

Nanattan Pradeshiya Sabha

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 May 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 Nanattan Pradeshiya Sabha 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

(a) Accounting Policies

Audit Observation	Recommendation	Comment of the Accounting Officer
-----	-----	-----
Accounting policies adopted in preparing the financial statements had not been disclosed by the Sabha in the financial statements.	Accounting policies should be disclosed in the financial statements.	I am aware that the financial statement will be disclosed in future.

(b) Lack of Necessary Documentary Evidence for Audit

Audit Observation	Recommendation	Comment of the Accounting Officer
-----	-----	-----
None of the documents confirming the ownership of the 21 lands shown as land buildings for the council's 2018 deadline have been submitted for review.	Establishments for the ownership of the Sabha's land must be maintained in the assurance of the Sabha land	Actions are being taken to obtain the relevant documents for the assets of the Sabha

1.4 Non-compliances

1.4.1 Non-compliances with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliances	Recommendations	Comments of the Accounting Officer
(a) National Audit Act No 19 of 2018 Section 16(2)	An annual performance report had not been presented for the review year	Action should be taken with an annual performance report submitted in the financial statement.	An annual performance report had been prepared.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) Financial Regulation 371	Advance totalling Rs. 1,959,876 had not been settled from eight to seventeen years.	Actions should be taken to settle advances as soon.	Inquiry committee had been appointed by the Local Commissioner, and action had been taken.
(ii) Financial Regulation 571	No action had been taken in respect of lapsed deposits totaling Rs. 1,769,914.	Action should be taken related to the lapsed deposits	Inquiry committee had been appointed by the Local Commissioner, and action had been taken.

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 15,797,329 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs 2,939,055.

2.2 Revenue Administration

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

Information on the estimated revenue, billed revenue, collected revenue and arrears of revenue presented relating to the year under review and the preceding year is given below.

Source of Revenue	2018			2017		
	Estimated Revenue	Revenue Billed	Total arrears as at 31 December	Estimated Revenue	Revenue Billed	Total arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	352,000	599,480	-	411,000	472,910	-
Rent	14,194,766	17,373,534	862,160	6,352,055	5,666,244	668,476
License Fees	585,000	554,457	-	670,000	575,769	-
Other Revenue	5,331,220	7,460,618	6,234,741	4,004,484	4,840,218	2,771,920
	20,462,986	25,988,089	7,096,901	11,437,539	11,755,141	3,440,396
2.2.2 Rent	=====	=====	=====	=====	=====	=====

Audit Observation

Recommendation

Comments of the Accounting Officer

Action had not been taken to recover the arrears amount of Rs. 221,560, this amount should be recover from the sabha's lease collection outstanding, Postal building and market shopping complex.

Actions should be taken to recover arrears of rent

Action will be taken to settlement test by the research officers.

2.2.3 Court Fines and Stamp Fees

(a) Court Fines

Audit Observation

Recommendation

Comments of the Accounting Officer

Court fines of Rs. 2,398,170 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 have been taken to recovery of arrears.

(b) Stamp Fees

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
Stamp fees of Rs. 3,332,553 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 Sabha in terms of Section 3 of the Pradeshiya Sabha 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.,

(a) Action Plan

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
According to the Ministry of Finance plan, Public Financial circular no PFD/RED/01/04/2014/01 of 17 February 2014, An annual action plan had not been prepared in respect of the twenty activities to be implemented by the Sabha.	An action plan should be prepared and should be approved during the period.	Action plan had been prepared

(b) Sustainable Development Goals

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
In terms of the Audit Secretariat Circular No. General/2018/61 of 23 April 2018. No sustainability awareness and maritime and maritime pollution plans had not been prepared and sustained for sustainable development and protection of the oceans and marine resources.	Action should be taken according to the instructions of the circular	Sustainable development plan will be prepared and follow up action in future.

3.2 Human Resources Management

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
Approved cadre and actual cadre of the Sabha as at 31 December 2018 were 65 and 61 respectively and action had not been taken to fill the 04 staff vacancies.	Action should be taken to filled the vacancies.	Action has being taken fill of vacancies.

3.3 Assets Management

3.3.1 Assets not acquired

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
Action has not been taken regrading two vehicle transfer of ownership.	Action should be taken to transfer the ownership of vehicles in a timely manner.	Action will be taking for transfer of ownership continuously.

4. Accountability and Good Governance

4.1 Budgetary Control

Audit Observation	Recommendation	Comments of the Accounting Officer
<hr/> <p>Rs 42,449,037 as the budget expenditure of the Sabha during the year under review. However, the actual expenditure is Rs 38,897,375, amount of Rs 3,551,662 different shows produced by inefficient budgeting.</p>	<hr/> <p>Budget should be prepared and considered controlling instruments and prepared the effectiveness of the budget.</p>	<hr/> <p>In the future, such deficiencies will be avoided.</p>