

Seethawakapura Urban Council - 2021

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Seethawakapura Urban Council including the financial statements for the year ended 31 December 2021 comprising the Statement of financial position as at 31 December 2021, Statement of Financial Operations, Cash Flow Statement for the year and significant accounting policies and other explanatory information was carried out, for the year then ended, 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 Sub-Section 181 (1) of the Urban Council Ordinance (Chapter 255) and the provisions of the 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 accompanying financial statements give a true and fair view of the financial position of the Seethawakapura Urban Council as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Public Sector Accounting Standards for Local Government Authorities

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.6 of this report.

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 Sri Lanka Public Sector Accounting Standards for Local Government Authorities, 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 Urban Council's financial reporting process.

As per Section 16 (i) of the National Audit Act No. 19 of 2018, the Urban 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 Urban Council, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Urban Council has complied with applicable written law, or other general or special directions issued by the governing body of the Urban Council
- Whether it has performed according to its powers, functions and duties; and
- Whether the resources of the Urban 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

The National Audit Act No. 19 of 2018 contains special provisions regarding the following requirements.

- (a) Financial Statements of the Urban Council as per the requirement mentioned in Section 6 (i) (d) (iii) of the National audit Act No. 19 of 2018 corresponded with the Financial Statements of the previous year.
- (b) As per the requirement mentioned in the Section 6 (1) (d) (iv) of the National Audit Act No. 19 of 2018, the following recommendations made by me regarding the financial statements for the previous year had not been implemented.

1.6 Audit observations regarding the preparation of financial statements

1.6.1 Accounting Deficiencies

| Audit observations | Comment of the Council | Recommendation |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| ----- | ----- | ----- |
| (a) Capital expenditure grants received in the year under review was overstated by an amount of Rs.3,098,533. This difference is due to the account the actual expenditure related to the capital grant for the improvement of the facilities of the Municipal Office Building as Rs.7,500,000 instead of Rs.7,392,186 and account the capital grant of Rs.2,990,718 received in the year 2020 as a capital grant received in the year 2021. | All capital expenditure grants received during the year are not recognized as capital expenditure grants for that year and all capital expenditure grants received are not recognized as deferred income as per current accounting standards. Therefore, the total capital expenditure grant value of Rs.14,002,089 received this year cannot be taken as recurrent. | Capital grants related to the year under review should be accounted properly. |
| (b) In relation to the value of transfers made by the government for non-recurrent expenses in the year 2020 amounting to Rs.35,066,521, the value to be amortized in the year 2021 amounted to Rs.3,506,652, however by stating it as Rs.1,905,642, the year's recurrent expenditure was understated by an amount of Rs.1,601,010. | The value of the non-recurrent expenses amounting to Rs.3,505,652 mentioned by you cannot be found as per balance check. However, it is noted that the amount given by us is correct as per current accounting standards. | Depreciation for the year should be accounted properly. |

- (c) The depreciation of building values had been overstated by an amount of Rs.109,647 and the total depreciation value of 06 fixed assets had been understated by an amount of Rs.776,117 in the financial statements. Kindly noted that the depreciation have been calculated according to proper diminishing balance methods. Depreciation should be calculated correctly.
- (d) Although the depreciation value of library books amounted to Rs.651,985, it was shown as an amount of Rs.724,428 as such overstating it by Rs.72,443. Although the depreciation method followed by the municipality is the diminishing balance method, the same policy was not followed in depreciating library books. Agreed. Noted that action will be taken to rectify using the journal entry number 02 in 2022. Depreciation should be calculated correctly.
- (e) During the reviewed year, 07 vehicles valued at Rs.7,881,460 were sold and the depreciation value of those vehicles amounted to Rs.445,106. The council had received Rs. 1,967,468 from the sale of those vehicles and the profit or loss of these transactions had not been calculated and accounted. Although profit and loss are not calculated and shown, the net result is correctly recorded in the assets and liabilities accounts. Therefore, it is not necessary to calculate the gains and losses in these transactions separately and re-adjust them. Profit or loss from the sale of vehicles should be calculated and accounted.
- (f) Fixed deposit interest income of Rs.222,794 and receivable interest income of Rs.129,546 had been understated in accounts for the year. Action will be taken to rectify in 2022. Fixed deposit interest should be calculated correctly.
- (g) Although the amended cash balance in the bank account of the Bank of Ceylon is Rs.14,222,200, the cash balance was understated by an amount of Rs.457,420 by recording the cash balance before the amendments as Rs.13,764,780 in the financial statements. Due to this, councillor allowances as compensation for the month of December amounting to Rs.360,000, fixed deposit interest amounting to Rs.92,466 and direct receipts The income related to the Councillor's allowance year has been correctly recorded in the income account. Yet due to not correctly recording the due Councillor allowances in December 2021, these Councillor allowances should be credited to the accumulated fund and not to the income. The correct cash balance should be shown in the financial statements.

