

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Dimbulagala Pradeshiya Sabha for the year ended 31 December 2024 comprising the Statement of assets and liabilities as at 31 December 2024 and the Comprehensive Income Statement, 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 provisions in sub-section 10(1) of the National Audit Act No. 19 of 2018, Sub-Section 172 (1) of the Pradeshiya Sabha Act No. 15 of 1987. 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 Dimbulagala Pradeshiya Sabha 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 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 Pradeshiya Sabha's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Pradeshiya Sabha 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:

- 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 Pradeshiya Sabha, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Pradeshiya Sabha has complied with applicable written law, or other general or special directions issued by the governing body of the Pradeshiya Sabha ;
- Whether it has performed according to its powers, functions and duties; and
- Whether the resources of the Pradeshiya Sabha 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 Pradeshiya Sabha 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 Sabha	Recommendation
(a)	Although schedules should be prepared and submitted showing the cost, accumulated depreciation, annual depreciation and net value of each asset as of the last day of the reporting period in accordance with Standard No. 6.20, schedules had been prepared and submitted showing only the cost of the assets.	That the schedules are being submitted.	The Sri Lanka Public Sector Accounting Standards for Local Authorities should be followed.
(b)	Although, as per EG 2.7 of Appendix 02 of the standard, capital expenditure grants should not be recognized in lump sum income but should be recorded in the comprehensive income statement on the basis of depreciation calculation, without doing so, the total amount of capital received and receivable in each year was recognized in lump sum income in the comprehensive income statement.	Corrections will be made in the 2025 financial statements.	The Sri Lanka Public Sector Accounting Standards for Local Authorities should be followed.

1.6.2 Accounting Policies

Although it was stated that interest income is recognized on an accrual basis under accounting policy 3.7 presented with the financial statements, contrary to this, the Pradeshiya Sabha had accounted for the interest value of fixed deposits on a cash basis.	The interest value was adjusted based on the balance confirmation.	Interest income should be accounted for on an accrual basis.
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1.6.3 Accounting Deficiencies

Audit Observation	Comments of the Recommendation Sabha
(a) Although the value of the project to develop the Aralaganwila weekly fair land belonging to the Pradeshiya Sabha by paving stones was Rs. 6,858,974 in the year 2021 it was depreciated to Rs. 6,899,585 an excess of Rs. 40,611 and while the above value included an hand retention amount of Rs. 344,979 the value of the property and plant was overstated by that amount due to the re-accounting of that amount under roads, bridges and culverts in the year under review.	That the necessary steps are being taken to correct it. Should be accounted correctly.
(b) The value of the Manampitiya Preschool and Day Care Center constructed under the Local Development Support Project (LDSP) was understated by Rs. 15,823,230 under buildings, and as a result, the depreciation value of the buildings in the year under review was understated by Rs. 395,581 the value of the project to complete the remaining work was understated by Rs. 163,275 and the project value of the construction of sand treatment warehouses in the Nuwaragala and Siripura water projects was understated by Rs. 646,729.	That the necessary steps are being taken to correct it. Should be accounted correctly.
(c) The hand retention value of Rs. 810,004 received in the year under review in relation to the construction of two sand treatment warehouses in the Siripura and Nuwaragala water projects and the project to complete the remaining work of the day care center had not been accounted for under contracts and hand retention deposits or under industrial creditors.	That the necessary steps are being taken to correct it. Should be accounted correctly.
(d) As at 31 st December of the year under review, the receivables and payables amounting to Rs. 4,989,965 relating to the construction project of the rural shopping complex in Manampitiya town had not	That the necessary steps are being taken to correct it. Should be accounted correctly.

been accounted for under industrial debtors and industrial creditors.

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| (e) | During the year under review, the value of 08 asset items purchased by the Pradeshhiya Sabha and received as capital grants, amounting to Rs. 1,553,369, had not been accounted for under property, plant and equipment. | That the necessary steps are being taken to correct it. | Should be accounted correctly. |
| (f) | Due to the fact that the value of 27 road development projects completed in the years 2020, 2023 and 2024 was not correctly accounted for, their cost value was understated by Rs. 35,524,549 and depreciation was calculated based on that, resulting in understated of the depreciation value. | That the necessary steps are being taken to correct it. | Should be accounted correctly. |
| (g) | The value of Rs. 9,146,457 for the construction of 02 water project roads and water pipe extension projects constructed during the year under review under the Provincial Specific Development Grant (PSDG) project had not been accounted for under property, plant and equipment. | That the necessary steps are being taken to correct it. | Should be accounted correctly. |
| (h) | The arrears balance of court fines was overstated by that amount due to the non-accounting of the court fine value of Rs. 2,059,499 received from the Mahiyanganaya Court during the year under review. | That the necessary steps are being taken to correct it. | Should be accounted correctly. |
| (i) | As at 31 st December of the year under review, the value of casual employee salaries payable was Rs. 132,264 which was recorded under various creditors, but due to the incorrect re-recording of Rs. 146,787 as salaries payable, the value of current liabilities and expenses was overstated by that amount. | That had been double accounting error. | Should be accounted correctly. |

