

**Mannar Pradeshiya Sabha**

**Mannar District**

**1. Financial Statements**

**1.1 Presentation of Financial Statements**

Financial statements for the year under review had been presented for audit on 12 April 2012 and the financial statements for the previous year had been presented for audit on 12 April 2011.

**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 Mannar 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 issued to the Chairman, the financial statements have been prepared in accordance with Generally Accepted Accounting Principles, give a true and fair view of the state of affairs of the Mannar Pradeshiya Sabha as at 31 December 2011 and the financial results of its operation and cash flows for the year then ended.

**1.3 Comments on the Financial Statements**

**1.3.1 Accounting Policies**

The accounting policies adopted for the preparation of financial statements had not been disclosed, with the financial statements.

**1.3.2 Accounting Deficiencies.**

The accounting deficiencies observed in the accounts are shown in the following table in respect of assets, and liabilities.

<b><u>Effect on the Financial Statements</u></b>	<b><u>Assets</u></b>		<b><u>Liabilities</u></b>	
	<b><u>No of Instances</u></b>	<b><u>Value Rs.</u></b>	<b><u>No of Instances</u></b>	<b><u>Value Rs.</u></b>
Overstatements	01	30,012,575	-	-
Understatements	-	-	02	1,258,510

### **1.3.3 Lack of Evidence for Audit**

#### **Non-submission of Information to Audit**

Transactions totaling Rs.96,543,465 could not be satisfactorily vouched in audit due to non-submission of the required information to audit

### **1.3.4 Non-Compliances**

Non –compliances with the provisions in the following Laws, Rules, Regulations and Management Decisions were observed during the course of audit

#### **Reference to Laws, Rules, Regulations and Management Decisions**

Pradeshiya Sabha (Financial and Administrative) Rules of 1988

#### **Non compliance**

(i) Section -65 of Chapter III

Revenue clerk had not prepared a list of defaulters and submitted it to the Secretary.

(ii) Section -66 of Chapter III

Action had not been taken to recover arrears of the Sabha.

## **2. Financial and Operating Review**

### **2.1 Financial Results**

According to the financial statements presented the excess of recurrent expenditure over revenue of the Sabha for the year ended 31 December 2011 amounted to Rs.894,404 as against the excess of revenue over recurrent expenditure amounting to Rs.5,793,650 for the preceding year.

### **2.2 Revenue Administration**

#### **2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue**

The information with regard to the estimated revenue, actual revenue for the year under review as presented by the Secretary is given below.

<u>Item of Revenue</u>	<u>2011</u>	
	<u>Estimated</u>	<u>Actual</u>
	<i>Rs.</i>	<i>Rs.</i>
	<i>000</i>	<i>000</i>
Rates and Taxes	176	235
Lease Rent	2,706	2,356
Licence Fees	501	235
Other Revenue	13,655	15,988
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	17,038	18,814
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### **2.2.2 Court Fines and Stamp Fees.**

- (a) Court fines receivable as at 31 December 2011 from the Chief Secretary of the Provincial Council and other authorities amounted to Rs. 23,330
- (b) Stamp fees receivable as at 31 December 2011 from the Registrar General had not been accounted.

### **2.2.3 Performance.**

The Sabha had not prepared an annual action plan at the beginning of the financial year. Therefore the expected objectives and the progress thereon could not be ascertained.

## **3 Systems and controls**

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

- a. Revenue Collection
- b. Fixed Assets
- c. Accounting
- d. Grants
- e. Vehicle Utilization
- f. Deposits
- g. Budget