

Nuwaragam Palatha Central 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 01 April 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 Chairman 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 Nuwaragam Palatha Central 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) Although a revaluation had been made increasing the Value of Land and Buildings in a sum of Rs. 21,570,000 and decreasing the value of Motor Vehicles and Carts in a sum of Rs. 525,000 during the year under review, it had been made by the Technical officer of the Sabha without getting the service of professionally qualified person for that.

- (b) Value of the Two Wheeled Hand tractor purchased for Rs. 400,000 had been understated in a sum of Rs. 225,000 in the financial statements.
- (c) Values of assets assessed by the National Insurance Trust Fund had been understated in a sum of Rs. 1,240,000 in taking to the financial statements.
- (d) While Audit Fees Payable for the year under review had not been assessed and taken to accounts, provision had not been made in the accounts for Audit Fees Payable totalling Rs. 122,086 for the prior years.

1.3.2 Lack of Evidence for Audit

Documents to confirm ownership / Fixed Assets Registers/ documents confirming existence relevant to 04 Items of accounts totalling Rs. 107,878,674 were not submitted to audit.

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.2,719,342 as compared with the corresponding operational surplus amounted to Rs. 3,602,120 in the preceding year.

2.2 Revenue Administration

2.2.2 Rates

Attention had not been made to impose and recover Rates on the annual value of properties situated in the region published as developed area according to Section 134(i) of the Pradeshiya Sabha Act No.15 of 1987.

2.2.3 Stalls Rent

Action in terms of Section 159 (1) of the Pradeshiya Sabha Act No. 15 Of 1987 had not been taken to recover Stalls Rent in arrears amounting to Rs. 219,949 to be recovered to the Sabha during the year under review.

3. Operational Review

3.1 Management Inefficiencies

- (a) Action had not been taken to recover Staff Loans old more than 05 years amounting to Rs. 174,182 as at 31 December of the year under review.

- (b) Although vehicles should be registered in terms of Section 2(i) of the Motor Vehicles Ordinance (Chapter 203), 06 vehicles had been running without being registered.

3.2 Idle Assets

Three vehicles belong to the Sabha had been kept idle since a period more than 02 years.

3.3 Contract Administration

Direct contracts had been awarded to registered societies in 05 instances, contrary to provisions in Circular No FC/3/3 /13 dated 26 July2011 issued by the Finance Commission and the Public Finance Circular No. 452 dated 27 September 2011.

4. Systems and Controls

Special attention of is needed in the following areas of controls.

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