

## **Eravur Pattu 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 18 March 2013 and the financial statements for the preceding year had been presented on 28 March 2012. The report of the Auditor General for the year was issued to the Chairman of the Sabha on 08 May 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 Eravur Pattu 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 Eravur Pattu 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.



**2.4 Irregular Transactions**

- (a) Tyres and spare parts valued at Rs.395,920 had been purchased for the vehicles attached to the Sabha without following open tender/ quotation procedures in terms of Section 2:14:1 of the Procurement Guidelines-2006.
- (b) Expenditure amounting to Rs.12,155 had been incurred on refreshments for Council meetings contrary to Section 184 of the Pradeshiya Sabha Act, No. 15 of 1987.
- (c) A sum of Rs.4,000 had been paid to an individual for funeral expenses contrary to Section 208 of the Pradeshiya Sabha Act, No. 15 of 1987.

**3 Systems and Controls**

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

- (a) Collection of Revenue
- (b) Advances.
- (c) Internal Control.