

Anuradhapura Municipal Council

Anuradhapura District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to Audit on 16 June 2015 while Financial Statements relating to the preceding year had been submitted on 09 May 2014. The Auditor General's Report relating to the year under review was sent to the Mayor of the Council on 13 August 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 Anuradhapura Municipal Council as at 31 December 2014 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

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1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

- (a) Although the value of assets received as donations during the year 2014 and assets purchased during the year 2013 totalling Rs. 17,887,500 should be credited to Contribution from Revenue to Capital Outlay Account; it had been credited to accumulated Fund.

- (b) Value of Machinery and Equipment purchased out of funds obtained from the Local Loans and Development Fund totalling Rs. 31,244,000 had not been accounted as Capital Expenditure. Due to the surplus for the year had been had been overstate to that extent.
- (c) Although the value of Double Cab Vehicle shown in the schedule of Motor Vehicles and Carts in the 2014 financial statements was Rs. 6,390,000, it had been shown as Rs. 390,000 in the Register of Fixed Assets.
- (d) Action had not been taken to pay Audit Fees payable amounting to Rs. 3,184,089 for the years 2010, 2011, 2013 and prior years, provision had not been made for the Audit Fees for the year 2014.
- (e) Although the balances of Staff Loans as at 31 December 2014 according to the Staff Loans register was Rs. 9,231,170, it had been shown as Rs.9,593,230 in the Balance Sheet.

1.3.2 Non-reconciled Accounts

There was a difference of Rs. 761,369 between the balances of 5 items of accounts shown in the financial statement and balances shown in the relevant schedules.

2. Financial and Operating Review

2.1 Financial Results

According to the Financial Statements presented, operational surplus of the Municipal Council for the year ended 31 December 2014 was Rs. 50,146,300 as against the operational deficit for the preceding year amounted to Rs. 10,061,546.

2.2 Revenue Administration

2.2.1 Court Fines

While Court Fines Receivable relevant to the year 2014 had not been identified and accounted, Court Fines Register had not been updated for the year 2014.

2.2.2 Stamp Fees

While Stamp Fees Receivable relevant to the years 2013 and 2014 had not been identified and accounted, Stamp Fees Register had not been updated for the year 2014.

3. Operational Review

3.1 Operational Inefficiencies

- (a) Although Deposits elapsed more than two years should be taken to revenue in terms of Financial Regulation 571(2) of the Republic of Sri Lanka, value of time lapsed Deposits, relevant to the years 2010, 2011, and 2012 not taken to revenue was Rs. 2,244,156.
- (b) Although action should be taken to take over the houses provided to the officers who had retired after service or had left on transfer in terms of Clause 6 in Chapter XIX of the Establishments Code of the Republic of Sri Lanka and Section 03 (1) of Local Government Official Residences (Possessions) Act No. 42 of 1978, action had not been taken accordingly.
- (c) Although a tax not exceeding one per cent of the receipts during the preceding year should be recovered from the hotels and restaurants registered in the Ceylon Tourists Board for the purpose of functions of the Tourism Development Act No.

14 of 1968, in terms of section 247(a) and Section 254 of the Municipal Councils Ordinance, instances of not taking action accordingly were observed.

- (d) A Fixed Assets Register of Computer Accessories and Software had not been maintained in terms of Treasury circular No. IAI/2002/02 dated 28 November 2002.

3. Systems and Controls

Special attention is needed in the following areas of controls.

- (a.) Internal Control
- (b.) Accounting
- (c.) Revenue Administration
- (d.) Assets Management
- (e.) Stores Control