

Pointpedro Urban Council
Jaffna District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2018 had been presented to Audit on 28 March 2019 and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the Chairman on 13 July 2019 and 31 October 2019 respectively.

1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in the basis for qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Pointpedro Urban Council as at 31 December 2018 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Basis for Qualified Opinion

Accounting Policies

Audit Observation	Recommendation	Comment of the Accounting Officer
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Accounting policies adopted in preparing the financial statements had not been disclosed by the Council in the financial statements.	Accounting policies should be disclosed in the financial statements.	It will be prepared by disclosing above policy in the year 2019.

1.4 Non-compliances

1.4.1 Non-compliances with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliances	Recommendations	Comments of the Accounting Officer
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(a) Urban Council Rule (i) Section 54 (2) of Chapter III	Recoveries had not been made in respect of rent	Action should be taken as per said	Action is being taken to recover

charges of Council land rule. arrears.
in due periods

(ii) Section 54 (3) of Chapter III Warrant had not been issued to the persons who defaulted arrears of assessment tax on property totalling Rs. 13,443,582 by the Secretary. Action should be taken as per said rule. Warrant had been issued to every tax payers.

(b) Northern Province Finance Circular

No. 30/2016 of 29 December 2016 Fuel consumption had not been tested for one vehicle of the Council. Action should be taken as per said circular. Action had been taken.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the revenue over recurrent expenditure of the Council for the year ended 31 December 2018 amounted to Rs. 61,748,113 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs. 42,380,315.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, Collected Revenue and Arrears of Revenue

Information on the estimated revenue, billed revenue, collected revenue and arrears of revenue presented relating to the year under review and the preceding year is given below.

Source of Revenue	2018				2017			
	Estimated Revenue	Billed Revenue ❖	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Billed Revenue ❖	Collected Revenue	Total Arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	6,025,000	-	6,714,819	13,443,582	1,085,000	-	3,086,719	7,344,186
Rentals	10,600,000	-	9,897,279	1,222,492	17,000,000	-	8,751,103	1,281,268
License Fees	572,000	-	691,215	-	1,450,000	-	939,750	-
Other Revenue	76,088,000	-	39,259,210	24,795,755	68,781,500	-	10,230,513	42,322,867
	93,285,000	-	56,562,523	39,461,829	88,316,500	-	23,008,085	50,948,321

❖ Billed revenue had not been presented to audit.

2.2.2 Performance in Collection of Revenue

Audit Observations	Recommendations	Comments of the Accounting Officer
It was observed that collected revenue for the years 2017 and 2018 were Rs. 23,008,085 and Rs. 56,562,523 respectively, thus performance of revenue collection for the year 2018 had been increased by Rs. 33,554,523 as compared with the year 2017. However, arrears shown in the statement of financial position as at 31 December could not be verified due to non-submission of billed revenue.	Billed revenue should be verified.	Not replied in respect of billed revenue.

2.2.3 Rates and Taxes

Audit Observation	Recommendation	Comment of the Accounting Officer
No action had been taken by the Council in respect of arrears of assessment tax on property totalling Rs. 13,443,582.	Arrears of assessment tax on property should be recovered in due period.	Respective action is being taken to recover arrears of assessment tax on property.

2.2.4 Rentals

Audit Observation	Recommendation	Comment of the Accounting Officer
No actions had been taken by the Council to recover arrears of stall rents totalling Rs. 1,222,492 in the year under review.	Action should be taken by the Council to recover arrears of rents totally.	Stall rents had been recovered.

2.2.5 License Fees

Audit Observation	Recommendation	Comment of the Accounting Officer
Even though advertisement boards valued at Rs. 35,802 had been constructed under the purview of the Council in the year under review, license fees therefor had not been recovered.	Advertisement charge should be received in due periods.	Respective actions are being taken.

2.2.6 Court Fines and Stamp Fees

(a) Court Fines

Audit Observation	Recommendation	Comment of the Accounting Officer
Court fines totalling Rs. 3,080,581 had to be received from the Chief Secretary of the Provincial Council and all authorities as at 31 December 2018.	Action should be taken to recover arrears.	Arrears had been received by us in the year 2019.

(b) Stamp Fees

Audit Observation	Recommendation	Comment of the Accounting Officer
Stamp fees totalling Rs. 4,872,715 had to be received from the Chief Secretary of the Provincial Council and all authorities as at 31 December 2018.	Action should be taken to recover arrears.	Arrears had been received by us in the year 2019.

