

Manthai West Pradeshiya Sabha

Mannar District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2019 had been presented for audit on 28 February 2020 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 2020 and 17 July 2020 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 Manthai west Pradeshiya Sabha as at 31 December 2019 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Basis for Qualified Opinion

(a) Accounting Deficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
Although the Mullikkulam road construction project worth Rs. 4,500,000 mentioned in the budget has not been implemented by the Sabha during the review, current liabilities are aggregated in the financial statements as they are included in the Sundry creditors account.	The implemented project funded by the sabha without completing physically has been included in the year under review sundry creditors account.	Only the amount of the contract work completed and the payment not made should be included in the Sundry creditor's account.

(b) Unreconciled Balances

Audit Observation	Comment of the Accounting Officer	Recommendation
Since the purchase value of Rs. 3,102,108 of the machine and furniture by the Pradeshiya Sabha during the year under review but in the Balance Sheet it shown as Rs.	In the review, the purchase value of the machine and furniture purchased by the Pradeshiya Sabha has been shown correctly in their purchase value accounts but	The final balance according to the main ledger should be displayed in the balance sheet.

3,108,108. There is a difference between the balance shown in the main ledger and the balance shown in the balance sheet. only the main note has been erroneously recorded. Such mistakes will not occur in the future.

1.4 Non-Compliance

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

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance;	Comments of the Accounting Officer	Recommendation
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(a) Ministry of Public Administration and Management Circular No. 30/2016 dated 29 Decemer 2016	Two vehicles found in the sabha have not been tested for more than two year.	Action is being taken to carry out fuel consumption test for the specified vehicles.	Fuel consumption testing should be done periodically as per the circular
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
Financial Regulation 571	No action been taken to relate the laps deposits Rs.293,001 of the Sabha for more than two years.	Action has been taken to convert the deposits of more than two years to Sabha's income.	The action should be taken by the Sabha in accordance with the financial regulation.

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 2019 amounted to Rs 15,797,696 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs. 19,084,547.

2.2 Revenue Administration

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

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

Source of Revenue	2019			2018		
	Estimated Revenue	Revenue Billed	Total arrears as at 31 December	Estimated Revenue	Revenue Billed	Total arrears as at 31 December
Rent	7,531,473	8,871,196	710,519	9,001,660	6,355,635	734,550
License Fees	635,500	892,930	-	541,500	839,230	-
Other Revenue	13,495,663	19,500,763	718,175	11,842,245	25,272,438	439,500
	21,662,636	29,264,889	1,428,694	21,385,405	32,467,303	1,174,000

2.2.2 Court Fines and Stamp Duties

(a) Court Fines

Audit Observation	Comment of the Accounting Officer	Recommendation
The value of court fine total Rs. 8,796,645 has to be recovered from the Chief Secretary of the Provincial Council and all authorities as at 31 December 2019.	The court fine for the year under review will be received in the next year.	Action should be taken to receive the court fines in the due period.

(b) Stamp Fees

Audit Observation	Comments of the Accounting Officer	Recommendation
The value of stamp fees total Rs.4,638,458 has to be recovered from the Chief Secretary of the Provincial Council and all authorities as at 31 December 2019.	Actions will be taken to collect stamp duty through the Provincial Treasury.	Action should be taken to receive the stamp fees in the due period.

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) By-Laws

Audit Observation	Comment of the Accounting Officer	Recommendation
By-laws were required to be enacted for main functions interms of section 126 of the Pradeshiya Sabhas Act. But any by-laws has not been enacted even by 31 December 2019.	General by-laws are accepted and followed when circumstances and requirements arise, separate by-laws have been developed and actions are being taken to comply with them.	By-law should be enacted in accordance with the law

