

## **Eravurpattu 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 31 March 2017 while the Financial Statements relating to the preceding year had been submitted on 02 May 2016. Report of the Auditor General relating to the year 2016 had been furnished to the Secretary of the Sabah on 30 August 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 Eravurpattu 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 Non-compliance with Laws, Rules, Regulations and Management Decisions.**

Action had not been taken on the Lapsed Deposits totalling to Rs. 7,598,610 to settle or credit to Revenue in terms Financial Regulation 571 of the Democratic Socialist Republic of Sri Lanka which were lying 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 2016 had amounted to Rs. 11,161,865 as compared with the corresponding the excess of revenue over recurrent expenditure for the previous year amounted to Rs. 30,764,081.

##### **2.2 Revenue Management**

Action had not been taken to recover the Entertainment Tax amounting to Rs. 746,624 as at the end of the year under review.

### **2.3 Working Capital Management**

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According to the Cash Book being maintained by the Sabah, the cash balance as at the end of each month appeared ranging from Rs. 22.5 Million to Rs. 50.3 Million. As no any action had been taken to invest the money in interest earning fixed deposits or call deposits, the Sabah is loosing approximately Rs. 2.4 Million interest income annually.

## **3 Operating Review**

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### **3.1 Management Inefficiencies**

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Following were observed.

- (a) Although a tractor valued at Rs.175,000 belonging to the Divisional Secretariat , Chenkalady had been handed over to the Sabah during the year 2013 and being utilised, action had not been taken to transfer the ownership of the vehicle to the Sabah.

### **3.2 Unutilised and Underutilised Assets**

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Following observations were made.

- (a) A motor cycle valued at Rs. 50,000, a hand tractor and a lorry valued at Rs. 1,750,000 that could be repaired and used remained idle for over three years.
- (b) A 10Kw generator belonging to the Sabah remained idle from the year 2013 without action being taken to repair and use.

### **3.3 Solid Waste System**

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Although a composed fertilizer producing machine and a generator to the value of Rs. 320,000 had been obtained from Asia Foundation for producing a composed fertilizer by using garbage collected under the purview of the Sabha during the year 2010, they had remained unutilized and corroded till 26 April 2017.

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

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### **4.1 Unresolved Audit Paragraphs**

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

Reference to the Report		Item included
Year	No. of Paragraph	
2015	2.2.3 (a)	Non recovery of Staff Loan balances amounting to Rs. 841,091 for fourteen years.
2015	2.2.4 (a)	Non recovery of security from the Officers who had to pay security.
2015	2.2.3	Action not being taken to recover meat stalls rent and market rent.
2015	3.2.3	Action not being taken to recover for the telecommunication towers erected.
2015	3.2.4	Action not being taken to recover Rates on properties.

## 5. Systems and Controls

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

Controls	Items that need special attention
(a) Revenue Management	Action to be taken to recover the revenue in arrears.
(b) Assets management	Repairing and using the vehicles and machineries that were under repair.