

Gampaha Municipal Council - 2021

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Gampaha Municipal Council for the year ended 31 December 2021 comprising the statement of assets and liabilities as at 31 December 2021 and the statement of comprehensive income statement, statement of changes in equity, cash flow statement, significant accounting policies and the summary of other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the section 219 of the Municipal Council Ordinance (252 Authority) and the provisions of National Audit Act No.19 of 2018. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Gampaha Municipal Council as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards for Local Authorities.

1.2 Basis for Qualified Opinion

My opinion is qualified based 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 Responsibility for the Audit of 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 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 Municipal Council's financial reporting process.

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

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

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

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

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

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

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

1.5 Report on Other Legal Requirements

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

(a) The financial statements of the Municipal Council presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

(b) The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

1.6 Audit Observations on the Preparation of Financial Statements

1.6.1 Accounting Deficiencies

The following observations are made.

Audit Observation	Comments of the Sabha	Recommendation
(a) The estimated value of 4 out of 5 projects that were not completed was Rs, 24,490,000 in the work in progress account and the estimated value of project 1 of Rs. 1,897,200 was incorrectly debited to the building repair and maintenance account and debited the creditor account by Rs. 26,387,200 as at the end of the year under review.	Accept. Action will be taken to adjusted by the 2022 accounts.	Action should be taken to rectify the balances with the adjustment of completed works credited to property, plant and equipment account, uncompleted work credited to work in progress account and credited value mistakenly to be adjusted to the accumulated fund account and the total value debited to creditors account in the preparation of 2022 financial statements.
(b) The cost or present value of the 2 software packages of Koha and Nekfa used by the council which was Rs. 3,843,725 was not accounted as property, plant and equipment in the financial statement.	I will correct the value of property and equipment in the year 2022.	Should be accounted correctly.

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| (c) | The value of 20 items of consumer goods issued from the Stores valued at Rs. 188,409 was accounted as property, plant and equipment. | As currently, 20 inventory items identified under property, plant and equipment have been issued, I will make sure to adjust and correct the expenses through the journal entries. | |
| (d) | The creditors balance of Rs. 136,305 and property, plant and equipment value of Rs. 136,305 as at 31 December of the year under review in related to 03 industries to be reimbursed by the divisional secretariat had not been accounted. | Provisioned as creditors due to unpaid to contractor. | Should be accounted correctly. |
| (e) | The comprehensive income for the year 2021 should be calculated and indicated separately in the statement of comprehensive income. The comprehensive income for the year was understated by Rs. 151,355,449 due to not taking the surplus value of Rs. 181,048,126 and taking unrecognized capital expenditure grants of Rs. 29,692,677 in the surplus for that calculation. | Accept. I will correct the mistakes in the preparation of the accounts statements and submit them. | |
| (f) | The arrears of shop rents were under accounted by Rs. 1,098,050. | It will be corrected by the journal entries. | |
| (g) | Although Rs. 6,985,500 was paid to the supplier by voucher number 68 dated 26 March 2020 for goods worth Rs. 7,181,520 received to the warehouse under Goods Receiving number 909, an amount of Rs. 7,181,520 mentioned as payable to the supplier in the financial statements of the year under review was wrongly accounted under creditors. | No answers were given. | Future payments cannot be made as creditors for the expenses paid in the year 2021. |

1.6.2 Lack of Written Evidences for Audit

Audit Observation

The creditor balance amounting to Rs. 139,269,409 could not be satisfactorily monitored due to non-submission of the schedule of creditors.

Comments of the Sabha

The total of the creditor balances received from the relevant divisions has been submitted for audit.

Recommendation

Single balance schedules should be submitted.

