

Kandy Municipal council
Kandy District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2018 had been submitted for the audit on 29th of March 2019, while the summary report of Auditor General on the financial statements and detailed management report had been forwarded to the council on 31st May 2019 and 30th June 2019 respectively.

1.2 Qualified Opinion

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

1.3 Basis for the Qualified Opinion

1.3.1 Accounting Deficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) A Creditors balance amounting to Rs.1,310,256 had not been accounted during the year.	Creditors balance should be recognized and accounted correctly.	Action will be taken to present correct information for Audit.
(b) Rs.111,850 worth of Furniture and Fittings purchased during the year had been accounted twice.	Non-current assets should be accounted correctly.	Action will be taken to correct through journal entries.
(c) The value of creditors for the final bill of development work in cross lane of Sri Rajasinghe Mawatha had been overstated by Rs.147,337.	Year-end balance of creditors as per the bill should be accounted correctly.	Actions will be taken to account correctly, by review the details.
(d) Advertising billboard income at the end of the reviewed year had been over stated by Rs.17,654,095.	Income should be accounted by recognizing correctly.	The income receivable as at 31.12.2018 was Rs.27,781,732.38.
(e) Rent income from 877 shops in the year under review had been overstated by Rs.2,478,869.	Bill of shop rent income should be recognized and accounted correctly.	Correct answer will be provided for Audit after Observation of relevant

matters and making adjustment.

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| (f) | A balance of Rs.11,812,087 of 03 unimplemented projects during the year had been accounted as creditor. | Should be accounted correctly. | Take action to correct the accounts and implement the projects. |
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1.3.2 Non Reconciled Accounts

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting Officer -----
(a) A Rs.82,809,742 difference was observed between the balance of 08 Items of account in the financial statements and the balance of source documents.	Correction should be made by reconciling the difference in relevant balances.	Answers will be provided later.
(b) There was a difference of Rs.16,886,927 between the creditors balance in the water works department at the end of the year under review and balance as per the account.	Creditors' balance should be recognized and accounted correctly.	Actions will be taken to present correct information for Audit.
(c) A difference of Rs.206,882 was occurred between the value in Store creditors' ledger of rubble, chips, premix and that value in account.	Store creditors' ledger and information of accounts section should be maintained comparatively.	Actions will be taken to present correct information for Audit.
(d) A difference of Rs.5,785,325 was occurred between sales income of water as per the computer software and that income as per the financial statement.	Correct income should be recognized.	Correct answer will be submitted for Audit.

1.3.3 Accounts Receivable and Payable

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting Officer -----
(a) Accounts Receivable ----- The total value of accounts receivable that had elapsed the period of 1 to 5 years was Rs.200,662,489.	Action should be taken to recover the receivable balances.	Those balances were carried forward continuously since more than 10 years.

(b) Accounts Payable

 The total value of accounts payable that had elapsed the period of 1 to 5 years was Rs.414,926,972.

Actions should be taken to settle the payable balances.

Actions will be taken to cancel the orders for which goods were not provided, by inquiring relevant institutions.

1.3.4 Lack of Necessary Documentary Evidence for Audit

Audit Observation

Recommendation

Comments of the Accounting Officer

 The total amount of Rs.1,628,738,650 in relating to 8 account subjects could not be satisfactorily verified in audit ,due to the non-presentation of required information such as source documents, board of survey reports.

 Evidences that verify the account balances in financial statements should be presented.

 Store survey could not be completed due to complexity of storage, and lack of human resources.

1.4 Non Compliance

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

 Non-compliance with Laws, Rules, Regulations and Management Decisions are as follows.

Reference to Laws, Rules, Regulations and Management Decisions

Non-Compliance

Recommendation

Comments of the Accounting Officer

(a) Establishments code of the Democratic Socialist Republic of Sri Lanka

 Chapter xv section 10.1.1

Even though the permission for the extension of foreign tours shall be taken prior, two Officers of Municipal Council had requested permission after taking part to the foreign tour.

Comply with the relevant section in the Establishments code.

A copy of letter which submitted for the extension of foreign leaves has been sent.

(b) Paragraph 4, III part in By-law of Kandy Municipal Council which published in the

The independency of committee had not been protected, since the 02 technical Officers who

Members should be appointed correctly to committees, as per

Other 03 independent persons had been act as the members

section iv(a) of Extra Ordinary Gazette Notification No.1304/18 dated 5th September 2003 prepared and recommended the estimate for the new project of laying pipe line at Katugasthota had been appointed as members of Technical evaluation committee. and the circular. of committee.

