unreconciled Control Accounts

The total of the balances of 03 items of accounts as per control accounts amounted to Rs.59,194,758 whereas the total of the balances of accounts according to the subsidiary registers amounted to Rs.8,904,103.

1.3.5 Suspense Account

The total of the credit balances of the suspense accounts brought forward for over a number of years amounted to Rs.236,425 as at 31 December 2011.

2. Financial and Operating 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 2011 amounted to Rs.51,052,758 as compared with the excess of recurrent expenditure over revenue amounting to Rs.51,258,757 for the preceding year.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and the Arrears of Revenue

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

Item of Revenue	Estimated	Actual	Cumulative Arrears as at 31 December
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	Rs.000'	Rs.000'	Rs.000'
i. Rates and Taxes	31,127	40,453	34,677
ii. Lease Rent	3,774	3,938	10,434
iii. Licence Fees	2,679	2,937	115
iv. Other Revenue	4,138	4,116	2,388

2.3 Operating Inefficiencies

- a. Balance of employees loans due as at 31 December 2011 was Rs.12,428,410 and it included balances totalling Rs.222,469 outstanding for over one year.
- b. There was a balance of Rs.109,962,395 in the bank current account of the Sabha as at 31 December 2011 and attention had not been paid to invest the said money even in short term basis.

3. Systems and Controls

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

- a. Accounting
- b. Internal Audit
- c. Revenue Administration
- d. Assets Management