

**Manmunai West 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 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 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 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 Accounts Payable**

Balances payable to creditors as at 31 December 2010 amounted to Rs,4,125,067

**1.3.2 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. 1,252,889 had been paid for construction of a trade centre without obtaining sealed quotations.
b) Procurement Guideline No. 3.9.1	Civil works of 07 community centres had been awarded to the value of Rs. 1,320,000 contrary to the Procurement Guideline
c) Stamp Duty Act No. 12 of 2006	A sum of Rs. 725 had not been deducted from remunerations.
d) Financial Regulation No. 138	A sum of Rs 1,956 had been paid for overtime without being certified by a responsible officer.
e) Financial Regulation No. 396	Action had not been taken on unrealized cheques amounting to Rs.7,765 which had

- f) Pradeshiya Sabha Act No.15 of 1987. Section 132 (k) A sum of Rs.7,430 had been paid as donation during the year in connection with the ceremony for awarding certificate for which approval had not been taken from the relevant authorities.

## **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 2,729, 367 compared with as the revenue exceeding the recurrent expenditure of the preceding year amounting Rs,2,063,109.

### **2.2 Revenue Administration**

#### **2.2.1 Estimated Revenue, Actual Revenue, 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.

<b>Item of Revenue</b>	<b>2010</b>			<b>2009</b>		
	<b><u>Estimated</u></b>	<b><u>Actual</u></b>	<b><u>Accumulated Arrears as at 31 December</u></b>	<b><u>Estimated</u></b>	<b><u>Actual</u></b>	<b><u>Accumulated Arrears as at 31December</u></b>
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
(i) Rates and Taxes	739	808	16	--	--	--
(ii) Lease Rent	101	101	--	1,089	1,222	85
(iii) License Fees	141	141	--	156	156	--
(iv) Other Revenues	4,452	4,452	--	6,922	6,922	3

### **2.3 Expenditure Structure**

The estimated and the actual expenditure and the variances of the Sabha for the year under review and the preceding year are given below.

<b><u>Item of Expenditure</u></b>	<b>2010</b>			<b>2009</b>		
	<b><u>Estimated</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>	<b><u>Estimated</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Recurrent Expenditure						
Personal						

Emoluments	7,048	6,285	763	7,443	5,563	1,880
Other						
	<u>535</u>	<u>309</u>	<u>226</u>	<u>610</u>	<u>1,405</u>	<u>(795)</u>
<b>Sub- total</b>	7,583	6,594	989	8,053	6,968	1,085
Capital						
Expenditure	<u>1,367</u>	<u>881</u>	<u>486</u>	<u>992</u>	<u>2,040</u>	<u>(1,048)</u>
<b>Grand total</b>	8,950	7,475	1,475	9,045	9,008	37
	=====	=====	=====	=====	=====	=====

**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	09	08
Primary Grades	17	15
Others (Casual/ Temporary)	--	02
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	27	26
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**2.5 Assets Management**

**2.5.1. Accounts Receivable**

Balances of accounts receivable as at 31 December 2010 amounted to Rs 3,087,560

**2.5.2 Idle and Underutilized Physical Resources**

It was observed at audit test checks, that Land and Buildings valued at Rs 700,000 had remained idle or underutilized for over 02 years.

**2.5.3 Non moving Current Assets.**

Non moving stocks (Unused) exceeding a period of 6 years as at 31 December 2010 amounted to Rs. 3,343.

**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) Accounting
- (b) Internal Audit
- (c) Revenue Administration