amounting to Rs.4,954 was not accounted as receipts.

- (h) Balance of Urban Development Fund Account was understated by an amount of Rs.153,137 as at 31 December 2021. This difference is due to non-accounting of arrears interest and action will be taken to rectify in 2022. should be accounted properly.
- (i) The total stock balance was overstated by an amount of Rs.770,973 due to inclusion of Ayurveda stock balance amounting to Rs.770,973 twice in the warehouse stock value. Agreed with the observation. Action will be taken to rectify. Correct balances should be indicated.
- (j) Property, plant and equipment amounting to Rs.695,810 had been recorded as recurring expenses, as such the year's surplus and property, plant and equipment had been understated by that amount in the accounts in the year 2021. Noted that it will be rectified after comparing it to the fixed assets register so that it will not be a double count. Purchases during the year should be recorded correctly.

1.6.2 Deficiencies in the presentation of financial statements

| Audit observations | Comment of the Council | Recommendation |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| (a) The cash flow from investing activities was understated by Rs.6,006,898 and the cash flow from operating activities was overstated by Rs.2,273,138 in the cash flow statement for the year under review due to vehicles and library book donations received in 2021 amounted to Rs.3,569,735, and machines, library books and constructed roads, bridges and culverts purchased under credit basis amounted to Rs.2,437,163 of which the total amounted to Rs.6,006,898 has been shown understated under property, plant, and equipment purchases. | Agreed with your observations. This has no effect on the amount of the statement of comprehensive income, as the statement of cash flows only provides additional information. Therefore, the double note theory does not include this statement. | Cash flow should be shown correctly |
| (b) As capital grants amounting to Rs.7,403,556 received during the year under review were not included under financial activities, funds from financial | -do- | The correct figures should be shown in the cash flow statement. |

activities were understated by that amount. Rs.3,302,462 was added as identified capital expenditure allowances although Rs.1,905,642 should be deducted as capital expenditure allowances as identified in the cash flow statement.

1.6.3 Unreconciled Control Accounts or Records

| Audit observations | Comment of the Council | Recommendation |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------|
| Although the balance according to the accounts of 03 accounting items shown in the financial statements amounted to Rs.54,606,738, according to the related schedules / documents, the balance of one account was overstated by an amount of Rs.750,415 and the balance of the other two accounts was understated by an amount of Rs.242,838. | Action will be taken to rectify this after investigation in financial year 2022. | Differences should be identified and resolved. |

1.6.4 Lack of Documentary Evidence for Audit

| Subject | Audit evidence not provided | Comment of the Council | Recommendation |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| (a) The manner in which the value was calculated was not explained although an amount of Rs.3,302,462 has been deducted as capital expenditure allowances identified in the surplus or deficit in the cash flow statement of the year under review. | How the Capital Expenditure Allowance Value was calculated | I can confirm that these amounts are capital expenditure allowances recognized in the surplus or deficit in the cash flow statement. | The method in which correct values were calculated should be presented. |
| (b) Audit evidence was not submitted to confirm the deposit balance for an income amounting to Rs.6,108,952 as at 31 December 2021. Also, due to lack of submission of detailed schedules for | Income Deposit Certificates and Detailed Schedules should be presented. | Action will be taken to pay special attention to rectify it before the end of 2022. The value of these fixed assets has been correctly | Relevant evidence should be submitted for audit. |

property, plant, and equipment, Rs. 8,036,784 written evidence was not submitted to confirm whether the creditors' provisions for capital expenditure have been shown under the relevant fixed assets.

obtained for the financial statements and there has been some omission in the presentation of written evidence.

