

Laggala-Pallegama Pradeshiya Sabha

Matale District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 04 April 2013 and the financial statements for the preceding year had been presented on 20 April 2012. The report of the Auditor general for the year under review was issued to the Chairman of the Sabha on 09 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 Laggala-Pallegama Pradeshiya Sabha for the year ended 31 December 2012 presented to audit.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

The following observations are made.

- (a.) The value 13 water tanks of 1000 Liters provided to the Sabha by the Ministry of Disaster Management for supplying water to the areas affected by drought had not been brought to account.
- (b.) Although the balances of the fixed assets account and the revenue contribution to the capital outlay account should be tallied, there was a difference of Rs.4,146,848 between these balances.
- (c.) There was a cash balance in hand amounting to Rs.17,737 as at the end of the year under review that had not been deposited in the bank and it had not been brought to account.
- (d.) A sum of Rs.440,325 due from 111 water consumers as at the end of the year under review had not been brought to account.

Dasgiriya under Provincial Council Member Provisions of the year 2011. \$ FFRUGLQJO\ x3HVN V %RHQF[THV ¶ had been received and entered in the stock books of the stores and had been issued the same to the above Pirivena. However, an audit examination carried out in this connection in \$SULO UHYHDOHG WKDW 'HVNVables had been supplied.

- (b.) The full month ¶ Valary for the month of April had been paid to two Karyala Karya Sahayakas in permanent staff of the Sabha that had left the service since 11 April 2012. Therefore, salaries amounting to Rs.27,939 had been over-paid.
- (c.) According to Guideline Nos.3.4 and 6.3 of the Government Procurement Guidelines and Rule Nos.207 and 208 of the Pradeshiya Sabha (Financial and Administrative) Rules-1988 quotations should be called through competitive bidding and registered post. But, contrary to this, stores items and equipment valued at Rs.364,939 had been purchased at 06 instances during the year under review on hand quotations.

2.4 Idle and Underutilized Physical Resources

Four units of assets valued at Rs.828,250 and 02 units of assets of which the value had not been computed had been lying idle or underutilized.

2.5 Contract Administration

(a.) Supply of drinking water to the Narangamuwa area had been entrusted to the Narangamuwa Samurdhi Society at Rs.973,918 under WKH ³2QH :RUN IRU 2 9LOODJH 3URMHFW ´ +RZHYHU WKH ZRUNV KDG date in terms of the agreement and demurrage charges amounting to Rs.39,200 had not been recovered for the delay of 225 days.

(b.) Provisions amounting to 5 V KDG EHHQ PDGH XQG HU ³2Q 9LOODJH 3URMHFW for supplying water to the Laggala- Pallegama Town and it was observed at an examination carried out on 03 April 2013 that sub-standard pipes had been used instead of Pakistan G.I. Pipes as per estimates and that the pipes had not been properly covered with soil.

- (c.) 'LYLVLRQDO Office, Laggala Pallegama had entrusted the Laggala-Pallegama Pradeshiya Sabha to concrete the Meda-Ela main road of Laggala-3DOOHJDPD 'LYLVLRQDO 6HFUHWDRS.700,000 and LVL R Q R Jathika Saviya Gama Neguma Project-2010. The contract had been awarded to the Meda Ela Samurdhi Society at Rs.700,000 on 08 September 2010 and a payment of Rs.549,080 had been made. The Divisional Secretary had stopped the payment of the final bill amounting to Rs.131,046 due to non-completion of the contracted works properly. But, the Pradeshiya Sabha had paid a sum of Rs.50,000 to the contractor on 06 January 2011 from the Sabha funds resulting a loss to the Sabha funds.

2.6 Operating Inefficiencies

The following matters were observed.

- (a.) Action had not been taken to recover the value of 339 books of the Haththota Amuna Library that had not been returned prior to 2008.
- (b.) Legal action had not been taken or action had not been taken in terms of Financial Regulation No.104 of the Republic of Sri Lanka to recover the loss of Rs.37,850 suffered due to the accident occurred to the Double Cab (No.252-6565) owned by the Sabha.
- (c.) The Sony Digital Camera valued at Rs.30,000 owned by the Sabha had become out-of-order and the Sabha had decided to recover the value from the officer who had held the custody of the camera. But action had not been taken accordingly.
- (d.) A licence fees charge of Rs.2,000 is recovered for giving approval for gem mines and the licence is issued after the approval given by the Chairman with the recommendation of the Revenue Inspector of the Sabha and the approval of the Director of Divisional Health Services with the recommendation of the Public + HDOWK , QVSHFWRU 1HYHUKHOHV RQO\ WKH & 120 out of the licence issued during the year under review without being acted as above. It was observed that issue of licence is done on a decision taken by the Sabha without laying by-laws.
- (e.) According to Section 12(1) of the Pradeshiya Sabha Act No.15 of 1987 committees should be held for finance, policy planning, housing and community

