

Hambantota Pradeshiya Sabha

Hambantota District

1. Financial Statements

1:1 Presentation of Financial Statements

The financial statements for the year under review had not been presented for audit upto 20 December 2012 and the financial statements for the preceding year had been presented for audit on 13 February 2012.

1:2 Comments on Transactions, Operations and Performance

1:2:1 Lack of Evidence for Audit

(a) Unreplied Audit Queries

Replies for 36 audit queries had not been furnished as at 31 December 2011 and the computable transactions subjected to those queries were valued at Rs.28,033,371.

(b) Non-rendition of information to Audit

Transactions totalling Rs.1,415,277 could not be satisfactorily vouched in audit due to non-rendition of necessary information to audit.

2. Financial and Operating Review

2:1 Revenue Administration

2:1:1 Stall Rent

Arrears of rent due from 12 stalls at Bellagaswewa belonging to the Sabha as at 31 December 2011 amounted to Rs.598,029. Action had not been taken to recover the arrears of rent concerned in terms of Section 159(1) of the Pradeshiya Sabha Act, No. 15 of 1987.

2:1:2 Fair Tax

The lessee who had obtained the rights to collect tax at Nawa Mayurapura Week end Fair for the year 2011 had neglected to pay the tax for the fair conducted for 07 days from 07 to 28 February 2011. The Sabha had not taken action upto 20 February 2012 to recover the arrears of Rs.47,750.

2:1:3 Licence Fees

A sum of Rs.223,150 was due as at 31 December 2011 from 46 trade centres from which licence fees for 2011 had not been properly recovered. Action had not been taken in terms of Sections 150(4)(b) and 152(4) of the Pradeshiya Sabha Act, No. 15 of 1987 to recover this arrears of licence fees.

2:1:4 Acreage Tax

The acreage tax recoverable as at 31 December 2011 was Rs.7,156. Of this, a sum of Rs.4,278 was the arrears of acreage tax recoverable for the previous year. Action had not been taken in terms of Section 158(1)(b) of the Pradeshiya Sabha Act, No. 15 of 1987 to recover the arrears of acreage tax.

2:2 Transactions without Adequate Authority

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- (a) A total sum of Rs.38,106 had been spent for entertainment without the prior written approval of the Minister, contravening the provisions in Section 132(J) of the Pradeshiya Sabha Act, No. 15 of 1987.
 - (b) Expenditure should be incurred within the limits of the budgetary provision in terms of 1988 of Pradeshiya Sabha (Finance and Administration) Rule 14(1). If this is not adequate, a supplementary estimate should be prepared and approved by the Sabha. But, without approving such a supplementary estimate, a sum of Rs.8,980,790 had been spent in excess of the annual budgetary provision for the year 2011.

2:3 Irregular Transactions

The following matters were observed.

- (a) A decision of the procurement committee had not been made with regard to 9 purchases totalling Rs.2,853,012. Meanwhile, reports of the technical evaluation committee had not been obtained for 05 purchases totalling Rs.2,136,349.
- (b) The approval of the Assistant Commissioner of Local Government is required for payment of holiday pay for work done on holidays as per circular No. 2007/03 dated 16 June 2007 issued by the Secretary to the Ministry of Provincial Councils and Local Government. However, during the year under review, holiday pay totalling Rs.97,610 had been paid to 2 technical officers without obtaining the approval of the Assistant Commissioner of Local Government.
- (c) According to paragraph 05 of the Public Administration Circular No. 06/2006(iv) dated 24 August 2007, the subsistence payable for a day is Rs.350. However, as a result of paying at the rate of Rs.400 per day, a sum of Rs.9,200 had been paid as subsistence to a technical officer.
- (d) A sum of Rs.4,500 only could be paid as monthly allowance to a Public Relations Officer as per letter No. දපපා/පවිති/02/07 of 28 November 2006 of the Commissioner of Local Government. However, a monthly allowance of Rs.5,175 had been paid.

2:4 Operating Inefficiencies

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- (a) Action had not been taken in terms of Financial Regulation 571(3) of the Republic of Sri Lanka with regard to lapsed deposits totalling Rs.2,255,344 lying in the Deposit Account as at 31 December 2011.
 - (b) There were long delays in preparing bank reconciliations relating to 3 bank accounts.
 - (c) A sum of Rs.373,567 had been paid on 12 July 2011 to an approved society which carried out the development work of the Badagiriya week end fair premises.

Though the facilities required for conducting the week end fair had been fulfilled, action had not been taken to make use of it, even as at 16 February 2012.

- (d) The unsettled advances as at 31 December 2011 amounted to Rs.93,208.
- (e) The Sabha had not taken action to carry out a field inspection to confirm that the construction of buildings approved had been done according to the plan and to issue compliance certificates accordingly.

2:5 Corporate Plan and Action Plan

The Pradeshiya Sabha had not prepared a corporate plan and an action plan.

2:6 Internal Audit

Adequate internal audit had not been carried out at the institution.

3. Systems and Controls

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

- (a) Accounting
- (b) Revenue Administration
- (c) Assets Management
- (d) Control over Vehicles
- (e) Human Resources Management