

Pointpedro Urban Council
Jaffna District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2017 had been presented to Audit on 26 March 2018 and the Report of the Auditor General on those financial statements had been forwarded to the Chairman on 11 September 2018.

1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in paragraph 1.3 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 2017 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 Policies

Accounting policies adopted in preparing the financial statements had not been disclosed in the financial statements.

1.3.2 Non-compliances

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

Instances of non-compliance with laws, rules, regulations and management decisions are given below.

Reference to Laws, Rules, Regulations and Management Decisions	Value	Non-compliances
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	Rs.	
(a) Urban Councils Ordinance No. 6(g) of Section 157 of Part VI	80,450	No actions had been taken by the Revenue Inspector in respect of unapproved advertisements.
(b) Urban Councils Financial Rule (i) Section 54 (1) of Chapter III		Schedule in respect of rates and taxes for the year under review had not been handed over to the Secretary before 15 th November and payments had not been made before 15 th December.

- (ii) Section 54 (2) of Chapter III 1,079,108 Rent charges of land of the Council had not been recovered in due time.
- (c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka
Financial Regulation 1646
Daily running charts of vehicle for every month of the year under review had not been submitted to audit before 15th day of the following month.

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 2017 amounted to Rs. 42,380,315 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs. 29,497,752.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual 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	2017				2016			
	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	1,085,000	-	10,330,511	6,639,377	985,100	-	1,078,354	3,341,985
Rentals	17,000,000	-	9,023,727	-	16,093,334	-	9,111,586	-
License Fees	1,450,000	-	1,046,390	-	560,000	-	876,419	-
Other Revenue	21,281,500	-	29,713,454	44,416,805	20,352,000	-	24,993,714	41,792,628
	40,816,500	-	50,114,082	51,056,182	37,990,434	-	36,060,073	45,134,613

2.2.2 Rates and Taxes

No meaningful actions had been taken by the Council to recover arrears of rates and taxes totalling Rs. 5,911,223 for the last 01 year to 10 years.

2.2.3 Court Fines and Stamp Fees

Court fines of Rs. 732,767 and stamp fees of Rs. 10,783,426 had to be received continuously from the Chief Secretary of the Northern Provincial Council as at 31 December 2017.

3. Operating Review

3.1 Performance

The matters revealed on the Council in the control and administration of all matters relating to the public health, public utility services and public thoroughfares, and generally with the protection and promotion of the comfort, convenience and welfare of the people in terms of Section 4 of the Urban Councils Ordinance are as follows.

(a) Solid Waste Management

Solid wastes had been collected in dumping area without being segregated.

(b) Abandoned Activities

Development work schemes of three roads estimated at Rs. 4,768,900 from the fund of the Council in the year under review had been abandoned without being commenced.

3.2 Management Inefficiencies

Ownership of tractor purchased at a cost of Rs. 270,900 from the Agrarian Services Centre at Puloly had not been transferred to the Council for the last 12 years.

3.3 Human Resources Management

It was observed in audit that the Council had not recruited and deployed human resources properly, thus works to be completed by such 15 human resources had been delayed.

3.4 Operating Inefficiencies

No meaningful actions had been taken by the Council to rent out 13 stalls which constructed and handed over to the Council for the last four years.

3.5 Transactions in Contentious Nature

A total sum of Rs. 6,117,905 had been paid for hiring a gully bowser from a person without being taken meaningful actions to carry out wastewater disposal activities by using gully bowser of the Council.

3.6 Assets Management

Underutilized Assets

No meaningful actions had been taken by the Council to utilize a two-wheel tractor for the last 5 years.

3.7 Identified Loss

No meaningful actions had been taken by the Council for the last 05 years in respect of two machineries valued at Rs. 1,217,769 which had not been handed over by the former store keeper to the Council.

4. Accountability and Good Governance

Budgetary Control

Variances ranging from Rs. 132,945 to Rs. 10,189,498 or from 12 per cent to 59 per cent between the budgeted revenue and actual revenue and from Rs. 80,172 to Rs. 8,442,928 or 17 per cent to 42 per cent between the budgeted expenditure and actual expenditure were observed.

5. Systems and Controls

Deficiencies observed during the course of audit were brought to the notice of the Council from time to time. Special attention is needed in respect of the following areas of control.

Systems

Accounting

Deficiencies

Failure to maintain Activity Plan, register of measurement sheets, register of tax on land sales and register of losses.