

**1. Financial Statements**

**1.1 Qualified Opinion**

The audit of the financial statements of the Gampaha Municipal Council for the year ended 31 December 2024 comprising the Statement of Assets and Liabilities as at 31 December 2024, Statement of Comprehensive Income, Statement of changes in Net Assets/equity, Cash Flow Statement for the year then ended and notes to the financial statements including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 219 of the Municipal Councils Ordinance (Chapter 252) and Sub-section 10(1) of 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 Gampaha Municipal Council as at 31 December 2024, 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**

I expressed qualified opinion regarding the financial statements 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 skepticism throughout the audit. I also:

- Identified 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.
- Obtained 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.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluated 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 Non-Compliance with Sri Lanka Public Sector Accounting Standards for Local authorities

Non Compliance with the reference to particular Standard	Comments of the council	Recommendation
(a) In the calculation of net cash flow from operating activities in accordance with Chapter 3, as per 3.32 of the standard in relation to the statement of cash flows for the year under review, errors totaling Rs. 530,117,268 had been made.	That adjustment will be made next year.	The cash flow statement must be prepared accurately according to standards.
(b) Information regarding capital expenditure allowances had not been presented in accordance with the recommended format Note No. 10 of the financial statements.	That adjustment will be made next year.	The cash flow statement must be prepared accurately according to standards.

### 1.6.2 Accounting Deficiencies

Audit Observation	Comments of the Council	Recommendation
(a) While the capital grant miss-adjustment was corrected in the year under review, Rs. 7,517,053 was debited from the capital grant account and credited to the accumulated Fund as amortization.	That it has been adjusted since it has not been accounted.	Accounts should be prepared correctly.
(b) Correction of rates errors of Rs. 1,517,102 and income write-offs of Rs. 173,925 were adjusted to the accumulated Fund even though they should have been adjusted to the Comprehensive Income Statement.	That will be corrected next year.	Accounts should be prepared correctly.

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| (c) | The surplus of Rs. 4,821,993 for the year under review had not been adjusted to the accumulated fund, and instead of showing Rs. 216,609,265 as the balance of the accumulated surplus account in the statement of assets and liabilities, the surplus of Rs. 4,821,993 for the year under review had been shown. Although the net asset value of Rs. 7,491,070,534 should have been shown in the statement of assets and liabilities, the balance of the accumulated surplus account as at the Opening date of the year under review had been shown as Rs. 211,787,272. | That will be corrected next year.        | Accounts should be prepared correctly. |
| (d) | The capital expenditure grants received for the year under review and the capital expenditure grants identified in the surplus or deficit under other comprehensive income in the comprehensive income statement were not correctly disclosed, and the surplus of the year under review was Rs. 4,821,993 as comprehensive income for the year.  | That will be corrected in the next year. | Accounts should be prepared correctly. |
| (e) | There were no unrecognized capital expenditure grants in the surplus or deficit in the statement of changes in net assets/equity.  | That will be corrected in the next year. | Should be accounted correctly.         |

### 1.6.3 Documentary Evidences not made available for Audit

Audit Observation	Comments of the Council	Recommendation
Due to non-submission of tax documents in respect of 03 accounting subjects with a total value of Rs. 403,746, it was not possible to satisfactorily examine them.	That the relevant institutions will be informed and steps will be taken to recover or cut off the money.	The necessary information should be submitted.

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

The instances of non-compliance with Laws, Rules, Regulations and Management Decisions as follows.

	<b>Reference to Laws, Rules Regulations</b>	<b>Non-compliance</b>	<b>Comments of the Council</b>	<b>Recommendation</b>
(a)	Section 23(a) of the National Environment Act No. 56 of 1980	Licenses had not been obtained for the two crematoriums.	That will take over ownership of the land and take steps to obtain licenses.	Action should be taken in accordance with the provisions of the Act.
(b)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i)	396 (b)	Action had not been taken regarding the Dishonoured Cheques worth Rs. 431,560.	That recovery effort is underway.	Action should be taken in accordance with financial regulations.
(ii)	571	Deposits worth Rs. 38,267,859 had not been settled.	That work is being done to identify the income.	Action should be taken in accordance with financial regulations.
(c)	Paragraph (VII) of the Circular No. WP/LGD/01/2012 of the Commissioner of Local Government dated 11 July 2012	Although field officers' recommendations were supposed to be submitted to planning committees within a week, there were 18 files that were retain for between 17 and 129 days.	That will be corrected in the future.	Action should be taken in accordance with circular.

