

# Eravurpattu Pradeshiya Sabha -2015

## Batticaloa District

### 1. Financial Statements

#### 1.1 Presentation of Financial Statements

The financial statements for the year 2015 had been presented to audit on 02 May 2016 and the report of the Auditor General had been furnished to the Secretary of the Sabha on 01 September 2016.

#### 1.2 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Eravurpattu Pradeshiya Sabha as at 31 December 2015 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 Accounts Receivable

Although the Staff Loan balance amounting to Rs. 821,070 which was given to 07 employees of the Sabha who went on transfer or left the service had remained un-recovered for 3 to 14 years, this is continuously shown in the financial statements without proper action being taken.

##### 1.3.2 Non-compliance with Laws, Rules and Regulations

Non-compliances with Laws, Rules and Regulations are analysed and given below.

<b>Reference to Laws, Rules, Regulations etc;</b>	<b>Non-compliance</b>
(a) Pradeshiya Sabha (Financial and Administrative) Rules of 1988 (i) Rules 5(XII) of Chapter I  (ii) Rules 193 of Chapter X	Although cash, stores and signing of cheques had been administratively entrusted to four officers, Security had not been obtained from them.  A statement consisting of reasons for the variance after comparing the actual revenue and expenses with the budget for the year under review had not been prepared and rendered to audit.

- (b) Section 9.3 of Supplementary 19 of the Procurement Guidelines dated 06 September 2010 of 2006. Although the approval of the Secretary to the Ministry should be obtained for the expenditure on repairs of vehicle exceeding Rs. 200,000, a sum of Rs. 347,500 had been spent on repairs to vehicle during the year under review without obtain such approval.
- (c) Financial Regulation 571 of the Democratic Socialist Republic of SriLanka Action in terms of the provisions of the Financial Regulations had not been taken on the lapsed deposits amounting to Rs. 4,063,644 remaining for over two years.

## 2. Financial Review

### 2.1 Financial Results

According to the financial statements presented, the excess of revenue over recurrent expenditure for the year ended 31 December 2015 amounted to Rs.30,764,081 as compared with the excess of revenue over recurrent expenditure amounting to Rs. 16,949,222 for the previous year thus indicating an improvement of Rs. 13,814,859 in the financial results.

### 2.2 Revenue Management

#### 2.2.1 Estimated Revenue, Actual Revenue and the Revenue in Arrears

According to the information furnished by the Sabha, the details regarding the estimated revenue, actual revenue and revenue in arrears for the year under review are given below

Revenue Item	Estimated Revenue	Actual Revenue	Accumulated Balance as at 31 December 2015
	Rs.	Rs.	Rs.
Rental	4,853,184	6,065,090	3,422,122
License Fees	1,705,250	1,705,250	103,700
Entertainment Tax	365,797	103,902	671,282

#### 2.2.2 License for Telecommunication Towers

The sabha was unable to collect charges for 14 telecommunication towers erected within the area of authority of the Sabha by private telecommunication organizations due to the failure to enact by-laws under Section 126 of the Pradeshiya Sabha Act No. 15 of 1987 to collect revenue and as such the sabha had lost revenue approximately Rs. 177,000 from the year 2009 up to the year under review.

### **2.2.3 Rates and Taxes**

-----

Action had not been taken to assess and collect the Rates in terms of Section 134 of the Pradeshiya Sabha Act No. 15 of 1987 for the lands, houses and buildings constructed within the area of authority of the Sabha. As a result the sabha had lost revenue approximately Rs. 430,000 from this main source of income annually.

### **2.2.4 Rentals**

-----

Rentals from trade stalls and meat stalls and the market lease aggregating Rs.3,334,854 had remained arrears for more than 05 years. However, action had not been taken up to the year under review to recover them from the relevant parties or to take legal action against them.

## **3. Accountability and Good Governance**

-----

### **Budgetary Control**

-----

As variations ranging from 30% to 105% between the budgeted and actual expenditure existed, it was observed that the budget had not been utilized as an effective instrument of management control.

## **4. Systems and Controls**

-----

Special attention is required in respect of the following items of systems and controls.

- (a) Accounting
- (b) Revenue Management
- (c) Budgetary Control