

**Padavi Sri Pura Pradeshiya Sabha**  
**Trincomalee District**

**1. Financial Statements**

**1.1 Presentation of Financial Statements**

Financial Statements for the year under review had been submitted to Auditor General on 25 May 2015 while Financial Statements relating to the preceding year had been submitted on 21 May 2014.

**1.2 Qualified Opinion**

In my opinion, except for the effect 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 Padavi Sri Pura Pradeshiya Sabha as at 31 December 2014 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**

Following accounting deficiencies are observed.

- (a) The balance of Machinery and Equipment amounting to Rs.387,389 as at 31 December 2014 according to the Register of Machinery and Equipment had been accounted as Rs.307,979 understating the balance of Machinery and Equipment in a sum of Rs.79,410.
- (b) Value of Old Medawachchi, Services Colony, Jayanthi Wewa and Kolongolla Water Projects amounting to Rs.149,452,290 constructed by the Eastern Province Water Supply Development Project and transferred to the Sabha had not been accounted.

**1.3.2 Lack of evidence for audit**

Two items of accounts valued at Rs.11,628,486 could not be satisfactorily vouched in audit, due to non-submission of required information to audit.

**1.3.3 Non-compliance with laws, rules and regulations.**

Instances of non-compliance with laws, rules and regulations are shown below.

Reference to laws, rules, regulations etc.	Non-compliance
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(a) Provincial Financial Rule No. 237.	Action in terms of provisions had not been taken with regard to 08 cheques valued at Rs.16,702 issued, but not presented for payment, although 06 months had elapsed from the date of issue

- (b) Circular No. 41/90 dated 10 October 1990 of the Secretary to the Ministry of Local Government, Provincial Councils and Home Affairs. Although Fuel consumption of vehicles should be tested once in 06 months, such action had not been taken with regard to 10 vehicles belong to the Sabha.

## **2. Financial Review**

### **2.1 Financial Results**

According to the Financial Statements presented, excess of revenue over the recurrent expenditure of the Sabah for the year ended 31 December 2014 amounted to Rs.7,029,656, while the corresponding excess of revenue over the recurrent expenditure for the preceding year had been Rs. 3,358,125. The improvement of the financial results in a sum of Rs.3,671,531 was mainly due to the increase of Rs.2,613,489 in the Other Revenue for the year under review when compared with that for the preceding year.

### **2.2 Revenue Administration**

#### **2.2.1 Performance in Revenue Collection**

Information relating to estimated revenue, actual revenue and arrears of revenue for the year under review as submitted by the Chairman is given below.

Item of Revenue	Estimated Revenue	Actual Revenue	Accumulated arrears as at 31 December
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	Rs.000	Rs.000	Rs.000
Lease Rent	750	698	234
License Fees	194	194	89
Other Revenue	8,654	9,282	4,694

#### **2.2.2 Stalls Rent**

Legal action had not been taken to recover Stall Rent Receivable amounting to Rs.234,039 relevant to a period ranging from 02 to 19 years.

## **3. Operating Review**

### **3.1 Management Inefficiencies**

- (a.) Necessary course of action had not been taken even up to 17 July 2015 with regard to matters recommended according to the report of the Board of Survey conducted on 07 February 2015.
- (b.) Necessary course of action had not been taken get settled the advances totaling Rs.180,664 paid by the Sabha relevant to Utility Services, Repairs to Capital Assets, Supplies and Equipment, that had been outstanding since 08 years, in spite of elapsing a period of more than 08 years up to 17 July 2015, date of audit.
- (c.) Action in terms Part III of the Finance Act No. 03 of 2005 as amended by Finance Acts Amendments No. 13 of 2007 and No. 18 of 2009 had not been taken to retain and remit

the Construction Industry Guarantee Fund Levy (CIGFL) amounting to Rs.96,676 out of the sum of Rs.38,670,526 paid to the contractor for the construction of Head Office Building of the Sabha.

- (d.) Although Buildings costing Rs.84,736,340 had been constructed without vesting the legal ownership of land, value of those constructions had been shown as Land and Buildings in the final financial statements. However, action had not been taken up to now to get the legal ownership of lands vested where these buildings had been constructed.

### **3.2 Operational Inefficiencies**

- (a) While UPVC Pipes provided to the Sabha through the Eastern Province Water Supply Deployment Project during the years 2012 and 2013 for laying with community participation and a large stock of pipes left after fixing had been improperly stored in the stores of Padavi Sri Pura, Jayanthi Pura and Saman Pura, course of action had not been taken to store those stocks of pipes properly, assessed and account and to utilize for any other work.
- (b) Although the Maternity and Child Clinic Centre in Sinha Pura Grama Niladhari Division constructed at a value of Rs.4,895,124 in terms of the agreement signed with the contractor by the Sabah, had been handed over to the Sabha on 31 December 2014, necessary action had not been taken by the Sabha to obtain electricity connection and water supply to the building up to 17 July 2015, date of audit. Due to that, the objective of construction of the Clinic Center for providing solutions to the Women and Child Health Problems of 250 families in the Old Medawachchi Grama Niladhari Division had got delayed for more than a period of 07 months.

### **3.3 Environmental Problems**

While people in 09 Grama Niladhari Divisions belong to the Padavi Sri Pura Divisional Secretary's Division are faced with a immense difficulties due to lack of drinking water, according to the reports of the Pradeshiya Sabha 304 kidney patients had been reported by end of the year 2014. According to the feasibility study made by the Eastern Province Water Supply Development Project, although it had been observed that Turbidity, Ammonia, Phosphate, Nitrite, Manganese, Alkalinity Hardness had exceeded the approved limit in the water in this Division, Old Medawachchi, Service Colony, , Jayanthi Wewa, Kolongalla Water Schemes had been constructed and handed over to the Sabha and water obtained from Dug Wells and Tube Wells had been distributed direct to the people without refining the water . It was observed that it had not been possible to distribute suitable drinking water to the people due to that.

### **4. Human Resource Management**

#### **Approved and Actual Cadre**

Information relating to the approved and actual Cadre of the Sabah as at 31 December 2014 is shown below.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
Executive Level	02	01	01
Secondary Level	17	10	07
Tertiary Level	24	21	03
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Total	43	32	11
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Following observation is made in this connection.

Action had not been taken to fill the vacancies existed during a period form 02 to 05 years in the posts of Ayurvedic Medical Officer, Management Assistant, Technical Officer, Librarian, Electrician Drivers up to 17 July 2015, date of audit.

## 5. Systems and Controls

Special attention is needed in the following areas of controls.

- (a) Accounting
- (b) Revenue Administration
- (c) Assets Management
- (d) Contract Administration
- (e) Human Resources Management.