

Bandarawela Pradeshiya Sabha

Badulla District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 26 May 2014 and the financial statements for the preceding year had been presented on 06 June 2013. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 01 October 2014

1.2 Opinion

In my opinion, except for the effects on the financial statements of the matters referred to in paragraph 1.3 of this report, the financial statements have been prepared in accordance with Sri Lanka Public Sector Accounting Standards and give a true and fair view of the state of affairs of the Bandarawela Pradeshiya Sabha as at 31 December 2013 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

The ownership and value of the cemeteries, play grounds, roads and ways, wells, water pipes, tube wells owned by the Sabha had not been clearly identified and brought to account.

1.3.2 Accounts Receivable and Payable

According to the financial statements presented by the Sabha, the value of accounts receivable as at 31 December of the year under review amounted to Rs.19,453,749 and the value of accounts payable amounted to Rs.11,078,926.

1.3.3 Lack of Evidence for Audit

Seven items of accounts valued at Rs.7,286,369 could not be satisfactorily vouched in audit due to the non-submission of required information to audit.

1.3.4 Non-compliance with Laws, Rules and Regulations

Loans outstanding amounting to Rs.45,163 due from 04 employees transferred out of the Sabha had not been recovered in terms of Section 4.6 of the Establishments Code of the Republic of Sri Lanka.

2. Financial 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 2013 amounted to Rs.4,833,281 as compared with the excess of revenue over recurrent expenditure amounting to Rs.5,537,972 for the preceding year, showing a net decrease of Rs.704,691 in the financial result.

2.2 Analytical Financial Review

The net decrease in the financial result of the year under review as compared with the previous year was Rs.704,691 and an analysis of it is shown below.

<u>Recurrent Revenue</u>	<u>2013</u>	<u>2012</u>	<u>Variance</u>
	Rs.	Rs.	Rs.
Rates and Taxes	392,695	294,605	98,090
Rent	20,585	28,773	(8,188)
Licence Fees	262,264	129,958	132,306
Service Charges	4,007,656	6,526,467	(2,518,811)
Warrant Charges and Fines	2,265,026	998,620	1,266,406
Other Revenue	772,187	648,657	123,530
Revenue Aid	9,470,810	8,512,843	957,967

<u>Recurrent Expenditure</u>			
Salaries and Allowances	9,796,308	8,922,967	(873,341)
Travelling Expenses	504,702	494,672	(10,030)
Supplies and Equipment	1,144,670	951,777	(192,893)
Repairs and Maintenance of Capital Assets	164,387	346,605	182,218

Transport, and Utility Services	391,402	550,048	158,646	
Aid, Contributions and Subsidies	330,650	310,835	(19,815)	
Pensions, Pensionery Benefits and Gratuities	25,823	25,047	(776)	-----

			Net Decrease in the Financial Result	704,691
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2.3 Revenue Administration

2.3.1 Court Fines and Stamp Fees

Money receivable as at 31 December 2013 from the Chief Secretary of the Provincial Council and other authorities are shown below.

	Rs.
Court Fines	4,129,372
Stamp Fees	3,343,166

3. Accountability and Good Governance

3.1 Budgetary Control

Significant variances were observed in respect of certain items of income and expenditure while comparing the budget prepared by the Sabha for the year under review with the actual data. Therefore, it was observed that the budget had not been made use of as an effective tool of control. Details are shown below.

<u>Recurrent Revenue</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>	<u>Percentage of</u>
	Rs.	Rs.	Rs.	<u>Variance %</u>
Rates and Taxes	189,000	392,695	203,695	107.7
Rent	19,000	20,585	1,585	8.3
Licence Fees	150,000	262,264	112,264	74.8
Service Charges	2,210,000	4,007,656	1,797,656	81.3
Warrant Charges and Fines	2,680,000	2,265,026	414,974	15.4
Other Revenue	370,000	772,187	402,187	108.6
Revenue Aid	9,307,000	9,470,810	163,810	1.7
Capital Aid	52,500,000	7,337,474	45,162,526	86.0

Recurrent Expenditure

Salaries and Allowances	9,602,000	9,796,308	194,308	2.0
Travelling Expenses	425,000	504,702	79,702	18.7
Supplies and Equipment	1,316,000	1,144,670	171,330	13.0
Repairs and Maintenance of Capital Assets	605,000	164,387	440,613	72.8
Transport, Utility and Other Services	575,000	391,402	183,598	31.9
Aid, Contributions and Subsidies	150,000	330,650	180,650	120.4
Pensions, Pensionery Benefits and Gratuities	30,000	25,823	4,177	13.9
Capital Expenditure	54,700,000	14,217,376	40,482,624	74.0

4. Systems and Controls

Special attention of the Sabha is needed in respect of the following areas of systems and controls.

- (a.) Accounting
- (b.) Revenue Administration