Reference to Laws, Rules Regulations etc.	Amount	Non-compliance	Comments of the Sabha	Recommendation
(a) Article 148 of the Constitution of the Democratic Socialist Republic of Sri Lanka, Sections 185 and 186 of the Municipal Council Ordinance and order No. 25 on matters related to Municipal Council financial administration of the Western Provincial Council.		A separate account was opened in Gampaha government bank and a separate fund called "Mayor's fund" was established to credit the donations received to the Municipal Council.	The Mayor informed in writing that the information related to the bank account was destroyed by the fire.	Arrangements should be made to submit the necessary information for audit according to section 185 of the Municipal Council Ordinance Act.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka				
(i) 371	691,745	The total value of 2 adhoc sub imprests worth Rs. 682,745 for networking the Neckfa Australia on 08 December 2015 and salary advances given on 09 October 2018 had not been settled by 04 October 2022.	Information is being sought from the engineering division.	Should be settled the sub imprests.

(ii)	571(1) and (2)	31,187,813	The value of 172 contractual retention money in hand deposit balance amounting to Rs. 13,427,498 exceeding 2 years and miscellaneous deposit balances of Rs. 1,418 amounting to Rs. 17,760,315 were not regulated.	I will review the deposits and recognize them as income as per the Financial Regulation 571.	repayment or taken to income should be made as per Financial Regulations.
(c)	Financial Regulations 880 and Local Government Commissioner's Circular No. LG/5/2004 dated 09 July 2004		27 Officers of the Municipal Council who were supposed to post bail were not post employee bail.	Although the officers were informed to post bail, they were not post bail and the proceedings are doing again.	Arrangements should be made to obtain bail from the officers who are required to post bail as per the Financial Regulations.
(d)	Order No. 08 on accounting matters related to financial administration of Municipal Council according to the Special gazette No. 2155/6 dated 24 December 2019		Although the financial statement for each financial year shall be submitted to the Auditor General on or before 28 February of the each financial year, the financial statements for the year under review was submitted 106 days later on 15 June 2022.	No answers.	The financial statements should be submitted to the audit before the due date as per the gazette.

1.7 Non-compliances

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

Instances of Non-compliance with Laws, Rules, Regulations and Management Decisions are given below.

2. Financial Review

2.1 Financial Results

According to the Financial Statements presented, excess of revenue over recurrent expenditure of the council for the year ended 31 December 2021 amounted to Rs.181,048,126 as compared with the revenue over recurrent expenditure amounted to Rs.132,650,873 in the preceding year.

2.2 Revenue Administration

Performance of the Revenue Collection

2.2.1 Assessment and Tax

Audit Observation	Comments of the Sabha	Recommendation
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(a) An assessment should be made every 5 years as per the Valuation Ordinance 1946. It was observed that in Gampaha Municipal Council, Gampaha office and Yakkala sub-office, 10,665 and 20,892 assessment units were charged based on assessments assessed in 2011 and 2005 respectively and there were no action taken to increase the number of assessed properties after carrying out property surveys. Due to this, the Municipal Council had lost a large amount of assessment revenue that could have been collected.	The assessment revenue to the conversion year was Rs. 48.2 million and the arrears assessment revenue was Rs. 18.3 million. The Revenue inspector has already submitted a related report to the revenue sub-committee.	The assessment should be assessed and the assessment revenue should be collected according to the new rates and the assessment property should be increased through the property survey as per the ordinance.

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| (b) | <p>The outstanding assessment balance was Rs. 70,222,909 as at 31 December 2021 and according to the age analysis, chargeable balance from less than 1 year, between 1 and 3 years, between 3 and 5 years, between 5 to 10 years and more than 10 years was Rs.8,327,494, Rs.23,343,776, Rs. 14,394,483, Rs.18,245,366 and Rs.5,911,790 had not been recovered.</p> | <p>Tax payments are defaulted by under waste land. I will act to stop billing for non-physical properties and correct the arrears taxes. I will act to collect the arrears with the help of the staff and a formal action plan.</p> | <p>Should be charged the arrears of assessment balance.</p> |
| (c) | <p>When analyzed in terms of values of the outstanding assessment balance of Gampaha head office for more than 5 years as at 31 December 2021, it was observed that there was a value of Rs. 2,340,044 of the outstanding value of 13 assessment units over Rs. 100,000, Rs. 1,938,294 of the outstanding value of 29 units between Rs. 50,000 and Rs. 100,000, Rs. 3,053,932 of the outstanding value of 88 units between Rs. 25,000 and Rs. 50,000 and Rs. 5,544,250 of the outstanding value of 1,127 units below Rs. 25,000 and unit value has not been recovered with much focus on more assessment balances.</p> | <p>The Revenue inspector has forwarded a report to the Revenue sub-committee recommending the necessary actions in relation to the all balances over Rs. 50,000.</p> | <p>Should be charged the arrears of assessment balance.</p> |

