

Delft 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 31 March 2016 and the financial statements for the preceding year had been presented on 31 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 Delft 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) Pension contribution Payable Rs 716,345 to the Director of Pension for the previous year had not been brought as payables in the financial statement. As a result accumulated fund had been overstated.
- (b) Rs. 3,835,000 value of five assets items of the land and buildings had not been brought to the financial statement. As a result the value of land and buildings had been under stated.
- (c) Stamp fees amounting Rs. 591,390 had not been brought to the financial statement. As a result revenue account had been overstated.

1.3.2 Receivable

Action had not been taken to settle the advance of Rs 156,215 at the end of the financial year.

1.3.3 Lack of Evidence

A transaction valued at Rs 716,345 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) Pratheshiya 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 Pradeshiya Sabha 1988 (i) Rule No. 32 of Chapter III (ii) Rule 180 of Chapter IX	A register of assessment tax had not been maintained by the sabha Security deposit had not been obtained from the officers who are responsible for dealing with cash and stores
(c) Financial Regulation Democratic socialist Republic of Sri Lanka. No.1646	The daily running charts of vehicles had not been furnished for audit before 15 of the ensuing month.
(d) Public Administration Circular (i) No 41/90 dated 10 October 1990 (ii) No. 14/99 dated 11 June 1999	The fuel consumption of vehicles had not been checked. Officers who were obtained employee loans had not been annexed a statement of genuine declaration.

2 Financial Review

2.1 Financial Result

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2015 amounted Rs.751,422 as compared with the excess of revenue over recurrent expenditure amounting to Rs.1,020,371 for the preceding year. As a result revenue over recurrent expenditure had been decreased Rs. 268,949 due to increase in expenditure.

2.2 Working Capital

According to the financial statement presented working Capital of the Sabha for the year under review was Rs 3,372,923 as compared with the working capital of the preceding year amounting to Rs 2,472,690. As a result working capital had been increased by Rs 900,233.

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.

Item of Revenue	Estimated	2015	
		Actual	Accumulated arrears at 31 December
			Rs '000'
	Rs '000'	Rs '000'	
Rates and taxes	136	88	43
Lease rent	763	833	68
License fees	36	173	-
Other income	13,648	9,892	2,349
Total	14,583	10,986	2,460

2.3.2 Stamp Fees

Stamp fees receivable Rs 1,695,540 from the Registrar of General of lands had not been recovered.

2.3.3 Other revenue

Action had not been taken to recover the outstanding dues Rs. 647,916 from lease, rent and other service charges due to the sabha.

3 Operating Review

3.1 Solid Waste Management

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

4 Accountability and Good Governance

4.1 Budgetary Control

Differences from Rs 5,830 to Rs 2,778,987 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 during the under review.

4.4 Assets Management

Unutilized Assets

Weekly market value at Rs.885,000 had not been unutilized by the sabha.

5 Systems and Controls

Special attention is needed on the following areas of control.

- (a) Cheque issuing register
- (b) Register for cheques and money orders
- (c) Cash Book
- (d) Register for Advance
- (e) Register for Employees Loan
- (f) Register for Sundry Creditors
- (g) Register for leave
- (h) Register for audit query
- (i) Vehicle log book