

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 20 April 2012 and the financial statements for the preceding year had been presented on 12 April 2011. The report of the Auditor General for the year was issued to the Chairman of the Sabha on 11 May 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 Manthai West 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 Manthai West 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 Policies.

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 financial statement are shown in the following table in respect of assets and expenditure.

<u>Effect on the Financial Statements</u>	<u>Assets</u>		<u>Expenditure</u>	
	<u>No of Instances</u>	<u>Value Rs.</u>	<u>No of Instances</u>	<u>Value Rs.</u>
Over statements	01	5,020,000		
Understatements	01	1,205	01	25,042

1.3.3 Lack of Evidence for Audit

Non-submission of Information to Audit

Transactions totaling Rs. 83,575,432 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.

<u>Reference to Laws, Rules, Regulations and Management Decisions</u>	<u>Non-compliance</u>
<u>Pradeshiva Sabha Financial Regulations of 1988</u>	

i) Section 66 of Chapter III

Action had not been taken to recover arrears of revenue.

(ii) Section -65 of Chapter III

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

2. Financial and Operation 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 amounted to Rs. 581,140 as compared with the excess of revenue over recurrent expenditure amounting Rs. 510,464 for the preceding year.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue.

Information on the estimated revenue actual revenue and the arrears of revenue in respect of the year under review as presented by the Chairman are given below.

<u>Item of Revenue</u>	<u>2011</u>	
	<u>Estimated</u>	<u>Actual</u>
	<i>Rs.</i> <i>000</i>	<i>Rs.</i> <i>000</i>
Lease Rent	4,958	3,690
Licence Fees	151	130
Other Revenue	10,472	10,163
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	15,581	13,983
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2.2.2 Court Fines

Court fines receivable as at 31 December 2011 from the Chief Secretary of the Provincial Council and other authorities amounted to Rs. 240,325

2.3 Activities Extraneous to Objectives

Refreshment expenditure amounting to Rs. 86,214 had been paid for the North East Local Services Improvement Project (NELSIP) activities without the authority of the Commissioner of Local Government.

2.4 Losses & Damages

Losses and damages valued at Rs.87,586 had been revealed at audit inspections and according to the information maintained by the Sabha.

2.5 Performance

Sabha had not prepared an annual action plan at the beginning of the financial year. Therefore the expected objectives to achieve 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) Grants
- d) Vehicles
- e) Refundable Deposits