## 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 2024 amounted to Rs. 4,821,993 as compared with the excess of revenue over expenditure amounted to Rs. 111,022,252 in the preceding year.

## 2.2 Revenue Administration

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

According to the information submitted by the Municipal Commissioner, the estimated revenue, billed revenue, collected revenue and arrears of revenue for the year under review and the previous year are shown below.

Source of Revenue	2024				2023			
	Estimated Revenue	Billed revenue	Collected revenue	Total Arrears as at 31 December	Estimated Revenue	Billed revenue	Collected revenue	Total Arrears as at 31 December
	Rs.(000)	Rs.(000)	Rs.(000)	Rs.(000)	Rs.(000)	Rs.(000)	Rs.(000)	Rs.(000)
(i) Rates and tax	89,500	92,183	75,838	106,976	88,502	94,649	89,841	90,631
(ii) Rent	40,648	43,933	43,731	38,755	39,570	44,021	39,093	38,554
(iii) License fees	5,000	5,125	5,298	576	9,800	10,958	11,011	648
(iv) Other Revenue	248,113	80,499	13,381	105,596	200,161	199,146	198,760	35,746
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	- 383,261	221,740	138,248	251,903	338,033	348,771	338,705	165,577
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### 2.2.2 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) <b>Rates and Taxes</b>		
(i) According to the arrears of rates age analysis report, out of the deficit balance of Rs. 83,788,502 as at the end of the year under review, the balance over 10 years was Rs. 17,828,966, the balance between 5 and 10 years was Rs. 29,639,983, the balance between 3 and 5 years was Rs. 12,821,764, the balance between 1 and 3 years was Rs. 13,780,602, and the balance less than 1 year was Rs. 9,717,187.	The collection of arrears is ongoing and a program to prohibit on real estate was conducted.	Arrears of assessed revenue should be collected promptly.
(ii) Although the billed rates income for the year under review was Rs. 78,357,087 and the collected income was Rs. 45,457,031 the recovery percentage was 58 percent, but from the arrears of rates balance of Rs. 79,850,570 as at the Opening date of the year under review, the income recovered during the year was Rs. 16,594,371, the recovery percentage was as low value as 21 percent.	The recovery percentage at the head office is 74% and 34%.	Arrears of rates revenue should be collected promptly.

