

**Manthai West Pradeshiya Sabha**

**Mannar District**

**1. Financial Statements**

**1.1 Presentation of Financial Statements**

The financial statements for the year under review had been presented to audit on 15 March 2013 and the financial statements for the preceding year had been presented on 20 April 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 08 July 2014.

**1.2 Opinion**

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Manthai Pradeshiya Sabha had maintained proper accounting records for the year ended 31 December 2012 and except for the effects on the financial statements of the matters referred to in my 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 Manthai Pradeshiya Sabha as at 31 December 2012 and the financial results of its operations and cash flows for the year then ended.

**1.3 Comments on Financial Statements**

**1.3.1 Accounting Deficiencies**

Value of an asset shown in the financial statements had been overstated in a sum of Rs.40,000.

**1.3.2 Lack of Evidence for Audit**

The balances of 02 Items of accounts totalling Rs.9,057,888 could not be satisfactorily vouched in audit due to non-rendition of necessary information to audit.

### 1.3.3 Non-compliance

<u>Reference to Laws, Rules, Regulations etc.</u>	<u>Non-compliance</u>
(a.) <u>Pradeshiya Sabha Financial and Administrative Rules of 1988</u>	
(i.) Chapter ix- Rules 180	- Officers entrusted with custody of Cash and Stores had not furnished Security.
(ii.) Chapter iii- Rules 81	- Applications had not been made for the refund of Stamp Charges and Court Fines at the end of each quarter of the year.
(iii.) Chapter vii- Rules 153	- Pradeshiya Sabha Form No.07 had not been properly maintained with regard to Revenue in arrears.
(iv.) Chapter vii- Rules 163	- Pradeshiya Sabha Form No.19 had not been maintained with regard to Revenue.
(b.) Treasury Letter No.IAI/2002/02 dated 28 November 2012.	- A register of Computers and Components had not been maintained.

## 2. Financial and Operating Review

### 2.1 Financial Results

According to the financial statements presented the excess of recurrent expenditure over revenue of the Sabah for the year ended 31 December 2012 amounted to Rs.21,255,213 as against the excess of revenue over recurrent expenditure amounted to Rs.104,908 for the preceding year.

### 2.2 Financial Management

The budget had not been prepared on a realistic basis as there were material variances between the budgeted figure and the due actuals.

## 2.3 Revenue Administration

### 2.3.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

Accounting information furnished to the Sabha on the estimated revenue, actual revenue and the arrears of revenue for the year under review are given below.

	Item of revenue	Estimated	Actual	Arrears of Revenue as at 31 December 2012
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		Rs.	Rs.	Rs.
(i.)	Rates and Taxes	2,745,000	2,122,656	8,500
(ii.)	Lease Rent	320,000	355,040	-
(iii.)	Licence Fees	2,575,360	2,027,781	-
(iv.)	Other Revenue	1,961,893	1,187,520	-

### 2.3.2 Stamp Fees

Action had not been taken to recover the Stamp Fees amounting to Rs.5,151,195 due from the Registrar General. However, the Schedule for settlement of stamp fees had been received from the Registrar General.

### 2.3.3 Management Inefficiencies

Following matters were observed.

- (a.) Action had not been taken to settle the time lapsed deposits over two years in terms of Financial Regulation No.571. Details are shown below.

<u>Type of Deposit</u>	<u>Period of Deposit</u>	<u>Amount</u>
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		Rs.
Unidentified deposit	Over 02 years	2,169,703

- (b.) Unidentified balance of Rs.54,490 relating to two deposits had been shown as sundry creditors under current liabilities in the accounts. Action had not been taken to identify and settle or to credit those deposits to revenue.

#### **2.3.4 Recovery of staff Loans**

Action had not been taken to recover staff loan balances outstanding over a long period amounting to Rs.38,095.

#### **2.4 Assets Management**

##### **Idle and Underutilized Physical Resources**

The following vehicles belong to the Pradeshiya Sabha remained idle for over 03 years.

<b>Type of vehicle</b>	<b>Vehicle number</b>
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1. Hand Tractor	Nil
2. Hand Tractor	Nil
3. Motor cycle	NPJB-3378
4. Pick up- Single Cab	WPLG-9008
5. Tractor	NPRB-4226
6. Trailer	NPRW-0269
7. Water Bowser- Trailer	NPRV-8659
8. Water Bowser- Trailer	NPRV-8660

#### **2.5 Internal Audit**

An adequate internal audit had not been carried out with regard to the Sabha activities.

#### **3. Systems and Controls**

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

- (a.) Collection of Revenue
- (b.) Fixed Assets
- (c.) Accounting
- (d.) Vehicle Utilization
- (e.) Budget