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| (j) | As at 31 st December of the year under review, the total balance of two bank accounts according to the cash book was Rs. 72,903,853 but the total balance in the financial statements was Rs. 72,656,600 resulting in a difference of Rs. 247,253. | That the necessary steps are being taken to correct it. | Should be accounted correctly. |
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1.6.4 Unreconciled Control Accounts or Records

Audit Observation	Comments of the Sabha	Recommendation
When comparing the value of 6 account balances shown in the financial statements prepared as at 31 st December of the year under review with the balances in the supporting documents relating to those account balances, there was a un-reconcile of Rs. 17,995,535.	That the necessary steps are being taken to correct it.	The reasons for the difference should be identified and corrected.

1.7 Non- Compliances

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

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

Reference to Laws, Rules Regulation and Management Decisions etc.	Non-compliance	Comments of the Sabha	Recommendation
(a)	Rules & Statute provisions	The Local Government Institutions Guidelines issued by the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government in May 2023 for the continuation of the activities of Local Government Institutions whose term of office has finished	

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| (i) No. 01 (i) 5.2.3 Paragraph | Although it is mandatory to have a formal unit established within the council for solid waste management, the Dambagaha Ulpatha garbage yard owned by the Pradeshiya Sabha has not been used for waste management since January 2024. | It is planned to start a garbage yard. | The guidelines should be followed. |
| (ii) 5.2.3.1 (V) Paragraph | Although priority should be given to the production of compost fertilizer using biodegradable waste, approximately 230 tons of biodegradable waste collected in 2024 was dumped at the Lankapura Pradeshiya Sabha garbage yard without producing compost using the biodegradable waste collected by the Pradeshiya Sabha. | It is planned to start a garbage yard. | The guidelines should be followed. |
| (b) Rules on Accounting Matters Related to the Financial Administration of Pradeshiya Sabha's published in the Extraordinary Gazette No. 2182/39 dated 03 July 2020 | | | |
| (i) Rules No 299 | Although the Head of the Revenue Division of the Pradeshiya Sabha was required to prepare lists of properties subject to unpaid industrial tax or business tax and defaulters as of March 31 of the current year and report them to the Secretary of the Pradeshiya Sabha before April 30 of the current year, no action had been taken in this regard in | A list will be prepared and submitted. | The financial administration of the Pradeshiya Sabha should be carried out in accordance with the rules regarding accounting matters. |

relation to the year under review.

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| (ii) | Rule No 300 & 417 | Although the Secretary of the Pradeshiya Sabha was required to follow the provisions of the Basic Law in recovering the unpaid industrial tax and business tax as of March 31st of the current year, no action had been taken in this regard in relation to the year under review. | That the codes of financial rules are being followed. | The financial administration of the Pradeshiya Sabha should be carried out in accordance with the rules regarding accounting matters. |
| (c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka | | | | |
| (i) | F.R. 369 (b) | Action had not been taken in accordance with the F.R. regarding 18 cheques worth Rs. 548,951 issued in relation to 02 bank accounts but which had not been presented for payment for more than 06 months. | Acting in accordance with financial regulations. | Financial regulations must be followed. |
| (ii) | F.R. 571 | Action had not been taken in accordance with the F.R. regarding 53 overdue deposits of Rs. 3,094,076, which had exceeded 02 years under tender and industrial deposits. | Acting in accordance with financial regulations. | Financial regulations must be followed. |
| (d) Public Administration Circular | | | | |
| | Circular No. 02/2021(VIII) dated 12 May 2023 issued by the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government | Although the provisions of Sub-section 2 (I) of Circular No. 09/2009 (I) dated 17 June 2009 regarding the use of fingerprint machines to verify arrival and | That the necessary steps are being taken to act in accordance with the instructions given in the circular and that the necessary | Action should be taken as per the circular. |

departure with effect from 15 May 2023 should be implemented, the officers of the Pradeshiya Sabha had not systematically used the fingerprint machines in accordance with the above provisions. steps have been taken to inform all staff in this regard.