2.2.2 Lease Rentals

Audit Observation -----	Comments of the Sabha -----	Recommendation -----
(a) According to the arrears income report, it was observed that 99 percent of the arrears lease rental value was Rs. 4,781,517 and the value collected during the year was Rs. 9,020 on the commencing date of the year under review.	No answers were given.	The arrears lease rental should be collected according to the agreements.

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| (b) | Due to the value of rent and lease billed during the year was Rs. 6,909,761 and the value collected during the year was Rs. 2,870,321 according to the report of arrears of income, it was observed that a percentage of 58 percent was to be recovered. | No answers were given. | Should be charged the lease rentals. |
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2.2.3 Trade and Industrial Tax

----- Audit Observation -----	----- Comments of the Sabha -----	----- Recommendation -----
Due to the initial arrears value of the year under review was Rs. 855,590 and the recovered value was Rs. 219,400 according to the arrears report, it was observed that a percentage of 74 were to be recovered.	Cases have been filed for arrears and as the documents are not updated according to the progress report of the court proceedings, the balances are available. The details of the cases have been given to the Municipal Law Officer and I will correct it according to the instructions.	Arrears should be charged and documents corrected in the preceding year of promotion.

2.2.4 Entertainment Tax

----- Audit Observation -----	----- Comments of the Sabha -----	----- Recommendation -----
Due to the outstanding balance as at the beginning date of the year under review was Rs.5,067,942 and the balance recovered during the year was Rs.130,254, it was observed that a percentage of 98 was to be recovered.	Legal action has been taken to recover Rs.5,200,450 arrears of entertainment tax from public cinema hall. Others have filed for legal action.	Arrangements should be made to recover the arrears of entertainment tax revenue.

2.2.5 Other Income

Audit Observation

According to arrears revenue report as at the beginning date of the year under review, the other income arrears balance was Rs.92,481,251, but a percentage of 49 percent remained to be recovered due to the balance recovered during the year was Rs.47,050,116.

Comments of the Sabha

No answers were given.

Recommendation

Action should be taken to recover the arrears.

2.2.6 Trade License Fee

Audit Observation

According to arrears report, the trade license fee arrears balance on the beginning date of the year under review was Rs. 562,661, but the unrecovered percentage was 57 due to the balance recovered during the year was Rs. 240,233.

Comments of the Sabha

Lawsuits have been filed for other balances except Rs. 24,850 in the year 2018 and the documents have not been updated according to the progress of the court proceedings.

Recommendation

Legal action should be taken regarding outstanding trade license balances in the conversion year itself an account balances should be rectified with the approval of the relevant authorities.

2.2.7 House Rent

Audit Observation

(a) According to the arrears income report, it was observed that 75 percent of the billed house rent value of Rs. 306,563 during the conversion year was not recovered from the value of Rs. 76,279 during the year.

Comments of the Sabha

The value billed during the year has increased because the Municipal Accountant himself billed the rent.

Recommendation

Arrangements should be made to collect arrears from tenants or defaulting parties.

(b) The arrears of Rs. 54,909 were not settled for more than 13 years from a house where the tenant had died.

I will work to cut off the arrears of the deceased and recover the arrears.

Should be settled the arrears balances.

