

**Manmunai South West Pradeshiya Sabha**  
**Batticaloa District**

**1. Financial Statements**

**1.1.1 Presentation of Financial Statements**

The financial statements for the year under review had been presented on 19 July 2011 and the financial statements for the preceding year had been presented for audit on 18 March 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 South West 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 West 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-compliances with laws, rules, and regulations were observed in audit.

<b>Reference to Laws, Rules, Regulations etc.</b>	<b>Non-Compliance</b>
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a) Procurement Guideline No. 2.14.1	A sum of Rs. 94,959 had been paid for construction of a trade centre without obtaining five sealed quotations.
b) Stamp Duty Act No. 12 of 2006	A sum of Rs. 300 had not been deducted from remunerations.
c) Public Administration Circular No. 12/2000(3)	An overpayment amounting to Rs. 18,450 had been made to a computer trainee as monthly allowances, contrary to the circular.

**2. Financial and Operating Review**

**2.1 Financial Results**

According to the financial statements presented, the recurrent expenditure exceeding the revenue of the Sabha for the year ended 31 December 2010 amounted to Rs 159,097 as compared with the recurrent expenditure exceeding the revenue of the preceding year amounting to Rs14,890,278.

**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	--	--	--	50	50	--
(ii) Lease Rent	104	104	--	142	142	--
(iii) Licence Fees	162	162	--	819	819	--
(iv) Other Revenues	1,757	1,757	--	3,466	3,466	--

**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	7,727	6,222	1,505	5,287	5,981	(694)
Other	6,519	5,294	1,225	1,458	20,194	(18,736)
<b>Sub- total</b>	<b>14,246</b>	<b>11,516</b>	<b>2,730</b>	<b>6,745</b>	<b>26,175</b>	<b>(19,430)</b>
Capital Expenditure	34,338	12,391	21,947	1,700	4,491	(2,791)
<b>Grand total</b>	<b>48,584</b>	<b>23,907</b>	<b>24,677</b>	<b>8,445</b>	<b>30,666</b>	<b>(22,221)</b>

**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	10	09
Primary Grades	06	06
Others (Casual/ Temporary)	--	15
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	17	31
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**2.5 Assets Managements**

**2.5.1 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.23,635,075

**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