

**Kathankudi Urban Council**

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**Batticaloa District**  
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**1. Financial Statements**  
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**1.1 Presentation of Financial Statements**  
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The financial Statements for the year 2018 had been presented for 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 08 May 2019 and 31 May 2019 respectively.

**1.2 Qualified Opinion**  
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In my opinion, except for the effect of the matters described in paragraph 1.3, financial statements give a true and fair view of the financial position of the Kathankudi 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**  
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**1.3.1 Accounting Policies**  
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Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
The Financial Statements did not disclose the accounting policies adopted by the Council for the presentation of financial statements. Eg. Rent income and Stocks.	The net realizable value should be presented in the calculation of stocks.	Accepted.

**1.3.2 Accounting Deficiencies**  
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Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) Although the Rate and tax was assessed in the year 2015 in the 12 divisions of the Urban Council area, the valuation of the property has not been properly implemented	Assessment should be conducted in specified period and sent to the Department of	Accepted.

due to the lack of an introduction to the Valuation. valuation department in relation to the valuation of property.

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| (b) | The transfer of property ownership, dowry and stamp duty on gifts from the Provincial Treasury Department were not properly calculated and disclosed in the financial statements by the Urban council even at the end of the year under review.   | Stamp duty should be calculated correctly and submitted to the financial statements.   | Accepted. |
| (c) | Motor Vehicles belonging to the Urban Council and the motor vehicles provided by other Ministries and Departments were being used by the Council. The value of the motor vehicles and vehicles amounting to Rs.27,145,214 belonging to the council has been stated in the accounts for over five years without valuing or revaluing them. | The value of motor vehicles donated by other ministries and departments to the Council has not been revalue each year and presented in the accounts. | Accepted. |

### 1.3.3 Contingent Liabilities

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting Officer -----
From 2014 to the year under review, the Council had filed five cases against external parties. No financial provisions were made in the financial statements in this regard as contingent liabilities.	contingent liabilities of cases filed by the Council should be disclosed in the accounts.	Accepted.

### 1.3.4 Accounts Receivables and Payables

#### (a) Receivable Accounts

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting Officer -----
(i) Electricity Board advances amounting to Rs. 2,399,352 have been made available for over 10 consecutive years in the financial statements. Even though without	Action should be taken to settle the advances made since 1986..	Accepted.

the documents, books and corroborative evidence it has been presented in the accounts, No action had been taken to recover the arrears or remove them from the books.

- (ii) Arrears loan of Rs. 39,276 which should be recovered from 04 employees, who were retired, resigned their posts and deceased shown in financial statements, without taking action to recover from the gratuity or guarantors. Taking action to recover outstanding debts from the retired officer. Accepted.

**(b) Payable Accounts**

----- <b>Audit Observation</b> -----	----- <b>Recommendation</b> -----	----- <b>Comments of the Accounting Officer</b> -----
Creditors amounting to Rs.6,642,879 represent in the current liabilities in the financial statements have not been identified or removed from the books for several years.	Action should be taken to settle Rs. 6,642,879 due from 1986.	Accepted.

**1.3.5 Lack of Documentary Evidences**

The evidence presented in each of the following subjects in the financial statements was not audited.

----- <b>Item</b> -----	----- <b>Value</b> -----	----- <b>Lack of Evidence</b> -----	----- <b>Recommendation</b> -----	----- <b>Comments of the Accounting Officer</b> -----
Electrical equipment inventory stock	Rs. 2,639,987	Inventory register	Electrical equipment should be recorded in the inventory.	Accepted.

## 1.4 Non-Compliance

### 1.4.1 Non-Compliance with the 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>
(a) Urban Council Ordinance (Section 255)	Action had not been taken to identify constructed buildings illegally and without approval and no action taken against them.	Action should be taken on illegal buildings.	Accepted.
(b) <b>Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b>			
(i) Financial Regulation 371	The total amount of 32 advances granted to various persons from 2011 to 2018 amounting to Rs.3,309,693 had not been recovered.	Arrangements should be made to properly settle the existing unsettled advances. .	Accepted.
	33 various advances amounting to Rs.3,855,339 which had been made available by the Council had been remained without settled even at the end of the year under review. Out of this, Rs. 245,645 had been shown as unidentified.	Action should be taken regarding advance payments.	Accepted.
(ii) Financial Regulation 571	No action has been taken in respect of 17 various lapsed deposits amounting to Rs. 2,408,199.57 from the year 2014 to the end of the year under review.	Action should be taken regarding lapsed deposits existing from the year 2014.	Accepted.

