

**Kaduwela Municipal Council**  
**Colombo District**

**1 Financial Statements**

**1.1 Presentation of Financial Statements**

The financial statements for the year 2018 had been presented to audit on 02 April 2019 and the summary report and the Detailed Management Audit Report of the Auditor General on the financial statements had been issued to the Chairman on 26 July 2019 and 31 August 2019 respectively.

**1.2 Adverse Opinion**

In my opinion, because of the matters described in the Basis for Adverse Opinion Section of this report, the financial statements do not give a true and fair view of the financial position of the Kaduwela Municipal 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 Adverse Opinion**

**(a) Accounting Deficiencies**

	<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(i)	The balance of the People's Bank account No.196100163869561 of the Council amounting to Rs.847,368 as at 31 December 2018 had not been brought to account.	Action should be taken to include all balances of accounts in the financial statements.	The balance of the account No.196100163869561 of the Council was included in the current assets. That was included in the note No.08 of the balance sheet.
(ii)	The provisions for creditors had not been made in respect of 06 tractors valued at Rs.10,779,000 given by the Department of Local Government on loan basis on 05 December 2018.	The provisions for creditors should be made.	Accepted the observation. It was rectified by the journal entry 03 in the year 2019.
(iii)	A sum of Rs.3,500,000 for providing shoes for the poor children had been brought to account under creditors incorrectly.	Creditors account should be shown correctly.	It will be submitted to Finance Committee to be held on 20.07.2019 to write off above balance.

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|--------|---|--|---|
| (iv)   | Provision for creditors amounting to Rs.8,241,437 had been made for 06 works not executed and agreement period had elapsed.   | The account should be rectified.                             | Action will be taken to write off in future as per Council decision.  |
| (v)    | A balance of fixed assets which old 20 years amounting Rs.7,434,607 and value not confirmed by a survey of assets or a physical verification had been included in the accounts.   | This fixed assets should be identified.                      | A coding system will be commenced to identify the goods not to occur as above in future.  |
| (vi)   | Action had not been taken to eliminate the cost of fixed assets auctioned for Rs.108,740 in the year 2018 from accounts.  | Should be eliminated from accounts.                          | A coding system will be commenced as not to occur as above in future, and action will be taken accordingly in future.   |
| (vii)  | A value of Rs. 2,380,000 after deducting the discount of 2800 vouchers purchased at the rate of Rs.1000 in order to obtain shoes to distribute for the children of low income families had not been deducted from the stock of the Council, and as such the value of the stock in the accounts had been overstated by similar amount. | Should be deducted from the stock and shown in the accounts. | A goods received note issued thereon through the receipts of goods No.2625 on 31 December 2018 and recorded and issued through the issue order No.05, to the Department of Common Utility and Welfare on 10 January 2010. |
| (viii) | The stamp fees received in the year 2018 relating to the years 2016 and 2017 amounting to Rs.220,439,262 had not been deducted from the debtors balance.  | Should be brought to account accurately.                     | Revenue had been shown as receipts and action will be taken to correct it.  |

**(b) Unreconciled Accounts**

<b>Audit Observation</b>		<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<b>Description</b>	<b>Difference</b>		
	Rs.		
(i) Furniture and Fittings	48,360	Action should be taken to reconcile the difference and to correct.	This difference remained brought forward since prior to the year 1997. As non-availability of sufficient registers it could not be settled.
(ii) Ayurvedic Drug Stock	218,580	Action should be taken to reconcile the difference and to correct.	This difference remained brought forward since 2012 or prior to that sufficient registers not available to settle it.
(iii) Cash account – People's Bank 19610017001008 2 19611002600100 82	18,016,006	Action should be taken to reconcile the difference and to correct.	This difference remained brought forward since the year 2011 or prior to that year. An investigation thereon was carried out by the Department of Local Government and action will be taken to rectify it after receiving the report.

**(c) Lack of written evidence for audit****Non-availability of Information**

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Due to non-availability of evidence indicated against in respect of 07 items of accounts amounting to Rs.69,729,443 could not be satisfactorily vouched / verified in audit.	The evidence to confirm the balances of accounts shown in the financial statements should be furnished.	Required action is being taken to rectify in future.

