

Inland Revenue Incentive Fund -2012

1. Financial Statements

1.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Inland Revenue Incentive Fund as at 31 December 2012 in accordance with Generally Accepted Accounting Principles.

1.2 Comments on Financial Statements

1.2.1 Lack of Evidence for Audit

Office equipment valued at Rs.94,000 and sports goods valued at Rs.326,119 shown in the balance sheet had been destroyed in the terrorist attack on 20 February 2009. The evidence required for the identification of the balance office equipment and sports goods valued at Rs.267,719 was not available.

1.2.2 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non- compliances were observed.

- (a) Even though action in terms of paragraph 03.2 of the Public Finance Circular No PF/423 of 22 December 2006 should be taken to close down non- operating Funds, action had not been taken to close down the Inland Revenue Incentive Fund not operating due to the payment of incentives from the provisions made under the Appropriation Head from the year 2006.

- (b) A Register of Fixed Assets had not been maintained properly to record all the particulars relating to the lands and buildings valued at Rs.5,109,075 appearing in the balance sheet.

2. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Commissioner General of Inland Revenue from time to time. Special attention is needed in respect of the following areas of control.

- (a) Loan Control of Housing Benefit Scheme
- (b) Fixed Assets Management
- (c) Procedure for Closing Down the Fund