

2022 අගෝස්තු 15
2022 ஆகஸ்ட் 15
15 August 2022



2018 අංක 19 දරණ ජාතික විගණන පනතේ
14 වන වගන්තිය ප්‍රකාරව පාර්ලිමේන්තුව වෙත
ඉදිරිපත් කරනු ලබන විගණකාධිපති ත්‍රෛවාර්ෂික වාර්තාව

2018 இன் 19 ஆம் இலக்க தேசிய கணக்காய்வு அதிகாரச்சட்டத்தின்
14 ஆவது பிரிவின் பிரகாரம் பாராளுமன்றத்திற்கு சமர்ப்பிக்கப்படுகின்ற
கணக்காய்வாளர் தலைமை அதிபதியின் மூன்றாண்டு அறிக்கை

**Triennial Report of the Auditor General presented in
parliament in terms of Section 14 of
the National Audit Act, No. 19 of 2018**

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නගර සභා
நகர சபைகள்
Urban Councils

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



Triennial Report for the Years 2018, 2019 and 2020
Urban Councils

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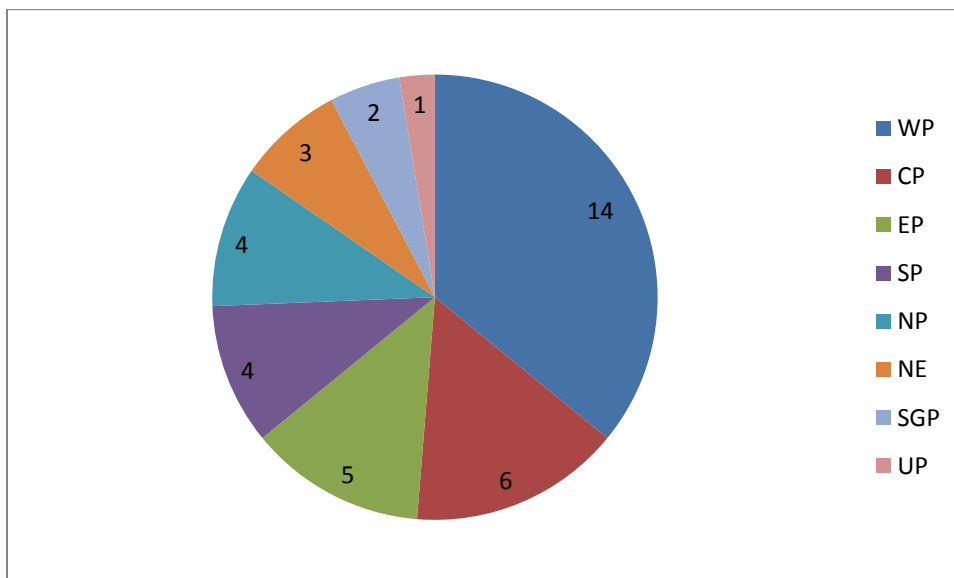
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Provisions have been made for the establishment of urban councils for the local government functions of Sri Lanka through legislative code Chapter 255 of the Democratic Socialist Republic of Sri Lanka having combined enactments from Ordinance No. 61 of 1939 to Act No. 18 of 1987. At present 41 urban councils have been established and are in operation.

Basic functions of Urban Councils are regulate and administration of all matters relating to public health in the city, public utility services, public thoroughfares and generally with the protection, promotion of the comfort and convenience and welfare of the people and the amenities in the city.

The main structure of these urban councils consist of the chairman, vice chairman and such number of other members as the Minister may prescribe by Order published in the Gazette.

Sri Lanka consists of 41 urban councils covering the main Provincial Councils. Fourteen urban councils for Western Province, 6 urban councils for Central Province, 5 urban councils for Eastern Province, 5 urban councils for Northern Provinces, 4 urban councils for Southern Province, 3 urban councils for North Western province, 3 urban councils for Sabaragamuwa province and one urban council Uva Province have been established. However, urban councils have not been established for Moneragala District, Polonnaruwa District, Anuradapura District and Kilinochchi District up to now. Expansion of these urban councils according to provinces are shown in the following diagram



(Diagram 1)

According to financial statements of 41 urban council councils for the three years 2018, 2019 and 2020, overall revenue amounted to Rs.23,321 million,while overall expenditure according to financial statements for these three years amounted to Rs.22,375 million. When compared with the year 2018, improvement of revenue of these 41 urban councils by the year 2020 was 11.9 % while when compared with that year, increase in the expenditure was 10.5 %. While a deficit was shown according to financial statements of 7 urban councils for the year 2018, overall total of those deficits was Rs.103 million. By the year 2019, deficits were shown according to financial statements of 16 urban councils out of these urban councils, overall deficit of those urban councils was Rs.440 million. However, by the year 2020,deficits were shown according to financial statements of 10 urban councils out of these urban councils, overall deficit of those urban councils was Rs.582 million. When these deficits are analyzed, a clearcut feature observed was the indication of continuous deficits of Kesbewa urban Council amounting to Rs, 49 million,Rs. 58 million and Rs. 222 million respectively, during the years 2018, 2019 and continuous deficits Kadugannawa urban council amounting to Rs. 3 million,Rs. 8 million and Rs. 4 million. Out of these urban councils, a continuous surplus had been shown in 19 urban councils for all three years 2018, 2019 and 2020.

According to financial statements presented by the urban councils total assets in the 41 urban councils had been represented as Rs. 22,118.million for the year 2018, Rs 30,985 million for the year 2019 and Rs. 39,940 for the year 2020. Accordingly, when compared with the year 2018, the growth of total assets of these urban councils had been 80 percent by the year 2020. When compared with the year 2018, growth of the total assets of the Kolonnawa Urban Council from Rs.513 million to Rs. 1,165 million, growth of Seethawakapura Urban Council from Rs. 235 million to Rs. 1,038 growth of the Maharagama Urban Council from Rs. 917 million to Rs. 1,939 million , growth of the Boalesgamuwa Urban Council from Rs. 323 to Rs. 849 million, growth of the Kesbewa Urban Council from Rs. 1,011 to Rs. 3,327, growth of the Minuwangoda Urban Council from Rs. 193 million to Rs. 1,323 million, growth of the Katunayake Urban Council from Rs. 443 million to Rs. 3,175 million by the year 2020 were observed as at the end of the year 2020. Preparation of accounts of the local authorities in the Western Province and North Western Province had been based on the Sri Lanka Public Sector Accounting Standards for Local Government Institutions since the year 2020. Accordingly, assets of the local government institutions had been revalued and value of land and buildings had been taken to accounts. it had been the main reason for this growth.