**1.4 Non-compliances**

**Non-compliance with Laws, Rules, Regulations and Management Decisions**

	<b>Reference to Laws, Rules, Regulations and Management Decisions</b>	<b>Non-compliance</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a)	Municipal Council Ordinance Section 254(a)(2)	Even though, the duty of the Urban Commissioner is to take action to recover all money recoverable to the Council and to credit the Council fund, the arrears amounting to Rs.61,430,162 in 6 revenue items recoverable as at 31 December 2018 had not been recovered.	Action should be taken in terms of the Act.	<p>(i) Rates Rs.46,913,825 – A special arrangement to recover rates and taxes is being commenced at present.</p> <p>(ii) Industries tax-Rs.57,103. This arrear arised in the Battaramulla District Office. Action will be taken to find and recover in future.</p> <p>(iii) House rent-Rs.117,546- House rent of Battaramulla TC houses.</p> <p>(iv) Trade fair tax-Rs.368,123. These arrears existed since the year 2012. An examination thereon is being carried out by the Department of Local Government on the directive of the Public Accounts Committee.</p> <p>(v) Trading complex</p>

rent- Rs.2,263,526.  
Required action is  
being taken to  
recover these  
amounts.

(vi) Entertainment Tax-  
Rs.11,710,039 legal  
action has been taken  
to recover these  
amounts and a  
portion out of this  
had been recovered.

(b) Financial Regulations of  
the Democratic Socialist  
Republic of Sri Lanka.

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|-------|--------------------------------|---|---|--|
| (i)   | Financial<br>Regulation 371(5) | The unsettled advances remained continuously amounted to Rs.193,544.  | Action should be taken in terms of Financial Regulations. | The amount of Rs.193,544 could not be identified so far, and action will be taken to identify in future and to rectify it. |
| (ii)  | Financial<br>Regulation 571    | Action had not been taken in respect of deposits over 03 years valued at Rs.171,272.                                    | Action should be taken in terms of Financial Regulations. | Action will be taken to rectify those arrears in future.   |
| (iii) | Financial<br>Regulation 1642   | Action had not been taken to report to the police in respect of 05 motor vehicle accidents caused during the year 2018. | Action should be taken in terms of Financial Regulations. | The drivers had been informed to record the police complaints for internal investigations.                                 |

(c) **Circulars and Letters**

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|-----|---|--|--|---|
| (i) | Public Finance<br>Circular<br>No.03/2015 dated<br>14 July 2015. | The advances had been granted exceeding the maximum limit of Rs.100,000. | Action should be taken in terms of the Circular. | Action was taken to obtain only an advance amount of Rs.100,000 after receiving the audit query and the payment of telephone allowances is being made out of that amount. |
|-----|---|--|--|---|

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|-------|---|---|--|--|
| (ii)  | Circular of the Western Provincial Commissioner of Local Government No.WP/LGD/01/2013 dated 18 June 2013. | A sum of Rs.315,000 had been paid for 4 officers for participation for the Planning Committee in the year under review, contrary to the Circular.   | Action should be taken in terms of the Circular. | Legal officers had been appointed to the planning committee on the order of the former Urban Commissioner by issuing an internal circular and the approval was given to the works superintendent to act as a planning committee member by the former mayor G.H.Buddhadasa. |
| (iii) | Circular No.Dec/1 of Urban Development Authority dated 20 March 1985.                                     | Twenty five per cent of charges recover for unauthorized constructions had been credited to the deposit account without being sent to the Urban Development Authority.                          | Action should be taken in terms of the Circular. | Twenty five per cent out of the money obtained for unauthorized constructions is being deposited in an account maintained on the name of the Urban Development Authority.  |
| (iv)  | Planning Circular No.15 of Urban Development Authority dated 18 November 1993.                            | Action had not been taken to deposit in a bank account the service charges recovered by the Local Government Institutions amounting to Rs.2,236,935 and to utilize for the identified projects. | Action should be taken in terms of the Circular. | Action is being taken to utilize this money to obtain estimates and feasibility reports repair the Baduwatta self-employment centre and to develop Thapowanaya end road.   |

## 2. **Financial Review**

### 2.1 **Financial Results**

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Council for the year ended 31 December 2018 amounted to Rs.948,904,276 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounting to Rs.799,722,412.

