

Vavuniya South Tamil Pradeshiya Sabha
Vavuniya District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2017 had been presented to Audit on 02 March 2018 and the Report of the Auditor General on those financial statements had been forwarded to the Chairman of the Sabha on 21 August 2018.

1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in paragraph 1.3 of this report, the financial statements give a true and fair view of the financial position of the Vavuniya South Tamil Pradeshiya Sabha as at 31 December 2017 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

Value of three types of donated items for water assistant activities had not been assessed and brought to stock accounts, thus the value of the stock had been understated in the financial statements of the year under review.

1.3.2 Accounts Receivable and Payable

(a) Accounts Receivable

No meaningful actions had been taken by the Sabha to obtain an ayurvedic donation of Rs. 38,250 for the last 29 years. However, reasons for it had not been made available to audit.

(b) Accounts Payable

Construction works of name board curve for Omanthai playground had been completed in the preceding year. However payable amount of Rs. 237,842 had not been paid to a social based organization which is the respective contractor up to now.

1.3.3 Lack of Documentary Evidence for Audit

Non-presentation of Information to Audit

A total sum of Rs. 1,863,291 had not been satisfactorily vouched or accepted in audit due to non-submission of seven types of fixed assets, bank details, bank account number, fixed deposit certificate and bank balance confirmation paper of fixed deposit and advance register.

1.3.4 Non-compliances

Non-compliances with Laws, Rules, Regulations and Management Decisions

Instances of non-compliance with laws, rules, regulations and management decisions are given below.

Reference to Laws, Rules, Regulations and Management Decisions	Value	Non-compliances
	Rs.	
(a) Pradeshiya Sabhas (Financial and Administrative) Rule of the year 1988		
(i) Rule No. 217		A register in respect of land and buildings being used by the Sabha had not been maintained.
(ii) Rule No. 60		Survey in respect of details of enterprises under the purview of the Sabha had not been carried out in the beginning of the year.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
Financial Regulation 571	4,030,759	Ten lapsed deposits had been retained in the general deposit account for over the last two years without being taken meaningful actions by the Sabha in this regard.
(c) Financial Rule of Northern Provincial Council		
Rule No. 407		No actions had been taken up to now to obtain security money from drivers who works in the Sabha.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the revenue over recurrent expenditure of the Sabha for the year ended 31 December 2017 amounted to Rs. 9,252,868 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs. 7,691,403.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

Information on the estimated revenue, billed revenue, collected revenue and arrears of revenue presented relating to the year under review and the preceding year is given below.

Source of Revenue	2017				2016			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	3,500,000	3,295,230	2,379,703	2,140,602	3,200,000	3,242,662	2,692,703	549,958
(ii) Rentals	3,161,554	3,161,544	2,929,684	655,740	2,519,450	-	2,399,990	119,460
(iii) License Fees	2,240,000	2,240,000	1,868,810	-	1,900,000	-	1,772,000	128,000
(iv) Other Revenue	57,387,292	15,002,000	29,746,385	-	7,530,000	-	8,348,578	-

2.2.2 Other Revenue

No meaningful actions had been taken by the Sabha for the last 05 years to recover arrears of rent amounting to Rs. 296,738 to be recovered in respect of renting out of J.C.B. motor grader and motor roller belonging to the Sabha

2.2.3 Court Fines and Stamp Fees

Court fines of Rs. 6,487,831 and stamp fees of Rs. 2,449,626 had to be received continuously from the Chief Secretary of the Northern Provincial Council as at 31 December 2017.

3. Operating Review

3.1 Performance

Solid Waste Management

The following matters were observed.

- (i) Environmental license had not been obtained for the places of disposing garbage.
- (ii) Sanitary labourers had not been subjected to medical test annually.
- (iii) Garbage had not been categorized separately and collected.
- (iv) A work plan for categorizing garbage being brought to the dumping place of garbage of the Sabha had not been implemented.
- (v) Training in respect of waste management had not been provided to officers.
- (vi) An information and data system required to waste management had not been maintained.
- (vii) Solid wastes had been set on fire in order to damage the environment without being subjected to recycling.

3.2 Operating Inefficiencies

No meaningful actions had been taken to carry out reassessment of properties under the purview of the Sabha and recover assessment tax for over the last 11 years.

3.3 Transactions in Contentious Nature

Six value added tax amounts totalling Rs. 607,457 had been retained in miscellaneous deposits for the last 04 months. However, Reasons for it had not been made available to audit.

3.4 Assets Management

3.4.1 Idle and Underutilized Assets

The following matters were observed.

- (a) No actions had been taken by the Sabha to utilize weekly market constructed at Thonikkal at a cost of Rs. 814,719 by using Provincial Specific Development Grant for intended purpose for the last two years.
- (b) A park constructed by the Sabha at Kalnaaddiyakulam at a cost of Rs. 1,599,366 in the year under review had not been utilized for over the last six months.

3.4.2 Annual Board of Survey

No actions had been taken in respect of 125 goods recommended as unusable by the annual board of survey for the preceding year in terms of Public Finance Circular No. 438 dated 13 November 2009.

3.4.3 Failure to handover Assets

Twenty three vehicles were being used by the Sabha for over the last 03 years. However, such vehicles had not been owned by the Sabha.

4. Accountability and Good Governance

4.1 Budgetary Control

Variances ranging from an adverse amount of Rs. 217,144 to a favourable amount of Rs. 4,828,994 or from 6.20 per cent to 69.48 per cent between the budgeted revenue and actual revenue and from an adverse amount of Rs. 371,631 to a favourable amount of Rs. 3,657,998 or from 107.65 per cent to 10.87 per cent between the budgeted expenditure and actual expenditure were observed.

5. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Sabha from time to time. Special attention is needed in respect of the following areas of control.

Systems	Deficiencies
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(a) Assets/ Properties	(i) Failure to enter (ii) Failure to make protection
(b) Stocks	(i) Failure to enter in inventory register. (ii) Improper stock control.