

Chillaw Pradeshiya Sabha

Puttlam District

1. Financial Statements

1.1. Presentation of Financial Statements

The financial statements for the year under review had been presented for audit on 19 May 2015 and the financial statements for the preceding year had been presented on 24 April 2014. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 28 July 2015.

1.2. Opinion

Except for the effects on the financial statements of the matters referred to in Paragraph 1.3 of this report, I am of opinion that the financial statements have been prepared in accordance with the Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Chillaw Pradeshiya Sabha as at 31 December 2014 and the financial result of its operations for the year then ended.

1.3. Comments on Financial Statements

1.3.1. Accounting Deficiencies

The following accounting deficiencies are observed.

- a) The value of stocks with the stores understated in current assets as at end of the year under review amounted to Rs.5,072,497.
- b) The motor bicycle bearing number NW UC 9950, received as aid in the year 2013, and valued at Rs.186,000, had not been brought to account.

1.3.2. Un-reconciled Control Accounts

There were differences amounting to Rs.78,414,236 between the respective values, in respect of 13 items of accounts in the financial statements, and the relevant registers.

1.3.3. Lack of Evidence for Audit

05 accounts balances totalling to Rs.329,536,572, could not be examined satisfactorily, due to the absence of sufficient evidence for the audit.

2. Financial 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 2014 amounted to Rs.17,131,997, as compared with the surplus of Rs.15,345,092 for the preceding year.

2.2. Revenue Administration

2.2.1. Estimated Revenue, Actual Revenue and Revenue in Arrears

(i) According to the information on revenue in arrears relevant to the year under review, submitted by the Chairman, the accumulated arrears as at the end of the year under review had been; Rs.2.2 million for rates and taxes; Rs.1.1 million for lease rent; and Rs.120.7 million for other income.

(ii) The tax revenue in arrears in the year under review contained, taxes in arrears amounting to Rs.2,594,637 carrying forward for a period of over one year, and other revenue debtors in arrears amounting to Rs.54,434,231.

2.2.2. Rates and Taxes

Action had not been taken to recover the rates and taxes in arrears in the year under review amounting to Rs.2,189,689.

2.2.3. Court Fines and Stamp Fees

The court fines, amounting to Rs.15,418,736 and the stamp fees in arrears amounting to Rs.62,988,004 for the year under review, had been further receivable from the Chief Secretary,

2.2.4. Hoarding Charges

Out of 38 permanent hoardings displayed in the area under the authority of the Sabha, displaying charges had been collected only from 06 hoardings. Therefore, the percentage of hoardings for which the displaying charges had not been collected amounted to 84%.

3. Operating Review

3.1. Human Resource Management

The excess in the staff of Primary and Secondary Grades had been 11. The casual / substitute staff in the actual primary cadre had been 22, and their salaries had to be paid from the Sabha funds, as it had not been possible to get the salaries reimbursed.

4. Accountability and Good Governance

4.1. Budgetary Control

Expenditure Incurred Over Provisions

- (i) The over expenditure incurred in respect of supplies and equipment, exceeding the approved budgeted allocation during the year under review, amounted to Rs.5,780,019, and it was 46% of the budgeted value.

- (ii) The over expenditure incurred for purchasing a Tipper Truck under capital expenditure, exceeding the approved budgeted allocation, during the year under review, amounted to Rs.1,000,000, and it was 25% of the budgeted value.

4. Systems and Controls

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

- a) Accounting
- b) Budgetary Control
- c) Revenue Administration
- d) Assets Management
- e) Debtors and Creditors Control