

**Maritimepattu Pradeshiya Sabha  
Mullativu District**

-----

1 Financial Statements

1.1 Presentation of Financial Statements

The financial statement for the year under review should have been presented for audit on or before 31 March 2011. However, it had been presented for audit on 12 April 2011 and the financial statements for the previous year had not been presented for audit until 31 March 2011.

1.2 Opinion

So far as appears from my examination and to the best of information and according to the explanation given to me, I am of opinion that the Maritimepattu 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 Generally Accepted Accounting Principles and give a true and fair view of the State of affairs of the Maritimepattu 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 Accounting Policies

Accounting policies adopted had not been disclosed in the financial statement.

1.3.2 Accounting Deficiencies

The accounting deficiencies observed in the accounts are shown in the following table in respect of revenue and assets under instances and values.

	<u>Revenue</u>		<u>Assets</u>	
	<u>Number of Instances</u>	<u>Value</u> Rs.	<u>Number of Instances</u>	<u>Value</u> Rs.
a) Overstatements in the accounts	01	255,378	--	--
b) Understatements in the accounts	--	--	01	74,965
c) Omissions in the accounts	--	--	02	621,070

1.3.3. Accounts Payable

The value of balances of accounts payable for over 1 year as at 31 December 2010 amounted to Rs 854,334.

1.3.4. Lack of Evidence for Audit

Non- rendition of Information for Audit

Transactions valued at Rs, 3,310,500 could not be satisfactorily vouched in audit due to the non- availability of information required for audit.

1.3.5. Non-compliances

Non-compliances with provisions in the following Laws, Rules, Regulations and Management decisions were observed during the course of audit.

Reference to Laws, Rules, Regulations and Management Decisions      Non-compliance

(a) Financial Regulation 1645      Log books had not been properly maintained by the Sabha.

(b) Public Finance Circular No.441 dated 9 December 2009      Action had not been taken with regard to unserviceable articles reported by the Board of Survey for the year 2010.

2. Financial and Operating Review

2.1 Financial Results

According to the financial statements presented, the revenue exceeding the recurrent expenditure of the Sabha for the year ended 31 December 2010 amounted to Rs1,842,520 as against the recurrent expenditure exceeding the revenue for the preceding year amounting to Rs.1,379,734

2.2 Revenue Administration

2.2.1 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 as presented by the Secretary is given below. The budget for the previous year had not been prepared by the Sabha due to disturbances in the year 2009.

<b>Item of Revenue</b>	<b>Estimated</b>	<b><u>2010</u> Actual</b>	<b>Accumulated arrears as at 31 December</b>
-----	-----	-----	-----
	Rs. 000	Rs. 000	Rs. 000
Rates and Taxes	2	22	-
Lease Rent	700	364	-
License Fees	210	450	-
Other Revenue	25,762	1,770	-

2.2.2 Courts Fines

Court fines recoverable by the Sabha for the year under review had not been confirmed from the Vavuniya District Magistrate’s Court and the Mullaitivu District Magistrate’s Court.

2.2.3. Stamp Fees.

Stamp duty for the year under review had not been confirmed by the Land Registry of the Mullaitivu District.

2.2.4 Rates and Taxes

Action had not been taken to assess the properties in the Sabha area to impose assessment tax on rate payers.

2.2.5 Rent

Action had not been taken to recover the rent income of Rs 55,164 from the Mulliyawelai and Mulliyawalai trade stalls for the year under review.

2.3 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. The Sabha had not prepared the budget for the previous year due to disturbances in the year 2009.

Item of Expenditure -----	Budgeted ----- Rs. 000	2010 -----	
		Actual ----- Rs. 000	Variance ----- Rs. 000
<u>Recurrent Expenditure</u>			
Personal Emoluments	19,010	9,675	9335
Others	6,076	1,841	4,235
	-----	-----	-----
<b>Sub Total</b>	<b>25,086</b>	<b>11,516</b>	<b>13,570</b>
Capital Expenditure	11,300	1,238	10,062
	-----	-----	-----
<b>Grand Total</b>	<b>36,386</b>	<b>12,754</b>	<b>23,632</b>
	=====	=====	=====

2.4 Human Resources Management

2.4.1 Approved and Actual cadre

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

Category of Post -----	Approved -----	Actual -----
Staff Grade	04	01
Secondary Grade	20	19
Primary Grade	08	34
	-----	-----
	<u>32</u>	<u>54</u>

2.5 Assets Management

2.5.1 Accounts Receivable

The balances of accounts receivable as at 31 December 2010 amounted to Rs.3,051,592 while the balances of accounts exceeding a period of 1 year amounted to Rs.2,892,702

2.5.2 Staff Loans Recoverable

The balances of staff loans recoverable as at 31 December 2010 aggregated Rs.4,162,412 while the balances of accounts exceeding a period of 1 year amounted to Rs. 1,210,660

2.5.3 Unverified Assets

The value of assets computed on book balances as at 31 December 2010 which had not been supported by physical verification or board of survey reports amounted to Rs 22,489,119.

2.6 Identified Losses and Damages

Losses and damages revealed at audit test checks and according to the information maintained by Sabha were valued at Rs.3,445,000.

2.7 Operating Inefficiencies

The vehicles handed over by the Ministry of Local Government to the Pradeshiya Sabha had not been registered in the name of the Pradeshiya Sabha and they had not been insured.

2.8 Internal Audit

Adequate internal audit had not been carried out in the Institution

3. Systems and Controls

Special attention is drawn to the following areas of systems and controls

- a. Accounting
- b. Budgetary Control
- c. Revenue Administration
- d. Contract Administration.