

**1. Financial Statements**

**1.1 Qualified Opinion**

The audit of the financial statements of the Akkaraipattu Municipal Council for the year ended 31 December 2024 comprising with the Balance Sheet as at 31 December 2024 and Income and Expenditure Account, for the year then ended and notes to the financial statements including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with section 219 of the Municipal Councils Ordinance (Chapter 252) and sub-section 10 (1) of National Audit Act No. 19 of 2018, My comments and observations which I consider should be report to parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Akkaraipattu Municipal Council as at 31 December 2024, and of its financial performance for the year then ended in accordance with Generally accepted Accounting Practices

**1.2 Basis for Qualified opinion**

Based on the matters described in Paragraph 1.6 of this report, I express a qualified opinion on the financial statements

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

**1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Practices, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Municipal Council's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Municipal Council is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements.

#### **1.4 Audit Scope (Responsibility of the Auditor for the audit of Financial Statements)**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercised professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Municipal Council, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Municipal Council has complied with applicable written law, or other general or special directions issued by the governing body of the Municipal Council ;
- Whether it has performed according to its powers, functions and duties; and
- Whether the resources of the Municipal Council had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

## 1.5 Report on Other Legal Requirements

National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

- (a) The financial statements of the Municipal Council presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018
- (b) The financial statements presented includes all the recommendations made by me in the previous year except the audit matters of 1.6.1 (c) described in paragraph 1.6 of this report as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018

## 1.6 Audit Observations on the preparation of Financial Statements

### 1.6.1 Accounting Deficiencies

| <b>Audit Observation</b>                                                                                                                                                                                                             | <b>Comments of the Council</b>                                                                                                                  | <b>Recommendation</b>                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| (a) Stamp duty income for the year under review was not calculated and disclosed in the financial statements.                                                                                                                        | Due to non-updates at the Land and Additional District Registrar's Office, the stamp duty value for the financial year could not be calculated. | Action should be taken to fully calculate the stamp duty for the year under review and disclose it in the financial statements. |
| (b) The value of 24 lands and buildings and 60 vehicles belonging to the Municipal Council were revalued and their actual value was not stated in the financial statements.                                                          | Actions have been taken to revalue the current year, and the revalued values will be disclosed in this year's financial statements.             | Action should be taken to revalue the relevant assets and present the actual value in the financial statements.                 |
| (c) The total value of 303 equipment and books donated to the council by the Local Government Department in 2021, totaling Rs. 639,032, had not been disclosed in the financial statements even at the end of the year under review. | The above errors will be corrected when preparing the financial statements for the current year.                                                | Action should be taken to indicate the value of goods received as donations in the financial statements.                        |
| (d) The value of 765 books written off in the year under review had not been calculated and removed from the cost in the books of accounts.                                                                                          | -Do-                                                                                                                                            | Action should be taken to deduct the value of the written-off books from the financial statements.                              |

## 1.7 Non- Compliances

### 1.7.1 Non-compliance with Laws, Rules and Regulations.

| Reference to Laws, Rules Regulations            | Non Compliance                                                                                                                                                         | Comments of the Council                                                                                                                                                                                                                                                                                      | Recommendation                                                                                                                                                                               |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Municipal Councils Ordinance, (Section 252) |                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                              |
| (i) Section 155                                 | When charging stall rent for stalls belonging to the Municipal Council, action had not been taken to revalue and charge an appropriate amount.                         | A request has been made to the Valuation Department to revalue the rent of the stalls located within the modern public market, shopping complex and bus stand, and action will be taken to revise the rent once the work is completed.                                                                       | In accordance with the Ordinance, action should be taken to periodically revalue the amount charged for stalls                                                                               |
| (i) Section 247(d)                              | The Municipal Council had not taken action to identify undeveloped lands within the Municipal Council's area of authority and levy appropriate property taxes on them. | In the case of undeveloped lands, the Valuation Department calculates the annual value and levies a property tax of 10 percent accordingly. A request has been made to the Valuation Department to revalue the annual value, and action will be taken to revise the property tax once the work is completed. | In accordance with the Ordinance, action should be taken to identify all undeveloped lands, obtain their annual value from the Valuation Department, and collect property taxes accordingly. |
| (iii) Section 252                               | The Municipal Council had not taken the necessary action to collect the                                                                                                | Red notices have been sent to taxpayers who have not paid property taxes, and steps will be                                                                                                                                                                                                                  | In accordance with the Ordinance, the necessary procedures should                                                                                                                            |

