

Bandarawela Municipal Council

Badulla District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to Audit on 31 March 2015 while Financial Statements relating to the preceding year had been submitted on 24 March 2014. The Auditor General's Report relating to the year under review was sent to the Mayor of the Municipal Council on 04 June 2015.

1.2 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 Bandarawela Municipal Council as at 31 December 2014 and its financial performance for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

- (a.) Value of 10 Mobile Booths amounting to Rs. 265,000 provided to the Council under the provisions of the Ministry of Local Government and Provincial Councils had not been accounted. Due to that, value of Fixed Assets and the balance of the Contribution from Revenue to Capital Outlay Account as at 31 December of the year under review had been understated at the rate of Rs.265,000.
- (b.) The Interest Income of Rs. 554,385 relevant to the year under review in respect of the Time Deposit Account No. 037-2-001-6-0019583 maintained in the Bandarawela Peoples' Bank had not been accounted. Due to that, surplus for the year under review and the value of Cash and Cash Equivalents balance as at 31 December 2014 of the year under review had been understated at the rate of Rs.554,385.

- (c.) Stamp Fees Revenue amounting to Rs. 7,576,443 relevant to the preceding year had been accounted as revenue for the year under review. Due to that, surplus for the year under review had been overstated in a sum of Rs.7,576,443.
- (d.) Although the completed value of the concreting work of the Bindunawewa Badulugasthanna Road implemented under Speedy Special Rural Travel Programme – 2014 was Rs. 478,096, provisions amounting to Rs. 500,000 had been made under Work Debtors and Work Creditors as at 31 December 2014. Due to that, Work Debtors and Work Creditors had been overstated at the rate of Rs. 21,904 in the financial statements.
- (e.) Although the amount payable as at 31 December of the year under review relevant to construction work of the bath room of the Inikambedda Community Centre was Rs. 161,178, a provision of Rs. 311,332 had been made under Creditors. Due to that, surplus for the year had been understated in a sum of Rs. 149,554, while the value of Creditors as at 31 December 2014 had been overstated to that extent in the financial statements.
- (f.) Interest payable for the period from 01 October 2006 to 31 December 2013 amounting to Rs.2,216,268 and Rs. Rs. 237,732 relevant to the year under review for the loan obtained from the Local Loans and Development Fund for Improvement of Drainage System Work had not been accounted. Due to that, the balance of the Creditors Account as at 31 December 2014 had been understated in a sum of Rs. 2,454,000 while the balance of the Accumulated Fund Account had been overstated to that extent in the financial statements.

1.3.2 Non-reconciled Control Accounts

Although the balance relevant to one item of account according to the control account and the subsidiary registers was Rs. 2,828,817, according to the financial statements that balance was Rs. 11,129,692 and difference of Rs. 8,300,875 was observed accordingly.

1.3.3 Accounts Receivable and Payable

According to the financial statements presented, the value of Accounts Receivable as at 31 December of the year under review had been Rs. 107,385,894 while the value of Accounts Payable as at that date amounted to Rs. 87,251,857.

1.3.4 Lack of Evidence for Audit

Transactions totalling Rs. 153,046,882 could not be satisfactorily vouched in audit due to non-submission of required Information to Audit.

1.3.5 Non-compliance with Laws, Rules and Regulations

The Technical Officer of the Council had certified vouchers valued at Rs.11,152,388 in 23 instances without delegation of financial authority, contrary to the provisions in the Financial Regulation 138 of the Republic of Sri Lanka.

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 2014 amounted to Rs. 35,355, 602 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.33,540,553. Accordingly, a favorable variance of Rs.1,815,049 was observed.

2.2 Court Fines and Stamp Fees

Court fines and stamp fees receivable as at 31 December 2014 from the Chief Secretary of the Provincial Council and other authorities are shown below.

	Rs.
Court Fines	60,250
Stamp Fees	1,322,000

	1,382,250
	=====

3. Operational Review

3.1 Operational Inefficiencies

Two hundred and fifty eight liters of diesel issued in 04 instances, valued at Rs.31,295 had not been recorded in the running charts.

3.2 Idle/Under-utilized Assets

Following assets belong to the Council had been kept in the Council yard without taking action to repair and use or disposal.

- (i.) Kubota Hand Tractor No. 74-4315
- (ii.) Massy Ferguson Tractor 49-8519
- (iii.) Gully Bowser 48-4128

3. Systems and Controls

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

- (a.) Accounting
- (b.) Stores Control