

Beliatta Pradeshiya Sabha

Hambantota District

1. Financial Statements

1:1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 22 March 2013 and the financial statements for the preceding year had been presented on 28 March 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 28 June 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 Beliatta 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 Beliatta Pradeshiya Sabha as at 31 December 2012 and the financial results of its operation and cash flows for the year then ended.

1:3 Comments on Financial Statements

1:3:1 Accounting Deficiencies

(a) The key money obtained from the lease of stalls at the Reference Library building of the new building belonging to the Sabha was Rs.9,641,665 as per register concerned. However, the amounting accounted for , was Rs.8,308,792 resulting in an understatement of Rs.1,332,873.

- (b) Local Government Service Pension of Rs.4,554,484 was payable as at 31 December 2012 as per pension bills of the Director General of Pensions for the month of December 2012. This had not been shown under creditors.

1:3:2 Lack of Evidence for Audit

Seven item of accounts aggregating Rs.95,162,115 could not be satisfactorily vouched in audit due to non-remission of necessary 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.3,066,382 as compared with revenue exceeding the recurrent expenditure of the preceding year amounting to Rs.2,719,321.

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 arrears of revenue for the year under review, as presented by the Chairman, appear below.

	Item of Revenue	Estimated	Actual	Accumulated Arrears as at 31 December
		5 V ¶	5 V ¶	5 V ¶
i.	Rates and Taxes	2,602	2,882	553
ii.	Lease Rent	9,898	10,092	1,620
iii.	Licence Fees	399	399	-
iv.	Other Revenue	24,141	23,181	12,126

2:2:2 Rates and Taxes

The arrears of rates and taxes as at 31 December 2012 was Rs.542,770. It was observed that these balances of rates and taxes included balances of rate and taxes in arrears ranging from 11 to 43 quarters. Action had not been taken to recover these arrears of the rates and taxes in terms of Section 158(1)(a) of the Pradeshiya Sabha Act No.15 of 1987.

2:2:3 Acreage Tax

Action had not been taken in terms of Section 158(1) of the Pradeshiya Sabha Act, No. 15 of 1987 to recover acreage tax of Rs.10,625 due as at 31 December 2012.

2:2:4 Lease of Stalls

The key money of Rs.2,261,673 recoverable from 7 stalls for the year under review had not been recovered.

2:2:5 Arrears of Revenue from Machinery

The arrears of revenue from machinery as at end of the year under review was Rs.3,993,059. Of this, a sum of Rs.1,082,189 belonged to the year 2011 and years prior to it.

2:3 Irregular Transactions

At least 5 quotations should be obtained for goods and services exceeding Rs.500,000 in terms of 2.14.1 of the 2006 Government Procurement Guidelines. However, contravening it, equipment had been purchased and services had been obtained for Rs.1,373,182 on 02 occasions.

2:4 Operating Inefficiencies

Action had not been taken in terms of Financial Regulations 571(3) with regard to lapsed deposits of Rs.1,356,923 as at 31 December 2012.

