

Nagoda 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 21 May 2013 and the financial statements for the preceding year had been presented on 09 November 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 30 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 Nagoda 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.) Action had not been taken even during the year under review to identify the credit balance of Rs.22,785 in the suspense account brought forward since 02 years and to adjust the account brought forward since 02 years and to adjust the accounts.
- (b.) The value of fixed assets purchased during the year under review amounting to Rs.137,642 had been shown in the financial statements as recurrent expenditure without being shown as capital expenditure. Further, the value of fixed assets amounting to Rs.91,375 had not been capitalized except the value of 03 steel cupboards amounting to Rs.46,267.
- (c.) Provisions had been made again in respect of capital aid amounting to Rs.184,540 received for 02 projects during the year under review and therefore debtors and capital aid had been overstated in the financial statements by Rs.184,540.

1.3.2 Lack of Evidence for Audit

(a.) Un-answered Audit Queries

Replies to 03 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.250,385.

(b.) Non-submission of Information to audit

Transactions totaling Rs.91,304,446 could not be satisfactorily vouched in audit due to non-submission of the required information to audit.

2. Financial and Operating Review

2.1 Financial Results

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2012 amounted to Rs.1,280,440 as compared with the excess of revenue over recurrent expenditure amounting to Rs.4,378,161 for the preceding year.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and 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 given below.

Item of Revenue	Estimated	Actual	Cumulative Arrears as at 31 December
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	5 V ¶	5 V ¶	5 V ¶
(i.) Rates and Taxes	114	2,177	223
(ii.) Lease Rent	2,266	-	} 28,909
(iii.) Licence Fees	486	575	
(iv.) Other Revenue	3,475	4,807	

2.2.2 Acre Tax

Rs.15,000. The Sabha had not taken action to close the account even during the year under review.

2.4 Irregular Transactions

A sum of Rs.41,500 had been paid as allowances for monthly meetings to 07 Members who had not attended the monthly meetings during the year 2011 without submitting medical certificates contravening the provisions of the Gazette Notification (Extra-Ordinary) No.1413/15 dated 05 October 2006 of the Republic of Sri Lanka issued on payment of allowances to Pradeshiya Sabha Members.

2.5 Operating Inefficiencies

The following observations are made.

(a.) Projects Not Implemented

A sum of Rs.347,741 received for implementation of 06 projects within the authoritative area of the Sabha had remained in the works account up to 20 February 2013; the date of audit examination without being used for the intended projects.

(b.) A corporate plan at least for 03 years had not been prepared in terms of the letter No.PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance and an action plan for the year under review also had not been prepared.

(c.) An annual procurement plan had not been prepared in terms of National Budget Circular No.128 dated 24 March 2006.

2.6 Control over accounts

Development of Udugama Hora Vanguwa GermanKanda Road and Udugama Ihala Road

A sum of Rs.155,885 had been paid to the Sri Lanka State Engineering Corporation on 28 June and a sum of Rs.85,708 had been paid to the Chairman on the same day for purchase of fuel in respect of using CT 18 Dowser for the development of Udugama Hora Vanguwa German Kanda Road and the Udugama Ihala Road. The following matters were observed in this connection.

- (a.) An estimate had not been prepared for the development of Udugama Ihala Road and a sum of Rs.82,395 being Rs.50,600 for using the Dowser for 23 hours and Rs.31,795 for 276 liters of fuel had been paid.
- (b.) Fuel orders had not been used while purchasing fuel for the Dowser and a sum of Rs.85,708 had been paid to the Chairman for fuel bills submitted by him.
- (c.) A Technical Officer of the Sabha had not certified that the Dowser had been used for 62 hours for the above 02 works and that 744 liters of fuel had been consumed by the Dowser for the same.

2.7 Internal Audit

An adequate internal audit had not been carried out within the institution and an 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.) Revenue Administration
- (c.) Assets Management
- (d.) Contract Administration