

**Vavuniya Urban Council**  
**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 8 August 2014 and the financial statements for the previous year had been presented on 28 March 2013. The report of the Auditor General was issued to the Chairman of the Urban Council on 26 November 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 Vavuniya Urban Council 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) The accounting policies adopted for preparation of financial statements had not been disclosed.
- (c) The arrears of court fines for the year under review had been overstated by Rs.10,000.
- (d) Five buses received as donation had not been valued and brought to accounts.

### **1.3.2 Lack of Evidence for Audit**

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Transactions valued at Rs.81,925 could not be satisfactorily vouched or accepted in audit due to lack of necessary evidence.

### **1.3.3 Non-compliance**

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Action had not been taken in terms of Financial Regulation 571 with regard to lapsed deposits aggregating Rs.1,163,098.

## **2. Financial Review**

### **2.1 Financial Results**

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According to the financial statements presented, the excess of revenue over recurrent expenditure of the Council for the year under review was Rs.21,654,417 as compared with the excess of revenue over recurrent expenditure amounting to Rs.12,390,503 for the preceding year.

### **2.2 Accounts Receivable**

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- (a) Arrears due as sundry creditors of electricity for many years amounted to Rs.8,805,091 as at 31 December 2013.
  
  - (b) Action had not been taken to recover the sum of Rs.17,960 overpaid to a sundry debtor in 1995.

### **2.3 Revenue Administration**

#### **2.3.1 Estimated Revenue, Actual Revenue and the Arrears of Revenue**

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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.

<b>Item of Revenue</b>	<b>Estimated</b>	<b>Actual</b>	<b>Cumulative arrears as at 31 December</b>
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	Rs.	Rs.	Rs.
Rates And Taxes	22,546,800	23,596,884	32,630,523
Lease Rent	29,148,380	27,970,238	1,880,320
Licence Fees	2,002,500	2,036,995	6,486,881
Other Revenue	93,148,500	68,869,794	1,092,774
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Total	146,846,180	122,473,911	42,090,498
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### **2.3.2 Court Fines**

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Court fines amounting to Rs.6,476,881 was due from the Chief Secretary, Northern Province as at 31 December 2013.

### **2.3.3 Idle and Underutilized Assets**

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Seventeen vehicles of the Sabha remained idle without being used.

### **2.3.4 Arrears of Revenue**

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Entertainment tax, rent, assessment tax and other arrears due for the previous year amounted to Rs.1,917,919. Action had not been taken to recover these in terms of Section 171(a) of the Urban Councils Ordinance.

### **2.4 Uneconomic Transactions**

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- (a) A surcharge of Rs.237,600 had been paid for non-renewal of vehicle licences on the due dates.
- (b) A surcharge of Rs.2,564 had been paid for non-payment of electricity charges on the due date and a sum of Rs.11,862 had been paid as reconnection charges.

### **2.5 Management Inefficiencies**

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Four ploughing machines of the Sabha remained idle due to lack of vehicle registration books.

**3. Systems and Controls**  
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Special attention of the Council is needed in respect of the following areas of systems and controls.

- (a) Register of Fixed Assets
- (b) Control Accounts