

Kalmunai Municipal Council

Ampara District

1. Financial Statements

1:1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 05 January 2012 and the financial statements for the preceding year had been presented on 5 May 2011. The report of the Auditor General for the year was issued to the Mayor of the Council on 28 February 2012.

1:2 Opinion

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 Kalmunai Municipal Council 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 Mayor, 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 Kalmunai Municipal Council as at 31 December 2010 and the financial results of its operation for the year then ended.

2. Financial and Operating Review

2:1 Financial Results

According to the financial statements presented, the excess of recurrent expenditure over revenue of the Council as at 31 December 2010 amounted to Rs.10,453,272 as against the excess of revenue over recurrent expenditure amounting to Rs.5,100,429 for the preceding year.

2:2 Revenue Administration

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

Information relating to the estimated revenue, actual revenue and arrears of revenue for the year under review, as presented by the Mayor 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	10,909	2,728	12,313
(ii) Lease Rent	12,586	9,713	3,171
(iii) Licence Fees	2,387	1,675	--
(iv) Others	50,510	58,244	--

2:2:2 Court Fines

Action had not been taken to recover court fines amounting to Rs.1,081,858 collected by the Magistrate's Courts and remitted to the Provincial Commissioner of Revenue.

2:2:3 Stamp Fees

Stamp fees of Rs.24,235,519 due from the Registrar General as at 31 December 2010 had not been received.

2:3 Expenditure Structure

The budgeted and the actual expenditure of the Council 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	49,569	39,589	9,980
Others	17,685	35,609	(17,924)
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Sub-total	67,254	75,198	(7,944)
Capital Expenditure	9,140	1,864	7,276
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Grand Total	76,394	77,062	(668)
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2:4 Human Resources Management

 Approved and Actual Cadre

The details of approved and actual cadre of the Council as at 31 December 2010 are given below.

<u>Category of posts</u>	<u>Approved</u>	<u>Actual</u>
Staff Grade	07	03
Secondary Grade	62	58
Primary Grade	105	94
Others	--	77
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	174	232
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2:5 Assets Management

 Employees' Loans Recoverable

The balances of employees' loans recoverable as at 31 December 2010 amounted to Rs.5,645,203 of which accounts exceeding one year amounted to Rs.2,880,003.

2:6 Internal Audit

Adequate internal audit had not been carried out at the Institution.

3. Systems and Controls

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

- (a) Accounting
- (b) Control Over Fixed Assets
- (b) Revenue Administration