

**Thalawakele - Lindula Urban Council**

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**Nuwara Eliya District**  
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1. Financial statements

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1.1 Presentation of Financial statements

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The financial statements for the year under review had been presented for audit on 28 February 2012 and the financial statements for the previous year had been presented on 28 February 2011. The report of the Auditor General for the year under review was furnished to the Chairman of the Council on 26 April 2012.

1.2 Opinion

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In view of the comments and observations shown in the report furnished to the Chairman, I am unable to express an opinion on the financial statements of the Thalawakele – Lindula Urban Council for the year ended 31 December 2011 presented for audit.

1.3 Comments on Financial Statements

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1.3.1 Accounting Deficiencies

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Guest House rent of Rs.6,856,972 to be billed as at 31 December of the year under review had not been accounted for.

1.3.2 Lack of Evidence for Audit

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Transactions aggregating Rs.523,663 could not be satisfactorily vouched in audit due to non rendition of necessary information to audit.

2. Financial and Operating Review

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2.1 Financial Results

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According to the financial statements presented for audit, the revenue exceeding the recurrent expenditure of the Council for the year ended 31 December 2011 amounted to Rs.6,232,667 as compared with the revenue exceeding the recurrent expenditure of the previous year amounting to Rs.2,695,583.

2.2 Revenue Expenditure

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2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

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Information regarding the estimated revenue and actual revenue and the arrears of revenue as presented by the Chairman for the year under review is shown below.

Item of Revenue	Estimated	Actual	Cumulative Arrears as at 31 December
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	Rs.`000	Rs.`000	Rs.`000
(i) Rates and Taxes	3,605	2,026	2,815
(ii) Lease Rent	2,482	2,860	563
(iii) Licence Fees	1,454	754	-
(iv) Other Revenue	1,761	777	1,931

2.2.2 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	1,603,237
(ii) Stamp Fees	240,000

2.2.3 Guest House Fees

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The Guest House fees of Rs.6,856,972 recoverable from the Council as at 31 December 2011 had not been accounted for.

## 2.3 Irregular Transactions

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- (a) A sum of Rs.20,159 had been spent to welcome the new Chairman without the approval of the Minister in charge of the subject contravening Section 159(1) of the Municipal Council Ordinance. (Chapter 255)
- (b) During the year under review, a sum of Rs.1,723,488 had been paid by the Council as salaries by recruiting 17 employees without the approval of the Chief Secretary and the Commissioner of Local Government contravening Financial Rule 48 (1) of the Central Provincial Council.

## 2.4 Idle and underutilized Physical Resources

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It was observed at audit test checks that the Ayurveda Medical Officers` Quarters and the Cultural Hall remained idle and underutilized.

## 2.5 Operating Inefficiencies

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- (a) The cemetery of the Council situated at Lindula area had been utilized by external persons and institutions. Necessary legal action had not been taken to confirm the ownership.
- (b) Six Fire Engine and Fire Fighting equipment valued Rs.1,500,000 had been received by the Council as a donation during the year 2007. As there were no trained Fire Fighters, these were lying in the premises of the Council without being used.

## 2.6 Performance

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- (a) Progress Reports and Administrative Reports showing the financial and physical performance in order to confirm the compliance with the Annual Action Plan had not been prepared.

(b) Capital expenditure had not been included in the budget for the year under review.

2.7 Contract Administration

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Delay in Implementation of Projects  
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Long delays were observed in implementing 13 projects due to delays caused by contractors.