

Akkaraipattu 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 06 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 12 October 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 Akkaraipattu 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

A water bowser valued at Rs. 715,713 which was received from the Ministry of Provincial Council and Local Government in the year 2015, had not been brought to the accounts.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the revenue over recurrent expenditure for the year ended 31 December 2016 amounted to Rs.1,603,549 as compared with the revenue over recurrent expenditure of the preceding year amounted to Rs.3,930,177. As compared with the preceding year a deterioration of Rs.2,326,628 in the financial results for the year under review had indicated.

2.2 Revenue Administration

2.2.1 Rates and Taxes

According to Section 134 of the Pradeshiya Sabha Act No. 15 of 1987, action had not been taken to assess and recover rates on 368 business places and 4,673 houses within the Sabha area from the year 2010; therefore nearly an income of Rs. 2,520,500 had been losing annually.

3. Operational Review

3.1 Management Inefficiencies

Following observations are made

- (a) The tractor and the trailer belonging to the Sabha have been using without being registered in the Department of Motor Vehicles under the Section 2(i) of the Motor Vehicle Act No. 203.
- (b) Details of Value Added Tax Rs. 130,310, which had been paid to a contractor for connecting pipe-lines in the year under review, had not been submitted to the Commissioner General of Inland Revenue in according to the guideline 5.4.12 of the Government Procurement Guidelines of 2006.
- (c) Action had not been taken to transfer the ownership of 6 lands of Sabha Office, Library, Common market and the Play Ground situated in an area of 502.4 perches.
- (d) A sum of Rs. 11,600 had been paid as fines during the year under review due to failure in obtaining revenue license on time for Sabha owned vehicles.
- (e) Even though the JCB machine of the Sabha had met with an accident and a sum of Rs. 115,128 had been paid for repairs, action had not been taken as per the financial Regulation 104 (1), to complaint the Police and to computing loss and deciding the responsible person by an investigation.
- (f) Even though there were 14 Sabha owned vehicles with good conditions, maximum use of those vehicles could not be obtained due to only 04 drivers had been deployed to those vehicles.
- (g) A sum of Rs. 34,749 had been overpaid to the contractor due to paying Value Added Tax as 15 per cent instead of 11 per cent to the Akkaraipattu Water resources and Drainage Board for obtaining water connection during the year under review.

3.2 Contract administration

3.2.1 Local Program to Strengthen the Pradeshiya Sabhas

Ministry of Provincial Council and Local Authorities had been approved 18 programmes on 29 September 2016 and a provision of Rs. 3,850,00 had been made under the Local Program to Strengthen the Pradeshiya Sabhas. However, provision of Rs. 410,000 made for repair the drainage system and repair the public library had not been utilized for the relevant purpose.

4. **Accountability and Good Governance**

4.1 **Unresolved Audit Paragraphs**

Following observations are made.

- (a) Assets totalled Rs. 25,808,155 and Liabilities totalled Rs. 2,398,775 had been written off from the accounts without proper approval while the Akkaraipattu Pradeshiya Sabha was separated into 2 management units as a Municipal Council and a Pradeshiya Sabha from the year 2011.

- (b) Even though the motor grader of the Sabha had been used to rehabilitation of internal roads under the Program to Strengthen the Pradeshiya Sabhas in the year 2015, a sum of Rs. 42,000 for the work done by that motor grader was paid to an contracted community based association.

5. **System and Control**

Special attention is needed in following areas of controls and matters mentioned before that.

Control Area	Matters should be paid special attention
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(a) Fixed Assets Control	(i) Maintaining fixed assets register.
(b) Solid Waste Management	(ii) Taking action to use idle assets. Collecting solid wastes separately.