

Balangoda Pradeshiya Sabha
Rathnapura District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 27 February 2013 and the financial statements for the preceding year had been presented on 28 February 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 03 July 2013.

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 Balangoda Pradeshiya Sabha had maintained proper accounting records for the year ended 31 December 2012 and except for the effects on the financial statements of the matters referred to in my report, 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 Balangoda Pradeshiya Sabha as at 31 December 2012 and the financial results of its operations and cash flows for the year then ended.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

(a.) The sum of Rs.208,400 due as vehicle charges of the Sabha from the work carried out on direct labour basis during the year under review had not been accounted under income and debtors.

(b.) Action had not been taken to identify and rectify the difference of Rs.304,884 between 02 ledger accounts and the related registers.

1.3.2 Lack of Evidence for Audit

Transactions totalling Rs.4,213,556 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 revenue exceeding the recurrent expenditure of the Sabha for the year ended 31 December 2012 was Rs.2,143,983 as compared with the revenue exceeding the recurrent expenditure of the previous year amounting to Rs.3,382,684.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

Information on the estimated revenue, actual revenue and arrears of revenue in respect of the year under review, as presented by the Chairman is shown 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	530	612	117
(ii.) Lease Rent	128	116	86
(iii.) Licence Fees	29	29	110
(iv.) Other Revenue	16,579	19,404	8,768

2.2.2 Court Fines and Stamp Fees

Money receivable as at 31 December 2012 from the Chief Secretary of the Provincial Council and other authorities were as follows.

	Rs.
(i.) Court Fines	916,125
(ii.) Stamp Fees	7,166,160

2.3 Idle and Underutilized Physical Resources

- (a.) Tractor and 31 other items of equipment which were in the custody of the Kaltota Agrarian Services Centre belonging to the Divisional Secretary, Balangoda had been vested with the Sabha on 23 August 2010 as per decision of the Ratnapura District Agriculture Committee. These remained idle without being used for any purpose up to 31 December 2012.
- (b.) Vehicle and machinery belonging to the Sabah valued at Rs.16,641,000 remained parked at random in the premises of the Sabha without any protection.

2.4 Waste Material Management

An agreement valued at Rs.990,250 had been entered into on 26 July 2010 to construct a security fence around the proposed Rajawaka Garbage Removal Project and an advance of Rs.198,152 had been paid on 05 October 2010. A boundary fence had been erected around the construction premises and a protective structure with a height of 4 feet had been built on top of it using cemented stones. An inspection carried out on 12 field January 2011 revealed that a portion of the structure so built had been toppled by certain villagers. However, the garbage removal project had not been completed yet.

2.5 Under Utilization of Funds

The entirely unused provision allocated for 25 items of expenditure by the budget during the year under review aggregated Rs.1,981,00.

3. Systems and Controls

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

- (a.) Budgetary Control
- (b.) Assets Management
- (c.) Utilization of Provision
- (d.) Stores Control