

## **Medagama Pradeshiya Sabha**

### **Moneragala District**

#### **1. Financial Statements**

##### **1.1 Presentation of Financial Statements**

Financial Statements for the year under review had been submitted to the Auditor General on 27 April 2015 while Financial Statements relating to the preceding year had been submitted on 02 April 2014. The Auditor General's Report relating to the year under review was issued to the Secretary of the Sabah on 16 July 2015.

##### **1.2 Opinion**

My opinion is that the financial statements give a true and fair view of the financial position of the Medagama Pradeshiya Sabha as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

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

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

Income Receivable amounting to Rs. 140,620 for hiring out the Bako Loader Machine belongs to the Sabha during the year under review had not been accounted.

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

Two items of Assets totalling Rs. 58,331,134 and one Item of Liabilities amounting to Rs. 15,507,020 could not be satisfactorily vouched in audit due to non-submission of required information to audit.

## **2. Financial and Operating Review**

### **2.1 Financial Results**

According to the Financial Statements presented, the excess of revenue over recurrent expenditure for the year ended 31 December 2014 amounted to Rs. 8,521,335 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.4,981,372. Accordingly, net decrease in the financial results had been Rs.3,539,963.

### **2.2 Revenue Administration**

#### **2.2.1 Arrears of Revenue**

Action had not been taken to recover Arrears of Revenue totalling Rs. 3,068,008 as at the end of the year under review in terms of Sections 158 and 159 of the Pradeshiya Sabha Act No. 15 of 1987.

#### **2.2.2 Rates**

While Rates had not been recovered continuously from 19 Rates Units, the balance of Rates in Arrears relevant to those had been Rs. 89,316. Action had not been taken to nominate the specific lessees relevant to 27 Rates Units and to make recoveries.

#### **2.2.3 Lease Rent**

While tenders had not been called for 07 properties belong to the Sabha during the year 2014, those had been leased out to the same lessees who got the tenders during the year 2013, having added 5 per cent to the tendered amount for that year.

#### **2.2.4 Other Revenue**

Action had not been taken to recover a sum of Rs. 140,620 due for providing service of the Bako Loader Machine on hire basis to 08 individuals relevant to the period from August to December of the year under review.

### **2.2.5 Court Fines and Stamps Fees**

Amounts Receivable as at 31 December 2014 from the Chief Secretary to the Provincial Council and other authorities are shown below.

	<u>Rs.</u>
(i) Court Fines	1,925,640
(ii) Stamp Fees	274,918

## **3. Operating Review**

### **3.1 Operational Inefficiencies**

Seven Works for which provisions amounting to Rs.1,687,327 were approved under 04 Development Programmes during the year under review had not been commenced due to various Reasons.

### **3.2 Improper Transactions**

Salaries and allowances amounting to Rs. 315,070 had been paid as at the end of the year under review having recruited three individuals to sundry, without prior written approval of the Commissioner of Local Government, in terms of provisions in Section 19 (1) (i) of the Pradeshiya Sabha Act No. 15 of 1987.

## **4. Systems and Controls**

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

- (a) Accounting
- (b) Internal Control
- (c) Revenue Administration