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| (iii) | Action had not been taken until 29 May 2025 to settle the arrears of revenue balance of Rs. 780,403 on 8 properties for which incorrect billing had been identified and the arrears of rates balance of Rs. 1,688,260 on 46 immovable properties and 20 movable properties that had been identified as being subject to prohibition.  | Rs. 212,468 was collected in 2025, and a program to prohibition on immovable property is underway.  | Arrears of rates revenue should be collected promptly.       |
| (iv)  | According to the arrears of revenue report, the billed entertainment tax revenue for the year was Rs. 8,453,934, while the revenue collected during the year was Rs. 4,537,804, resulting in a recovery percentage of 54 percent. The outstanding entertainment tax balance at the Opening date of the year was Rs. 9,623,517, while the revenue collected during the year was Rs. 3,772,400, resulting in a recovery percentage of 39 percent.                                       | The revenue collected from the outstanding balance of entertainment tax as at the Opening date of the year under review was Rs. 9,623,517, which was Rs. 4,830,356. | Arrears of entertainment taxes should be collected promptly. |
| (v)   | The outstanding entertainment tax balance to be collected from a cinema hall was Rs. 3,851,349 between years 5 and 10 and Rs. 941,812 between years 3 and 5. By the case judgment dated 17 March 2023, delivered on 13 December 2017, the defendant company had been ordered to pay the outstanding entertainment tax amount of Rs. 3,851,349 plus interest, but even after 2 years had passed since the judgment was given, the said amount had not been collected by 15 March 2025. | The address of the company secretary has been found and further steps are to be taken.  | Arrears of entertainment taxes should be collected promptly. |
- (b) **Rent**
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| (i) | According to the age analysis report of the arrears of rent in the shops belonging to the head office, the arrears as of the end of the year under review were Rs. 35,774,230, of which Rs. 18,638,759 between years 5 and 10, Rs. 2,781,353 between years 3 and 5, Rs. 4,938,523 between years 1 and 3, and Rs. 9,415,594 less than 1 year. The arrears of rent in relation to the Yakkala Sub-district School were Rs. 2,949,510 and a age analysis report had not been submitted. | That there is a plan to cut off incorrect billing and take over the arrears shop or take legal action. | Rents for outstanding commercial premises should be collected promptly. |
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(ii)	No amount had been recovered from the arrears of weekly fair rent of Rs. 1,305,206 as at the Opening date of the year under review.	Legal proceedings have been initiated to recover the outstanding amount for the year 2021.	The outstanding weekly rent should be collected.
(iii)	No amount had been collected from the tender rent of Rs. 90,015 held as of the opening date of the year under review.	Legal proceedings have been initiated to recover the outstanding amount for the year 2021.	Butcher tenders rent should be charged.
<b>(c) License Fees</b>			
(i)	The revenue collected during the year was Rs. 139,675 out of the industrial and business tax arrears balance of Rs. 1,157,190 as at the opening of the year under review, which was a low percentage of 12 percent.	A lawsuit has been filed for the outstanding balance, but the lawsuit has been delayed due to the business owner leaving his business premises and residence.	Industrial and business tax arrears should be collected.
(ii)	The Gampaha Inn, which was held by the Municipal Council, had been taken over by the Urban Development Authority by Gazette No. 105/3 dated 09 September 1980. Although the arrears balance of the Inn rent as at the beginning of the year under review was Rs. 8,682,804 and the billed value for the year under review was Rs. 1,250,539, no amount had been recovered and the Municipal Council had not taken legal action for recovery.	Legal action has been taken to recover this arrears.	Inn fees should be charged.
<b>(d) Other Revenue</b>			
(i)	The outstanding parking fees for vehicles amounted to Rs. 2,147,954, of which Rs. 624,303 were related to 5 locations between years 1 and 5, and Rs. 1,523,651 were related to 4 locations between years 5 and 10.	That the outstanding fees of Rs. 2,147,954 should be collected.	Arrears of parking fees should be collected.
(ii)	Although 2 cases were filed on May 20, 2022 to recover Rs. 532,072 regarding the lease of parking spaces, no steps had been taken to submit the correct address to the court for the handover of summons.	The court has ordered that the correct address be submitted.	Arrears of Parking fees should be charged.
(iii)	The outstanding previous amount balance of Rs. 30,155,344 from 29 shops belonging to 06	Actions are being taken to obtain council approval to	The outstanding amount should be



shopping complexes as at 31 December 2024 had not been collected. Of this, Rs. 433,287 was from a shop between 1 and 5 years old, Rs. 10,106,294 from 8 shops between 5 and 10 years old, Rs. 8,960,721 from 7 shops between 10 and 15 years old, Rs. 784,884 from a shop more than 10 years old and No legal action had been taken to recover Rs. 9,870,158 from 11 shops whose outstanding period could not be identified. cut off the outstanding collected in previous amount that have advance. been take over to the council.

### 3 Operational Review

#### 3.1 Performing of Functions Enacted 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.

	<b>Audit Observation</b>	<b>Comments of the Council</b>	<b>Recommendation</b>
(a)	Out of 111 public complaints received, only 32 had been resolved.	The remaining complaints are under investigation.	Action should be taken to resolve public complaints.
(b)	Although more than 2 years had passed since the contract was signed on 18 November 2022 to construct a stall to be completed in 3 months, the interim payment of Rs. 2,104,014 had become a un-economic expense as 24 tasks worth Rs. 1,876,479 had not been completed by the audit date of 19 May 2025.	The council is taking steps to do so due to the non-presented of tenderers.	The remaining work should be completed and the building should be used for its intended purpose.