2.2.8 Stalls Rent

Audit Observation	Comments of the Sabha	Recommendation
(a) The arrears balance of the commercial premises rent was Rs.29,902,189 as at the beginning date of the year under review and as the collected value was Rs.12,981,050 during the year, the uncollected percentage was 57 percent and as out of the billed value of Rs.33,010,159 and the collected value was Rs.21,861,369, a percentage of 34 percent was not recovered during the year under review.	After notification for payment of arrears, arrangements have been made to seal the unpaid commercial premises.	Arrangements should be made to collect the arrears of rent from the tenants or the defaulting parties.
(b) Rs.24,824,956 was to be charged from 437 stalls in the Gampaha office area as at 31 December 2021 and according to its age analysis, the outstanding balance of Rs.6,452,259 for 38 stalls between 5 and 10 years, Rs.1,374,022 for 40 stalls between 03 to 05 years, Rs.7,805,488 for 71 shops between 01 to 03 years and Rs. 9,193,227 for 288 stalls less than 01 years had not been recovered.	Unpaid commercial premises have been sealed. I will be worked to recover the arrears in future.	Arrangements should be made to collect arrears from shop owners or defaulting parties.
(c) There was an outstanding balance of Rs. 225,525 in 12 stalls belonging to Yakkala sub-office.	No answers were given.	Arrangements should be made to collect the outstanding balance from the stall owners or defaulting parties.
(d) Rs. 6,281,610 of stalls rent arrears from 221 stalls were deducted and cut off by wrongly accounting at the same time as the stalls rent income was accounted without a journal entry and the approval of the Governor was not obtained for that as per section 266 (a) of the Municipal Council Ordinance.	No answers were given.	Arrears of income cut off without proper approval should be re-accounted and cut offs should be accounted by journal entries.

2.2.9 Tender Property Income

Audit Observation	Comments of the Sabha	Recommendation
----- According to the tender property income register, the arrears of Rs. 1,205,250 from the years 2017, 2019 and 2020 of 6 tender properties which annual tenders are awarded had not been recovered by 31 December 2021.	----- It has been approved to sue 3 properties worth Rs. 1,205,205, to submit to the legal officer for 2 properties worth Rs. 516,518 and to send letter of demand to one property worth Rs. 30,409.	----- Arrears of tendered property should be collected from revenue tendered property owners or defaulting parties.

2.2.10 Inn Rent

Audit Observation	Comments of the Sabha	Recommendation
----- According to the inn charges register, the outstanding inn rent value of Rs. 5,954,355 to be charged from the Urban Development Authority had not been recovered as at 31 December 2021.	----- The inn has been taken over by the Urban Development Authority. I will act to settle the outstanding balance. Arrangements are being made to take over the inn again to the Urban Council.	----- Arrangements should be made to collect the arrears of inn charges from the Urban Development Authority or the defaulting parties.

3. Operational Review

The following are the facts observed regarding the performance of the council's duties of regularizing and controlling the matters of public health, public utility services and public roads and the welfare, convenience and welfare of the people under section 4 of the Municipal Council Ordinance.

3.1 Solid Waste Management

Audit Observation	Comments of the Sabha	Recommendation
----- The Technical Evaluation Committee, which held on 19 April 2021 for the year 2021 garbage disposal tender, had recommended that verification should be made about the sanitation and public nuisance at the Dambuwaththa garbage disposal site. According to the reports of the public inspectors dated	----- The garbage has been disposed to the Dambuwaththa as per the rulings given by the Gampaha High court in case No. Revision 10/15 dated 13 February 2015. Garabge is disposed at Dambuwaththa waste yard due to the land is	----- Compost should be produced by using garbage and action should be taken to generate income.

21 April 2021, and 19 May 2021 the disposal of waste at Dambuwaththa cannot be recommended in terms of health safety and public nuisance due to that an environmental permit has not been obtained, piles of non-biodegradable waste in there, not covered the yard and no waste recycling. In spite that, the Commissioner of the Municipal Council had submitted the matter to the council to dispose garbage to that place. Also, Rs. 12,728,244 had to be paid for the disposal of garbage to the Kerawalapitiya garbage yard and the Technical Evaluation Committee had not recommended waste disposal at the year 2021 Dambuwaththa yard in the year 2021 and had spent Rs. 12,664,000 for it.

large, there are no houses or water sources nearby, transportation of garbage is done by the tenderer, and payment is made for the amount of garbage load to be disposed, having to pay fuel overtime allowances etc. for garbage disposal to Kerawalapitiya garbage yard due to lack of enough trippers. Due to Kerawalapitiya has to pay arrears of twenty lakh rupees per month and also spends to dispose of garbage and Damuwaththa only spends ten lakh rupees monthly to dispose of garbage, the garbage has been dumped in Dambuwaththa.

