පාර්ලිමේන්තු ප්‍රකාශන මාලා අංක **222**

ආයතනයේ නම **සබරගමුව පළාත් සභාව යටතේ වූ පළාත් පාලන ආයතන**

පාර්ලිමේන්තුවේ රජයේ ගිණුම් පිළිබඳ කාරක සභාව විසින් සභාගත කරන ලද වාර්තා

සම්බන්ධයෙන් ස්ථාවර නියෝග අංක119(4) යටතේ ගරු අමාත්‍යවරයාගේ නිරීක්ෂණ

හා ගනු ලබන පියවර පාර්ලිමේන්තුව වෙත ඉදිරිපත් කිරීම

பாராளுமன்ற வெளியீட்டுத் தொடர் இலக்கம் 222

நிருவனத்தின் பெயர் **சபரகமுவ மாகாண சபையின் கீழுள்ள உள்ளுராட்சி மன்றங்கள்**

பாராளுமன்றத்தின் அரச கணக்குக் குழுவினால் முன்வைக்கப்பட்ட அறிக்கை தொடர்பாக

நிலையியற் கட்டளை இலக்கம் 119(4) இன் கீழ் அமைச்சரின் அவதானிப்புகளும் மற்றும்

அது தொடர்பாக எடுக்கப்படும் நடவடிக்கைகளும் பாராளுமன்றத்திற்கு சமர்ப்பித்தல்

Parliamentary Series No **222**

Name of the institution: **Local Authorities under the Sabaragamuwa Provincial Council**

Submission of observations of Hon. Minister and steps taken with regard to

The reports tabled by the Committee on Public Accounts in terms of

Standing Order No.119(4)

By the committee Deficiencies identified	The institution has taken steps to correct the deficiencies measures
Auditor General's Note - Para No. 4.2 (Ambilipitiya Municipal Council - Reference No. 3.1(a)) For income promotion of the council Rs. 2,689,200 was planned to install an LED billboard in July 2019 and cover the cost in 20 months. But, even after 34 months of installing the billboard, the total revenue was Rs. There were only 35,500. Although the use of the notice board as an advertisement board of the municipality for non-commercial purposes and not being in a directly visible place were identified as the reasons for the decrease in income, the problems were not solved to increase the income.	I. Due to the low level of income of the LED billboard, it was decided to lease it for the year 2022 based on the decision of the General Assembly held on 29.11.2021, and although tenders were conducted on three occasions, no bidder came forward for it. II. As a result, according to the decision of the General Assembly dated 29.03.2022, it was decided to refer it to the Valuation Department and obtain a new valuation and tender it. Accordingly, the Valuation Department has confirmed that it is a non-productive property in the analysis of information, and they have no objection regarding calling open tenders for the year 2023. III. As per the decision of the policy and decision making support committee held on 05.09.2024, operational work was assigned to the officer related to information technology affairs of the institute. (Annex 01) IV. On 08.07.2024, prices were invited from among the registered suppliers of Sabaragamuwa Provincial Council due

to the fact that the LED billboard is constantly inactive, and the related parent company did not respond to carry out repairs, and the contract period with the related parent company expired as suggested by the audit and management committee held on 26.03.2024.

V. Accordingly, since DOOM Technology presented the prices, that institution carried out repair work on 06.09.2024, corrected all the technical errors and started advertising from 18.09.2024

VI. Also, based on the recommendations of the Policy and Decision Support Committee held on 30.07.2024, the prices for sending advertisements were revised as follows.

Sub no	Advertisement period	Fee (Rs.)
1	2 – 10 seconds	2,000.00
2	11 - 15 seconds	5,000.00
3	15 - 30 seconds	10,000.00

	VII. Accordingly, after the repair, from 18.09.2024 to 31.07.2025, an income of Rs 236,600.00 has been earned and at present, several promotional programs are being implemented to increase the income status of the LED billboard.

