

Kataragama Pradeshiya Sabha
Monaragala District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had not been presented up to 10 September 2013, and the financial statements for the preceding year had been presented on 16 November 2012. The report on transactions for the year under review was issued to the Chairman of the Sabha on 24 September 2013.

1.2 Comments on Transactions, Operations and Performance

1.2.1 Lack of Evidence for Audit

Transactions totaling Rs.152,109 could not be satisfactorily vouched in audit due to the non-submission of required information to audit.

2. Financial and Operating Review

2.1 Revenue Administration

2.1.1 Rates and Taxes

(a.) Action had not been taken to revise the rates and taxes after the year 1997 in terms of Section 140(5) of the Pradeshiya Sabha Act No.15 of 1987.

(b.) Arrears of rates as at the beginning of the year under review amounted to Rs.4,681,827 and it was Rs.5,995,664 as at the end of October of the year under review. Accordingly the arrears of rates had been increased by 28 per cent.

2.1.2 Lease Rent

(a.) Action had not been taken to assess the rent of stalls through the Department of Valuation in terms of Section 136 of the Pradeshiya Sabha Act No.15 of 1987.

(b.) Payment of rent amounting to Rs.5,524,350 had been defaulted in respect of 328 stalls for periods since 2001-2008 and action had not been taken in terms of

provisions of Section 159(1) of the Pradeshiya Sabha Act No.15 of 1987 in this regard.

2.1.3 Trade Licence Fees

- (a.) Action had not been taken to revise trade licence fees after the year 2009.
- (b.) The register of trade licence fees had not been maintained in order to indicate the revenue in arrears.

2.1.4 Other Revenue

- (a.) A sum of Rs.250 per year had been charged from three wheeler owners, without by-laws being passed.
- (b.) Receipt books of vehicle parking charges relating to the years 2010 to 2012 had not been handed over and as such, action had not been taken to recover vehicle parking charges in arrears amounting to Rs.588,000.
- (c.) Action had not been taken to pass by-laws and recover a charge not exceeding 1 per cent of the income of the year prior to the relevant year in terms of Section 149 of the Pradeshiya Sabha Act No.15 of 1987 in respect of 06 hotels/lodges existing within the area of authority of the Pradeshiya Sabha that had been registered at or approved by the Ceylon Tourism Promotion Authority for the purpose of the Tourism Promotion Act No.14 of 1968.

2.1.5 Lease of Plots of Lands for Temporary Trading for the Esala Festival

- (a.) The tender of the highest bidder for 08 plots of lands had been rejected; but the tender had not been awarded to the second highest bidder. Instead, the tender had been awarded on a Sabha decision and as such, an income of Rs.448,185 had been deprived of during the year under review.

- (b.) Southern Lanka Development Authority had refused to obtain the plot Nos.95-98 of which the minimum bid was Rs.15,000 that had been allocated from the 37KXUXOL\D' O D Q G O L Q H R Q W K H U H T X H S W M a P D G H E V had to suffer a financial loss of Rs.60,000.

2.2 Surcharges

The value of surcharges recoverable as at 31 December 2012 amounted to Rs.104,017 according to the surcharges levied by me against the persons responsible in terms of the provisions of Section 172(3) of the Pradeshiya Sabha Act No.15 of 1987.

2.3 Idle Physical Resources

Three vehicles, the Gully sucker and the Water Bowser had been lying idle as at end of the year under review.

2.4 Irregular Transactions

- (a.) Holiday pay amounting to Rs.24,279 had been paid to the Works Supervisor for 07 months without obtaining approval in terms of provisions of the Circular No.7/01/2000 dated 30 November 2000 of the Commissioner of Local Government.
- (b.) The approval of the Commissioner of local Government had not been obtained for the sum of Rs.40,000 paid to 04 officers at Rs.10,000 per each in respect of preparation of court fines for the period February 2011 to April 2012.
- (c.) The Chairman, members and other officers had paid a sum of Rs.34,000 for hired vehicles at 03 instances for ceremonies and other activities without obtaining the approval of the Commissioner of Local Government.
- (d.) According to the letter No.12/අ/061 Additional Fuel dated 25 January 2012 of the Uva Provincial Commissioner of Local Government, the approved limit of fuel for the Cab bearing No.PD1846 was 282 Litres, and the approval of the Commissioner of Local Government had not been obtained for the 2012 Liters of fuel valued at Rs.226,915 consumed in excess of the above limit during the period January to October 2012.

October 2012 and Stamp Duty amounting to Rs.190,700 relating to the period 2006-2012 to the Commissioner General of Inland Revenue.

- (h.) Advances of Rs.404,000 given at 05 instances during the year 2011 had not been settled in terms of Financial Regulation 371.
- (i.) Action had not been taken in terms of Financial Regulation 396(d) in respect of 05 cheques valued at Rs.15,957 which had lapsed 06 months that had been issued from the Account No.0052031707 of the Bank of Ceylon.
- (j.) Log books had not been maintained in respect of 09 vehicles owned by the Sabha and Log entries had not been made in terms of Financial Regulation 785(4) in respect of repairs and services valued at Rs.312,495.

3. Systems and Controls

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

- (a.) Accounting
- (b.) Internal Control
- (c.) Revenue Administration