3.2 Management Inefficiencies

----- Audit Observation -----	----- Comments of the Sabha -----	----- Recommendation -----
<p>(a) Installation of Solar Power System for Municipal Council for Head Office</p> <p>Although it was observed that one of the two institutions received during the call for quotations under the national competitive system is a foreign air ticket sales agency and that the bid documents were not mentioned the address, seal or name of the head of institution, the tender board and technical evaluation committee had considered the prices of the institution. According to the agreement, this project, which was supposed to be completed by 21 September 2021, has not been completed, but the dates of the performance guarantee</p>	<p>Although Europe Solar Energy Pvt. Institution was registered as Bright Tour Pvt Institute out of the 02 companies that received quotes, Europe Solar Energy Pvt Ltd. Has submitted the prices. There is a request from the relevant contractor to extend the time till 30 September 2022.</p>	<p>Action should be taken to approve from the pre-qualification technical evaluation committee while inviting bids and in evaluating the bids, procurement method should be followed and the projects should be completed within the contractual period, thereby reducing the office electricity bill, extending the performance bond dates and following the payment procedure while making any payments.</p>

were not extended after the date of 28 June 2022 and considering that the monthly electricity bill will be saved by the project, there was no allocation for the electricity expenses in the year 2022, but the project had paid Rs.2,624,659 as electricity bill from October 2021 to September 2022 Also. Without identifying the installment amount of Rs. 1,650,000 of the loan amount of Rs.5,500,000 requested by the council on 09 November 2021 as a guarantee of a fixed deposit certificate was identified as an advance or payment for work done and made payment through a voucher, the borrowing bank had paid to the contracted institution on the same day.

(b) Tendering of shops in Yakkala Shopping Complex

Audit Observation -----	Comments of the Sabha -----	Recommendation -----
(i) Although the council had approved the estimate of Rs. 201,419,246 for the Yakkala shopping complex proposed to be built by the Urban Development Authority on 13 June 2008, the plan could not be finalized even after 12 years of preparation due to lack of specifics regarding the provision of funds for the construction.	Although it was delayed to complete the project in the year 2012 and started again in 2020 due to the financial crisis of the council and due to the corona epidemic situation and the fuel crisis, it is currently in the final stage.	Should be completed the project immediately.
(ii) It was proposed to build 103 stall rooms in Yakkala shopping complex and tenders were called on 13 August 2008 after deciding a minimum bid for each shop for lease after construction. Prices were not received for 41 stall rooms. Although the prices were called again on 16 June 2014, only 15 stall rooms were selected out of which the prices were to be called for all	Although the prices were submitted for stall room numbers 34,41,42,44,46 and 48 in the first tender of the year 2008, as the stall rooms have not been paid, the prices were called again.	Only the 41 unquoted stall rooms should be called for second quotations.

the 41 shops. As per the decision of the council on 11 July 2014, the lowest bid was decided as the second bids were not invited for 26 stalls.

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| (iii) | Although 22 stalls that are in arrears should be taken over by the council and tenders should be called again under a new assessment and leased out, the same stall had been given to different persons on several occasions on the basis of council decisions and affidavits contrary to the procurement guidelines. | Due to the delay of this project as various reasons, the contracting parties are unable to provide a shop room and due to the inability to provide money again, allowed to transfer ownership of money and charged Rs. 5,000 for that and the council decided to transfer and proceeded accordingly. | According to the procurement guidelines, tenders should be invited again and the lease should be awarded at the maximum price. |
| (iv) | Due to that the advance money was received at once and the contract was not signed accordingly, there was a shortage of advance money of Rs. 57,355,771 from 39 stall rooms from the year 2008 to November 2021 and a shortage of Rs. 55,991,842 in 28 stall rooms out of that had not been recovered by 30 August 2022. | Although there is a shortage of 39 stall rooms in the year 2021, currently there is a deficit of only 10 stall rooms. | Stall rooms had to be built and leased out with getting advance at once and entered into the agreements. |
| (v) | Although there were 10 stall owners earlier on 30 November 2021, it was observed that out of 16 stalls reserved, 06 stalls were over allocated and those stalls were not assessed and the stalls had not been paid in advance till 30 November 2021. | It has been sent to the valuation department by the year 2022 to carry out valuation for all the shop stalls. | The new assessment should be carried out and arrangements should be made for contractual lease on new rates. |
| (vi) | Shop stall No.54 was awarded on 24 August 2012 without valuation or tendering in the year 2008 and assigned to another person on 21 July 2016 and entered into an agreement on 07 February 2017 and Rs.1,560,000 was charged as key money with the agreement. | The Revenue Inspector's valuation for the shop for which there is no information in the file about non-tendering of shop stall 54 has been given as Rs.156,000 in 2008. | A formal assessment should be obtained and tenders and agreements should be made and shop stall leases should be made. |