1.4.2 Transactions Not-Supported by Adequate Authority

Audit Observation	Recommendation	Comments of the Accounting Officer
A value of Rs.26,134,498 of supplied creditor had been written off by journal entries, without having an approval.	The adjustment by journal entries should be followed by relevant approval.	It will be reported by inquiring with this regard.

2. Financial Review

2.1 Financial Results

According to the financial statement presented, excess of revenue over recurrent expenditure for the year ended 31st December 2018 amounted to Rs.586,748,840 ,as compared with the corresponding amount in excess of revenue over recurrent expenditure for the preceding year amounted to Rs.520,473,900.

2.2 Financial Control

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Actions had not been taken in relating not realization of cheques amounting to Rs.1,202,458 which were deposited to the current account of Sabha in 35 occasions and unrecognized deposits received in 14 occasions amounting to Rs.294,043.	Actions should be taken regarding unrealized cheques and non-recognized deposits.	An answer will be provided after inquiring and making relevant adjustment with this regard.
(b) Even though the cheques received in 11 occasions for parking charges of motor vehicle in streets amounting to Rs.14,445,000 had been presented with signature of only one Officer in the lease firm and, Sabha had been undertaken those cheques without rejecting.	Revenue should be collected as per the agreement.	Only some of cheques were issued with delay and fines had been charged for such delays.

2.3 Revenue Administration

2.3.1 Estimated Revenue, Revenue Billed, Collected Revenue and Revenue in Arrears

The details of Estimated Revenue, billed Revenue, collected Revenue and Arrears of revenue for reviewed year and preceding year are as follows.

Revenue source	Estimated Revenue	2018		Total arrears as at 31 st December	Estimated Revenue	2017		Total arrears as at 31 st December
		Revenue Billed	Collected Revenue			Revenue Billed	Collected Revenue	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Tax	878,245,000	731,472,381	634,109,151	252,948,621	839,543,000	951,640,588	821,071,501	285,599,883
(ii) Rent	123,276,000	119,538,223	112,010,789	74,296,012	116,533,000	65,179,198	67,087,038	62,046,007
(iii) Licence fees	51,854,100	46,569,841	46,568,941	--	46,495,000	31,227,877	31,227,877	--
(iv) Other income	615,797,000	607,869,074	484,052,597	806,186,283	576,462,000	476,941,161	322,459,698	424,389,671
Total	1,669,172,100	1,505,449,519	1,276,741,478	1,133,430,916	1,579,033,000	1,524,988,824	1,241,846,114	772,035,561

2.3.2 Performance of Revenue Collection

Audit Observation

Due to the arrears, out of the total income from all income sources as at 31st December 2017 was Rs.772,035,561 and arrears of that value at the end of the year under review was Rs.1,133,430,916 the increase of arrears income was 47 percent.

Recommendation

Actions should be taken to eliminate the increase in arrears income.

Comments of the Accounting Officer

Answers will be provided later.

2.3.3 Rates and Taxes

Audit Observation

(a) Rates

Although, the billed amount in the years under reviewed was Rs.323,328,933 only Rs.194,358,480 had been collected therein.

Recommendation

Performance of collecting rates should be improved.

Comments of the Accounting Officer

Actions are being taken in 2019 to recover the arrears income.