According to financial statements presented by the urban councils, total liabilities of the 41 urban councils during the years 2018, 2019 and 2020 had been Rs. 3,083.million,, Rs 3,753 million and Rs. 4,093 million respectively. The total liabilities of Kuliyaipitiya Urban Council had been increased by 202% as at the end of the year 2020 when compared with the year 2018.

The net assets of 41 urban councils as at 31 December 2020 amounted to Rs. 35,847 million. Out of this, Gampola Urban Council represented the highest net assets in a sum of Rs. 7,147 million, while the Kuliyaipitiya Urban Council represented the lowest net assets in a sum of Rs. 104 million.

In terms of Sub Section 181 (1) of the Urban Councils Ordinance (Chapter 255) and National Audit Act No. 19 of 2018, financial statements had been presented for audit by all urban councils. Those financial statements relevant to the years 2018, 2019 and 2020 were audited and summary and management reports enclosing opinion were forwarded to all councils in terms of provisions in sections 11(1) and 11(2) in the Audit Act. Qualified opinion for 40 Urban Councils, unfavorable opinion for Kinniya Urban Council for the year 2018 had been expressed. Qualified opinion for all the 41 Urban Councils, for the years 2019 and 2020 had been expressed. When taken as a whole, 97 % qualified opinion for urban councils for the year 2018, 100 % qualified opinion for urban councils for the year 2019 and 100% qualified opinion for urban councils for the year 2020 been expressed.

In terms of Section 14 of the National Audit Act No. 19 of 2018, within nine months after at the end of every three financial year period a status report of every entity audited shall be tabled in the Parliament by the Auditor General. Among matters to be included in this report, major deficiencies identified, recommendations made by the Auditor General for those and preventive action taken by the entity in that connection should be included, while position prevailed at the time of handing over such report should be indicated. Audit observations of 31 Urban Councils not settled up to now are shown below.

01. Kadugannawa Urban Council

| <u>Audit Observation</u> | <u>Recommendation of the Auditor General</u> | <u>Preventive Action taken by the Entity</u> | <u>Present Position in that connection</u> |
|--|--|---|--|
| Although a sum of Rs. 3,376,337 had been paid to the Railway Department by now, as lease money for the land where the old Urban Council building is located in Colombo Kandy Road, that building had not been used for any fruitful purpose and remained idle. | Action should be taken to derive income properly from properties obtained having paid lease money. | Lease money was paid as this land is required to the urban council. | Remains idle. |

02. Gampola Urban Council

| | | | |
|--|---|---|----------------------|
| (a) The land in extent of 2 acres, where athletic and cricket clubs are located, had been given on lease since the year 2003 up to now at an annual rent of Rs. 4,000 without an approval and assessment in terms of Section 36 (e) (ii) of the Urban Councils Ordinance. While 4 private unauthorized houses had been constructed .in this land, another portion of about 6 Perch had been sold for Rs. 2,700,000 through deed No.1196. | Agreement should be entered into on the basis of a proper approval and assessment and lease money should be recovered accordingly | Action is being taken to get back the possession as the agreement has been breached | Position not settled |
|--|---|---|----------------------|

- (b) The basic sum of Rs. 9,512,000 receivable for 9 plots of land belong to the council on the basis of assessment done during the years 2015, 2017 and 2018 had not been recovered
- Action should be taken to recover basic amounts receivable for lands.
- Parties relevant to Rs. 7,600,000 have submitted appeals. While allotments relevant to Rs.270, 000 have not been made, lands relevant to Rs. 1,596,300 have not been vested from the Railway Department and therefore monthly rent is being recovered.
- Basic sum had not been recovered.
- (c) A sum of Rs. 14,427,350 remained outstanding to be recovered as Rs. 3,052,609 from public market trade stalls, a sum of Rs. 299,163 from the lawyers office complex and trade stalls rent in arrears amounting to Rs. 11,075,578 for the period from the year 2005 to 31 December 2020 due from the trade complex situated above the Gampola Railway line.
- Action should be taken to recover income in arrears without delay.
- . A sum of Rs. 571,231.40 has been recovered.
- An arrears balance of Rs. 13,856,119 was outstanding to be recovered.

- (d) In the absence of a proper scheme for the management of daily garbage collection of about 20 tons in the area of authority of the council, a sum of Rs. 2,056,215 for fuel and a sum of Rs. 2,076,000 for garbage incurred with effect from July 2019 had been spent for carrying the garbage to Dambulla Decomposing Garbage Project.
- A proper scheme for solid wastes management should be prepared
- Garbage had to be carried to garbage yard of the Dambulla Urban Council due to lack of a part of land to the Gampola Urban Council for disposal of garbage. At present action has been taken to send a part of decomposing garbage to Ganga Ihala Korale Garbage Yard.
- (e) Although a sum of Rs.2,002,742,936 had been spent for the construction of public market, more than 100 trade stalls in the public market leased out through tenders had been closed down without carrying out business activities, Trade stall so closed down had been used for various nefarious activities.
- Action should be taken to utilize the assets belong to the council effectively and efficiently, in order to gain expected benefits to the council.
- Tenders were called for 8 times. Only 37 trade stalls out of 44 trade stalls are in suitable condition to call for tenders in due course.
- Remains idle.