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| (vii) | Due to that the shopping complex was approved at an estimate of Rs.201,419,246 in the year 2008 and not being completed until the year 2020, an interim estimate equal to Rs.165,837,207 which was 82 percent of the initial estimate was prepared for the completion of the remaining work in the year 2020. | No answers were given. | The construction should be done at the estimated value as there are no delays. |
| (viii) | According to council decision MStthi/26/2019 dated 18 July 2019 the minimum bid was assessed at Rs.15,000 per square feet for the ground floor, Rs.7,500 for the first floor and Rs.3,250 for the second floor, but ignoring this assessment, the council had made a loss of Rs. 7,335,000 by charging only 15 shop stalls in the year 2021 to the minimum assessment of 2008. | The Hon. Mayor has act to invite the prices to the lowest bid. | A new periodically assessment should be done and tendered. |
| (ix) | While it was decided to take over the arrears stall stalls from stall owners before 18 January 2021 and award the stalls to the lowest bid, on contrary to that, 09 stalls were awarded by making a note on the face book of the Mayor. | The Hon. Mayor has act to invite the prices to the lowest bid. | A new periodically assessment should be done and tendered. |
| (c) | Not revaluated property

16 Tailors, 07 cemeteries, 3 other lands and 2 photocopy machines owned by the council in the year 2021 were not revaluated and accounted. | Revaluated and entered in the property, plant and equipment account. | Should be revaluated assets and accounted. |

3.3 Human Resource Management

Audit Observation	Comments of the Sabha	Recommendation
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(a) Recruitment		

<p>37 work/field workers and 22 Health workers were recruited based on Public Administration Circular 29/2019 dated 18 September 2019. Although it was stated that in order to update the staff after making the relevant appointments as per section No. 05 of the Public Administration Circular No. 25/2014 dated 12 November 2014, the Director General of Management Services should be reported immediately, but the staff was not updated. As a result, the Gampaha Municipal Council had paid a total of Rs.56,093,150 as Rs.24,081,350 as salary for the year 2020 and Rs. 23,666,750 for the year 2021 and Rs. 8,345,050 as at 30 April 2022 and that expense had become a expense on the council fund.</p>	<p>Although letters have been sent to the Department of Management Services for approval of the 59 employees recruited as per circular 29/2019, no approval has been received till now. Letters have been re-sent for the approval</p>	<p>Staff should be updated from the Director General of Management Services.</p>
(b) Employee Loan		

<p>Action had not been taken to recover outstanding balance of Rs. 328,234 from 06 officers who were transfer. Retire and attach to the other institutions between 1 to 3 years and Rs. 351,369 from 47 officers for more than 10 years and Rs. 35,170 to be charged from 07 employees assigned to Ceylon Electricity Board and</p>	<p>According to the age analysis of the outstanding balance period, Rs. 260,169 has been recovered from the balance between 1 to 3 years. Rs. 53,780.90 has also been recovered from the balance of more than 10 years. Letters have been sent to collect the amount of Rs. 35,170 to be</p>	<p>Work should be done to recover the employee loan.</p>

Rs. 262,417 to be charged from 34 employees who had retired had not been recovered by 05 October 2022. charged from 07 employees. Arrangements are being made to recover the balances of the retired employees.