#### 3.2 Management Inefficiencies

	<b>Audit Observation</b>	<b>Comments of the Council</b>	<b>Recommendation</b>
(a)	Although an order was issued by the District Court on 12 December 2024 to given compensation of Rs. 4,624,000 and interest to the council in relation to the case filed on 17 October 2022 regarding the acquisition of a piece of land from the Yakkala Sub office by the Road Development Authority, the amount	The District Court Office has stated that this money will be released soon.	The relevant compensation should be collected.

had not been received by 15 May 2025.

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| (b) | Orders 13 to 16 on accounting matters relating to the financial administration of the Municipal Council had not been followed regarding the amount paid for an emergency service and the cost of 56.32 liters of diesel, amounting to Rs. 259,258, due to the use of diesel in the hydraulic tank of a backhoe. | That will be done in the future.                          | Financial administration should be carried out in accordance with accounting regulations. |
| (c) | Although plans had been issued for the cemetery surveying work at a cost of Rs. 691,410, the expenditure had been wasted as the boundaries had not been marked.   | Technical officers have been informed to provide details. | Boundaries should be marked and assets should be secured.                                 |

### 3.3 Operational Inefficiencies

	Audit Observation	Comments of the Council	Recommendation
(a)	Although the arrears of shop rent should have been collected before the shops were demolished, the arrears of shop rent from the 142 public market shops that were demolished amounted Rs. 2,125,775.	As at 28 May 2025, Rs. 1,005,088 has been directed to be cut off and Rs. 1,449,023 will be collected.	Should be taken to recover the outstanding shop rent.
(b)	No steps had been taken to identify and recover shop rental income from 5 shops which were provided and maintained without an agreement and had a monthly rent of Rs. 7,750 and Rs. 7,000 as per the 2020 annual assessment.	That the committee is working to make decisions for future activities.	Action should be taken to recover it to be identified as income.
(c)	It was observed that there was no agreement regarding the hotel, which was billed in the names of two shopkeepers of 8 shops belonging to the Municipal Council, with a rent of Rs. 124,400, the valuation of the shops had been completed on 15 July 2023, the walls of the 8 shops had been removed without permission and the 5-foot-wide corridor reserved	Legal action is being taken and the Valuation Department has been informed for valuation.	Assessments should be carried out, contracts should be entered into formally, and unauthorized constructions should be removed.

for walking in front had been covered with glass and connected to the hotel, and that it had also been renovated in 2024 without permission, and that unauthorized construction had been carried out on the road behind the hotel and the 15-foot-wide drainage system, which was covered with gates and made inaccessible, and the Municipal Council had not taken any action in this regard.

### 3.4 Idle or underutilized Property, Plant and Equipment

	<b>Audit Observation</b>	<b>Comments of the Council</b>	<b>Recommendation</b>
(a)	As at 31 December 2024, 14 items of uniforms worth Rs. 666,135 had not been distributed, of which 7 items worth Rs. 250,825 had been in existence for more than 10 years, 2 items worth Rs. 96,350 had been in existence since 2020, and 5 items worth Rs. 318,960 had been in existence since 2023.	A committee will be appointed to conduct the auction.	Arrangements should be made to use it for the intended purpose or to auction in a formal manner.
(b)	Contrary to Section 188(1) of the Municipal Council Ordinance, 96 sarees were purchased on 14 February 2023 at a cost of Rs. 854,400 from the council funds and 48 sarees were given to the officers, while the remaining 48 sarees worth Rs. 427,200 were still in storage as at 18 May 2025.	A committee is being appointed to auction the property and conduct an investigation to recover the money.	Since actions have been taken against the Act, those responsible should be held recovery.
(c)	After completing the work on the ground floor, pillars were put in for the upper floor, half of the walls were built, and the slab of the community hall, which had no roof, was damaged and the paint was peeling. Since the document file related to the construction of the upper floor were not submitted, the idle expenditure could not be substantiated.	Estimates have been prepared to allocate funds for the project.	Assets should be completed so that they can be used.

