

Balapitiya Pradeshiya Sabha  
Galle district

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1. Financial Statements

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1.1 Presentation of Financial Statements

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The Financial Statements for the year 2019 had been presented for audit on 28 February 2020 and the report of the Auditor General on 16 June 2020 and the Detailed Management reports on 30 June 2020 had been sent to the Chairman of the Council.

1.2 Qualified Opinion

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In my opinion, except for the effect of matters described in the, basis for qualified opinion under the Section of my report the financial statements give a true and fair view of the financial position of the Balapitiya Pradeshiya Sabha as at 31 December 2019 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Basis for Qualified Opinion

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1.3.1 Accounting Deficiencies

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Audit Observations	Recommendations	Comments of the Accounting Officer
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(a) The Provisions had not been made for the Pension Contribution amounting to Rs.7,439,652 to be paid for the year under review.	Required provisions should be made.	Action will be taken to correct during the preparation of accounts for the year 2020.
(b) The Audit fees paid for the preceding years amounting to Rs.355,980 had been accounted as an expenditure in the year under review and provision were not made in the accounts of the Audit fees for the year under review.	Creditor provision should be made.	Action will be taken to correct during the preparation of accounts for the year 2020.
(c) The mistake of the received Stamp Fees amounting to Rs.5,000,000 had been credited to the General Deposit Account in the preceding year had not been corrected.	Received should be accounted correctly.	Action will be taken to correct during the preparation of accounts for the year 2020.

### 1.3.2 Unreconciled Accounts

#### Audit Observations

#### Recommendations

#### Comments of the Accounting Officer

There was a difference amounting to Rs.38,171,682 between the Balances of the Financial Statement and balances of Utility Ledgers of 09 Accounting subjects as at 31 December of the year under review.

Action should be taken to correct the accounts after reconcile the balances of the accounts.

Action will be taken to correct in the future since the differences were seen since a long time.

### 1.4 Non compliance

#### Non-compliance with Laws, Rules, Regulations and Management Decisions.

#### References to the Laws, Rules, Regulations and Management decisions

#### Recommendation

#### Comments of the Accounting Officer

#### (a) 1987 Pradeshiya Sabha Act No.15

##### (i) Paragraph 149

The council had not paid attention to collect one per cent tax from institutions registered in the Board of Tourism.

Action should be taken to collect the entity of the income to be received.

Action will be taken to collect properly.

##### (ii) Paragraph 182

Arrears of License fees amounting to Rs.181,030 due since 2013 had been cut off without the approval of the Council and the Minister in charge of the subject.

Proper approval should be taken before cutting off income.

Action will be taken to rectify during the preparation of accounts for 2020

#### (b) 1988 Pradeshiya Saba (Financial and Administrative) Rules

##### (i) Rule 33

A list of persons who had neglected to pay the Assessment Tax and a list of prohibition of property warrants had not been prepared

Action should be taken according to rules.

Action will be taken to collect arrears of income after issuing warrants.

(ii) Rule 218 An annual inspection had not been conducted on Land and Buildings belonging to the Council. Action should be taken according to the rules. Relevant action will be taken in future.

(c) Financial regulation 571 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka Action had not been taken for Deposit balances amounting to Rs.6,034,816 expired more than 2 years. Action should be taken according to the Financial Regulations. Action will be taken to correct in future.

## 2. Financial Review

### 2.1 Financial Results

According to the Financial Statements presented, the Revenue over the Recurrent expenditure of the Council for the year ended 31 December 2019 amounted to Rs.29,827,894 as compared with the corresponding Revenue over Recurrent Expenditure for the preceding year amounted to Rs.45,365,855.

### 2.2 Revenue Administration

#### 2.2.1 Estimated Income, Billed Income, Collected Income, and Arrears of Income

The details of the Estimated Income, Billed Income, Collected Income and Arrears of income for the year under review and the preceding year are shown below.

Source of Income	2019				2018			
	Estimated Income	Billed Income	Collected Income	Total arrears of income at 31 December	Estimated Income	Billed Income	Collected Income	Total arrears of income at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and tax	15,449,000	13,022,778	14,439,340	17,007,896	8,130,000	6,988,267	5,003,370	15,106,612
Rent	2,950,000	265,125	331,475	351,833	2,650,000	144,700	963,025	369,164
Permit fees	4,705,000	9,927,433	9,926,433	1000	5,581,000	5,530,761	5,540,011	181,030
Other income	85,335,000	27,100,000	19,576,880	65,158,369	117,455,000	56,565,652	31,528,075	140,400,601
<b>Total</b>	<b>108,439,000</b>	<b>50,315,336</b>	<b>44,274,128</b>	<b>82,519,098</b>	<b>133,816,000</b>	<b>69,229,380</b>	<b>40,034,481</b>	<b>156,057,407</b>

3. Operational Review  
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3.1 Human Resource Management  
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Audit Observations  
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Recommendations  
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Comments of the  
Accounting Officer  
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(a) Vacancies and Excess of Staff  
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Action had not been taken to recruit for 11 Vacancies of the approved cadre and steps were not taken to formalize 17 excess of Cadre.

Action should be taken to formalize excess and recruit to vacancies.

Action will be taken to Formalize positions

(b) Staff loans  
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Action had not been taken to recover the staff loans amounting to Rs.185,803 from 08 staff members.

Arrears of staff loans should be recovered.

Action will be taken to recover under the Financial Regulation 71.

3.2 Performance  
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Audit observations  
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Recommendations  
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Comments of the  
Accounting Officer  
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(a) Weaknesses in beginning of projects  
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Two works amounting to Rs.450,000 received under 2019 Provincial Council Minister Provision was not begin even up to 31 December 2019.

Action should be taken to begin projects.

Action will be taken to begin projects.

(b) Not starting projects  
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Provision amounting to Rs.2,000,000 had been approved for the development of the Watugedara Thotawatta Crematorium yet work was not started even up to 31 December 2019.

Action should be taken to start the project.

Action will be taken to start the project.

(c) Performance of projects.  
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Only 09 projects were started in the year under review from 43 works amounting to Rs.35,064,000 to be done for the Citizens within the area of authority of the council from the Budget of the year under review.

Budgetary proposals should be made after considering the ability to accomplish work.

Action will be taken to increase the percentage of budgeted projects.