

Badulla Municipal Council

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Badulla District  
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1. Financial Statements

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1:1 Presentation of Financial Statements  
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The financial statements for the year under review had not been presented for audit even by 01 July 2013 and the financial statements for the preceding year had been presented for audit on 27 March 2013.

1:2 Comments on Transactions and Performance

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1:2:1 Unanswered Audit Queries  
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Replies to 12 audit queries had not been furnished even by 27 May 2013.

2. Financial and Operating Review

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2:1 Revenue Administration  
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2:1:1 Estimated Revenue, Actual Revenue and Arrears of Revenue  
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The information on the estimated revenue, the actual revenue and the arrears of revenue relating to the year under review presented by the Mayor is given below.

	Source of Revenue	Estimated Revenue	Actual	Cumulative Arrears as at 31 December
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		Rs.'000	Rs.'000	Rs.'000
(i)	Rates and Taxes	17,838	20,059	35,598
(ii)	Lease Rents	22,812	25,850	14,939
(iii)	Licence Fees	6,710	6,594	115
(iv)	Other Revenue	21,678	15,997	5,680
2:1:2	Lease Rents			
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- (b) In view of the supply of materials by the suppliers before placing orders, an excess stock 22.02 cubes of 1 ½ inch metal valued at Rs.143,130 remained as at 30 January 2013 in the stores yard.

2:4 Contract Administration  
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- (a) The Council had entered into agreements valued at Rs.4,842,359 with 03 Rural Development Societies under three stages for the construction of an abattoir. An examination of the constructions carried out on 30 January 2013 revealed that a wall had been constructed covering the 19.56 metres of galvanized iron pipes installed in the shed for herding animals. As such the payment of Rs.25,135 made for 19.56 metres of galvanized iron pipes had become fruitless.
- (b) The Council had not obtained an environmental permit for the abattoir constructed in terms of the Urban Development Authority Act, No. 41 of 1978.

2:5 Operating Inefficiencies  
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- (a) The advances amounting to Rs.3,086,261 granted by the Council in 50 instances from the year 1998 to various parties had not been settled even by 31 December 2012.
- (b) According to the lease agreements for leasing of the official quarters of the Council, the quarters should be handed back within 03 months after the transfer of the officer. Even though periods exceeding 03 years had elapsed after the transfer of three other officers, the quarters had not been handed back to the Council. As the Council did not maintain a Register of Rent of Quarters, it was not possible to ascertain whether the rent had been recovered from those officers. In addition, three officers are in occupation of official quarters for more than 05 years. Action in terms of the provisions in the Government Quarters (Recovery of Possession of Government Quarters) Act, No. 7 of 1969 as amended by the Amendment Act, No. 3 of 1971 and the Amendment Act, No. 40 of 1974 had not been taken for the takeover of the quarters by the Council.
- (c) In view of the non-payments of the contributions relating to the casual/ substitute employees of the Health Services of the Council from July 2010 to June 2011 in



3. Systems and Controls  
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Special attention of the Council is drawn to the following areas of systems and controls.

- (a) Accounting
- (b) Budgetary Control
- (c) Revenue Administration
- (d) Contract Administration