

Hambanthota Municipal Council - 2024

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Hambanthota Municipal Council including the financial statements for the year ended 31 December 2024 comprising the Statement of financial position as at 31 December 2024, Statement of Financial Operations, Statement of changes in net assets, Cash Flow Statement for the year 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 Council Ordinance (chapter 252) and the provisions with 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 financial statements give a true and fair view of the financial position of the Hambanthota Municipal Council as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Generally accepted Accounting Practices.

1.2. Basis for Qualified Opinion

I expressed qualified opinion 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 Generally Accepted Accounting Practices, 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 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

Audit Observation	Comments of the Council	Recommendation
(a) Stamp duty income receivable for the reviewed year had been omitted from the accounts of the Municipal Council. According to the confirmation received from the Land Registrar's Office, the income pertaining only to the period from January to June amounted to Rs.2.48 million.	It was stated that necessary corrections will be made in the year 2025.	The income confirmed by the Land Registrar's Office should be properly accounted for.
(b) In 2015, since the lessee who had leased the first floor of the Ruhunu Plaza building owned by the Municipal Council had carried out renovations at a cost of Rs.11.67 million, an agreement was reached allowing the lessee to offset 50% of the monthly rent payable against the expenses incurred, and to pay the remaining rent in cash to the Municipal Council. However, only the rent payments made in cash by the tenant had been recorded in the accounts. The capital expenditure borne by the lessee on behalf of the Municipal Council, the rent income amounting to Rs.3.09 million (representing the 50% set-off) as at the end of the year, and the remaining balance of Rs.8.57 million resulting from the set-off had not been recorded under prior income.	It was stated that corrective action would be taken in the year 2025.	All financial transactions related to the leasing of this building should be properly recorded in the accounts.

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| (c) | For the year under review, creditors had not been recognized for expenses amounting to a total of Rs.325,501. | It was stated that corrective action would be taken in the year 2025. | As at December 31, creditors should be properly identified and recorded in the accounts. |
| (d) | Physical fitness equipment valued at Rs.925,000, which had been received by the Municipal Council at 20,December 2021, had not been capitalized. | It was stated that the error was corrected through journal entries in the year 2025. | The equipment received by the Council should be properly capitalized |

1.7 Non- Compliances

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

Observations related to non-compliances with Laws, Rules, Regulations and Management decisions etc are shown below.

	Reference to Non-compliance Laws, Rules Regulations etc.	Comments of the Council	Recommendation	
(a)	Financial Regulation 571 of the Democratic Socialist Republic of Sri Lanka	101 miscellaneous deposit balances amounting to Rs.457,948 which had remained unclaimed for over two years, had not been transferred to revenue.	It was stated that prompt action would be taken to credit these amounts to the Council's revenue.	Action should be taken in accordance with the regulation cited in the Financial Regulations regarding deposit balances outstanding for more than two years.
(b)	Paragraph 02 (i) of the Public Administration Circular No. 09/2009 dated 16, April 2009	A total of 173 employees were engaged in the service of the Council, but attendance and departure records through the fingerprint machine had been maintained only for 10 of them, while records for the remaining 163 employees had not been maintained in that manner.	It was stated that, with the objective of minimizing paper costs, and due to certain instances where the machine failed to capture fingerprints, attendance details are now being printed using the new device and filed accordingly.	Attendance and departure records should be maintained in accordance with the circular issued regarding the use of the fingerprint machine for recording attendance.

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| (c) | Paragraph 03 of Public Finance Circular No. 05/2019 dated 27, June 2019, issued by the Deputy Secretary to the Treasury. | Loan balances amounting to Rs.92,225 recoverable from 19 employees who had left the Council's service or had passed away, had not been recovered. | It was stated that action would be taken to recover these amounts from the guarantors from May 2025 onwards. | Recovery of these loan balances should be carried out in accordance with the relevant circular. |
| (d) The Southern Province, Department of Local Government Circular No දළඵා/පළාතො/2010/01 dated 27 December 2010 | | | | |
| i. | Paragraph 05 | Although every agreement should be renewed once every three years, the agreements related to two shops on Tissa Road and the Co-operative Society building had not been renewed accordingly. | It was stated that written notifications had been issued for the two agreements and that the agreement for the Co-operative Society building would be executed after obtaining the Governor's approval. | In accordance with the circular, each agreement should be renewed once every three years. |
| ii. | Paragraph 06 | Although properties given on lease should be revalued once every five years, such revaluation had not been carried out in respect of eight shop stalls. | It was stated that advance payments had been made for the valuation and that necessary action would be taken immediately after the valuation is completed. | According to the circular, leased properties should be revalued once every five years |

