

Nuwara Eliya 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 27 March 2012 and the financial statements for the previous year had been presented on 23 March 2011. The report of the Auditor General for the year under review was furnished to the Chairman of the Sabha on 12 June 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 Nuwara Eliya Pradeshiya Sabha for the year ended 31 December 2011 presented for audit.

1.3 Comments on Financial Statements

Lack of Evidence for Audit

Transactions aggregating Rs.46,098,864 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.4,857,273 as compared with the revenue exceeding the expenditure of the previous year amounting to Rs.14,629,985.

2.2 Financial Control

According to Rule 24 of the 1988 Pradeshiya Sabha Rules (Finance and Administration), the entire collection of a day should be deposited at the bank daily. However, the sum of Rs.49,934 collected at the Kandapola Sub-office and the sum of Rs.78,580 collected at the Nanuoya Sub- office had not been banked. Instead, it had been kept in hand for about 4 months.

2.3 Revenue Administration

2.3.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

Information regarding the Estimate of Revenue, Actual Revenue and Arrears of Revenue, 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	4,025	4,075	4,491
(ii) Lease Rent	5,318	4,733	657
(iii) Licence Fees	4,715	2,821	-
(iv) Other Revenue	25,832	18,907	2,356

2.3.2 Court Fines and Stamp Fees

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

	Rs.
(i) Court Fines	3,343,165
(ii) Stamp Fees	2,057,333

2.3.3 Vehicle Parking Charges

By-laws had not been framed for recovery of fees for parking of vehicles close to Haggala Botanical Garden. The lease rights for 2012 had been vested with an individual for Rs.316,968 on his request without calling for tenders. A proper agreement had not been entered into with the lessee even by 22 February 2012.

2.4 Transactions Not Supported by Adequate Authority

Ten employees had been recruited without the approval of the Chief Secretary and the Commissioner of Local Government contravening Sub section 19(1)(i) of the Pradeshiya Sabha Act No. 15 of 1987 and the Financial Rule 48(1) of the Central Provincial Council and a sum of Rs.9,743,144 had been paid as salaries for the period 2008 to 31 December 2011.

2.5 Operating Inefficiencies

The Revenue Inspector of the Nanu Oya Sub office had not reported for duty for 42 days from January 2010 to 30 June 2011, a period of 1 year and 6 months without obtaining leave. However, action had not been taken in terms of Section 7 of Chapter V of the Establishments Code of the Republic of Sri Lanka.

2.6 Internal Audit

Adequate internal audit had not been carried out at the Institution.