

Pointpedro Pradeshiya Sabha
Jaffna District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been submitted to audit on 28 March 2016 and the financial statements for the preceding year had been submitted to audit on 31 March 2015. The report of the Auditor General for the year under review was issued to the Secretary of the Sabha on 10 November 2016.

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 Pointpedro Pradeshiya Sabha as at 31 December 2015 and its financial performance and cash flow 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 17 vehicles being used by the Sabha had been evaluated without transferring the ownership of those vehicles. However, the value thereon had not been brought to final accounts. As such, the value of the motor vehicles had been understated in the accounts by Rs. 19,892,500.

1.3.2 Receivables and Payables

- (a) Advances of Rs. 41,505 had not been settled up to now.
- (b) An amount of Rs. 1,867,713 payable to the particular persons or institutions had been retained in the deposit accounts without being paid up to now.

1.3.3 Non-compliances with Laws, Rules and Regulations

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

Reference to Laws, Rules and Financial Regulations	Non-compliance
<hr/>	<hr/>
(a) Pradeshiya Sabhas (Financial and Administrative) Rule of the year 1988 Rule 5 (xii) of Chapter II	The security money had not been obtained from the officers who are responsible for cash and store.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka Financial Regulation 571	Retention moneys older than two years of Rs. 1,191,468 had been retained in the miscellaneous deposit account.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the operations of the Sabha for the year under review had resulted in an excess of income over recurrent expenditure of Rs. 21,255,713 as compared with the corresponding excess of income over recurrent expenditure of Rs. 20,235,917 for the preceding year. Increase of rent income and Government grants were the reasons attributed for this improvement in the financial results by Rs. 1,019,796.

2.2 Working Capital Management

According to the financial statements presented, the working capital of the Sabha for the year under review had resulted in Rs. 128,395,174 as compared with the corresponding working capital of Rs. 125,534,837 for the preceding year, thus indicating an improvement in the working capital by Rs. 2,860,337 for the year under review.

2.3 Revenue Management

2.3.1 Performance of Revenue Collection

The information relating to the estimated revenue, actual revenue and the arrears of revenue for the year under review are given below.

Item of Revenue	Estimated	2015	
		Actual	Cumulative arrears as at 31 December
	Rs. '000	Rs. '000	Rs. '000
Rates and Taxes	617	84	916
Lease Rents	8,032	4,996	120
License Fees	978	1,061	-
Other Revenue	59,174	48,554	62,539
Total	68,801	54,695	63,575

2.3.2 Rates and Taxes

Assessment tax on property of Rs. 916,241 had not been recovered during the year under review and reassessment had also not been carried out.

3. Operating Review

3.1 Operating Inefficiencies

Donations of Rs. 539,613 which were given by the Commissioner of Local Government during the period from the year 2007 to the year 2015 for the Community Centers had been retained in the miscellaneous deposit account without being issued to the respective Community Centers.

3.2 Delays in Project

Five projects valued at Rs. 1,235,000 approved by the budget during the year under review had not been implemented during the year under review.

3.3 Solid Waste Management

Solid waste management activities had not been implemented under the purview of the Sabha.

4. Accountability and Good Governance

4.1 Budgetary Control

The budget estimate had not been prepared properly. As such, variances ranging from Rs. 38,400 to Rs. 14,339,419 between the budgeted expenditure and actual expenditure were incurred.

4.2 Internal Audit

Internal audit activities had not been carried out satisfactorily.

4.3 Audit and Management Committee Meeting

Audit and Management Committee meetings had not been conducted by the Sabha.

4.4 Asset Management

Idle Assets

Eleven vehicles had remained idle during the year under review.

5. Systems and Controls

Special attention is needed in respect of the following matters of the Sabha.

- (a) Vehicle Running Charts
- (b) Deposit Ledger
- (c) Advance Register