

## **Ambalangoda Urban Council**

### **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 28 March 2013 and the financial statements for the preceding year had been presented on 29 March 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Council on 28 October 2013.

##### **1.2 Opinion**

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Ambalangoda Urban Council had maintained proper accounting records for the year ended 31 December 2012 and except for the effects on the financial statements of the matters referred to in my report, the financial statements have been prepared in accordance with Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Ambalangoda Urban Council as at 31 December 2012 and the financial results of its operations for the year then ended.

##### **1.3 Comments on Financial Statements**

###### **1.3.1 Accounting Deficiencies**

Electrical stocks, stationary and general stocks in the stores as at 31 December of the year under review had not been computed and shown in the financial statements.

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

###### **(a.) Un-answered Audit Queries**

Replies had not been furnished for 24 audit queries as at 31 December 2012. The value of quantifiable transactions relating to the audit queries amounted to Rs.18,408,982.

(b.) Non-submission of Information to Audit

Transactions totaling Rs.77,745,450 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 revenue over recurrent expenditure of the Council for the year ended 31 December 2012 amounted to Rs.17,259,764 as compared with the excess of revenue over recurrent expenditure amounting to Rs.15,180,338 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 -----
	5V¶	5V¶	5V¶
(i.) Rates and Taxes	7,330	7,187	10,469
(ii.) Lease Rent	9,883	7,913	11,643
(iii.) Licence Fees	2,517	2,213	482
(iv.) Other Revenue	77,739	69,308	7,403

**2.2.2 Revenue in Arrears**

Action had not been taken in terms of Section 170 of the Urban Council Ordinance to recover rates and taxes amounting to Rs.9,311,660, entertainment tax amounting to Rs.1,157,301 and lease rent amounting to Rs.2,535,992 that should have been recovered by the Council during the year under review and the previous years.





- (i.) Ambalangoda Pradeshiya Sabha had issued the conformity certificate too for the blocked-out land on 22 October 2007.
- (ii.) Ambalangoda Pradeshiya Sabha had recovered a sum of Rs.81,384 on 19 October 2007 as 1% for the blocks of land sold.
- (iii.) A spot check carried out on 23 May 2013 revealed that houses had been constructed and occupied on 02 blocks sold out and houses were being constructed on 02 blocks of land.
- (iv.) Action had not been taken in respect of issuing a development licence by the Pradeshiya Sabha for this land which is situated within the area of authority of the Ambalangoda Urban Council. Also action had not been taken to get refund of 1% tax recovered by the Pradeshiya Sabha.

#### **2.4.3 Loan Payable to the Urban Development Authority**

- (i.) Loan installments had not been paid for the loan amounting to Rs.1,200,463 obtained on 06 April 1998 to purchase 03 Tractors, and the loan installments outstanding amounted to Rs.720,277 and the interest payable amounted to Rs.1,319,902 as at 31 December 2012.
- (ii.) No loan installments had been paid for the loan amounting to Rs.115,200 obtained on 04 June 1998 to purchase 03 Trailers and the loan instalments outstanding amounted to Rs.69,120 and the interest payable amounted to Rs.124,403 as at 31 December 2012.
- (iii.) Loan installments amounting to Rs.14,719,631 and interest amounting to Rs.21,044,088 had been payable as at 31 December 2012 for the loan amounting to Rs.32,542,135 obtained on 31 December 1998 for the Bus Stand Project.

#### **2.4.4 Plans**

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 also had not been prepared for the year under review.

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

