

Haldummulla Pradeshiya Sabha

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Badulla 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 to audit on 17 April 2013 and the financial statements for the preceding year had been presented to audit on 20 April 2012. The Report of the Auditor General for the year under review was furnished to the Chairman of the Sabha on 19 June 2013.

1:2 Opinion  
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In view of the comments and observations appearing in my report, I do not express an opinion on the financial statements of the Haldummulla Pradeshiya Sabha for the year ended 31 December 2012 presented for audit.

1:3 Comments on Financial Statements  
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1:3:1 Accounting Deficiencies  
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- (a) On the assumption that a double cab motor vehicle belonging to the Sabha can be sold for Rs.500,000, that amount had been debited to the Debtor Account and credited to the Income and Expenditure Account in the year 2010. This double cab motor vehicle remained physically as an idle asset even by 18 April 2013. As such the Debtors as at 31 December of the year under review and the revenue for the year had been overstated in the financial statements by a sum of Rs.500,000.
- (b) A difference of Rs.6,000,000 existed between the balance of the Revenue Contribution to Capital Outlay Account and the Fixed Assets Account as at 31 December of the year under review.





- (a) A sum of Rs.1,940,745 comprising interest amounting to Rs.1,432,633 and loan installments amounting to Rs.508,112 had been paid by December 2012 to the Local Loans and Development Fund in connection with the loan of Rs.5,000,000 obtained for the construction of the Koslanda Trading Complex. In view of the non-completion of the construction of the Trading Complex despite the elapse of about 3 years, the potential revenue had been deprived of. The payment of interest from the Sabha Fund could pose a risk of adversely impacting on the financial position of the Sabha.
- (b) Out of the 120 building applications received by the Sabha during the years 2009 to 2012, approval for construction had been granted for 76 while the Certificates of Conformity had been issued only for 02. Attention had not been paid to take follow up action on construction works of the approved applications and recover the rates recoverable by the Sabha.
- (c) A Corporate Plan and an Action Plan had not been prepared in terms of the letter No. PF/R/2/2/3/5(4) of 10 March 2010 of the Director General of Public Finance.
- (d) The Procurement Plan and the Procurement Time Schedules relating to the procurement activities of the Sabha had not been prepared in terms of the Procurement Guidelines.

3. Systems and Controls

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Special attention is drawn to the following areas of systems and controls.

- (a) Accounting
- (b) Revenue Administration
- (c) Budgetary Control
- (d) Contract Administration