(b) Land Tax

Actions had not been taken to recover Rs.31,188,223 that is 94 percent out of

The performance of collecting land taxes in arrears should be

The arrears were resulted due to default payment of taxes and already there is a

the opening outstanding balance of land taxes amounted to Rs.33,063,413.	improved.	considerable progress of recovering arrears.
(c) Water Charges		
<p>-----</p> <p>The receivables balance of Rs.11,976,307 that need to be charged from 31 customers whose arrears balance was more than Rs.50,000 as at 31st August of reviewed year and the balance had been elapsed for the period of 01 to 123 months, had not been recovered and action had been taken to supply water even though bills were due.</p>	<p>Actions should be taken with regards the non-payment of water charges</p>	<p>After pointing out by Audit, the functions of water work department had been formalized so as to review the arrears balances and actions are being carried out to collect arrears charges.</p>
2.3.4 Rent		
<p>-----</p> <p>Audit Observation</p>	Recommendation	Comments of the Accounting Officer
(a) Shop rent		
<p>-----</p> <p>Action had not been taken to collect key money in arrears amounting to Rs.22,055,500 from the stalls situated at S.W.R.D Bandaranayake Mawatha, Railway Station Road, in Kandy.</p>	<p>Key money should be recovered.</p>	<p>Since it was informed to seal the stall of which the arrears payment had not made, forward action are being taken with this regard.</p>
(b) House Rent		
<p>-----</p> <p>While, the balance of Outstanding house rent at the end of the year under review was Rs.1,177,717 and the balance that had elapsed during the period from 2003 to 2010 was Rs.1,026,259 therein.</p>	<p>The house rent in arrears should be recovered.</p>	<p>Answers will be provided later.</p>
2.3.5 Court Fines and Stamp Duties		
<p>-----</p> <p>Audit Observation</p>	Recommendation	Comments of the Accounting Officer
<p>-----</p> <p>Receivable court fines and stamp duties as at 31st December 2018, was Rs.12,733,266 and Rs.272,828,257 respectively.</p>	<p>Court fines and stamp duties should be recovered.</p>	<p>-----</p> <p>The part of arrears was recovered and actions will be taken to collect remaining balance.</p>

3. Operating Review

3.1 Performance

Following matters were revealed with regard to duties to be fulfilled by Council as per thesection 4 of Municipal Council Ordinance in relating to regulation and control of all thematters relating to Public health, Public utility services and public highways, comfort,convenience and welfare of the people.

(a) VacatedAffairs

Audit Observation	Recommendation	Comments of the Accounting Officer
(i) Although, a sum of Rs.3,000,000 had been allocated for the bio gas project under the program of waste management, the project had not been implemented.	Actions should be taken to full fill the activities during the year.	Since provisions had not been made for preparation of sanitary landfill under the budget, the particular provision was utilized for sanitary land fill.
(ii) Although, It had been planned to establish a measurement tools system in order to measure the level of air pollution as per the Action plan, required steps had not been taken with this regard.	Activities that had been planned to implement should be implemented.	Since, it will take more than Rs.20,000,000 and Sabha had not a capacity to allocate such provision, relevant actions had been taken with the collaboration of Central environmental authority.

(b) Solid Waste Management

Audit Observation	Recommendation	Comments of the Accounting Officer
(i) The Plastic waste crumble compactor which has the capacity of 150-200 litres, and granted by the Central environmental authority in 2014 has not been utilized for the aimed function	Resources belongs to Sabha should be maximally utilized.	Considering the limited space in the premises, such machine had not been used to crumble the polythene.
(ii) Although, Rs.7,000,000 provisions had been made for the distribution of compost barrel for	Action should be taken to achieve maximize productivity of the	This was caused by the inability of supplier to provide the amount of

26,722 households, only 470 barrels had been distributed by spending Rs.1,635,650 during the year under review.

provision allocated for the year.

orders, since compost barrels production had been offered to only one producer.

(c) Sustainable Development Goals

Audit Observation

Recommendation

Comments of the
Accounting Officer

As per the circular No.NP/SP/SDG/17 dated 14th August 2017 of Ministry of National Policies and Economic Affairs, a plan had not been prepared in order to achieve sustainable development goals and targets hence, considerable awareness had not been paid to take required actions

A plan should be prepared and relevant actions should be taken to achieve sustainable development goals and targets.

Even though the word “sustainable development” had not been mentioned, Intended actions of them have been fulfilled by Sabha since the establishment to now.

(d) E-Government Concept

Audit Observation

Recommendation

Comments of the
Accounting Officer

- (i) As per the circular No. SP/SB/06/11 dated 24th June 2011 issued by President’s secretary in relating to the E-government policy, actions had not been taken to accomplish the activities such as, the preparation of information technology plan, following safeguard method in relating to the information in computer software system, maintaining the systems so as to use all 03 languages.

According to the E-government concept, actions should be taken as per the criteria in E-government policy.

While, relevant actions had been taken to prepare a plan, get approval formainnew position and inquire the department of archive about the safeguard methodologies hence,it is expected use all 03 languages in future.

- (ii) According to the No.020102 of section II of E-Government Policies, when implementing information communication technological projects of which value is more than Rs.2mn , Even though the instructions from information and communication

According to the E-Government Policies, when implementing information communication technological projects of which value is more than Rs.2mn, the instructions

Remaining activities will be implemented by employing ICTA agent, in future.

technology agency should be taken and comply with general standards, Council had not followed foresaid guidance in relating to the projects implemented by Council.

from ICTA should be taken and comply with general standards.