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| <p>(e) The Assets Management Circular No. 01/2018 dated 19, March 2018, issued by the Secretary to the Treasury.</p> | <p>The cab vehicle that had been withdrawn from running had neither been disposed of nor repaired and put back into use.</p> | <p>It was stated that a recommendation for disposal had been received from the Mechanical Engineer and that approval for disposal had been requested, but consent had not yet been granted.</p> | <p>Vehicles withdrawn from running should either be disposed of or repaired and put back into use.</p> |
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2. Financial Review

2.1 Financial Result

According to the Financial Statements presented, excess of revenue over recurrent expenditure of the council for the year ended 31 December 2024 amounted to Rs.8.08 million as corresponding with the excess of revenue over recurrent expenditure amounted to Rs.30.53 million 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 presented by the Municipal Commissioner, 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.

Source of Revenue	2024				2023			
	Estimated Revenue	Revenue billed	Revenue Collected	Arrears as at 31 December	Estimated Revenue	Revenue billed	Revenue Collected	Arrears as at 31 December
	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)
Rate and taxes	14,021,900	13,974,788	11,489,862	2,484,927	13,937,000	13,939,528	14,205,275	6,415,325
Rent	44,281,300	50,139,249	47,240,599	2,898,650	41,795,000	45,058,599	40,905,201	7,043,538
License fees	3,993,700	5,864,057	4,194,057	1,670,000	4,027,000	5,558,941	4,974,331	3,340,633
Other income	8,186,000	13,589,747	12,209,384	1,380,363	7,331,000	11,279,314	11,060,858	2,507,983
Total	70,482,900	83,567,841	75,133,902	8,433,940	67,090,000	75,836,382	71,145,665	19,307,479

2.2.2 Performance in Revenue Collection

Audit Observation

As at January 1 of the year under review, total outstanding revenue amounted to Rs.19.31 million, and billings during the year were Rs.83.57 million. Accordingly, although the total revenue to be collected during the year was Rs.102.88 million, the amount actually collected was Rs.75.13 million, giving a revenue collection performance of 73%. While the overall position was thus, the collection rate for assessments and taxes was much lower about 56%.

Comments of the Recommendation council

The audit observation is accepted.

The progress of collecting outstanding revenue should be improved, and revenue estimation should be carried out accurately.

2.2.3 Assessments and taxes

Audit Observation	Comments of the Recommendation council
(a) As at December 31 of the year under review, Assessments amounting to Rs.5.04 million receivable from 5,661 assessment units had not been recovered in accordance with Section 252(1) of the Municipal Councils Ordinance. Furthermore, within the outstanding balance, sums of Rs.457,237 and Rs.248,879 had remained outstanding for periods between 3 to 5 years and over 5 years respectively.	It was stated that Rs.657,491 had been recovered from the arrears and that action was being taken to recover the remaining balance. Outstanding revenue should be recovered promptly in accordance with Section 252(1) of the Ordinance.
(b) As at December 31 of the year under review, garbage tax amounting to Rs.559,010 receivable from 28 institutions had not been recovered, while the arrears related to the years 2020 to 2022 amounted to Rs.97,250.	It was stated that Rs.348,202 had been recovered in 2025, and that there was a problem in recovering the arrears for the years 2020 to 2022. Outstanding revenue should be recovered promptly.
(c) As at December 31 of the year under review, business and industrial tax amounting to Rs.206,000, receivable from 82 business and industrial units, had not been recovered in accordance with Section 247(b)(4) of the Municipal Councils Ordinance. Furthermore, within the arrears, an amount of Rs.153,000 related to the years 2022, 2021, and previous years.	It was stated that Rs.20,000 had been recovered in 2025 and that action was being taken to recover the remaining balance. Outstanding revenue should be recovered promptly in accordance with Section 247(b)(4) of the Ordinance.

