

Ipalogama Pradeshiya Sabha
Anuradhapura District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 27 March 2013 and the financial statements for the preceding year had been presented on 28 March 2012. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 24 October 2013.

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 Ipalogama Pradeshiya Sabha had maintained proper accounting records for the year ended 31 December 2012 and except for the effects on the financial statements of the matters referred to in my report 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 Ipalogama Pradeshiya Sabha as at 31 December 2012 and the financial results of its operations for the year then ended.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

The total value of Rs.1,800,000 of the vehicles owned by the Sabha had omitted from the accounts.

1.3.2 Lack of Evidence for Audit

Five items of accounts totaling Rs.87,257,651 could not be satisfactorily vouched/verified in audit due to the non-submission of required information to audit.

2. Financial and Operating Review

2.1 Financial Results

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2012 amounted to Rs.772,974 as compared with the excess of revenue over recurrent expenditure amounting to Rs.4,652,111 for the preceding year.

2.2 Financial Control

The following deficiencies in financial control were observed.

- (a.) Payments amounting to Rs.4,862,673 had been made on 79 vouchers without certifying, contrary to the provisions of Rule 99 of the Pradeshiya Sabha (Financial and Administrative) Rules -1988.
- (b.) According to Financial Regulation 237(a) and (b) of the Republic of Sri Lanka; the officer-in-charge of the Stores should give a certificate while making payments for stores supplies that the relevant goods were received in the required quality in terms of the agreements. However, action had not been taken accordingly in respect of stores supplies totaling Rs.161,775 at 11 instances.

2.3 Revenue Administration

2.3.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

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

Source of Revenue	Estimated	Actual	Cumulative Arrears as at 31 December
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	Rs.'000	Rs.'000	Rs.'000
(i.) Rates and Taxes	532	371	161
(ii.) Lease Rent	2,000	1,554	447
(iii.) Licence Fees	590	561	-
(iv.) Other Revenue	9,671	10,280	406

2.3.2 Lease Rent

The Sabha had deprived of a lease rent income of Rs.1,513,800 due to action not being taken to recover the assessed rent for 70 stalls owned by the Sabha.

2.3.3 Court Fines and Stamp Fees

Money receivable as at 31 December 2012 from the Chief Secretary of the Provincial Council and other authorities are shown below.

	Rs.
(i.) Court Fines	1,084,697
(ii.) Stamp Fees	1,935,570

2.4 Idle and Underutilized Physical Resources

Rice flour related bakery production equipment valued at Rs.776,500 given by the Chief Ministry of the North Central Province during 2008 had been idling without being used.

2.5 Contract Administration

Advances amounting to Rs.150,000 in excess of the 20 percent limit had been paid for contracts contrary to the provisions of Paragraph 5.4.4(i) of the Government Procurement Guidelines-2006.

2.6 Operating Inefficiencies

- (a.) Three stalls owned by the Sabha are being occupied as residences and 10 stalls had been sub-let. Another 08 stalls had been remained closed without being used.
- (b.) A corporate plan including the plans relating to the activities of the future years and an action plan to achieve the activities to be implemented had not been prepared and implemented.

3. Systems and Controls

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

- (a.) Accounting
- (b.) Internal Audit
- (c.) Revenue Administration