

Horowpatana 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 29 March 2016 while Financial Statements relating to the preceding year had been submitted on 08 June 2015. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 24 June 2016.

1.2 Qualified 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 Horowpatana Pradeshiya Sabha as at 31 December 2015 and its financial performance and cash flows for the year then ended.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

Following matters are observed.

- (a) Value of 03 Water Projects amounting to Rs. 6,000,000 constructed in 02 lands in extent of 10 and 15 perches had not been included in the financial statements.
- (b) Value of Buildings amounting to Rs. 40,276,055 constructed under Pura Negma Project had not been included as Fixed Assets in the financial statements.
- (c) Action had not been taken to include Values of Office Building, Trade Stalls, Public Latrines Complex, Library Building, value of lands where buildings are located belong to the Sabha, in the financial statements.

02. Financial Review

2.1 Financial Results

According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Sabah for the year ended 31 December 2015 had been Rs. 47,115 as compared with the corresponding operational surplus amounted to Rs. 1,071,814 in the preceding year

2.2 Revenue Administration

2.2.1 Rates

Rates in arrears amounting to Rs. 157,731 as at 31 December 2014 had not been recovered during the year under review by enforcing authority vested in the Secretary of the Sabha in terms of Section 158 of the Pradeshiya Sabha Act No. 15 of 1987.

2.2.2 Stalls Rent

Stalls Rent in arrears amounting to Rs. 1,373,330 as at 31 December 2014 had not been recovered during the year under review by enforcing authority vested in the Secretary in terms of Section 154 (1) of the Pradeshiya Sabha Act No. 15 of 1987.

2.2.3 License Fees

Steps had not been taken to recover License Fees Revenue in arrears amounting to Rs.1,038,750 relevant to past years.

2.2.4 Other Revenue

Garbage Tax in arrears amounting to Rs. 621,500 as at 31 December 2014 had not been recovered during the year under review by enforcing authority vested in the Secretary of the Sabha in terms of Section 159 (2) of the Pradeshiya Sabha Act No. 15 of 1987.

3. Operational Review

3.1 Idle Assets

Equipment for making Rice Flour Associated Bakery Product totaling to a value of Rs. 1,064,000 and that Building remained idle during a number of years without being utilized for that expected works.

3.2 Project Delays

A sum of Rs.3,544,028 had been spent as at 31 December of the year under review for Wahalkada National Water Scheme commenced under Jathika Saviya Gama Neguma Program of the year 2011. It had not been possible to provide water to the General Public even up to April 2016, due to deficiencies in constructions.

4. Systems and Controls

Special attention is needed in the following areas of controls.

- (a) Accounting
- (b) Revenue Administration
- (c) Assets Management
- (d) Projects Implementation.