

## **Manmunai South West Pradeshiya Sabha -2017**

### **Batticaloa District**

#### **1. Financial Statements**

##### **1.1 Presentation of Financial Statements**

The financial statements for the year 2017 had been submitted to audit on 28 March 2018 and the report of the Auditor General on the financial statements had been forwarded to the Chairman of the Sabha on 13 September 2018.

##### **1.2 Qualified Opinion**

In my opinion, except for the effects 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 Manmunai South West Pradeshiya Sabha as at 31 December 2017 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**

The following Accounting deficiencies were observed.

- (a) Rs.17,519,397 had been spent through various sources of funds for the construction of roads and public playground. It had been credited to fixed assets account instead of crediting material cost account.
- (b) A Garbage Reservation Centre had been constructed by spending Rs.397,853 at Mavadi Munmari. Instead of crediting the asset account and debiting capital account it had been credited and debited through the deposit account. As a result the Capital expenditure account and the asset account had been under stated by Rs.397,853.

###### **1.3.2 Non-compliance with Laws, Rules, Regulations and Management Decisions**

Instances of non-compliances with laws, rules, and regulations during the audit were observed below.

**Reference to Laws, Rules,  
Regulations etc.**

**Non-compliance**

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| (a) 1988 Pradeshiya Sabha (Financial and Administration) Rules |  |
| (i) Chapter X of Section 193                                   | Actual annual Income and Expenditure details for the year, compared to the Budget and explanation of contradiction statement had not been prepared and furnished to Audit.   |
| (ii) Chapter X of Section 197                                  | Consumer Repository Record had not been checked and signed at the end of each month by the Secretary.  |
| (iii) Chapter X of Section 198                                 | No separate list of books had been kept.   |
| (b) Financial Regulation 1645 and 1646                         | The daily running charts with the monthly performance summaries of Sabha's vehicle should be submitted to the Auditor General on 15th of the following month but the running charts and monthly performance summaries of Sabha's vehicles had not been submitted to the Auditor General. |
| (c) Treasury Circular No. No.01/2012 dated 05 January 2012.    | The provisions of this section had not been taken into consideration, when selecting an approved association for works such as construction of concrete road, renovation of playground and garbage disposal centre worth Rs.2,520,668.   |

**2. Financial Review**

**2.1 Financial Results**

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According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2017 amounted to Rs. 2,410,502 as compared to this the excess of revenue over recurrent expenditure for the previous year amounted Rs. 6,604,178 thus indicating a deterioration of Rs.4,193,676 in the financial results.

### **3. Performance Review**

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#### **3.1 Sustainable Development Goals**

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According to resolutions at the 2015 Sustainable Development conference chaired by the Head of States of United Nations, no action had been taken to develop measurable indicators for the development Agenda to be achieved by the Sabha by 2030.

#### **3.2 Management Inefficiency**

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A motor grader manufactured in 2014 was handed over on 25 February 2015 a workman was hired as the driver of the vehicle on 31 December 2015 without the appointment of an instructor who could operate the machine. As well as the engine of this machine had been damaged since 6 December 2016.

#### **3.3 Human Resources Management**

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Even though, approved cadre for Driver and Librarian posts were 4 and 2 respectively, one person only had been appointed to the post of driver from the year under review. Therefore, no action had been taken to fulfil the posts.

#### **3.4 Contact Administration**

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The following observations are made.

- (a) The parking place for the temple festival had been given to Pattippalai Divisional Secretariat Welfare Society in 2016 and 2017 for Rs.70,100 and Rs.73,604 respectively contrary to the procurement procedure. Rs.521,550 had been earned as per the receipts sold in 2017 by this Association. As well as the rubber stamp of the sabha had not been inscribed on the receipts issued for the security division of vehicle parking. There of this service was carried out by the sabha, Rs.521,550 could have been earned an income or they may have offered this service to the devotees by lowering the fee.
- (b) Totally Rs. 5,993,786 had been paid to National Water Supply and Drainage Board for provision of water supply service to the People of Bandasiyaweli, Katchenai, Mavadi Munmari area in 2016 and 2017. But still water had not been provided to the people of the area.

**4. Systems and Controls**

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

<b>Controls</b>	<b>Items that need special attention</b>
(a) Accounting	Ledger accounts should be updated and maintained properly.
(b) Preparation of Budget	Relevant subjects should be analyzed and consider While prepare the budget
(c) Revenue Management	Should be identified of revenue sources and to be taken necessary action to collect the same.