3. Operating Review

3.1 Performance

The matters observed in respect of execution of activities that should be executed under Section 4 of the Urban Councils Ordinance such as regularize and control over the matters of public health, public utility services and public thoroughfares and the comfort, convenience and welfare of the people are given below.

(a) Action Plan

Audit Observation	Recommendation	Comment of the Accounting Officer
An annual action plan had not been prepared in respect of 15 activities to be implemented by the Council.	An annual action plan should be prepared in respect of 15 activities to be implemented by the Council.	Respective action had been taken.

(b) Solid Waste Management

Audit Observations -----	Recommendations -----	Comments of the Accounting Officer -----
(i) Sanitary labourers who were employed in solid waste activities had not been subjected to medical test by the Urban Council from time to time.	Sanitary labourers should be subjected to medical test annually.	Action will be taken in future periods.
(ii) Twenty six sanitary labourers who were employed in solid waste activities had not been subjected to medical test by the Urban Council annually.	Sanitary labourers should be subjected to medical test annually.	Action will be taken in future periods.
(iii) Solid wastes had been collected by the Council without being segregated.	Solid wastes should be segregated and collected.	Segregation scheme of solid wastes had been started now.

(c) Environmental Issues

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
No actions had been taken to spray mosquito oil for preventing spread of mosquitos and flees and to prevent bad smell in the area selected for disposing solid wastes.	Actions should be taken to spray mosquito oil for preventing spread of mosquitos and flees and to prevent bad smell.	Control activities of mosquitos are being taken as per the instructions of Public Health Inspector.

3.2 Management Inefficiencies

Audit Observations -----	Recommendations -----	Comments of the Accounting Officer -----
(a) Reports to be prepared by the Local Government	Reports to be prepared by the	Not replied.

Assistant had not been presented on due periods, thus main functions of the Urban Council had not been completed.	Local Government Assistant should be presented on due periods.	
(b) A citizen charter of the general public had been shown by the Urban Council. However, contrary to mentioned therein, services provided to general public had been delayed.	Services to be provided to general public by the Council should be provide in due periods.	Action is being taken to introduce the citizen charter of the general public.
(c) A fund of Rs. 174,964,734 had been maintained by the Council as fixed deposit without being used for development purpose of the areas under the purview of the Council.	Fixed deposits should be used for the development of the areas.	Interest revenue of fixed deposits is being used for development works of the Council.

3.3 Human Resources Management

Audit Observation	Recommendation	Comment of the Accounting Officer
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The Council had not recruited and deployed human resources properly. As a result, works to be completed by such 21 human resources had been delayed.	Action should be taken to fill vacancies of the cadre.	Action is being taken to fill the vacancies of the posts.

3.4 Operating Inefficiencies

Audit Observation	Recommendation	Comment of the Accounting Officer
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The Council should issue “K” form to the owners of the properties to recover rates and taxes of lands and constructed houses and buildings under the purview of the Council annually. However, “K” form had	“K” form should be issued for recovering rates and taxes annually.	House owners are in foreign, thus it could not be submitted directly to relevant persons.

not been issued in respect of 2,535 properties in the year 2018.

3.5 Assets Management

3.5.1 Failure in carrying out Maintenance and Repairing

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
Water bowser bearing No. NPRY – 5587 and two wheel tractor bearing No. NPGG - 2635 were in unusable condition. However, action had not been taken to repair them.	Machineries should be made repaired properly in due periods.	Respective action is being taken.

3.5.2 Assets not acquired

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
Ownership of 10 lands had not been transferred by the Council.	Ownership of all lands belonging to the Council should be transferred.	Action had been taken to obtain documents of these lands.

3.5.3 Idle Assets

Audit Observations -----	Recommendations -----	Comments of the Accounting Officer -----
(a) A water bowser vehicle was corroded completely and in unusable condition. However, respective action had not been taken to repair it.	Maintenance activities should be carried out in respect of assets in due periods.	Action will be taken to sell the vehicle by auction in the year 2019.
(b) Three stalls located at the shopping complex belonging to the Urban Council had not been rented out.	Assets of the Council should be used efficiently.	Tender documents had been obtained by no one, thus action is being taken to award in alternative basis.

4. Accountability and Good Governance

4.1 Budgetary Control

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
When comparing the budgeted recurrent expenditure and actual recurrent expenditure of the Council, a favourable variance of Rs. 11,696,308 was incurred.	Respective actions should be taken to plan the budget properly.	Respective action will be taken.