## 2.2 Financial Control

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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The current account of the People's Bank No.196-1-001-6-3869561 had remained in a dormant position for over a long period and action had not been taken to settle unrealized receipts amounting to Rs.528,488 and unidentified payments amounting to Rs.295,596 existed since the year 2008.	Prompt action should be taken to rectify the balance.	Required action will be taken in future according to the directive given by the Public Accounts Committee.

## 2.3 Revenue Administration

### 2.3.1 Estimated Revenue, Billed Revenue, Collected Revenue and the Arrears of Revenue

The information with regard to the estimated revenue, billed revenue, collected revenue and the arrears of revenue, furnished for the year under review and for the preceding year appears below.

Source of Revenue	<u>2018</u>				<u>2017</u>			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total arrears as at 31 December
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	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	146,788,000	155,465,905	146,201,350	58,680,968	140,753,000	147,813,564	137,989,729	60,432,578
(ii) Lease Rent	21,980,505	19,511,569	17,753,272	2,749,197	20,337,325	19,323,989	16,970,407	2,808,403
(iii) Licence Fees	15,720,000	16,891,953	16,841,953	-	15,300,000	13,749,903	14,049,515	-
(iv) Other Revenue	705,689,700	1,066,603,602	464,861,872	-	602,263,436	602,263,436	263,809,151	338,454,285
Total	890,178,205	1,258,473,029	645,658,447	61,430,165	778,653,761	783,150,892	432,818,802	401,695,266

**2.3.2 Rates and Taxes**

**Audit Observation**

The details of the arrears of rates and taxes as at the end of the year are given below.

<b>Office</b>	<b>Over 10 years</b>	<b>5 years to 10 years</b>	<b>3 years to 5 years</b>	<b>One year to 3 years</b>	<b>Total</b>
	Rs.	Rs.	Rs.	Rs.	Rs.
District Office Kaduwela	3,527,084	5,551,596	1,987,524	4,822,738	15,888,942
Battaramulla Office	1,193,436	1,316,087	1,180,631	5,602,163	9,292,317
Athurugiriya Office	-	4,786,845	2,126,687	9,147,691	16,061,223
<b>Total</b>	<b>4,720,520</b>	<b>11,654,528</b>	<b>5,294,842</b>	<b>19,572,592</b>	<b>41,242,482</b>

**Recommendation**

Action should be taken to recover arrears of revenue.

**Comments of the Accounting Officer**

Action will be taken to recover arrears of revenue and action will be taken for restraining of properties of persons whose taxes could not be recovered.

### 2.3.3 Lease Rent

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) Fourteen trade stalls had been sealed in respect of arrears of rent amounting to Rs.142,281 which exceeding 03 months, but action had not been taken to rent out again these trade stalls.	Prompt action should be taken to recover arrears of revenue.	Action is being taken to establish the District Office Athurugiriya in the first floor of this building in future.
(b) Even though, over 05 years had elapsed after sealed the trade stall No.20, Battaramulla of which arrears of rent amounting to Rs.33,362, action had not been taken to open the trade stall again.	Prompt action should be taken to recover arrears of revenue.	Action will be taken immediately to take action in respect of tendering process after obtaining the valuation report.
(c) The trade stall rent of public Market Kaduwela had been recovered even for the current year as per the assessment of the year 2001. The new agreements had not been entered up to now even after the year 1984. Even though, it was decided to execute the renovations as possible to maintain these trade stalls as per the Council decision passed dated 04 October 2018, it was not executed up to now.	Prompt action should be taken to recover arrears of revenue.	Action will be taken to repair after taking approval for the revised estimate in a finance committee.

### 2.3.4 Other Revenue

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) <b>Entertainment Tax</b> ----- Action had not been taken to recover arrears of entertainment tax over 05 years amounting to Rs.8,665,254.	Prompt action should be taken to recover arrears of revenue.	The law suits has been instituted to recover the arrears existed.

**(b) Weekly Fair Tax**

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 A sum of Rs.368,126, recoverable over 05 years from Kaduwela Weekly Fair had not been recovered.

Prompt action should be taken to recover arrears of revenue.

