

Narammala Pradeshiya Sabha

Kurunegala District

1. Financial Statements

1.1. Presentation of Financial Statements

Financial Statements for the year under review had been submitted to the Audit on 03 March 2015 while Financial Statements relating to the preceding year had been submitted on 28 March 2014. The Auditor General's Report relating to the year under review was issued to the Secretary of the Sabah on 27 July 2015.

1.2. Opinion

I am of opinion that except for the effect on the financial statements of the matters referred to in paragraph 1.3 of this report that the financial statements had been prepared in accordance with Public Sector Accounting Standards of Sri Lanka and give a true and fair view of the financial position of the Narammala Pradeshiya Sabha as at 31 December 2014 and financial results of its operations for the year then ended.

1.3. Comments on Financial Statements

1.3.1. Accounting Deficiencies

Nine items of assets valued at Rs. 1,592,677 which should be accounted under Fixed Assets had not been accounted.

1.3.2. Accounts Receivable and Payable

- (a) Value of Accounts Receivable as at 31 December 2014 was Rs. 10,439,760.
- (b) Value of Accounts payable as at 31 December 2014 was Rs. 22,960,200. Out of this a sum of Rs. 179,841 as 0.78% approximately, was balances being brought forward over a period of more than 3 years. In addition to this, there was a balance to be settled amounting to Rs. 187,674 to the Alawwa Pradeshiya Sabha which had elapsed a period of two years.

1.3.3. Lack of Evidence for Audit

Rent Income amounting to Rs. 11,337,348 could not be satisfactorily examined, due to non-
rendition of scheduled information and age analysis.

2. Financial Review

2.1. Financial Results

According to the Financial Statements presented, operational surplus of the Sabha for the year ended 31 December 2014 amounted to Rs. 6,344,445 as compared with the corresponding operational surplus amounted to Rs. 2,293,799 for the preceding year indicating an improvement of Rs. 4,050,646 in the financial result. When Capital Grants of Rs. 38,491,790 and Capital Expenditure of Rs. 41,972,786 are adjusted to this operational result, financial result relevant to the year under review had become a surplus of Rs. 2,863,449.

2.2. Analytical Financial Review

Following matters are observed.

- (a) Out of the total Recurrent Revenue of Rs. 77,856,088 relevant to the year under review of the Sabha, a sum of Rs. 52,159,149 as 66.99 per cent approximately was consisting revenue not falling under a nature generated in the Sabha such as Court Fines, Stamp Fees and Salary Reimbursements. Similarly, the entire Capital Revenue of Rs. 38,491,790 was consisting funds provided for development activities of the area of authority through other institutions from sources such as Gama Neguma and Maga Neguma.
- (b) Out of the total Recurrent Expenditure of Rs. 71,511,643 relevant to the year under review, a sum of Rs. 40,712,936 as 56.93 per cent approximately was expenditure for Personnel Emoluments. Out of that a sum of Rs. 34,808,098 as 85.49 per cent approximately had been received from the Commissioner of Local Government as salary reimbursements and that value had been accounted under Other Revenue.
- (a) Out of the Capital Expenditure of Rs. 41,972,786, only a sum of Rs. 3,480,996 as 8.29 per cent approximately had been spent out of the Sabha Fund while balance amount of Rs. 38,491,790 as 91.71 per cent approximately were development works performed out of the provision from other sources such as Gama Neguma and Maga Neguma.

2.3. Revenue Administration

2.3.1. Lease Rent

According to the Rent Schedule of Trade Canters, the balance of Rs. 67,100 in arrears as at 01 January 2014 had increased to Rs. 144,270 as 215 per cent approximately as at the end of the year under review.

2.3.2. Court Fines and Stamp Fees

Court Fines amounting to Rs. 367,410 and Stamp Fees amounting to Rs. 5,825,675 were due to be received from the Chief Secretary to the Provincial Council as at the end of the year under review.

3. Operating Review

3.1. Idle and Under-utilized Assets

Two Stone Blocks Producing machines costing Rs. 275,000 and Ford Tractor bearing No.49-7824 costing Rs.580,260 remained idle during the year under review.

4. Systems and Control

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

- a) Accounting
- b) Budgetary Control
- c) Assets Management