

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 06 April 2016 while Financial Statements relating to the preceding year had been submitted on 25 March 2015. The Auditor General's Report relating to the year under review was sent to the Chairman of the Sabha on 03 August 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 Ipalogama 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 Vehicles Park constructed during the year under review having spent a sum of Rs. 2,163,094 had not been shown under Fixed Assets in the financial statements.
- (b) While Value of estimated Stamp Fees accounted for the years 2013 and 2014 had been Rs. 600,000 and Rs. 300,000 respectively, according to the information furnished by the Land Registry, Stamp Fees relevant to the two years had been Rs. 1,192,260 and Rs. 1,652,000 respectively. Accordingly, relevant adjustments had not been with regard to stamp Fees, resulting in understatement of Accumulated Fund and Stamp Fees in arrears at the rate of Rs. 1,944,260 in the financial statements.

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 2015 had been Rs. 2,709,124 as compared with the corresponding operational surplus amounted to Rs. 794,018 in the preceding year.

2.2 Revenue Administration

2.2.1 Rates

Action had not been taken by the Sabha, in terms of Section 134 of the Pradeshiya Sabha Act No. 15 of 1987, to make notifications of developed areas in the area of authority of the Sabha and recover Rates on the basis of the annual value of immovable properties situated in those areas.

2.2.2 Lease Rent

- (a) Steps had not been taken to recover the sum of Rs. 331,317 being the payment defaulted by the two lessees who got the lease of Beef Stall and Chiken Stall in Kalawewa belong to Sabha for the year under review.
- (b) Steps had not been taken to recover the sum of Rs.183,930 being the amount due as at the end of the year under review from 58 lessees who got the stalls belong to the Sabha.

2.2.3 Court Fines and Stamp Fees

- (a) Steps had not been taken to recover Court Fines amounting to Rs. 1,887,781 due to be recovered as at the end of the year under review.
- (b) Although Stamp Fees due to be recovered at the end of the year under review had been disclosed as Rs. 1,267,211 in the financial statements, the correct Stamp Fees receivable to the Sabha for the years 2013 and 2014 had not been identified and accounted, while adequate course of action had not been taken by the Sabha to recover Stamp Fees in arrears.

2.2.4 Other Revenue

- (a) Action had not been taken to recover Garbage Tax amounting to Rs.190,685 due from 182 tax payers as at the end of the year under review.
- (b) Action had not been taken to recover tax due from commercial advertisement boards displayed in the area of authority of the Sabha.

3. Operational Review

3.1 Operational Inefficiencies

Following matters are observed.

- (a) Vale of 02 computers and those accessories provided to the Sabha through the Pura Neguma Project during the year 2014 had not been identified and included in the financial statements.
- (b) While 341 Plastic Chairs and 04 Generators had been purchased during the year under review having spent a sum of Rs. 237,500 and a sum of Rs50,000 respectively, under implementation of Pradeshiya Sabha Decentralized Budget Program for the 2015, entries had not made to establish that those equipment were taken to the stores of the Sabha. Details relating to distribution of 93 Chairs valued at Rs. 64,773 and 02 Generators valued at Rs. 25,000 to the beneficiaries were not furnished to audit as well.
- (c) Although the maximum limit of a sub-imprest that could be given at a time is Rs. 100,000, while a sum of Rs. 300,000 had been given for a sports event on 10 April 2015, action had not been taken to settle that advance even up to 18 may 2016.
- (d) Government procurement procedure had not been followed in purchasing office equipment valued Rs. 614,872 for the new Sabha office.

3.2 Transactions not covered by Adequate Authority

A sum of Rs. 103,890 had been spent out of the Sabha Fund for conducting Sarasavi Sunhinda Art Festival, without prior sanction of the minister in Charge of the Subject.

3.3 Assets Management

Idle Assets

A vehicle valued at Rs. .1,622,000 and 04 Machinery Equipment remained idle during a number of years.

04. Systems and Controls

Special attention is needed in the following areas of controls.

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