

## **Irakkamam Pradeshiya Sabha**

### **Ampara District**

#### **1. Financial Statements**

##### **1.1 Presentation of Financial Statements**

The financial statements for the year under review had been presented to audit on 13 May 2015 and the financial statements for the preceding year had been presented on 06 May 2015. The report of the Auditor General for the year under review had been forwarded to the Secretary of the Sabha on 21 September 2015.

##### **1.2 Qualified Opinion**

In my opinion, except for the effects on the financial statements of the matters shown in paragraph 1.3 of this report, the financial statements give a true and fair view of the financial position of the Irakkamam 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 Non-compliance with Sri Lanka Public Sector Accounting Standards**

Although the cash flow statements should be furnished along with the financial statements in terms of Sri Lanka Public Sector Accounting standard No.2, such cash flow statements had not been furnished.

###### **1.3.2 Accounting Deficiencies**

- (a) Provision had not been made for the audit fees of Rs.8,500 payable for the year under review.
- (b) The value of the building constructed by the Ministry of Local Government and Provincial Councils by spending Rs.10 million had not been brought to account.

###### **1.3.3 Lack of Evidence for Audit**

The following evidence indicated against each item of account had not been furnished for audit.

<b>Item</b> -----	<b>Value</b> -----	<b>Evidence not Furnished</b> -----
Furniture and fittings	809,902	} Register of fixed assets Register of lease of the meat stall
Machines and Machinery	1,137,518	
Arrears of rent of meat stall	1,032,909	

### 1.3.5 Non-compliance with Laws, Rules, Regulations etc., -----

The following instances of non-compliance with laws, rules and regulations were observed in audit.

#### Reference to Laws, Rules etc., -----

#### Non-compliance -----

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|---|--|
| (a) Financial Administration Rule 217 of the Pradeshiya Sabha | A register had not been maintained with regard to all land and buildings used by the Sabha.  |
| (b) Public Finance Circular No.PF/437                         | Insurance coverage for vehicles should be obtained from the National Insurance Trust Fund or from the Sri Lanka Insurance Corporation Limited. However, a sum of Rs.16,487 had been paid to a private insurance organization for the insurance coverage of 4 vehicles, contravening the requirement. |

## 2. Financial Review -----

### 2.1 Financial Results -----

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2014 amounted to Rs.778,948 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs.58,373 showing an improvement in financial results of the year under review amounting to Rs.720,575.

## **2.2 Revenue Administration**

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### **2.2.1 Rates and Taxes**

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The Sabha had not taken action to frame bye laws to recover rates and taxes from the land, houses constructed and from the buildings within the authoritative area of the Sabha in terms of Section 134 of the Pradeshiya Sabha Act No.15 of 1987.

### **2.2.2 Other Revenue**

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Action had not been taken upto end of the year under review to recover or to institute legal action against those concerned to recover the arrears of meat stall rent of Rs.1,032,959 for the period 2003 to end of 2013.

### **2.2.3 Recovery of Licence Fees**

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The Sabha had not recovered licence fees for 9 advertisement boards exhibited by private institutions to advertise their trade items within the authoritative area of the Sabha in terms of Section 126 of the Pradeshiya Sabha Act No.15 of 1987.

### **2.2.4 Court Fines and Stamp Fees**

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#### **(a) Court Fines**

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Necessary action had not been taken to obtain the court fines of Rs.25,000 receivable for the year under review from the Chief Secretary of the Provincial Council.

#### **(b) Stamp Fees**

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Action had not been taken to recover from the Registrar General the Stamp Fees of Rs.206,881 receivable as at 31 December 2014.

## **3. Systems and Controls**

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Special attention of the Sabha is needed in respect of the following areas of systems and controls.

- (i) Accounting
- (ii) Fixed Assets Control
- (iii) Revenue Administration