

**Kayts Pradeshiya Sabha**  
**Jaffna 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 24 March 2016 and the financial statements for the preceding year had been presented on 23 March 2015. The report of the Auditor General for the year under review was issued to the Secretary of the Sabha on 28 September 2016

**1.2 Qualified Opinion**  
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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 Kayts 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**  
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**1.3.1 Accounting Deficiencies**  
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- (a) Pension contribution payable Rs 3,589,223 to the Director of pension had not been brought as payables in the financial statement in previous year. As a result accumulated fund had been overstated.
- (b) Pension contribution Rs 3,686,170 payable to the Director of pension during the year under review also had not been brought to the financial statements. As a results revenue had been overstated in the account.
- (c) A value of 3 vehicles Rs 19,892,500 were not been owned by the sabha had been included in the financial statement. As a result value of vehicle had been overstated in the financial statement.

**1.3.2 Payables**  
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Unpaid salaries of the deceased officer amounting to Rs 830,475 had been deposited from 2013 to 2015 without being settled to the next of kin.

### 1.3.3 Non Compliance with Laws, Rules and Regulations etc

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

Reference to Laws, Rules and Regulations etc	Non Compliances
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Financial Administration Rules of Pratheshiya Sabha 1988 Rule No. 4 Chapter II	The assessment tax had not been recovered by the sabha for last several years due to delay in valuation of the properties.

## 2 Financial Reviews

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### 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 2015 amounted to Rs.3,855,756 as compared with the excess of revenue over recurrent expenditure amounting to Rs.4,129,285 for the preceding year. As a result revenue over recurrent expenditure had been decreased by Rs 273,529 due to increase in expenditure.

### 2.2 Working Capital

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According to the financial statement presented working capital of the Sabha for the year under review was Rs 30,909,742 as compared with the working capital of the preceding year amounting to Rs 31,589,172. As a result working capital had been decreased by Rs 679,430.

### 2.3 Revenue Management

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#### 2.3.1 Performance of Revenue Collection

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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	Accumulated arrears as of 31 <sup>st</sup> December 2015
		Actual	
	Rs. '000'	Rs. '000'	Rs. '000'
Lease Rent	2,259	1,899	6
Licence fees	290	365	-
Other Revenue	36,511	30,587	5,776
	<b>39,060</b>	<b>32,851</b>	<b>5,782</b>

### 2.3.2 Rents

Four shops belong to the Shaba had not been rented out.

### 2.3.3 Court fines and Stamp fees

(a) Court Fines receivable Rs 57,150 had not been recovered during the year under review.

(b) Stamp fees receivable Rs 4,335,431 from the Registrar General of lands for the period from the year 2006 to the year 2015 had not been recovered.

## 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

Deferences from Rs 284 to Rs 4,023,712 had been observed between budgeted expenditure and actual expenditure due to improper preparation of budget.

### 4.2 Audit and Management Committee Meeting

Audit and management committee meeting had not been conducted during the year under review.

### **4.3 Management of Asset**

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#### **4.3.1 Idel Assets**

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- (a) Weekly market constructed at a cost of Rs 885,000 by the sabha remained idle.
- (b) A boat belong to the sabha remained idle over 02 years.

### **5 Systems and Controls**

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Special attention is needed on the following areas of controls.

- (a) Vehicle log books.
- (b) Recovery of assessment tax.