3.2 Management Inefficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Traffic warden who was a guilty of offence for financial fraud, had been restated in the position and assigned the Motor Traffic warden section, Moreover, appointed for supervision of all the activities from obtaining money collected by Motor Traffic wardens until banking them.	Duties should be assigned under a proper supervision.	Even though, a job description had been issued, actually it is not followed.
(b) The arrears water charges receivable at the end of the reviewed year amounting to Rs.399,530 by the water supply given for a private fuel station, had not been recovered and even actions had not been taken to disconnect the supply or take legal actions.	Formal actions should be taken in relating to recover of water charges in arrears.	Actions will be taken to inform consumer and recover arrears
(c) The beef stall no:162 of Central market had been rented out without having an agreement, for the value of Rs.3,726,000 and for the period of 01 June 2016 to 31 st July 2018 on a tender.	An agreement should be entered into, when renting out beef stalls	Although, a warrant had been issued on 30 th August 2016, and relevant fees for the agreement had also been paid, but still was not come to sign the agreement.
(d) Municipal council had issued a development permit to a false plan presented for a building to which approval for construction had not been received. Since, the approval of Urban Development Authority had not been received, relevant action had not been taken to discontinue the construction or take legal action.	Relevant action should be taken.	Action had been taken to sue against under the removal of unauthorized constructions.

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| (e) | The building at Bandaranayake Mawatha, Kandy of which construction was initiated in the year of 2015, without approving building plan, had been build up to 07strayed building at present. Since, Council was not taken due actions with this regard, a court case had beenarisen currently. | Action should be taken in respect of the buildings for which plan had not been approved. | Case had been filed. While the plan had been presented and that file is in operation currently. |
| (f) | A sum of Rs.80,583,133 charged on behalf of unauthorized constructions had been saved in a fixed deposits, without using to fulfil the projects as per the agreement. | Funds should be utilized for relevant projects, as per the agreement. | It was informed that it was planning to remove the stalls which are at the waiting bus stand in Bogambara and re-constructed them and to make the pavement and fence under proper standards. |
| (g) | Since,the bills had been made for the old water meter of 1½ inchesinstead of the 3 inches water meter which was fixed in August 2012 at Suwasewana private hospital, a sum of Rs.173,960 had not been collected for 06 years since September 2012 to 31 st December 2018. | The collection of correct meter charges should be reviewed. | Require action had been taken to recover the total of Rs.173,960 of outstanding meter charges in relating to 3" meter and VAT of it. |
| (h) | Action had not been taken to recover the receivable water charges of Rs.1,013,466for the year 2017 and 2018 from the lessee of Katugasthota public latrine | Arrears should be recovered. | Action will be taken to make decision by referring the approval of council, in order to take actions in relating to the arrears in 2017/2018. |

3.3 Human Resource Management

----- Audit Observation

Recommendation

Comments of the Accounting Officer

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| (a) | At the end of the year under review, there was 439 vacancies and 03 excess employees in the municipal council. | Vacancies should be filled. | It had been recruited for 248 vacancies and further action will be taken to fill remaining vacancies. |
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| (b) | Since, the dispenser who had been assigned to Aruppala Ayurveda, being a member of Pradeshiya Sabha, duty leaves were obtained frequently. This had become a disturbance for issuing of ayurvedic medicine and maintenance of ayurvedic medicine inventory properly. | Persons who can perform duties without any interruption should be assigned. | In addition, to the annual leave, since, being a member of divisional council, she is also entitled to duty leaves, as per the public administration circular No:32/91(III). |
| (c) | Although there was a law consultant, in addition to the law Officer of the municipal council, A sum of Rs.1,342,386 of legal fee had been paid for external lawyers for the appear in court cases relevant to Council,by October in year under review. | Action should be taken to reduce external cost. | Since the support of Attorney Generals department is not given to the municipal council like other department, it is accepted that the service was obtained externally. |

3.4 Operating in Efficiencies

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting Officer -----
(a) From 2013 to 2018, 1912 Three wheeler owners were registered, but only for part of three wheelers thereof, the annual billing system had been applied.	Three wheelers parking charges should be collected after implementing a yearly survey.	Since,the collection of three wheelers parking charges in municipal area had been outsourced to private firm, 355 three wheelers in Katugasthota had been sued against.
(b) Since, the waste of water occurred in last year and the year under review was 5294832 and 3312120 cubic meters respectively, a loss of Rs.105,896,640 and Rs.66,242,400 had resulted respectively. Any formal action had not been taken to minimize the waste of water.	A proper actions should be followed to minimize the loss taken place bywasteof Water.	It is informed that relevant measures will be taken to minimize the waste of water occurs due to the errors of billing and irregularities of meter reading.