1.7 Non-compliances

----- Non-compliance with the rules, regulations, and management decisions -----

Instances of Non-compliance with the rules, regulations, and management decisions are given below.

| Reference to laws rules and regulations | Non-compliance | Comment of the Council | Recommendation |
|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| ----- | ----- | ----- | ----- |
| (a) Paragraph 9.1 (a) of Public Finance Circular No. 01/2020. | Although the interim advance should be settled as soon as the work is completed by the staff officer receiving the interim advance, action had not been taken to settle the advances amounting to Rs.584,289 from 2007 and were transferred to the accumulation and allocation account as of December 31, 2021. | A write-off had not been made after making an allocation and transferring it to the reserve and allocation account as according to accounting principles. | Action should be taken according to the circular. |
| (b) Planning Circular No. 15 of the Urban Development Authority dated 18 November 1993. | Although when sufficient money is collected in the bank account maintained for the urban development of the local authorities it should be used for an identified project on the approval of the Urban Development Authority, yet action had not been implemented until April 08, 2022. | The Urban Council has decided to purchase the "Farnhamwatta" land consisting of 05 acres of land belonging to Pussellawa Plantation Company to establish a garbage incinerator. A proposal was presented and passed by the General Assembly on 17.07.2020 to use the funds for that purpose. | Action should be taken according to the Circular. |

2. Financial Review

2.1 Financial Result

According to the Financial Statements presented, excess of revenue over expenditure of the Sabha for the year ended 31 December 2021 amounted to Rs.32,239,839 as compared with excess of revenue over expenditure amounted to Rs.49,323,906 in the preceding year and as a result, the financial result of the reviewed year had deteriorated by an amount of Rs.17,084,067.

2.2 Performance in collecting Revenue

The observations relevant to the performance of the collection of revenue of the council is given below.

| Audit observations | Comment of the Council | Recommendation |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| (a) The total billed income of the council amounted to Rs.88,772,344 and the total deficit as on 31 December 2021 amounted to Rs.53,741,774 in the year under review. The total revenue collected in 2021 amounted to Rs.43,505,460 and compared to which the total arrears as at the end of the year had increased by 130 percent. | The country had to be closed on many occasions from time to time with the spread of Corona virus in the country. Here, all officers have reported to work in shifts. Although the collection of deficit income and promotion income, which had been maintained at a systematic phase until now, fell into a slow state due to various difficulties such as the fact that the relevant property has been quarantined while accessing the property, and the officials working in the revenue department resorted to self-quarantine, yet we are gradually returning to the previous situation after shedding the current situation. | Action should be taken to recover the arrears of income. |
| (b) Shop Rent Appropriate measures were not taken to recover the outstanding rent income which amounted to Rs.3,036,064 as at the end of the year under review. | Action is being taken to recover the arrears of shop rent from the shop owners by issuing letters to the shop owners as per the agreement. | Action should be taken to recover the arrears of income. |

(c) Tender Shop Rent

The tender shop rent balance due from 05 tenderers amounted to Rs.62,570 since 2006. These shops were given on rent without entering into an agreement with the tenderers during this period, as such the rent balance of these tender shops could not be recovered.

Agreement regarding these shops could not be found in the file. It was also confirmed that although there was an agreement in some tender shops, yet there were no conditions in the agreement to recover the outstanding amount if the procurer failed to pay the monthly rent. As such, this amount could not be recovered.

Appropriate action should be taken.

(d) Rest House Rent

The arrears of Rest House rent due to the council amounted to Rs.4,267,885 as at 31 December 2021, for the lease of Avissawella Rest House to a private institute from May 2020 to 31 December 2021.

Half of the monthly rent for the months of March/April/May 2020 has been given to the relevant institution as relief for the 2020 Covid pandemic. By giving the said relief, our local government expected that the Rest House would pay the monthly rent due to our local government without deficit.

