

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Dehiwala Mount Lavinia Municipal Council including the financial statements for the year ended 31 December 2022 comprising the Statement of assets and liabilities as at 31 December 2022, Comprehensive Income Statement, Cash Flow Statement and statement of changes of equity 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 and with the provisions of the National Audit Act No. 19 of 2018 read in conjunction with Section 219 of the Municipal Councils Ordinance (Chapter 252). My comments and observations which I consider should be reported 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 Dehiwala Mount Lavinia Municipal Council as at 31 December 2022, 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. Qualified Opinion

I expressed qualified opinion regarding financial statement 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 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 include specific provisions for following requirements.

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

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

1.6 Financial Statements

1.6.1 Accounting Deficiencies

Audit Observation	Comments of the Recommendation Council	
(a) Even though the fixed assets should not be depreciated for the year of purchase but Rs.4,552,630 had been depreciated for the fixed assets purchased during the year under review.	Will be corrected on account of 2023.	Should be accounted properly.
(b) The library books purchased in 2020 and 2021 worth Rs.1,650,947 had not been accounted under fixed assets.	-Do-	-Do-
(c) The library books purchased in year under review worth Rs.1,997,392 had been accounted as expenditure without accounted under fixed assets.	-Do-	-Do-
(d) In the year under review, debited the Rs.86,578,638 as earlier periods errors and changes of accounting policies in the statement of changes of net assets and the value of debited from journal vouchers was Rs.84,573,045, therefore the opening balance had been understated by Rs.2,005,593.	-Do-	-Do-
(e) According to the comprehensive income statement for the year ended 31 st December year under review, although the comprehensive income for the year was Rs.972,493,885, but the balance had been stated as Rs.976,156,225 in the statement of changes in net assets. Accordingly, had been overstated by Rs.3,662,340.	Included in the comprehensive income statement by mistake.	Action should be taken to account correctly.
(f) Although there are no transfers made by the Government for non-recurring expenses in the year under review, there were stated rs.1,032,445 under that.	A letter has been sent to the chief municipal engineer to get information about this.	The balances should be identified and accounted correctly.

(g)	Although arrangements had not been made for the purchase of a baling machine, the expense accounts and creditor accounts had been overstated due to the allocation of Rs.1,500,000 for it.	Recorded by mistake. Will be corrected in account of 2023.	Action should be taken to correctly account.
(h)	In the year under review, Rs.1,500,000 had been accounted for as receivable street name board fees, but that money had been received to the council in the year 2021.	Will be corrected in future.	-Do-
(i)	The investment income of Rs.279,873,451 which was in the surplus for the year should have been removed while calculating the cash flow from operating activities but it was not adjusted accordingly.	-Do-	Cash flow statement should be prepared correctly.
(j)	Although the deduction in short term payables of Rs.319,857,977 affected to the decrease of operating activities from cash flow but that value had been added in the preparation of cash flow.	-Do-	-Do-
(k)	The value of purchase of property, plant and equipment in the reviewed year was Rs.34,801,378 while calculating cash flow from investment activities it had been stated as Rs.382,942,786.	-Do-	-Do-
(l)	According to the income statement, the investment income of Rs.199,060,055 received during the year under review was not included in the calculation of the cash flow from investment activities, so the net cash flow from investment activities had been reduced by that value.	-Do-	-Do-

1.6.2 Unreconciled Control Accounts or Records

	Audit Observation	Comments of the Council	Recommendation
(a)	There was a difference of Rs.31,290,635 between the balance of the ledger account related to 04 accounting heads and the balance shown in the financial statements.	That the relevant corrections will be made in the future.	The reasons for the differences should be found and corrected.
(b)	A difference of Rs.14,213,887 was on the balances related to 02 accounts stated in the	-Do-	The balance in the financial statements should be compared

financial statements compared with the balances stated in the related documents/reports.

with the balance in the related documents and corrections should be done.

1.6.3 Documentary Evidences not made available for Audit

Audit Observation	Comments of the Council	Recommendation
(a) In the year under review, adjustments of Rs.11,016,840 had been made to the opening balances of the furniture, office equipment and software asset accounts and to the accumulated depreciation account, and the detailed information related to those adjustments was not presented to the audit.	Done without using any source documents. Will be corrected in the future.	The informations should be presented of adjustment made to the relating accounts.
(b) Due to non-presented of schedules, it was not possible to satisfactorily verify the value of 05 accounting subjects amounting to Rs.24,355,985 in the audit.	That information regarding this will be sought in the future.	Action should be taken to submit schedules.