2. Financial Review

2.1 Financial Result

According to the Financial Statements presented, excess of revenue over expenditure of the Sabha for the year ended 31 December 2024 amounted to Rs. 46,540,755 as against with the excess of expenditure over revenue amounted to Rs. 6,158,936 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 Secretary, 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	Revenue billed	Revenue collected	Total Arrears as at 31 December	Estimated Revenue	Revenue billed	Revenue collected	Total Arrears as at 31 December
	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	2,171,480	3,338,000	3,397,860	633,360	2,171,480	3,046,655	2,320,180	693,220
Rent	5,646,564	4,631,745	5,160,862	3,288,268	5,646,565	4,533,785	3,012,217	3,817,385
License fees	1,167,250	1,629,280	1,478,280	1,944,155	1,167,250	585,210	271,000	1,796,155
Other Revenue	70,108,116	75,754,033	74,478,104	25,503,496	96,690,296	64,451,893	48,508,903	24,277,568
Total	79,093,410	85,353,058	84,515,106	31,369,279	105,675,591	72,617,543	54,112,300	30,584,328

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 Sabha	Recommendation
(a) Rates and Taxes		
As at 31 st December of the year under review, the outstanding industrial tax revenue was Rs. 72,000 and the outstanding business tax revenue was Rs. 561,360.	That the necessary work is being done.	Action should be taken to recover the arrears of revenue.

(b) Rent

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| (i) | The arrears of shop rental income as at 31st December of the year under review was Rs. 673,203. | That the necessary work is being done. | Action should be taken to recover the arrears of revenue. |
| (ii) | Out of the arrears weekly fair tax revenue of Rs. 2,318,915 as at 31 st of December 2024, an amount of Rs. 2,269,315 had been arrears for a period from 02 to 14 years. | That the necessary work is being done. | Action should be taken to recover the arrears of revenue. |
| (iii) | As of December 31st of the year under review, the arrears vehicle and machinery rental income was Rs. 296,150 out of which 05 arrears balances of Rs. 165,750 were being carried forward for a period of 04 to 06 years and sufficient action had not been taken to settle them. | That the necessary work is being done. | Action should be taken to recover the arrears of revenue. |

(c) License Fees

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| As at 31st December of the year under review, there was an arrears trade license fee income of Rs. 1,796,155 of which a balance of Rs. 1,634,655 had been carried forward for many years without taking steps to settle it, as a previous arrears receivable. | That the necessary work is being done. | Action should be taken to recover the arrears of revenue. |
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(d) Other Revenue

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| (i) | The water fee balance outstanding as of the beginning of the year under review in relation to 04 water projects owned by the Pradeshiya Sabha was Rs. 20,717,982 and the billings for the year were Rs. 59,075,156 while the total revenue to be collected was Rs. 79,793,138 but the revenue collected was Rs. 54,493,643 indicating a water fee collection performance of only 68 percent. | That the necessary work is being done. | Action should be taken to recover the arrears of revenue. |
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| (ii) | The outstanding environmental license fee income as at 31st December of the year under review was Rs. 216,000. | That the necessary work is being done. | Action should be taken to recover the arrears of revenue. |
| (iii) | According to the information submitted, the court fine revenue that should have been received from the Chief Secretary of the North Central Provincial Council and other authorities as at 31 st of December 2024 was Rs. 81,551,915 and stamp duty revenue was Rs. 3,587,300. | Project proposals have been submitted. | Action should be taken to collect court fines and stamp duty revenue without delay. |

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comments of the Sabha	Recommendation
(a) The outstanding monthly preschool fees of Manampitiya Pre-School, which was started in the year under review, as on 31st December, were Rs. 204,000, of which Rs. 68,000 was outstanding in respect of 08 students who withdrew from the preschool in the year 2024.	That action has been taken.	Steps should be taken to recover the outstanding amount and collect the monthly fees in the same month.
(b) Advances of Rs. 926,582 provided in respect of 05 projects implemented by the Pradeshiya Sabha in the years 2019, 2020 and 2021 had not been made and no action had been taken to recover those advance payments from the Pradeshiya Sabha when none of the relevant projects had been completed.	That necessary action will be taken to recover the advances.	Arrangements should be made to settle the advance payment.
(c) Although it was expected to clean the water filters once a month using processed sand worth Rs. 3,850,000 for the water filter tanks of the Dimbulagala Water Project during the year under review, the water tanks had to be emptied and the muddy sand removed every 04 days. The expenditure incurred on the water filters was uneconomical and the attention of the council had not been drawn to the construction of a coarse sand filter tank	The water used for the water project to have increased in concentrated waste during that period in lake, causing the water filter to become clogged in a minimum of days.	Attention should be paid to the construction of a coarse sand filter tank.

to remove the mud from the heavily muddy water.

