

**Attanagalla Pradeshiya Sabha**

**Gampaha District**

**1. Financial Statements**

**1.1 Presentation of Financial Statements**

The financial statements for the year under review had been presented to audit on 20 March 2013 and the financial statements for the preceding year had been presented on 26 March 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 26 August 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 Attanagalla Pradeshiya Sabha for the year ended 31 December 2012 presented to audit.

**1.3 Comments on Financial Statements**

**1.3.1 Accounting Policies**

The accounting policies followed in the preparation of financial statements had not been disclosed in the financial statements.

**1.3.2 Accounting Deficiencies**

(a.) A tractor valued at Rs.1,379,000 received as a donation during the year under review, furniture and equipment valued at Rs.108,570 and a concrete mixture, scanner, photo copier, printer and a computer of which the value not assessed had not been brought to account.

(b.) A sum of Rs.7,252,250 receivable in respect of 14 projects implemented under Maga Neguma and Gama Neguma programmes had not been brought to account.

### **1.3.3 Lack of Evidence for Audit**

#### **Non-submission of Information to audit**

Transactions totaling Rs.167,698,235 could not be satisfactorily vouched in audit due to the non-submission of required information to audit.

### **1.3.4 Unreconciled Control Accounts**

The total of the balances of 05 items of accounts as per relevant accounts amounted to Rs.490,218,919 and the total of the balances as per subsidiary registers/ reports amounted to Rs.482,088,444 and as such, a difference of Rs.8,130,475 was observed.

## **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.29,872,781 as compared with the excess of revenue over recurrent expenditure amounting to Rs.5,824,665 for the preceding year.

### **2.2 Financial Control**

The following financial control deficiencies were observed.

- (a.) A sum of Rs.40,599 debited by the bank in 2001 and 2003 had not been settled.
- (b.) Action had not been taken in terms of Financial Regulation 396 of the Republic of Sri Lanka in respect of 02 unrealized cheques totaling Rs.47,850.

### **2.3 Revenue Administration**

#### **2.3.1 Estimated Revenue, Actual Revenue and Arrears of Revenue**

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

Item of Revenue	Estimated	Actual	Cumulative Arrears as at 31 December
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	Rs.'000	Rs.'000	Rs.'000
(i.) Rates and Taxes	12,856	12,736	27,642
(ii.) Lease Rent	4,632	4,770	298
(iii.) Other Revenue	5,409	6,064	12,748

### 2.3.2 Rates ad Taxes in Arrears

- (a.) Rates and taxes in arrears as at end of the year under review amounted to Rs.27,413,521 and balance due for the previous years amounted to Rs.19,415,462. Progress of recovery of rates and taxes in arrears for over one year was 29% during the year under review.
- (b.) Rates and taxes in arrears for over 05 years in the area of Egodapotha Sub-office amounted to Rs.1,534,610 and effective steps had not been taken to recover the same.

### 2.3 Stall rent

Stall rent due as at 31 December 2012 from 04 state institutions amounted to Rs.3,138,260.

### 2.4 Contract Administration

Provisions amounting to Rs.1,500,000 had been approved for 03 projects under Maga Neguma in the year 2011 and no action had been taken to implement these projects. A sum of Rs.7,092,126 had been estimated for 07 projects under Gama Neguma during the year under review and the works of these projects had not been completed even as at the date of audit examination.

**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.) Assets Management