

Point Pedro Urban Council

Jaffna District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2019 had been presented to Audit on 27 February 2020 and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the Chairman of the Sabha on 15 July 2020 and 30 August 2020 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 Point Pedro Urban Council as at 31 December 2019 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Basis for Qualified Opinion

(a) Accounting Policies preparing the Financial Statement

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
Accounting policies adopted in preparing the financial statements had not been disclosed in the financial statements.	Action will be taken to disclose in future.	Financial statements preparing accounting policies should be disclosed in the financial statements.

(b) Accounting Deficiencies

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
Understated the total assets amount shown in the financial statement. Due to constructed 10 building amount Rs. 7,499,716 has not been included in the financial statement.	Action has been taken to include assets Rs.7,499,716	Action should be taken to evaluate the all buildings value and included in the financial statement.

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	Comments of the Accounting Officer	Recommendation
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(a) Urban Council Rule Section 54 (2) of Chapter III	Arrears of rent Rs. 1,119,899 had not been recovered.	Against the action should be taken to residence of the recover.	Action should be taken for relevant period in terms of Act.
(b) Section 54 (3) of Chapter III of Urban Council Rule	Warrant had not been issued to the persons who defaulted arrears of assessment tax on property totalling Rs.15,419,137.	Action will be taken to recover arrears of assessment tax.	Appropriate action should be taken in the due period in terms of Urban Councils Rule.
(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka No. 571	No appropriate action has been taken to Contractor's security deposits amount of Rs 102,627.	Action will be taken to pay the retention money.	Appropriate action should be taken relevant contractors security deposits in terms of Financial Regulation.

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 2019 amounted to Rs. 30,559,171 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs. 61,748,113. As a result, the revenue over recurrent expenditure has decreased to Rs. 31,188,942 as compared to the previous year.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Collected Revenue and Arrears of Revenue

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

Source of Revenue	2019			2018		
	Estimated Revenue	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Collected Revenue	Total Arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	9,874,380	11,260,969	15,419,137	6,025,000	6,714,819	7,344,186
Rentals	10,521,300	10,500,540	1,313,824	10,600,000	9,897,279	1,281,268
License Fees	634,000	863,090	-	572,000	691,215	-
Other Revenue	82,280,500	63,180,467	7,312,266	76,088,000	39,259,210	42,322,867
	103,310,180	85,805,075	24,645,227	93,285,000	56,562,523	50,948,321

2.2.2 Rates and Taxes

Audit Observation

No action had been taken to recover arrears of assessment tax on property Rs.13,973,055.

Comment of the Accounting Officer

Action has been taken to issue the warrant against to the arrears tax non payer.

Recommendation

Appropriate action should be taken to recover the arrears of assessment tax on property.

2.2.3 Trade License Fees

Audit Observation

No action had been taken to recover license fees for constructed advertisement board totalling Rs. 71,296.

Comment of the Accounting Officer

Action has been taken to recover the balance amount.

Recommendation

Appropriate action should be taken to collect the arrears of advertisement board license fee in the due period.

2.2.4 Stamp Fees

Audit Observation	Comment of the Accounting Officer	Recommendation
Stamp fees totalling Rs. 3,955,490 had to be received from the Chief Secretary of the Provincial Council and all authorities as at 31 December 2019.	Appropriate action has been taken.	Appropriate action should be taken to collect the arrears stamp duties in the due period.

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) By-Laws

Audit Observation	Comment of the Accounting Officer	Recommendation
By-laws were required to be enacted for 15 main functions in terms of section 157 of the Urban Councils Ordinance. But by-laws had not been enacted.	Appropriate action is being taken.	Appropriate action should be taken in term of Urban Councils Ordinance.

(b) Solid Waste Management

Audit Observation	Comment of the Accounting Officer	Recommendation
No action has been taken to Medical tests for Sanitary labourers.	We received full medical report of the 10 Sanitary labourers.	Medical tests for Sanitary labourers should be carried out in due period.

3.2 Management Inefficiencies

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) The Council's important works has not been completed due to has not prepared and submitted the report in the due period by the Local Government Assistant.	Will be presented in the due period due to should prepare by the Local Government Assistant for the action plan and procurement plan in the year 2020.	Action should be taken to submit the report in the due period.
(b) Although the Pradeshiya Sabha had displayed the Public Service List, but contradictory the services provided to the people had been delayed.	The more duration required then expected time duration given by us. Therefore, time duration will be change accordingly.	Action should be taken to provide the service to the public in the due period.
(c) Fund has been kept Rs. 210,987,678 in the fixed deposits with out spent it for Urban councils areas pradeshiya development purpose by the Council.	Is being on process to include the budget projects.	Appropriate action should be taken to spend the Council fund for development Project in the due period.
(d) It has been observed that the inventory value due to the value Rs. 253,454 of furniture fitting has not been included in the financial statement and has been included in the inventory Accounts.	Fiber glass sales outlet were transfer from inventory register to fitting register page no 20 in 2020.	Action should be taken to estimate amount has been included in the financial statements.

3.3 Human Resources Management

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
The Council had not recruited and deployed human resources properly. As a result, it was observed in audit that works to be completed by such 20 human resources had been delayed.	Vacancies will be filled after receive the permission. Even though, Councils has been sent the letter to the Department of Management Services.	Appropriate action should be taken to fill the vacancies in the stipulated period.

3.4 Operating Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
----- Form "K " has to be issued to the property owners by the council annually but in 2019, 3,804 properties owners has not been issued "K" form.	----- Taxpayers who have to be issued Form K cannot be handed over directly due to residence.	----- Appropriate action should be taken to recover the arrears of assessment tax on property in the due period.

3.5 Assets Management

3.5.1 Failure in carrying out Maintenance and Repairing

Audit Observation	Comment of the Accounting Officer	Recommendation
----- No action had been taken to repair 02 tractor machine and water bowser.	----- Appropriate action has been taken.	----- Action should be taken to carry out maintenance and repairs vehicles.

3.5.2 Assets not acquired

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) No action had been taken to transfer ownerships of 10 lands to the Council.	Appropriate action has been taken to transfer ownership.	Action should be taken to transfer ownership of the land.
(b) No action had been taken to transfer ownerships of land amount Rs. 212,226,468.	Action has been taken to receive the land deed.	Action should be taken to transfer ownership of the land in the due period.

3.5.2 Idle Assets

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Although a water tanker is found to be completely rusty and unusable, no action has been taken.	Action has been taken to sell this water tank at auction.	Action should be taken to remove unusable vehicles in the due period.
(b) The constructed 07 shops have not been rented by the Council up to now.	07 shops are also being used for convenient stores of goods for disinfection.	Appropriate action should be taken to rent out the shop in the due period.

4. Accountability and Good Governance

4.1 Budgetary Control

Audit Observation	Comment of the Accounting Officer	Recommendation
It was observed that this budget was inefficient budget due to grate differences between budgetary expenditure and actual expenditure.	The vacancies have not been filled though the salary for the vacancy has been allocated in the 2019 budget. Expected travel expenses are not included.	Appropriate action should be taken to efficiently plan the Budget.