An investigation is being carried out by the Department of Local Government in this regard.

(c) The value of warrant charges and the fines receivable to the Council by 31 December 2018 amounted to Rs.23,825,852 and a sum of Rs.12,993,592 out of that had existed for over 05 years.

Prompt action should be taken to recover arrears of revenue.

Action will be taken to minimize this balance in recovering of arrears of rates and taxes.

**2.3.5 Court Fines and Stamp Fees****Audit Observation****Recommendation****Comments of the Accounting Officer**

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 The receivable court fines and stamp fees from the Provincial Council as at 31 December 2018 amounted to Rs.12,993,750 and Rs.1,192,891,690 respectively.

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 Prompt action should be taken to recover arrears of revenue.

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 Even though, the schedules of the stamp fees relating to the year 2017 received from the Delkanda Land Registry had been produced to the Provincial Department of Revenue, the stamp fee schedules of the offices of the Land Registry of Colombo and Homagama had not been prepared and produced to the Department of Revenue.

**2.3.6 Tax on the Lands not Developed****Audit Observation****Recommendation****Comments of the Accounting Officer**

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 Even though, it was published in the Gazette No.2051 dated 22 December 2017 to recover the tax from the lands not developed for the year 2018, the said tax had not been recovered from the authoritative area of the Kaduwela District Office.

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 Prompt action should be taken to recover arrears of revenue.

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 The instructions were given to the revenue inspectors to investigate, identify and report in respect of the lands not developed when carrying out field duties. Action will be taken to recover above money in the year 2019.

### 3. Operating Review

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#### 3.1 Performance

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The matters revealed in respect of execution of activities that should be executed under Section 4 of Municipal Council Ordinance such as regularize and control over the matters of public health, public utility services and public roads and the comfort, facilities and wellbeing of the people are given below.

##### (a) By-laws

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
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A revenue of Rs.13,187,842 had been recovered in respect of 05 revenue methods without being making and passed by-laws to earn revenue in terms of Section 272 of the Municipal Council Ordinance.	By-laws should be passed.	A by-law for the crematorium/ bury places allocation fee had been made and was submitted to the Provincial Commissioner of Local Government. Drafts of by-laws for other 04 revenue methods are being prepared.

##### (b) Abandoned Activities

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
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Twenty works out of 518 works planned in the sub-offices of Kaduwela, Battaramulla and Athurugiriya during the year under review had been abandoned and the reasons thereon had not been furnished to audit.	Action should be taken to execute the projects planned.	It was decided to cancel 31 works of the sub-offices of the Kaduwela, Battaramulla and Athurugiriya of which the agreed period had elapsed and not commenced the work and to write off the balances by the decision No.02/☺/1054 taken in the Council meeting held on 04 June 2019.

##### (c) Delays in execution of Activities

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
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Thirty works of which the estimated cost amounting to Rs.24,111,931 and to be commenced during the year under review had not been commenced.	The construction works should be completed as planned immediately.	It was decided to cancel 31 works of the sub-offices of Kaduwela Batataramulla and Athurugiriya of which the agreed period had elapsed and

not commenced the work and to write off the balances by the decision No.02/☉/1054 of the Council meeting held on 04 June 2019.

(d) **Solid Waste Management**  
**Audit Observation**

**Recommendation**

**Comments of the Accounting Officer**

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A sum of Rs.175,735,196 had been incurred by the council to collect the waste generated in the authoritative area of the Municipal Council by deploying the employees and the vehicles of the Council in the year under review and a sum of Rs.40,686,139 had been paid to 04 selected contractual institutions during the year under review to dispose the waste collected as above. In addition, to this a sum of Rs.53,320,390 had been paid to the Sri Lanka Land Reclamation and Development Corporation. Accordingly, the total amount incurred during the year under review to dispose the waste had been Rs.269,741,725. The following observations are made in this regard.

- (i) According to the Section 130 of the Municipal Council Ordinance, the all waste collected by the Council should be a property of the Council. Nevertheless, 6.3 per cent of the Council revenue had been incurred to dispose the waste.

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Action should be taken to earn revenue from the waste.