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|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                            | amount of Rs. 74,096,948 due by issuing written notices to property owners who had not paid property tax or to seize on the property.                                                             | taken to recover the taxes in accordance with the ordinance.                                                                                                                                                                 | be followed to promptly recover the arrears due.                                                                                                   |
| (b) Special Provisions on Local Government Institutions, No. 48 of 1971                    | The Municipal Council had not taken action to assess the immovable properties located within the Municipal Council area of authority, once every 5 years for the purpose of levying property tax. | A request has been made to the Valuation Department to assess the immovable property located within the Municipal Council area of authority, and once that process is completed, the revised property tax will be collected. | According to the Act, action should be taken to assess immovable property once every 5 years and tax should be levied based on the new assessment. |
| (c) Sub-section 16(2) of the National Audit Act, No. 19 of 2018                            | The performance report of the Municipal Council had not been submitted for audit.                                                                                                                 | A financial performance evaluation has been prepared, and instructions have been given to the relevant officers to prepare a performance evaluation for the Municipal Council for the current year.                          | In accordance with the provisions of the Audit Act, action should be taken to submit the performance report for audit.                             |
| (d) Financial Regulations of the Democratic Socialist Republic of Sri Lanka 571(1),(2),(3) | Action had not been taken to transfer the deposits of Rs. 1,743,656 held in the deposit account of the Municipal Council, which had been lapsed for more than two years,                          | Refundable deposits have been identified and paid to the relevant parties and some deposits have been transferred to income. These deficiencies will be corrected in future financial statements                             | According to financial regulations, action should be taken to get action regarding lapsed deposits as soon as possible.                            |

to the relevant from the remaining  
persons or to balances.  
transfer them to  
revenue.

## 2. Financial Review

### 2.1 Financial Result

According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Council for the year ended 31 December amounted to Rs. 13,545,820 as compared with the excess of revenue over recurrent expenditure amounted to Rs 32,126,681 in the preceding year

### 2.2 Revenue Administration

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

Information relating to Estimated Revenue, Revenue Billed, Revenue Collected and Arrears of Revenue relevant to the year under review and the preceding year are shown below.

| Source of Revenue   | 2024               |                    |                   |                           | 2023              |                    |                   |                           |
|---------------------|--------------------|--------------------|-------------------|---------------------------|-------------------|--------------------|-------------------|---------------------------|
|                     | Estimated Revenue  | Revenue billed     | Revenue Collected | Arrears as at 31 December | Estimated Revenue | Revenue billed     | Revenue Collected | Arrears as at 31 December |
|                     | Rs.                | Rs                 | Rs                | Rs                        | Rs                | Rs                 | Rs                | Rs                        |
| (i) Rates and Taxes | 21,700,000         | 82,674,428         | 8,391,499         | 74,282,928                | 18,253,530        | 74,851,791         | 7,475,946         | 67,375,845                |
| (ii) Rent           | 35,555,148         | 44,354,295         | 19,011,063        | 25,343,232                | 31,837,148        | 41,007,058         | 17,768,544        | 23,238,514                |
| (iii) License Fees  | 7,250,000          | 3,492,385          | 3,492,385         | -                         | 10,200,000        | 4,046,200          | 4,034,000         | 12,200                    |
| (iv) Other revenue  | 46,675,000         | 32,760,993         | 20,779,017        | 11,981,976                | 44,015,00         | 47,158,170         | 47,158,170        | -                         |
| (v) Total           | <u>111,180,148</u> | <u>163,282,102</u> | <u>51,673,964</u> | <u>111,608,136</u>        | <u>64,692,178</u> | <u>167,063,219</u> | <u>76,436,660</u> | <u>90,626,559</u>         |

#### 2.2.2 Performance in Revenue Collection

Observations related to performance in Revenue Collection of the Sabha are given below.

