

## Koralaipattu North Pradeshiya Sabha

### Batticaloa district

#### 1. Financial Statements

##### 1.1 Presentation of Financial Statements

The Financial Statements for the year 2016 had been submitted to Audit on 05 May 2017 while the Financial Statements relating to the preceding year had been submitted on 16 May 2016. Report of the Auditor General relating to the year 2016 had been furnished to the Secretary of the Sabah on 12 October 2017.

##### 1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in paragraph 1.3 of this report, the financial statements give a true and fair view of the financial position of the Koralaipattu North Pradeshiya Sabha as at 31 December 2016 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. Lack of Documentary Evidence

Evidence indicated against the following each item of accounts had not been furnished to audit.

<u>Item</u>	<u>Value</u> Rs.	<u>Lack of Evidence</u>
Lands and Buildings	86,023,198	Title Deed
Plant and Machineries	786,500	Register of Fixed Assets
Furniture and Fittings	1,546,229	

#### 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 2016 had amounted to Rs. 927,396 as compared with the corresponding the excess of Revenue over Recurrent Expenditure for the previous year amounted to Rs. 4,944,988 .

### **3. Operating Review**

-----

#### **3.1 Operational Inefficiency**

-----

The following were observed.

- (a) Concreting the roads and construction of drainages that had to be carried out from the fund allocation of Ministry of Provincial Councils and Local Government and to be completed before 31 December 2016 had not been commenced even as at 30 June 2017. However, fund amounting to Rs. 550.585 had been obtained from the Ministry on 31 December 2016, certifying by the Technical Officer that the work had been satisfactorily completed.
- (b) It was stipulated in the Finance Commission circular No.2016/01 dated 30 December 2015 that with the view of enhancing the efficient utilisation of Public Fund, temporary road constructions such as gravelling the roads should be avoided except carpeting, concreting and tarring for long term usage under the fund allocation for Provincial development projects. However, one road had been gravelled during the year under review at a cost of Rs. 429,565 contrary to the circular instructions.
- (c) According to circular No. 02/2011 dated 24 February 2011 of the Department of Pensions, employees and employer should contribute 8 percent and 12 percent of the salary respectively to the Public Service Provident Fund for casual and temporary employees. However, the contribution had not been remitted to the Fund in respect of 12 employees recruited during the years 2016 and 2017

#### **3.2 Human Resource Management**

-----

According to Public Administration circular No. 25/2014 dated 12 November 2014, when employees are recruited on casual and contract basis the prior authorisation of the Department of Management Services and the approval for provision of funds should be obtained. However, 18 employees had been recruited during the years 2016 and 2017 on casual and contract basis without obtaining the prior authorisation and approval.

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

-----

#### **4.1 Unresolved Audit Paragraphs**

-----

Reference is given below regarding the unresolved audit paragraphs containing the irregularities and deficiencies indicated in the Auditor General's Reports relating to the Sabah.

<b>Reference to the Report</b>		<b>Item included</b>
<b>Year</b>	<b>No. of Paragraph</b>	<b>-----</b>
<b>-----</b>	<b>-----</b>	
2015	2.2.3 (b)	Non recovery of security money from the relevant employees
2015	3.2 (b)	Action not taken to recover tax on properties
2015	4.1 (b)	Change of ownership not done for the vehicles obtained as donation

## 5. **Systems and Controls**

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

	<b><u>Controls</u></b>	<b><u>Items that need special attention</u></b>
(a)	Accounting	Accounting for receivables and payables.
(b)	Revenue Management	Taking action to recover the revenue in arrears.