

Sammanthurai Pradeshiya Sabha

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Ampara District  
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1. Financial Statements

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1:1 Presentation of Financial Statements  
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The financial statements for the year under review had been presented to audit on 18 April 2011 and the financial statements for the preceding year had been presented on 13 October 2010. The report of the Auditor General for the year was issued to the Chairman of the Sabha on 29 January 2012 .

1:2 Opinion  
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So far as appears from my examination and to the best of information and according to the explanations given to me. I am of opinion that the Sammanthurai .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 my report forwarded to the Chairman, 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 Sammanthurai Pradeshiya Sabha as at 31 December 2010 and the financial results of its operation for the year then ended.

1:3 Comments on Financial Statements  
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1:3:1 Accounting Policies  
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The following observations are made.

- (a) The financial statements had not been prepared on accrual basis.
- (b) Provision had not been made for replacement of fixed assets.

1:3:2 Accounting Deficiencies  
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The following accounting deficiencies were observed.

- (a) Provision for audit fees had not been made in the financial statements in terms of Section 172(2) of the Pradeshiya Sabha Act, No. 15 of 1987.
- (b) Supply of electricity had been entrusted to the Ceylon Electricity Board by the Sabha. However, the arrears from electricity consumers amounting to Rs.3,462,663 had been included in the revenue debtors.
- (c) The value of electrical equipment amounting to Rs.95,671 had been based on book value instead of being confirmed by physical verification.
- (d) The deposits on lease of beef stalls amounting to Rs.6,728,840 had not been transferred to the revenue account of the Sabha.

1:3:3 Accounts Payable  
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Accounts payable exceeding a period of 1 year as at 31 December 2010 amounted to Rs.19,877,059.

1:3:4 Non-compliance  
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The following non compliances with laws, rules, regulations and management decisions were observed in audit.

Reference to Laws, Rules,  
Regulations and Management  
Decisions  
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Non-compliance  
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- (a) Pradeshiya Sabha  
(Finance and Administration)  
Rules 1988  
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Rule 218

Land and buildings had not been verified by competent officers.

Rule 180 Officers who are required to furnish security deposits had not done so.

Rule 217 A register of fixed assets had not been maintained by the Sabha in terms of P.S. 46.

(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

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Financial Regulation 104(1) Action had not been taken with regard to the loss of 597 books at the library..

Financial Regulation 396 Action had not been taken to inquire from the bank and to take follow up action with regard to 4 cheques valued at Rs.4,000 remaining uncashed for over 6 months.

2. Financial and Operating Review

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2:1 Financial Results

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According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2010 amounted to Rs.8,622,710 as compared with the excess of revenue over recurrent expenditure amounting to Rs.3,718,278 for the preceding year.

2:2 Revenue Administration

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2:2:1 Estimated Revenue, Actual Revenue and Arrears of Revenue

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Information relating to the estimated revenue, actual revenue and arrears of revenue for the year under review, as presented by the Chairman, is shown below.

Item of Revenue		Estimated	Actual	Cumulative Arrears as at 31 December
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		Rs.'000	Rs.'000	Rs.'000
i..	Rates and Taxes	540	355	2,162
ii..	Lease Rent	8,722	8,364	17,472
iii..	Licence Fees	664	664	142
iv.	Other Revenue	8,191	5,699	2,491

#### 2:2:2 Court Fines

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Action had not been taken to recover court fines amounting to Rs.3,988,819 recovered by the Magistrate's Court Sammanthurai upto 31 December 2010 and remitted to the Chief Secretary.

#### 2:2:3 Stamp Fees

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The stamp fees for the years 2008, 2009 and 2010, as at 31 December 2010, had not been received from the Registrar General.

#### 2:3 Expenditure Structure

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The budgeted and actual expenditure of the Sabha for the year under review and the variances, are shown below.

Item of Expenditure	Budgeted	Actual	Variance
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	Rs.'000	Rs.'000	Rs.'000
<u>Recurrent Expenditure</u>			
Personal Emoluments	29,011	24,459	4,552
Others	19,360	4,735	14,625
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Sub-total	48,371	29,194	19,177
Capital Expenditure	64,500	5,436	59,064
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Grand Total	112,871	34,630	78,241
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2:4 Human Resources Management  
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2:4:1 Approved and Actual Cadre  
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The details of approved and actual cadre of the Sabha as at 31 December 2010 are given below.

<u>Category of Posts</u>	<u>Approved</u>	<u>Actual</u>
Staff Grade	01	--
Secondary Grade	22	20
Primary Grade	52	52
Others	--	31
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	75	103
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2:5 Assets Management  
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2:5:1 Accounts Receivable  
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The accounts receivable as at 31 December 2010 amounted to Rs.28,838,860 of which the accounts exceeding 01 year aggregated Rs.25,439,332.