

Medirigiriya 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 02 April 2012 and the financial statements for the preceding year had been presented on 06 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 Medirigiriya 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) Court fines amounting to Rs. 308,715 for the month of December 2011 had not been shown in the financial statements.
- (b) Loans from the Local Loans and Development Fund amounting to Rs.7,907,000 had been erroneously debited to the accumulated Fund account and credited to the loan funds account. Therefore, the balance of the accumulated fund account of the year under review had been understated by a sum of Rs. 7,907,000

1.3.2 Lack of Evidence for Audit

Transactions totalling Rs. 65,821,926 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 recurrent expenditure over revenue of the Sabha for the year ended 31 December 2011 amounted to Rs. 810,560 as compared with the excess of recurrent expenditure over revenue amounting to Rs. 2,782,333 for the preceding year.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

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

Item of Revenue	Estimated	Actual	Accumulated Arrears as at 31 December
	Rs.'000	Rs.'000	Rs.'000
(i) Rates and Taxes	633	179	2,682
(ii) Lease Rent	968	949	199
(iii) Licence Fees	1,039	1,039	-
(iv) Other Revenue	10,223	6,296	3,654

2.2.2 Court Fines

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

(i) Court Fines	Rs. 1,689,494
(ii) Stamp Fees	597,100

2.3 Idle and Underutilized Physical Resources

A cab valued at Rs. 175,000 had been lying idle for 08 years.

2.4 Operating Inefficiencies

- (a) Hire charges from a motor grader, 03 tippers and 02 tractors used in a commercial or industrial enterprise had been estimated at Rs. 4,250,000. Accounting records had not been prepared to enable to identify the operating results for the year.

- (b) A corporate plan showing the plans to carry out functions vested with the Sabha in the coming years and an action plan for the year under review had not been prepared.

2.5 Internal Audit

Internal audit had not been carried out at the institution during the year under review.

3. Systems and Controls

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

- (a) Accounting
- (b) Revenue Administration
- (e) Assets Management
- (c) Contract Administration
- (d) Debtors and Creditors Control