

Vavuniya North 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 06 March 2018 and the Report of the Auditor General on those financial statements had been forwarded to the Chairman of the Sabha on 31 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 North 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 Policies

Accounting policies to be adopted in preparing the financial statements of the Sabha had not been disclosed in the financial statements for the year under review.

1.3.2 Accounting Deficiencies

Value of one hundred and thirty tube wells and two hundred and twenty five street lights belonging to the Sabha had not been assessed and brought to financial statements, thus the value of the assets had been understated in the financial statements for the year under review.

1.3.3 Unreconciled Accounts

It was observed 05 categories of revenue totalling Rs. 24,568,061 as per revenue register for the year under review. However, it had been brought to financial statements as Rs. 24,668,061, thus a difference of Rs. 100,000 was observed in this regard.

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
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	Rs.	
(a) Pradeshiya Sabhas (Financial and Administrative) Rule of the year 1988 Rule 153		A statement in respect of revenue receivable for the year under review had not been prepared in form of Pradeshiya Sabha – 7.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
(i) Financial Regulation 571	1,150,532	(i) No meaningful actions had been taken by the Sabha in respect of two lapsed deposits. (ii) No actions had been taken to rectify a balance of Rs. 11,522 which kept in deposit account without details.
(ii) Financial Regulation 1646		Monthly vehicle running charts and summaries had not been submitted for audit before 15 th of the following month.
(c) Public Administration Circular No. 30/2016 dated 29 December 2016		Fuel consumption had not been tested for the vehicles of the Sabha for over the last one year.

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. 14,529,883 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs. 7,201,813.

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.

No.	Source of Revenue	2017			2016			Ar	D
		Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Billed Revenue		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
(i)	Rentals	4,270,000		5,241,500	1,073,894	3,517,000		5,391,955	
(ii)	License Fees	725,000		3,397,655	-	414,000		843,344	
(iii)	Other Revenue	3,113,000		5,004,445	13,673,356	5,741,400		8,558,603	

2.2.2 License Fees

The Sabha had failed to recover business license fees properly as business license had not been issued to 210 business entities in the year under review.

2.2.3 Court Fines and Stamp Fees

Court fines of Rs. 94,910 and stamp fees of Rs. 1,518,374 had to be received continuously from the Chief Secretary of the Northern Provincial Council as at 31 December 2017.

2.2.4 Irregular Payment

Penalties of Rs. 17,266 had been charged by the Employee Provident Fund due to error calculation of salary paid to the officers of the Sabha in the year under review. However, it had been paid from the fund of the Sabha without being found out reasons for respective error and recovered from responsible parties properly.

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.

- (viii) No actions had been taken to recover garbage tax for covering up the cost spent by the Sabha for waste management.
- (ix) No actions had been taken to take garbage by categorizing and collecting them separately in bags from stalls and residents under the purview of the Sabha.

3.2 Annual Board of Survey

No actions had been taken in respect of 109 goods reported as unusable in accordance with the recommendation of the annual board of survey of the preceding year in terms of Public Finance Circular No. 438 dated 13 November 2009.

3.3 Operating Inefficiencies

No meaningful actions had been taken by the Sabha to carry out reassessment of properties under the purview of the Sabha for over the last 10 years and recover assessment tax revenue

4. Accountability and Good Governance

4.1 Budgetary Control

Variances ranging from an adverse amount of Rs. 10,596,278 to a favourable amount of Rs. 3,433,362 or from 31.23 per cent to 77.13 per cent between the budgeted revenue and actual revenue and from an adverse amount of Rs. 12,220 to a favourable amount of Rs. 10,571,356 or from 56.87 per cent to 16.42 per cent between the budgeted expenditure and actual expenditure were observed.

4.2 Internal Audit

An internal audit unit had been established in the the Sabha. However, the meaningful internal audit activities carried out during the year under review had not been made available to audit.

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 -----
(a) Accounting	(i) Failure to update accounting books and registers (ii) Failure to balance general ledger.