

Hatton-Dickoya Urban Council

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 29 March 2012 and the financial statements for the previous year had been presented on 07 March 2011. The report of the Auditor General for the year under review was furnished to the Chairman of the Council on 27 July 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 Hatton-Dickoya Urban Council for the year ended 31 December 2011 presented for audit.

1.3 Comments on Financial Statements

Lack of Evidence for Audit

(a) Un replied audit queries

Replies for 4 audit queries had not been furnished as at 31 December 2011.

(b) Non rendition of paid Vouchers to Audit

Three paid vouchers aggregating Rs.154,500 had not been rendered 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 Council for the year ended 31 December 2011 was Rs.12,418,944 as compared with the revenue exceeding the recurrent expenditure of the previous year amounting to Rs.3,141,358.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

The information relating to the estimated revenue, actual revenue and the arrears of revenue, as presented by the Chairman 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	6,243	6,405	2,608
(ii) Lease Rent	10,753	8,227	6,023
(iii) Licence Fees	1,000	1,109	170
(iv) Other Revenue	33,525	22,037	29,819

2.2.2 Stamp Fees

Stamp fees amounting to Rs.3,792,697 was due from the Registrar General as at 31 December 2011.

2.3 Vehicle Utilization

The following observations are made.

- (a) Action had not been taken to repair the milometers of 6 vehicles belonging to the Council which were malfunctioning for a long period.
- (b) Revenue licences had not been obtained for 2 vehicles belonging to the Council.
- (c) A tractor bearing No. 37 Sri 6504 had been repaired by spending Rs.216,305. without obtaining a report relating to the fairness of quotations, as required by Public Administration Circular No. 41/90 of 10 October 1990.
- (d) Thirteen tyres of various sizes were lying at the stores without being made use of, for about 5 years.

2.4 Irregular Transactions

The following observations are made.

- (a) “ Coolmix ” valued at Rs.353,435 had been purchased from the Maganeguma Consultancy and Extension Services Management Private Company without calling for competitive quotations, contravening the requirements of 3.2 of the Government Procurement Guidelines dated 25 January 2006.
- (b) The maximum that could be spent on a memorial plaque is Rs.12,500 as per requirements of the Circular No. 2/2006 of 07 March 2006 of the Secretary to the Finance Commission. However, during the year under review a sum of Rs.57,500 had been overpaid with regard to 23 memorial plaques at the rate of Rs.15,000.

2.5 Uneconomic Transactions

A sum of Rs.161,280 had been paid to a private company to obtain a soil testing report to construct a three storeyed trade complex in the land belonging to the Urban Council close to the Hatton bus stand. The work had come to a standstill due to a land dispute. As such, the money paid had become fruitless.

2.6 Operating Inefficiencies

- (a) It was planned to distribute 90 bags of cement valued at Rs.60,850 and 120 roofing sheets valued at Rs.129,600 to 30 poor families of Ponnagar colony under the Provincial Council Members` aid. However, materials had been distributed among 16 families only. None of the families supplied with materials had been confirmed as law income earning family. According to the information furnished by those who obtained the materials, 14 families were of other areas.
- (b) According to the Board of Survey report for the year under review, goods at the Dickoya Town Hall valued at Rs.42,387 had got misplaced. Action had not been taken to recover the value of shortages.
- (c) A reconciliation of the estimated income and expenditure and the actual income and expenditure revealed variances ranging from 19% to 57% in 4 items of income and variances ranging from 19% to 87% in 5 items of expenditure showing that the budget had not been used as an effective instrument of management control.

2.6 Performance

An Action Plan had not been prepared for the year under review.

2.7 Internal Audit

An adequate internal audit had not been carried out at the institution.

