

Poojapitiya 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 30 March 2013 and the financial statements for the preceding year had been presented on 05 April 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 30 May 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 Poojapitiya 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.) Two computers, laptop and a projector valued at Rs.139,400 purchased during the year under review had not been brought to account as fixed assets.
- (b.) The value of 09 buildings of libraries and pre-schools had not been computed and included in the land and buildings account.

1.3.2 Lack of Evidence for Audit

Transactions totaling Rs.64,431,417 could not be satisfactorily vouched in audit due to the non-submission of required information to audit.

1.3.3 Bank Accounts

Bank reconciliation statements had not been prepared after May 2012 in respect of the current account maintain at the Bank of Ceylon for the Road Development Project.

business tax for these towers. Certain local authorities charge a significant amount as annual tax based on decisions taken by the respective Sabhas and earn a significant amount of income. The Sabha had not paid attention on this matter.

2.2.5 Environment Licence Fees

It had been emphasized to obtain environment licence for the projects declared by the Gazette Extra-ordinary No.1533/16 dated 25 January 2008 in terms of the National Environmental Act No.47 of 1980 as amended by Act No.56 of 1988 and Act No.53 of 2000 and the regulations laid under the above acts. An audit examination carried out on 21 March 2013 in this connection revealed that environment licence had not been obtained in respect of 91 business entities. Therefore, the Sabha had deprived of an income of Rs.673,400 approximately.

2.3 Idle and Underutilized Physical Resources

The Backhoe bearing No. GB-7199 purchased at Rs.4,200,000 during the year 2000 had been kept out from running since December 2011 and as such, it had been lying idle for over one year.

2.4 Contract Administration

Physical examinations carried out on the road development constructions done by the Sabha during the year under review revealed that the said constructions had not been carried out according to the required standards. Details are shown below.

<u>Contract</u>	<u>Estimated Amount</u>	<u>Item of Work</u>
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	Rs.	
(i.) Concreting Owissa - Dehigahamada Road (Stage I)	89,969	04
(ii.) Laying Concrete Blocks ± Velgala ± Gammedda Road (Stage I)	88,288	04
(iii.) Laying Concrete Blocks ± Velgala ± Galkotuwa Road	88,288	04

2.5 Budgetary Control

The following observations are made.

- (a.) According to Section 170 of the Pradeshiya Sabha Act No.15 of 1987 the Chairman can incur expenditure not exceeding the limits mentioned in the budget. Nevertheless, an expenditure of Rs.826,680 had been incurred in excess of the approved limit of recurrent expenditure amounting to Rs.21,550,800 mentioned in the budget for the year under review.
- (b.) Although provisions amounting to Rs.353,100 had been made for expenditure in respect of 70 instances, no expenditure had been incurred out of these provisions.

2.6 Internal Audit

Adequate internal audit had not been carried out at the Institution.

3. Systems and Controls

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

- (a.) Accounting
- (b.) Internal Audit
- (c.) Revenue Administration
- (d.) Contract over Stocks
- (e.) Debtors and Creditors Control