

Puthukkudiyiruppu Pradeshiya Sabha
Mullativu District

1 Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review should have been presented for audit on or before 31 March 2011. However, it had been presented for the audit on 19 April 2011 and the financial statements for the previous year had been presented for audit on 14 February 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 Puthukkudiyiruppu 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 true and fair view of the State of affairs of the the Puthukkudiyiruppu Predesheeya 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 statements.

1.3.2 Accounting Deficiencies

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

	Revenue		Assets	
	Number of <u>Instances</u>	<u>Value</u> Rs.	Number of <u>Instances</u>	<u>Value</u> Rs.
a) Understatements in the accounts	01	24,950	---	---
b) Classification errors	01	233,693	01	200,700

1.3.3 Accounts Payable

The value of balances of accounts payable for over 01 year as at 31 December 2010 amounted to Rs 310,199 .

1.3.4 Lack of Evidence for Audit

Transactions valued at Rs 682,370 could not be satisfactorily vouched in audit due to the non- availability of information required for audit.

1.3.5 Non-compliance

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

<u>Reference to Laws, Rules, Regulations and Management Decisions</u>	<u>Non-compliance</u>
(a) Financial Regulation 1645	Vehicle log books had not been properly maintained by the Sabha.

(b) Circulars

- I. Public Finance Circular No.441 dated 09 December 2009 Action had not been taken with regard to unserviceable articles reported in the Board of Survey report for the year 2010.
- II. Public Administration Circular No.41/90 dated 10 October 1990 Fuel consumption tests had not been done for vehicles in terms of the Circular.

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 Rs.3,141,212.

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.

Item of Revenue	Estimated	<u>2010</u> Actual	Accumulated arrears as at 31 December
	Rs. 000	Rs. 000	Rs. 000
Rates and Taxes	60	40	-
Lease Rent	3,200	36	190
License Fees	1,170	127	-
Other Income	1,658	8,382	-

2.2.2 Court Fines

Court fines 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.

2.3 Expenditure Structure

The budgeted and actual expenditure and the variances of the Sabha for the year under review are given below. The budget for the previous year had not been prepared by the Sabha due to disturbances in the year 2009.

<u>Item of Expenditure</u>	<u>Budgeted</u>	<u>2010</u> <u>Actual</u>	<u>Variance</u>
	Rs. 000	Rs. 000	Rs. 000
<u>Recurrent Expenditure</u>			
Personal Emoluments	12,386	4,054	8,332
Other	6,870	1,389	5,481
	-----	-----	-----
Sub Total	19,256	5,443	13,813
Capital Expenditure	1,775	2,349	(574)
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Grand Total	21,031	7,792	13,239
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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	03	-
Secondary Grade	08	10
Primary Grade	16	14
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	<u>27</u>	<u>24</u>

2.5 Assets Management

2.5.1 Accounts Receivable

The balances of accounts receivable as at 31 December 2010 amounted to Rs.2,274,851 while the balances of accounts exceeding a period of 1 year amounted to Rs.684,755.

2.5.2 Staff Loans Recoverable

Balances of staff loans recoverable as at 31 December 2010 aggregated Rs.1,786,211 while the balances of accounts exceeding a period of 1 year amounted to Rs. 683,391.

2.5.3 Unverified Assets

The value of assets computed on book balances as at 31December 2010 which had not been supported by physical verifications/board of survey reports amounted to Rs.26,897,322.

2.6 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.