

## **Muthur Pradeshiya Sabha**

### **Trincomalee District**

#### **1. Financial Statements**

##### **1.1 Presentation of Financial Statements**

The financial statements for the year under review had been presented for audit on 27 April 2012 and the financial statements for the preceding year had been presented for audit on 27 July 2011. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 31 December 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 Muthur 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 Muthur 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 the Financial Statements**

###### **1.3.1 Accounting Deficiencies**

The following accounting deficiencies were observed.

- (a) Stores items amounting to Rs. 48,588 included in the financial statements had not been physically verified.
- (b) Provision had not been made in the accounts for audit fees payable for the year under review.
- (c) Value of Vehicles, Tractors, Trailers Water Pump, Two Wheels Tractor, Furniture and Office Equipment donated by various parties had not been ascertained and brought to account.

### 1.3.2 **Lack of Evidence for Audit**

#### (a.) **Unanswered Audit Queries**

Replies to 16 audit queries had not been furnished even by 31 December 2011. The value of quantifiable transactions relating to the audit queries amounted to Rs. 2,096,456

#### (b.) **Non – submission of Information to Audit**

Transactions totaling Rs. 45,029,428 could not be satisfactorily vouched in audit due to the non – submission of the required information to audit.

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

### 2.1 **Financial Results**

According to the financial statements presented the excess of revenue over recurrent expenditure for the year ended 31 December 2011 amounted to Rs. 9,128,131 as compared with the excess of revenue over recurrent expenditure amounting to Rs. 2,887,355 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 is given below.

**2011**

<b><u>Item of Revenue</u></b>	<b><u>Estimated</u></b>	<b><u>Actual</u></b>	<b><u>Cumulative Arrears as</u></b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>	<b><u>at 31 December</u></b>
	<b><u>'000</u></b>	<b><u>'000</u></b>	<b><u>Rs.</u></b>
			<b><u>'000</u></b>
(i) Rates and Taxes	4,434	509	3,925
(ii) Lease Rent	10,358	3,098	7,260
(iii) Licence Fees	-	-	-
(iv) Other Revenue	9	1	8
	<b><u>14,801</u></b>	<b><u>3,608</u></b>	<b><u>11,193</u></b>

### **2.2.2 Court Fines and Stamp Fees**

- (a.) Court fines receivable from Magistrates Courts by the Sabha as at 31 December 2011 had not been recovered.
- (b.) Stamp fees receivable as at 31 December 2011 had not been computed and accounted for the year under review.