

Mahiyangana Pradeshiya Sabha

Badulla District

1. Financial Statements

1:1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 11 April 2013 and the financial statements for the preceding year had been presented to audit on 01 February 2013. The Report of the Auditor General for the year under review was furnished to the Chairman of the Sabha on 27 June 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 Mahiyangana Pradeshiya Sabha for the year ended 31 December 2012 presented for audit.

1:3 Comments on Financial Statements

1:3:1 Accounting Deficiencies

(a) The expenditure creditors as at 31 December of the year under review amounting to Rs.4,127,765 had been shown as Rs.2,956,448 and as such the creditors had been understated by a sum of Rs.1,171,317 and the Accumulated Fund had been overstated by that amount in the financial statements.

(b) The value of 06 works not executed in the year under review amounting to Rs.2,997,728 had been brought to account under the debtors and as such the creditors and the Accumulated Fund as at 31 December 2012 had been overstated in the financial statements.

participation in the Planning Committee of the Sabha, mileage and subsistence allowance amounting to Rs.12,440 had been paid in two instances contrary to Sections 2.2 and 8.1 of Chapter xiv of the Establishments Code.

2:6 Contract Administration

The physical inspection of the reconstruction of the Girandurukotte Sub-office costing Rs.163,829 carried out on 21 March 2013 revealed matters such as very low quality of door finish, a space of about 8 millimetres between the wall and the door frame of one of the front doors, doors not properly fixed to the wall and application of only one coat of enamel paint instead of two coats.

2:7 Operating Inefficiencies

- (a) The total income of the Holiday Home maintained by the Sabha amounted to Rs.127,700 while the expenditure amounted to Rs.928,036 thus resulting in a financial loss of Rs.800,336 to the Sabha Fund during the year under review.
- (b) Action had not been taken for the recovery of staff loans amounting to Rs.65,894 recoverable by the Sabha as at 31 December 2012 from 04 officers of the Sabha who had gone on transfer.

3. Systems and Controls

Special attention of the Sabha is drawn to the following areas of systems and controls.

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