

**Porathivu 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 30 April 2013 and the financial statements for the preceding year had been presented on 30 March 2012. The report of the Auditor General for the year was issued to the Chairman of the Sabha on 11 June 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 Porathivu 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 Porathivu 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) 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.
- (c) A motor vehicle valued at Rs 1,319,050 had not been brought to the assets account.
- (d) Loss of assets to the value of Rs 2,525,601 had not been removed from the assets account.

## 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. 1,940,010 as compared with the excess of revenue over recurrent expenditure amounting to Rs 2,102,188 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 V	¶	5 V	¶	5 V	¶
(i) Rates and Taxes	20		196		-	
(ii) Lease Rent	516		466		63	
(iii) Licence Fees	300		690		-	
(iv) Other Revenue	275		301		18	

#### 2.2.2 Court Fines

Court fines receivable as at 31 December 2012 from the Chief Secretary of the Provincial Council and other authorities amounted to Rs.3,011,736.

### 2.3 Irregular Transactions

2000 text books to the value of Rs.173,340 had been purchased to be distributed among school children and out of these books 1982 books had not been distributed to the children.

**2.4 Operating/ Management Inefficiencies**

A sum of Rs.165,284 misappropriated by the former Secretary of the Sabha had not been recovered for over a long period.

**3. Systems and Controls**

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

- (a) Accounting
- (b) Revenue Administration