3.4 Assets Management

Audit Observation	Comments of the Sabha	Recommendation
Out of the 14 cemeteries owned by the council, legal documents were not prepared to confirm the ownership of 10 cemeteries with a value of Rs. 539,182,170 and 06 lands with a value of Rs. 1,286,624,700 out of 35 plots.	Survey works in progress for and cemeteries for the preparation of declaration deeds and the preparation of declaration deeds for the surveyed lands and burial grounds is currently in progress.	Legal documents should be prepared to confirm the right.
(b) The Municipal council had 2,249 roads as at the last date of the year under review, but they had not been gazette, taken over and made pythons.	As per the public expenditure control circular, survey work has been stopped and will be done as soon as provision is made for gazetting the roads.	The roads should be gazetted and handed over to the council and pythons should be prepared.
(c) According to board of survey report of 2020, although the tractor which has been removed from service for about three years, the three-wheeler which has been removed from service after January 2021 and a road vibrator are listed as unusable items, it was observed that their value further decrease to non-compliance with F.R. 770.	No answers were given.	Action should be taken as per the recommendation of the board of survey.

3.5 Uneconomic Transactions

Audit Observation	Comments of the Sabha	Recommendation
Rs. 5,230,606 was spent for the Medamawatha indoor hand ball ground in the year 2003, but the work was not completed and the Central Advisory Bureau of Engineering Works had reported that the construction was unusable	Due to the stopping of the Medamawatha indoor ground construction work, the vacant land has been converted into a garbage yard and used as a garbage transfer center since the year 2019. Since the	Disposing of dilapidated constructions and waste disposal facility constructed at great expense should be used as a waste disposal facility.

and some of the structures were dilapidated in the year 2011. Ignoring that recommendation, a waste transfer center was built without removing the dilapidated constructions between from 30 September 2019 to 15 December 2020 and Rs. 8,840,741 was paid and on 14 January 2021, a month after the waste transfer center was developed, the Mayor had agreed by a letter No. 01/04/2021 dated 05 November 2021 to provide a volleyball court, a children's park and an urban park in the premises for a project without the approval of the council. Accordingly, the total construction at Rs. 14,071,341 as the constructions done at Rs. 5,230,606 in the year 2003 and constructions done at Rs. 8,840,741 in the year 2019 was observed to be an idle expenditure made from the council fund.

Siyatha Uyana project is a useful and timely project, the Municipal Council agreed to dispose the garbage yard and the garbage transfer center from this place and install it in another suitable place and give the land for the new project.

3.6 Identified Deficiencies

Audit Observation	Comments of the Sabha	Recommendation
(a) According to the section 10 (1) and 10(2) of the Provident Fund Act, due to non-payment of Rs.1,432,826 and Rs. 2,149,239 respectively to the provident fund from employees and employers for 37 project workers who worked from 2005 to 2015, the total amount of Rs. 5,373,097 to be paid as the surcharge amount of Rs.1,791,032. Out of this, Rs.2,742,757 had been paid from the council fund by 30 June 2022. The council had not taken steps to	I will provide the necessary information about this in future and confirm the information of those responsible in this regard and take steps to proceed in this regard.	Should be followed F.R. 156 regarding the responsible parties. Employees' trust fund contributions should be paid on due dates.

identify the responsible parties in this regard by 31 August 2021. Although Rs. 648,463 out of Rs. 1,904,229 of the employees' trust fund contributions had been paid by 30 July 2022, Rs. 1,255,765 should have been paid by the council.

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| (b) | Due to non-payment of electricity bills on time, they had to pay Rs. 295,958 as late fees and out of that, Rs. 104,343 was paid on 24 November 2021. | As requests to the Ceylon Electricity Board to remove this have been rejected, the council has taken a decision and made the payment. | Bills should be paid on time and identify the responsible parties for defaulting on payments and act according to F.R. 156. |
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3.7 Procurement

Audit Observation	Comments of the Sabha	Recommendation
A procurement plan for the year 2021 was not prepared.	Answers were not given.	Procurement should be done according to an approved procurement plan.