

**Uhana Pradeshiya Sabah**

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**Ampara District**  
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**1. Financial Statements**

**1.1 Presentation of Financial Statements**

Financial Statements for the year under review had been submitted to Audit on 02 July 2015 while Financial Statements relating to the preceding year had been submitted on 03 July 2014. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 21 September 2015.

**1.2 Opinion**

In my opinion, except for the effect of the matters described in paragraph 1.3 of this report, financial statements give a true and fair view of the financial position of the Uhana Pradeshiya Sabha as at 31 December 2014 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

**1.3 Comments on Financial Statements**

**1.3.1 Accounting Deficiencies**

Although the expenditure for Salaries and Allowance had been Rs.16,329,747 according to the Expenditure Ledger, it had been shown as Rs.15,827,327 in the Revenue and Expenditure Account. Therefore the expenditure for the year had been understated in a sum of Rs.502,420.

**1.3.2 Non-compliance with Laws, Rules and Regulations and Management Decisions**

Following non-compliance with Laws, Rules, Regulations and Management Decisions were observed.

Reference to Laws, Rules and Regulations etc.	Non-compliance
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(a) Pradeshiya Sabha (Financial and Administrative) Rules Series

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Rule 153

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A statement of revenue in arrear had not been maintained according to Form P.S. 07.

(b) Financial Rogations of the Republic of  
Sri Lanka

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F.R. 1647 (e)

A Register of Motor Vehicles had not been  
maintained.

## **2. Financial Review**

### **2.1 Financial Results**

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According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2014 had been Rs.2,292,731 as compared with the corresponding excess of revenue over recurrent expenditure amounted to Rs.1,209,425 in the preceding year. Accordingly, an improvement of Rs.1,083,306 is indicated in the financial results.

### **2.2 Analytical Financial Review**

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A review relating to financial results for the year under review and the preceding year is given below.

- (a) In analyzing recurrent revenue for the year under review with that for the preceding year, an improvement in a range from 07 per cent to 176 percent indicates with regard to License Fees, Warrant Charges and Fines and Other Revenue, and a decline in a range from 22 per cent to 55 per cent indicates with regard to Fees for Services, and Rent Income.
- (b) In analyzing recurrent expenditure for the year under review with that for the preceding year, a decrease in a range from 07 per cent to 20 percent indicates with regard to Supplies and Equipment, Transport, Communication and Pension Benefits and Gratuities and an increase in a range from 08 per cent to 169 per cent indicates with regard to expenditure on Salaries and Allowances, Travelling Expenditure, maintenance of Capital Assets and Grants.

## **2.3 Revenue Administration**

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

Information relating to Estimated Revenue, Actual Revenue and Arrears of Revenue for the year under review as furnished by the Chairman is shown below.

Item of Revenue	Estimated	Actual Revenue	Accumulated Arrears as at 31.12.2014
	Rs.000	Rs. 000	Rs.000
Rates and Acreage Tax	4,094	1,153	3,153
Rent Income	5,285	3,398	250
License Fees	755	570	--
Fees for Services	4	107	--
Warrant Charges and Fines	1,555	2,297	917
Other Revenue	1,830	2,703	1,470

### **2.3.2 Rates and Taxes**

The Sabha had not taken any legal course of action for the recovery of Rates in Arrears amounting to Rs.3,153,848 as at 31 December 2014.

### **2.3.3 Stamp Fees**

Action had not been taken for the recovery of a sum of Rs.1,470,242 receivable as Stamp Fees from the Registrar General as at 31 December 2014.

## **3. Operational Review**

### **3.1 Operational Inefficiencies**

While 05 vehicles belong to the Sabha had been parked in the Sabha premises without being used during a period from 05 years to 07 years, a suitable course of action had not been taken with regard to those.

### **3.2 Management Inefficiencies**

Action had not been take to recover loan balances totalling Rs. 55,664 due from 15 officers who had left on transfers during the year 2013.

### **3.3 Contracts Administration**

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Although the Sabha had entered into agreements with Community Based Societies on 23 and 27 July 2014 for three Projects for concreting roads valued at Rs. 1,500,000 under Maga Neguma Project during the year 2014, necessary course of action had not been taken to commence work during the year 2014. . Due to that, those Projects had been cancelled vide letter dated 20 January 2015 of the Additional Secretary to the Ministry of High Ways and Investment Promotion.

## **4. Accountability and Good Governance**

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### **4.1 Budgetary Control**

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It was observed that the Budget had not been made use of as an effective tool of financial management as variations from 21 per cent to 65 per cent were observed between budgeted expenditure and the actual expenditure for the year under review.

## **5. Systems and Controls**

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

- (a) Accounting
- (b) Revenue Administration.