Deficiencies Identified by the Committee	Actions taken by the institution to correct deficiencies
Auditor General's Note - Ledger No. 4.3, Embilipitiya Pradeshiya Sabha - Reference No. 3.2 (i) During the year under review, an expenditure of Rs. 11,189,389 had been incurred for 9 employees and 6 vehicles and machinery to dispose of approximately 1080 metric tons of solid waste. However, the waste had not been disposed of in an environmentally friendly manner.	Since 2015, requests had been made through the Mahaweli Development Authority to obtain a legally approved land for waste management. In 2022, two acres of land had been demarcated and informally provided for development activities without a proper deed, only with a letter stating that there was no objection. However, a civil individual had filed a case in the Embilipitiya District Court claiming ownership of the land. As a result, it was not possible to carry out further development activities on that land or prepare it for a waste management project. At a coordination meeting held after October 2024, this issue was extensively discussed, and as a result, on 08.01.2025, the Director General of the Sri Lanka Mahaweli Authority informed the Embilipitiya Pradeshiya Sabha that approval had been granted for the land. **Current-Situation** The degradable waste collected by the Embilipitiya Pradeshiya Sabha is handed over to the Embilipitiya Municipal Council for composting, while non-degradable waste is openly dumped at the Aththondagala site.

	Since the Ministry of Provincial Councils has proposed to establish a Material Recovery Facility (MRF center) in the Embilipitiya area, it is expected that a permanent solution will be provided through this initiative. Meanwhile, regarding the land allocated by the Mahaweli Authority for waste management, a case (No. L 19772/24) is being heard at the Embilipitiya District Court, and the next hearing has been scheduled for 03.10.2025, where the survey reports are also expected to be presented.

Mistakes of identified by the committee	Action taken by the institute to correct
Auditor general's notes- Query No.4.4 (Eheliyagoda Pradeshiya sabha – (Ref. No 2.2.2 (ඇ)) There was an outstanding assessment balance of Rs.15,181,158.00 and an outstanding acreage tax balance of Rs.127,459.00, which was more than five years old, as of 31.12.2022.	Assessment tax Charges of 31st August 2025 = Rs.8,233,366/- percentage of charges = 54.23% The current outstanding balance from the total outstanding balance of 2022 =Rs.6,947,792/- 01. Issuing red notice and property seizes for units that are more than five years old. 02. Deploying team of officers to areas with the highest number of outstanding units to collect outstanding amount. 03. The officer who collect the money in the field on daily basis, collect the arrears and assessments for the previous year. Acreage tax The acreage tax on 31.12.2022 is Rs.127,459.00 and the total collection from 2023 to date is Rs.113,302.06 Outstanding amount Rs.14,156.94 percentage of charges = 88.89% 01. Further, with the participation and cooperation of Grama niladaris , Economic development officers, Samurdhi officers and Agricultural research and production officers steps will be taken to promptly collect outstanding amounts. 02. Also take steps to inform the community – base organizations and collect the outstanding balances of taxes.

Shortcomings Identified by the Committee	Actions Taken by the institution rectify the shortcomings/ current status
Auditor General's Note - Paragraph No. 4.5 (Imbulpe Pradeshiya Sabha - Reference No. 3.3 (a)) The land with the toilet system near Pahanthudawa Falls, which was completed at a cost of Rs. 1,852,279.00, had not been taken over by the council, and the ownership of 133 cemeteries owned by the council had not been settled. Therefore, there was a risk of those lands being subject to unauthorized acquisition.	I. The land on which the Pahanthudawa toilets has been built was surveyed on 2023.09.14. (Drawing No. 2412). (Annexure 01) II. The land owner, CEYPOWER CASCADES (PVT) LTD has agreed to transfer the land without compensation. (Annexure 02) III. The land has been valued at Rs.120,000.00 and a valuation report has been provided for the purpose of acquiring this land. (Annexure 03) IV. The Imbulpe Divisional Secretary has been informed for the further steps required to acquire the land without compensation (Annexure 04) V. The Imbulpe Divisional Secretary has informed CEYPOWER CASCADES (PVT) LTD to submit 03 copies of the Declaration of Waiver of Compensation in accordance with the Acquisition Act to the Imbulpe Divisional Secretary by letter No. IMDS/LND/05/ACQ/2024-01 dated 2025.04.10.(Annexure 05) VI. An amount of Rs. 226,244.00 has been paid for the survey of 10 cemeteries.