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| (d) | The single-storey building, which was planned and constructed as two floors to provide accommodation for the firelighting unit staff, had collapsed walls, the slab had sunk, and the documents related to the construction project were not submitted for audit. | No payment has been made for this construction. The files have been referred to the archives for search. | Assets must be properly maintained. |
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### 3.5 Human Resources Management

	Audit Observation	Comments of the Council	Recommendation
(a)	Although the approved number of development officers was 2, 9 remained in excess, and the post of Deputy Municipal Commissioner, 2 accountant posts, and a health medical officer post were also vacant.	Despite being declared a Municipal Council in 2002, there has been no increase in staff.	Vacancies should be filled.
(b)	A loan and advance balance of Rs. 1,279,322 remained to be recovered from 40 employees who had left the service, retired, and were attached to the Electricity Board.	That appropriate actions will be taken to recover the amount.	Staff loans should be recovered.

### 3.6 Vehicle Utilization

	Audit Observation	Comments of the Council	Recommendation
(a)	Quotations calling from 5 institutions on 8 May 2024, without the recommendation of the Mechanical Officer and Technical Officer, for the repair of a van that had been taken out of service, and the vehicle had not been repaired and put into run by 24 February 2025.	Since the quotations were called without a recommendation from the Mechanical Engineer on 8 May 2024, the quotations have been called again with the recommendation.	Assets should be properly maintained.
(b)	Although the Chief Mechanical Engineer had approved the estimate of Rs. 6,250,000 received from the local agency for the repair of a fire engine, it had not been reffer for repair as at 31 December 2024.	That will be done in the future.	Assets should be properly maintained.

### 3.7 Assets Management

	<b>Audit Observation</b>	<b>Comments of the Council</b>	<b>Recommendation</b>
(a)	Although the 249 square feet public well located near Gampaha town, for which the council did not have the plan and deed to confirm ownership, had been identified as belonging to the council according to the 2024 Annual Asset Survey Report, it had not been accounted.	Although this land is owned by the council, the Road Development Authority has used this road to widen and develop the road, but it has not been handed over to that institution.	Ownership and security of assets must be ensured.
(b)	The well, which was in the possession of the council only with a plan to confirm ownership had not been accounted, had been identified in the 2024 annual asset survey, There was no well at this location and there was an area of about 02 perches.	That the garbage will be removed and the boundary fence will be built.	Assets must be correctly classified and accounted.
(c)	Although the council did not have the plan and deed to confirm ownership, the public amenities land had not been accounted, according to the 2024 Annual Fixed Assets Survey Report, it had been newly identified as 48.7 perches, and the boundaries had become so wild that it was impossible to identify them.	That will be resolved in the future.	Ownership and security of assets must be ensured.
(d)	Out of the 41 identified lands submitted to the Fixed Assets Survey Board, 06 lands measuring 4 acres, 03 roods and 29.4 perches did not have plans and deeds, 07 lands measuring 3 acres, 01 roods and 17.19 perches did not have plans and deeds, and 4 lands measuring 6 roods and 4.5 perches did not have deeds. Although it had been recommended to prepare the relevant plans and deeds, action had not been taken accordingly.	That will be resolved in the future.	Action should be taken according to the recommendations of the Assets Survey Board.
(e)	Although the Survey Board had recommended that the relevant plans and deeds for 15 newly identified lands were not available in the council, that steps should be taken to confirm ownership, and that fences should be prepared and name boards should be erected until the	That a security fence is being constructed.	Action should be taken according to the recommendations of the Assets Survey Board.

land was take over, no action had been taken accordingly. The area of 8 of these lands had also not been identified.

