

Kandaketiya 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 28 March 2013 and the financial statements for the preceding year had been presented on 10 February 2012. The Report of the Auditor General for the year under review was furnished to the Chairman of the Sabha on 05 June 2013.

1:2 Opinion

In view of the comments and observations appearing in my report, I do not express an opinion on the financial statements of the Kandaketiya Pradeshiya Sabha for the year ended 31 December 2012 presented for audit.

1:3 Comments on Financial Statements

1:3:1 Accounting Deficiencies

Provision had not been made for the contribution payable to the Local Government Service Pension Fund for the year amounting to Rs.33,280 and Rs.807,163 relating to the preceding years. As such the expenditure for the year under review had been understated by a sum of Rs.33,280 and the balance of the Accumulated Fund as at 31 December 2012 had been overstated by a sum of Rs.840,443 while the creditors had been understated by a sum of Rs.840,443 in the financial statements.

2:2:2 Licence Fees

- (a) Action had not been taken to conduct a survey to identify the industries, businesses, etc. in the area of authority of the Sabha which should obtain Environment Permits in terms of the provisions in the National Environmental Authority Act, No. 47 of 1980 as amended by the Amendment Act, No. 56 of 1988 and Act, No. 53 of 2000.
- (b) Three categories of businesses in operation in the area of authority of the Sabha had not obtained Trade Licenses.

2:2:3 Courts Fines and Stamp Fees

Moneys receivable as at 31 December 2012 from the Chief Secretary of the Provincial Council and the other authorities are given below.

	Rs.
(i) Courts Fines	1,659,008
(ii) Stamp Fees	43,221

2:2:4 Trade Stall Rents

According to the provisions in the Circular No. 1980/46 dated 31 December 1980 of the Commissioner of Local Government the monthly rent of trade stalls should be assessed through the Chief Government Valuer or a Valuer related to Local Authorities. Even though such rent should be revised once in 05 years, such assessment had not been done in respect of 05 trade stalls at the Kandeketiya Junction and 03 trade stalls in the fair premises owned by the Sabha. The monthly rental for the year 2012 also had been billed based on the rent assessed in the year 2005 without carrying out a timely revision of the rent.

2:2:5 Other Revenue

Action had not been taken to register 04 three wheeler parks in the area of authority of the Sabha and recover parking fees.

2:3 Irregular Transactions

An officer acting in the post of Secretary of the Sabha who should have been paid the acting salary computed in terms of Section 12.5.1 of Chapter VII of the Establishments Code of the Republic of Sri Lanka, had been paid acting salary computed in terms of Section 12.5.4 of Chapter VII of the Establishments Code and as such the overpayment made for the period July 2011 to September 2012 amounted to Rs.57,881.

2:4 Contract Administration

- (a) Three contracts valued at Rs.1,564,699 had been awarded to Community Based Organizations on the approval of the Rural Development Officer without getting the confirmation of the capacity for executing contracts and the financial feasibility of the Community Based Organization from a committee including the Divisional Secretary contrary to the provisions in the Public Finance Circular No. 01/2012 dated 05 January 2012.
- (b) It was observed at the physical inspection carried out on 07 March 2013 that the two temporary rest rooms constructed near Loggal Oya in the year 2011 at a cost of Rs.182,284 from the provisions of the Uva Provincial Ministry of Agriculture, Agrarian Development, Animal Production, Fresh Water Fisheries, Environment and Tourism, had been destroyed beyond use.

2:5 Operating/Management Inefficiencies

- (a) The electricity generator given to the Sabha by the Disaster Management Centre in the year 2007 remains out of order since the year 2011 and that remained idle in the Sabha grounds without being repaired and used.
- (b) Action in terms of Financial Regulation 571 of the Republic of Sri Lanka had not been taken to settle 22 deposits valued at Rs.77,052.
- (c) Advances amounting to Rs.201,959 granted in 14 instances in the year 2010 for fuel had not been settled in terms of Financial Regulation 371 of the Republic of Sri Lanka even by March 2013.

