

Godakawela Pradeshiya Sabha

Ratnapura District

1. Financial Statements

1.1 Presentation of financial Statements

The financial statements for the year under review had been presented for audit on 25 March 2013 and the financial statements for the preceding year had been presented on 13 March 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 27 January 2014.

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 Godakawela 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 Godakawela Pradeshiya Sabha as at 31 December 2012 and the financial results of its operation for the year then ended.

1:3 Comments on Financial Statements

1:3:1 Accounting Deficiencies

The following observations are made.

- (a) Four elo wheels had been purchased on 29 March 2012 for a cab by spending Rs.60,000. This value had not been capitalized.

- (b) Under provision of credits relating to 2012 totalling Rs.556,273 with regard to 13 types of expenditure had not been computed as at 31 December 2012. This had not been accounted for, as expenditure of the year under review.
- (c) Action had not been taken to confirm the correct income from stamp fees and court fines for the year under review through schedules.
- (d) Action had not been taken to budget and to include in the accounts the industrial receipt and payments of the Provincial Council for the year under review amounting to Rs.4,206,908 and Rs.4,628,263 respectively.
- (e) A separate programme for Commercial project account had not been introduced and provision made in the annual budget. The revenue and expenditure of the commercial project for the year under review amounting to Rs.3,350,304 and Rs.3,351,609 had not been accounted for.

1:3:2 Unreconciled Accounts

The balance of the Local Loans and Development Fund Loan Control Account was Rs.6,924,782 and it was Rs.8,593,880 as per subsidiary registers resulting in a difference of Rs.1,669,098.

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.6,727,944 as compared with the revenue exceeding the recurrent expenditure of the previous year amounting to Rs.9,855,822.

2.2 Revenue Administration

2:2:1 Estimated Revenue, Actual Revenue and Arrears of Revenue

The information relating to the estimated revenue, actual revenue and the arrears of revenue, as presented by the Chairman, appear below.

Source of Revenue	Estimated	Actual	Accumulated Arrears as at 31 December
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	Rs.'000	Rs.'000	Rs.'000
(i) Rates and Taxes	2,990	2,695	295
(ii) Lease Rent	6,468	5,680	787
(iii) Licence Fees	529	684	(105)
(iv) Other Revenue	5,515	8,543	(3,029)

2:2:2 Other Revenue

Arrears of stall rent of Rs.8,500 from February 2007 and electricity charges from 2006 amounting to Rs.15,242 both totaling Rs.23,742, had not been recovered from stall No. 12 of the Rakwana Old Trade Complex.

2:2:3 Courts Fines and Stamp Fees

The amount receivable from the Chief Secretary of the Provincial Council and other authorities as at 31 December 2012 appear below.

	Rs.
(i) Court Fees	2,117,006
(ii) Stamp Fees	1,619,125

2:4 Operating Inefficiencies

- (a) Action had not been taken even as at 11 July 2013 to settle the advances aggregating Rs.202,697 existing for over 9 months to 1 year and 11 months.
- (b) Employees' loans of Rs.170,622 remained as arrears as at 09 July 2013 from 5 officers and employee of the Sabha who had gone on transfers and who had been suspended from service.

3. Systems and Controls

Special attention of the Sabha is needed in respect of the following areas of control.

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