

Palagala 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 07 April 2014. The Auditor General's Report relating to the year under review was issued to the Secretary of the Sabha on 11 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 Palagala 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

Although a net cash flow of Rs. 2,954,141 had been shown according to the Financial Statements presented, according to the opening and closing balances of cash of the Sabha, net cash flow had been Rs. 1,839,356 Accordingly a non-reconciliation of Rs. 1,114,785 was observed in the cash flow statement.

2. Financial and Operating Review

2.1 Financial Results

According to the Financial Statements presented, operational surplus of the Sabah for the year ended 31 December 2014 had been Rs.2,238,943 as compared with the corresponding operational surplus of the Sabha amounted to Rs.633,421 in the preceding year.

2.2 Revenue Administration

2.2.1 Rates

Action had not been taken to identify the developed regions in the area of authority of the Sabha and recover Rates having published the relevant notices.

2.2.2 Stamp Fees

While Stamp Fees to be received to the Sabha relevant to the year under review had not been identified and accounted, Stamp Fees in arrears amounting to Rs. 687,975 as at the end of the year 2013 too remained unrecovered.

3. Operational Review

3.1 Operational Inefficiencies

(a) While a balance of Rs. 499,099 shown in the Accounts Receivable had been stated as an amount relevant to 06 Gama Neguma Deveopment Projects implemented during the period from 2010 to 2012, action had not been taken to identify that amount specifically and recover it.

- (b) While a balance of Rs. 2,191,490 shown under Works Creditors in the Accounts Payable had been the amount payable relevant to 19 sundry Projects implemented during the period from 2010 to 2013 , action had not been taken to settle those balances.

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
- (d.) Debtor and Creditors Control