1.7 Non- Compliances

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

Non-compliances with Laws, Rules, Regulations and Management decisions as follows.

Reference to Laws, Rules Regulations etc.	Non-compliance	Comments of the Council	Recommendation
(a) Municipal Council Ordinance (Authority 252)			
(i) Section 218	The mayor had not prepared and submitted to the council a detailed report on the council's administration, including a statement of the council's receipts and payments.	It is currently being processed and will be completed and submitted very soon.	The administration report should be prepared.
(ii) Section 266 (a)	Without the Minister's approval, the arrears of Rs.2,760,440 had been written off in relation to 04 revenue heads namely trade licenses, industry and business taxes, advertisement board fees and parking fees.	Done with council approval.	Approval of the minister should be taken.

- (b) Orders on accounting matters relating to the financial administration of the Municipal Council
- (i) Order 12 (xii) The four-year development plan had not been prepared. That the four-year plan has not been prepared. The four-year development plan should be prepared.
- (ii) Order 42 and 44 Copy of the property survey reports had not been submitted to the Auditor General. In the year 2022, a survey had been conducted on the properties owned by the municipal council. After verifying the legality of the property, will be carry out the measurement work, find out the actual square footage, prepare a report and send it to the Auditor General immediately. Property survey report should be submitted to the Auditor General.
- (iii) Order 274 Service performance statement had not been presented. That the reports will be released immediately. Service performance reports should be prepared.
- (c) Financial Regulations of the Government of the Democratic Socialist Republic of Sri Lanka
- (i) F R 371(5) It took 05 to 09 months to settle the advances of Rs.176,130 given on 08 times. Henceforth, after the advance is given, an appropriate action will be made to settle the advance as soon as the work is completed. Should be followed the financial regulations.
- (ii) F R 571 The sewerage transport deposits of Rs.4,532,497 over 02 years had The payment of this sewage transport deposit -Do-

not been settled.

was delayed because we did not charged VAT from our clients and the National water supply & drainage Board charged VAT from us, it was delayed in making a decision on the payment of VAT.

2. Financial Review

2.1 Financial Result

According to the Financial Statements presented, excess of revenue over expenditure of the council for the year ended 31 December 2022 .amounted to Rs.976,156,225 as compared with the excess of revenue over expenditure amounted to Rs.12,820,661 in the preceding year.

2.2 Financial Controlling

Audit Observation	Comments of the Council	Recommendation
(a) Fixed deposits of Rs.30,000,000 on 24 th of May 2022 and Rs.40,000,000 on 23 rd of June 2022 had been canceled and obtained money before the due date for the payment of salaries in the respectively months of May and June 2022. Thus, the council had lost an interest income of Rs.2,675,345 due to cancellation of fixed deposits before mature. Also, it has been observed that the fixed deposits have been cancelled due to the council paying the salaries the day before the salary was to be paid and it is observed that money was received from the Department of Provincial Council on the day the salaries were to be paid.	We make salary payments to the bank through the slip method where it is mandatory to send the salary slip the day before to credit the employees' accounts on the due date. Although some interest has been lost to the council, since the payment of salary cannot be delayed at all, the optimal decision has been taken at that time. The interest income lost here is very low compared to the huge income we collect from our fixed deposit investments every year.	The money has been received from the Department of provincial council on the due date. Decisions should be taken so that the council does not suffer any loss.
(b) On 20 th of April 2022, the Rs.500 million worth of 51 fixed deposits were realize and on the same day Rs.600 million had been paid to National Savings Bank by a cheque. But this sum of Rs.600 million had been invested in the National Savings Bank in the 12 fixed deposits as of rs.50,000,000 each on	This amount of rs.600 million was expected to be deposited in the National Savings Fixed Deposit Account because they agreed to grant the highest interest rate among the competing state banks. In this case, even though interest income was loss of 06 days, could be obtained a	Money should not be left idle and should be invested to earn interest income.

26th of April 2022. Accordingly the council fund had incurred a loss of Rs.600 million in a bank without earning interest for 06 days. much larger amount than the lost income by investing at a higher interest rate.