- | | | | | |
|-----|---|---|--|--|
| (f) | <p>While the possession of the land in extent of 30.44 Perch where 4 official quarters belong to the council exited, and proposed to construct the access road to the Gampola Courts Ground had been handed over to the Uda Palatha Divisional Secretary on 06 December 2019, according to the assessment letter No. KD/LE/1550 dated 05 April 2018; value of that land had been assessed as Rs. 32,000,000. However, that money had not been received even as at the date 15 January 2021.</p> | <p>Necessary course of action should be taken to get the amount receivable to the Council.</p> | <p>Necessary upcoming action is being taken by the Uda Palatha Divisional Secretary in this connection.</p> | <p>Compensation payments not received.</p> |
| (g) | <p>While two floors had been constructed having spent a sum of Rs. 2,000,000,000 for the planned public market building consisting 3 floors, those two floors remained underutilized due to deficiencies in the plan. Although 13 years had elapsed after construction of this building, action had not been taken to construct the top floor. Parts of the slab had been cracked and water was getting leaked through those places.</p> | <p>Action should be taken to protect the assets belong to the council and to prepare and implement plans so that those could be effectively utilized.</p> | <p>As it appears that the cost to be born for the construction of the third floor is not affordable to the council, construction work was not commenced.</p> | <p>Lapses not rectified</p> |

03. Nawalapitiya Urban Council

- (a) Action had not been taken to Lump sum Necessary Recoveries had recover lump sum money recovery should action is being not taken place. amounting to Rs. 1,813,799 in be made as per taken. terms of clause I (V) of the circular Circular No. 2016/03 dated 17 instructions. March 2016 of the Commissioner of Local Government.
- (b) Action had not been taken to Stalls rent should Action taken to Recoveries had recover stalls rent amounting to be recovered prepare an not taken place. Rs. 33,026,495 from 6 trade operating plan and responsibility has been fixed on the revenue inspectors while awareness has been created through letters to make recoveries.
- (c) A sum of Rs. 2,568,399 had not Action should be Action taken to Recoveries had been recovered from three wheel taken to recover prepare an not been made vehicle parks in the area of amounts in operating plan after formalization. authority of the council. arrears. and responsibility has been fixed on the revenue inspectors, while awareness has been created

- through letters
to make
recoveries.
- (d) While Mini Theater No. 17 in the supermarket complex had been given to an individual on long term basis without calling for tenders on 23 August 2011, security deposits and lump sum payment money amounting to Rs. 500,000 and monthly rent amounting to Rs. 284,256 had not been recovered. Security deposits, lump sum payment money, monthly rent and all amounts recoverable should be recovered. As a court case is being probed against increase of the assessed rent of the supermarket complex, a problem prevails with regard to recovery of stall rent. Action is being taken to solve this problem through discussions. Amounts in arrears have not been recovered.
- (e) Stall rent amounting to Rs. 32,675,828 had been lost due to non-implementation of new assessment of trade stalls in the super market complex. Action should be taken to implement the new assessment. As protests will be raised for the payment of new assessment, approval has been referred to reduce a percentage value and make payment accordingly on requests made by the stall holders. Stall holders also have requested

to pay the old
arrears until
conclusion of
the court case.

- (f) Action had not been taken to recover lump sum money amounting to Rs.1,338,181 recoverable from 03 trade stalls as per paragraph 51 in circular No. 2016/03 dated 17 March 2016 of the Commissioner of Local Government.
- Circular requirements should be complied with.
- A part of arrears of the stall No. 50 has been recovered by now. While extension of time has been requested for the payment of balance arrears amounts under prevailing COVID epidemic situation, action has been taken to get the council approval for that.
- Arrears money had not been recovered.
- (g) Arrears due to be recovered from vehicle parking fees as at 31 December 2020 amounted to Rs. 1,508,020.
- Action should be taken to collect arrears of income without delay.
- It has been planned to prepare an operating plan and implement in due course

04. Wattedgama Urban Council

- (a) While Water Charges in arrears as at 31 December 2020 amounted to Rs. 5,643,240, action had not been taken in terms of agreements to make recoveries.
- Action should be taken to recover water charges in arrears.
- A progress of 68.04 percent out of the year 2019 arrears and a progress of 50.78 percent out of the year 2020 arrears have been received. There is a delay in recovering arrears of water charges, as there was COVID Epidemic period during the years 2020 and 2021.
- There is an unsettled balance even at present

05. Thalawakele – Lindula Urban Council

- (a) A sum of Rs. 1,739,497 under 04 items of accounts as Boat income, Entertainment Tax and Pension \Advances outstanding from Works Debtors over a period ranging from 02 years to 16 years had not been recovered.
- Balances receivable should be recovered.
- According to a Sabha decision, this will be rectified and submitted when preparing accounts in due Course.
- It has been informed that recoveries have not been made up to now.

06. Hatton – Dickoya Urban Council

- | | | | | |
|-----|---|---|---|---|
| (a) | While 426 trade stalls belong to the Sabha had not been assessed after 14 years, at present rents between Rs. 100 and 2,800 are being recovered from these trade stalls . | Action should be taken to assess once in 5 years and make recoveries accordingly. | Work relevant to new assessment for relevant trade stalls have been commenced through the Valuation Department. | Assessments have been received for 336 trade stalls on 05.11.2020 and on 12.01.2021. Letter dated 16.02.2021 has been referred to get assessments for the other trade stalls. Recovery of new assessed rent from the trade stalls for which assessments were received has been temporarily stopped on the instructions of the Governor. Lapses not rectified. |
| (b) | When leasing out Urban Council lands on long term basis in 84 instances approval of the Minister had not been obtained in terms of section 36 (e) (11) of the Urban Councils Ordinance. | Provisions in the Urban Councils Ordinance should be complied with. | It has been informed that work of this nature is taking place properly at present. | Lapses not rectified. |

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|-----|--|---|---|--|
| (c) | <p>The Bio Gas Production Project constructed during the year 2015 having spent a sum of Rs. 1,964,375 under the provisions of the Ministry of Roads Development, Transport, Electricity Power and Energy, Housing and Constructions of the Central Province had been constructed without making a proper study and due to that, it remained idle from the date of construction.</p> | <p>Assets should be utilized effectively.</p> | <p>It has been informed that it is expected to implement the project in due course.</p> | <p>Although the works have been completed, still not in operational condition.</p> |
|-----|--|---|---|--|

07. Haputale Urban Council

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|---|--|--|--|
| <p>Business activities of the Beef Stall No. 05 in Daily Market had been suspended as the tenderer had breached the conditions of the agreement. Out of the tender deposit paid by the tenderer, the sum of Rs. 648,340 to be credited to council fund had been paid back to the tenderer causing a financial loss. .</p> | <p>Action should be taken avoiding a loss to the council</p> | <p>While whole course of action to be followed in making this procurement has been followed, it was not possible to generate funds to be earned relevant to the year due to reasons beyond control of the council.</p> | <p>Reserved to act as per instruction of the Commissioner of Local Government and Minister in charge of the subject.</p> |
|---|--|--|--|

08. Weligama Urban Council

- (a) In terms of clause 5.8 in Chapter XIX of the Establishments code, charges for water and electricity should be paid by the occupants. However, water and electricity charges amounting to Rs. 203,293 had been paid out of council fund for the period from 01 August 2015 to 31 December 2020 on behalf of house occupied by an employee
- Provisions in the Establishments Code should be complied with.
- Action will be taken to fix electricity meters and water meters separately for official quarters.
- Action had not been taken to recover.
- (b) Lump sum money amounting to Rs 1,570,601 was in arrears since the year 2007 from 02 trade stalls in the super market and 04 trade stalls in the bus stand belong to the council
- Arrears money should be recovered without delay.
- Lessees have been informed.
- Arrears money has not been recovered up to now.