Appropriate action should be taken to recover the arrears of Rest House rent.

(e) Private Bus Stop Fees

Collectable private bus stop fees as of 1989 amounted to Rs.230,700.

No comments were given.

Appropriate action should be taken

(f) Entertainment Tax

The value of entertainment tax amounting to Rs.516,862 had not been settled even by the audit date in April 2021.

No comments were given.

Appropriate action should be taken

3. Operational Review

3.1 Identified Losses

Audit observations

Construction of pedestrian walkway at Philip Gunawardena Stadium

An unnecessary expenditure of Rs.305,979 had been incurred since one work of the council was halted due to the lack of proper management of the work plans by the council.

Comment of the Council

The amount of 4200 stones supplied to the site by the contractor related to the above project has been handed over to

Recommendation

The funds of the council should be used in productive activities.

the municipal stores. It is proposed to lay that amount of stone tiles within the council area as this project will not be implemented again.

3.2 Operational Inefficiencies

| Audit observations ----- | Comment of the Council ----- | Recommendation ----- |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| <p>(a) Leasing the land where the Bank of Ceylon building is located</p> <p>-----</p> <p>Seethakapura Urban Council had leased a land owned by the council to the Bank of Ceylon for a period of 30 years from July 1, 1988, to June 30, 2018, as according to the agreement No.248/334 dated June 09, 1989. The council had agreed to extend the tax period subject to the new assessment of the assessment department as per the request made by the bank in 2017 to the council to extend the tax period again at the end of this tax period. Before the new assessment, the Bank of Ceylon had paid Rs. 475,000 as annual rent and as VAT. The annual tax rent and related VAT payable by the bank to the council amounted to Rs.5,700,000 and an amount of Rs.475,000 and related VAT according to the new assessment.</p> <p>The Urban Council had filed a case in the Avissawella District Court due to the refusal to pay this new rent by the Bank of Ceylon's. The building continued to be used without paying the new annual assessment rent of Rs.5,700,000 to the council.</p> <p>This case was not settled until the audit date of April 18, 2022, and the Council had not received the amount of Rs.19,475,000 which is the assessment tax rent value due from July 1, 2018, to December 31, 2021.</p> | <p>(i) Action is being taken in order to recover the relevant monthly rent, by filing a case under case number L29081/19 in the Avissawella District Court for the recovery of the relevant monthly fees.</p> <p>(ii) As provision had been given for handing the lease back to the relevant party in accordance with the agreement, the assessment was obtained from the Assessment department. A case has been filed in the Avissawella court due to the lack of an agreement and lack of payment of the relevant monthly rent.</p> <p>(iii) Mentioned that the Municipal Council has held several rounds of negotiations with the Bank of Ceylon. Although discussions were held with the Bank of Ceylon at the Ministry of Local Government on 18.10.2021, it was decided that the two relevant parties should discuss and resolve the issue. Accordingly,</p> | <p>The two parties should negotiate and settle the arrears of rent as according to the letter of the Local Government Commissioner.</p> |

despite discussions with the relevant party, the relevant situation could not be resolved through negotiation.

(b) Infrastructural development of lake forest ecotourism site

An amount of Rs.11,360,000 had been spent for the development of the infrastructure of the lake forest ecotourism site from 2016 to 2019, which is located in 27 acres of land, and plans were made for the construction of a three storeyed building by removing an old community hall building on that land for an estimated amount of Rs. 4,503,193 in 2018. The council had not acquired the permanent ownership of the land before the implementation of those plans until the end of the year under review.

Letters have been submitted to various institution one at a time from time to time to take over the lake forest and finally A letter has been directed to inquire the stance of the Regional Secretary regarding this transfer by the letter of the Chief Secretary (CP) No. CSWP/ADM/16-19/F1/01-01(A) dated 30.12.2021. A letter has also been sent to inform about the action taken in this regard by my letter No.සීනස/01/02/73 dated 30.03.2022 by paying attention to that letter.

Action should be taken to promptly take over the rights to the relevant land.

