

Porathivupattu 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 22 April 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 Porathivupattu 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. Accounting Deficiencies

Following accounting deficiencies were observed.

- (a) Although Refundable Deposits as at 31 December 2016 according to the Deposits Ledger had amounted to Rs. 7,795,808, this had been shown in the Balance Sheet as Rs. 4,085,978. Accordingly, the Refundable Deposit had been understated by Rs. 3,709,830.
- (b) The Grant amounting to Rs. 2,192,749 received from the Provincial Specified Development Grant had been shown as Current Liability.

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. 536,986 as compared with the corresponding the excess of Revenue over Recurrent Expenditure for the previous year amounted to Rs. 2,565,666.

3. Operating Review

3.1 Management Inefficiency

Following observations were made.

- (a) Action had not been taken either to repair and use or sell in auction the Hand Roller which had been donated to the Sabah and not used as the wheel had not been functioning and parked in the Sabah premises since the year 2012.
- (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, 08 roads had been gravelled during the year under review at a cost of Rs. 1,037,812 contrary to the circular instructions

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.

Reference to the Report		Item included
Year	No. of Paragraph	
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2015	2.2.2 (b)	Action not taken to write off the cost of buildings, furniture etc. which had been destroyed during the year 1990 .
2015	3.2.1	Action not taken to recover tax on properties.
2015	4.1	Action not taken to recover the Loan balances amounting to Rs. 506,576 receivable from 09 Officers who went on transfer.

5. Systems and Controls

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

Controls	Items that need special attention
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(a) Accounting	Deposits Ledger to be updated.
(b) Revenue Management	Action to be taken to recover the arrears of Revenue.