2.2.4 Rent

Audit Observation	Comments of the council	Recommendation
As at December 31 of the year under review, rent amounting to Rs.2.56 million, receivable from 59 units for shops and buildings owned by the Council, had not been recovered in accordance with Section 253(1) of the Municipal Councils Ordinance. Within this arrears, Rs.266,708 had remained outstanding for over three years.	It was stated that Rs.1.71 million had been recovered from shop rents in 2025, that steps had been taken to seal shop premises due to non-payment of rent, and that further actions such as writing off and instituting legal proceedings were being pursued.	Outstanding revenue should be recovered promptly in accordance with Section 253(1) of the Ordinance.

2.2.5 License Fees

Audit Observation	Comments of the council	Recommendation
(a) As at December 31 of the year under review, trade license fees amounting to Rs.326,000, receivable from 129 business units, had not been recovered in accordance with Section 247(b)(4) of the Municipal Councils Ordinance. Within the arrears, Rs.246,000 had remained outstanding for over one year.	It was stated that Rs.22,500 had been recovered in 2025 and that action was being taken to recover the remaining balance.	Outstanding revenue should be recovered promptly in accordance with Section 247(b)(4) of the Ordinance.
(b) As at December 31 of the year under review, advertising board fees amounting to Rs.4.21 million had not been recovered, of which Rs.2.73 million related to previous years.	It was stated that Rs.310,610 had been recovered in 2025 and that legal action had been instituted to recover the remaining balance.	Outstanding revenue should be recovered promptly.
(c) According to Section I (d) of the National Environmental Act No. 47 of 1980, as published in the Extraordinary Gazette No. 2264/18 dated January 27, 2022, industries falling under that category are required to obtain Environmental Protection Licenses (EPL), Due to 16 institutions failing to renew their Environmental Protection	It was stated that field inspections had been carried out and necessary actions taken.	Environmental Protection Licenses for the industries should be renewed in accordance with the Act, and the relevant revenue should be duly collected.

Licenses, revenue amounting to Rs.104,400 had been lost to the Council. Accordingly, it was observed that there had been no proper regulation regarding the environmental damage caused by those businesses operating within the area of authority.

2.2.6 Other Revenue

Audit Observation	Comments of the council	Recommendation
As at December 31 of the year under review, warrant fees, fines and penalties, and service charges amounting to Rs.840,277, Rs.906,193, and Rs.296,824 respectively, had not been recovered.	It was stated that Rs.120,852 had been recovered from warrant fee arrears, Rs.33,041 from annual tender rentals, and Rs.268,438 from service charge arrears, and that action had been taken to recover the remaining arrears, write off certain balances, and institute legal proceedings.	Outstanding fees should be recovered promptly.

3. Operational Review

3.1 Performance

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 Council Ordinance are shown below.

Audit Observation	Comments of the council	Recommendation
(a) During the year under review, 14 development projects including drainage systems, culverts, road development works, and improvements to Council properties valued at Rs.70 million as provided for in the annual budget, had not been implemented.	It was stated that these development works would be carried out in the future once adequate provisions are received.	Development projects provided for in the budget should be implemented accordingly.

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| <p>(b) According to the Extraordinary Gazette No. 2264/17 dated 27, January 2022, issued under the National Environmental Act No. 47 of 1980, as amended by Acts No. 56 of 1988 and No. 53 of 2000, the Environmental Protection License (EPL) obtained for the Municipal Council's solid waste management centre had not been renewed.</p> | <p>It was stated that although the garbage mound had been properly maintained, the license could not be renewed due to the unavailability of soil required for covering.</p> | <p>Action should be taken to obtain the Environmental Protection License in accordance with the relevant Act and Gazette notification.</p> |
| <p>(c) According to the letter No. CEA/SU/HM/MHB/SZ/C36/2912/2021 dated 7, November 2023, issued by the Assistant Director of the Hambantota District Office of the Central Environmental Authority, and based on their field inspection, it had been stated that the wastewater treatment system was not functioning efficiently, that it should be improved to ensure proper operation, and that an Environmental Protection License should be obtained for the wastewater treatment system. However, by 31, December 2024, these activities had not been completed.</p> | <p>Although requests had been made to provide the relevant application forms and details of the procedure for obtaining the Environmental Protection License, no written response had been received so far.</p> | <p>An Environmental Protection License should be obtained for the wastewater treatment system.</p> |

3.2 Management Inefficiencies

Audit Observation	Comments of the Recommendation council
(a) According to the Employees' Provident Fund Act No. 15 of 1958, contributions should be made at a minimum rate of 8% from the employee and 12% from the employer, calculated on the total monthly earnings, including basic salary, cost of living allowance, special allowances, and other similar payments. However, the Municipal Council had paid contributions for substitute employees based only on their basic salary.	It was stated that calculations had been made in accordance with the Establishments Code and Circular No. 24/2018. Contributions should be made in accordance with the provisions of the Act