**(c) Public Administration  
Circulars**

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Circular No.09/2009 dated 16 April 2009.  
Section IV

Employees should be paid over time and public holiday pay based on their fingerprints on arrival and departure. Despite this, a sum of Rs. 32,648 had been paid in the year under review.

**1.4.2 Non-compliance with Tax Requirements**

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- According to the Section 20 of the Value Added Tax (VAT) Act, No. 14 of 2002 issued by the Department of Inland Revenue and the Procurement Guidelines 5.4.11, When a supplier or contractor makes a VAT claim, and when he or she presents a VAT invoice, He can be paid VAT. Although VAT has been paid to various suppliers of goods purchased in the year under review, VAT Invoices did not receive from those suppliers. Also, the Department of Inland Revenue and the Auditor General were not informed of the VAT paid.	----- VAT invoices when presented by the supplier, he can be paid VAT.	----- Accepted.

**2. Financial Review**

**2.1 Financial Result**

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According to the financial statements presented, the revenue over recurrent expenditure for the year ended 31 December 2018 amounted to Rs. 12,689,496 when compared with the revenue over recurrent expenditure of the preceding year amounted to Rs. 11,504,832, thus an improvement of Rs. 1,184,664 in the financial results had been indicated.

## 2.2 Revenue Administration

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

Details of estimated revenue, billed revenue, collected revenue and arrears of revenue relating to the year under review and previous year as per the information submitted are shown below.

Revenue Item	2017				2016			
	Estimated Revenue	Billed Revenue	Collected Revenue	Arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	18,409,850	18,359,223	14,662,263	3,696,960	18,522,000	17,404,255	13,072,336	4,331,919
(ii) Lease Rent	7,501,500	5,562,342	5,662,342	-	5,882,500	5,511,740	5,511,740	-
(iii) License Fee	3,060,000	3,110,940	3,090,140	20,800	2,560,000	2,989,600	2,970,100	19,500
(iv) Other Revenue	26,389,500	25,487,741	25,487,741	-	24,414,200	14,387,750	14,387,750	-

### 2.2.2 Revenue Collection Performance

	Audit Observation	Recommendation	Comments of the Accounting Officer
(a)	Action had not been taken to recover arrears Rates and Tax (revenue code 10311 A) of Rs. 4,452,695 during the year under review out of the arrears Rates and Tax of Rs. 8,461,187 as at 31 December 2017.	Action should be taken to recover arrears of Rates and Taxes.	Accepted.
(b)	Action had not been taken to recover Rates and Taxes of Rs.3,696,960 during the year under review out of the billed revenue of Rates and Taxes (revenue code 10311) during the year under review amounting to Rs. 16,929,108.	Action should be taken to recover arrears of Rates and Taxes.	Accepted.
(c)	Although the Trade tax for the end of the prior year was Rs. 19,500, Action had not been taken to recover by the end of the year under review.	Action should be taken to recover arrears of Trade Taxes.	Accepted.