09. Hikkaduwa Urban Council

- (a) Seventeen stalls in the upper floor of the public market building constructed incurring expenditure amounting to Rs. 30 million during the year 2005 remained idle.
- Action should be taken derive income by leasing out the stalls in the building.
- Wish to inform that it has been proposed take a decision in this connection at the Sabha meeting.
- No one will be willing to obtain stalls in the upper floor due to existing lapses there. At present an estimate is being prepared to repair that floor.
- (b) When recovering 1 percent tax from Tourist Board approved entities, tax had been recovered
- Tax should be recovered on income
- Tax being recover based on audit reports
- Arrears money will be recovered through legal

based on revenue records confirmed on the from the year action.
 prepared and submitted by each basis of audit 2019 onward.
 entity without getting financial reports. Action will be
 statements confirmed by audit taken against
 reports. When recovering tax this entity in due
 based on total income of one course based on
 hotel alone from which audited case judgment.
 financial statement could be
 obtained, a further sum of Rs.
 16,264,589 was outstanding to
 be recovered for the years 2016
 and 2017.

10. Tangalla Urban Council

| | | | |
|--|---|---|---|
| <p>While agreements relating to 86 stalls belong to the council had not been updated in terms of paragraph 05 in circular No. SLG/ LGC /2010/01 dated 27 December 2010 of the Commissioner of Local Government (Southern), period failed to update was in a time range between 02 months and 37 years.</p> | <p>Circular provisions should be complied with.</p> | <p>While a case is being examined in the Tangalla Provincial High Court in connection with 70 trade stalls, out of 86 trade stalls, action will be taken to update the agreements after receiving the judgment. Wish to inform that agreements were not</p> | <p>Agreements had not been updated.</p> |
|--|---|---|---|

entered into
 due to
 prevailing
 problems with
 regard to
 balance 10
 trade stalls.

11. Embilipitiya Urban Council

- (a) In terms of paragraph 02 in Circular It has been This amount will
 circular No. 08 dated 30 provisions should informed that be credited to the
 September 1987 of the Urban be complied with. the audit Urban
 Development Authority; observation is Development
 spending money deposited in the accepted and Fund.in due
 Urban Development Bank that action will course.
 Account should not be made be taken to
 without prior approval of the credit this
 Urban Development Authority. amount to the
 However, a sum of Rs.5,000,000 Urban
 had been transferred from that Development
 account to the General Account Fund in due
 during the year 2020 on council course.
 approval, without getting
 approval of the Unban
 Development Authority
- (b) While council had failed to Action should be While action Action will be
 recover public market trade taken to collect could not be taken to recover
 stalls rent, bus stand rent and income due to the taken in this in due course.
 trading places rent totaling Rs. council without connection due
 7,373,104 due from 93 lessees delay. to CORONA
 outstanding for more than a Epidemic, action
 period of 05 years as at the end will be taken to

of the year 2020, lease agreements relevant to 40 trade stalls had not been entered into for the year under review. Although cases had been filed against the lessees for the recovery of a sum of Rs1,023,231 relevant to 04 trade stalls, action had not been taken for the recovery of arrears amounts of the other trade stalls.

recover these arrears amounts in due course.

(c)

Although a digital advertisement board had been purchased having spent a sum of Rs. 2,689,200 on Provincial Council provisions with the objective of promoting income generation, the income earned during the year 2020 had been Rs. 35,500 and therefore it had been failed to achieve the objective to cover the prime cost within 20 months according to project proposal. New Town Public Market consisting 64 trade stalls handed over to the urban council during the year 2014 had been given to lessees on rental basis without entering into a written agreement. While the Governor's approval has been sought in February 2020 to write off rent in arrears amounting to Rs. 734,622 for that, action had

Action should be taken to derive expected income from the asset according to project proposal.

A suitable contractor was selected under the opened competitive bid calling system. Although a proposal was referred to the general council meeting held on 28 May 2021, to resort to procure again for the selection of a supplier that proposal was rejected.

Action will be taken to select a supplier after calling for tenders.

not been taken to recover according to instructions received for the recovery of a sum of Rs. 675,600 due to be recovered from 09 lessees staying there continuously.

- (d) New Town Public Market consisting 64 trade stalls handed over to the urban council during the year 2014 had been given to lessees on rental basis without entering into a written agreement. While the Governor's approval has been sought in February 2020 to write off rent in arrears amounting to Rs. 734,622 for that, action had not been taken to recover according to instructions received for the recovery of a sum of Rs. 675,600 due to be recovered from 09 lessees staying there continuously.
- Action should be taken to enter into agreements for the trade stalls not covered with agreements. Income in arrears should be recovered without delay.
- Tenders were called for again for 11 sealed trade stalls and agreements were entered into accordingly. Action will be taken to enter into agreements with trade stall holders who had failed to do so and legal action will be taken against stall holders who have not paid the rent.
- Legal course of action will be taken in due course.

12. Kegalle Urban Council

- (a) Rent and Charges totaling Rs. 1,276,392 in arrears for more than a period of one year had not been recovered even as at the end of the year 2020.
- Action should be taken to recover balance in arrears.
- It has been informed that action is being taken to recover amounts in arrears; that
- Revenue in arrears had not been recovered.

requests have been made for orders to write-off the irrecoverable balances from the books and that course of legal action has been taken.

- (b) Rates balance in arrears for more than a period of one year as at the end of the year 2020 amounted to Rs. 1,293,086. Action had not been taken for the recovery of that balance.
- Action should be taken in terms of Section 170 of the Urban Councils Ordinance.
- It was not possible to seize property due to COVID Epidemic. Most of the rates in arrears for more than one year relates to unclaimed properties and therefore it was not possible to recover rates and seizing properties too could not be done.
- Rates in arrears had not been recovered.

