

Panwila Pradeshiya Sabha

Kandy District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 09 May 2013 and the financial statements for the preceding year had been presented on 16 May 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 31 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 Panwila 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.) Although the balance of the stamp fees in arrears account should be Rs.247,000 it had been shown as Rs.406,070 and due to this current assets had been overstated by Rs.159,070.
- (b.) Court fines receivable as at 31 December of the year under review amounted to Rs.717,685 and it had been shown as Rs.888,458 resulting in an overstatement of the said account by Rs.170,773.

1.3.2 Unreconciled Control Accounts

The total of the balances of 05 items of accounts amounted to Rs.598,904 as per accounts and according to the subsidiary registers the total of the balances amounted to Rs.570,145.

1.3.3 Lack of Evidence for Audit

Title deeds had not been obtained to prove the ownership of 35 lands valued at Rs.4,119,160 owned by the Sabha.

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.532,115 as compared with the excess of revenue over recurrent expenditure amounting to Rs.377,301 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 shown below.

| Item of Revenue ----- | Estimated ----- | Actual ----- | Cumulative Arrears as at 31 December ----- |
|--------------------------|--------------------|-----------------|--|
| | 5 V ¶ | 5 V ¶ | 5 V ¶ |
| (i.) Rates and Taxes | 1,652 | 1443 | 722 |
| (ii.) Lease Rent | 1,171 | 1,318 | 100 |
| (iii.) Licence Fees | 678 | 789 | 05 |
| (iv.) Other Revenue | 640 | 828 | 207 |

2.2.2 Court Fines and Stamp Fees

Money receivable from the Chief Secretary of the Provincial Council and other authorities as at 31 December 2012 are shown below.

| | Rs. |
|------------------|---------|
| (i.) Court Fines | 717,685 |
| (ii.) Stamp Fees | 247,000 |

2.2.3 Hoarding Charges

The Pradeshiya Sabha had made provisions to recover banner and hoarding charges at Rs.20 per Square Foot in terms of Paragraph 39 of the By-law published in Part (a) of the Local Government Gazette Extra Ordinary No.520/7 dated 23 August 1988. But, the Sabha had deprived of an income of Rs.31,200 approximately due to action not been taken accordingly.

2.2.4 Environment Licence Fees

Licence had not been issued as at 21 November 2012 for 56 institutions/ business locations in the area from which environment protection licence charges should be recovered. Therefore, the Sabha had deprived of an income of Rs.224,000.

2.3 Idle Resources

The Hand Tractor and Trailer bearing No.WP-2808 received from the Ministry of Local Government and Provincial Councils during 2008 for waste management had been parked since about 04 years without being put to any use.

3. Systems and Controls

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

- (a.) Accounting
- (b.) Revenue Administration
- (c.) Maintenance of Votes Ledgers