	VII. The necessary payments have been made to acquire the Naluwela Udagangodathanna Cemetery and the possession has been taken under the Land Acquisition Order. (Annexure 06) VIII. The Imbulpe Divisional Secretary has forwarded the copies of survey reports and line drawings related to six cemeteries surveyed under the Bimsaviya program to the Pradeshiya Sabha (Annexures 07,08,09,10,11,12) and steps are being taken to obtain other relevant documents .

Shortcomings identified by the Committee	Action taken by the institution to rectify the shortcomings
Auditor General's Note - Paragraph No. 4.6 (Kalawana Pradeshiya Sabha - Reference No. 3.4) Since the Kukulegama Hydropower Plant did not grant permission to access the tank constructed to dispose of sewage, the Rs. 902,100.00 spent on it had been a waste of money and the problem of sewage disposal had not been resolved.	The septic tank built to dispose of sewage is located close to the Kukulegaga landfill, and the guardhouse belonging to the Kukulegaga Hydroelectric Power Plant is located on the public road leading to both these locations. The decision to dispose of the waste through the relevant checkpoint is made based on the instructions of the power plant's chief engineer. On several occasions when restrictions were imposed on garbage disposal, the Chief Electrical Engineers met and as a result of discussions, permission was granted to dispose of the garbage. Accordingly, based on the recommendations of the Ayagama Medical Officer of Health, garbage disposal will be carried out once a week from 2024.01.05 to date, in accordance with requests received from the public

Deficiencies identified by the committee	Actions taken to correct deficiencies by the institution
Auditor's note - Audit Paragraph Number 4.7 **(Kahawatta Pradeshiya Sabha - Reference Number 3.1 (A))** Actions had not been taken in accordance with Section 47 cf the Pradeshiya Sabha Act No. 15 of 1987 regarding 29 unauthorized constructions identified from the year 2019 to the year 2022.	Although the audit inquiry states that there were 29 unauthorized constructions from the year 2019 to the year 2022, it should be corrected as 28 unauthorized constructions. In the unauthorized construction record, it has been recorded twice that "03 barriers were used to block the Pusselikanda concrete Road". 1. From 2019 to 2022, 06 out of 28 unauthorized constructions have been demolished. (The Revenue Inspectorate reports are given as Annexures 01 – 02.) 2. The problems of 02 constructions have been resolved so far. (Revenue Inspector's Report is attached as Annexure 02) 3. Requests have been made to the Sabha to extend the time for 03 constructions. (Appendixes 03 - 04) 4. The council has granted permission for 03 constructions. (Indicated as Annexure 05) 5. Reminders have been issued for 14 other constructions. (Appendixes 06 -17)

Deficiencies identified by the Committee	Actions undertaken to rectify the identified deficiencies
Auditor's Notes – Reference No. 4.8 (Kuruwita Pradeshiya Sabha – Reference No. 3.4) At the General Council meeting held on 16 July 2021, it was resolved to engage the services of a lawyer for the Sabha's legal proceedings at a monthly remuneration of Rs. 25,000. On the same day, a contract was executed with the lawyer outside the standard procurement procedures. Subsequently, from July 2021 to December 2022, a total amount of Rs. 425,000 was disbursed to him as monthly remuneration. In addition to this, for the same period, a further amount of Rs. 103,920 was paid to him for the Sabha's legal proceedings, and Rs. 578,627 was disbursed to other lawyers.	1. The Department has conducted an investigation into this matter in accordance with Section 101(4) of the Establishment Code. 2. Based on the findings of the investigation, the Provincial Commissioner of Local Government, under reference number CLG/LG/2/01/01/10 dated 16.08.2024, informed the Kuruwita Pradeshiya Sabha to recover the relevant amount from the responsible parties. (Receipt – 01) 3. After reviewing the appeals submitted by the concerned parties, and upon their rejection, the Assistant Provincial Commissioner of Local Government, under reference number ACLG/05/01/01-11 dated 21.04.2025, informed the Kuruwita Pradeshiya Sabha to proceed with the collection of the relevant amount from the responsible parties. (Receipt – 02) 4. Consequently, an amount of Rs. 93,870.00 has been successfully collected from the responsible parties to date. (Receipt – 03) 5. In the event that the responsible parties fail to make the payment, action will be