3.3 Questionable transactions

Audit observations

07 officers/employees reside in the 07 official quarters belonging to the Sithavakapura Urban Council. The said employees have continuously been in residence for more than 25 years although the average lease period of quarters belonging to grades 4, 3, and 2 is 05 years according to Article 6:1 of Chapter XIX of the Establishment Code. It was also observed that unauthorized constructions have been made and business activities are being conducted within these quarters. A penalty rent may be collected from an officer residing in government quarters for overstay as according to paragraph 5 of Article XVIII of the establishment Code, and it is observed that the District Secretary

Comment of the Council

Eviction notices have been given to the employees residing in 07 quarters owned by Sithavakapura Urban Council under the Quarters Possession Act No.42 of 1978, for having resided for more than 05 years as per Chapter xix 6.1 of the Establishment Code. 8% of the salary was recovered as a part of the penal rent from June 2021 to April 2022 until the Chief Assessor reports the open market rent from

Recommendation

Prompt action should be taken according to the Establishment Code and relevant Acts.

or the relevant division head is given June 2021 to April 2022 authority to take action in respect of for their occupancy of the Government quarters provided by Act No. quarters beyond the 07 of 1969, as amended by Acts No. 03 of contractual period. 1971 and No. 40 of 1974. Yet action was not taken accordingly.

3.4 Idle or underutilized Property, Plant and Equipment

| Audit observations ----- | Comment of the Council ----- | Recommendation ----- |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| <p>(a) The council had spent an amount of Rs.22,211,213 for the construction of shop rooms on the upper floor of the council's supermarket complex. 106 shop rooms are planned to be completed on the upper floor but only 56 rooms have been completed. It was observed that out of these 56 shops, 28 shops were closed, and the slab of the 34 shops to be built on one part of the upper floor is left decaying due to the fact that the shops have not been built so far.</p> | <p>Proposals are made to start construction within this year as estimates are being prepared for the 34 shops to be built on the upper floor of the bus station.</p> | <p>Council property should not be kept idle and should be used for productive activities</p> |
| <p>(b) The vibrating roller machine which was valued at Rs.7,389,200 in the asset audit of the year 2020 donated by the Ministry of Public Administration, Provincial Councils and Local Government in 2015, was left parked and unused in the council premises even as of the audit date of December 03, 2021.</p> | <p>The Local Government Department and the Palinda Nuwara Pradeshiya Sabha have been informed in writing that they have agreed to give this U 08-ton road sweeper to the Palinda Nuwara Pradeshiya Sabha as according to the decision No.5.12 of the monthly general assembly held on 11.01.2022 and so far, no reply has been given.</p> | <p>Assets should be acquired based on the need and capacity of the Council.</p> |

3.5 Assets Management

| Audit observations | Comment of the Council | Recommendation |
|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------------------------|
| (a) Relavent action had not been taken to discard The three-wheeler recommended for discard even as of the audit date of April 08, 2022,. | No comments are given. | Necessary action should be taken to discard. |
| (b) There were 06 vehicles in repair condition which were not repaired as of the date audit of April 08, 2022. | same | Necessary action for should be taken to repair. |
| (c) Two vehicles were not used due to lack of drivers for driving. | same. | Appropriate action should be taken promptly. |

4. Accountability and Good Governance

4.1 Environmental problems

| Audit observations | Comment of the Council | Recommendation |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| Environmental damage caused by Seethawakapura industrial estate | | |
| It was observed that great environmental damage was caused to the villagers of Shorupitiya who live nearby by the informal and careless activities of the industrial estate run by a private company adjacent to the city centre of Seethawakapura is causing. Accordingly, it was observed that there were many environmental problems such as wastewater getting into the river, flooding of Puwakkpitiya due to wastewater, the villagers getting sick due to vehicle fumes and noise, waste getting into potable water etc. | I have recently checked the canal where it is mentioned that dirty water flows using the water treatment tank, yet it was colourless and clear. Action is being taken to take water samples at that location by coordinating with the office of the Health and Medical Officer. | Necessary action should be taken to prevent environmental damage. |