### 2.2.3 Utilizing JCB Machine

	----- <b>Audit Observation</b> -----	----- <b>Recommendation</b> -----	----- <b>Comments of the Accounting Officer</b> -----
(a)	The council decided to purchase the JCB machine by borrowing from the Local Development Fund on 10 October 2013, without adequate funds to purchase the machine. Accordingly, the machine had been purchased by the Loan Fund for the value of Rs.11,900,000 with the intention of increasing the income of the council. However, the council had incurred losses by using this machine.	Should be utilized the JCB machine without making any loss to the Council.	Accepted.
(b)	Two JCB machines which were generating revenue for the Urban council, had been provided service of 832.7 machine hours free of charge for the functions of the council as well as schools, religious places, public institutions and government departments. As the running charts of the JCB machine were not signed by the relevant authorities for one hour, the purpose for which these were used has not been verified. As a result, the council had lost Rs.2,498,100.	When using the JCB machine for public institutions, the running charts should be verified by the relevant officers.	Accepted.
(c)	These machines had been utilized a 969.2 machine hours by the Urban Council during the year under review. Accordingly, a sum of Rs. 1,880,690 had been spent on fuel, repairs, driver's salary and loan repayment of machinery. The machine had utilized 136.5 hours other than the work of the council and had earned only a sum of Rs.409,500. If this process were examined, the Council would have lost approximately Rs. 1,471,190 annually.	The use of the JCB machine should cover the maintenance costs.	Accepted.
(d)	This machine had been used of 136.5 hours for personal work during the year under review without the approval of the council. Nevertheless, no action has been taken to recover the revenue for that.	Action should be taken by the Council on the use of the JCB machine for personal purposes.	Accepted.

## 2.3.4 Courts Fines and Stamp Duty

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Receivable stamp duty amounting to Rs.6,052,504 from the Chief Secretary and all officers of the Provincial Council existed as at 31 December 2018 and action had not been taken to calculate the value of the arrears court fines and accounted for.	Action should be taken to calculate the amount of court fines owed to the Council and recover from the Treasury.	Accepted.

### (a) Stamp Duty

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
The following observations are made regarding the collected stamp fees from the Provincial Land Registry Departments of Batticaloa and Kalmunai and the payment of stamp duty paid to the Provincial Treasury Income Tax Department of the Eastern Province on the transfer of lands in the accounts of the Municipal Council for the years 2017 and 2018.	Taking action to collect the stamp duty receivable to the council from the treasury.	Accepted.
(i) In terms of Section 03 of the Stamp Duty Amendment Act No. 06 of 2010, Stamp duty should be charged annually. Nevertheless, the Urban council had not calculated the stamp duty for the period from January to 31 December 2018 and collect it from the Registrar General in due course.	Taking action to collect the stamp duty receivable to the council from the treasury.	Accepted.
(ii) In terms of Section 37 of the Finance and Law Ac No. 01 of 2008 relating to Imposing and Collecting Taxes and Fees from the Inland Revenue Department of the Eastern Province, action had not been taken to calculate and recover	Taking action to collect the stamp duty receivable to the council from the treasury.	Accepted.



the stamp duty paid by the property owners to the Eastern Provincial Inland Revenue Department in respect of additional stamp duty charged by direct and mobile services, when transferring real estate in the Urban Council area for the period 2016, 2017 and up to December 2018.

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| (iii) | Stamp duty is an income to the Urban Council. However, the additional stamp duty charged by the Inland Revenue Department of the Eastern Province for the period 2018 had not been received by the Urban Council even by the audit date of 28 March 2019. As a result, additional stamp duty and land sale fees were being lost annually without receiving.                                 | Taking action to collect the stamp duty receivable to the council from the treasury. | Accepted. |
| (iv)  | Stamp Duty Revenue as a percentage of the 1% charged for administrative expenses by the Eastern Provincial Treasury on immovable property transferred by dowry and donation for the period between 2017 and June 2018, calculated by the Urban Council and the amount paid to the Provincial Assistant Land Registrar General has not been shown in the accounts for the year under review. | Taking action to collect the stamp duty receivable to the council from the treasury. | Accepted. |