13. Jaela Urban Council

- (a) Although unauthorized constructions of 23 trade stalls had been made in No. 05 division, Rate Numbers had been allocated and had been brought to a lawful condition without being demolished or removed in terms of section 77 of the Urban Council Ordinance. Action should be taken as per provision in the Urban Councils Ordinance with regard to unauthorized constructions. It has been informed that a case has been filed already in the courts with regard to removal of those trade stalls by the Urban Development Authority and that these trade stalls will be removed after receiving the court order. It has been informed that Jaela Urban Council has taken action to summon the Roads Development Authority and the Urban Development Authority for re-discussion.
- (b) Action had not been taken to convert to a usable condition of the Basketball Playground constructed I in the Sekkuwatta Play Ground having spent a sum of Rs.1,130,435 during the year 2016,as per orders given by the Accounts Committee to the Urban Council at the meeting conducted on 18 December 2018. When implementing those projects should be completed according to relevant standards, and the council should take action to convert the relevant assets to a usable condition while implementing It has been informed that, the Roads development Authority was informed in writing again to get this Basketball Playground repaired in a in a manner suitable for sport activities. Order given to the urban council by the Provincial Accounts Committee had not been implemented.

properly the
orders of the
Accounts
Committee.

- (c) According to Circular No. GD/13/2016 issued with no date by the Commissioner of Local Government of the Western Province, when sub leasing assets, a value not less than 60 times of the monthly lease rent should be recovered. However, in spite of the consent given for sub easing 35 trade stalls belong to the Council and receiving the required approval of the Chief Minister, , the system of sub leasing had not been implemented even as at 22 September 2020 . Due to that, revenue lost to the council amounted to Rs. 1,470,576. While this revenue loss was computed based on old stalls rent, although the new assessment had been received on 25 May 2018, it had not been implemented even as at 22 September 2020.
- Transfers should be done as approved, according to the new assessment.
- Transfers are being done as approved, according to the new assessment
- While an amendment has been received again on 29 November 2021, approval was obtained at the monthly general council meeting on 13 January 2022 to implement that assessment. By this time it has been informed to pay transfer fees on the basis of the new assessment and to enter into agreements and sub leasing works are being done.

(d) While the contract for construction of the retaining wall of the Podiela Road had been awarded to two societies under 06 stages, payments amounting to Rs. 14,156,879 had been made indicating that this retaining wall has been constructed 2 feet above the ground level and 7 feet 6 inches under the ground with a length of 853 feet. .While part under the ground level consist of 4 steps as per plan, 3 steps of the retaining wall were physically excavated on 19 January 2021. Accordingly, a difference between the final payment report of the steps 1,2 and 3 completed with concrete and the quantities reveled at the physical inspection was 95.18 cubes and therefore overpayment made for concrete amounted to Rs. 4,102,304.

While payments should be made having obtained correct measurements, should comply with the provisions in the Procurement Guidelines Code.

At present payment are made having obtained measurements.

Action had not been taken to recover overpayments.

14. Katunayake Seeduwa Urban Council

- (a) While 1 percent license fee based on income had not been recovered from 3 main hotels registered in the Tourists Board identified for the year 2018, accordingly the arrears balance recoverable amounted to Rs. 18,083,263.
- One percent license fee based on income should be recovered from registered tourist hotels according to the Urban Councils Ordinance.
- It was informed that, this license fee cannot be paid until judgment of the High Court by the owners of the registered hotels. is received
- Recoveries have been made on room basis as per council decision dated 27 May 2019.
- (b) While annual value for the property bearing Rates No.17 in Condrud Premaratne Avenue had been assessed as Rs. 6,456,868, accordingly, rates to be recovered amounted to Rs 193,796. Due to objections raised for that amount, that assessment had been revised as Rs.5,580,865 by the council secretary on 13 October 2014. While legal action had been taken by the owner against the increase of the charges, a decision had been taken by the courts to issue a new assessment for the years 2014 and 2015 as the council authorities had not come forward for the case. As a result, it had been decided to
- It is the responsibility of the council to appear appropriately for court cases submitting strong evidence by the council in legal works.
- Amount over billed has been written off as per judgment
- Amount over billed has been written off as per appeal court judgment

cancel the decision taken to increase the charges. Rates in arrears amounting to Rs. 2,991,750 relevant to above mentioned property had to be waived from income while a sum of Rs. 3,015,750 including legal fees had been lost to the council..

- (c) A case had been filed in the Negombo District Court requesting to get recovered a sum of R. 15,000,000 being the total value of expenses incurred by the relevant party and the value of loss occurred to him due to order given to stop the construction after allowing for the construction of a temporary building during the year 2017 for a business activity in Seeduwa village common land belong to the council. While 09 case sessions had been held as at 17 December 2020, fees paid by the council to the lawyer for appearing for the case amounted to Rs. 490,000. Action had not been taken to recover this amount from the officer who granted permission in irresponsible manner to outside persons to construct buildings for business activities in the land
- While action should be taken to enter into an agreement with the lawyer, action should be taken to recover the lawyers' fees from the officer who gave permission for construction of the building.
- While an agreement has not been entered into with regard to the appointment of the lawyer and fees, for relevant case, wish to inform that payments were made according to requests made by him from time to time.
- It has been informed that it was decided at the general council meeting held on 22 March 2021 to recover the expenses relevant to this case and the amount of loss occurred from the individuals who initiated this work.

belong to the council. While an agreement had not been entered into with the lawyer for appearing for the relevant case, as per Secretary's letter dated 17 August 2018 lawyer's fees payable for each session had been agreed as Rs. 35,000. . However, lawyer's fees of various values had been paid exceeding that amount and due to that, a sum of Rs. 175,000 had been overpaid in 09 sessions.

- (d) While the field land called Ambalammulla Pilapitiya belongs to the Lands Reform Commission was used for disposal of garbage for a period of about 20 years, about a sum of Rs. 6 million had been used annually for putting earth and leveling through D5D Machines. In spite of written consent given by the Lands Reform Commission during the year 2011 to sell this land on the basis of government assessment and provisions made through the government as well. It had not been possible to vest the ownership to this land until the expiry of 20 years due to delay in
- Action should be taken to vest the land in favor of the council without delay.
- At present work relating to vest the land in favor of council has been commenced.
- Wish to inform that work relating to vest the land in favor of council has been commenced with the accord of the council.

obtaining the accord of the council and the negligence on the part of the management. Under these circumstances, action had been taken by the Land Commission on 27 January 2020 to vest this land to a child of an individual who vested this land to the land Commission. Due to that a problematic situation had arisen with regard garbage disposal of the council.

