

Nochchiyagama Pradeshiya Sabha

Anuradhapura District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to the Audit on 23 April 2015 while Financial Statements relating to the preceding year had been submitted on 11 April 201. The Auditor General's Report relating to the year under review was issued to the Secretary of the Sabha on 20 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 Nochchiyagama Pradeshiya Sabha 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) The value of 784 Galvanized Pipes amounting to Rs. 868,000 provided by the Divi Neguma Department during the year under review had not been shown in financial statements.
- (b) Although the value of Stocks in Hand as at 31 December 2014 was Rs.838,267, it had been shown as Rs. 3,713,385 according to financial statements overstating in a sum of Rs. 2,875,118.

- (c) The balance of the Suspense Account shown in the financial statements was Rs.217,150.

1.3.2 Lack of Evidence for Audit

Documents to confirm ownership/Detailed schedules for 03 Items of assets and liabilities totalling Rs.12,091,160 were not submitted to audit.

2. Financial and Operating Review

2.1 Financial Results

According to the Financial Statements presented, operational deficit of the Sabah for the year ended 31 December 2014 had been Rs. 551,007 as against the operational surplus amounted to Rs.10,569,980 in the preceding year.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

Information as furnished by the Chairman relating to Estimated Revenue, Actual Revenue and Arrears of Revenue are shown below.

	Source of Revenue	Estimated	Actual	Cumulative Arrears as at 31 December
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		Rs.'000	Rs.' 000	Rs. '000
(i)	Rates and Taxes	1,769	2,643	3,244
(ii)	Lease Rent	5,468	5,343	6,080
(iii)	Licence Fees	3,282	3,329	169,940
(iv)	Other Revenue	14,685	16,622	3,899

2.2.2 Arrears of Stalls Rent

While Arrears of Stalls Rent as at the end of the year under review was Rs.5,006,675, action in terms of Section 159(1) of the Pradeshiya Sabha Act No. 15 of 1987 had not been taken to recover the arrears.

2.2.3 Arrears of Rates

While Arrears of Rates as at the end of the year under review was Rs. 3,243,529, action in terms of Section 158 of the Pradeshiya Sabha Act No. 15 of 1987 had not been taken to recover the arrears.

2.2.4 Trade License Fees

Action had not been taken to recover Trade License Fees from hotels registered under Tourism Development Fund Act No. 14 of 1968 in terms of Section 149 of the Pradeshiya Sabha Act No. 15 of 1987.

3. Operational Review

3.1 Operational Inefficiencies

3.1.1 Action had not been taken to vest the ownership of land in extent of 15 acres and 09 roods Shown in the financial statements as at 31 December 2013 in terms of provisions in Local Government Restructure Circular No.03.

3.1.2 **Burial Grounds**

Proposals and recommendations in paragraph 9 of the Local Government Restructure Circular No.PL/07/01/53 dated 14 November 2006 of the Ministry of Local Government and Provincial Councils had not been implemented with regard to Burial Grounds situated within the area of authority of the Sabha, as published in the Gazette Notification dated 06 October 1995 of the Republic of Sri Lanka.

4. Systems and Controls

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Special attention is needed in the following areas of controls.

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