

## **Kattankudy Urban 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 31 March 2017 while the Financial Statements relating to the preceding year had been submitted on 03 March 2016. Report of the Auditor General relating to the year 2016 had been furnished to the Secretary of the Council on 30 August 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 Kattankudy Urban 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 Non -compliance with Laws, Rules, Regulations and Management Decisions.**

Action had not been taken to publish the summary of the Financial Statements for the year 2015 in the Government Gazette before 01 March of the following year in terms of Section 177(2) Chapter 255 of the Urban Council Ordinance.

#### **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. 8,092,846 as compared with the corresponding the excess of Revenue over Recurrent Expenditure for the previous year amounted to Rs. 17,128,498.

##### **2.2 Revenue Management**

###### **2.2.1 Rates**

Rates in arrears amounting to Rs. 6,358,166 as at 31 December 2016 had not been recovered until 30 June 2017.

### 3. Operating Review

-----

#### 3.1 Solid Waste Management

-----

Although a building had been constructed at a cost of Rs. 8,394,228 during the year 2015 under Pilisaru Project fund for solid waste recycling activities, the solid waste being collected by the Council is dumped at the river bank within the boundaries of the Council. The environment is greatly polluted by this activity. However, any constructive action had not been taken by the Council.

### 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	
-----	-----	-----
2015	2.2.3	Action not taken to settle Rs. 6,642,880 payable to the Water Supply and Drainage Board.
2015	4.1 (c)	Action not taken to recover the advance amounting to Rs. 2,399,352 granted to the Ceylon Electricity Board
2015	4.1 (b)	Action not taken to recover the Loan balances amounting to Rs. 35,376 receivable two retired employees.

### 5 . Systems and Controls

-----

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

Controls	Items that need special attention
-----	-----
(a) Solid Waste Management	Taking action to recycle the solid waste.
(b) Control of Fixed Assets	i. Maintenance of Fixed Assets register. ii. Taking action to utilize the idle assets.
(c) Revenue Management	Recovery of Arrears of revenue