

## **Akkaraipattu Municipal Council**

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**Ampara District**  
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### **1. Financial Statements**

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

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Financial Statements for the year under review had been submitted to Audit on 31 March 2014 while Financial Statements relating to the preceding year had been submitted on 05 August 2013. The Auditor General's Report relating to the year under review was sent to the Mayor of the Council on 24 December 2014.

#### **1.2 Qualified Opinion**

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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 Akkaraipattu Municipal Council as at 31 December 2013 and its financial performance for the year then ended in accordance with Generally accepted accounting Principles

#### **1.3 Comments on Financial Statements**

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##### **1.3.1 Non- compliance with Sri Lanka Public Sector Accounting Standards**

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Financial Statements had not been prepared according to Public Sector Accounting Standards of Sri Lanka as per Circular No.PL/05/PA/SFPSAS dated 27 January 2014 of the Secretary to the Minister of Local Government and Provincial Councils.

### 1.3.2 Accounts Receivable and Payable

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Following matters were observed.

- (a) The sum of Rs. 175,712 paid to a certain officer for a foreign tour during the year under review had not been settled.
- (b) Action had not been taken up to 22 April 2014 to recover loan balances totalling Rs. 24,063 due from 05 officers left on transfers, from the relevant institutions.

### 1.3.3 Non –compliances with Laws, Rules, Regulations and Management Decisions

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Non-compliances with the following laws, rules, regulations and Management Decisions were observed.

**Reference to laws, rules, regulations etc.**

**Non-compliance**

- | <b>Reference to laws, rules, regulations etc.</b>   | <b>Non-compliance</b>  |
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| <p>(a.) Part “a” of the Extra Ordinary Gazette Notification No. 1553/16(II) dated 25 January 2008 of the Ministry of Forests and Natural Resources in terms of Section 23(a) of the National Environmental Act No.47 of 1980.</p> | <p>- Environmental Protection Permits had not been obtained for the slaughterhouse belongs to the Municipal Council.</p>   |
| <p>(b.) <u>Financial Regulations of the Democratic Socialist Republic of Sri Lanka 1992</u></p> <p>(i.) F.R. 571 (2)</p>  | <p>- Action had not been in terms of the provisions, with regard to 102 Deposits totalling Rs.7,336,860 which had elapsed 02 years from the date of deposit.</p> |

- (ii.) F.R. 1646 - Although the daily running charts should be furnished to the Auditor General before 15 of the ensuing month after the relevant month, running charts relevant to 27 vehicles for the period from the year 2009 to 2013 had not been furnished to audit up to 20 April 2014.
- (c.) Financial Regulation 477.2 of the Eastern Provincial Council - Course of action taken with regard to the shortage of 12 Office Equipment and 05 Machinery and Equipment pointed out in the Board of Survey Report for the Year 2010 had not been disclosed to the audit.

**2. Financial Review**  
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**2.1 Financial Result**  
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According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Council for the year ended 31 December 2013 had been Rs. 12,545,325 as against the excess of recurrent expenditure over revenue amounted to Rs. 670,522 in the preceding year indicating an improvement of Rs. 13,215,847 in the financial result.

**2.2 Revenue Administration**  
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**2.2.1 Court Fines and Stamp Fees**  
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Following matters were observed.

- (a) Necessary action had not been taken to get the Court Fines amounting to Rs.843,950 due from the Chief Secretary to the Eastern Provincial Council as at 31 December 2013.
- (b) Necessary action had not been taken to get the Stamp Fees amounting to Rs.1,791,537 due from the Registrar General as at 31 December 2013.

### **2.2.2 Other Revenue**

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Following observations are made.

- (a) A revenue of Rs.125,000 to be recovered to the Council for the year under review connected with 02 Publicity Advisement Boards placed by private institutions for advertising their trading goods in the area of authority of the Council and 04 Telecommunication Towers erected by a Telecommunication Institute, had been lost due to non-enforcement of by-laws for collection of revenue by the Council.
- (b) Action had not been taken up to 22 April 2014 to recover Beef Stalls Lease Rent amounting to Rs.3,159,412 in arrears relevant to the period from 2007 to 2012 or to write-off.

## **3. Operating Review**

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### **3.1 Management Inefficiencies**

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Following observations are made.

- (a) Action had not been taken to remit Value added Tax amounting to Rs.696,669 recovered from the contractors during the period from the year 2010 to end of the year 2012, to the Commissioner General of Inland Revenue up to 22 April 2014.
- (b) Action had not been taken to get back 52 books valued at Rs.6,601 issued to the members from the Public Library of the Municipal Council during the period from the year 2010 to end of the year under review.

- (c) The sum of Rs.1,412 paid to the employees for election duties from the Council Fund had not been got reimbursed from the Department of Elections.
- (d) Although a sum of Rs.193,502 had been paid as Interest Payments during the period reviewed, there were no budgetary provisions for that.

#### **4. Accountability and Good Governance**

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##### **4.1 Internal Audit**

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Although it had been stated that, each Local Authority should establish an Internal Audit Section according to their capacity, vide clause 8 in Local Government Restructure Circular No. 3 dated 08 November 2005 of the Ministry of Provincial Councils and Local Government, an Internal Audit Section had not been established.

#### **5. Systems and Controls**

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

- (a) Accounting
- (b) Revenue Administration
- (c) Assets Management