

**Town and Gravets Pradeshiya Sabha**

**Trincomalee District**

**1. Financial Statements**

**1.1 Presentation of Financial Statements**

The financial statements for the year under review had not been presented for audit even up to 30 June 2011 and the financial statements for the preceding year had been presented for audit on 13 August 2010.

**1.2 Comments on Transactions, Operations and Performance**

**1.2.1 Bank Reconciliations**

Action had not been taken in terms of Financial Regulation 396 with regard to 10 cheques valued at Rs.28,425 remaining unrepresented for payments for over 05 years.

**1.2.2 Accounts Payable**

Balances of accounts payable for over a period of 03 years as at 31 December 2011 amounted to Rs 23,419

**1.2.3 Lack of Evidence for Audit**

**(a) Un – replied Audit Queries**

Replies for 58 audit queries had not been furnished as at 30 June 2011 while the quantifiable value of transactions referred to in those audit queries amounted to Rs. 44,422,915

**1.2.4 Non - Compliance**

The following non-compliance with Laws, Rules, Regulation and Management Decision were observed in audit.

**Reference to Laws, Rules,  
Regulations and Management  
Decisions**

**Non - Compliance**

**a) Pradeshiya Sabha (Financial and  
Administrative) Rules of 1989**

- i) Chapter VIII 178 (5) Section 16 (1) The sabha had paid Rs.9,695,328 for 58 contracts without following the procurement procedures.

- ii) Chapter I Section 5 (xi) Insurance coverage had not been obtained in relation to cash, stores, etc
- iii) Chapter I Section 5 (xii) Adequate security deposit had not been obtained from officers who were entrusted with custody of cash, stores, etc.
- iv) Chapter XII Section No. 204 The stamps and stationery had not been verified by a Board of Survey at the end of the year
- v) Chapter XII Section No.217 A register of land and buildings had not been maintained.
- b) Financial Regulations**
  - i) Financial Regulation No.371(2) The sub imprest of Rs.33231 had not been settled immediately after the work was over.
  - ii) Financial Regulation No.756 Annual Board of Survey had not been carried out by Sabha during the year under review.
  - iii) Financial Regulation No.1646 Running charts of 9 vehicles of the Sabha had not been furnished to audit.

## 2. Financial and Operating Review

### 2.1 Revenue Administration

#### 2.1.1 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 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</u>	<u>Estimated</u>	<u>Actual</u>	<u>Accumulated</u>
			<u>arrears as at</u>			<u>arrears as at</u>
			<u>31 December</u>			<u>31 December</u>
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>
Rates and Taxes	8,743	7,782	2,729	8,743	4,553	3,424
Lease Rent	1,566	1,280	518	3,647	843	433
License Fees	1,230	1,198	25	911	867	8
Other Revenues	30,279	27,312	674	27,007	30,733	2,020

**2.1.2 Court Fines**

Action had not been taken to recover court fines amounting to Rs. 1,663,352 collected and remitted to the Chief Secretary / Provincial Commissioner of Revenue up to 31 December 2010 by the Trincomalee Magistrate's Court under various Ordinances. Court fines receivable by the Sabha had not been computed and accounted for.

**2.1.3 Stamp Fees**

Stamp fees recoverable from the Registrar General as at 31 December 2010 had not been computed and accounted for.

**2.2 Expenditure Structure**

The budgeted 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>Budgeted</u>	<u>2010</u>	<u>Variance</u>	<u>Budgeted</u>	<u>2009</u>	<u>Variance</u>
	<u>Rs.</u> <u>000</u>	<u>Rs.</u> <u>000</u>		<u>Rs.</u> <u>000</u>	<u>Rs.</u> <u>000</u>	
<b><u>Recurrent Expenditure</u></b>						
Personal Emoluments	22,445	22,412	33	22,489	20,027	2,462
Other	<u>10,414</u>	<u>5,498</u>	<u>4,916</u>	<u>7,754</u>	<u>5,397</u>	<u>2,357</u>
Sub Total	<b>32,859</b>	<b>27,910</b>	<b>4,949</b>	<b>30,243</b>	<b>25,424</b>	<b>4,819</b>
Capital Expenditure	12,900	18,907	(6,007)	9,915	7,859	2,056
<b>Grand Total</b>	<b><u>45,759</u></b>	<b><u>46,817</u></b>	<b><u>(1,058)</u></b>	<b><u>40,158</u></b>	<b><u>33,283</u></b>	<b><u>6,875</u></b>

**2.3 Human Resources Management****2.3.1 Approved and Actual Cadre**

Particulars of the approved and actual cadre of the Sabha as at 31 December 2010 are given below.

<u>Category of Post</u>	<u>Approved</u>	<u>Actual</u>	<u>Shortage / Excess</u>
Staff Grade	05	04	01
Secondary Grade	19	17	02
Primary Grade	42	40	02
Other (Casual / Temporary)	--	33	(33)
<b>Total</b>	<u><b>66</b></u>	<u><b>94</b></u>	<u><b>28</b></u>

## **2.4 Assets Management**

A vehicle valued Rs. 10,810,636 and a land valued Rs. 32,098,745 had remained idle for over one year.

### **2.4.1 Staff Loans Recoverable**

Balances of staff loans recoverable as at 31 December 2010 totalled Rs. 5,487,084 while the balances outstanding for over a period of 01 year amounted to Rs. 31,054

### **2.4.2 Operating Inefficiencies**

- (a) Books valued at Rs. 300,000 had been purchased without following the procurement procedure.
- (b) A delay of 05 months was observed in settling an advance of Rs.33,331.
- (c) A sum of Rs. 109,500 had been paid for a Notice Board without following the procurement procedure.
- (d) Payment for a Computer, a Photocopy Machine and a Printer valued at Rs. 851,300 had been made without following the procurement procedure.
- (e) 58 construction works valued at Rs. 9,695,328 had been carried out without following the Procurement Procedure.

## **2.5 Internal Audit**

An adequate internal audit had not been carried out at the Sabha.

**3 Systems and Controls**

Special attention needed in respect of the following areas of systems and controls.

- (a) Accounting
- (b) Budgetary Control
- (c) Revenue Administration
- (d) Control over Fixed Assets