

Mannar Pradeshiya Sabha
Mannar District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been submitted to audit on 31 March 2016 and the financial statements for the preceding year had been submitted on 24 March 2015. The report of the Auditor General for the year under review was issued to the Secretary of the Sabha on 24 January 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 Mannar Pradeshiya Sabha as at 31 December 2015 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 Policies

The financial statements had not been prepared in compliance with the Public Sector Accounting Standards in terms of circular No. PL/05/PA/SFPSAS dated 27 January 2014 of the Secretary to the Ministry of Local Government and Provincial Councils.

1.3.2 Accounting Deficiencies

19 items of Revenue and expenditure aggregating to Rs. 630,718 had been erroneously classified in the financial statements for the year under review.

1.3.3 Payables

Action had not been take to settle 02 items of expenditure aggregating to Rs. 883,329 outstanding in respect of year under review.

1.3.4 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the following laws, rules and regulations were observed in audit.

**Reference to Laws, Rules, Regulations
and Management decision etc.**

Non – Compliances

(A) 1988 Financial Management Rules of Pradeshiya Sabha's Rule Number 5(xii)	Security money had not been obtained from the officer who is responsible for cash and store.
(B) Pradeshiya Sabha Act No.15 of the year 1987	
i) Section 126	Sabha had failed to formulate by laws to recover incomes from telecommunication towers .
ii) Section 150(1)	A schedule in respect of trade License had not been prepared.
(C) Financial Regulation of Democratic Socialist Republic of Srilanka	
i) Financial Regulation 371(2),(5)	Sub imprest of Rs 175,000 had been settled by considerable period of delay
ii) Financial Regulation 571	Action had not been taken on lapsed deposit aggregating to Rs. 891,804.

2. Financial Review

2.1 Financial Result

According to the Financial statement presented, operations of the Sabha for the year ended 31 December 2015 had resulted revenue over recurrent expenditure of Rs. 4,340,703 as compared with the corresponding revenue over recurrent expenditure of Rs. 2,083,000 for the preceding year, thus indicating an improvement of Rs. 2,257,703 in financial results. The main reasons for improvements were increases in recurrent grants and recurrent revenues for the Sabha.

2.2 Revenue Management

2.2.1 Performance of Revenue Collection

Difference of Rs. 1,056,122 had been observed between the estimated revenue and the actual revenue for the year under review.

2.2.2 Rents

Meaningful action had not been taken by the Sabha to recover arrears of income Rs. 969,485 from the market stall and meat stall of 03 sub Offices within the area of the Sabha.

2.2.3 Other Income

Tax on 05 telecommunication towers erected in the are of sabha amounting to Rs.105,000 had not been recovered up to the date of this report.

2.2.4 Stamp Fees

Action had not been taken to recover stamp duty outstanding Rs. 28,068,038 which was receivable from the Registrar General from the year 2011 to 2015.

3. Operating Review

3.1 Management Inefficiencies

The following observation are made

- (a) Log books in respect of 17 vehicles which are being used by the Pradeshiya Sabha had not been maintained properly.
- (b) 12 vehicles which were used by the Pradeshiya Sabha without being renewal of revenue tax and insurance cover for the under review year.
- (c) Expenditure of Rs. 82,650 to the 870 liters of fuel in respect of 07 vehicles which were used by the Sabha during the year under review had not been entered in the vehicle running charts.
- (d) Diesel of 50 liters issued by the fuel order no. E/1099140 on 20.10.2015 for the vehicle no. 53-3325 during the period of this vehicle was under repair.
- (e) Three trailers allowed to be idle without being used.

3.2 Performance Report

Annual performance report had not been prepared. in team of paragraph 1:4:1 of letter No. PF/R/2/2/3/5/(4) dated 10 March 2010 of Director General of Central Government.

4. Accountability and Good Governance

4.1 Budgetary Control

The following observation are made

- (a) Allocations of expenditures totalling Rs. 2,985,444 in useful of 38 heads of budget during the year under review had not been used from 40 per cent to 100 per cent.

- (b) Entire allocation of the 03 capital expenditures totalling Rs. 736,600 had not been utilized during the year under review.

5. Systems and Controls

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

- (a) Collection of Revenue
- (b) Budgetary Control
- (c) Accounts Receivable
- (d) Fixed Deposits
- (e) Advance Register
- (f) Vote Ledger
- (g) Officer Loan Recovery Register