3.5 Assets Management

Idle and Underutilized Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Rs.130,000 worth of 02motorcycleshad been inactive forperiod of about 05 years and , 03 Cutting machines of dry drugs remained idle for nearly over a year.	Action should be taken not to be inactive or underutilize the assets belongs to Sabha.	Action will be taken to auction 02 Motorcycle which were not in operating condition and to repair the drugs cutting machines.
(b) 02 medication tubs remained idle without using.	Idle assets should be employed.	Action will be taken to prepare 02 medication tubes in proper mechanism and use them.

3.6 Irregular Transactions

Audit Observation-----
Recommendation-----
Comments of the Accounting Officer

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(a) A total of Rs.450,517 had been paid for the Officer who initiate his duties in grade III of Sri Lanka Engineering Servicefrom 20 th April 2017, as phone allowancesduring the period from 17 th April 2015 to 24 th February 2017 for which such allowance is not entitled.	Provisions of circular should be followed correctly,in paying allowances	A per the provisions in appointment letter, payment had been made after antedated.
(b) During the year 2017, a balance of Rs.3,195,706 paid in advance to external party for supply of material, had not been recovered still by the end of year under review.	Payment of advances to external parties for supplies should be minimised and already paid advances should be recovered.	Answers will be provided later.

3.7 Identified Loss

Audit Observation-----
Recommendation-----
Comments of the Accounting Officer

Since, the procurement procedure for the establishment of rates software had not been properly performed; the

Procurement procedure should be followed correctly.

This has been done with the objective of successfully completing this task through

expense incurred for the advertisement in 02 situations amounting to Rs.103,672 was observed to be a futile expense.

a fully government owned organization

3.8 Apparent Inefficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) Even, the submission of fraudulently manipulated education certificates by a Public health Mid wife had been proved, without following formal action with this regard, said Officer had been promoted to grade II , of Public health Mid wife service, Moreover salaries and allowances amounting Rs.3,130,652 for the period starting from 01 January 2008 to 31st July 2017 had been paid. Although, Local Government Commissioner of central Province had sent to the Municipal commissioner to carry out an initial investigation, such initial investigation had not been carried out by the date of 31st October 2018.</p>	<p>Action should be taken to regarding responsible Officers.</p>	<p>Since an Officer had been appointed to perform an initial investigation by the commissioner of local government, forward action had not been taken by Municipal council.</p>
<p>(b) When signing the technical evaluation committee report in relating to the evaluation of price quotations, received with regards to the development of software used in preparing accounts on rates, mixed income, water, store, By using the forged signature of Dean, Science Faculty in University of Peradeniya who was an external member, the procurement procedure of Computer software which worth of Rs.8,659,200 had been executed.</p>	<p>Action should be taken with regards to the Officers in charge.</p>	<p>It was accepted that the forged signature was put and it is informed that an initial investigation, Government analysis report are being further investigated by frauds and corruption investigation institution</p>
<p>(c) When inquiring the leaves for being abroad from Sri Lanka for the purpose of testing the material required for the pipe line laying project at Katugasthota, particular foreign tour</p>	<p>Correct procedure should be followed when taking approval for foreign tours.</p>	<p>All expenses were incurred by the contract company Since, such expenditure had been included in the item of quantity sheet for the</p>

had been approved by presenting false information to the subject minister and governor, which mention that all maintenance expenses of him will be provided by the contractor. But all expenses of being abroad had been paid under municipal council funds to the contract company on 04th April 2018 by including Rs.1,500,000 value under item no:1.3 to the Engineer estimate.

purpose of billing, and consequently the relevant payment had been made.

3.9 Procurement

3.9.1 Supplies and Service

Audit Observation

Recommendation

Comments of the Accounting Officer

(a) Establishment of Rates and Mix Income Software System.

