

**Hanguranketha Pradeshiya Sabha**

**Nuwara Eliya District**

1. Financial statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented for audit on 09 April 2012 and the financial statements for the previous year had been presented on 05 April 2011. The report of the Auditor General for the year under review was furnished to the Chairman of the Sabha on 26 July 2012.

1.2 Opinion

In view of the comments and observations appearing in the report furnished to the Chairman, I am unable to express an opinion on the financial statements of the Hanguranketha Pradeshiya Sabha for the year ended 31 December 2011 presented for audit.

1.3 Comments on Financial Statements

1.3.1 Lack of Evidence for Audit

Transactions aggregating Rs.84,981,908 could not be satisfactorily vouched in audit due to non rendition 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 2011 amounted to

Rs.3,066,820 as compared with the revenue exceeding the recurrent expenditure of the previous year amounting to Rs.4,356,211.

## 2.2 Financial Control

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The bank reconciliation statements of the Bank Account No. 022-0-001-3-5263226 for the period 2006 to 2009 had not been prepared even as at 16 March 2012 as required by Financial Regulation 395(c) of the Democratic Socialist Republic of Sri Lanka.

## 2.3 Revenue Administration

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### 2.3.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

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The information relating to the Estimated Revenue, Actual Revenue and Arrears of revenue for the year under review, as presented by the Chairman is shown below.

Item of Revenue -----	Estimated -----	Actual -----	Cumulative Arrears as at 31 December -----
	Rs.`000	Rs.`000	Rs.`000
(i) Rates and Taxes	790	648	906
(ii) Lease Rent	1,089	917	591
(iii) Licence Fees	1,050	1,050	-
(iv) Other Revenue	1,996	2,079	664

### 2.3.2 Recovery of Revenue

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- (a) Necessary action had not been taken to recover vehicle parking fees by framing bye – laws and naming the places where vehicles could be parked at Rikillagaskada.

- (b) “ K ” forms had not been issued for the years 2010 and 2011 even as at 31 December 2011 in the rates zones of the Mathurata Sub office.

### 2.3.3 Court Fines and Stamp Fees

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The amount receivable from the Chief Secretary of the Provincial Council and other authorities, as at 31 December 2011 is shown below.

	Rs.
(i) Court Fines	209,000
(ii) Stamp Fees	1,210,862

### 2.4 Idle and Under Utilized Physical Resources

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The Department of Local Government of the Central Provincial Council had given equipment valued at Rs.188,738 on 20 June and 08 August 2011 for the Medarata Local Government Information Technology Promotion Project. The equipment remained idle without being used for any purpose up to the date of audit, that is 16 March 2012.

### 2.5 Operating Inefficiencies

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- (a) A sum of Rs.150,000 had been given under the Provincial Council Members` Aid for the year 2010 to develop two playgrounds within the authoritative area of the Sabha. This had not been accomplished due to land disputes.
- (b) Two weed cutting machines had been purchased under the Provincial Council Members` Aid for the year 2010 by spending Rs.81,880. Of these, one machine had not been produced for audit inspection on 30 September 2011.

- (c) Unauthorized structures had been constructed for a business centre in a block of land belonging to the Pradeshiya Sabha situated between the Public Market of the Rikillagaskada town and the Post Office.
- (d) The Revenue Inspector had not conducted a survey regarding the industries within the authoritative area of the Sabha at the commencement of the year under review in terms of 1988 Pradeshiya Sabha (Finance and Administration) Rule 59.
- (e) There were 11 Management Assistants and 2 Assistant Programme Officers in the Sabha. In spite of this, a K.K.S. had been appointed as officer in charge of the Mathurata sub-office.
- (f) There were no vacancies for the post of Management Assistants in the Sabha. However, the duties of the Management Assistants had been entrusted to 4 KKS.
- (g) There were shortages of library books and goods valued at Rs.40,689 as per board of survey conducted as at 31 December 2010. Action had not been taken to determine the parties responsible for it and to recover the loss caused to the Sabha.

## 2.6 Solid Waste Management

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- (a) A Garbage Recycling Centre had been constructed in 2010 by spending Rs.3,105,467 under the provision obtained from the Ministry of Agriculture, Central Province. It was expected to manufacture compost fertilizer by collecting the refuse. However, only 10 kg of compost fertilizer had been manufactured even as at 14 March 2012, the date of audit inspection.
- (b) The refuse had not been collected as expected for the Garbage Recycling Centre, and therefore a pit had been dug in October 2011 by spending Rs.42,680 in the

premises of the Centre to dump the garbage. The pit was full by 16 March 2012, that is, the date of audit. It was observed that direct and continuous supervision had not been carried out by the Environmental Officer of the Sabha, on the activities of the Garbage Management Centre.

- (c) There was no water source to supply water to the Garbage Recycling Centre constructed in 2010 at an expenditure of Rs.3,105,467 to manufacture compost fertilizer from the garbage collected and for the Centre constructed in 2011 at an expense of Rs.3,029,766 from the provision obtained from the Provincial Specific Development Grant. As such, it was unable to attain the expected result.
- (d) Hanguranketha the police had filed a case against the Pradeshiya Sabha. because waste material from the Hanguranketha Public Latrine was getting collected at the external environment. A fine amounting to Rs.45,000 had been paid at the Kandy Magistrate`s Court by the Pradeshiya Sabha on the verdict given by the Court.

## 2.7 Performance

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The Pradeshiya Sabha had not prepared an Action Plan. As such, the performance relating to non compliance with Annual Action Plan, action not taken with regard to variances in financial and physical performances and non achievement of targets could not be analyzed.

## 2.8 Contract Administration

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A Solid Waste Collecting Centre had been constructed in Wegama in 2011 by spending Rs.449,757 from the provisions of the Central Provincial Council. The following matters were observed at an inspection carried out on 14 March 2012.

- (i) Ridge roofing sheets were not compatible with the roofing sheets.
- (ii) The valance board had corroded and there were cracks.

- (iii) The valance board had not been properly fixed with the rafters.
- (iv) Iron nails had been used for fixing the roofing sheets and as such the roofing sheets had got damaged.
- (v) The timber beneath the roof was slanting and a strut had been used for holding it.
- (vi) Mudun timber had not been fixed beneath the roof.
- (vii) The walls and the cemented floor of the building were in an unsatisfactory condition and the cemented floor was empty.

## 2.9 Internal Audit

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Adequate internal audit had not been conducted at the Institution.

**Ashani/AF**