	taken under Sections 205 and 206 of the Pradeshiya Sabha Act, No. 15 of 1987, as communicated to the Kuruwita Pradeshiya Sabha by the Provincial Commissioner of Local Government under reference number CLG/LG/2/01/01/10 dated 13.06.2025. (Receipt – 04) 6. Preliminary measures have been undertaken to initiate legal proceedings against 11 public representatives who have not yet made payment.

Shortcomings identified by the Committee	Actions taken by the institution to rectify the shortcoming / Current Statues
Auditor General's Note - Paragraph No. 4.9 **(Kolonna Pradeshiya Sabha - Reference No. 3.1 (a))** Rs. 7,612,713 had been incurred in the years 2020 and 2021 for the construction of a compost yard and the purchase of necessary machinery. Also, a baler machine worth Rs. 950,000 had been received from the Provincial Council in July 2022. However, the compost project had not been started by the end of the year under review.	i. Compost production activities have commenced since June 2023 and as of 31.08.2025, an income of Rs. 67,475.00 has been earned through the production and sale of compost. (Annex 01) ii. Since August 2023, non-biodegradable waste (plastic and polythene) has been baled using a baler machine. So far, an income of Rs. 7,649.00 has been generated from the sale of non-biodegradable waste. (Annex 02)

Deficiencies identified by the committee	Actions taken by the institution to correct deficiencies
Auditor General's Note - Paragraph No. 4.10 (Godakawela Pradeshiya Sabha - Reference No. 3.1A) Rs. 2,771,927 had been spent on the renovation of the Madampe Fish Market, which cost Rs. 5,654,649. However, some of the traders are selling fish in front of the market, citing construction weaknesses.	All traders have been informed through a special notice that the unauthorized fish stalls built in the Madampe Fish Market must be removed before 20.03.2023, otherwise action will be taken to demolish those unauthorized stalls. (Annexure 01) ii The following officers have been informed in writing to attend the removal of unauthorized fish stalls at the Madampe Fish Market on 2023.04.03 at 2.00 p.m. (Annexures 02, 03, 04) iii Signature list of those who participated in the removal of unauthorized constructions on that day (Annexure 05) All traders at the Madampe Fish Market are currently conducting business in their shops inside the building, and no trader is allowed to conduct business in front of the market.

[illegible]

Deficiencies identified by the committee	Actions taken by the institution to correct deficiencies
Auditor General's Note - Paragraph No. 4.11 (Nivithigala Pradeshiya Sabha - Reference Number 3.3(b)) Return of 96 flagpoles issued There were no deliveries. Of which 15 pillars Even though the value has not been recovered , 81 flagpoles worth Rs. 1,032,750 Value , as decided by the General Assembly To charge those responsible No action had been taken. Also Responsible for the shortage of 35 items The people had not been determined.	I. The Department has conducted an investigation under Section 104(4) of the Criminal Procedure Code in this regard. ([illegible]) II. Approval has been granted to implement the recommendations in this regard based on that investigation. The Local Government Commissioner's No. CLG/LG/01/03/08/17(1)-1 has been submitted to the Chief Ministry on 20.01.2025. (Annexure 02) III. While the Chief Secretary has been asked who the Chief Accounting Officers should be, the Local Government Commissioner has been informed by the Secretary to the Chief Ministry, vide letter No. CM/AD/03/M'DI/KSJS/175 dated 17.04.2025, to act in accordance with the recommendations of the inspection report under Section 104(4) subject to my having the Chief Accounting Officer determined. (Annexure 03) IV. According to the Pradeshiya Sabha (Finance and Administration) Rule No. (4) of 1988, the Chairman is the Accounting Officer of the Pradeshiya Sabha. However,