|     | <b>Audit Observation</b>                                                                                                                                                                                                                                         | <b>Comments of the Council</b>                                                                                                                                                                                                | <b>Recommendation</b>                                                                                                 |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| (a) | Although the property tax revenue for the year under review was estimated at Rs. 18,500,000, only 16.5 percent or Rs. 3,045,539 of the estimated revenue was collected. Accordingly, 83.5 percent of the budget revenue, or Rs. 15,454,461, remained in arrears. | Due to the long-standing vacancies of revenue inspectors, there has been a major setback in revenue collection. In the future, revenue collection officers will be appointed and action will be taken to recover the arrears. | Steps should be taken to promptly collect property tax revenues in arrears by appointing revenue collection officers. |

|     |                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                          |                                                                                                                            |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| (b) | Action had not been taken to collect Rs. 14,148,126 due from 223 lessees from the year 2012 to the year under review.                                                                                                                                                             | Currently, arrears collection notices are being forwarded to the conciliation boards through lawyers. Furthermore, action will be taken to write off the remaining undetected arrears in the future.                                                                                     | Action should be taken to promptly recover arrears balances.                                                               |
| (c) | Action had not been taken to recover Rs. 9,921,530 due from the lease of the council's assets up to the end of the year under review.                                                                                                                                             | The arrears amount from the period 1992 to 2011 had been transferred to the Akkaraipattu Municipal Council from the financial statements of the Pradeshiya Sabha. Due to this, there is insufficient information regarding the amount due, hence steps had been taken to write off them. | Action should be taken to promptly recover the arrears of revenue that should be recovered, or to take appropriate action. |
| (d) | Although applications for stamp duty refunds on land transactions should have been sent to the Registrar General, the Municipal Council had not taken action to claim and obtain stamp duty refunds for the months of January to December 2024, within the prescribed time frame. | The stamp duties due for the year 2023 were received in April 2025. Of the stamp duties for the year 2024, only the documents relating to the months of January and February have been provided, and they have been submitted to the Inland Revenue Department for payment.              | Action should be taken to calculate and collect stamp duties within the prescribed time frame.                             |

### 3. Operational Review

Matters revealed with regard to fulfilling regulation and control and administration of public health, public utility services and public roads, generally with the protection and promotion of the comfort, convenience and welfare of the people and amenities by the Council under Section 4 of the Municipal Councils Ordinance are shown below.

#### 3.1 Management Inefficiencies

| Audit Observation                                                                                   | Comments of the Council                                                   | Recommendation                                    |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------|
| (a) As a result of not obtaining a fuel consumption report in accordance with Section 3.1 of Public | The Eastern Provincial Mechanical Engineer had been informed to conduct a | According to the circular, a fuel combustion test |

|                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                |                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| Administration Circular No. 30/2016 dated 29th December 2016 for 06 vehicles used by the Council, the actual mileage driven out of the Rs. 3,678,035 paid for fuel for those vehicles could not be verified during the audit.                                                                                                                                                                                                  | fuel combustion test on all council vehicles, but could not complete the task within the specified time. Actions have been taken to conduct a fuel combustion test at present. | should be carried out for all vehicles.                                                                          |
| (b) When replacing purchased tires, the actual mileage of the tires purchased and used could not be confirmed, as the number of kilometers already used on the relevant vehicle and the expected mileage of the replaced tires were not recorded, when accepting and handing over.                                                                                                                                             | Actions have been taken to document Including the facts you have disclosed.                                                                                                    | Action should be taken to maintain a logbook for each vehicle to record when tires and spare parts are replaced. |
| (c) 02 advances of Rs. 106,003 which were stated in the financial statements that it was given to an employee of the Akkaraipattu Pradeshiya Sabha and a community hall center in 2011, had not been settled for 13 years.                                                                                                                                                                                                     | Initial actions have been taken to write off these balances.                                                                                                                   | Immediate action should be taken to recover the amount paid as advance or to take appropriate action.            |
| (d) In accordance with the Employees' Provident Fund Act, No. 15 of 1958 and the Employees' Trust Fund Act, 1980 contributions to the funds is to be paid every month, an amount of Rs. 285,600 in Employees' Provident Fund contributions deducted from the employee's salary and Rs. 26,930 in Employees' Trust Contributions had remained unpaid and were shown as refundable deposits at the end of the year under review. | Arrangements have been made to send it to the relevant institutions in the current year.                                                                                       | Contributions should be paid in accordance with the provisions of the relevant acts.                             |
| (e) Although the Municipal Council had received an annual income of approximately Rs. 350,000 from                                                                                                                                                                                                                                                                                                                             | Action will be taken to repair it in the current year.                                                                                                                         | Since the Digital billboard has been inactive for a long                                                         |

