

Weligepola 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 28 February 2013 and the financial statements for the preceding year had been presented on 13 February 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 29 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 Weligepola 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 Weligepola 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.) Action had not been taken to debit the relevant accounts and to credit the Revenue Contribution to Outlay Account with regard to fixed assets valued at Rs.176,390 purchased during the year under review for which provision had been made under creditors.
- (b.) The sum of Rs.9,404,460 received as loan from Local Loans and Development Fund for the Hunuwela North and Pelanakanda Water Supply Project had not been disclosed in the Loans Account.

(c.) The balances of 03 items of accounts as at 31 December 2012 aggregated Rs.1,112,892 as per control accounts whereas the balances aggregated Rs.1,067,993 as per subsidiary registers resulting in a difference of Rs.44,899.

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.686,904 as compared with the revenue exceeding the recurrent expenditure of the previous year amounting to Rs.4,368,151.

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	300	408	108
(ii.) Lease Rent	762	828	66
(iii.) Licence Fees	430	661	231
(iv.) Other Revenue	6,546	2,305	4,241

2.2.2 Lease Rent

Action had not been taken to recover the arrears of lease rent of the fair amounting to Rs.11,350 existing from 2009.

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	1,267,658
(ii.) Stamp Fees	111,126

2.3 Management Inefficiencies

- (a.) The sub office of the Pradeshiya Sabha Welgepola and the Swarna Jayanthi Library, were functioning in 2 dilapidated buildings which needed repairs. Action had not been taken to repair them.
- (b.) During the year under review 90 sets of street lamps had been purchased by spending Rs.407,505 and 14 sets had been fixed. 76 sets remaining as balance had not been produced for physical verifications carried out on 11 December 2012.

2.4 Irregular Transactions

Allowances to member should not be paid to members who had obtained leave with the approval of the Sabha, except for medical reasons in terms of Gazette Extra Ordinary Notifications No.1386/18 dated 08 June 2005. But, allowances to members amounting to Rs.25,000 had been paid during the year under review to 03 members.

2.5 Transactions without Adequate Authority

An expenditure of Rs.15,120 had been incurred on greeting cards on 02 May 2012 without the prior approval of the Minister, contravening Section 132(j) of the Pradeshiya Sabha Act No.15 o 1987.

2.6 Fund Utilization

The entire estimated provisions of Rs.2,132,000 pertaining to 31 items of expenditure had not been utilized during the year under review.

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