

Koralai Pattu North Pradeshiya Sabha
Batticaloa District.

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented on 05 April 2011 and the financial statements for the preceding year had been presented for audit on 11 October 2010.

1.2 Opinion

So far as appears from my examination and to the best of my information and according to the explanations given to me, I am of opinion that the Koralai Pattu North Pradeshiya Sabha had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraph 1.3 of this report, the financial statements have been prepared in accordance with the Generally Accepted Accounting Principles give a true and fair view of the state of affairs of the Koralai Pattu North Pradeshiya Sabha as at 31 December 2010 and the financial results of its operation and cash flows for the year then ended.

1.3 Comments on Financial Statements

1.3.1. Non-compliances.

The following non-compliance with laws and regulations were observed in audit.

**Reference to Laws, Rules, Regulations
etc.**

Non-Compliances

Inland Revenue Act No. 10 of 2006
Section 153.

Withholding Tax of 1% amounting to
Rs.34,287 had not been deducted from
payment made for constructions.

2. Financial and Operating Review

2.1 Financial Results

According to the information presented, the expenditure exceeding the revenue of the Pradeshiya Sabha for the year ended 31 December 2010 amounted to Rs 1,236,011 as against the revenue exceeding the recurrent expenditure of the preceding year amounting to Rs78,123.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

The position with regard to the estimated revenue, actual revenue and arrears of revenue for the year under review and the preceding year as presented by the Chairman is given below.

<u>Item of Revenue</u>	<u>2010</u>			<u>2009</u>		
	<u>Estimated</u>	<u>Actual</u>	<u>Accumulated Arrears as at 31 December</u>	<u>Estimated</u>	<u>Actual</u>	<u>Accumulated Arrears as at 31 December</u>
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
(i) Rates and Taxes	--	--	--	--	--	10
(ii) Lease Rent	761	761		165	167	--
(iii) Licence Fees	432	432	29	306	324	--
(iv) Other Revenues	507	507	--	1,006	1,006	--

2.3 Expenditure Structure

The estimated and the actual expenditure and the variances of the Sabha for the year under review and the preceding year are given below.

<u>Item of Expenditure</u>	<u>2010</u>			<u>2009</u>		
	<u>Estimated</u>	<u>Actual</u>	<u>Variance</u>	<u>Estimated</u>	<u>Actual</u>	<u>Variance</u>
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Recurrent Expenditure						
Personal						
Emoluments	7,351	6,097	1,254	5,498	4,320	1,178
Other	2,062	8,02	1,260	1,465	806	659
Sub- total	9,413	6,899	2,514	6,963	5,126	1,837
Capital Expenditure	8,960	32,372	(23,412)	1,133	14,853	(13,720)
Grand total	18,373	39,271	(20,898)	8,096	19,979	(11,883)
	=====	=====	=====	=====	=====	=====

2.4 Human Resources Management.

Approved and Actual Cadre

Particulars of the approved and actual cadre of the Sabha are given below.

<u>Category of Posts</u>	<u>As at 31 December 2010</u>	
	<u>Approved</u>	<u>Actual</u>
Staff Grades	01	--
Secondary Grades	09	09
Primary Grades	13	12
Others (Casual/ Temporary)	01	01
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	24	22
	=====	=====

2.5 Assets Management

2.5.1 Fixed Assets not verified

The value of fixed assets computed on book balances as at 31 December 2010 and not supported by physical verifications / board of survey reports amounted to Rs.62,781,849.

2.6 Internal Audit

An adequate internal audit had not been carried out at the Sabha.

3. Systems and Controls

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

- (a) Accounting
- (b) Internal Audit
- (c) Revenue Administration