

Talawakele Lindula Urban Council - 2013

Nuwaraeliya District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to Audit on 28 February 2014 while Financial Statements relating to the preceding year had been submitted on 28 February 2013. The Auditor General's Report relating to the year under review was sent to the Chairman on 21 October 2014.

1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in paragraph 1.3 of this report, financial statements give a true and fair view of the financial position of the Talawakele Lindula Urban Council as at 31 December 2013 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Comments on Financial Statements

1.3.1 Non-compliance with Sri Lanka Public Sector Accounting Standards

The financial statements submitted for the year under review had not been prepared in accordance with the Sri Lanka Public Sector Accounting Standards.

1.3.2 Accounting Deficiencies

Four hundred and thirty two items of the new building had not been legally vested and assets therein had not been accounted as at the end of the year under review.

1.3.3 Accounts Receivable

The total of the balances of accounts receivable as at 31 December 2013 was Rs.45,129,834. Out of that, the total of the balances that had elapsed more than one year was Rs.2,141,162, while a sum of Rs.78,797 in that were balances that had elapsed more than 10 years.

1.3.4 Accounts Payable

The value of balances of Accounts Payable that had exceeded more than a period of 01 year as at 31 December 2013 was Rs.5,449,038.

1.3.5 Lack of evidence for audit

Transactions totalling Rs.117,231 could not be satisfactorily vouched or accepted in audit due to non-submission of required information.

1.3.6 Non-compliance with Laws, Rules, Regulations etc.

Action had not been taken in terms of Financial Regulation 571 of the Republic of Sri Lanka to clear deposits valued at Rs. 322,919 that had exceeded 02 years after date of deposit.

2. Financial Review

2.1 Financial Results

According to the Financial Statements presented, excess of revenue over recurrent expenditure for the year ended 31 December 2013 amounted to Rs.5,085,826 as compared with corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.5,696,552, indicating a decrease of the surplus in a sum of Rs.610,726.

2.2 Revenue Administration

2.2.1 Performance in Revenue Collection

Revenue Item	Arrears as at 01.01 2003	Recovery out of arrears as at 01.01.2013	Billings during the year 2013	Recoveries out of billings during the Year	Arrears as at 01.012013	Arrears as at 31 December 2013	
	Rs.	Rs.	Rs.	Rs.	Rs.	Out of billings during the year	Total Arrears
						Rs.	Rs.
Rates	2,399,161	702,350	6,442,518	4,126,396	1,696,811	2,316,122	4,012,933
Lease Rent	488,869	37,447	3,066,677	3,026,228	451,422	40,449	491,871

2.2.2 Rates

Action in terms of Section 170 of the Urban Councils Ordinance had not been taken to recover the balance of Rates amounting to Rs. 2,375,104 outstanding to be recovered as at 30 May 2014 out of the balance of Rates amounting to Rs.4,012,933 as at 31 December 2013.

2.2.3 Court Fines and Stamp Fees

Amounts receivable from the Chief Secretary to the Provincial Council and other authorities as at 31 December 2013 are shown below.

	Rs.
Court Fines	100,834
Stamp Fees	82,500

3. Operating Review

3.1 Idle and Under-utilized Physical Assets

Although a period of 07 years have elapsed after purchasing the Garbage Cutting Agro Tech Multi Chopper Machine during the year 2006 for a sum of Rs.131,450, it had been kept idle without being used up to 31 December 2013.

3.2 Contracts Administration

(a.) **Construction of Shopping Complex**

Construction Project of Shopping Complex in Wanigasekara Place for a total cost estimate of Rs.15,000,000 under 08 stages had been entrusted to a society in the area having planned to commence work on 20 July 2013 and to hand over on 20 March 2014 after completion, without following a proper procurement methodology by the Urban Council. However, work had not been completed even as at 31 May 2014.

(b.) **Delays in Implementation of Projects**

Long delays in implementation of projects were observed.

3.3 Solid Waste Management

While a proper methodology had not been followed for solid waste management, disposal of garbage had been carried on in a manner harmful to the environment.

3.4 Surcharges

According to the surcharges imposed by me, against the parties responsible in terms of Section 182 (1) of the Urban Councils Ordinance (Chapter 255), the value of surcharges outstanding to be recovered as at 31 December 2013 amounted to Rs.7,867.

4. Accountability and Good Governance

4.1 Budgetary Control

According to the Budget prepared for the year under review, when estimated revenue and expenditure compared with the actual revenue and expenditure, variations in a range from 8 to 108 percent in 07 items of revenue and 41 to 119 percent in 07 items of expenditure were observed. Therefore it was observed that the Budget had not been made use of as an effective tool of management.

5. Systems and Controls

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

- (a.) Accounting
- (b.) Internal Control
- (c.) Revenue Administration
- (d.) Debtors and Creditors Control
- (e.) Assets Management