15. Minuwangoda Urban Council

- (a) Although the construction of latrine complex at the Hadirama Junction had been completed on 04 January 2018 having spent a sum of Rs. 5,388,055 this had not been taken to use even as at 08 March 2019.
- Attention should be made to achieve the expected objective.
- Although the new council proposed to construct a modern shopping complex including the latrine complex, as it would increase the expenditure through that, it has been submitted for Governor's approval
- the It was decided to remove the latrine complex and to obtain the Governor's approval for that as per decision of the general council dated 09 March 2021. Wish to inform that an approval or a recommendation has not been given to the council up to now

in connection
with that letter. .

- (b) Thirty four plots of lands belong to private land lords had been vested in the government by the Divisional Secretary and had been handover to the council having planned to construct the Bus Stand, New Road and the Weekly Fair. While 03 plots of lands had been overlooked to gazette in the vesting, order, a plot of developed land therein had to be given back at the request of one owner. While the relevant lands were not obtained after surveying as per deeds, 08 landlords provided with alternative places until permanent places are provided had not been given permanent places even as at 05 October 2018 although 17 years had elapsed. While cases had been filed with regard to compensation by another 08 land lords, deeds had been given permanently for a relevant plot of land to one of those landlords, out of those lands by the council without taking into consideration the court case.
- Action should be taken to survey the lands when vesting, as per deeds and should pay compensation or provide other lands to the relevant landlords.
- Legal works had been done.
- As this is an unlawful act, onward action is being taken as per State Lands (Recovery of Possession)) Act No. 07 of 1979 with regard to the relevant plots of land.

- (c) When damages took place to 32 trade stalls in the Central Market Complex at the time of unruly situation took place on 13 May 2019 in the Minuwangoda Town, in providing temporary trade stalls to lessees who had entered into agreements and to 20 sub lessees, action had not been taken as per Circular No. LGD/06/02/04/General dated 06 December 2017 of the Western Province Commissioner of Local Government and rent had been computed on the basis of monthly rent prevailing over a long period of time in the Rent Register. Due to that, a loss amounting to Rs. 4,848,000 had occurred to the council
- Action should be taken in terms of the circular.
- Assessment report had been received on 09 December 2019. Therefore 60 months rent had been recovered based on existed stalls rent.
- Rent had not been recovered on the basis of new assessment.

16. Wattala-Mabole Urban Council

- (a) In terms of the order of the Special Committee meeting on Public Accounts held on 07 November 2019, with regard to the sale of land in extent of 79 perch belong to the council and leasing out land and buildings belong to the council, a relevant recommendation to the effect that the land is a dry land had not been obtained from the Gampaha District Commissioner of Agrarian Services.
- Orders of the Special Committee Meeting on Public Accounts should be implemented.
- While Secretary to the Ministry of Local Government was informed in this connection, Accordingly Local Government Secretary also has informed the Commissioner of Agrarian Services in writing.
- Recommendation to the effect that it is a dry land had not been obtained.

(b) As per order given by the Public Accounts committee on 07 November 2019 with regard to the land in extent of 09 acres 20 perches purchased by the council during the year 1973, a sketch of 28 plots bearing No. CL/SQB/2019/59// had been submitted by the Survey General on 13 January 2020. According to that, extent of excess land in possession in 03 plots had been 24.33 perches, while extent of shortage of land in possession with the council building was 2.34 perches. While there were 12 plots in extent of 01 acre 02 rudes 39.13 perches out of the portion of land not shown in title reports as lands given on long term basis or exchanged ownership, but, claiming ownership with rate numbers, there were 03 plots of land in extent of 01.4 perches not included in the rates register according to sketch and 02 plots in extent of 02.41 perches not traceable at present. Accordingly, course of action had not been taken in connection with providing lands for improper usage.

Action should be taken to get confirmation of ownership. It has been reported that a number of corrective actions have been taken. Action has been taken to establish the ownership, having referred the deeds, plans and title reports relevant to the properties and Urban council's deeds, plans and title reports to the lawyer.

(c) When the land leased out to a private firm was observed in September 2020, a notice board had been fixed there indicating that it is land belongs to the council. Although a wall had been erected around that land, the balance part of the wall had not been completed

Action should be taken to get clear right of possession. A case is in progress in the Negombo Magistrate Court for removal of the building. Clear right of possession has not been obtained up to now.

as the building constructed by the firm had not been removed. By this time a letter of demand had been sent by the firm against the council, the chairman and the secretary claiming compensation of Rs. 5 million together with 12 percent annual interests on the ground that a loss has been occurred due to abolition of the ownership of the lease. However, it was observed that the attempt to get the ownership of this land to them has not been eliminated.

constructed there, and to remove the plant and machinery installed in order to obtain clear right of possession.

17. Panadura urban Council

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| (a) | Although a Bio Gas Unit had been constructed during the year 2010 having spent a sum of Rs. 774,593 out of funds of the Wastes Management Authority and the Council, that project had not been implemented. | Action should be taken for effective use of the Bio Gas Unit constructed. | While an expenditure amounting to Rs. one million has to be incurred for the operation of the Bio Gas Unit, expected benefits cannot be derived from that. | Action had not been taken to repair the machine of the Bio Gas Unit |
| (b) | A sum of Rs. 720,000 had been paid for establishing the Accounts Management, Salaries and Human Resources management Software System. It was observed that, the Software system is not in a usable | Action should be taken to use the software system | That the Salaries and Human Resources Management Software is not required to the establishment | Same position is remaining. |

condition from the date of establishing to date, and that financial statements including ledger accounts are manually prepared and that the salaries are prepared using the software existed for the preparation of public sector salaries.

and that the firm has been informed to follow an appropriate procedure with regard to the payment made.

