

Katuwana Pradeshiya Sabha

Hambantota District

1. Financial Statements

1:1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 02 April 2013 and the financial statements for the preceding year had been presented on 02 April 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 31 July 2013.

1:2 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me. I am of opinion that the Katuwana Pradeshiya Sabha had maintained proper accounting records for the year ended 31 December 2012 and except for the effects on the financial statements of the matters referred to in my report, the financial statements have been prepared in accordance with Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Katuwana Pradeshiya Sabha as at 31 December 2012 and the financial results of its operation and cash flows for the year then ended.

1:3 Comments on Financial Statements

1:3:1 Accounting Deficiencies

The following observations are made.

- (a) The capital receipts of Rs.20,339,183 receivable on behalf of 39 projects implemented during the year under review had not been accounted for.
- (b) A sum of Rs.29,198,156 was payable on behalf of 50 jobs for which payments had not been made although bills had been furnished as at end of the year under

The Sabha had not taken action to assess and recover the rates and taxes in terms of provisions in Section 134(1) of the Pradeshiya Sabha Act, No.15 of 1987.

2:2:3 Lease Rent

The following observations are made.

- (a) Action had not been taken to call for tender and given on lease the public markets belonging to the Sabha at Middeniya, Katuwana, Kirama, Karametiya, Warapitiya, Udagomadiya and Alupothdeniya in terms of 1988 Pradeshiya Sabha (Finance and Administrative) Rules 177 and 178.
- (b) The arrears of stall rent as at end of the year under review was Rs.818,065. Action had not been taken to recover this in terms of Section 159(1) of the Pradeshiya Sabha Act, No. 15 of 1987. Out of the arrears of rent, as at 19 July 2013, a sum of Rs.149,675 had been recovered.

2:2:4 Water Charges

The arrears of water charges as at end of the year under review was Rs.4,737,232. Adequate action had not been taken to recover this. The Chairman had informed me that out of this amount a sum of Rs.1,420,013 had been recovered by 19 July 2013.

2:2:5 Court Fines and Stamp Fees

Court fines amounting to Rs.2,019,873 and stamp fees amounting to Rs.3,732,081 were due from the Chief Secretary of the Provincial Council and other authorities as at 31 December 2012. The Chairman had informed me that out of this amount Rs.516,340 and Rs.2,699,540 respectively had been recovered as at 19 July 2013.

2:3 Idle and Underutilized Assets

the office of the Commissioner of Local Government. The amount not reimbursed so as at 31 December 2012 was Rs.969,280.

- (c) Action had not been taken upto 8 May 2013 to settle the advance of Rs.20,000 paid on 11 March 2011 for the opening ceremony of the Kirama new Market on 14 March 2011.
- (d) There were 15 surplus employees relating to 4 posts and 16 shortage of employees relating to 9 posts in the approved carder of the Sabha.

03. Systems and Controls

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

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