2.3 Revenue Administration

2.3.1 Estimated Revenue, Revenue Billed, Revenue Collected and Arrears of Revenue

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

Revenue sources	Estimated revenue (Rs) 000'	2022			2021			Total arrears as at 31 st December (Rs) 000'
		Billed revenue (Rs) 000'	Collected revenue (Rs) 000'	Total arrears as at 31 st December (Rs) 000'	Estimated revenue (Rs) 000'	Billed revenue (Rs) 000'	Collected revenue (Rs) 000'	
Rates and taxes	430,000	409,571	347,132	630,171	420,000	387,752	339,513	483,881
Rent income	27,982	16,222	20,687	20,107	16,500	4,880	12,226	6,959
License Fees	9,435	5,000	3,915	5,130	22,250	21,844	14,558	100,430
Other Revenue	532,788	926,392	923,032	936,406	525,900	15,457	276,022	16,842
Total	1,000,205	1,357,185	1,294,766	1,591,814	984,650	429,933	642,319	608,122

2.3.2 Performance in Revenue Collection

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

Audit Observation	Comments of the council	Recommendation
(a) Assessment Tax		
(i) The assessment tax revenue billed for the year under review was Rs. 388,176,867, out of which Rs.164,669,497 or forty-two percent (42%) had failed to be recovered by the end of the year under review.	These amounts were due to over-billing. As of 31 st of March 2023 Rs.50,928,302 had been recovered from the outstanding.	Action should be taken to recover the arrears as per the provisions of the Act.

- (ii) According to the monthly income and arrears reports, the arrears assessment balance of the previous year was Rs.483,885,527 out of which Rs.106,083,319 had been collected during the year under review and Rs.377,802,208 or eight percent (78%) had failed to be charged. The arrears has increased due to non-prohibition of properties due to the recent economic crisis in the country and the Corona epidemic and overbilling.
- (iii) As at 31st of December 2022 there were 87749 assessable properties out of which 44650 properties had an assessment arrears of Rs.532,240,119. In this arrears, 870 properties worth between Rs.50,000 and Rs.100,000 had to be charged Rs.61,214,326 and Rs.252,739,249 from 729 assessment units with a value of more than Rs.100,000. A report is currently being prepared to identify the amount of overbilling for properties above Rs.50,000 and Rs.100,000. The excess amount will be accurately calculated and referred to the management committee for deduction. Action should be taken to recover the arrears as per the provisions of the Act.
- (b) Business and industry Tax**
- (i) In relation to the year under review, survey had not been conducted on the properties under Industrial Tax and Business Tax. The last survey was conducted during the period 2018/2019. There are about 8000 properties. It is difficult to conduct this survey annually as there is a vacant of revenue inspectors in the council. These surveys have been started from the year 2023. Should be worked according to orders.
- (ii) From the outstanding business and industry tax balance of Rs.95,006,513 as at 31st of December 2021 only Rs.11,894,581 or thirteen percent (13%) had been collected during the year under review. This situation has been arisen due to over-billing. Overbilling will be written off from the books. Action should be taken to recover the outstanding tax.
- (c) Garbage tax**
- The outstanding garbage tax revenue was Rs.14,560,240 as at 31st December 2022. Rs.2,597,457 was collected from this outstanding amount in 31st March 2023. Action should be taken to recover the arrears.
- (d) Other tax**
- As at 31st December 2022, the outstanding cable TV revenue of Rs.4,433,435 had not been collected. The legal officer informed that it is difficult to deal legally in connection with the collection of arrears. Accordingly, arrangements are being made to cut off the arrears. Action should be taken to recover the arrears.

(e) Market Rent

(i) As at 31st of December 2021 the outstanding rent balance of Rs.18,429,725, from that unable to collected Rs.12,983,389 or seventy percent (70%) even at the end of the year under review. Action will be taken to proceed to cut off or seal or recover. Action should be taken to recover the relevant arrears rent.

(ii) 60 shop rooms where there was rent arrears for a long time had been sealed and the rent due from those shops was Rs.2,203,484. Their action had not been taken to collect the arrears due from those shops and no action was taken to take over the shops and lease them to other parties. Some of these shops have been tendered. That some shops are damaged. Action should be taken to hand over shops to other party and charged the arrears.

(f) Property rent

Out of Rs.6,482,383 outstanding rent balance as of 31st December 2021, Rs.5,889,644 or ninety one percent (91%) had not been collected by the end of the year. A significant percentage of the revenue is expected to be collected after the agreements are signed in 2023. Action should be taken to collected the arrears.