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| <p>(d) There are about 196 plots of land belonging to the Sri Lanka Mahaweli Authority used by the Sabha with an estimated value of Rs. 196,582,600 disclosed in the financial statements, and although more than 37 years have passed since the establishment of the Pradeshiya Sabha, no steps have been taken to formally transfer the relevant lands to the Sabha.</p> | <p>Although written requests have been made to the Sri Lanka Mahaweli Authority on several occasions, no proper response has been received to now.</p> | <p>Steps should be taken to formally transfer the land to the sabha.</p> |
| <p>(e) The value of the court fine billing receivable from the Polonnaruwa Court for the month of December of the year under review had not been identified and accounted.</p> | <p>The value cannot be identified.</p> | <p>The value must be accurately identified and accounted.</p> |
| <p>(f) The balance of Rs. 15,809,620 as at 06th of March 2025 was stated in the financial statements without identifying and accounting for the correct value of fixed deposits as at 31st December of the year under review.</p> | <p>That the adjustment was made based on the balance confirmation certificate.</p> | <p>The correct assets must be identified and accounted.</p> |
| <p>(g) 11 outstanding balances worth Rs. 22,564,721 under Industrial Debtors, carried forward from the year 2021, had not been settled during the year under review.</p> | <p>That there is no possibility of settlement until money provision is received.</p> | <p>Action should be taken to resolve the matter promptly.</p> |
| <p>(h) Under the Industrial Creditors, 22 outstanding creditor balances worth Rs. 21,694,215, carried forward from the year 2018 to 2021, had not been settled during the year under review.</p> | <p>It has not been possible to resolve the issues due to the existence of errors in completing the projects and the lack of project provision.</p> | <p>Action must be taken to resolve.</p> |
| <p>(i) The financial loss caused by the Revenue Administrator of the Dimbulagala Pradeshiya Sabha in 2011 was identified as Rs. 1,367,681 and disciplinary orders were imposed on 27th December 2021, but no action had been taken in this regard.</p> | <p>The relevant parties were informed in writing to pay the relevant amount to the sabha, and the necessary steps have been taken to take legal action for that purpose..</p> | <p>Action should be taken to recover the loss.</p> |

- (j) Although more than 6 years have passed since the 360 galvanized flagpoles that were given to the Council on 16th December 2014 were issued to the former Chairman and 05 members, they have not been received by the Council.
- That the necessary steps have been taken to inform the relevant Ministers.
- Action should be taken to recover the loss.

3.2 Idle or underutilized Property, Plant and Equipment

Audit Observation	Comments of the Sabha	Recommendation
The GPS systems installed for 13 vehicles and the equipment purchased to maintain the vehicle wash station including the value of installations Rs. 1,655,000, had been idle for a period of 2 to 4 years.	That will working to utilize.	Action should be taken to utilize assets.

3.3 Procurement

Audit Observation	Comments of the Sabha	Recommendation
(a) Quotations had been invited for the purchase of sand for sand filters for 04 water projects of the sabha, and since the limit of the Departmental Procurement Committee is Rs. 05 million as per Supplement-35 of the Procurement Guidelines, the value of this procurement was Rs. 30 million, therefore, the Procurement Committee of the sabha, which met on 27 th of March 2024, did not refer this purchase to a higher committee and, contrary to the procurement instructions, divided the procurement into parts and re-called for quotations so that the limits were not exceeded.	According to Chapter 3.4 of the Procurement Guidelines - 2006, it is stated how to purchase goods and services under the shopping method and that quotes were called from 06 suppliers and another institution at the request of the institution using the Rainbow Pages of the telephone directory.	Proceedings should be made in accordance with Chapter 3.4 of the Procurement Guidelines - 2006.
(b) Of the 6 suppliers that had been invited for the first time, the second time, only 2 companies had submitted their prices. However, one of them was a company that had not been invited for prices and the prices of that company had been evaluated and the procurement was offer without rejecting the prices.	That the prices were accepted from the institution for which the prices had not been called upon, at the request of that institution, and that it was necessary to	Procurement guidelines should be followed.

continue the water project.