3.2 Management Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) No action has been taken by the Sabha to recover the arears shops rents of Rs. 57,011 in years 2019.	Those involved in connection with shop rent arrears are constantly being instructed directly by the income inspector.	Action should be taken by the Sabha to collect the rent arrears in the due period.
(b) No constructive actions has been taken by the Sabha to recover the outstanding amount of Rs.718,175 from drinking water and service charges due for four to seven years.	Those involved in connection with service bill arrears are being continuously instructed directly by the Income Examiner.	Action should be taken by the Sabha to collect the revenue related to drinking water and service charges in the due period.
(c) No action has been taken by the Sabha regarding the 35 unauthorized buildings found within the boundaries of the Adampan sub-office.	The designated buildings include 22 public buildings, civil society structures and places of worship.They have been advised to get building permission.All parties are urged to obtain and obtain proper building permits for all buildings.	Appropriate action should be taken by the Sabha regarding unauthorized buildings in the due period
(d) No action has been taken by the Sabha to recover for the 53 lands in use by the Sabha.	At present 9 plots of land have been surveyed by the Land Survey Department as per the instructions of the Divisional Secretariat. Once the map is available, action will be taken to obtain the confirmations and a request has been submitted to the Land Survey Department to measure other lands.	Actions should be taken to obtain land deeds

3.3 Human Resources Management

(a) Vacancies of Cadre

Audit Observation	Comments of the Accounting Officer	Recommendation
The 05 vacancies have not filled by the Sabha since the works has been delayed by such persons who could carried out the works at present.	Vacancy details are sent to the Department of Local Government on a monthly basis for action.	Action should be taken by the Sabha to fill the vacancies in the due period.

(b) Employee Securities

Audit Observation	Comments of the Accounting Officer	Recommendation
According to the Provincial Finance Circular No. PF/01/2017 dated 04 March 2017, Although the minimum employee securities to be paid by the 14 officers was Rs. 157,500. Only Rs.72,500 paid and it was not paid less by Rs. 85,000.	The amount to be paid as collateral has been calculated as per the Provincial Financial Circular and action should be taken to collect the balance.	The Securities should be paid in accordance with the relevant circular.

3.4 Assets Management

3.4.1 Idle Assets

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The work on the e-Library system undertaken by the Sabha during the year under review has not been completed and the cost of Rs.500,000 to be paid to Egait (PVT) Ltd shown in the creditors account.	As the work is now completed, the amount has been issued and settled through Sundry creditors receipt nos. 23,24,25 and 26 (10.02.2020). There is a constant uploadings of books in order to make the website in question.	Only unpaid amounts related to completed work should be included in the sundry creditors account
(b) 05 computer equipments valued at Rs. 154,505 purchased by the Sabha for the purpose of E-Library System in the year under review are not being used.	would like to inform that when it is completed it will be informed to the people and will be put to continuous use. Appropriate action will be taken in the future.	Computer equipment should only to be used for the intended purpose as the warranty period expires

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| (c) | 05 life protect jackets provided to the Pradeshiya Sabha by the Mannar District Secretariat on 16 January 2015 have been found in the warehouse for a long time without being used. | These will be stored in the warehouse as there was no flood disasters in our area after the given period and its protected and will be used in case of flood disasters in future | Actions should be taken to make life protect jackets use and the excess should be donate those in need as per the meeting resolution. |
| (d) | The two wheeler tiller, box and trailer purchased Rs. 850,000 in the year 2009 by the provincial Specified fund, is observed that unused and remained without transfer. | Although it is currently unusable, suggestions are being sought regarding the possibilities to obtain ownership by the registration. | Appropriate action should be taken to transfer ownership |

4. Accountability and Good Governance

4.1 Budgetary Control

Audit Observation	Comments of the Accounting Officer	Recommendation
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The total cost of the two expenditure items found in the budget is Rs.5,261,000 while the actual expenditure is Rs. 5,882,869. It has been an increase of Rs. 621,869. This indicates that the necessity of its expenditure was not been taken into account when preparing the budget of the Sabha.	Vehicles (JCB) were used for income compensation as there was more demand than expected. Because of above the travel allowances paid for drivers and increased fuel and maintenance costs for vehicles.	When preparing the budget, the budget should prepare consider the effective control mechanism.