

Akkaraipattu Pradeshiya Sabha
Ampara District

1. Financial Statements

1.1 Presentation of Financial Statements

While Financial Statements for the year 2018 had been presented to audit on 02 May 2019, the summary report of the Auditor General relating to those financial statements was sent to the Chairman of the Sabha on 31 May 2019.

1.2 Qualified Opinion

In my opinion, except for the effect of matters described in the part, basis for qualified opinion in my report, the financial statements give a true and fair view of the financial position of the Akkaraipattu Pradeshiya Sabha as at 31 December 2018 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Basis for the qualified opinion

(a) Accounting Deficiency

Audit Observation

Recommendation

Comments of the Accounting Officer

(i) Provision for Audit Fees for the year under review had not been made.

Action should be taken to make provision.

Action will be taken to make provision in due course.

(ii) The sum of Rs. 999,974 paid as an advance to the National Water Supply and Drainage Board according to the expected estimate for the work relating to laying pipes of the drinking water project under the Provincial Specific Development Grants Program had been shown as an expenditure without being shown as an advance, although the relevant work had not been completed up to the end of the year under review.

The amount paid as an advance according to the estimate should be shown as an advance until completion of the work.

1.4 Non-compliance

1.4.1 Non-compliance with Laws, Rules, Regulations and Management Decisions

Instances of non-compliance with Laws, Rules, Regulations and Management Decisions are shown below.

Reference to Laws, Rules, Regulations and Management Decisions	Noncompliance	Recommendation	Comments of the Accounting Officer
(a) Pradeshiya Sabha (Financial and Administrative) Rules of 1988.			
(i) Chapter 1 Section 5(xii)	Although cash, stores goods and signing cheques had been entrusted to three officers, security deposits had not been obtained from them.	Rules should be complied with.	Decisions regarding such security deposits will be taken in due course.
(ii) Chapter x Section 193	Budgeted and supplementary expenditure had not been compared with the actual expenditure, a statement had not been prepared showing reasons for surpluses and deficits and submitted to audit.	Rules should be complied with.	Such statements will be prepared and submitted in due course.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka Financial Regulation 396.	Action had not been taken with regard to cheques valued at Rs. 27,000 which had exceeded 06 months.	Financial regulations should be complied with.	Necessary action has been taken to clear those cheques by now.

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 2018 amounted to Rs. 3,388,857 as compared with corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 507,734.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, Revenue Collected and Arrears of Revenue

Estimated Revenue, Billed Revenue, Revenue Collected and Arrears of Revenue at 31 December for the year under review and the preceding year as furnished are shown below.

Source of Revenue	2018				2017			
	Estimated Revenue	Revenue Billed	Revenue Collected	Total Arrears as at 31 December	Estimated Revenue	Revenue Billed	Revenue Collected	Total Arrears as at 31 December
	.Rs	.Rs	.Rs	.Rs	.Rs	.Rs	.Rs	.Rs
Rates and Taxes	-	-	-	-	10,000	-	-	-
Rent	000,,1,800	888,150	989,950	-	3,100,000	3,139,202	3,154,202	-
License Fees	335,000	348,900	348,900	-	274,000	374,000	374,000	-
Other Revenue	3,851,700	4,052,203	2,473,469	2,588,635	3,365,000	2,032,549	1,601,956	1,010,326

2.2.2 Performance in Revenue Collection

Audit Observation

A sum of Rs. 5,456,880 had been recovered by the Sabha during the year under review out of revenue to be collected amounting to Rs.8,064,240. Accordingly, progress in revenue collection had been 68 percent.

Recommendation

Action should be taken to recover revenue for the year under review together with arrears amount of the preceding year as well.

Comments of the Accounting Officer

While arrears of revenue have been recovered by now, a part of court fines only is outstanding to be recovered. Necessary steps will be taken to to recover it.

2.2.3 Solid Wastes Management

Audit Observation

Action had not been taken to compute and recover service charges for solid wastes collected from houses, stalls and private institutions in the area of authority of the Sabha

Recommendation

Action should be taken to compute and recover service charges for solid wastes.

Comments of the Accounting Officer

Preliminary works are being done to recover charges.

2.2.4 Fees Stamp F

Audit Observation

Additional Stamp F recovered in transferring immovable properties situated in the area of authority of the Sabha during the years 2017 and 2018 and through the mobile service had not been computed and recovered from the Eastern Provincial Department of Revenue.

Recommendation

Documents should be prepared and action should be taken to recover stamp fees relevant arrears amount omitted.

Comments of the Accounting Officer

Communications have been made with the Registrar General Department with regard to relevant work. Action is being taken to recover.

Management Inefficiencies

Matters revealed with regard to fulfilling regulation and control and administration of public health, public utility services and public thoroughfares, generally with the protection and promotion of the comfort, convenience and welfare of the people and amenities by the Sabha under Section 3 of the Pradeshiya Sabha Act are shown below.

(a) By-laws

Audit Observation

Although by-laws should be prepared and imposed in order to enact revenue of the Pradeshiya Sabha in terms of Section 126 of the Pradeshiya Sabha Act No. 15 of 1987, approval had not been received for by-laws prepared for 05 matters up to 31 December 2018.

Recommendation

Action should be taken to prepare by-laws, to get the approval and implement.

