

Ninthavur Pradeshiya Sabha

Ampara District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year 2016 had been submitted to Audit on 05 April 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 December 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 Ninthavur 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 Accounting Deficiencies

Following accounting deficiencies were observed

- (a) The value of vehicle park Rs. 1,000,000 which had been constructed under the Development Aid provision made to Provincial Council and handed over to the Sabha had not brought to accounts.
- (b) Even though 64 office furniture, which had been sold for Rs. 52,750 by auction on 22 December 2015, the cost had not been withdrawn from the accounts.

1.3.2 Receivable and Payable Accounts

Following observations are made.

- (a) Loan balances of Rs. 141,374 which had given to 25 employees, who had transferred and vacated their posts were not recovered for more than 09 years and continuously shown in the financial statements.
- (b) Electricity consumption charges of Rs. 2,951,150 payable to the Ceylon Electricity Board for more than 22 years have been shown in financial statement continuously without taking action to settle even up to end of the year under review.

1.3.4 Non-compliance to 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. 8,731,248 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 8,470,047. Accordingly, an improvement of Rs.261,201 was indicated in the financial results.

2.2 Revenue Administration

2.2.1 Tax on Properties

Although 15,650 persons had been settled in the Sabha area, "K" forms had been sent only to 842 owners of the property during the year, as a result, out of estimated property tax of Rs. 8,548,000 only a sum of Rs. 1,570,738 had been recovered.

2.2.2 Meat stall lease rental

Arrears meat stall lease rental amounting to Rs.3,173,466 which had been arrear from the year 1980 to 2012 had not been recovered up to end of the year under review.

3. Operational Review

3.1 Management Inefficiencies

Following observations are made.

- (a) Even though the old office building of the Sabha had been rented to the State Health Minister's Regional Office since 30 June 2015, action had not been taken even up to 11 August 2017 to recover rent amount of Rs.270,000 as at end of the year under review.
- (b) From the year 2012 to the end of the period up to the end of the year, Sabha owned JCB vehicle was rented out and a sum of Rs. 530,820 due from renting out for field workmen action had not been taken to recover or for legal action against the relevant individuals by 11 August 2017.

3.2 Operational Inefficiencies

Following observations are made.

- (a) Out of 81 garbage containers valued Rs. 496,215, which were given to the Sabha during the year under review for collect solid wastes separately, 42 garbage containers had been remained in the stores without being used for the relevant purpose even up to 20 July 2017.
- (b) Out of 35,290 waste collecting bags valued Rs. 299,965 purchased in the year 2013, 33,800 bags remained in the stores without using for the relevant purpose even up to 31 July 2017.

3.3 Contract Administration

Following observations are made.

- (a) Even though a sum of Rs. 144,300 had been obtained from the Ministry of Provincial Council and Local Authorities on the certification of the Technical Officer as completed the planting grass in the Children Park and Vehicle Park under the programme of strengthening Pradeshiya Sabha in the year 2016, the work had not been commenced even up to now.
- (b) A sum of Rs. 39,200 had been spent by the Sabha for purchase 800 pairs of woven coconut branches at Rs. 49 each pair for roofing the children park and Beach Park under the above programme. However, as per the information received to audit it was seemed that the market price of a pair of woven coconut branches was Rs. 20; therefore a sum of Rs. 23,200 had been over paid.

5. System and Control

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

Control Area -----	Matters to be made special attention ---- -----
(a) Fixed assets control	(i) Maintaining the fixed assets register.
(b) Revenue recovery management	(ii) Taking action to use idle assets. Action taking to recover arrears income.