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The agreements had been signed by the “Seven star super services” institutions for waste disposing service for a sum of Rs.18,000 per tipper load from 04 July 2018.

The Seven Star super service institution had been removed from that service due to breach of the conditions of the agreement on 18 September 2018.

- (ii) In terms of Section 228 of the Municipal Council Ordinance, an agreement had not been entered into with the contractual company.
- (iii) The security deposit which should be obtained from the contractor had not been obtained in terms of Section 229(1) of the Municipal Council Ordinance.
- (iv) In terms of Section 131 of the Municipal Council Ordinance it was stated that the Council should make provisions to dispose waste without making any harassment to the environment, public and animals. Nevertheless, the Council had not investigated the matters such as the selected contractors had disposed the waste properly and to which area the waste was disposed.
- (v) Despite, that the adequate vehicles and the employee resources were owned by the Council to manage the waste in the authoritative area of the Council, the future plans or a study to execute this function most benefittedly to the Council had not been carried out, and the "Reorganization plan of the compost yard-2018" submitted by the Waste Management Authority (W.P) had not been implemented up to now.
- The G.F.C.Machinery (Pvt) company and stake holders who furnished the second quoted price had stated their consent and the agreement had been prepared to enter with them also as above.
- The security deposit had not been obtained up to now as those were selected parties as per the decision of the Council meeting until calling tenders again.
- The disposing of waste should be properly supervised.
- Replies not furnished.
- The plan for reorganize the compost yard should be implemented.
- The action plan of the Kaduwela Municipal Council – 2019 had been prepared simultaneously to the five year plan. A bio gas project had been made so as to cover 10 tons of bio degradable waste per day. The work of it had been completed. Implementation of this plan was delayed due to the compost sieving machine was inactive from time to time and the quantity of fertilizer input at a time was limited. The Reorganization plan of the compost yard could be implemented after purchasing of a new compost sieving machine.

(e) **Environmental Problems**  
**Audit Observation**

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 Even though, the Council had recovered a sum of Rs.45,000 as industries tax for the year 2018 at the rate of Rs.5,000 in respect of 09 sand collection places by acrossing the canal ways connected to Kelani River, the licences obtained from Geological Survey and Mines Bureau, Central Environmental Authority and other authorized institutions had not been furnished to audit. The Council had not considered in respect of the risk arising due to flowing water in the lands of the public around due to above matter.

**Recommendation**

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 The Council should consider in respect of the environmental problems.

**Comments of the Accounting Officer**

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 Action was taken under 274c (i) of the Municipal Council Ordinance.

(f) **Sustainable Development Goals**  
**Audit Observation**

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 It was observed that the Council had not aware the 2030 Agenda in respect of Sustainable Development objectives.

**Recommendation**

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 Action should be taken according to the 2030 Agenda.

**Comments of the Accounting Officer**

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 The report prepared to achieve the Sustainable Development Goals from the year 2019 to 2030 has been furnished at present.

**3.2 Management Inefficiencies**

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**Audit Observation**

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**Giving vouchers to purchase shoes for the children of low income families.**  
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The matters and the criteria based to select children to give shoes for the children of low income families had not been passed. Action had not been taken with a transparency in

**Recommendation**

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 The criteria in respect of selection of low income families should be furnished and action should be

**Comments of the Accounting Officer**

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 The Members of the Council had been informed to give vouchers for the children of low income families.

respect of the distribution of vouchers to purchase shoes for the school children by incurring a material expenditure such as a sum of Rs.2,380,000 as at 31 December 2018 and the manner of utilization of that amount.

taken with a transparency in this regard.

