

Manmunai 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 on 06 April 2011 and the financial statements for the preceding year had been presented for audit on 20 April 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 Manmunai Pattu 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 Manmunai Pattu Pradeshiya Sabha as at 31 December 2010 and the financial results of its operation and cash flows for the year then ended.

1.2.1 Comments on Financial Statements

1.2.2 Non-compliance

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

Reference to Laws, Rules, Regulations etc.	Non-Compliance
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a) Financial Regulation No. 109	Action had not been taken to write off assets amounting to Rs. 165,500 for a long time.
b) Procurement Guideline No. 2.14.1	A sum of Rs. 213,040 had been paid for construction of a trade centre without obtaining five sealed quotations.
c) Circular of the Director of Health Services No.1769 dated 1992 September 30	Drawing fees amounting to Rs. 86,662 had been paid to Public Health Inspectors contrary to the circular
d) Inland Revenue Act No. 10 of 2006 Section 153.	Withholding Tax of 5% amounting to Rs.5,561 had not been deducted from payments.
e) Section 132 (k) of the Pradeshiya Sabha Act No.15 of 1987.	A donation Rs.5,000 had been paid for publication of books. Approval of the Secretary to the Ministry had not been

obtained in this regard.

- f) Special Gazette Notification, North-East Province Rule 3(1) A sum of Rs. 5,000 had been paid to the members who had not attended monthly meetings of the Council.
- g) Special Gazette Notification, North-East Province (Amended) section 184 of Pradeshiya Sabha Act No.15 of 1987. A sum of Rs. 2,930 had been paid to the members as entertainment allowances contrary to the circular.
- h) Public Finance Circular No. PF/427 A vehicle had been insured in a private firm spending Rs.59,989 without being insured at the Sri Lanka Insurance Company.

2. Financial and Operating Review

2.1 Financial Results

According to the financial statements presented, the revenue exceeding the recurrent expenditure of the Pradeshiya Sabha for the year ended 31 December 2010 amounted to Rs 1,166,251 as against the recurrent expenditure exceeding the revenue of the preceding year amounting to Rs1,523,370.

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.

Item of Revenue	2010		<u>Accumulated Arrears as at 31 December</u>	2009		<u>Accumulated Arrears as at 31December</u>
	<u>Estimated</u>	<u>Actual</u>		<u>Estimated</u>	<u>Actual</u>	
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
(i) Rates and Taxes	737	382	220	--	--	4
(ii) Lease Rent	1,830	1824	1,396	1,028	1,129	368
(iii) Licence Fees	550	370	718		500	--
(iv) Other Revenues	2036	1752	781	1,959	1,959	781

2.3 Expenditure Structure

The estimated 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>Estimated</u>	<u>2010 Actual</u>	<u>Variance</u>	<u>Estimated</u>	<u>2009 Actual</u>	<u>Variance</u>
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Recurrent Expenditure						
Personal						
Emoluments	9,608	12,150	(2,542)	8,487	10,846	(2,359)
Other	<u>7,176</u>	<u>2,867</u>	<u>4,309</u>	<u>3,384</u>	<u>2,889</u>	<u>495</u>
Sub- total	16,784	15,017	1,767	11,871	13,735	(1,864)
Capital Expenditure	<u>900</u>	<u>4,918</u>	<u>(4,018)</u>	<u>1,050</u>	<u>3,080</u>	<u>(2,030)</u>
Grand total	17,684	19,935	(2,251)	12,921	16,815	(3,894)
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2.4 Human Resources Management.

Approved and Actual Cadre

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

<u>Category of Post</u>	<u>As at 31December 2010</u>	
	<u>Approved</u>	<u>Actual</u>
Staff Grades	01	01
Secondary Grades	07	06
Primary Grades	22	22
Others (Casual/ Temporary)	--	24
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	30	53
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2.5 Assets Management

2.5.1 Staff Loans Recoverable

Balances of staff loans recoverable for over a period of 4 years as at 31 December 2010 totalled to Rs. 53,093.

2.5.2. 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. 32,010,296.

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) Internal Audit.
- (b) Revenue Administration