

**Balangoda Pradeshiya Sabha**

**Ratnapura District**

**01. Financial Statements**

**1:1 Presentation of Financial Statements**

The financial statements of the year under review had been presented to audit on 28 February 2012 and the financial statements for the preceding year had been presented on 28 February 2011. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 21 August 2012.

**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 2011 and except for the effects on the financial statements of the matters referred to in my report issued to the Chairman, 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 2011 and the financial results of its operations for the year then ended.

**1:3 Comments on Financial Statements**

**1:3:1 Accounting Deficiencies**

(a) The sum of Rs. 1,030,000 obtained from the Local Loans and Development Fund during the year under review to construct the crematorium should have been credited to the loan account. Nevertheless, it had been credited to revenue heads No 3.81 and 3.82

(b) According to the schedule, the value of vehicles owned by the Sabha amounted to Rs. 16,400,000. But, it had been brought to account as Rs. 7,705,250. Therefore, the assets had been capitalized less by Rs. 8,694,750.

### 1.3.2 Lack of Evidence for Audit

#### Non – Submission of Information for Audit

Transactions totalling Rs. 27,350,900 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 Result

According to the financial statements presented, the excess of revenue over the recurrent expenditure of the Sabha for the year ended 31 December 2011 amounted to Rs. 3,382,684 as compared with the excess of revenue over the recurrent expenditure amounting to Rs. 2,903,683 for the preceding year.

### 2:2 Revenue Administration

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

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

Item of Revenue	Estimated	Actual	Accumulated Arrears as at 31 December
	Rs.'000	Rs.'000	Rs.'000
(i) Rates and Taxes	551	384	265
(ii) Lease Rent	140	118	74
(iii) Licence Fees	27	27	109
(iv) Other Revenue	38,409	31,966	28,620

### 2.2.2 Court Fines and Stamp Fees

Money receivable as at 31 December 2011 from the Chief Secretary of the Provincial Council and other authorities are shown below.

	Rs.
(i) Court Fines	4,563,323
(ii) Stamp Fees	8,413,240

### **2.2.3 Stall Rent**

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Action had not been taken to recover the outstanding rent totalling Rs. 19,938 recoverable from stalls No. 01 and No. 03 of the old stalls of welioya for the year 2011 and years prior to 2011.

### **2.2.4 Ground Rent**

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Necessary action had not been taken to recover the rent amounting to Rs. 50,500 recoverable for leased out blocks of land in the jungle owned by the Sabha as at 06 December 2011.

### **2.3 Idle and Underutilized Physical Resources**

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According to the decision of the Ratnapura District Agriculture Committee, tractors and 31 items of equipment at the Agrarian Services Centre, Kalthota, which were under the Divisional Secretary, Balangoda had been handed over to the Sabha on 23 August 2010. But, these assets had been lying idle even up to 31 December 2011 without being made use of.

### **3 Systems and Controls**

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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.