

Kuchchaveli Pradeshiya Sabha**Trincomalee District****1. Financial Statements****1.1 Presentation of Financial Statements**

The financial statements for the year under review and for the year 2009 had not been presented for audit even up to 30 June 2011

1.2 Comments on Transactions, Operations and Performance**1.2.1 Bank Accounts**

Information revealed in the analysis of adjustments shown in the Bank Reconciliation Statements appears in the following statements.

<u>Particulars</u>	<u>No .of Instance</u>	<u>Age Analyses</u>			<u>Total</u>
		<u>Less than 12 Months</u>	<u>1 – 3 Years</u>	<u>Over 3 years and less than 9 years</u>	
		<u>Rs</u>	<u>Rs</u>	<u>Rs</u>	
Cheques issued but not presented for payments	103	171,963	69,185	70,590	311,738
	<u>103</u>	<u>171,963</u>	<u>69,185</u>	<u>70,590</u>	<u>311,738</u>

1.2.2 Suspense Accounts

Debit balances as at 31 December 2010 amounted to Rs.9,114 and they were of suspense nature.

1.2.3 Accounts Payable

Balances of accounts payable for over a period of 1 year as at 31 December 2010 amounted Rs.4,628,692

1.2.4 Lack of Evidence for Audit

(a) Un – replied Audit Queries

Replies for 53 audit queries had not been furnished as at 30 June 2011 while the quantifiable value of transactions referred to in those audit queries amounted to Rs.9,136,081

(b) Non – rendition of Information for Audit

Transactions valued at Rs.386,411 could not be satisfactory vouched in audit due to non-availability of information.

1.2.5 Non - compliance

The following non-compliances Laws, Rules, Regulations and Management Decisions were observed in audit.

Reference to Laws, Rules, Regulations and Management Decision

Non- compliance

(a) Pradeshiya Sabha Act No. 15 of 1987

Section 152

Professional tax had not been recovered.

(b) Pradeshiya Sabha (Financial and Administrative) Rules of 1989

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|-------------------------------|--|
| i) Section 16 (1) of Part II | The Pradeshiya Sabha had not maintained registers for movable and immovable properties. |
| ii) Chapter I Section 5 (xii) | Adequate security deposit had not been obtained from officers who were entrusted with the custody of cash stores, etc. |
| iii) No. 214 of Chapter XII | The following items of stock had not been verified by a Board of Survey at the end of the year. <ul style="list-style-type: none">i. Fixed Assetsii. Stationeryiii. Vehicles |

- iv. Building application forms
- v. Old newspapers and magazines
- vi.
- iv) Section 217 of Chapter XII A Register of Land and Buildings had not been maintained
- c) Financial Regulation 396
 - i) Action had not been taken to recover the amount due on unrealized cheques valued at Rs.15,605 for over a period of 03 years.
 - ii) Action had not been taken on unrepresented cheques valued at Rs.311,738 for over a period of 01 year.

2. Financial and Operating Review

2.1 Revenue Administration

2.1.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

The information 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</u>	<u>Estimated</u>	<u>Actual</u>	<u>Accumulated</u>
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
	<u>'000</u>	<u>'000</u>	<u>arrears as at</u>	<u>'000</u>	<u>'000</u>	<u>arrears as at</u>
			<u>31 December</u>			<u>31 December</u>
			<u>'000</u>			<u>'000</u>
Rates and Taxes	15,204	4,090	11,114	12,629	846	11,783
Lease Rent	636	-	636	640	4	636
Licence Fees	789	1,023	-	408	643	-
Other Revenues	534	534	-	4,197	4,197	-

2.1.2 Court Fines

Action had not been taken to recover court fines amounting to Rs.176,355 collected and remitted to the Chief Secretary / Provincial Commissioner of Revenue up to 31 December

2010 by the Trincomalee Magistrate’s Court under various Ordinances. Court fines receivable by the Sabha had not been computed and accounted for.

2.2 Expenditure Structure

The budgeted and 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>Budgeted</u> <u>Rs.</u>	<u>2010</u> <u>Actual</u> <u>Rs.</u>	<u>Variance</u> <u>Rs.</u>	<u>Budgeted</u> <u>Rs.</u>	<u>2009</u> <u>Actual</u> <u>Rs.</u>	<u>Variance</u> <u>Rs.</u>
<u>Recurrent Expenditure</u>						
Personal Emoluments	14,996,891	13,919,774	1,077,117	14,188,910	10,757,297	3,431,613
Other	8,662,144	2,642,863	6,019,281	3,039,000	2,444,118	594,882
Sub Total	23,659,035	16,562,637	7,096,398	17,227,910	13,201,415	4,026,495
Capital Expenditure	5,492,000	4,496,356	995,644	3,020,500	48,935	2,971,565
Grand Total	<u>29,151,035</u>	<u>21,058,993</u>	<u>8,092,042</u>	<u>20,248,410</u>	<u>13,250,350</u>	<u>6,998,060</u>

2.3 Human Resources Management

2.3.1 Approved and Actual Cadre

Particulars of the approved and actual cadre of the Sabha as at 31 December 2010 are given below.

<u>Category of Post</u>	<u>Approved</u>	<u>Actual</u>	<u>Shortage/</u> <u>Excess</u>
Staff Grade	01	-	01
Secondary Grade	20	14	06
Primary Grade	33	30	03
Total	<u>54</u>	<u>44</u>	<u>10</u>

2.4 Staff Loans Recoverable

Balances of staff loans recoverable as at 31 December 2010 totalled Rs.225,056 while the balances remaining outstanding for over a period of 03 years amounted to Rs.225,056

2.5 Internal Audit

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

3. Systems and Controls

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

- (a) Accounting
- (b) Budgetary Control
- (c) Assets Management
- (d) Stores
- (e) Revenue Administration