the digital billboard received in 2017 under the Regional Development Assistance Project, this had been inactive in 2019 and had not been repaired by the end of the year under review, resulting in loss of income for the past 6 years.

time, it should be repaired without delay and action should be taken to generate income.

|                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                     |                                                                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| (f) The non-payment of arrears of pensions of employees amounting to Rs. 1,643,139 to the Pension Department as of the end of December of the year under review and the non-payment of Rs. 643,961 from the loan obtained from the Local Credit Development Fund had not been discussed, its accuracy had not been verified, and a correct decision had not been taken regarding the payment of that money. | Due to the lack of sufficient information in the Akkaraipattu Municipal Council and the Akkaraipattu Pradeshiya Sabha regarding the arrears of pensions, it has been impossible to take an accurate decision regarding the arrears. | Both councils should discuss with the Department of Pensions and take further action regarding the payment of this amount. |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|

## 3.2 Operating Inefficiencies

| Audit Observation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Comments of the Council                                                                                                                   | Recommendation                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| (a) In accordance with the Municipal Council Ordinance, a 10 percent increase in the rental value for the year 2023 was made after the year 2021 without a periodic assessment of the rental value. However, the rent had been set at a lower rate than the prevailing rent in the area, i.e. in the range of Rs. 2,000 to Rs. 5,000 per month. As a result, the Municipal Council was losing revenue annually and no action had been taken to adjust the rent of all the shops of the Council to the current rent levels. | Requests have been made to the Valuation Department and action will be taken to revise the rent after the department's work is completed. | Action should be taken to conduct a rent assessment as much as possible and increase the income of the Municipal Council. |

|                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                      |                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (b) As the Municipal Council had not taken action to timely assess properties and update the data of property owners, the arrears balance, which was Rs. 67,375,845 in the previous year, had increased upto Rs. 74,096,948 at the end of the year under review. Accordingly, there was severe inefficiency in the collection of property taxes by the Municipal Council. | Requests have been made to the Valuation Department and steps will be taken to levy revised property taxes after the department's work is completed. | Action should be taken to promptly assess the value of the property, properly maintain the records of the property owners, and immediately recover the relevant arrears balances. |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### 3.3 Idle assets

#### Audit Observation

From 2011 to the year under review, 115 shops including the Fish Market Stalls, New Market Stalls, Bus Stop Stalls, Municipal Council Garden Stalls and Container Stalls of the Municipal Council remained idle, and the Municipal Council had not taken formal actions to make changes appropriately or according to the needs of the people and rent them out.

#### Comments of the Council

Although public bids were called for 115 stalls, no businessmen came forward to acquire these stalls. Hence, action will be taken to make changes in accordance with the needs of the people and rent them out.

#### Recommendation

Action should be taken to rent out all the stalls after obtaining the relevant approvals and making the changes.

### 3.4 Assets Management

#### Audit Observation

- (a) Even at the end of the year under review, Action had not been taken to fully document the immovable and movable properties owned by the Council in the fixed assets register and other fixed assets registers.

#### Comments of the Council

Instructions have been given to the subject officer to document it in a formal manner and actions have been taken to implement it.

#### Recommendation

Action should be taken to document the cost of assets in the specific documents.

- (b) The Council had not maintained a donation register to document the

Action will be taken to prepare a donation register

Action should be taken to maintain a

items that had been received as donations from external parties. As a result, the Council had not been able to verify the donated items received so far, during the audit.

and include donation receipts.

donation register properly.

- (c) From the year 2011 to the year under review, 17 vehicles, tractors and trailers had not been repaired and utilized. This had resulted in the loss of solid waste disposal and vehicle rental income to the council.

