

**Vadamaradchchy South West 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 25 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 Vadamaradchchy South West 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 Lack of Evidence

Transaction valued at Rs 198,000 could not be vouched in audit due to non rendition of necessary information for audit.

1.3.2 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

Prathesha Sabha Act No 15 of 1987

Rule No. 24 of Chapter III

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

Rule No. 120 Chapter V

Action had not been taken to settle the advance of Rs 122,232 during the year under review.

Financial Administration Rules of Pratheshiya Sabha 1988

Rule No. 33 Chapter III

The tax assessment clerk had not been prepared quarterly statement of defaulters arrears and submitted to the secretary.

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 56,275,746 as compared with the excess of revenue over recurrent expenditure amounting to Rs34,900,898 for the preceding year. As a result revenue over recurrent expenditure had been increased by Rs 21,374,848 due to increase in rent income and grants.

2.2 Working Capital

According to the financial statement presented working capital of the Sabha for the year under review was Rs.180,432,230 as compared with the working capital of the preceding year amounting to Rs.166,884,332. As a result working capital had been increase by Rs 13,547,899

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 as of 31 st December
	Rs. '000'	Rs. '000'	Rs. '000'
Rates and Taxes	670	141	2,138
Lease Rent	39,117	30,598	-
Licence fees	1,369	1,433	-
Other Revenue	60,009	79,847	78,655
Total	101,165	112,019	80,793

2.3.2 Rates and taxes

No action had been taken by the Secretary to recover the arrears of rates and taxes amounting to Rs. 2,138,421

2.3.3 Stamp fees

Eventhough stamp fees Rs. 97,559,923 receivable from the Registrar General of lands from the year 2011 to 2015 no action had been taken to recover.

3 Operating Review

3.1 Unutilized Assets

A pick up vehicle of the sabha remained idle over several years.

3.2 Operating Inefficiencies

Even though three million rupees water supply project was completed water supply activities had been stopped.

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 Budgetary Control

Differences from Rs 50,052 to Rs 2,537,829 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 year under review.

5 Systems and Controls

Special attention is needed on the following areas of controls.

- (a) Budget
- (b) Collection of Revenue
- (c) Advance money