18. Horana Urban Council

- (a) Action had not been taken to get back the part of land encroached by the adjoining landlord from the land in extent of 2 rude 06 perches v belongs to the council and allocated for common amenities from the Soranawatta auctioned land during the year 1994. Part of land in use without permission should be obtained to the council Unauthorised occupant has been informed as per instructions given by the council lawyer. Unauthorised occupants have not been removed up to now.
- (b) Although equipment valued at Rs. 1,000,000 and Rs. 953,0i87 had been provided respectively for the Galadandugoda Body Building Centre commenced on 18 June 2016 and for the Horana Body Building Centre commenced on 11 October 2018, a suitable trainer had not been appointed for that. Action should be taken to appoint a suitable trainer for body building centers While there is no post of trainer in the cadre for the body building center, at present this work is carried on by two capable trainers according to proposal of the council. At present body building centers were not in operation.

(c) While the engine of a cab vehicle had been defunct due to inserting certain substance to the engine during August 2020, although action had been taken to assess the damage and to identify the officers responsible for that having conducted inquiries in number of occasions, the council had failed to decide the persons responsible even up to March 2021. The engine of the vehicle had been referred for repairs at an estimate costing Rs. 1,485,515 without deciding the persons responsible.

Persons responsible for damages to cab vehicle should be identified and necessary action should be taken on. A formal inquiry to identify the officers responsible and a police inquiry are being carried on. Inquiry had not been finalized.

19. Kesbewa Urban Council

The proposal in connection with granting deeds of lands to 17 tenants occupying Bokundara government quarters belong to the council had been unanimously sanctioned at the general council meeting held on 23 February 2010. Deeds had not been given having resolved all existing problems even as at 31 December 2020.

Action should be taken to resolve the problems and grant the deeds. Matter has been referred to the lawyer to get legal instructions for deed granting work. It has been referred to Commissioner of Local Government to obtain approval for disposal of specified property. Further action is in progress

20. Seethawakapura Urban Council

- (a) While solid wastes generating Removal of high We were Preliminary within the area of authority of risk families from informed by the research work for the council are being disposed in that place and Distress making stability of this garbage Disposal work relating to Management of this garbage Centre belongs to the council, establishing the Centre and the yard has been retaining wall constructed in new garbage yard National finalized through 2016 for the protection of this should be Building the National garbage mountain had been expedited. Research Centre Buildings and fractured in three places. At the vide letter dated Research Authority. research carried out in this connection by the Geotechnical Section of the National Building Research Organization, it had been recommended to remove the families living in the high risk zone to avoid possible loss of lives and properties due to getting pushed away the boulder decks in the garbage holding. Due to this, 3 families living in high risk zone had been given cash amounting to Rs. 90,000 at the monthly rate of Rs. 15,000 for two months, and had been informed them to leave that place. However, those families had not left that place even as at 05 April 2021. It was observed in audit that those families are living near that garbage mountain again. Although it has been proposed to acquire part of land in extent of
- Removal of high risk families from that place and work relating to establishing the new garbage yard should be expedited.
- We were informed by the Distress Management Centre and the National Building Research Centre vide letter dated 21.04.2019 with regard to the risk of earth slip in the area associated with Ukwatta Garbage mountain due to heavy rainfall took place during the year 2019. Accordingly, as per letter dated 06.04.2019 sent through the Western Province Wastes Management Authority, Accordingly as per assessment done by the Divisional
- Preliminary research work for making stability of this garbage yard has been finalized through the National Buildings and Research Authority. Similarly, daily garbage accumulation to this garbage yard has been stopped by now. Action is being taken to shift this yard to a lonely area belongs to the Pussellawa Plantation. In due course.

05 acres from the stretch of states belongs to the Pussellawa plantations Company to establish a garbage yard to remove the risk of Ukwatta Garbage mountain, as per decision No. 18/0309/744/009 dated 21 March 2018, of the Board of Appeals, necessary course of action required for that had not been taken even during the year 2020.

Secretary, a sum of Rs. 15,000 per month was given for 03 months and steps were taken to remove 03 families living in the risk zone. In addition, property assessment for the houses of the families living in this risk zone have been obtained through the Valuation Department.

21. Kuliyaipitiya Urban Council.

A lease amount of Rs. 719,218 outstanding to be recovered since October 2019 from the lessee of the trade stall No. 2 of Kuliyaipitiya Public Market had not been possible to recover even up to the end of the year 2020.

Action should be taken to recover the balance in arrears.

Legal Action is being taken to recover the arrears amount.

Balance in arrears had not been recovered so far.

22. Chiilaw Urban Council

- (a) Out of the billed value of 27 trade stalls given on long-term rent basis relevant to the year 2020, a sum of Rs. 4,473,215 and out of the billed value of 15 properties leased out relevant to the year 2020, a sum of Rs. 3,427,199 had been written off without the approval of the Commissioner of Local Government and the Minister in charge of the Subject.
- Write-off should be done with the approval of the Commissioner of Local Government and the Minister in charge of the Subject.
- Commissioner of Local Government was informed in writing.
- An approval of the Minister in charge of the Subject had not been obtained even up to the end of January 2022.**
- (b) Action had not been taken to settle the value of Prepayments balance amounting to Rs. 8,871,877 which was being brought forward since the year 2010 and value of Deposits made by the council amounting to Rs. 73,940.
- Action should be taken to settle balances which are being brought forward.
- Action is being taken to settle.
- Action had not been taken to settle this value even up to the end of January 2022.

23. Ampara Urban Council

- (a) Trade Stalls Rent Receivable amounting to Rs. 6,955,307 had been written off without approval of the Commissioner of Local Government.
- Approval of the Commissioner of Local Government. Should be obtained in terms of the Act for write off of arrears of revenue.
- It has been planned to inform these details to the Commissioner of Local Government and do the upcoming work.
- Approval of the Minister of Local Government had not been obtained.

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| (b) | Trade Stalls Rent in arrears amounting to Rs. 6,393,580 outstanding to be recovered as at 31 December 2020 had not been recovered. | Trade Stalls Rent in arrears should be recovered. | No comments given. | Trade Stalls Rent in arrears had not been recovered. |
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24. Vavuniya Urban Council

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| (a) | Although a period from 01 to 33 years have elapsed after the end of the agreed period of 315 lands and booths given on rent, those were being used without entering into agreements again. | Steps should be taken to enter into agreements again. | Steps are being taken for issuing notices to renew contracts with regard to booths not covered with agreements | Agreements have not been entered into up to now. |
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| (b) | Kurumankadu Elders' Park completed during the year 2018 at an expenditure amounting to Rs. 2,534,837 remained idle. | Steps should be taken to use it. | Certain essential works have to be completed in the Kurumankadu Elders' Park and action will be taken to get the maximum use after finalizing those works. | Remained unused up to now. |
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| (c) | A sum of Rs. 1,006,971 in the Library Building Fund had been retained in fixed deposit accounts without being utilized for the objective relevant to it during more than past 05 years. | This matter should be discussed in order to take suitable action. | While the fixed deposits interest is a source of income to the council, those deposits will | This money remains as deposits. |
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be utilized according to the needs.

