

Chavakachcheri Pradeshiya Sabha
Jaffna District

1 Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 30 March 2016 and the financial statements for the preceding year had been presented on 24 March 2015. The report of the Auditor General for the year under review was issued to the Secretary of the Sabha on 27 September 2016

1.2 Qualified Opinion

In my opinion except for the effect 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 Chavakachcheri Pradeshiya Sabha as at 31 December 2015 and the financial result of its operations and cash flow for the year then ended.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

- (a) Accumulated fund had been understated due to stamp fees receivable Rs. 57,562,303 for the previous year had not been brought to the financial statements.
- (b) Stamp fees Rs. 17,522,070 receivable from the Registrar General of land during the year under review had not been brought to the financial statement. As a result revenue had been understated in the financial statement.
- (c) 60 Nos of buildings belonging to sabha had not been brought to the financial statement. As a result land and building account had been understated.

1.3.2 Receivable and Payables

- (a) Action had not been taken to settled the advance of Rs. 71,845 since 1999.
- (b) A sum of Rs. 124,907 payables had been kept in the deposit account without paid to the respective department .

1.3.3 Lack of Evidence

Transactions valued at Rs 73,561 could not be vouched in audit due to non rendition of necessary information for audit.

1.3.4 Non Compliance with Laws, Rules and Regulations etc

The following instances of non-compliance with laws, rules, and regulations were observed.

Reference to Laws, Rules and Regulations etc.

Non Compliances

(a) Pradesha Sabha Act No 15 of 1987
Section 24

The list of roads and lanes had not been published in the Government Gazette.

(b) Financial Administration Rules of
Pradehya Saba 1988

(i) Rule No. 66 Chapter II

No action had been taken by the Secretary to recover the arrears of revenue amounting to Rs. 764,945

(ii) Rule No. 32 Chapter III

A register of assessment tax had not been maintained by the sabha

(c) Financial Regulations Democratic Socialist
Republic of Sri Lanka
No 571

Action had not been taken on lapsed deposit Rs 130,598

2 Financial Reviews

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 2015 amounted to Rs. 27,936,006 as compared with the excess of revenue over recurrent expenditure amounting to Rs. 25,226,674 for the preceding year. As a result revenue over recurrent expenditure had been improved by Rs. 2,709,332 due to increase in government grant.

2.2 Working Capital

According to the financial statement presented working Capital of the Sabha for the year under review was Rs 48,570,097 as compared with the working capital of the preceding year amounting to Rs 44,036,653. As a result working capital had been increased by Rs 4,533,444.

2.3 Revenue Management

2.3.1 Performance of Revenue collection

As per information furnished by the Secretary, estimated revenue, actual revenue and the arrears of revenue in respect of the year under review are given below.

2015

Item of Revenue	Estimated	Actual	Accumulated arrears as at 31 December 2015
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	Rs '000'	Rs '000'	Rs '000'
Rates and taxes	110	31	646
Lease rent	15,859	10,945	104
Licence fees	1,555	1,246	7
Other revenue	52,626	66,392	9
	70,150	78,614	766
	=====	=====	=====

2.3.2 Rates and taxes

Rating assessment of the properties within the areas of sabha had not carried out over 10 years.

2.3.3 Court fines and Stamp fees

(a) Court Fines receivable Rs 518,500 had not been recovered during the year under review.

(b) Stamp fees receivable Rs 73,545,330 from the Registrar General of lands had not been recovered.

3 Operating Review

3.1 Management inefficiencies.

3 Nos of building constructed for markets of the sabha had been remained idle.

3.2 Operating Inefficiencies

Grants for development of Community Centres Rs 67,536 given by the Commissioner of Local Government had not been utilized for the intended purpose.

3.3 Solid Waste Management

Solid waste management had not been implemented properly within the area of the sabha.

4 Accountability and Good Governance

4.1 Budgetry Control

Differences from Rs. 197,672 to Rs. 5,563,340 had been observed between budgeted expenditure and actual expenditure due to improper preparation of budget.

4.2 Internal Audit

Internal Audit activities were not operated effectively.

4.3 Audit and Management Committee Meeting

Audit and management committee meeting had not been conducted

4.4 Management of Assets

Tractor (Land Master) used by the sabha remained idle over 5 years.

5 Systems and Controls

Special attention is needed on the following areas of controls.

- (a) Internal Audit
- (b) Cash Management
- (c) Stores.