

Maritime Pattu Pradeshiya Sabha

Mullaitivu District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 31 March 2014 and the financial statements for the preceding year had been presented on 13 April 2013. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 25 November 2014.

1.2 Opinion

In my opinion, except for the effects on the financial statements of the matters described in paragraph 1.3 of this report, the financial statements have been prepared in accordance with Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Maritime Pattu Pradeshiya Sabha as at 31 December 2013 and the financial results of its operations for the year then ended.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

(i) The accounting deficiencies observed in the financial statements are shown in the following table under liabilities.

Effect on Financial Statements	Liabilities	
-----	-----	-----
	No. of Instances	Value
	-----	-----
		Rs.
Overstatements	02	15,230,361
Omissions	03	5,360,682

(ii) Twenty seven items donated to the Sabha had not been valued and included in the final accounts resulting in an understatement of vehicles in the accounts.

1.3.2 Unreconciled Accounts

The balances of 4 accounts aggregated Rs.21,115,744 as per main ledger and it was Rs.2,141,535 as per final accounts.

1.3.3 Lack of Evidence for Audit

Transactions valued at Rs.75,872,911 could not be satisfactorily vouched in audit due to non rendition of necessary information for audit.

1.3.4 Non-compliance

The following instances of non compliance with laws, rules, regulations and management decisions were observed in audit.

Reference to Laws, Rules, Regulations	Non-compliance
-----	-----
(a.) 1988 Pradeshiya Sabha (Finance and Administration) Rules	

(i.) Chapter II Section 5	Security deposits had not been obtained from officers dealing with cash, stores etc.,
(ii.) Chapter III Section 59	A survey had not been carried out with regard to Business Tax
(iii.) Chapter V Section 140	The Secretary had not taken action regarding unsettled advances of Rs.110,800.
(b.) Pradeshiya Sabha Act No.15 of 1987	

Section 152 (h)	Prior approval of the Minister is required for entertainment expenses exceeding Rs.1,000. However, a sum of Rs.33,588 had been spent from the funds of the Sabha without such approval.

(c.) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

- | | |
|---|---|
| (i.) Financial Regulation 571 | Action had not been taken regarding deposits of Rs.50,296 exceeding 2 years. |
| (ii.) Financial Regulations 102 and 105 | The ploughing machine of the Sabha bearing No.WPRB 4169 had been lost during the year under review. But, action had not been taken in terms of the regulations. |

2. Financial and Operating Review

2.1 Financial Results

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year under review was Rs.10,592,675 as compared with the excess of revenue over recurrent expenditure amounting to Rs.13,516,199 for the preceding year.

2.2 Financial Control

The budget had not been properly prepared so that there were differences between the budgeted revenue and expenditure and the actual revenue and expenditure which amounted to Rs.4,911,566 and Rs.8,864,971 respectively.

2.3 Revenue Administration

2.3.1 Estimated Revenue, Actual Revenue and the Arrears of Revenue

The information relating to the estimated revenue, actual revenue and the arrears of revenue for the year under review, as presented by the Chairman, appear below.

Item of Revenue	Estimated	Actual	Cumulative Arrears as at 31 December
-----	-----	-----	-----
	Rs.000	Rs.000	Rs.000
Rates and Taxes	140	396	-
Lease Rent	10,210	12,262	-
Licence Fees	2,380	6,051	-
Other Revenue	29,087	28,020	4,847
	-----	-----	-----
	41,817	46,729	4,847
	=====	=====	=====

2.3.2 Court Fines

The court fines due for the year under revenue amounting to Rs.4,847,036 had been accounted for, as receivable. Action had not been taken to recover it.

2.3.3 Stemp Fees

The stamp fees of Rs.3,566,980 due for the period 2010-2013 had not been accounted for.

2.4 Revenue Management

Licence fees had not been recovered on behalf of 4 telecommunication towers within the Pradeshiya Sabha limits.

2.5 Assets Management

2.5.1 Staff Loans

Action had not been taken to recover staff loans amounting to Rs.564,048 of retired/ deceased officers for over 5 years. Action had not been taken to recover it from the sureties, at least.

2.5.2 Board of Survey Reports

Six items available in the office had not been entered in the Register of Inventories.

2.5.3 Under utilization

- (i0) It was observed in audit that 3 vehicles of the Sabha remained idle for 2 years.
- (ii) The following items received as donations at the stores of the Head Office remained idle.

Donor Institution	Item	Qty	Idle period
-----	-----	-----	-----
UNICEF	Push carts	58	Since 2011
	Mamooties	144	Since 2011
Department of Local Government	Generator (HONDA DXK-2800)	2	Since 2011
Government Agent, Mullaitivu	TVS Motor cycle WPUZ 2747	01	Since 2012

2.6 Contract Administration

2.6.1 Delays in Execution of Projects

Four projects amounting to Rs.7,985,400 to be executed during the financial year had not been executed and this amount has been included in the Sundry Debtors Account.

2.6.2 Projects Abandoned

Three capital projects of the Sabha amounting to Rs.4,200,000 had not been executed during the year under review and a sum of Rs.3,000,000 had been invested in fixed deposits depriving the benefits due to the public.

2.6.3 Capital Projects Not approved in the Budget

During the year under review, 7 projects not approved in the budget had been executed to Rs.17,687,359 spending from the funds of the Sabha.

3. Systems and Controls

Special attention of the Sabha is needed in respect of the following areas of systems and controls.

- (a) Budget
- (b) Collection of Revenue
- (c) Vehicle Utilization
- (d) Sundry Debtors
- (e) Deposits