

## **Monaragala Pradeshiya Sabha**

### **Monaragala District**

#### **1. Financial Statements**

##### **1.1 Presentation of Financial Statements**

The financial statements for the year under review had been presented to audit on 01 April 2013 and the financial statements for the preceding year had been presented on 05 July 2012. The report of the Auditor General for the year was issued to the Chairman of the Sabha on 20 September 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 Monaragala 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.) Interest amounting to Rs.1,140,840 payable to the Local Loans and Development Fund as at end of the year under review had not been brought to account.
- (b.) The land and buildings owned by the Sabha had not been assessed and brought to account.
- (c.) Court fines and stamp fees of the year under review had been understated in the accounts by Rs.275,703.

###### **1.3.2 Lack of Evidence for Audit**

Assets valued at Rs.41,639,764, liabilities amounting to Rs.15,086,281 and transactions totaling Rs.12,250 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 2012 amounted to Rs.98,726 as against the excess of revenue over recurrent expenditure amounting to Rs.2,995,628 for the preceding year.

### 2.2 **Budgetary Control**

- (a.) An expenditure of Rs.5,456,159 had been incurred in excess of the budget provisions without getting approved the supplementary estimates contravening Section 14.1 of the Pradeshiya Sabha (Financial and Administrative) Rules-1988.
- (b.) Variances of 29 per cent to 153 per cent were observed between the estimated expenditure shown in the budget for the year under review and the actual expenditure for the year thus indicating that the budget had not been made use of as an effective tool of control.

### 2.3 **Revenue Administration**

#### 2.3.1 **Estimated Revenue, Actual Revenue and Arrears of Revenue**

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

<b>Source of Revenue</b>	<b>Estimated</b>	<b>Actual</b>	<b>Cumulative Arrears as at 31 December</b>
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	Rs.000'	Rs.000'	Rs.000'
(i.) Rates and Taxes	2,357	2,585	10,936
(ii.) Lease Rent	9,654	10,563	1,179
(iii.) Licence Fees	740	646	-
(iv.) Other Revenue	9,350	12,072	10,545

### **2.3.2 Rates and Taxes**

- (a.) Rates and Taxes had not been assessed in terms of 140(1) of the Pradeshiya Sabha Act no.15 of 1987 since 1988 up to now.
- (b.) According to the revenue returns submitted by the Chairman the rates and taxes in arrears as at end of the year under review amounted to Rs.10,936,725 and according to the accounts it was Rs.2,807,283 showing a difference of Rs.8,129,442.

### **2.3.3 Lease rent**

- (a.) The beef stall and the poultry stalls owned by the Sabha had been leased out at a lease rent of Rs.2,232,164 and Rs.100,000 respectively for the year 2012 without following the Government Procurement Procedure.
- (b.) Action had not been taken in terms of Section 136 of the Pradeshiya Sabha Act No.15 of 1987 to assess the stall rent through the Department of Valuation.
- (c.) According the revenue return submitted by the Chairman the lease rent in arrears as at end of the year under review amounted to Rs.1,179,406. But, there were no lease rent in arrears according to the account.

### **2.3.4 Other Revenue**

- (a.) Action had not been taken to recover charges from the Three Wheeler Hiring Societies due to steps not been taken to pass a by-law.
- (b.) Action had not been taken in terms of Section 149 of the Pradeshiya Sabha Act No.15 of the 1987 to pass by laws and to recover a charge not exceeding 1 per cent of the turnover of the year prior to the relevant year from the hotels/lodgings run within the area of authority of the Pradeshiya Sabha that had been registered at or approved by the Ceylon Tourism Promotion Authority for the purposes of Tourism Promotion Act No.14 of 1968.
- (c.) The Sabha provides water to about 109 trading institutions of the area. However, water metres had not been fixed for the said institutions and different charges ranging Rs.30 to Rs.2,500 had been recovered without following a proper procedure.