	since there is no specific mention of the Chief Accounting Officer or Accounting Officer of the Pradeshiya Sabha in those rules or any other written law and since all local government institutions in the Sabaragamuwa Province are under the supervision of the Department of Local Government, the Secretary to the Principal Ministry, who is the Chief Accounting Officer of the Department of Local Government, is directed to take action in accordance with Financial Regulation 104(1) (b) for dealing with damages exceeding Rs. 500,000.00 in the Pradeshiya Sabhas, and the Secretary to the Principal Ministry has informed the Commissioner of Local Government by letter dated 30.04.2025 , No. 104(4) that the process may be challenged by taking action regarding the responsible party without making a specific notification regarding the report. (Annexure 04) V. CLG/LG/01/03/08/17(1)-1 dated 20.01.2025 has been submitted to the Chief Ministry for approval to implement the recommendations as per the inspection report (M.R.104/4) conducted by the Department . VI. The shortage of 35 items has now been completed. (Annex 05)

Problems identified by the committee	Actions taken to correct deficiencies by the institution
Auditor General's report – paragraph number – 4.12 (Pelmadulla Pradeshiya Sabha – Reference number – 3.2) Without the approval of the minister in charge, a leaser acquired a land near the Pelmadulla weekly fair has not paid the land tax since 2006, Sub leasing it contrary to the agreement, Enjoying more than the allotted land, Although a large building has been constructed contrary to the approved plan, the Pradeshiya Sabha has not taken any action against any of them.	i. Actions was taken against the leaser under the Recovery Of Possession Act to recover possession of the shop. ii. Accordingly, the Pradeshiya Sabha has been awarded possession of this shop in accordance with the decisions of the Pelmadulla District Court under case number 10541 and Provincial High Court under case number RA/76/2024. iii. On 2025.08.13, The registrar and fiscal of the Pelmadulla District Court took actions to take over all the properties of the Pradeshiya Sabha, The keys o the relevant shop have now been taken into custody by the Pradeshiya Sabha and kept safe. Attachment 1 - Title deed report

Shortcomings identified by the committee	Action taken by the institution to rectify the short comings/current
In the year 2006, the council was subject to lawsuits against the illegal construction of a road through private property, and as a result, the clear title of the property was returned to the claimant. The council was required to pay Rs. 479,505.00 in the year 2022 as compensation, court fees, and legal fees.	According to the investigation report conducted by the department (F. R. 104/4), an amount of Rs. 479,505.00 is to be recovered from the relevant parties, as informed by the letter No. CLG/LG/01/03/08/05-1(1) from the Provincial Commissioner of Local Government dated 2024.11.12. After notifying the Ratnapura Pradeshiya Sabha Secretary regarding this, the appeal submitted by Mr. Patrick Neville, the Technical Officer, has been presented to the Ratnapura Pradeshiya Sabha Secretary under number RPS/08/34/11 on 2025.02.17 to the Assistant Provincial Commissioner of Local Government and Meanwhile, former Chairman S. Bandula Karawita had submitted a direct appeal to the Local Government Commissionerner . However, since the appeal has been rejected, the Provincial Commissioner of Local Government has informed the Ratnapura Pradeshiya Sabha and the appellant through letter No.

	CLG/LG/01/03/08/05(I) dated 2025.07.01 regarding the recovery of the relevant funds. (Attachment 01)