### 3. Operating Review

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#### 3.1 Performance

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In accordance with Section 4 of the Urban Council Ordinance, the following observations are made regarding the functions to be performed by the Council such as public health, public utility services and public roads, and public health facilities and welfare.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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<p>(a) According to the Chapter 255 of the Urban Council Ordinance, by-laws on the matters of revenue and regularization of the Urban Council shall be prepared and implemented. Nevertheless, the Urban Council had sent its requests for by-laws in 2014 without the concurrence of the Minister of Eastern Provincial Council. However, as at 31 December 2018, no approval had been given to implement it.</p>	<p>Sub-rules should be prepared and implemented in terms of section 255 of the Urban Council Ordinance.</p>	<p>Action is being taken to implementation.</p>
<p>(b) <b>Functions Contrary to Objectives</b></p> <p>-----</p>	<p>The Maduwa waste water disposal project should produce biogas and make it available for public use.</p>	<p>The full benefit of the mentioned program will be received in two years.</p>
<p>To produce bio gas by implementing the Maduwa Waste Water Disposal Project under the Kattankudy Urban Council, it was estimated for a sum of Rs.10,446,427 in the year 2012 and agreement had been signed with the Shamil Construction Company for Rs.8,580,000 to carry out the above construction. Total payments up to 2015 amounted to Rs. 8,151,000.</p> <p>By implementing this project properly and as mentioned in the project proposal without distributing to the public, the biogas emits dispose to an open area had been mentioned in the Clause (a) of the Extraordinary Gazette Notification No. 1533/16 dated 25 January 2018 for the Slaughterhouse activities. Further, the Central Environmental Authority has written that it is a punishable offense to maintain the slaughterhouse without the approval of the Environmental Protection Act in accordance with the Act No. 56 of 1988 and the National Environment Act No. 47 of 1980 as amended by Act No. 53 of 2000. It is observed that the people</p>		

living there can also face problems as the above project has not been implemented properly, and maintaining the slaughterhouse at Kattankudi Urban Council area is harmful to the environment.

**(c) Solid Waste Management**

A sum of Rs.5,847,951 was spent during the year under review on long term and short term programs implemented by the Council on Solid Waste Management. However, the income of the council was Rs. 2,119,608. The following observations are made regarding this solid waste management.

	<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(i)	As the Council has not devised and implemented programs for solid waste management, the council has not yet taken action to increase drivers, garbage collection vehicles, health workers, etc. and to establish village environmental protection committees and thereby improve solid waste management.	Programs should be developed for solid waste management.	Accepted.
(ii)	Due to the negligence and apathy of the public, the collection of garbage separately from houses, institutions, shops and public places in the council area was not fully implemented. As a result, through solid waste management, the council only implements programs such as organic fertilizer production and recycling sales. However, there were no other strategies designed to generate revenue.	Income generation strategies should be planned.	Accepted.
(iii)	A sum of Rs. 1,785,000 had been paid to hired tipper vehicles for transportation of 336 Loads of Solid Waste collected by the Kattankudy Urban Council and transported from the Solid Waste Collection Centre to Koduvamadu. Even though, 03 bidders were to rent tippers at a price of Rs. 4,500 for 1 Load in the market, without paying attention	Hire of vehicles for Solid Waste transportation to Solid Waste Collection Centre should be carried out following the tender procedure.	Accepted.

to this, the council incurred an additional expenditure of Rs. 283,000, due to payment of Rs. 1,556,500 for 283 loads each Rs. 5,500.

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| (iv) | Kattankudy Urban Council inspected the production and sale units of organic fertilizer for the period from 2015 to 07 March 2019 and observed a shortage of 3,275 kg of organic fertilizer. | Should have a proper documentation on organic fertilizer production. | Accepted. |
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**(d) Sustainable Development Goals**  
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| The decision of the Sustainable Development Conference of 2015, led by the Heads of States of the United Nations member states, the Council had not establish the indicators for the Sustainable Development Programs Agenda to be achieved by 2030. | Implementation of Functions in accordance with the decision of the Sustainable Development Conference 2015. | Lack of adequate understanding of the Sustainable Development Agenda mentioned above. |
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| (e) With the objective of improving road and drainage system in the municipal area under the LGIP loan program a sum of Rs.7,317,456 obtained at an annual interest of 9 per cent on a 10-year repayment basis, even though interest had to be paid from the year under review to 2021, but these roads were not formally completed and maintained. | The roads that were to be constructed under the LGIP loan program had to be formally implemented. | Some roads have been renovated. Steps are being taken to reconstruct other roads. |
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| (f) In the audit of contract work for 2018, the Ministry of Town Planning and Water Supply had entered into contracts with SMA Careem Construction (Pvt) Ltd to complete the concrete Drain with cover slab at mosque road at a cost of Rs. 12,251,670 in the year 2017, About 450 meters of these were completed and another 300 meters were left unfinished. A sum of Rs.9,406,271 was paid on 29 December for the work performed, Other work to be completed by 2017 has not yet been completed. As a result, the public is facing great difficulties. There were also 2 time extensions in 2018, but no work has been started as of 12 March 2019. It was also | Roads constructed through the provisions of the Ministry of City Planning and Water Supply in 2017 was not completed within the stipulated time period. | Accepted. |
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observed that the Ceylon Electricity Board (CEB) did not remove the obstructing power poles was one of the reasons for the delay in the construction work.