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| (b) | For the substitute/contract employees engaged in the service of the Council, Employees' Provident Fund (EPF) contributions totalling Rs.1.13 million for the period from 2022 to 2024 had not been remitted to the Fund but had been retained in the Council's general deposit account. | It was stated that the retained contributions would be remitted to the Fund once all member numbers are obtained. | The contributions deducted should be remitted to the Employees' Provident Fund without delay |
| (c) | According to the Employees' Trust Fund Act No. 46 of 1980, due to the failure to remit employees' contributions properly for the period from April 2014 to December 2022, a surcharge of Rs.425,560 had been paid. However, no action had been taken to identify the reasons for this situation or to recover the amount from the responsible parties. | It was stated that discussions would be held with the Employees' Trust Fund Board and a report would be submitted. | The reasons for the surcharge should be investigated, and the amount should be recovered from the responsible parties. |
| (d) | Deposits rent amounting to Rs.1.34 million relating to four shop rooms, which had remained unclaimed for over five years, had not been credited to the Council's revenue. | It was stated that action would be taken to transfer these rent deposits to the Council's revenue. | Action should be taken to credit the unclaimed rent deposits to the Council's revenue. |

3.3 Operational Inefficiencies

Audit Observation	Comments of the council	Recommendation
The valuation of special properties located within Division No. 13, where the Hambantota Port is situated, which had commenced in 2017, had not been completed even by the end of the year under review, resulting in a delay of seven years. According to the Government Valuation Report dated 8, April 2025, the annual value of the property for the year 2017 was Rs.2,030.77 million, and therefore, the annual assessments and taxes revenue should have amounted to Rs.142.15 million. It had become a source of revenue with a value close to the total recurrent income of the Municipal Council.	It was observed that proper assessment reports had not been received for the recovery of rates from 2020 to the first quarter of 2025, and according to the assessment report dated 8, March 2025, letters had been sent requesting the payment of rates for the second, third, and fourth quarters of 2025.	Action should be taken to carry out assessments of special properties in a timely manner and recover the rates due

3.4 Assets Management

Audit Observation	Comments of the council	Recommendation
(a) From 2013 to April 2021, water for two official residences provided to the Municipal Council by the Urban Development Authority was supplied through the main water supply of the District Secretariat Office. However, water charges amounting to Rs.311,462 for the Mayor's official residence and Rs.163,618 for the Municipal Commissioner's official residence totalling Rs.475,080 had been outstanding for that period. The Council had not taken action to recover and settle these dues from the parties who occupied the official residences.	It has been informed in writing to the parties who occupied the residences, and a sum of Rs.16,298 has been recovered from the Municipal Commissioner's official residence.	Action should be taken to recover and settle the outstanding water bills from the parties who occupied the official residences.
(b) Although the necessary information to release the 30-acre land allocated for the compost project (near Ruhunu Farm) had been sent through letter No. හපපා/සී/06/13/ඉඩම්/සං/ අත්.පොදු dated 22,November 2019, from the Assistant Commissioner of Local Government, Hambantota addressed to the Southern Provincial Commissioner of Local Government the formal process of transferring the land has not yet been completed.	It has been requested in writing to hand over the relevant land.	Action should be taken to complete the process of obtaining the land.
(c) According to the fixed asset verification report for the year 2023, as at 31 December 2024, action had not been taken to officially transfer 25 lands currently utilized by the Municipal Council to its ownership.	It has been reported that requests have been made in writing to transfer the said lands.	Action should be taken to formally transfer the lands under the Council's use to the Municipal Council.

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| <p>(d) The plastic shredding and melting machines received at the Solid Waste Management Centre around 2017 had not been utilized for their intended purposes and had been kept idle within the building.</p> | <p>It was stated that the machines were not in use due to the lack of trained personnel with the required technical knowledge for plastic classification and because the income generated was not sufficient to cover the related expenses.</p> | <p>The machines should be put to effective use rather than being kept idle.</p> |
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3.5 Human Resources Management

Audit Observation	Comments of the council	Recommendation
According to Public Administration Circular No. 18/2001 dated August 22, 2001, every officer who has served in the same service station for more than five years should be transferred to another service station. However, it was observed that eight officers of the Council had been serving in the same post for a period ranging from five to ten years, contrary to the provisions of the Circular.	It was stated that the reason for this situation was the failure to implement a proper transfer policy, and that the officers who had served more than five years in the same service station had submitted annual transfer requests this time.	Action should be taken in accordance with the provisions of Circular regarding officers who have served more than five years in the same service station.

