

Lunugala Pradeshiya Sabha

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Badulla District  
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1. Financial Statements

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1:1 Presentation of Financial Statements  
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The financial statements for the year under review had been presented to audit on 13 June 2013 and the financial statements for the preceding year had been presented on 17 December 2012. The Report of the Auditor General for the year under review was furnished to the Chairman of the Sabha on 16 August 2013.

1:2 Opinion  
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In view of the comment and observations appearing in my report I do not express an opinion on the financial statement of the Lunugala Pradeshiya Sabha for the year ended 31 December 2012 presented for audit.

1:3 Comments on Financial Statements  
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1:3:1 Accounting Deficiencies  
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- (a) Retention money amounting to Rs.995,059 of 33 works which should have been credited to the Refundable Deposit Account had been brought to account under the works creditors and as such the balance of the Refundable Deposits Account had been understated by that amount and the balance of the Creditors Account had been overstated by that amount in the financial statements.
- (b) The cash balance of the Inter-Villaging Pilot Project Current Account as at 31 December 2012 amounting to Rs.8,298,803 had been taken into consideration and brought to account as a balance of the Sabha Fund Account and as such the current assets had been overstated by that amount in the financial statements.
- (c) The value of four buildings belonging to the Sabha had not been assessed and brought to account.

- (d) The value of three water supply projects belonging to the Sabha had not been assessed and brought to account.
- (e) The value of the balance stock of water stores as at 31 December 2012 amounting to Rs.73,935 had been taken into consideration and brought to account as expenditure of the year under review and as such the deficit for the year had been overstated by that amount and the value of the balance stock of water stores as at 31 December had been understated by that amount in the financial statements.

1:3:2 Lack of Evidence for Audit  
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Transactions totaling Rs.12,887,466 could not be satisfactorily vouched in audit due to the non-submission of the required information to audit.

2. Financial and Operating Review  
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2:1 Financial Results  
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According to the financial statements presented, the excess of revenue over the recurrent expenditure of the Sabha for the year ended 31 December 2012 amounted to Rs.588,909 as compared with the corresponding excess of revenue over the recurrent expenditure amounting to Rs.390,300 for the preceding period of 09 months..

2:2 Revenue Administration  
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2:2:1 Estimated Revenue, Actual Revenue and Arrears of Revenue  
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The information on the estimated revenue, the actual revenue and the arrears of revenue relating to the year under review presented by the Chairman is given below.

Source of Revenue -----	Estimated Revenue -----	Actual -----	Cumulative Arrears as at 31 December -----
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(i) Rates and Taxes	59	322	561
(ii) Lease Rents	2,585	2,007	972
(iii) Licence Fees	953	548	--
(iv) Other Revenue	11,364	24,634	6,497

2:2:2 Rates

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The rates for the year 2012 as well had been recovered based on the valuation done in the year 2004.

2:2:3 Lease Rents

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According to the Circular No. 1980/46 dated 31 December 1980 of the Commissioner of Local Government, the lease rent of trade stalls should be assessed at least once in every five years. But, 12 trade stalls of the Lunugala Market had not been assessed once in five years and the recoveries had been made on the revision of the rent by the Sabha from time to time.

2:2:4 Licence Fees

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(a) A survey of the trade licences had not been conducted at the beginning of the year to identify trading institutions in the area of authority of the Sabha from which Trade Licence Fees should be recovered.

(b) The Environmental Licence had not been obtained for the abattoir in terms of 6 F K H G X O H 3 \$ ' R I W K H 1 R W L M i n i s t e r o f E n v i r o n m e n t a n d O c e a n D e v e l o p m e n t & F i s h e r i e s Gazette Extraordinary No. 1159/22 of 22 November 2002 in terms of the provisions in the National Environmental Act, No. 47 of 1980 as amended by the Amendment Act, No. 56 of 1988 and Amendment Act, No. 53 of 2000.

2:2:5 Courts Fines and Stamp Fees

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