

**Kolonna 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 07 August 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 Kolonna 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 Kolonna 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.) An expenditure of Rs.617,257 had been incurred during the year under review to purchase stores materials. But, this value had not been debited to the Stores Ledger Account and entered according to the objects relating to each material expended.
- (b.) The balance of 11 items of accounts aggregate Rs.2,900,996 as per ledger accounts and the balances aggregated Rs.1,817,077 as per subsidiary registers. Action had not been taken to find out the reasons for differences and to adjust it in the ledger accounts.

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

Transactions totalling Rs.8,831,503 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.2,234,240 as compared with the revenue exceeding the recurrent expenditure of the previous year amounting to Rs.2,850,151.

### **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	535	560	7
(ii.) Licence Fees	172	183	1
(iii.) Other Revenue	5,420	2,117	49

#### **2.2.2 Water Charges**

- (a.) The annual estimated revenue from the entire 112 consumers of water of the Kolonna Water Project for the year 2012 at the rate of Rs.100 per month was Rs.134,300. However, the account billed was Rs.87,200 resulting in an understatement of annual revenue in the accounts by Rs.47,100.
- (b.) The total number of consumers of water belonging to the Buluthota Water Projects was 94. The minimum monthly charges recoverable for one year, except

the metre reading charges was Rs.229,200. The amount billed for the year by the Project was Rs.152,720. Thus, it was revealed that the actual revenue for the year had not been billed.

### **2.2.3 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

### **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.) Assets Management
- (e.) Contract Administration