

Manmunai South Eruvil Pattu Pradeshiya Sabha
Batticaloa District

1. Financial Statements

1.1 Presentation of Financial Statement

The financial statements for the year under review had been presented on 15 July 2011 and the financial statements for the preceding year had been presented for audit on 01 June 2010.

1.2 Opinion

So far as appears from my examination and to the best of my information according to the explanations given to me, I am of opinion that, the Manmunai South Eruvil 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 South Eruvil Pattu 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 Accounts Payable

Balances payable as at 31 December 2010 amounted to Rs. 3,725,748.

1.3.2 Non-compliances

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

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

Non-Compliance

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|--|---|
| a) Financial Regulation No. 396 | Action had not been taken on unrealized cheques over six months amounting to Rs.8,730. |
| b) Financial Regulation No. 572 | Action had not been taken for a long time with regard to the lapsed deposits amounting to Rs.1,205,240. |
| c) Eastern Provincial Financial Rule No. 174 | A sum of Rs 7,775 had been paid for various purposes without being certified |

- by a responsible officer.
- d) Special Gazette Notification, North-East Province Rule 3(1) A sum of Rs. 5,000 had been paid to members who had not attended the monthly meetings of the Council.
- e) Stamp Duty Act No. 12 of 2006 A sum of Rs. 525 had not been deducted from remunerations.
- f) Circular of the Director of Health Services No.1769 dated 1992 September 30 Drawing fees amounting to Rs. 237,445 had been paid to Public Health Inspectors contrary to the circular
- g) Procurement Guideline No. 3.9.1 Civil works of 2 community centers valued at Rs. 711,150 had been awarded contrary to the Procurement Guideline.
- h) Special Gazette Notification, North-East Province Amendment to Section 184 of the Pradeshiya Sabha Act No.15 of 1987. A sum of Rs. 5,670 had been paid as entertainment allowances to members of the Sabha, contrary to the regulations.
- i) Establishments Code Chapter XXIV Section 4:4:1 and Chapter IX Section 2:2. A sum of Rs. 30,645 had not been deducted from the drawing fees and remitted to the Department of Health.

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 4,314,274 as against the recurrent expenditure exceeding the revenue of the preceding year amounting to Rs 4,291,202.

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	66	66	--	15	15	--
(ii) Lease Rent	6,511	6,511	1,337	1,535	1,541	494
(iii) Licence Fees	660	660	26	706	706	27
(iv) Other Revenues	5,201	5,201	--	2,116	2,116	1656

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>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	18,534	3,715	14,819	17,610	15,620	1,990
Other	148	69	79	11,224	8,448	2,776
Sub- total	18,682	3,784	14,898	28,834	24,068	4,766
Capital Expenditure	--	5,893	(5,893)	1,306	2,300	(994)
Grand total	18,682	9,677	9,005	30,140	26,368	3,772
	=====	=====	=====	=====	=====	=====

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 31 December 2010</u>	
	<u>Approved</u>	<u>Actual</u>
Staff Grades	01	01
Secondary Grades	18	26
Primary Grades	32	32
Others (Casual/ Temporary)	--	43
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	<u>51</u>	<u>102</u>

2.5. Assets Management

2.5.1 Staff Loans Recoverable

Balances of staff loans recoverable for over 4 years as at 31 December 2010 totalled Rs. 334,167.

2.5.2 Non moving Current Assets

Non moving stocks (Unused) over a period of 7 years as at 31 December 2010 amounted to Rs.48,216.

2.5.3 Assets not verified

The value of assets as at 31 December 2010 computed on book balances and not supported by physical verifications/ board of survey reports amounted to Rs.19,592,582.

2.6. Bank Account

- (a). Balances in 2 bank accounts aggregating Rs.134,239 remained dormant for a long time.
- (b). Action had not been taken with regard to 3 dishonored cheques amounting to Rs.38,196
- (c). Action had not been taken in respect of the cash fraud amounting to Rs.163,379.

2.7. 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