(g) Trade License Fees

(i) The billed trade license income was Rs.9,435,000 for the year under review, and the collected income was Rs.3,914,569. It was only forty-one percent (41%) of the billed revenue. Trade licenses had been issued until 31.12.2022 due to Covid and the current economic situation of the country. Accordingly, this caused a shortage. The arrears revenue should be charged.

(ii) Although it was stated that there are 1887 shops that should be issued trade licenses for the year under review, licenses had been issued for only 577 shops and 1310 shops were doing business without obtaining licenses. According to the current survey process regarding the organizations that are currently conducting business activities and those that are not, it is possible to identify the organizations that are conducting business activities without obtaining business licenses. Necessary action should be taken against unlicensed businesses.

(h) Advertisement Board Revenue

The advertising board fees to be charged in the year under reviewed were Rs.18,129,643 and for the years 2019, 2020 and 2021 were Rs.5,548,550, Rs.7,648,100 and Rs.4,732,858 respectively. Accordingly, the arrears of Due to the vacant of revenue inspector posts, a last survey was done in the year 2017 and it was done by university students after taking a council decision. It had many defects. Due to this, an over Should be accounted correctly and arrears revenue should be charged.

receivable income over 02 years was Rs.13,196,650. calculation has occurred. That the correct data will be identified and the over calculated amount will be settled.

(i) Court fines and Stamp duty

The receivable court fines from the Chief Secretary of the Provincial Council and other authorities on 31st December 2022 were Rs.24,235,150 and stamp duty were Rs.884,997,614. Rs.4,565,499 of court fines have been handed over to the Gangodawila Court and Rs.2,434,567 related to the Mount Lavinea Court have been handed over to the Provincial Revenue Department. Schedules for April - December 2019 are being prepared. From the arrears of stamp duty Rs.512,746,370 has been received in the year 2023. The receivable amount should be calculated in due time and the receivable court fines and stamp duty should be collected in due time.

2.4 Surcharges

Audit Observation	Comments of the Council	Recommendation
As per the provisions of the Municipal Council Ordinance Rs.2,340,379 was to be recovered on 31st December 2022 for the surcharges imposed by the Auditor General in the period from 1974 to 2015 against the responsible parties.	That the relevant money will be charged.	The surcharge money should be charged.

3. Operational Review

3.1 Performance of functions assigned by the Act

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

Solid waste management

Audit Observation	Comments of the Council	Recommendation
(a) Waste disposal		
(i) Leaving Garbage disposal fees at Karadiyana garbage yard had increased from Rs.250 to Rs.1,000 for 01 metric ton from 01 st of August 2021 and Rs.15,974,110 had been spent for disposing of 15974 tons of garbage in the year under review.	With the population of the council area has increased, the amount of garbage generated has increased. The charge for 1 ton has also been increased from Rs.250 to Rs.1000.	Action should be taken to reduce the waste management costs.

- (ii) In order to reduce the cost to the council and to use the garbage as a resource, to sell the garbage collected in the council area as animal feed and compost and spend Rs.79,218 and publish a newspaper advertisement on 7th of October 2021 and technical evaluations dated 27th of October 2021. Although the committee report had been approved in the General Assembly on 01st of December 2021 but the contract had been entered with the tenderers dated 15th of March 2023.
- There was a delay in submitting business registration certificates and bank guarantees while entering into an agreement with the tenderer. That only one tenderer submitted the necessary documents and accordingly the contract was signed with him on 15.03.2023.
- Earning income from garbage should be done without delay.

(b) Disposal of non-biodegradable waste

The action had not been taken by council to prepare a system for collection and disposal CFL Bulbs, Tempered Glass, Sheets, Baled Mixed Polythene, Baled Aluminum Wraps, Aluminum Food Packaging, Used Tires, Rubber Related Products, Tree Branches and Stems, Wood Chips, All Kinds of Electronic Waste, Discarded Toothbrushes.

Whether the quotation were invited but no one submitted quotation. That no any tendered presented when re-call the quotation again in 06.04.2023.

A system should be developed for disposal of non-biodegradable waste.