Shortcomings identified by the committee	Actions taken by the institution to rectify the shortcomings / Current status
Auditor General's Note - Paragraph No. 4.13 (Balangoda Urban Council - Reference Number 3.5 (a)) Contrary to the decision of the Planning Committee, plans for 02 unauthorized buildings were approved and certificates of compliance were issued at the discretion of the Chairman. In making that payment, Rs. 886,301 that should have been recovered from the council was also missed.	**<u>Steps taken to correct</u>** I. In this regard, the Local Government Commissioner's letter No. CLG/LG/2/11/ගොඩු has been submitted to the Chief Ministry on 31.12.2023 to obtain approval for the implementation of the recommendations as per the inspection report conducted by the Department (F.R.104/4). II. The Chief Secretary's letter No. CM/LD/03/Nas/Palang/150 dated 2024.07.03 has been forwarded to the Chief Secretary. The Chief Secretary's letter No. CSAC/22/FR/01(04)/NEW dated 2024.09.24 has inquired from the Legal Officer regarding the ability of the Provincial Council to act and the possible further steps to be taken regarding the financial irregularities of the members of the local government institutions and the financial abuses occurring in those institutions. (Annexure 01) Accordingly, in this regard, the Legal Officers' report No. CS24/01/(07)/2024LU and dated 2024.11.21(Annexure 02) 1. Provisions for recovery of financial losses incurred by the Council 2. Recommendations have been made regarding the issuance of a valid certificate of compliance (license) and the proper recovery of the pre-trial fees.

III. Accordingly, since the Legal Officer has informed that it is appropriate to impose surcharge for the implementation of the said recommendation 01, the Audit Authority has been informed to take the necessary steps in that regard vide the Local Government Commissioner's letter No. CLG/LG/02/01/01 dated 20.02.2025.

IV. However, since the compliance certificate issued for the implementation of the said recommendation No. 02 is not a valid compliance certificate, steps should be taken to cancel that license as well. Since the issued compliance certificate is not a valid compliance certificate, action should be taken to issue a proper compliance certificate by following the normal legal procedure for issuing a building compliance certificate, When issuing that license after fulfilling the necessary requirements in accordance with the provisions of the Urban Development Authority Act and after re-collecting the relevant fees action should be taken to issue a legally valid license, If the relevant Customer fails to obtain a legally valid license, the Secretary of the Balangoda Municipal Council has been informed by the Commissioner of Local Government, under reference No. CLG/LG/2/01/General and dated 18.12.2024, to take necessary steps to initiate legal action against the said Customer under the Urban Development Authority Act. (Annex 03)

V. Accordingly, the Secretary of the Balangoda Municipal Council has informed the relevant party, by letter dated 08.01.2024, that the issued compliance certificate has been cancelled as it is not a valid compliance certificate, and that steps should be taken to obtain a proper compliance certificate in accordance with the provisions of the Urban Development Authority Act. It has also been notified that, failing to do so, legal action will be taken under the Urban Development Authority Ordinance.

VI. Furthermore, this matter was extensively discussed at the Provincial Audit Meeting held on 10.04.2025, where it was emphasized that it is important to examine whether the construction carried out at this location is a building that can be regularized. As fees can only be charged in relation to constructions that can be legally regularized, the authority to make a decision in this regard lies legally with the Planning Committee of the Balangoda Municipal Council. Therefore, based on the observations of the Legal Officer and the instructions given by the Commissioner of Local Government, the Secretary of the Municipal Council has been informed by letter No. CLG/LG/02/01/01 dated 02.05.2025 (Annex 04) to take an appropriate decision. Subsequently, on 23.05.2025, this matter was presented to the Planning Committee of the Balangoda Urban Council. At that meeting, since the construction has been carried out in violation of the building

	limit regulations of the main road, and as the Road Development Authority has also not recommended its approval, the Planning Committee has recommended that the building cannot be further regularized. (Annex 05s) **<u>Current Situation</u>** As pointed out by the State Accounts Committee, If the omitted revenue had been collected at the time of approving these plans, two buildings that were approved in violation of regulations would have thereby obtained legality. Furthermore, although it was recommended to rectify the matter by imposing a fine, I respectfully point out to the State Accounts Committee that, even if such a fine is imposed, there is no physical space within the premises to make the necessary corrections, and therefore this matter cannot be rectified merely by the collection of money. Furthermore, since the authority relating to the approval of building plans within an urban area is derived from the Urban Development Authority Act, and as local authorities exercise such powers under the supervision of the Urban Development Authority, the Hon. Chairman of the Balangoda Municipal Council, by letter dated 22.07.2025, has taken steps to inquire from the Urban Development Authority regarding the manner in which this matter should be dealt with. It is expected that the Urban Council will proceed in line with that recommendation.

