

Meegahakivula 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 04 April 2013 and the financial statements for the preceding year had been presented to audit on 03 January 2013. The Report of the Auditor General for the year under review was furnished to the Chairman of the Sabha on 27 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 Meegahakivula Pradeshiya Sabha for the year ended 31 December 2012 presented for audit.

1:3 Comments on Financial Statements

1:3:1 Accounting Deficiencies

- (a) Capital grants amounting to Rs.6,038,533 receivable as at the end of the preceding year and not brought to account under the debtors of the preceding year and received in the year under review had been credited to the Revenue Heads of the year instead of crediting the Accumulated Fund. As such the revenue for the year under review had been overstated by that amount in the financial statements.
- (b) The value of 03 buildings owned by the Sabha as at 31 December of the year under review and the value of lands of 04 weekly fairs amounting to Rs.1,485,459 had not been brought to account under the lands and buildings.
- (c) Provision under the creditors had not been made for the sum of Rs.25,318 payable to the Local Government Service Pension Fund for the year under review and the sum of Rs.699,279 payable in respect of the preceding years. As such the expenditure for the year had been understated by a sum of Rs.25,318 and the

balance of the Accumulated Fund as at 31 December 2012 had been overstated by a sum of Rs.724,597 in the financial statements.

- (d) Courts fines amounting to Rs.776,954 receivable from December 2008 to November 2009 had not been brought to account under the revenue debtors as at 31 December 2012.

1:3:2 Lack of Evidence for Audit

(a) Unanswered Audit Queries

Replies to 15 audit queries had not been furnished by 30 April 2013 and the age analysis of unanswered audit queries is given below.

03 Months to 01 year	-	01
01 year to 02 years	-	14
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(b) Non-furnishing of Information to Audit

Transactions totaling Rs.21,013,140 could not be satisfactorily vouched in audit due to the non-furnishing of required information to audit.

2. Financial and Operating Review

2:1 Financial Results

According to the financial statements presented, the excess of recurrent expenditure over revenue of the Sabha for the year ended 31 December 2012 amounted to Rs.687,861 as against the excess of revenue over recurrent expenditure amounting to Rs.436,698 for the preceding year.

2:2 Revenue Administration

2:2:1 Estimated Revenue, Actual Revenue and Arrears of Revenue

- (a) Even though the Sabha had formulated by-laws for the recovery of charges from the three wheeler parks, charges had not been recovered from 23 three wheelers parked in 02 three wheeler parks.
- (b) As by-laws had not been formulated for the recovery of charges from the mobile sales vehicles in the area of authority of the Sabha, revenue receivable by the Sabha had been deprived of.

2:3 Idle and Underutilised Physical Resources

- (a) The building constructed at a cost of Rs.529,000 under the decentralized budget for the year 2002 for the Dolomite Production Project had been abandoned without commencing that project. The building remained idle from the year 2003 to April 2013.
- (b) The double cab motor vehicle taken over for the Army operations and returned to the Sabha on 27 October 2010 in unroadworthy condition is parked in the Sabha Premises.

2:4 Contract Administration

Contracts had been awarded to the Community Based Organizations without considering the provisions in the Public Finance Circular No. 01/2012 of 05 January 2012.

2:5 Operating Inefficiencies

- (a) Action had not been+ taken for the recovery of the assets valued at Rs.301,600 handed over to the Meegahakuvula Jathika Saviya, Gama Neguma Operating Office under Criteria Based Aid for the year 2008 on the basis of return after the completion of the Project.
- (b) A complete survey of the properties of the Sabha had not been conducted as at 31 December of the year under review in terms of Rule 203 of the Pradeshiya Sabha (Finance and Administrative) Rules of 1988.

