

Mihintale 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 09 June 2015 while Financial Statements relating to the preceding year had been submitted on 11 April 2014. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 30 July 2015.

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 Mihintale Pradeshiya Sabha 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) Revenue on account of Courts Fines, Stalls Rent and Lease of Right to Sell totalling Rs. 1,338,190 presumed to be as receivable during the year under review had not been accounted.

(b) Arrears of Stamp Fees relevant to prior years amounting to Rs. 1,300,000 received during the year under review had not been adjusted in the Arrears of Revenue Account. Due to that, Arrears of Revenue had been overstated to that extent.

- (c) While Audit Fees totalling Rs. 296,946 relevant to the years from 1990 to 2013 had not been shown as accrued expenditure in the financial statements, Audit Fees payable for the year under review had not been computed and taken to accounts.
- (a) Water Bowser Tractor valued at Rs. 240,000 and the White Iron Water Bowser valued at Rs. 715,713 received as a donation from the Local Government Department during the year 2014, had not been accounted under Motor Vehicles and Carts.

1.3.2 Non-reconciled Accounts

- (a) There was a difference of Rs. 7,005,142 between the balances of 06 items of accounts shown in the financial statements and the balances in the relevant subsidiary registers.
- (b) There was a difference of Rs. 2,262,209 between the balances of 03 items of accounts shown in the financial statements and the balances in the ledger accounts.

1.3.3 Lack of Evidence for Audit

Documents confirming ownership / detailed schedules with regard to 07 items of accounts totalling Rs. 40,888,216 were not submitted to audit.

1.3.4 Non-settled Accounts

Debit balances totalling Rs. 1,202,122 relevant to 06 Accounts Receivable and credit balances totalling Rs. 46,613 relevant to 06 Accounts shown in the financial statements were being brought forward continuously without being settled.

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.3,349,918 as compared with the corresponding operational surplus amounted to Rs.4, 417,021 in the preceding year.

2.2 Revenue Administration

Action had not been taken to recover Lease Rent Revenue receivable amounting to Rs.889,943 as at 31 December of the year under review.

3. Operational Review

3.1 Operational Inefficiencies

Three vehicles belong to the Sabha had been running without being registered contrary to provisions in section 2(1) of the Motor Traffic Ordinance, Chapter 203.

3.2 Contracts Control

- (a) Although a sum of Rs. 75,000 allocated under Provincial Council Provisions had been provided to the Sabha by the Local Government Department during the year under review, the Sabha had not taken action to implement the relevant Project.
- (b) Although a road construction project estimated at a value of Rs. 985,483 should have been completed during October 2014, it had not been completed even up to July 2015, while a sum of Rs. 398,166 had been paid to the contractor for that.

4. Systems and Controls

Special attention is needed in the following areas of controls.

- (a.) Accounting
- (b.) Revenue Administration
- (c.) Assets Management
- (d.) Debtors and Creditors Control