

Morawewa Pradeshiya Sabha

Trincomalee District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 05 September 2012 and the financial statements for the preceding year had been presented on 25 July 2011. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 21 March 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 Morawewa 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, the financial statements have been prepared in accordance with the Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Morwewa Pradeshiya Sabha as at 31 December 2011 and the financial results of its operations for the year then ended.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

(a) The bank balance of the cash book bearing No. 0002366497 as at 31 December 2011 was Rs.414,911. However, it had been shown as Rs.2,648,474 in the accounts.

- (b) A minus balance of Rs.11,546 had been adjusted as cash in hand in the bank reconciliation statement as at 31 December 2011.
- (c) The balance of Rs.30,432,379 in tow bank accounts as at 31 December 2011 had not been shown in the accounts

1:3:2 Non- rendition of Information to Audit

Transactions aggregating Rs.5,049,361 could not be satisfactorily vouched in audit due to non- rendition of necessary information to audit.

2. Financial and Operating Review

2:1 Financial Results

According to the information furnished, the revenue exceeding the recurrent expenditure of the Sabha for the year ended 31 December 2011 was Rs.2,828,063 as against the recurrent expenditure exceeding the revenue of the preceding year amounting to Rs.823,146.

2:2 Financial Control

Cash book in respect of the bank accounts had not been properly maintained and the bank reconciliation statements too had not been correctly prepared.

2:3 Revenue Administration

2:3:1 Estimated Revenue, Actual Revenue and Arrears of Revenue

The information relating to the estimated revenue, actual revenue and arrears of revenue for the year under review as presented by the Chairman, appear below.

Item of Revenue	Estimated	Actual	Accumulated Arrears as at 31 December
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	Rs'000	Rs'000	Rs'000
i. Rates and Taxes	89	24	(65)
ii. Lease Rent	580	67	(513)
iii. Licence Fees	136	54	(82)
iv. Other Revenue	7,331	7,514	183

2:3:2 Court Fines and Stamp Fees

The court fines receivable from the Chief Secretary of the Provincial Council and the authorities as at 31 December 2011 was Rs.1,656,983

3. Systems and Controls

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

- (a) Accounting
- (b) Revenue Administration