

Manmunai South 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 28 March 2013 and the financial statements for the preceding year had been presented on 22 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 Manmunai South 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 Manmunai South 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 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) A replacement reserve had not been provided for in the financial statements.
- (c) The stock valued at Rs.102,009 had been brought to the financial statements on book value and not on physically verified value.

2. **Financial and Operating Review**

2.1 **Financial Results**

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2012 amounted to Rs 1,053,645 as compared with the excess of revenue over recurrent expenditure amounting to Rs 2,873,257 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 -----
	5Ψ	5Ψ	5Ψ
(i) Rates and Taxes	4	2	2
(ii) Lease Rent	1,608	671	937
(iii) Licence Fees	585	453	132
(iv) Other Revenue	3,580	407	3,173

2.2.2 **Stamp Fees**

Stamp fees receivable as at 31 December 2012 from the Chief Secretary of the Provincial Council and other authorities amounted to Rs.2,185,299.

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