Comments of the Accounting Officer

While by-laws for hotels, barber saloons, bakeries and dangerous trading establishments etc., were prepared and sent for approval together with the Sabha sanction, necessary action is being taken to prepare by-laws with regard to other revenue.

(b) Action Plan

Audit Observation

Recommendation

Comments of the Accounting Officer

An annual action plan had not been prepared with regard to main matters to be implemented by the Sabha according to 05 by-laws prepared to obtain approval.

An annual action plan should be prepared with regard to the activities to be implemented according to by-laws.

Annual action plan to be implemented according to 5 by-laws made is now being prepared.

(c) Sustainable Development Goals

Audit Observation

Recommendation

Comments of the Accounting Officer

According to Sri Lanka Sustainable Development Act No. 19 of 2017, every public institution should act in compliance with United Nations Agenda – 2031. However, action had not been taken identify the goals and reach those.

Action should be taken to identify the sustainable development goals, indexes should be identified for measuring those and to reach those.

While goals of the reestablishment have been identified in this regard, action will be taken to implement in due course.

3.2 Management Inefficiencies

Audit Observation

Recommendation

Comments of the Accounting Officer

Deeds of the 7 blocks of land in extent of 505 perches, belong to the Sabha where the Sabha Office, Libraries, Fair and Public Play Grounds are located had not been obtained by the Sabha.

Action should be taken to obtain the deeds.

Deeds relating to ownership of lands will be obtained soon.

3.3 Human Resources Management

Audit Observation	Recommendation	Comments of the Accounting Officer
There were 6 vacancies of 6 categories of staff of the Sabha.	Action should be taken to fill the vacancies.	Letters have been sent to the Secretary to the Chief Ministry with regard to the existing vacancies in the Sabha and to settle those.

3.4. Operational Inefficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Action in terms of section 134 of the Pradeshiya Sabha Act No. 15 of 1987 had not been taken to assess and recover rates from 87 trade stalls and 1908 houses located in the area of authority of the Sabha since the year 2011.	Sabha income could be increased by taking action to identify the developed areas in the in area of authority of the Sabha and recovering rates from those areas.	Action will be taken to recover this tax in due course.
(b) Although a sum of Rs. 999,774 had been paid according to the estimate, to the Water Supply and Drainage Board for pipes laying, for the supply of drinking water to a 605.5 m length in 05 roads in Akkaraipattu Pradeshiya Sabha area of authority under Provincial Specific Development Grants Works, work in the coastal line road in Pallikuduruppu 02	Necessary action should be taken to expedite the relevant works.	Wish to inform that, the Water Supply and Drainage board has informed, that this will be completed soon and entire project will be completed as agricultural works will be over during the ensuing months.

Division had not been commenced up to 31 May 2019.

3.5 Vehicles Utilization

Audit Observation

Recommendation

Comments of the Accounting Officer

Legal ownership of 03 vehicles belong to the Sabha had not been vested in the Sabha.

Action should be taken to vest the vehicles.

Action is being taken to transfer under name of the Pradeshiya Sabha.

4. Accountability and Good Governance

4.1 Unsettled Observations

Audit Observation

Recommendation

Comments of the Accounting Officer

(a) The contract for rehabilitation of inner roads of the Aalim Town under Pradeshiya Sabha Strengthening Works had been awarded to a community based society. According to written confirmations of the Sabha technical officers, a sum of Rs. 42,000 had been paid to the community based society, for the work done through the Sabha motor grader.

Action should be taken to recover the overpaid amount.

(b) JCB Machine of the Sabha had met with an accident during the year under review and had been repaired incurring expenditure amounting to Rs. 115,128. Out of this expenditure, a sum of Rs. 37,500 had been received as compensation from the Insurance Corporation.

should be complied with.

Not replied.

However, police complains and inquires had not been made by the Sabha in terms of financial regulation 103, 104 (1) in order to decide the amount of loss and to determine the parties responsible in connection with this accident.

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| (c) | A sum of Rs. 34,749 had been overpaid due to payment of VAT at 15 % instead of paying at 11 % to the contractor on the basis of payment made during the year 2016 to the Akkaraipattu Water Supply and Drainage Board in connection with obtaining water supply. | Action should be taken to recover the overpayments. | Not replied. |
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4.3 Audit and Management Committees

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Fixed Assets Control	(i) Fixed Assets Register should be maintained. (ii) Action should be taken to utilize fixed assets remaining idle without being used by the Sabha.	Fixed Assets Register is being maintained. Sabha vehicles are fully deployed for Sabha works. Income is generated by hiring out the surplus vehicles.
(b) Revenue Management	Action should be taken to recover arrears of revenue.	A part of court fines in arrears of revenue for the year under review only remains to be recovered. Action will be taken to recover that.
(c) Solid Wastes Management	Solid wastes should be sorted out in obtaining those.	Not replied.

5 Systems and Controls

Audit Observation

Recommendation

**Comments of the
Accounting Officer**

Although an internal audit officer had been appointed in terms of provisions in Financial Regulations 133 and 134 of the Republic of Sri Lanka and Circular No. SLG/G/01 dated 14 February 2014 of the Commissioner of Local Government (Southern Province), an adequate internal audit had not been carried out.

Should act according to financial regulations and circulars.

Action will be taken to rectify in due course.