3.2 Management Inefficiencies

Audit Observation	Comments of the Council	Recommendation
(a) The properties owned by the Municipal Council had not been revalued in the year under review also.	As per the circular, the process of including assets in to the proper format is being done. That the revaluation work is expected to start after the documentation is done.	Revaluation work should be done as per the circular.
(b) The loss of Rs.145,496 had not been recovered from the responsible party related to the financial fraud committed on 18 th of November 2019 and it had been stated as under-deposit of money in the bank reconciliation.	As the council has received disciplinary orders in this regard, they can proceed according to those orders and end the problem.	Action should be taken to charge the relevant money.
(c) According to the settlement award announced on 15 th of June 2012, for	According to the arbitration award announced in 2012, it had	A settlement should be made so that the loss to

the case filed by the tenderer against the council for non-payment of garbage removal charges, It has been decided that the council has to pay Rs.20,958,779 and Rs.300,000 as compensation, totaling of Rs.21,256,779 to the Burns Institute. The appeal filed by the council in the High Court against the arbitration award was dismissed. When the case filed by the council against the above two decisions in the Supreme Court was called on 07th of December 2021, Burns Company has expressed its willingness to reach a settlement for an amount of Rs.18 million. But the council had not yet expressed its opinion.

been decided that the council should pay Rs.21,256,779 to the Burns Institute. The assignment case in the High Court against the arbitral award was also dismissed. Burns Company has agreed to settle for an amount of Rs.18 million. That this case is scheduled to be called again on 06.07.2023.

the council is minimized.

- (d) Land, buildings, roads, culverts and other infrastructure had not been accounted. The Chief Municipal Engineer has been informed to provide the information and after receiving the information, action will be taken to account. Action should be taken to account.
- (e) There had been stated of Rs.174,788,597 as work in progress in the year under review, and out of that Rs.169,614,023 contract works were assigned in the years from 2017 to 2021 and these contract works had not been completed. If any project is left without finished legal action will have to be taken. That the retention is also mentioned here. Action should be taken to complete the contracts and settle the balances.

3.3 Supplying of Security Services

Audit Observation	Comments of the Council	Recommendation
In obtaining the security services for the years 2022/2024, the council fund had to incur an additional monthly cost of Rs.96,600 due to the awarding of the bid to the bidder who submitted the 06th price without awarding the bid to the bidder who submitted the lowest price.	The file is required to provide answers as this file is in the custody of the Bribery and Corruption Commission. That a letter has been filed to that effect.	The suitable tenderer should be selected according to the existing rules and regulations so as not to cause loss to the council.

3.4 Idle or underutilized Property, Plant and Equipment

Audit Observation	Comments of the Council	Recommendation
03 air conditioners which were purchased and installed for the Jananda Festival Hall on 29 th of September 2022 by paying Rs.2,408,963 remained unusable due to lack of electricity.	That the work has been delayed due to the lack of necessary meters and equipment required to be installed by the Electricity Board.	Action should be taken to utilize the assets.

3.5 Assets Management Failure to ensure security of assets

Audit Observation	Comments of the Council	Recommendation
According to the survey conducted by the Land Division in the year 2022, that were 101 lands identified as lands belonging to the council, but the related deeds had not been obtained or measured had not been done.	That there are several lands whose rights have not been confirmed so far and there are also lands which there is no information.	Actions should be taken to identify and obtain the deeds for land belonging to the council.

3.6 Human Resource Management

Audit Observation	Comments of the Council	Recommendation
As at 31 st December of the year under review a loan balance of Rs.15,029,458 had not been recovered from 163 employees who was retired, deceased, suspended and transferred.	Rs.7,443,197 will be collected from the pension department from 72 people who retired. So far Rs.1,454,369 have been collected. Rs.222,048 have been received from the deceased officers. The 26 suspended officers continue to collect monthly installments from their guarantors. That all related loans are being recovered.	Action should be taken to collect outstanding loan balances.

4. Accountability and Good Governance

Submission of Financial Statements

Audit Observation	Comments of the Council	Recommendation
According to Order 08 of the accounting matters related to the financial administration of Municipal council, the financial statements for each financial year must be prepared in accordance with the Sri Lanka	This situation was arise due to the left from the service of the officer who prepared the accounts. That annual accounts will be submitted without delay in future.	Accounts should be submitted on or before the relevant dates.

Public Sector Accounting Standards for local governments and submitted to the Auditor General on or before February 28 of the following financial years. The municipal council financial statements had been submitted to the Auditor General late with 14 days on 14th March 2023.