

Koralaipattu West Pradeshiya Sabha

Batticaloa district

1. Financial Statements

1.1 Presentation of Financial Statements

The Financial Statements for the year 2016 had been submitted to Audit on 05 May 2017 while the Financial Statements relating to the preceding year had been submitted on 08 June 2016. Report of the Auditor General relating to the year 2016 had been furnished to the Secretary of the Sabha on 12 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 Koralaipattu West Pradeshiya Sabha 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. Lack of Documentary Evidence

Evidence indicated against the following each item of accounts had not been furnished to audit.

<u>Item</u>	<u>Value</u>	<u>Lack of Evidence</u>
	Rs.	
Lands and Buildings	35,936,292	Title Deed
Plant and Machineries	786,500	
		Register of Fixed Assets
Furniture and Fittings	1,971,105	

1.3.2. Non-compliance with Laws, Rules, Regulations, Management Decisions Etc.

Action had not been taken on Lapsed Deposits of over 03 years amounting to Rs. 8,148,122 to settle or take into Revenue according to Financial Regulation 571 of the Democratic Socialist Republic of Sri Lanka.

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. 899,694 as compared with the corresponding the excess of Revenue over Recurrent Expenditure for the previous year amounted to Rs. 3,075,190.

2.2 Revenue Management

2.2.1 Court Fines

Action had not been taken to recover the Court Fines amounting to Rs. 4,633,368 outstanding as at 31 December 2016.

3. Operating Review

3.1 Management Inefficiencies

- (a) Concreting the roads and construction of drainages that had to be carried out from the fund allocation of Ministry of Provincial Councils and Local Government and to be completed before 31 December 2016 had not been commenced even as at 24 June 2017. However, fund amounting to Rs. 4,136,144 had been obtained from the Ministry on 31 December 2016, certifying by the Technical Officer that the work had been satisfactorily completed.
- (b) It was stipulated in the Finance Commission circular No.2016/01 dated 30 December 2015 that with the view of enhancing the efficient utilisation of Public Fund, temporary road constructions such as gravelling the roads should be avoided except carpeting, concreting and tarring for long term usage under the fund allocation for Provincial development projects. However, 19 roads had been gravelled during the year under review at a cost of Rs. 661,725 contrary to the circular instructions.

3.3 Human Resource Management

The following were observed.

- (a) According to Public Administration circular No. 25/2014 dated 12 November 2014, when employees are recruited on casual and contract basis the prior authorisation of the Department of Management Services and the approval for provision of funds should be obtained. However, 21 employees had been recruited during the years 2015 and 2016 without obtaining the prior authorisation and approval.

- (b) According to circular No. 02/2011 dated 24 February 2011 of the Department of Pensions, employees and employer should contribute 8 percent and 12 percent of the salary respectively to the Public Service Provident Fund for casual and temporary employees. However, the contribution had not been remitted to the Fund during the years 2015 and 2016 in respect of 21 employees.

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 Sabah.

Reference to the Report		Item included
Year	No. of Paragraph	-----
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2015	2.2.4 (a)	Non recovery of security money from the relevant employees
2015	4.1 (e)	Action not taken to recover the Tax receivable from Paper Factory, Valaichenai.
2015	4.1 (f)	Action not taken to the loan balances amounting to Rs. 59,416 receivable from 06 employees who went on retirement, transfer or vacated their posts.
2015	4.2 (b)	Action not taken to utilize the tractors that were idling.

5. 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	(a) Maintaining the Fixed Assets Registers. Taking action to utilize the idle assets
	(b)