### 3.3 Human Resources Management

Audit Observation	Recommendation	Comments of the Accounting Officer
<p><b>(a) Vacancies and Excesses of staff</b></p> <p>Action had not been taken to fill 42 vacancies existed as at 31 December 2018</p>	<p>The vacancies of staff should be filled.</p>	<p>Seventeen vacancies in primary grade had been filled. Vacancies of two out of 09 staff officers had been filled.</p> <p>The requests had been made to fill the vacancies in other staff posts. Six vacancies out of secondary level posts were revenue Inspector posts and the recruitments for that service was temporary stopped due to a judiciary action existed. The Technical Officer (Mechanical) vacancy has been filled on 24 January 2019. The requests had been made to fill vacancy in the post of Translator.</p>
<p><b>(b) Staff Loans</b></p> <p>Loan balances of Rs.1,713,705, Rs.377,959, Rs.125,848, and Rs.410,060 should have been recovered from 33 employees transferred out, 46 employees retired, 08 employees interdicted, and 37 employees who vacated of posts respectively in the Council. The</p>	<p>Arrears of staff loans which elapsed the period should be recovered immediately.</p>	<p>The loan balance should be recovered from the officers retired within the period of 10 years or more than that amounted to Rs.364,191. A sum of Rs.125,848 should have been recovered from 08 officers interdicted and over 3 years had elapsed after the officers who vacated of posts and as such</p>

Council had not taken action to recover those arrears of loans.

the recovery of loan balances from them will be a problem.

### 3.4 Operating Inefficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) <b>Providing land blocks to the unauthorized dwellers in the T.C.Watta Battaramulla</b></p> <p>The Colombo Chief Magistrate Courts had given an order on 24 February 1997 to remove 13 unauthorized dwellers from above lands which belonging to the Government. Despite, that the clear possession of above land blocks had been given by the Fiscal Officers on 11 July 1997 to the then Kaduwela Pradeshiya Sabha, 13 land blocks at the rate of 04 perches had been given on a lease rent at the rate of Rs.500 per month to above 13 unauthorized dwellers by 13 lease deeds for a period of 33 years. At present they had constructed houses and dwelled there. The arrears of monthly lease rent as at 31 December 2018 amounted to Rs.101,393.</p>	<p>The Council should take action according to the Judiciary orders.</p>	<p>The matters will be verified from the files and replies will be furnished in future.</p>
<p>(b) In terms of the Circular No.LGD/08/2016 of the Western Provincial Commissioner of Local Government dated 11 July 2016, an agreement had been entered into with 02 Surveyors for the work of to survey the properties belonging to the Council accurately and to demarcate the boundaries and establish the</p>	<p>Prompt action should be taken in terms of the Circular.</p>	<p>It was decided to call quotations again and to obtain the service of certain surveyors to execute this work immediately.</p>

boundaries, but that work was not executed up to now.

### 3.5 Transactions of Contentious Nature

Audit Observation	Recommendation	Comments of the Accounting Officer
<p style="text-align: center;"><b>Community Hall Jayawadanagama converted to a function hall</b></p> <p>The community hall of the Jayawadanagama had been leased out for 05 years at the rate of Rs.70,000 per month on 07 November 2018. Contrary to the section 13 of the lease agreement and without a concurrence of the Council the nature and the model of the building had been changed and converted to a function hall. It was not complied with the functions stated in the Section 4 of Municipal Council Ordinance, that providing the community hall to a business activity and as such that place was deprived by the residents of the housing complex to execute their common requirements.</p>	<p>The responsibility of the Council is to give the priority to the welfare of the residents of the housing scheme.</p>	<p>The request of the lessee to convert the Community hall Jayawadanagama to a function hall and to maintain the business and the approval given thereon are annexed herewith. According to the agreement entered in respect of the leasing out of Community hall of Jayawadanagama, it was mentioned that it should supply the service with 10 per cent discount for the residents of the housing complex.</p>

### 3.6 Assets Management

#### 3.6.1 Not ensured the security of Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) In the land auction carried out in the Horagahawatta (Fantasy Land) park of No.130/13 in the Kahanthota Road, Malabe in the</p>	<p>Action should be taken to ensure the security of the lands belonging to the</p>	<p>A letter dated 04 April 2019 had been sent informing unauthorized person to vacate within 14 days. But those</p>

year 1994, the boundary limits of the land block of 45.47 perches which vested to the Council for common amenities had not been demarcated and the title deed was also misplaced. Further, an unauthorized person had acquired that land block and constructed a house and dwelled there.

council.

dwellers had not vacated the place. As such the respective file had been referred to the legal section on 28 May 2019 for legal advice to remove those dwellers.

(b) Eleven permanent houses had been constructed and dwelled unauthorizedly in 2 land blocks out of 3 land blocks of common amenities of the “STM Stalmaje houses” bearing the plan No.92/82, Athurugiriya and a parapet wall had been constructed around the other land portion.

