

**Mannar Pradeshiya Sabha  
Mannar District**  
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**1. Financial Statements**  
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**1.1 Presentation of Financial Statements**  
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The financial statements for the year 2017 had been presented to Audit on 30 March 2018 and the Report of the Auditor General on those financial statements had been forwarded to the Chairman of the Sabha on 21 August 2018.

**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, the financial statements give a true and fair view of the financial position of the Mannar Pradeshiya Sabha as at 31 December 2017 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 Accounting Deficiencies**  
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The following matters were observed.

- (a) Pension contribution receivable from Mannar Urban Council totalling Rs. 1,918,389 had been omitted completely in the financial statements for the year under review.
- (b) Out of capital expenses totalling Rs. 54,446,893, a sum of Rs. 40,562,875 had not been capitalized in the financial statements during the year under review, thus the assets had been understated by Rs. 40,562,875 in the financial statements for the year under review.
- (c) Three computer, furniture and equipment obtained to the Sabha as donation in the year under review had not been assessed and brought to financial statements, thus values thereof had been understated.

**1.3.2 Unreconciled Differences**  
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Pension contribution of Rs. 3,761,548 had been shown as payable to the Department of Pension as per books of the Sabha. However, it had been shown as Rs. 1,004,647 in the financial statements for the year under review, thus a difference of Rs. 2,756,901 was observed.

### 1.3.3 Non-compliances

#### Non-compliances with Laws, Rules, Regulations and Management Decisions

Instances of non-compliance with laws, rules, regulations and management decisions are given below.

Reference to Laws, Rules, Regulations and Management Decisions	Value	Non-compliances
	Rs.	
(a) Pradeshiya Sabhas (Financial and Administrative) Rule of the year 1988		
(i) Rule 178(3)	-	A register including names of community based organizations and community centers which carry out contract works effectively had not been prepared
(ii) Rule 218	-	All lands and buildings had not been examined by the Secretary at least once in every year.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka Financial Regulation 571	88,443	Twenty three lapsed deposits had been retained in general deposit account without being taken meaningful actions in this regard by the Sabha for the last 03 years to 33 years.

## 2. Financial Review

### 2.1 Financial Results

According to the financial statements presented, the revenue over recurrent expenditure of the Sabha for the year ended 31 December 2017 amounted to Rs. 12,896,804 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs. 9,194,743.

### 2.2 Revenue Administration

#### 2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

Information on the estimated revenue, billed revenue, collected revenue and arrears of revenue presented relating to the year under review and the preceding year is given below.

Source of Revenue	2017				2016			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	415,000	-	199,484	(215,516)	319,000	-	313,232	(5,768)
Rentals	9,114,600	-	9,187,230	72,630	4,301,652	-	8,850,411	4,548,759
License Fees	1,439,500	-	1,716,450	276,950	1,222,900	-	1,528,415	305,515
Charges for Services	550,800	-	593,379	42,579	1,239,900	-	820,793	(419,107)
Warrant Expenses	1,429,000	-	3,248,451	1,819,451	6,933,000	-	1,767,220	(5,165,780)
Other Revenue	6,520,060	-	8,272,062	1,752,002	4,798,183	-	5,449,827	651,644

### 2.2.2 Rentals

The following matters were observed.

- (a) No meaningful actions had been taken by the Sabha to recover arrears of lease and rents totalling Rs. 1,866,119 recoverable from 113 lessees and tenants for the last 01 years to 06 years.
- (b) No meaningful actions had been taken to recover arrears of rents totalling Rs. 102,700 recoverable from various government departments, societies, temples and boards for renting out JCB, motor grader and road roller to them up to now.

## 3. Operating Review

### 3.1 Management Inefficiencies

The following matters were observed.

- (a) Training had not been provided to the officers of the Sabha in the year under review. However, out of allocation therefor, an amount of 15 per cent had been utilized for other purpose.
- (b) Areas of Thalaimannar pier, Pesalai and Thiruketheeswaram are more attractive places of tourism sector. However, the Sabha had not paid attention on revenue receivable from tourism sector annually by developing those areas.

### 3.2 Assets Management

#### 3.2.1 Idle/ Underutilized Assets

The following matters were observed.

- (a) A slaughter house had been constructed at Thalaimannar village and taken over by the Sabha. However, no meaningful actions had been taken to utilize it.

- (b) A public library constructed newly at Pesalai had not been made available for utilization of general public up to now.
- (c) Three stalls situated at shopping complex in Thalaimannar had been closed without being rented out.

**3.2.2 Failure to carry out Maintenance and Repairing**  
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The following matters were observed.

- (a) It was observed that 05 vehicles valued at Rs. 6,130,000 had remained in damaged condition without being repaired for the period of last 02 years to 06 years.
- (b) The Sabha had failed to maintain a park constructed at Thalaimannar properly and change it to usable condition.
- (c) Six vehicles belonging to the Sabha had remained in damaged condition. However, the Sabha had failed to repair and maintain such vehicles.

**4. Accountability and Good Governance**  
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**Internal Audit**  
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An internal audit unit had been established in order to carry out the activities of the Sabha efficiently through audit of its activities. However, no any progress had been obtained from the examination of internal account carried out in the year under review.

**5. Systems and Controls**  
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Deficiencies observed during the course of audit were brought to the notice of the Sabha from time to time. Special attention is needed in respect of the following areas of control.

<b>Systems</b> -----	<b>Deficiencies</b> -----
(a) Revenue	No actions had been taken to assess the properties situated under the purview of the Sabha and recover assessment tax.
(b) Accounts receivable	Government revenue and processing fees receivable to the Sabha had not been recovered by carrying out examination of revenue.
(c) Assets	Title deeds of land and buildings, roads, cemeteries and slaughter house etc. belonging to the Sabha had not been documented.
(d) Accounting	General ledger and main ledger had not been maintained in updated manner.