

Anamaduwa Pradeshiya Sabha

Puttalam 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 24 August 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 07 November 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 Anamaduwa Pradeshiya Sabha 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 Anamaduwa Pradeshiya Sabha 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 Lack of Evidence for Audit

Transactions totaling Rs.55,322,023 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 recurrent expenditure over revenue of the Sabha for the year ended 31 December 2012 amounted to Rs.4,818,402 as

against the excess of revenue over recurrent expenditure amounting to Rs.15,104,806 for the preceding year.

2.2 Financial Control

The following financial control deficiencies were observed.

- (a.) The total of the balances relating to 07 items of accounts amounted to Rs.16,601,057 and according to the registers relating to the above items the total of the balances of accounts amounted to Rs.4,968,061; thus, indicating a difference of Rs.11,632,996 in the accounts.
- (b.) The value of accounts payable by the Sabha as at 31 December 2012 amounted to RS.7,818,245 and this included balances for over one year amounting to Rs.2,956,016.
- (c.) The total of the employees loan balances receivable as at 31 December 2012 amounted to Rs.4,675,877.
- (d.) Assets valued at Rs.78,597 had remained non-moving for over 01 year as at 31 December 2012.

2.3 Revenue Administration

2.3.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

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

Source of Revenue	Estimated	Actual	Cumulative Arrears as at 31 December
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	Rs. '000	Rs. '000	Rs. '000
(i.) Rates and Taxes	1,797	861	936
(ii.) Lease Rent	7,690	5,088	2,602
(iii.) Licence Fees	950	747	203

2.3.2 Court Fines and Stamp Fees

Action had not been taken to properly obtain all the court fines and stamp fees receivable to the Sabha.

2.4 Idle and Underutilized Physical Resources

Mini Kubota 04 wheel tractor bearing No.49-1965 of which the value not estimated, the cement block machine and the tractor bearing No.49-0994 valued at Rs.597,668 respectively had been idle or underutilized for periods of 04years, one year and 02 years.

2.8 Internal Audit

An adequate internal audit had not been carried out at the institution.

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.) Control over Vehicles
- (d.) Stores Control