

**Eravur Pattu 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 25 August 2011 and the financial statements for the preceding year had been presented for audit on 26 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 Eravur Pattu 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 Eravur Pattu 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, Regulations etc, were observed in audit.

**Reference to Laws, Rules, Regulations etc.**

**Non-Compliances**

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| a) Circular of the Director of Health Services No.1769 dated 1992 September 30 | Drawing fees amounting to Rs. 135,317 had been paid to Public Health Inspectors contrary to the circular               |
| b) Procurement Guideline No. 3.9.1   | Civil works of 11 community centres valued at Rs.6,578,602 had been awarded contrary to the Procurement Guideline      |
| c) Inland Revenue Act No. 10 of 2006 Section 153.                              | Withholding Tax of 5% amounting to Rs.7,438 had not been deducted from payments.                                       |
| d) Public Administration Circular No. 13/2008                                  | 1827 liters of fuel valued at Rs. 134,284 had been consumed during the year by the Chairman, contrary to the circular. |
| e) Procurement Guideline No. 9.3.1(b)  | A sum of Rs 187,508 had been paid to repair a vehicle without the approval of the Secretary to the Ministry            |

- f) Financial Regulations 137 and 138 A sum of Rs 201,690 had been paid for various purposes without being certified by a responsible officer.
- g) Pradeshiya Sabha Act No.15 of 1987. A sum of Rs.13,000 had been paid for an excursion of Montessori children and for medical treatment of an individual without the approval of the Secretary to the Ministry.  
Section 132 (k)

## 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.3,454,182 as compared with the revenue exceeding the recurrent expenditure of the preceding year amounting to Rs.2,407,766.

### 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.

<b><u>Item of Revenue</u></b>	<b><u>2010</u></b>			<b><u>2009</u></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	---	--	57,	--	--	57
(ii) Lease Rent	3,619	7,749	3,551	6,440	2,973	4,131
(iii) Licence Fees	750	993	134	958	939	244
(iv) Other Revenues	5,774	5,778	03	57,878	57,878	04

### 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><u>2010</u></b>			<b><u>2009</u></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
<b><u>Recurrent Expenditure</u></b>						
Personal						
Emoluments	3,156	13,483	(10,327)	10,393	12,907	(2,514)
Other	<u>18,085</u>	<u>15,359</u>	<u>2,726</u>	<u>9,962</u>	<u>9,770</u>	<u>192</u>
<b>Sub- total</b>	21,241	28,842	(7,601)	20,355	22,677	(2,322)

Capital						
Expenditure	<u>3,848</u>	<u>27,885</u>	<u>(24,037)</u>	<u>2,800</u>	<u>39,098</u>	<u>(36,298)</u>
<b>Grand total</b>	<u><u>25,089</u></u>	<u><u>56,727</u></u>	<u><u>(31,638)</u></u>	<u><u>23,155</u></u>	<u><u>61,775</u></u>	<u><u>(38,620)</u></u>

**2.4 Human Resources Management**

**Approved and Actual Cadre**

Particular 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	18	17
Primary Grades	23	21
Others (Casual/ Temporary)	--	--
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	42	39
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**2.5 Assets Management**

**2.5.1. Staff Loans Recoverable**

Balances of staff loans recoverable for over 3 years as at 31 December 2010 totalled Rs.1,260,687.

**2.5.2 Assets not verified**

The value of assets as at 31 December 2010 computed on book balance and not supported by physical verifications / board of survey reports amounted to Rs.138,735,415.

**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