

Seruwila Pradeshiya Sabha

Trincomalee District

1. Financial Statements

1:1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 22 February 2012 and the financial statements for the preceding year had been presented on 04 March 2011. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 23 February 2013.

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 Seruwila 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 Seruwila 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 observations are made.

- (a) A difference of Rs.2,978,530 was observed between the opening balance of the accumulated fund for the year 2011 and the closing balance of 2010.

- (b) A replacement reserve had not been created for fixed assets.
- (c) It was observed that the value of the following accounts included in the register of fixed assets had not been included in the financial statements.

Hand Carts	2
Water Tanks – 5000 Litres	1
Water Motors	2
Fax Machine	1

1:3:2 Lack of Evidence for Audit

(a) Unreplied Audit Query

Reply for an audit query had not been furnished by 31 December 2011 and the value of computable transactions subjected to the query amounted to Rs.3,008,530.

(b) Non- rendition of Information to Audit

Transactions aggregating Rs.28,195,215 could not be satisfactorily vouched in audit due to non- rendition of necessary information.

2. Financial and Operating Review

2:1 Financial Results

According to the financial statements presented, the recurrent expenditure exceeding the revenue of the Sabha for the year ended 31 December 2011 was Rs.2,780,841 as against the revenue exceeding the recurrent expenditure of the preceding year amounting to Rs.349,436

2:2 Revenue Administration

2:2:1 Estimated Revenue, Actual Revenue and Arrears of Revenue

The information relating to the estimated revenue, actual revenue and arrears of revenue for the year under review, as presented by the Chairman, appear below.

Item of Revenue	Estimated	Actual	Accumulated Arrears as at 31 December 2011
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	Rs'000	Rs'000	Rs'000
i. Rates and Taxes	31	888	(857)
ii. Lease Rent	2,590	801	1,789
iii. Licence Fees	141	148	(07)
iv. Other Revenue	1,798	3,817	(2,019)

2:2:2 Arrears of Stall Rent

Action had not been taken to recover the arrears of stall rent amounting to Rs.298,023 as at 31 December 2011.

3. Systems and Controls

Special attention of the Sabha is drawn to the following areas of systems and controls.

- (a) Accounting
- (b) Revenue Administration
- (c) Assets Management
- (d) Stores

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