

Agalawatta Pradeshiya Sabha

Kalutara District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 05 March 2012 and the financial statements for the preceding year had been presented on 14 March 2011. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 02 October 2012.

1:2 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Agalawatha Pradeshiya Sabha had maintained proper accounting records for the year ended 31 December 2011 and except for the effects on the financial statements of the matters referred to in my report forwarded to the Chairman, the financial statements have been prepared in accordance with Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Agalawatha Pradeshiya Sabha as at 31 December 2011 and the financial results of its operations and cash flow statements for the year then ended

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

The expenditure incurred on purchase of spare parts for repairs to vehicles had been accounted as closing stock, instead of being accounted as expenditure on repairs to vehicles. The accumulated value brought forward for over a few years amounted to Rs.1,031,433.

1.3.2 Lack of Evidence for Audit

Transactions totalling Rs. 86,667,547 could not be satisfactorily vouched in audit due to the 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 of the Sabha for the year ended 31 December 2011 amounted to Rs. 2,274,366 as against the excess of recurrent expenditure over revenue amounting to Rs. 8,861,458 for the preceding year.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

Information relating to the estimated revenue, the actual revenue and the arrears of revenue for the year under review and the preceding year as presented by the Chairman is given below.

Item of Revenue	Estimated	Actual	Accumulated Arrears as at 31 December
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	Rs.'000	Rs.'000	Rs.'000
(i) Rates and Taxes	2,368	2,110	625
(ii) Lease Rent	7,594	7,616	75
(iii) Licence Fees	152	152	-
(iv) Other Revenue	1,758	1,758	-

2.2.2 Court Fines and Stamp Fees

Court fines receivable as at 31 December 2011 from the Chief Secretary of the Provincial Council and other authorities are shown below.

	Rs.
(i) Court Fines	2,231,075
(ii) Stamp Fees	1,997,334

2.3 Operating / Management Inefficiencies

The following observations are made.

- (a) Advances totalling Rs. 273,904 paid during the period 1993 to 2006 had not been recovered even by 30 September 2011, the date of audit examination, in terms of 371 (a) of the Financial Regulations of the Republic of Sri Lanka.
- (b) Action had not been taken to examine land and buildings of the Sabha once a year in terms of Rule 218 of the Pradeshiya Sabha (Financial and Administrative) Rules – 1988
- (c) Action had not been taken to recover from the related parties or from the sureties the value amounting to Rs. 10,824 of 116 books borrowed from the Dharmapala Public Library, but not returned as pointed out in the board of survey reports as at 31 December 2010.

2.4 Controls over Electrical Goods

The following observations are made.

- (i) Requisition of stores for the necessity of electrical goods purchased had not been made by the officer in charge of stores.
- (ii) Requests of the works superintendent / technical officer / officer – in – charge or any other officer had not been stated on 17 issue orders relating to electrical goods amounting to Rs.119,099 from 28 March to 28 September 2011 and the said issues had not been recommended by the Secretary.
- (iii) Electricity posts of the roads for which electrical equipment had been fixed on each day had not been specifically mentioned in issuing goods and the goods not fixed had not been returned to the stores.

- (iv) Electricity lamp posts located in the area of control of the Sabha had not been numbered. Even though observations in this connection were pointed out in the report of the Auditor General for the year 2010, it had not been rectified,
- (v) Electrical goods valued at Rs. 81,743 issued by 06 issue orders from 15 September to 28 September 2011 had not been entered in the stock book even by 04 October 2011, the date of audit.
- (vi) A physical check of a sample of 06 items of electrical goods carried out on 29 September 2011 revealed a shortage of 02 units of one item and an excess of 40 units of 05 items.

2.5 Contract Administration

Laying Paving Stones on the Pimbura - Punchikanda Road

The estimated cost of laying paving stones on the Pimbura – Punchikanda road which is 101 metres long and 2.5 meters wide amounted to Rs.495,110 According to item of work No. 02 of the estimate, the height of blockings of the either sides of the road should be 0.22 metres (8.8”) from the foundation made of 1.2.4(3/4) mixture. A physical check carried out in October 2011 revealed that left blocking excavated at 8.4 metres ahead from the end of the road and at 21st metre of the right blocking was only 6 ½” or 0.169 metres in height from the foundation. Further, at the 30th metre of the right blocking the height of the concrete layer was 05 inches equivalent to 0.128 metres. Therefore, it was observed that the work was not up to specifications.

3. Systems and Controls

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

- (a) Accounting
- (b) Budgetary Control
- (c) Revenue Administration
- (d) Stock Control.