

## Mannar Pradeshiya Sabha

### Mannar District

#### 1. Financial Statements

##### 1.1 Presentation of Financial Statements

The financial statements for the year 2018 had been presented for audit on 29 March 2019 and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the Chairman on 30 June 2019 and 31 October 2019 respectively.

##### 1.2 Qualified Opinion

In my opinion, except for the effect of matters described in the basis for qualified opinion section 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 2018 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

##### 1.3 Basis for Qualified Opinion

###### (a) Accounting Policies

Audit Observation	Recommendation	Comments of the Accounting Officer
The accounting principles accepted by the Pradeshiya Sabha for the preparation of the financial instruments have not been disclosed in the Financial Statement.	Accounting principles should be disclosed in the financial Statement.	Instructed to follow in the future.

###### (b) Unreconciled Accounts

Audit Observation	Recommendation	Comments of the Accounting Officer
Pradeshiya Sabha's Financial Position balance of Sundry creditors, plant and machinery for 2018 and balance of notes are not in compliance with the amount of Rs. 158,462.	Action should be taken to correct the differences in the balance and adjust the accounts.	Action will be taken to rectify and comply with the error of accounts records and will not ensue in the future.

**(c) Lack of Necessary Documentary Evidence for Audit**

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Copy of the payment of Value Added Tax paid by the Pradeshiya Sabha the in accordance with Section 5.4.12 of the Procurement guideline -2006 is not reported to Auditors.	Should be Submission of Evidence to Confirm Audit	Details of value Added Tax will be submitted to the audit in future.

**1.4 Non-Compliance**

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

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<b>Reference to Laws, Rules, Regulations and Management Decisions</b>	<b>Non-compliance;</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(a) National Audit Act No 19 of 2018 Sub section 16(2)	An annual performance report had not been presented for the review year	Reports should be submitted to audit in timely manner.	An annual performance report will be submitted in future.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
Financial Regulation 571	No action had been taken in respect of five lapsed deposits totaling Rs 152,614.	Action should be taken related to the lapsed deposits.	Two deposits have been refunded, 03 request letter for deposits has been received from the contractor, action will be taken to refund them very soon.

**2. Financial Review**

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**2.1 Financial Results**

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According to the financial statements presented, the revenue over recurrent expenditure of the Sabha for the year ended 31 December 2018 amounted to Rs. 9,153,708 as compared with the

corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs 12,896,803.

## 2.2 Revenue Administration

### 2.2.1 Estimated Revenue, Billed Revenue, Collected 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	2018				2017			
	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December	Estimated Revenue <sup>4</sup>	Revenue Billed	Revenue Collected	Total arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.*	Rs.	Rs.
Rates and Taxes	526,000	239,354	163,082	808,659	415,000	-	618,881	732,387
Rent	9,595,600	-	7,952,916	2,830,000	9,114,600	-	9,187,230	2,859,583
License Fees	719,250	-	1,445,725	-	1,439,500	-	1,716,450	-
Other Revenue	9,228,130	-	19,272,883	14,337,064	8,499,860	-	12,113,892	23,351,341
	<b>20,068,980</b>	<b>239,354</b>	<b>28,834,606</b>	<b>17,975,723</b>	<b>19,468,960</b>	-	<b>23,636,453</b>	<b>26,943,311</b>

\*Listed Revenue for 2017 had not been submitted for audit

### 2.2.2 Performance in Collection of Revenue

Audit Observation	Recommendation	Comments of the Accounting Officer
Revenue had not been listed by Sabha for more than 15 years discloses inefficiency of revenue collection.	Action should be taken to revenue bill and collect revenue.	Actions should be taken to issue K Form.

### 2.2.3 Rates and Taxes

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Assets had not been evaluated related the assessment tax recovery in the present period. Therefore, there is a delay regarding in the improving operations.	----- Evaluate in a timely manner and Action Should be taken to recover it.	----- Action will be taken to assess and recover in the future.

### 2.2.4 Rent

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- (a) Constructive action had not been taken for Sabha's revenue of meat shop rent arrears amount of Rs.832,400 recoveries.	----- Evaluate in a timely manner and Action Should be taken to recover it.	----- Law action will be taken to recover the balance amount.
(b) More than one year, constructive action had not been taken for Sabha's revenue recovery of vehicle rent arrears amount of Rs. 877,230.	Action should be taken to recover the arrears.	Action are taken to recover the balance amount of Rs. 877,230.

### 2.2.5 Court Fines and Stamp Fees

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#### (a) Court Fines

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Court fines of Rs. 355,663 were due from the Chief Secretary of the Provincial Council and other officers as at 31 December 2018.	----- Action should be taken recovery of the court fine.	----- A request has been made to obtain Rs 355,663.

**(b) Stamp Fees**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
Stamp fees of Rs. 10,664,735 were due as at 31 December 2018.	Action should be taken recovery of the stamp fees.	Action have been taken to recovery of arrears.

**3.**

**Operating Review**  
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**3.1 Performance**  
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The following matters were revealed with regard to duties to be fulfilled by the Sabha in terms of Section 3 of the Pradeshiya Sabha Act, such as regularization and control of matters relating to public health, common amenities and public highways, healthy environment of the public, facilities, welfare etc.,

**(a) Sustainable Development Goals**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
In terms of Secretary of Auditor General, General No 2018/61 of 23 April 2018, sustainability awareness and maritime and maritime pollution control plans had not been prepared for sustainable development while protecting the oceans and marine resources.	Action should be taken in accordance with the circular.	Action will be taken implementing awareness programs and instructing the public in future.

**3.2 Human Resources Management**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
Sabha has been shortage of staff for the fourteen positions and action has not been taken by the Sabha.	Vacancies should be filled in appropriate period and action should be taken to ensure better service.	Action have been taken to recruit unscheduled recruiters due to shortage of personnel.

### 3.3 Assets Management

#### 3.3.1 Assets not Registered

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Twelve lands in use by the Sabha have not been valued for over twenty-five years and have not been recorded in the account of that amount.	Lands should be assessed and recorded in the assets register.	Valuation of the assets will be carried out and evaluate will be taken to bring it to account.

#### 3.3.2 Failure in carrying out Maintenance and Repairing

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Eight vehicle of Sabha amount Rs 7,619,000 had not been used from 05 months to 05 years, in term of state circular no 02/2015 of 07 July 2015 as per action had not been taken to disposal of usage.	Action should be taken to repair the vehicles and use them in a timely manner	Useable vehicle will be repaired and used while that repairing vehicle with useable of uneconomically. It has also been decided to take appropriate remedial measures for the vehicles.

#### 3.3.3 Assets not acquired

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Action has not been taken regrading fourteen vehicle transfer of ownership the value of Rs 58,074,251.	Action should be taken to own the vehicles in a timely manner.	At present, Action will be taking for transfer of ownership continuously.

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

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##### **4.1 Budgetary Control**

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Budgeted of the eight types of projects, out of 3 projects value Rs. 1,000,000 have not been implemented by the Sabha in 2018.	Budgetary projects should be implemented that period as early as possible	Previous year action plans will be implemented in 2019.

##### **4.2 Internal Audit**

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
An internal audit unit has been created to review and review the activities of the Sabha effectively and efficiently, internal audit inspections carried out for the during the year review have not made any progress.	Action should be taken to ensure the effectiveness of the internal audit.	Further instructions have been issued and actions have been taken to conduct an internal audit.