

Batticaloa Municipal Council

Batticaloa district

1. Financial Statements

1.1 Presentation of Financial Statements

The Financial Statements for the year 2016 had been submitted to Audit on 22 March 2017 while the Financial Statements relating to the preceding year had been submitted on 29 March 2016. Report of the Auditor General relating to the year 2016 had been furnished to the Munciple Commissioner on 30 October 2017.

1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in paragraph 1.3 of this report, the financial statements give a true and fair view of the financial position of the Batticaloa Municipal Council as at 31 December 2016 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 Accounting Deficiencies

Pension contribution amounting to Rs. 28,799,619 payable to the Department of Pensions as at 31 December 2016 in respect of the employees of the Local Government had not been brought to accounts.

2. Financial Review

2.1 Financial Results

According to the Financial Statements presented, the excess of Revenue over Recurrent Expenditure for the year ended 31 December 2016 had amounted to Rs. 105,689,284 as compared with the corresponding the excess of Revenue over Recurrent Expenditure for the previous year amounted to Rs. 110,729,563.

2.2 Revenue Management

2.2.1 Estimated Revenue, Actual Revenue and Revenue in Arrears

According to the information furnished by the Municipal Council, the details of Estimated Revenue and Actual Revenue for the year 2016 and the Revenue in Arrears as at the end of the year are given below.

Item of Revenue	Estimated Revenue	Actual Revenue	Accumulated Revenue in Arrears as at 31 December 2016
	Rs.	Rs.	Rs.
Taxes	20,723,359	20,795,676	21,765,402
Advertisement Charges	3,284,642	4,386,397	1,178,878
Trade License	9,256,600	10,112,864	2,036,788
Slaughter house Charges	31,939	36,980	12,133
Shop lease	15,603,004	19,288,037	6,710,186
Entertainment Tax	1,367,641	1,395,155	917,927
Quarters Rent	98,554	98,554	326,350
Shop Rent	2,708,230	2,412,908	1,311,296
Market shop Rent	3,139,500	3,162,263	949,033
Rest House Rent	468,000	390,000	893,823

3. Operating Review

3.1 Management Inefficiencies

Action had not been taken to recover the loan balances amounting to Rs. 10,057 as at 31 December 2016 recoverable from 03 employees who had been dead.

4. Accountability and Good Governance

4.1 Unresolved Audit Paragraphs

Reference is given below regarding the unresolved audit paragraphs containing the irregularities and deficiencies indicated in the Auditor General's Reports relating to the Council.

Reference to the Report		Item included
Year	No. of Paragraph	
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2015	2.2.2 (a)	Not writing off the cost of a bowser from books which had been lost.
2015	3.2.2	Action not taken to recover the Property Taxes.
2015	3.2.3	Action not taken to recover the Rest House Rent receivable from three Government Institutions.
2015	4.1 (b)	Action not taken to recover the Loan balances from 05 employees who had retired.
2015	4.1 (c)	Action not taken to recover the Loan balances from 06 employees who had vacated their posts.
2015	4.2 (b)	Action not taken on the fraudulent activity of changing the ownership of five lands by the former Commissioner which had been acquired for Public usage at the time of the subdivision of private lands.
2015	4.4 (a)	Action not taken on the environmental pollution due to the construction of solid waste collecting centre near dwelling places.

4.2 . Systems and Controls

Special attention is required in respect of the following items of systems and controls.

Controls	Items that need special attention
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(a) Revenue Management	Taking action to recover the Revenue in arrears.
(b) Control of Fixed Assets	i. Maintenance of Fixed Assets register. ii. Taking action regarding the idle assets.
(c) Revenue Management	Recovery of Arrears of revenue