

**Koralai Pattu West Pradeshiya Sabha**  
**Batticaloa District**

**1. Financial Statements**

**1.1 Presentation of Financial Statements**

The financial statements for the year under review had been presented to audit on 29 May 2013 and the financial statements for the preceding year had been presented on 28 May 2012. The report of the Auditor General for the year was issued to the Chairman of the Sabha on 27 June 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 Koralai Pattu West Pradeshiya Sabha had maintained proper accounting records for the year ended 31 December 2012 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 Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Koralai Pattu West Pradeshiya Sabha as at 31 December 2012 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**

- (a) Provision for replacement reserve in respect of fixed assets had not been made in the financial statements.
- (b) The value of stocks in hand as at the end of the year had been shown at book value and not at physically verified value.
- (c) Provision for audit fees in terms of Section 172(2) of the Pradeshiya Sabha Act, No. 15 of 1987 had not been made in the financial statements.
- (d) The value of goods received as donations during the year under review had not been brought to the financial statements.



### **2.3 Irregular Transactions**

Although a sum of Rs. KDGESDLGDWKEPORDQWRDIRP6HWDR1 the Sabha in the year 1998, action had not been taken to recover the outstanding loan amounting to Rs.87,355 as at 31 December 2012. In this regard, recovery period of loan had been fixed by the officer himself as 180 monthly installments.

### **3 Systems and Controls**

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

- (a) Accounting
- (b) Revenue Administration