

Haputale Urban 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 been presented for audit on 02 May 2013 and the financial statements for the preceding year had been presented on 14 March 2012. The Report of the Auditor General for the year under review was furnished to the Chairman of the Council on 09 July 2013.

1:2 Opinion  
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In view of the comments and observations appearing in my report. I do not express an opinion on the financial statements of the Haputale Urban Council for the year ended 31 December 2012 presented for audit.

1:3 Comments on Financial Statements  
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1:3:1 Accounting Deficiencies  
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- (a) The value of the multipurpose building and the modern lavatory of the Haputale Town constructed in the year under review amounting to Rs.56,022,898 and Rs.1,001,418 respectively and 21 properties the value of which had not been assessed had been omitted in the financial statements.
- (b) Provision had not been made under the creditors in respect of the interest amounting to Rs.1,706,842 payable during the grace period on the loan obtained from the Local Loans and Development Fund for the construction of the multipurpose building.
- (c) Provision had not been made under the creditors as at 31 December of the year under review for the payment of the Council share of the final payment amounting to Rs.598,301 for the construction of the multipurpose building.





2:2:4 Other Revenue

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Action had not been taken in terms of Section 164 of the Urban Councils Ordinance (Cap. 255) for making by-laws for the recovery of 1 per cent charge from the receipts of the preceding year from 02 hotels/lodges in the area of authority of the Council registered in the Sri Lanka Tourism Development Authority for the purposes of the Tourism Act, No. 38 of 2005.

2:2:5 Licence Fees

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Out of the arrears of licence fees amounting to Rs.73,545 as at 31 December of the preceding year a sum of Rs.6,300 only had been recovered in the year under review and that represented a very low value of 9.2 per cent.

2:2:6 Courts Fines and Employees

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Moneys receivable as at 31 December 2012 from the Chief Secretary of the Provincial Council and other authorities are given below.

	Rs.
(i) Courts Fines	50,000
(ii) Stamp Fees	644,170

2:3 Idle and Underutilized Physical Resources

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A Rumanian Model Road roller valued at about Rs.300,000 belonging to the Council had been retained idle in the Council premises since the year 2007.

2:4 Irregular Transactions

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Even though construction materials valued at Rs.240,862 had been purchased in 04 instances in December 2012, those had not been recorded in the stock books in terms of



- (b) Action in terms of Financial Regulation 189(g) of the Republic of Sri Lanka had not been taken for the recovery of cash for the 05 cheques valued at Rs.33,976 received as revenue to the Council during the years 1998 to 2003 but dishonoured.
- (c) Advances amounting to Rs.318,337 granted by the Council to various parties during the years 1997 to 2012 had not been settled in terms of Financial Regulation 371 of the Republic of Sri Lanka.
- (d) The Environmental Permit in respect of the year 2012 that should be obtained in terms of the National Environmental Act, No. 47 of 1980 as amended by the Amendment Acts, No. 56 of 1988 and No. 53 of 2000 had not been obtained for the abattoir belonging to the Council.

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) Revenue Administration
- (c) Budgetary Control
- (d) Contract Administration