(i) The institution who had undertaken the software development had vacated their service from November 2018, By suspending all the software development activities and sending away 02 technical Officers who were appointed to the municipal council, even there was a partial completion of the system with many drawbacks such as inability to use computer languages, unavailability of software development facilities, Software is not getting updated with new edition.

Development activities of software should also be executed by the institution by which the software had been created, as per the agreement.

Action had been taken to confer the contract to them by getting the assistance of the software engineers who worked under particular institution, under the committee agreement no 8(131) and dated 20.12.2018 Since it is needed to continue the software further.

(ii) Even after, the conditions of calling quotation from the bidders who have sufficient financial strength had been imposed, hence there was no necessity to pay advance, an advance amounting to Rs.2,357,760 had been paid to the contractor 08 month prior to the date of which agreement was entered into by service provider.

The advance should not be paid, if the condition on purchasing had been imposed by the bidders who have financial capacity.

Because of public treasury had limited the provision of funds in September 2017, the necessity to request an advance was arisen.

(b) The project of networking all section in municipal council -----		
(i) An advance amounting to Rs.2,192,443 had been paid, 02 month prior to the date of agreement, to the company to whom the above projects was assigned in contrary to procurement guideline and By-laws of Municipal council.	When paying advance, circulars and instructions should correctly be followed.	Since , the provision of sufficient amount of funds to Lanka logistic company had been limited by the public treasury, the cash required to open a letter of credit in order to import the technological instrument to the Municipal council had been paid as 30% out of the agreed amount for the project.
(ii) According to the bid document of the project, although an amount of Rs.730,814 or 10 percent performance bond out of the contract value need to be charged from the contractor, only Rs.365,407 or 05 percent had been obtained.	As per the bid document, performance bond should be collected.	Since it is a fully government owned institution,Only 5% performance bond was obtained under the service, without obtaining a 10% performance bond.
(c) Purchasing of Water Meter -----		
Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
In purchasing the water meters by Council, 40 water meters including 20mm and 25mm had been purchased for the value of Rs.400,786 from the supplier who had provided the maximum price,based on the recommendation given bythe water work engineer	Reasonable justification should be given to explain the sample testing prior to purchase of water meters is essential and purchase of water meter at a higher price.	Since the purchase of water meter had been done accordingly the knowledge and prior experience of water work engineer, so reasons had not been provided. The Quality of sample was decided upon the prior experience of the engineer.

3.9.2 Contract Administration

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>The contract of laying pipe line nearby Main city from Kandy to Katugasthota had been offered to a construction institute in 2016 for the value of Rs.210,528,076 . Following matters were observed in auditof particular contract.</p>		
<p>(i) Since, the proposal for offering the project of laying main pipe line from Kandy to Katugasthota, to Maga Engineering Company had been made by the water work engineer and finally such project were offered to Maga Company at the value of Rs.210,528,076, The procurement procedure had not been performed in transparent manner.</p>	<p>Procurement procedure should be followed.</p>	<p>This was not an advance plan, but an industry that need to be dealt with promptly, and it is the responsibility of the water works engineer to inform the steps that should be taken on them, they had done so.</p>
<p>(ii) In contrary to Section 2.6.1(a) ii of procurement guideline, Chief Municipal Engineerand water work engineer who prepared and recommended the specification related to the contract had been act as the president and member of technical evaluation committee.</p>	<p>Relevant committee members should comply with Procurement guide.</p>	<p>It was said that an independent evaluation can be taken place, since, the majority of the technical evaluation committee represent other these two persons.</p>
<p>(iii) Even though it is mentioned that any member cannot be appointed to both procurement committee and technical evaluation committee according to the section 2.8.1(a) of procurement guideline, the Officers such as Chief municipal engineer, Chief Accountant and Accountant (Revenue) had been act as a member of both procurement and technical evaluation committee.</p>	<p>Comply with procurement guideline.</p>	<p>In order to accomplish the function and activities of Municipal Council, criterion of Officers had to be fulfilled, as per the assignment of powers to the municipal Officers, by considering duties should be filled by them.</p>
<p>(iv) The estimate for the year 2016 had been prepared to Rs.161,017,853, without considering the rates in 2016, only by adding 30 percent to the value of estimates in 2013, which represent Rs.37,157,966 based on the estimate prepared to the value of Rs.123,859,887 in the year of 2013.</p>	<p>Estimate should be prepared according to the rates of relevant years.</p>	<p>The estimate had been prepared by adding 30 percentincreases for 03 years, so as to increase 10 percent for each year.</p>