### 3.2 Human Resource Management

Audit Observation	Recommendation	Comments of the Accounting Officer
<p style="text-align: center;"><b>Recruitment of Employees on Contract Basis</b></p>		
<p>Although the approved cadre already had an excess of 39 officers, based on the request of the Council with the approval of the Commissioner of the Eastern Provincial Council, the Council had appointed 39 employees on contract basis during the year under review without obtaining the prior approval of the Department of Management Services and the provisions relating to the provisions, as per Public Administration Circular No: 25/2014.</p>	<p>According to the Public Administration Circular No. 25/2014 employees should be recruited after obtaining prior approval from the Department of Management Services</p>	<p>Accepted.</p>

### 3.3 Management Inefficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) In the case of leasing of property to the council, the lease agreement stipulated that the guarantee should be obtained, but no such guarantee or guarantee money was received. As a result of this, the Council may lose income if lessees fail to pay the tax.</p>	<p>When leasing properties owned by the Council, it should be obtained Tax Agreements, and Register of Guarantees.</p>	<p>Accepted.</p>
<p><b>(b) Recovering Losses and Damages</b></p>		
<p>The council had not taken any action regarding the loss of Rs 49,425 from the amount collected during the year under review by the Accountant of the Council.</p>		

### 3.4 Reports of the Parliamentary Accounting Committee

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No action has been taken so far regarding the findings of the Committee Report of the Parliamentary Accounting Committee of the Kattankudy Urban Council 2017. Details are as follows.

- (a) The ferry used for transporting passengers between Kinniya and Trincomalee had been brought to Kattankudy at a cost of Rs. 323,550 for Kattankudy Kokkadichchola Transport. The boat was repaired by the Kattankudy Divisional Secretariat for a sum of Rs. 489,500. However, it has not been used until now.
- (b) The monthly contribution to the Local Government Pension Scheme from 1995 to 2013 amounting to Rs. 2,375,058 had not been settled so far.

(c) **Transactions without Sufficient Authorities**

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A four-wheel tractor valued at Rs. 600,000, donated to the Kattankudi Urban Council in 1992, was not used as of December 31, 2014. A sum of Rs. 315,203 was spent by the council in 2012 to repair this machine. However, it was sold at auction by the Secretary of the Council for a sum of Rs.16,150 notwithstanding the conditions laid down by the Public Finance Circular No. 02/2015 dated 10 May 2015.

(d) **Recruitment of Employees on the Contract Basis**

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Although the approved cadre already had an excess of 25 officers, based on the request of the Council with the approval of the Commissioner of the Eastern Provincial Council, the Council had appointed 77 employees on contract basis in the years 2015, 2016 and 2017 without obtaining the prior approval of the Department of Management Services and the provisions relating to the provisions, as per Public Administration Circular No: 25/2014.

Further, nine staff members were approved for the two libraries and four reading rooms maintained by the council, while 23 employees, including 11 casual employees, were recruited.

(e) **Non-remittance of Contributions to Public Service Provident Fund**

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In terms of the Circular No. 2/2011 dated 24 February 2011 of the Director General of Pensions, Contributions of casual and temporary employees should be remitted to the Public Service Provident Fund. However, contributions for 77 employees who were appointed in the years 2015, 2016 and 2017 had not deducted from their salaries and remitted to the Public Service Provident Fund.

**(f) Renting the Library Building**  
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Although the Department of Valuation had estimated the monthly rent of the library building at Rs. 125,000, In 2014, the building was rented by the council to a private educational institution for a period of four years at a monthly rent of Rs.5,000. As a result, the council had lost a rent of Rs. 4,755,000.

