

**Mannar Urban Council**

**Mannar District**

**1. Financial Statements**

**1.1 Presentation of Financial Statements**

The financial statements for the year 2018 had been presented for audit on 27 March 2019 and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the Chairman on 30 June 2019 and 31 October 2019 respectively.

**1.2 Qualified Opinion**

In my opinion, except for the effect of matters described in the basis for qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Mannar Urban council as at 31 December 2018 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

**1.3 Basis for Qualified Opinion**

**Accounting Deficiencies**

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
In the main ledger, furniture and machine initial balance were reduced by Rs 2,010,947 and Rs 1,103,840 respectively.	When replacing the initial balance, the correct value should be replaced.	Will be converted to the correct value in future periods.

**1.4 Non-Compliance**

**1.4.1 Non-compliance with Laws, Rules, Regulations and Management Decisions**

<b>Reference to Laws, Rules, Regulations and Management Decisions</b>	<b>Non-compliance</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka Financial Regulation 371	12 occasions had been paid for various activities during the year, therefore, no constructive	Action should be taken in terms of relevant rules	Actions have been taken to rectify the advance

measures have been taken to instructions of the  
 adjudicate a sum of Rs circular  
 1,678,168 over a period of six  
 years.

## 2 Financial Review

### 2.1 Financial Results

According to the financial statements presented, the revenue over recurrent expenditure of the Sabha for the year ended 31 December 2018 amounted to Rs 54,345,454 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs 50,079,801.

### 2.2 Revenue Administration

#### 2.2.1 Estimated Revenue, Billed Revenue, Collected Revenue and Arrears of Revenue

Rs 19,212,864 as the revenue arrears of the Sabha in the last year. Totalling arrears Rs 24,177,195 for the year. However, the revenue collection as a inefficiencies was increased Rs. 4,964,331. The following observation are made.

Source of Revenue	2018				2017			
	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December
	Rs.	Rs. *	Rs.	Rs.	Rs.	Rs.*	Rs.	Rs.
Rates and Taxes	17,055,000	-	18,329,289	18,867,241	17,080,000	-	18,304,367	1,244,367
Rent	28,269,300	-	37,065,155	5,309,954	22,309,300	-	30,760,213	8,450,913
License Fees	1,340,000	-	1,422,159	-	1,010,000	-	1,240,841	230,841
Other Revenue	18,086,500	-	26,508,501	-	11,987,250	-	21,273,993	9,286,743
	<b>64,750,800</b>		<b>83,325,104</b>	<b>24,177,195</b>	<b>52,386,550</b>		<b>71,599,414</b>	<b>19,212,864</b>

\*Listed Revenue bills had not been submitted for audit

#### 2.2.2 Rates and Taxes

Audit Observation	Recommendation	Comment of the Accounting Officer
No constructive measures have been taken by the council to collect the total of the outstanding dues of Rs. 16,194,671.	Actions should be taken to recover arrears of rates and taxes.	Action had been taken recover the arrears rates and taxes.

### 2.2.3 Rent

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
Action had not been taken recover the arrears rent as a totalling amount of Rs. 4,089,621.	Actions should be taken to recover arrears of rent.	Action had been taken recover the arrears rent.

### 2.2.4 Court Fines and Stamp Fees

#### (a) Court Fines

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
Court fines of Rs. 4,743,854 were due from the Chief Secretary of the Provincial Council and other officers as at 31 December 2018.	Action should be taken recovery of the court fine.	Action had been taken the recover the court fine

#### (b) Stamp Fees

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Stamp fees of Rs. 18,806,794 were due from the Chief Secretary of the Provincial Council and other officers as at 31 December 2018.	Action should be taken recovery of the stamp fees.	Action have been taken to recovery of arrears.

## 3. Operating Review

### 3.1 Performance

The following matters were revealed with regard to duties to be fulfilled by the Council in terms of Section 4 of the Urban Council Act, such as regularization and control of matters relating to public health, common amenities and public highways, healthy environment of the public, facilities, welfare etc.,

## Sustainable Development Goals

---

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>In terms of Secretary of Auditor General, General No 2018/61 of 23 April 2018, sustainability awareness and maritime and maritime pollution control plans had not been prepared for sustainable development while protecting the oceans and marine resources.</p>	<p>Oceans and marine resources should be protected to achieve a sustainable development goal.</p>	<p>Pallimunai beach and Kiri beach area have been taken up with the Department of Marine Conservation. Assessments have also been made to carry out workshops to prevent the contamination of polythene and plastics from the seabed by installing wire barriers at major sewage channels along the coast.</p>

### 3.2 Management Inefficiencies

---

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>There have been no constructive actions taken by the council regarding 97 complaints received from the public during the review period.</p>	<p>The council should be provided solutions to the complaints received</p>	<p>58 issues are yet to be resolved in the 2018 publicly available complaint. Some of these issues have been mutually agreed upon by the oral language. Legal proceedings in relation to more improper buildings, Authorization letters have been sent to the Urban Development Authority. If appropriate, appropriate action will be taken.</p>

### 3.3 Human Resources Management

---

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>Approved cadre and actual cadre of the Sabha as at 31 December 2018 were 109 and 100 respectively and action had not been taken to fill the 09 staff vacancies.</p>	<p>Action should be taken to filled the vacancies.</p>	<p>Vacancy for Scheduled Cadres of the Urban Council - 06 Letters of Request for Filling of these Vacancies have been sent to the Secretary General of Public Administration, Northern Province. Also, permission has been requested from the Local Government Commissioner to fill vacancy 03 for the unlisted officers.</p>

### 3.4 Assets Management

#### 3.4.1 Failure in carrying out Maintenance and Repairing

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
No action has been taken regarding the 24 unused vehicles of the council.	Action should be taken to use vehicles	24 vehicles have been rectified, that vehicles have been used for repairs are being used and actions have been taken to remove the other vehicles which cannot be used.

#### 3.4.2 Assets not acquired

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
(a) No action has been taken in relation to the ownership of 14 vehicles worth Rs. 17,613,000.	Action should be taken to transfer the ownership	Actions have been taken to transfer the ownership of 14 vehicles.
(b) There are three buildings worth Rs. 31,100,000 coming from the use of the council, No constructive measures have been taken to change the ownership of the land.	Land ownership should be transferred to the council.	A request has been made to the Mannar Divisional Secretary to confirm the ownership of the land.

### 4. Accountability and Good Governance

#### 4.1 Budgetary Control

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
In the year under review, the cost of the council was Rs. 88,010,500, while the actual expenditure was Rs. 71,621,015.	Payment should be made so that there is no significant difference between the cost and the actual cost.	Differences between adjusted costs and actual expenditures in 2018, the focus is on reducing the differences between the underlying and actual expenditures in the upcoming year.