

Vavuniya North Pradeshiya Sabha
Vavuniya District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 25 March 2014 and the financial statements for the preceding year had been presented on 05 April 2013. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 26 November 2014.

1.2 Opinion

In my opinion, except for the effects on the financial statements of the matters referred to in paragraph 1.3 of this report, the financial statements have been prepared in accordance with Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Vavuniya North Pradeshiya Sabha as at 31 December 2013 and the financial results of its operations for the year then ended.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

The following accounting deficiencies were observed.

- (a) A cash flow statement had not been furnished with the financial statements.
- (b) The accounting policies adopted in preparation of financial statements had not been disclosed.
- (c) The sum of Rs.3,360 recovered in excess as recovery of staff loans had not been adjusted in the closing balance of debtors.
- (d) Advances recoverable as at end of the year under review amounted to Rs.4,521,716 as per list annexed to the final accounts of 2013. This had been shown as Rs.7,952,480 in the balance sheet and not been entered in the main ledger too.

- (e) Loans given for utility services amounting to Rs.12,123,017 had not been entered in the main ledger.
- (f) The accumulated fund account had been understated by Rs.935,500 as a result of court fines of November and December 2013 not being brought to accounts.

1.3.2 Unreconciled Control Accounts

The balances of control accounts were Rs.1,091,238 whereas it was Rs.1,523,949 as per trial balance resulting in a difference of Rs.441,711.

1.3.3 Receivables

Staff loan advances exceeding 5 years as at 31 December 2013 amounted to Rs.228,051.

1.3.4 Lack of Evidence for Audit

- (a) Transactions aggregating Rs.4,539,939 could not be satisfactorily vouched in audit due to non-rendition of necessary evidence.
- (b) Fixed deposit certificates for Rs.14,922,174 had not been furnished for audit.

2. Financial and Operating Review

2.1 Financial Results

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2013 was Rs.7,986,051 as compared with the excess of revenue over recurrent expenditure amounting to Rs.8,803,885 of the preceding year.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and the Arrears of Revenue

The information relating to the estimated revenue, actual revenue and the arrears of revenue for the year under review, as presented by the Chairman appear below.

Item of Revenue	Estimated	Actual	Cumulative arrears as at 31 December
-----	-----	-----	-----
	Rs.	Rs.	Rs.
Rates and Taxes	2,732,000	978,681	1,753,319
Licence Fees	219,700	158,065	61,635
Other Revenue	15,818,000	18,706,475	-
	-----	-----	-----
Total	18,769,700	19,843,221	1,814,954
	=====	=====	=====

2.3 Court Fines

Court fines of Rs.935,500 was due from the Chief Secretary of the Provincial Council as at 31 December 2013.

2.4 Stamp Fees

The stamp fees due as at 31 December 2013 amounted to Rs.419,550.

3. Operating Review

3.1 Management Inefficiencies

- (a) Action had not been taken to recover advertisement charges relating to hoardings. Meanwhile, arrears due on hoardings too had not been recovered.
- (b) Fixed deposit certificates had not been furnished for fixed deposits valued at Rs.14,922,174.
- (c) The value of 3 computer chairs amounting to Rs.29,853 had not been entered in the register.
- (d) The following deficiencies were observed during the course of examination of daily running charts furnished for audit.
 - (i) Initials of the officers using the vehicle had not been obtained.
 - (ii) Distance travelled, palaces of visits had not been entered.
 - (iii) Running charts had not been completely used.

3.2 Idle/ Underutilized Assets

- (a) The current account balance of Rs.161,325 of the Bank of Ceylon remained dormant for over 6 years as at 31 December 2013.
- (b) Two hundred and thirty seven pillars valued at Ra.130,150 remained idle for over 2 years.

4. Systems and Controls

Special attention of the Sabha is needed in respect of the following areas of systems and controls.

- (a) Fixed Assets
- (b) Revenue