25. Kinniya Urban Council

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| Rates in arrears for the period from the year 2006 to the year 2020 totaling R. 1,927,629 had not been recovered. | Rates in arrears should be recovered. | Action will be taken to recover Rates in arrears in due course. | Rates in arrears had not been recovered. |
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26. Trincomalee Urban Council

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| (a) | Suspense Account balance of Rs. 11,863,654 existing since 12 years had not been settled even as at 31 December 2020. | Suspense Accounts should be settled. | Steps have been taken to rectify the relevant deficiencies at present. | Suspense Accounts had not been settled. |
| (b) | Although Revenue Collecting Officers had been appointed for the recovery of Rates in arrears amounting to Rs. 96,633,007 for the year prior to December 31 2020, a sum of Rs. 741,135 only had been recovered by them. | Action should be taken to recover amounts in arrears | Action has been taken to issue instruction letters to the collecting officers having determined the amount of arrears to be collected within the year. | Amounts in arrears had not been recovered. |
| (c) | Action had not been taken to settle tender deposits old more than 09 years mounting to Rs. 4,523,682. | Action should be taken to settle. | Steps will be taken to settle. | Deposits had not been settled. |

- (d) Installation of machine for burning hospital wastes had been completed having spent a sum of Rs. 5,695,830 during the year 2015. However, this machine remained idle even as at 14 March 2020, date of audit.
- Steps should be taken to commence plans of this type only after carrying out a feasibility study.
- As another wastes burning machine had been installed in the hospital premises, the hospital was not prepared to take over or use the machine installed by the council adjacent to the public cemetery.
- Assets had not been used.
- (e) A sum of Rs. 762,421 was in arrears as at the end of the year 2020, due to non-payment of rent by 30 officers who were in occupation of council official quarters since a number of years.
- Action should be taken to recover rent in arrears.
- Cases have been filed against two persons.
- Rent had not been recovered.
- (f) While the post of accountant was vacant during a period of more than 12 years, action had not been taken to recruit an officer in the Sri Lanka Administrative Service to the post of secretary to the council.
- Action should be taken to recruit an accountant and a secretary.
- Requests have been made to Commissioner of Local Government
- Vacancies had not been filled.
- (g) In the event of sale of any land situated in the area of authority of the urban council through public auction or when selling in other manner or by auctioneer or broker, his servant or agent should pay a tax equitant to 1%
- Land sales tax should be recovered timely.
- In this connection, letters have been sent to all the lawyers.
- Similarly, It had been decided to
- Tax had not been recovered on land sales.

of such selling amount to the council in terms of Sub Section 165 d of the Urban Councils Ordinance (chapter 255). However, action had not been taken to recover 1% land sales tax amounting to Rs. 5,653,900 receivable from sale of lands during the year 2018 and to commute and recover the land sale tax for the year 2019.

transfer only the ownership of tax paid lands, when applications are submitted for transfer of ownership.

27. Eravur Urban Council

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| (a) | Although an agreement had been entered into for an estimated sum of Rs. 117 million during the year 2016 to construct the Cultural Centre Building along with the Library Buildings Complex, works had not been completed up to the year 2018. | Steps should be taken for completing the work entirely | Course of action has been taken to complete. | Constructions had not been finalized. |
| (b) | According to the agreement entered into, during April 2017 by the UNOPS for the establishment of a solid wastes Centre, the solid wastes collected had be carried to Koduwamadu Land Filling Centre and carbonic fertilizer had tol be produced from palatable wastes. Although an expenditure amounting to Rs. | Special arrangement should be made for disposals during weekends. | No arrangements made | Course of action had not been taken for disposal of garbage. |

1,906,683 was incurred during the year 2020, certain wastes are being discarded in the river bank while carbonic fertilizer production is not done as well.

28. Kaththankudi Urban Council

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| <p>Loans amounting to Rs. 7,317,456 had been obtained in 2018 on the basis of repayment within 10 years at an annual interest rate of 09 percent with the objective of development of roads and drainage systems in the area of authority of the council under LGIP Program. However, these roads had not been completed and maintained properly.</p> | <p>Repairing the roads is necessary.</p> | <p>Immediate action will be taken for restoration of roads.</p> | <p>Restoration of roads had not been done.</p> |
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29. Velvettithurai Urban Council

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| <p>Fixed Deposits valued at Rs. 67,340,802 had been deposited in the bank with the objective of earning interest income without being utilized for urban development objectives.</p> | <p>Council funds should be used for development works.</p> | <p>Those will be utilized in due course.</p> | <p>Those funds had not been utilized for development projects up to now</p> |
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30. Chavakachchri Urban Council

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| <p>(a) Fixed Deposits valued at Rs. 23,661,278 had been deposited in the bank with the objective of</p> | <p>Action should be taken to deploy council funds on</p> | <p>This will be rectified in due course.</p> | <p>Those funds had not been utilized for</p> |
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| | earning interest income without operations at the development being utilized for urban optimum level. projects up to development objectives now. |
| (b) | Period of delay for renewal of Action should be It has become Step had not been rent agreements of 41 trade stalls taken to renew impossible to taken to renew was in a range between 07 years agreements in renew rent agreements and 40 years accordance with agreements as up to now. the time period the trade stalls mentioned in the are being used rent agreements. by some other individuals. |
| (c) | The building constructed for a Assets belong to Grinding Those assets are sum of Rs. 4,690,000 for the council machine was not still unutilized. carbonic fertilizer production should be installed due to and solid wastes classification properly used. lack of and solid wastes grinding electricity machine not installed up to power. At now, remained idle for more present, this than a period of 05 years. building has been repaired and fertilizer production is in operation again. |

31. Point Pedro Urban Council

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| Fixed Deposits valued at Rs. Funds belong to Projects in the Those funds had 210,987,678 had been deposited the council budget plan are not in the bank with the objective of should be being been utilized for earning interest income without utilized for implemented. development being utilized for urban development projects up to development objectives. needs. now. |
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