Actions are being taken to obtain approval and auction off tractors and trailers that cannot be repaired, and to repair other vehicles one by one.

Action should be taken to repair and reuse vehicles or sell them at auction.

- (d) From the year 2022 to the end of the year under review, the Municipal Council had received Rs. 1,103,273 as deposits from 135 beneficiaries for the cutting of council roads to obtain water connections from the National Water Supply and Drainage Board, but no steps had been taken to restore those roads and protect the road.

Action will be taken to repair roads that have not been restored to their original condition using the deposited funds.

Damaged roads should be restored and action should be taken to protect the roads.

- (e) The Board of Survey Reports for the year under review had not been submitted for audit and the Council had not taken steps to implement the observations and recommendations of the Board of Survey for the year 2023.

Actions have been taken to implement the recommendations of the Board of Survey of the previous year.

The recommendations of the previous year's Board of Survey should be implemented, and the Board of Survey should be completed within the specified time frame every year and a copy of the report should be submitted for audit.

### 3.5 Procurement Management

#### Audit Observation

In accordance with Guideline 4.2.1 of the National Procurement Guidelines and Circular No. 128

#### Comments of the Council

The list of requisition for the current year has been prepared and a complete

#### Recommendation

A procurement plan should be prepared for each year and action

dated 24th March 2006 of the National Budget Department, the Municipal Council had spent Rs. 31,549,148 on supplies and services and repair and maintenance of capital assets without preparing the procurement plan for the year under review.

procurement plan has been prepared.

should be taken to carry out procurement processes in accordance with it.

### 3.6 Human Resources Management

#### Audit Observation

It was observed that the supervision and functioning of public health services had become ineffective due to the non-filling of 05 executive positions in the Municipal Council and the non-filling of vacancies in finance, administration, health workers and labor.

#### Comments of the Council

The Municipal Council has submitted requests from time to time to the Local Government Commissioner and the Deputy Chief Secretary (Administration) to fill vacancies in certain posts.

#### Recommendation

Actions should be taken to fill staff vacancies and carry out the functions of the Municipal Council efficiently.

## 4. Accountability and Good Governance

### 4.1 Internal Audit

#### Audit Observation

The Internal Audit Unit had not been established in accordance with Section 40 of the National Audit Act, No. 19 of 2018, and no actions had been taken to promote and enhance the operational processes of the institution.

#### Comments of the Council

An Internal Audit Committee has been established for the reporting year and an Internal Audit Plan has also been prepared.

#### Recommendation

The Council's activities should be subject to regular internal audit and recommendations should be made to promote the Council's operations and enhance its performance.

## 4.2 Sustainable Development Goals

### Audit Observation

No action had been taken to identify sustainable development goals and establish indicators for measurement. Furthermore, the necessary financial provisions had not been made to achieve the sustainable development goals in the budget plan for the year under review.

### Comments of the Council

Officials have been instructed to implement this program efficiently and financial provisions will be made from the budget for the sustainable development plan when preparing the budget for the next year.

### Recommendation

Action should be taken to establish indicators and make provisions in the budget so that the targets can be achieved as per the circular.

## 4.3 Solid Waste Management

### Audit Observation

During the year under review, 4,005 tons of garbage collected in the municipal area had been disposed of at the Addalachena Solid Waste Collection Center and Rs. 1,201,389 had been paid. Furthermore, the municipal council had not taken steps to classify the garbage, considering all the garbage collected as non-biodegradable garbage, and had paid an additional Rs. 100 per ton of garbage and had also borne the expenses of vehicle fuel.

### Comments of the Council

The Municipal Council has raised awareness to sort and collect waste and has provided two-colored bags for this purpose, but due to the lack of public support and the shortage of health workers, the waste is not being collected separately. Action will be taken to sort and collect it in the future.

### Recommendation

Action should be taken to properly segregate waste, produce organic fertilizer, and minimize costs.

## 4.4 Environmental Problems

### Audit Observation

By the end of the year under review, environmental permits had not been obtained for the solid waste collection center and slaughterhouse used by the Municipal Council in accordance with the National Environmental Act and its regulations.

### Comments of the Council

Action will be taken to obtain environmental permits in the current year.

### Recommendation

Action should be taken to obtain environmental permits.