

Bope Poddala Pradeshiya Sabha

Galle District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 01 April 2013 and the financial statements for the preceding year had been presented on 27 April 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 30 October 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 Bope Poddala 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 Bope Poddala 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

Income from stamp fees for the year 2011 receivable as at 31 December of the year under review amounted to Rs.5,739,938 and it had been shown in the financial statements as Rs.7,365,631 thus overstating the revenue debtors by Rs.1,625,693.

1.3.2 Lack of Evidence for Audit

Transactions totaling Rs.103,976,287 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 2012 amounted to Rs.16,113,401 as compared with the excess of revenue over recurrent expenditure amounting to Rs.9,140,220 for the preceding year.

2.2 Revenue Administration**2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue**

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

Item of Revenue -----	Estimated -----	Actual -----	Cumulative Arrears as at 31 December -----
	T u 0 ø 2	T u 0 ø 2	T u 0 ø 2 2
(i.) Rates and Taxes	6,100	7,355	20,339
(ii.) Lease Rent	2,611	2,233	590
(iii.) Licence Fees	253	293	126
(iv.) Other Revenue	24,514	22,756	29,288

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 are shown below.

	Rs.
(i.) Court Fines	586,293
(ii.) Stamp Fees	23,365,632

2.2.3 Lease of Stalls

A spot check carried out on 03 May 2013 on 57 stalls of the Labudoowa Trade Complex and Kalegana General Market revealed that the provisions of the agreements had not been adhered to.

(a.) Labudoowa Trade Complex

- (i.) According to Paragraph 05 of the Circular No. # # & \$ % \$ # dated 27 December 2010 of the Commissioner of Local Government, Southern Province; every agreement regarding lease of stalls should be renewed once in 03 years. But, lease agreements of 40 stalls of the Labudoowa Trade Complex had not been renewed.
- (ii.) Lease rent of the stalls had not been revised for over 05 years.
- (iii.) Stall No.09,14,15,17,26,31,34,36,38,39 and 40 had been kept closed.
- (iv.) Goods had been stacked for selling in front of stalls No.01,02,03,04,05,06,07,08 and 13.
- (v.) According to Condition No.02 of the Agreement, the monthly rent should be paid before 15th day of each month. But, lease rent amounting to Rs.115,200 had been outstanding from 15 stalls for periods ranging 04 to 23 months.
- (vi.) According to Condition No.04 of the Agreement, the lessees should not sub-let the leased property. However, a spot check revealed that 10 stalls had been sub-let.

(b.) Kalegana General Market

- (i.) The lease rent of the stalls of the Sabha had not been revised for over 05 years.
- (ii.) Stall No.01,02,04,05,06,08,09,10,12,13,14,15,16 and 17 had been kept closed.
- (iii.) According to Condition No.03 of the Agreement, the monthly rent should be paid before 10th of each month. But, lease rent amounting to Rs.119,350 relating to 16 trade stalls had been outstanding for periods ranging 05 to 31 months.