3.6 Vehicle utilization

Audit Observation	Comments of the council	Recommendation
(a) According to the Public Administration Circular No. 30/2016 dated 29, December 2016, a fuel consumption test should be carried out. However, out of the vehicles owned by the council, this task had not been performed for two vehicles.	It has been stated that the fuel consumption test will be carried out promptly and submitted for audit.	In accordance with the provisions of the said circular, the fuel consumption test must be conducted.

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| <p>(b) Out of the vehicles owned by the council that are required for its daily operations, three vehicles had not been repaired and put into use, and the ownership of four vehicles had also not been formally transferred.</p> | <p>It has been stated that approval has been requested for the repair of one vehicle, that repairs are being carried out on the remaining two vehicles that action is being taken to transfer ownership of three vehicles, and that approval has been sought to dispose of one vehicle.</p> | <p>Necessary action should be taken to repair and transfer the vehicles required for daily operations.</p> |
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4. Accountability and Good Governance

4.1 Budgetary Control

Audit Observation	Comments of the Council	Recommendation
(a) An unfavourable variation amounting to Rs.100.08 million was observed in the three categories of Other Income, Income Grants, and Capital Receipts, with the variations ranging between 23% and 98%.	It has been stated that action will be taken to minimize these variations.	Measures should be taken to minimize such variations, to ensure systematic planning, and to improve the efficiency of revenue collection.
(b) An unfavourable variation of Rs.432,846 was observed under the subject of Grant Expenditure, representing a variation of 156%.	It has been stated that action will be taken to minimize these variations.	Variations should be minimized, and systematic planning should be carried out for that purpose.

4.2 Environmental Observations

Audit Observation	Comments of the Council	Recommendation
(a) A large quantity of municipal solid waste brought in for compost production had been heaped in an open area near the reserved site, forming a garbage mound. As a result, a large number of dogs and birds had gathered, scattering food particles mixed with polythene.	It has been stated that due to the difficulty in obtaining permission from the Divisional Secretariat to collect soil, and the lack of sufficient approval, the work could not be carried out properly.	Solid waste should be properly managed without piling it up in open areas

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| (b) | Although steps should have been taken to separate non-recyclable materials and direct only those to the sanitary landfill, biodegradable waste removed from the market premises had also been heaped in open areas and used for landfilling purposes. Likewise, no systematic procedure had been prepared for the disposal of electronic waste and electric bulbs (CFLs and tube lights) stored in containers. | It has been stated that non-degradable waste is being directed to the sanitary landfill, and that an appropriate method for the disposal of electronic waste has not yet been introduced. | Procedures for the disposal of non-recyclable materials should be properly systematized. |
| (c) | According to Section 129 of the Municipal Councils Ordinance No. 252, the waste treatment system should be maintained efficiently. However, it was observed that the water purification process had not been carried out for more than five years, and the water filter in the system had also become non-functional. Furthermore, the untreated water had been discharged into nearby canals, which then flowed into the nature reserve during rainy days. | It has been stated that water is obtained from the pond for cultivation purposes and that water overflows from the pond during the rainy season. | The waste treatment system should be properly maintained. |
| (d) | Out of the 30-acre land allocated for the compost project, the council did not possess information to confirm that an environmental feasibility study had been conducted regarding the environmental impact of the chemical waste incineration project operated by a private company on a 40-perch plot within that land. | It has been stated that the audit observation is accepted. | A feasibility study on the environmental impact should be conducted. |

4.3 Sustainable Development Goals

Audit Observation	Comments of the Council	Recommendation
The Municipal Council had identified nine Sustainable Development Goals; however, except for the goal related to infrastructure development in the area, three activities under two other goals had not been implemented. Furthermore, the physical progress of four activities under three goals remained at a minimum level, ranging between Percentage of 0 and 49.	It has been stated that the observation is accepted and that due to various reasons, the activities could not be completed.	Action should be taken to achieve the established Sustainable Development Goals of the institution within the specified time frame.