

**Vavuniya South Tamil Pradeshiya Sabha  
Vavuniya District**

-----

**1. Financial Statements**

-----

**1.1 Presentation of Financial Statements**

-----

The financial statements for the year 2016 had been submitted to audit on 02 March 2017 and the financial statements for the preceding year had been submitted to audit on 21 March 2016. The report of the Auditor General for the year 2016 was issued to the Secretary of the Sabha on 13 September 2017.

**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 2016 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**

-----

The following accounting deficiencies were observed.

- (a) Even though the assets included in the opening balance of the Sabha had not been made available physically, those balances had been included in the value of the assets as at the end of the year, thus the value of the assets as at 31 December 2016 had been overstated by Rs. 1,794,951.
- (b) Capital works had not been completed by the Sabha within 31 December 2016, thus creditors balance had been increased by Rs. 11,079,181. As such, current liabilities had been overstated.

**1.3.2 Accounts Receivable and Payable**

-----

The following deficiencies were observed.

- (a) Ayurvedic donation of Rs. 38,280 granted to the Sabha in the year 1988 had not been obtained up to now and it has been shown as arrears of government grant for a long period.
- (b) No action had been taken to settle a sum of Rs. 22,277 remained in the advance account in terms of Financial Regulation 371(5) for a long period.

### 1.3.3 Non-compliances with Laws, Rules and Regulations

-----

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

| <b>Reference to Laws, Rules and Regulations</b>   | <b>Non-compliances</b>  |
|---|---|
| -----   | -----   |
| (a) Pradeshiya Sabha (Financial and Administrative) Regulation of 1988 Rule No. 217                     | A register in respect of the all land and buildings which were being used by the Sabha had not been maintained.   |
| (b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka<br>Financial Regulation 571 | It was observed that although lapsed deposits totalling Rs. 3,714,080 had been kept in the deposit account for a long period, no action had been taken in this regard in terms of financial Regulation 571. |
| (c) Paragraph 02-1 of Public Administration Circular No. 41/90 dated 10 October 1990                    | Even though consumption of fuel should be tested once in every six months by running the vehicle after filling the tank fully. However, action had not been taken accordingly.                              |

## 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 net surplus of Rs. 7,691,403 as compared with the corresponding net surplus of Rs. 1,144,911 for the preceding year, thus indicating an improvement in the closing financial results by Rs. 6,546,492 for the year under review.

### 2.2 Revenue Management

-----

#### 2.2.1 Performance of Revenue Collection

-----

It was observed in audit that a difference of Rs. 5,084,142 had been incurred between the budgeted revenue and the actual revenue as the budget estimate had not been prepared properly and estimate had not been planned and programmed properly.

### **2.2.2 Assessment tax on Property**

-----

Revaluation had not been done for properties under the purview of the Sabha for over the last 10 years and assessment tax income thereon had not been recovered.

### **2.2.3 Other Revenue**

-----

No action had been taken to recover a sum of Rs.296,738 receivable on behalf of JCB and motor grader belonging to the Sabha.

### **2.2.4 Court Fines and Stamp fees**

-----

#### **(a) Court Fines**

-----

No action had been taken to recover court fines of Rs. 2,932,360 receivable to the Sabha as at 31 December 2016 from the Vavuniya Court under the various ordinance.

#### **(b) Stamp Fess**

-----

No action had been taken to recover stamp duty of Rs. 18,387,230 receivable by the Sabha from the Registrar of Lands for the period from the year 2001 to the year 2016.

2.2.5 A sum of Rs. 100,000 had been estimated by the Sabha for the work of spreading gravel to the second lane of Omanthai Public Officers Housing Scheme under CBG progaramme during the year under review and carried out by the Rural Development Society. Even though a sum of Rs. 82,984 had to be paid in this regard according to the computation sheet, a sum of Rs. 99,372 had been paid as final payment. As a result, it was observed that a sum of Rs. 16,388 had been overpaid.

### **2.3 Management Inefficiencies**

-----

(a) Two photocopy machines valued at Rs. 262,500 issued by the Commissioner of the Local Government had remained idle up to now. In this regard, no action had been taken either to utilize or to sell them by following a proper procedure.

(b) There were 23 vehicles in the Sabha. However, no action had been taken to transfer ownership of those vehicles to the Sabha up to the date of this report.

### **2.4 Assets Management**

-----

(i) Two vehicles belonging to the Sabha had remained idle for a long period. In this regard, no action had been taken either to utilize or to sell them by following a proper procedure.

(ii) The construction work of Thonikkal weekly market allocated by the Sabha under Criteria Based Grant work plan during the year under review had been completed at a

cost of Rs. 814,719 by the Kishalan Construction on 18 November 2015. However, it had remained idle up to the date of this report.

**3. Systems and Controls**  
-----

Special attention is needed in respect of the following areas of controls.

- (i) Collection of Revenue
- (ii) Fixed Assets
- (iii) Advance Receipts
- (iv) Advance Payments
- (v) Capital Works
- (vi) Maintenance of Main Ledger