

Manmunai 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 20 March 2013 and the financial statements for the preceding year had been presented on 08 March 2012. The report of the Auditor General for the year under review 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 Manmunai 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 Manmunai 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 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.
- (b) The value of goods received as donations during the year under review had not been brought to the financial statements.
- (c) A sum of Rs.3,337,870 receivable on account of land registration had not been brought to the financial statements.
- (d) A replacement reserve had not been provided for in the financial statements.

2. Financial and Operating Review

2.1 Financial Results

According to the financial statements presented, the excess of recurrent expenditure over revenue of the Sabha for the year ended 31 December 2012 amounted to Rs.1,462,933 as against the excess of revenue over recurrent expenditure amounting to Rs.2,012,502 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.

| Item of Revenue | Estimated | Actual | Cumulative Arrears as at 31 December |
|---------------------|-----------|--------|---|
| ----- | ----- | ----- | ----- |
| | 5 | 5 | 5 |
| (i) Rates and Taxes | 760 | 632 | 128 |
| (ii) Lease Rent | 3,219 | 292 | 294 |
| (iii) Licence Fees | 560 | 547 | 12 |
| (iv) Other Revenue | 1,150 | 1,044 | 105 |

2.2.2 Court Fines

Court fines receivable as at 31 December 2012 from the Chief Secretary of the Provisional Council and other authorities amounted to Rs. 1,653,166.

2.3 Management Inefficiencies

Advances aggregating Rs.457,061 paid during the year 2007-2011 had not been recovered.

3 Systems and Controls

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

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