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| (f) | Action had not been taken regarding a tractor, a road roller, a three-wheeler, a scrap trailer, a water bowser trailer and a waste sorting trailer, which were also indicated in the asset survey report as at 31 December 2024.   | This matter will be investigated in the future.   | Action should be taken according to the recommendations of the Assets Survey Board. |
| (g) | It was observed that although the community council buildings existed, some of the items distributed to the community councils were in the homes of Members of Parliament and community council officers, and that 121 out of 300 plastic chair with armrest in 6 community councils, 2 LG-HIFF Systems, 2 canopy huts and 2 buffet sets were in shortage.   | This matter will be investigated in the future.   | Action should be taken to ensure the safety of assets and recover losses.           |
| (h) | As at the audit date of 19 May 2025, the recommendations regarding the inability to identify the land of 03 public bathing wells mentioned in the 2024 Asset Survey Report, the inability to conduct measure work as 07 public bathing wells were covered by forest, the absence of a drainage system to drain waste water from 2 wells, and the closure of a public well in Hiruwalamulla and the accumulation of garbage had not been followed.      | This matter will be investigated in the future.   | Action should be taken according to the recommendations of the Assets Survey Board. |
| (i) | The mesh fence around the 2 acres and 17 perches municipal playground had collapsed and was leaning against the trees on the surrounding land. This is used as a playground by several nearby schools that do not have playgrounds and since the municipal council had earned an income of Rs. 1,382,000 in the year 2024 by providing it to external institutions and individuals for commercial purposes, it was necessary to repair the mesh fence. | The necessary measures are currently being taken in this regard, and the area has been cleaned with the participation of employees. | The net fence should be repaired.   |

(j)	A house had been built around a 2-perch plot of land owned by the Gampaha Municipal Council, with a fence and a gate, and a parking lot was maintained there, but the Municipal Council had not taken any steps in this regard and the value of the land had not been assessed and accounted for according to the 2024 annual financial statement.	Letters have been sent to inform the authorities to construct a boundary fence around this land, and accordingly, arrangements will be made to take accounted in next year.	Assets should be accurately identified, secured, and accounted.
(k)	The community hall, which was located on a 15-perches plot of land in the centre of Gampaha city, valued at Rs. 6,000,000, had not been provided with electricity facilities and was not being used for any community activities. During the physical inspection, it was observed that unauthorized persons were residing in the community hall. However, the Municipal Council had not taken any action in this regard.	The building is being repaired and unauthorized occupants are being notified to vacate.	The security of assets should be ensured.
(l)	Valued at Rs. 3,965,000, Out of the 4 rooms in the auditorium of the Municipal Council playground, 3 rooms had been illegally locked with bodybuilding equipment and other equipment by outside parties and the keys had also been taken away by those parties. The electricity and water bills for these rooms were paid by the Municipal Council, but the control of these rooms had been removed from the Municipal Council.	The problem will be resolved in the future.	The security of assets should be ensured.
(m)	The Bandarawatte Finance land could not be identified.	That will be work to resolve it in the future.	The security of assets should be ensured.
(n)	It was observed that the land bordering the upper part of the Baduwathugoda Cemetery, valued at Rs. 13,500,000 and 45 perches, had been cut due to soil erosion, causing the boundary of the cemetery to be washed away and the concrete posts used for the wire fence to hang down.	That a security fence is being constructed.	The security of assets should be ensured.

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| (o) | A building with a blinding wall had been constructed adjacent to the Pahala Veediya Watta Cemetery, valued at Rs. 24,000,000, and the Municipal Council had not taken any action regarding the fact that pipes were used to drain rainwater and sewage from that building towards the cemetery. | The technical officer has been informed in this regard and further action will be taken. | The security of assets should be ensured. |
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### 3.8 Defects in Contract Administration

#### Audit Observation

#### Comments of the Council Recommendation

Regarding the development of the upper floor of a community hall, it was observed that although the measurement and payment reports stated that 02 doors measuring '7-0','3-0" and one door measuring '5-0','8-4" had been installed in this building, during the physical inspection, only one door of the double-leaf door measuring '4-10','8-4" had been installed, resulting in an overpayment of Rs. 227,007, and that a single-leaf door not mentioned in the measurement report had been installed, and that 4 wall fans had been installed for the community hall contrary to the brand name mentioned in the payment reports and measurement reports.

It has been reported that Rs. 109,893 has been requested to be recovered from the society that awarded the contract, but due to an oversight, a wall mounted fan was installed for the allocated amount, but it was not mentioned in the bill.

Work should be carried out as per the estimate and additional payments should be collected.