

Ipalogama Pradeshiya Sabha

Anuradhapura District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to Audit on 25 March 2015 while Financial Statements relating to the preceding year had been submitted on 07 April 2014. The Auditor General's Report relating to the year under review was sent to the Chairman of the Sabha on 11 August 2014.

1.2 Opinion

In my opinion, except for the effect of the matters described in paragraph 1.3 of this report, financial statements give a true and fair view of the financial position of the Ipalogama Pradeshiya Sabha as at 31 December 2014 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

- (a) Arrears of Court fines received amounting to Rs.449,361 relating to past years had been accounted as revenue for the year under review.
- (b) Value of two computers and accessories provided to the Sabha through the Pura Neguma Project in the year 2014 had not been identified and accounted in the year 2004.
- (c) Relevant adjustments had not been made with regard to the sum of Rs.866,690 received in excess of the amount of Stamp Fees provided for preceding three years. Due to that Accumulated Fund and Stamp Fees Receivable had been understated to that extent.

2. Financial and Operating Review

2.1 Financial Results

According to the Financial Statements presented, operational surplus of the Sabha for the year ended 31 December 2014 had been Rs. 794,018 as compared with the corresponding operational surplus amounted to Rs. 1,713,359 in the preceding year.

2.2 Revenue Administration

2.2.1 Rates

Action had not been taken to make notifications properly and recover Rates from the houses and properties situated in the areas identified as developed regions in the area of authority of the Sabha.

2.2.2 Court Fines

The Sabha had not taken action to find out monthly Court Fines receivable to the Sabha having obtained confirmations from the Registrars of the relevant courts.

2.2.3 Stamp Fees

The Sabha had not taken action to identify properly the Stamp Fees receivable to the Sabha for the year under review and proceeding 04 years.

2.2.4 Publicity Advertisements Boards Charges

Although necessities required to pay charges for the Publicity Advertisements Boards exhibited in the area of authority of the Sabha had been published in the Gazette Notification dated 29 November 2013, adequate steps had not been taken to earn revenue through the Publicity Advertisements Boards exhibited.

3. Operational Review

3.1 Operational Inefficiencies

- (a) While it was revealed that a proper methodology is not taking place under a formal approval with regard to taking away vehicles, machinery and equipment to places outside, a proper methodology had not been introduced for earning income by deploying vehicles and machines for income earning activities.
- (b) Although all vehicles should be registered in the Motor Traffic Department before running in terms of Section 2(1) of the Motor Traffic Act (Chapter 203), two Water Bowser Vehicles provided to the Sabha long ago had been running without being registered.
- (c) A separate Register had not been maintained with regard to computer accessories and software in terms of Treasury Circular No. IAI//2002/02 dated 28 November 2002.

3.2 Idle and Under-utilized Assets

Electricity Generator Machine valued at Rs. 500,000 remained idle during the year under review.

4. Systems and Controls

Special attention is needed in the following areas of controls.

- (a.) Budgetary Control
- (b.) Accounting
- (c.) Revenue Administration
- (d.) Assets Management