

**Koralaipattu Pradeshiya Sabha**

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**Batticaloa District**  
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**1. Financial Statements**  
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**1.1 Presentation of Financial Statements**  
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The financial statements for the year under review had been presented to audit on 19 April 2016 and the report of the Auditor General had been furnished to the Secretary of the Sabha on 01 September 2016.

**1.2 Qualified Opinion**  
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Except for the effects of the matters described in Paragraph 1.3 of this report, I am of opinion that the financial statements give a true and fair view of the financial position of the Koralaipattu 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**  
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**1.3.1. Accounting Deficiency**  
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A photocopier purchased during the year under review at a cost of Rs.135,000 had been shown under recurrent expenditure.

**1.3.2 Accounts Receivable**  
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Although a sum of Rs. 593,967 had been continuously shown in the financial statements as outstanding loan granted to 24 employees who had left the service or retired for over ten years, action had not been taken either to recover the amount from the employees or their sureties.

**1.3.3 Non -compliance with Laws, Rules and Regulations**  
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The following instances of non-compliance with laws, rules and regulations were observed in audit.

<b>Reference to Laws, Rules, Regulations etc;</b>	<b>Non-compliance</b>
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(a) Pradeshiya Sabha (Financial and Administrative) Rules of 1988 ----- (i) Rules 5(12) of Chapter I	Although cash, stores and signing of cheques had been administratively entrusted to three officers, securities had not been obtained from them.
(b) Treasury circular No. IAI/2002/ 02 dated 28 November 2002	A separate register had not been maintained to record computers and computer accessories

## **2 Financial Review**

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### **2.1 Financial Results**

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According to the financial statements presented, the excess of revenue over recurrent expenditure for the year ended 31 December 2015 amounted to Rs.12,468,433 as compared with the excess of revenue over recurrent expenditure amounting to Rs. 10,734,838 for the previous year thus indicating an improvement of Rs. 1,733,595 in the financial results.

## **3. Performance Review**

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### **3.1 Management Inefficiency**

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The Sabah had to pay a sum of Rs. 379, 677 including the surcharge amounting to Rs. 53,927 due to the failure in remitting a sum of Rs. 325,750 being contribution to the Employees Provident Fund in time , in respect of 14 employees served in the Sabha for a period of six months in 2011 .

## **4 . Systems and Controls**

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

- (a) Accounting
- (b) Revenue management
- (c) Solid waste management