**3.5 Procurement of Vehicle**  
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Although the council had purchased a lorry amounting to Rs. 4,550,000 and a tractor amounting to Rs. 1,240,000, it was not followed the financial regulations 41(2), Section 5.1 of the Budget Circular of the Ministry of Finance No. 1/2016 of 17 March 2016, Procurement schedule in accordance with Guidelines 2.11.2 of the Government Procurement Guidelines, Guidelines No.7.1 and 5.3.13 (a) of the Provincial Circular No. 07/04/2017 dated 21 September Eastern Province in the purchasing of those.

**3.6 Annual Board of Survey**  
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The Board of Survey for the year under review was conducted in the first quarter of 2019 by a panel of three officials appointed by the council. A sum of Rs.6,000 had been paid for this. The following observations are made regarding this survey.

- (a) The officers who were appointed to carry out the annual board of survey were not marked, verified and signed on the inventory register as a disclosure that they were computed with the inventory to verify the actual existence of the goods.
- (b) The annual board of survey for the year under review should be conducted based on 31 December 2018. Further, the final inventory should be calculated by adjusting for inflows and releases after this date, but the survey was carried out without paying attention to these calculations.
- (c) The items marked with an "S" in the general format by the Annual Board of Survey, on the date of audit of 30 April 2019, it was found in the inspection that the number of marked items was statistically different.
- (d) Items in the form of "Treasury and Audit - 66" shown by the Annual Board of Survey should be disclosed. Nevertheless, the Board has not conducted separate survey for the purpose of disclosing the above specimen items and the disclosure items in the general form 47. For example, 02 digital cameras that had been corrupted for a long period of time and could not be repaired had been disclosed as using.
- (e) Out of the total 06 computers as 04 computers provided under Head Office - Nelsip program and 02 available at computer division shown in the Annual Board of Survey Report of 2017, only three laptops were presented during the audit physical examination.

The remaining 03 computers (including the accountant's laptop computer) were not presented to audit.

- (f) The Annual Board of Survey for 2017 stated that there are four water tanks of 1000 liters. However, these were not disclosed during the audit.
- (g) Motorcycles (TVS BBU - 2636, Bajaj UE - 5492) appear in the Annual Board of Survey Report of 2017, the accountant had used the UE-5492 motorcycle and TVS BBU-3626 motorcycle had used to collect rental income from the field parking lot without any approval.
- (h) Some items belonging to the Urban Council were seen at the private party. They are;
  - 1. Suzuki 40 Hrs Power Engine – 01
  - 2. Yamaha 40 Hrs Power Engine – 01
  - 3. Yamaha 15 Hrs Power Engine – 01
  - 4. Sucker Water Pump (submersible pumb) - 01
- (i) Ferry and Boat, belonging to the Urban Council were rusted, were found unused on the lake bank.
- (j) In the parking lot, there were 05 trailers of the tractors was found to be highly damaged. Action had not been taken to repaired, or sold at auction.

### **3.7 Transactions without frugal**

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Following observations are made.

#### **(a) Purchasing and Issuing of Street Lights**

- (i) Distribution had not been done according to the requests of Public and Hon. Members.
- (ii) In accordance with Rule 75 (1) of the Financial Regulations, the inventory items received by the Government Departments should be received and entered in the relevant documents and distributed in due course. Nevertheless, this method has not been followed.
- (iii) A sum of Rs. 885,000 was spent to purchase 236 LED 50W Flood Light (Colr), each costing Rs. 3,750. However, even though a 50W Flood Light (Colr) could be purchased for Rs. 2,350 on the market, a sum of Rs.330,400 had been over paid as for each light Rs.1,400.
- (iv) The warranty for the relevant street lights had not been obtained.



- (v) During the physical audit, 37 street lights of the 50W Flood Light (colr) purchased were not presented to audited.

### **3.8 Procurement**

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#### **Procurement Plan**

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The procurement plan for resources and services process for the year under review should be prepared by the Urban Council. However, the council had not prepared a procurement plan for resources and the procurement plan prepared by the council for the provision of the services, had not been followed the preliminary documents of preparation, the proposals, the services mentioned in the proposals of the four year development plans of the Local Authorities.

### **4. Accountability and Good Governance**

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#### **4.1 Internal Audit**

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Internal Audit Activities had not been implemented in the year under review.