

Karaitivu Pradeshiya Sabha

Ampara District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 09 March 2012 and the financial statements for the preceding year had been presented on 10 August 2011. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 14 August 2012.

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 Karaitivu Pradeshiya Sabha had maintained proper accounting records for the year ended 31 December 2011 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 the Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Karaitivu Pradeshiya Sabha as at 31 December 2011 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

The following accounting deficiencies were observed.

- (a) The opening accumulated balance had been overstated in the accounts by Rs.283,600.
- (b) Tender deposits of Rs.78,907 had remained in the deposits account for a long period without being refunded.

- (c) Deposits amounting to Rs.1,138,064 to be credited to revenue from the year 2006 had not been credited to revenue so far.
- (d) Stamp duty due for the years 2009, 2010 and 2011 had not been computed and brought to account.

2. Financial and Operating Review

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 2011 was Rs.5,271,906 as compared with the excess of revenue over recurrent expenditure amounting to Rs.1,834,734 for the preceding year.

2.2 Financial Control

The following deficiencies in financial control were observed.

- (a) Action had not been taken to recover the arrears of revenue amounting to Rs.437,936 due to the Sabha for the public market and meat stalls.
- (b) The Value Added Tax and Withholding Tax amounting to Rs.611,393 remained in the deposits account without being remitted to the Department of Inland Revenue.

2.3 Revenue Administration

2.3.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

The information relating to the estimated revenue, actual revenue and the arrears of revenue in respect of the year under review, as presented by the Chairman, is shown below.

Item of Revenue	Estimated	Actual	Cumulative Arrears as at 31 December
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	Rs.'000	Rs.'000	Rs.'000
(i) Rates and Taxes	5	-	-
(ii) Lease Rent	1,659	784	-
(iii) Licence Fees	7,190	10,965	-
(iv) Other Revenue	14,660	111,767	9,431

2.3.2 Court Fines and Stamp Fees

 The amount due from the Chief Secretary of the Provincial Council and other authorities as court fines and stamp fees as at 31 December 2011 amounted to Rs.4,431,615 and Rs.453,550 respectively.

2.4 Human Resources Management

----- Approved and Actual Cadre -----

The approved and actual cadre of the Sabha as at 31 December 2011 is given below.

Category of Post	Approved	Actual
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Executives	-	01
Subordinates	06	12
Primary	07	07
Others (Casual/Temporary)	-	09
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	13	29
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2.5 Staff Loans

Action had not been taken to recover the staff loans of Rs.34,492 due from 04 officers of the Sabha.

2.6 Internal Audit

Adequate internal audit had not been carried out at the Sabha.

3. Systems and Controls

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

- (a) Accounting
- (b) Financial Control
- (c) Revenue Administration
- (d) Assets Management
- (e) Contract Administration