

**Chettikulam Pradeshiya Sabha  
Vavuniya District**

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**1. Financial Statements**

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**1.1 Presentation of Financial Statements**

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The financial statements for the year under review had been presented to audit on 27 March 2014 and the financial statements for the preceding year had been presented on 10 July 2013. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 28 October 2014.

**1.2 Opinion**

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In my opinion, except for the effects on the financial statements of the matters referred to in paragraph 1.3 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 Chettikulam 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**

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**1.3.1 Accounting Deficiencies**

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The following accounting deficiencies were observed.

- (a) A cash flow statement had not been furnished with the financial statements.
- (b) Accounting policies adopted for preparation of financial statements had not been disclosed.

**1.3.2 Unreconciled Control Accounts**

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The recurrent revenue as per register was Rs.25,036,898 whereas it was Rs.21,385,391 as per form Specimen 16 of the Pradeshiya Sabha showing a difference of Rs.3,651,507.

### **1.3.3 Lack of Evidence for Audit**

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Transactions aggregating Rs.101,804,469 could not be satisfactorily vouched in audit due to non-remission of necessary information.

### **1.3.4 Non-compliance**

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Non-compliances observed during the course of audit are shown below.

- (a) The Sabha had not taken action in terms of Circular No.438 of 13 November 2009 of the Director of Public Finance regarding items that cannot be used as shown in the previous year's board of survey reports.
- (b) Advances amounting to Rs.9,000 had not been settled upto 31 December 2013 in terms of Financial Regulation 371(5).

## **2. Financial and Operating Review**

### **2.1 Financial Results**

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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.15,921,667 as compared with the excess of revenue over recurrent expenditure amounting to Rs.17,637,686 of the preceding year.

### **2.2 Accounts Receivable**

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A sum of Rs.20,860 remained as recoverable from an officer for over 10 years as at 31 December 2013.

## 2.3 Revenue Administration

### 2.3.1 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
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	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Rates and Taxes	1,990,000	3,488,703	479,907
Licence Fees	1,125,000	704,400	3,891,083
Other Revenue	42,343,380	20,843,795	43,700
Total	45,458,380	25,036,898	4,414,690
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### 2.3.2 Court Fines

The court fines due as at 31 December 2013 amounted to Rs.2,696,933.

### 2.3.3 Arrears of Revenue

Arrears of stall rent and vehicle hire charges due for the year under review and the previous year as at 31 December 2013 amounted to Rs.87,931 and action had not been taken to recover these.

## 3. Operating Review

### 3.1 Idle and Underutilized Assets

Stage for a conference hall valued at Rs.45,000 purchased by the Sabha remained idle at the stores.

### **3.2 Management Inefficiencies**

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- (a) JCB motor graders of the Sabha had been used without recovering charges from the parties concerned and the amount due was Rs.246,350.
- (b) The current account balance of Rs.1,040,243 as at 31 December 2013 remained dormant for over one year.
- (c) Confirmation letter for the loan balances of Rs.5,255,807 payable to the Local Loans and Development Fund had not been furnished to audit.

### **4. Systems and Controls**

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

- (a) Control over revenue
- (b) Control over fixed assets
- (c) Control over advances
- (d) Contract administration
- (e) Accounting