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| <p>(c) The opening of the bids for the second time was held on 9th of April 2024, and the date of submission of their bid documents by the non-bidders was on 10th of April 2024, which resulted in a lack of transparency in the procurement process.</p> | <p>It is accepted that the bid documents were opened on 2024/04/09 and that the date of the bid of the institution in question is recorded as 2024/04/10.</p> | <p>Inviting of Quotations should be transparent and on time.</p> |
| <p>(d) The successful supplier selected by the Procurement Committee on the recommendations of the Technical Evaluation Committee had submitted a report stating that one of the criteria was not of the expected quality, but the supplier who had submitted the highest price was selected on two occasions after a month had passed since the procurement decisions were made. Although the Council had given the supplier an opportunity to bring the sand to a suitable condition after receiving reports that the sand was in unsuitable condition on the second occasion, the Council should have rejected it at the first instance on the grounds that a supplier who had submitted the lowest price was present and the selected supplier was one who had not provided the bid documents. Furthermore, the bid documents were submitted on a later date than the opening of the bids and the sand samples were not tested on the day of the price opening, and the loss suffered by the Council was Rs. 927,500 in not obtaining the sand from him at the lowest price, despite giving the lowest bidder the opportunity to adjust the quality of his sand to the expected level.</p> | <p>The sand from the company that offered the lowest price was not of good quality.</p> | <p>Proceedings should be carried out in accordance with the procurement guidelines.</p> |
| <p>(e) The selected company had informed the company in a letter submitted on 14th of May 2024 that it was not possible to supply the sand and that it would have to be prepared on premises, and that the council's water project premises, electricity and backhoe loader were required for this. There is no evidence that any charges were made for this and the council had provided facilities to a third party using public money without terminating the agreement due to breach of the basic condition of the agreement.</p> | <p>Since he was informed verbally and in writing to pay the amount due from the contractor for electricity to the council, he has expressed to me the need to pay that amount.</p> | <p>Action should be taken to act in accordance with the agreements and recover the relevant amount.</p> |

3.4 Human Resources Management

	Audit Observation	Comments of the Sabha	Recommendation
(a)	As at 31 st of December 2024, 13 posts were vacant, including the post of Secretary of the Pradeshiya Sabha, 08 posts belonging to the secondary level and 04 posts belonging to the primary level.	The relevant institutions have been informed.	Action should be taken to fill the vacancies.
(b)	There were 26 excesses personnel, including two casual and permanent technical support officers, two drivers, four office assistants, one field worker, four health workers, five laborers, three cemetery assistants, one water technician, three vehicle cleaners and one heavy vehicle/machine operator, who were not part of the approved staff of the Pradeshiya Sabha.	The relevant institutions have been informed.	Action should be taken to revise the staffing structure or transfer excesses staff as necessary.
(c)	A person who did not meet the basic educational qualifications was appointed to the position of Work Inspector from 2019 to 2024 and an amount of Rs. 2,162,021 was paid from the council fund. Due to the inability to obtain permanent appointments in 2024 due to the lack of basic qualifications, a vacancy in that position continued to exist in the sabha.	Selection was made through applications that were displayed in an advertisement for recruitment.	A person who has fulfilled the basic educational qualifications should be appointed to the relevant position and disciplinary action should be taken against the appointing authority.
(d)	Action had not been taken to recover 05 staff loan balances amounting to Rs. 150,855 which had been due for more than 05 years.	That the necessary steps are being taken to recover the money.	Action should be taken to recover the loan balance.

4. Accountability and Good Governance

4.1 Internal Audit

Audit Observation	Comments of the Sabha	Recommendation
Although an Internal Audit Officer was appointed in accordance with 1.3 of the North Central Local Government Commissioner's Circular No. 4/2015 dated March 18, 2015 and a report was to be submitted to the General Assembly at the end of	That the council does not have enough employees to provide internal audit to an independent officer.	Action should be taken according to the instructions in the circular.

every month, sufficient internal audit had not been conducted to cover all the functions of the Assembly.

4.2 Budgetary Control

Audit Observation	Comments of the Sabha	Recommendation
Out of 14 projects worth Rs. 16,440,000 planned to be constructed under Expenditure Head 4/1312 in the 2024 Budget, 07 projects worth Rs. 8,940,000 had not been completed in the year under review.	Projects that could not be completed have been included in the 2025 budget.	The projects included in the budget must be implemented during the year.

4.3 Environmental Problems

Audit Observation	Comments of the Sabha	Recommendation
The Pradeshiya Sabha had collected 230 tons of biodegradable waste and 26 tons of non-biodegradable waste in the year 2024 at a cost of Rs. 8,319,115, and after collecting an income of Rs. 34,226 from the sale of non-biodegradable waste and paying Rs. 17,113 to health workers from it, the council's income remained at a very low value of Rs. 17,113. Since a large amount of expenditure is incurred for collecting garbage annually, the sabha had not focused its attention on a program to make the garbage yard owned by the council operational and increase the production and sale of compost in order to minimize that cost.	The garbage yard is planned to be constructed in 2025, and compost fertilizer production will commence upon completion of construction.	A program to increase the production and sale of compost should be implemented.