

Hali Ela Pradeshiya Sabha

Badulla District

1. Financial Statements

1:1 Presentation of Financial Statements

The financial statements for the year under review had been presented for audit on 13 May 2013 and the financial statements for the preceding year had been presented on 13 May 2012. The Report of the Auditor General for the year under review was furnished to the Chairman of the Sabha on 19 July 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 Hali Ela Pradeshiya Sabha for the year ended 31 December 2012 presented for audit.

1:3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

- (a) Court fines revenue amounting to Rs.8,255,542 receivable as at 31 December of the year under review had been brought to account under the revenue debtors and as such the current assets had been understated in the financial statement by that amount.
- (b) Court fines revenue amounting to Rs.4,471,416 relating to the year under review had been brought to account as Rs.19,541 in the Revenue and Expenditure Account and as such the revenue for the year had been understated in the financial statements by a sum of Rs.4,451,875.
- (c) The staff loans balance recoverable as at 31 December of the year under review amounting to Rs.1,023,044 had been brought to account as Rs.925,462 and as

quotations. The samples of 03 quotations had not been examined while the quotations had also not been compared.

- (c) A sum of Rs.266,112 had been paid out of the Sabha Fund without obtaining the approval for 2,308 litres of diesel obtained by the Chairman during the period February to December 2012 in excess of the monthly limit of 252 litres of diesel approved for the Chairman in terms of the letter No. 12/b/15/1 dated 11 November 2009 of the Uva Commissioner of Local Government.

2:5 Contract Administration

A sum of Rs.744,279 had been paid in two instances to the Ketawala Samurdhi Balakaya for carrying out repairs to the Pradeshiya Sabha Sub-office at Ketawala. It was observed at an inspection of work carried out on 16 January 2013 that moss covered old black coloured bricks had been used for raising the height of the walls for leveling the roof under item No. 2.

2:6 Operating Inefficiencies

The following observations are made.

- (a) The businesses in the area of authority of the Sabha from which trade licence fees and taxes on industries and profession should be recovered had not been identified through a survey.
- (b) Instead of recovering the rent from the occupants of the official quarters of the Sabha in terms of Section 5 of Chapter xix of the Establishments Code, rent had been recovered on the basis of the decision of the Sabha.
- (c) Authorities relating to the functions of the Sabha had not been delegated in terms of Financial Regulation 135 while the Lists of Duties for assignment of duties to officers had also not been prepared.
- (d) According to the Bank Reconciliation prepared for November 2012, action in terms of Financial Regulation 396(d) had not been taken on 18 cheques valued at Rs.108,851 lapsed for more than 06 months and remaining without being presented to the Bank.

