

Minipe Pradeshiya Sabha

Kandy 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 19 June 2012. The report of the Auditor general for the year under review was issued to the Chairman of the Sabha on 30 August 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 Minipe Pradeshiya Sabha for the year ended 31 December 2012 presented to audit.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

The following observations are made.

- (a.) The value of 07 lands owned by the Sabha had not been computed and brought to account.
- (b.) The value of contract works certified relating to the construction of the Waste Management Unit amounting to Rs.2,844,708 had not been capitalized and the amount of Rs.1,896,472 payable to the contractor had not been brought to account as creditors.
- (c.) The reasons for the credit balance of Rs.39,846 in the on account sub imprest account as at 31 December of the year under review had not been submitted to audit.

1.3.2 Lack of Evidence for Audit

Transactions totaling Rs.843,046 could not be satisfactorily vouched in audit due to the non-submission of required information to audit.

2.2.3 Water Charges

Arrears of water charges as at 31 December of the year under review amounted to Rs.1,587,262 and it was about 78 percent of the amount billed for the year. According to condition No. iv of the water connection agreements; the amount stated in the water bills of each month should be paid before 15th day of the following month. Although the water connection agreements should be cancelled if failed to do so; no water connection had been disconnected during the year 2012. There are 1486 water consumers relating to the 06 water schemes operated by the Pradeshiya Sabha, but fixed charges are charged from 827 consumers due to inoperative water meters. This represents 56 percent of the total water consumers. No action had been taken to make operative these water meters.

2.3 Idle Physical Resources

Assets valued at Rs.2,004,305 owned by the Sabha had remained idle for periods 01 to 06 years without using for any purpose.

2.4 Operating Inefficiencies

Tenders had not been called for lease of the Public Lavatory owned by the Sabha near the Hasalaka Bus stand from year 2007 to June 2013 and it had been maintained by an outside person at a charge of Rs.10 without any authority. The Sabha had supplied water for the lavatory through the water scheme of the Sabha free of charge and electricity charges amounting to Rs.17,520 had been paid to the Ceylon Electricity Board by the Sabha for this lavatory for the year 2012. Therefore, it was observed that the Sabha had lost an income due to the Sabha.

2.5 Transactions Not Supported by Adequate Authority

Contrary to provisions of Section 132 of the Pradeshiya Sabha Act No.15 of 1987; 105 diaries had been purchased for year 2012 at an expense of Rs.24,954.

2.6 Internal Audit

An adequate internal audit had not been carried out within the institution.