Action should be taken to ensure the security of the lands belonging to the council.

Investigation will be carried out and reply will be furnished in future.

(c) The land for common amenities in the auctioned land of Baduwatta, Dedigamuwa had been unauthorizedly acquired and constructed about more than 15 houses and dwelled there.

Action should be taken to ensure the security of the lands belonging to the Council.

Investigation will be carried out and reply will be furnished in future.

(d) The common amenities lands of the housing scheme of “Twin Terrace” of Jayanthi Mawatha, Kahantota Pittugala, Malabe had been acquired by the unauthorized persons.

Action should be taken to ensure the security of the lands belonging to the Council.

After receiving the plan a fence around the land of common amenities will be erected.

**3.6.2 Assets not vested**

----- <b>Audit Observation</b> -----	----- <b>Recommendation</b> -----	----- <b>Comments of the Accounting Officer</b> -----
Action had not been taken for vesting of the land on which situated the Kaduwela weekly fair to the Council. Even though, this weekly fair had been vested to the public on 09 September 2017, a permanent electricity	The course of vesting of the weekly fair should be carried out immediately. All trade stalls should be vested for trading.	A committee had been appointed to take immediate action. The requests for 14 trading places out of 20 had been received up to now. Action will be taken to contract thereon under stage 3 and action is being taken to give other 06 trading

connection had not been obtained even up to 24 May 2019 and 20 trade stalls had not been handed over for trading.

places to the trading community of the area.

### 3.6.3 Idle/ Underutilized Assets

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) The electric elevator valued at Rs.3,900,000 fixed in the Kaduwela bus stand in the year 2013 had remained in non-operative position for over number of years while action had not been taken to repair and to utilize.	Maximum benefit should be obtained from the resources.	The requests will be made to investigate from an other agent or agents and action will be taken to make an operational condition again.
(b) Six units of machineries purchased by incurring an expenditure of Rs.66,612,046 on 20 October 2017 for laying carpet in the roads of the authoritative area of the Council had been kept in the Athurugiriya sub-office premises without being utilized for any purpose.	Maximum benefit should be obtained from the resources.	Two pre-mix laying machines out of 06 machines purchased had been utilized for the Council activities. Even though, the quotations were called to sell 04 other machines the value of the highest bid received was less than the amount incurred to purchase this machines and as such the above quotations were rejected. It was referred to the Mechanical Engineering section of the Colombo Municipal Council to obtain a quality test report to sell or utilize on calling quotation again.
(c) The 189 name boards valued at Rs.588,050 purchased to fix in the roads of the authoritative area of the council had been dumped insecurely in the council premises.	Name boards should be established.	Action will be taken to issue these name boards in future.
(d) The body building equipment of which the value could not be	Action should be taken to activate the	Even though, the body building equipment had been provided,

traced, purchased by the Council had been kept in the body building centre maintained by the Thaldiyawela Youth Centre without being maintained and utilized.

body building centre again.

certain spare parts of some equipment had not been given. The required further actions to activate this body building centre again will be carried out.

### 3.7 Identified Losses

----- <b>Audit Observation</b> -----	----- <b>Recommendation</b> -----	----- <b>Comments of the Accounting Officer</b> -----
Three hundred and forty seven flag posts valued at Rs.343,016 remained in the stores unit of the Kaduwela sub-office were misplaced.	An investigation should be conducted and the loss should be recovered from responsible parties.	The shortage of 141 flag posts had remained since the year 2016 and that employee was informed to investigate in this regard.

### 4. Accountability and Good Governance

#### ----- Internal Audit -----

----- <b>Audit Observation</b> -----	----- <b>Recommendation</b> -----	----- <b>Comments of the Accounting Officer</b> -----
An adequate internal audit had not been carried out for the year 2018.	An efficient internal audit should be carried out in terms of Section 38(1)(f) of the National Audit Act No.19 of 2018.	As it was informed to call explanations to be given to the Public Accounts Committee action had to be taken to prepare replies thereon. One officer out of 02 Development Officers employed in Internal Audit Section had left the service after the confinement and one officer left from the service due to receiving a teachers appointment.