

**Navinthanveli Pradeshiya Sabha**

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

**1.1 Presentation of Financial Statements**

Financial Statements for the year 2016 had been submitted to Audit on 24 March 2017 and financial Statements for the preceding year had been submitted to Audit on 31 March 2016 respectively while the Auditor General's Report relating to the year 2016 was sent to the Secretary of the Sabha on 29 September 2017.

**1.2 Qualified Opinion**

In my opinion, except for the effects 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 Navinthanveli 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 Receivable Accounts**

Receivable loan balance of Rs. 42,669 from the transferred and retired officers before 2001 had been shown in the financial statement continuously without taking action to recover even by end of the year under review

**1.3.2 Non-compliance with the Laws, Rules and Regulations**

Security bonds had not been obtained from 3 officers, who had assigned duties such as cash, inventories and signing cheques, in terms of Chapter I Paragraph 5 (XII) of Pradeshiya Sabha Regulation (Finance and Administration) of 1988.

**2. Financial Review**

**2.1 Financial Results**

According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2016 amounted to Rs.4,623,162 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 1,870,870. Accordingly, an improvement of Rs. 2,752,292 was indicated in the financial results.

**2.2 Revenue Administration**

**2.2.1 Performance on Revenue Collection**

Even though the meat stall rent arrears as at 31 December 2016 totalled Rs.2,469,982 was older than 5 years, it had not been recovered even up to 12 July 2017.

## **2.2.2 Rates and Taxes**

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According to Section 134 of the Pradeshiya Sabha Act No. 15 of 1987, action had not been taken to assess and recover rates on 324 business places and 6,049 houses within the Sabha area from the year 2003 and nearly an income of Rs. 3,186,500 had been losing annually.

## **3. Operational Review**

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### **3.1 Management Inefficiencies**

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The open market which was constructed in a non-crowded area in 2016 for a cost of Rs. 990,016 under the development grant (PSDG) made for the Province, had been idled without being using even up to 12 July 2017.

### **3.2 Contract Administration**

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Even though the central camp sports ground had been renovated for a sum of Rs.498,117 under a programme allocated for the Province, as per the measurements it should be used first quality gravel but it had been used low quality gravel. Therefore a sum of Rs. 34,414 had been over paid to the contractor and a huge amount of small stones had been emerged in unusable manner of the sports ground.

### **3.3 Centre for Solid Waste**

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With the objective of aware the public regarding solid waste management 2,000 handbills had been printed during the year under review to distribute among the public for a cost of Rs. 14,985 but 1,200 hand bills had not been distributed until 12 July 2017.

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

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### **4.1 Unresolved Audit Paragraphs**

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Following observations are made.

- (a) A cheque amounted to Rs. 71,600 issued on 18 December 2006 with the objective of paying salary from the North East Provincial Council had deposited in the bank but not realized and action had not been taken up to now.
- (b) The solid waste centre which was constructed in the year 2010 at a cost of Rs.3 million had been idled without being using up to 12 July 2017 due to objections from the public due to constructed near the Kovil and the things which were there had been stolen.

**5. System and Control**

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Special attention should be made on following systems and matters mentioned before that.

<b>Control Area</b>	<b>Matters to be made special attention</b>
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(a) Fixed Assets Control	(i) Maintaining fixed assets register.
(b) Contract Management	(ii) Action taking to use idled assets Awarding contracts by following Procurement guidelines.
(c) Revenue Collection Management	Action taking to recover arrears income.