

Maritimepattu Pradeshiya Sabha

Mullaitivu 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 2012 and the financial statements for the preceding year had been presented on 12 April 2011. The report of the Auditor General for the year was issued to the Chairman of the Sabha on 14 May 2012.

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 Maritimepattu 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 forwarded to the Chairman, the financial statements have been prepared in accordance with Generally Accepted Accounting Principles, give a true and fair view of the state of affairs of the Maritimepattu 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 Deficiencies in presentation of Financial Statements

The following matters were observed.

- (a) Explanations had not been furnished for differences between the budget and the actuals in the financial statements.
- (b) Revenue and expenditure had not been categorized in the financial statements under the Head Office and Sub Offices.

(c) Age analysis of debtors, deposits and revenue in arrears had not been furnished with the financial statements.

1.3.2 Accounting Deficiencies

The accounting deficiencies observed in the financial statements are shown in the following table in respect of revenue, expenditure and assets.

Effect on financial statements	Revenue		Expenditure		Assets	
	No.of instances	Value Rs	No.of instances	Value Rs	No.of instances	Value Rs
Understatements	-	-	-	-	01	2,768,809
Overstatements	01	1,719,164	01	4,790	-	-

1.3.3 Lack of Evidence for Audit

Transactions totaling Rs.31,064,472 could not be satisfactorily vouched in audit due to the non submission of the required information to audit.

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 2011 amounted to Rs. 6,112,606 as compared with the excess of revenue over recurrent expenditure amounting to Rs. 2,001,409 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
 Rs 000' Rs 000' Rs 000'
(i)	Rate and Taxes	61	187	-
(ii)	Lease Rent	7,900	6,170	-
(iii)	Licence Fees	390	558	-
(iv)	Other Revenue	14,918	19,126	175

2.2.2 Court Fines and Stamp Fees

(a) Court Fines receivable as at 31 December 2011 from the Chief Secretary of the Provisional Council and other authorities amounted to Rs.1,109,250.

(b) Stamp fees recoverable from the Registrar General had not been computed and accounted for the year 2011.

2.3 Irregular Transactions

Salaries amounting to Rs.550,028 had been paid to the staff engaged in certain resettlement works outsourced. Although the above expenditure had been incurred from the Sabha Fund there was no budgeted allocation for the payment.

2.4 Operating/Management Inefficiencies

The following observations are made.

(a) The assets obtained from grants and use by the Sabha had not been valued and shown in the financial statements.

(b) 212 nos. of library books had not been valued and accounted in the final accounts.

- (c) Interest on fixed deposits for the current financial year had not been computed and accounted as revenue in the final accounts.
- (d) Collection of Value Added Tax amounting to Rs.1,204,403 relating to the lease of meat market had not been remitted to the Inland Revenue Department.
- (e) Collection of Nation Building Tax amounting to Rs. 251,742 relating to the lease of meat market had not been remitted to the Inland Revenue Department.
- (f) Collection of Withholding Tax amounting to Rs.26,998 relating to the lease of meat market had not been remitted to the Inland Revenue Department.
- (g) Two out of five sub offices were not functioning.

3 Systems and Controls

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

- (a) Revenue Collection
- (b) Fixed Assets
- (c) Accounting
- (d) Vehicle Utilization
- (e) Miscellaneous Deposits
- (f) Budgetary Control