

**Hambantota Pradeshiya Sabha**  
**Hambanthota District**

**1. Financial Statements**

**1.1 Presentation of Financial Statements**

Although the Financial Statements for each year should have be submitted to the Audit before 31 March of the subsequent year in terms of Rule 168 (1) of the Pradeshiya Sabha (Financial and Administrative) Rules Series of 1988, financial statements for the year under review and the preceding year had not been presented to audit up to the date of this report. The Auditor General's Report relating to transactions and performance of the year under review was issued to the Chairman of the Sabha on 11 August 2015.

**1.2 Comments on Transactions, Operations and Performance**

**1.2.1 Non-compliance with Laws, Rules, Regulations and Management Decisions**

Following non-compliances are observed.

<b>Reference to laws, rules, regulations etc.</b>	<b>Non-compliance</b>
----- Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----	-----
(a.) Financial Regulation 571(3)	Action had not been taken in terms Financial Regulation with regard to time lapsed deposits amounting to Rs. 250,818.
(b.) Pradeshiya Sabha (Financial and Administrative) Rules Series of 1988 ----- Rule 218	Although all Land and Buildings belong to the Pradeshiya Sabha should be surveyed once in an every year, such action had not been taken.

(c.) Circulars

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Paragraph 4.1 of the Pension Circular  
No.02/2011 dated 24 February 2011

Although it has been stated that, Public Service Provident Fund Appointments should be given to staff to be recruited on casual and temporary basis by all Local Government Institutions, contrary to that, Employees Provident Fund Appointments had been given to nine employees by the Sabha.

**2. Financial and Operating Review**

**2.1 Revenue Administration**

**2.1.1 License Fees**

Although action could be taken to impose and recover fees for various professions in terms of Section 152(2) of the Pradeshiya Sabha Act No. 15 of 1987, action had not been taken to recover License Fees from professions such as Legal, Medical, Notary and Registrars during the year 2014. While parking of vehicles landed from the Hambanthota Port is done by a private firm, action had not been taken to recover fees although it is possible to recover a fee from that place.

**2.1.2 Lease of Public Market**

While the Nava Mayurapura Weekly Fair had been leased out after calling for tenders for the year 2014 for a sum of Rs. 25,200 after calling for tenders, recovery of payments in installments had not been made regularly. Action had not been taken to recover the arrears sum amounting to Rs. 23,100 as at 31 December 2014.

**2.1.3 Entertainment Tax**

Action had not been taken by the Sabha to recover revenue on account of Entertainment Tax from the tickets sold at the Dry Zone Botanical Garden and the Birds Park situated in the Hambanthota Pradeshiya Sabha Area of Authority.

### **3. Operating Review**

#### **3.1 Vehicles Control**

According to the running charts for the year 2014 relevant to the Cab Vehicle No. 252-6542 belongs to the Sabha, vehicle had performed a distance of 20,459 kilometers using 2607 liters of fuel by the Members, without getting a written allocation of the vehicle. In spite of the fact that the members are provided with motor cycles monthly fuel allowances for the duties of the Members, the necessity to use this cab vehicle had not been recorded. In addition to this, although 3280 kilo meters had been performed in 14 instances during the year 2014, indicating as for duties on the basis of instructions of the Chairman, but, had not been placed the signatures of the persons who used the vehicle.

#### **3.2 Management Inefficiencies**

##### **(a.) Multi-Purpose Mobile Booths**

While 10 Canopy Covering Booths had been provided to the Sabha from the Ministry of Local Government and Provincial Councils under the Development Programme for Minimizing Poverty in Provinces, implemented through Budget proposals for 2013 from the Ministry of Local Government and Provincial Council, it was revealed at the physical inspection carried out on 20 January 2015 there were 06 booths in the stores. The Secretary stated that 02 Booths were given without recovering cash on he basis of a written request made by an outside individual. Any information was not furnished to audit with regard to the balance 02 booths.

##### **(b.) Street Lamps Maintenance Expenditure**

The sum of Rs. 248,441 to be reimbursed from the Ceylon Electricity Board for maintenance of street lamps by the Sabha for the year 2014 had not been reimbursed even as at 31 December 2014.

### **3.3 Contract Administration**

Following observations are made.

(a.) Programme for Strengthening Pradeshiya Sabha

While a sum of Rs. 12,000,000 had been allocated to the Sabha under the National Programme for Strengthening Pradeshiya Sabha, through budget proposals of the Ministry of Local Government and Provincial Councils for the year 2014, out of that a sum of Rs. 4,000,000 had been allowed to the Sabha. Although requests had been made in the applications for obtaining installments to make final payments for 16 Works, only two Works totalling Rs. 1,000,000 had been completed.

(b.) Manajjawa Demataaththa Wewa Road

Stages 1 and 2 of the road near the house of Mr. Karaneris Appu on the Manajjawa Demataaththa Wewa Road had been assigned to an approved Society for agreed mounts at the rate of Rs. Rs. 500,000 totalling Rs. 1,000,000 on 30 June and 2014 and 25 August 2014, and had been completed. At the physical inspection of this work carried out on 21 January 2015, it was observed that many places of the road had been sunk and cracked.

(c.) Payment of Quality Test Charges

The actual expenditure incurred for obtaining Quality Test Reports of the roads construction works relating to spreading concrete blocks by the contractors had not been considered and a value higher than that had been included in work completion reports. Accordingly, it was observed that a sum of Rs 342,693 had been overpaid to the contractors during the year 2014.

### **4. Systems and Controls**

Special attention of the Sabha is needed in respect of the following areas of systems and controls.

- (a.) Accounting
- (b.) Revenue Administration
- (c.) Assets Management