Deficiencies identified by the committee	Actions taken by the institution to correct deficiencies
Auditor General's Note - Paragraph No. 4.16 (Weligepola Pradeshiya Sabha - Reference Number 3.1 (b)) 349 water meters purchased for Rs. 2,031,180.00 in 2021 were still unused as of January 2023. Also, due to the inoperability of 449 water meters, only the fixed fee was being charged. As of December 31, 2022, water charges of Rs. 2,700,036.00 were due, of which there was a balance of Rs. 921,744.00 that was older than a year.	I. 349 water meters purchased in 2021 have been installed so far. (Annexure 01) II. 288 new water meters were installed for the water meters that were inactive, and 112 water meters were repaired. (Annexure 02) III. Out of the outstanding amount of Rs. 2,700,036.00 as on 31.12.2022, Rs. 2,187,733.00 (81.03%) has been recovered as on 10.09.2025. (Annexure 03)

English Translation

Deficiencies Identified by the Committee	Actions Taken by the Institution to rectify Deficiencies
Auditor general's Note – Paragraph Number 4.17 (Municipal council – reference number 3.2 (b)) An amount of Rs. 5,265,787.00 on electrical equipment, and 1046 man- days of work had been spent during the renovation of the electrical system of the Municipality building. However, an Electrical Drawing and cost estimate had not been prepared and approved by a Chartered Engineer.	I. Mr. D.M.W.A. Dasanayaka a Chartered Electrical Engineer who was selected after checking his qualifications, conducted a formal physical inspection of the Ratnapura Municipal Council electrical system on 14.06.2024 and provided a cost estimate. II. The Electrician who was selected through a formal procurement process to implement the recommendation highlighted in the report , has completed the electrical system by correcting the deficiencies as per the recommendations of the report. III. The approved cost estimate for the Electrical Drawing of the Electrical equipment related to the renovation of the electrical system of the Municipal council building has been prepared, and the approved report has been submitted to the council by the Charted Electrical Engineer on the 30.06.2025. (Annexure 01)

Deficiencies identified by the Committee	Actions taken by the institute to rectify deficiencies
Note of Auditor General - Paragraph 5.1 – (Kegalle Municipal Council) - Ref No 3.1 (c)) Even though the Rest House that belonged to the Sabha and was subsequently taken over by the Urban Development Authority had to be handed over back according to the Gazette No. 1589/20 of 2009 it had not happened even in December, 2022. Moreover, there was an outstanding of Rest House Management fee of Rs.1,506,700 to be recovered from 2020 to 2022. Further, external parties had made revenue from the said Rest House from 2009 to July 2015 and a request from those parties to waive off fees of Rs.502,026 was questionable	I. Even though it had been informed to pay all monies within month of January ,2025 by the letter No of Lanka Rest House ; 29/06/14/11 dated 22.12.2024 as per the Lanka Rest House had been aware under Kegalle Municipal Council, Urban Commissioner's No ;කෑමනස/4/8 dated 16.08.2024 ,any payment hadn't been paid until 11.09.2025. (Annexure 01) II. Therefore, reminders had been made to Lanka Rest House by the letters of Urban Commissioner's No කෑමනස/4/8 dated 13.02.2025 and Hon Mayor's No of කෑමනස/4/8 dated 07.07.2025 (Annexures 02,03) III. It was informed to make policy decision since issues are prevailed relating to recover rest house fees of whole island to Ministry of Public Administration Provincial Council and Local Government when there had an inquiry of Committee on Public Accounts in 2023 a request had been made again to intervene to recover payments by the letter of Local Government Commissioner 's No CLG/LG/5/2/1/18- Volume III and dated 20.05.2025 by Chief Secretary to Secretary of the said ministry . (Annexure 04) IV. Accountant and Subject Officer of Kegalle Municipal Council had visited Accountant on 08.07.2025 ,having been to Lanka Rest and it had been orally informed that Chairman of said institute went abroad and action will be taken to pay monies after 20th of July 2025.

Shortcomings identified by the Committee	Action taken by the Institution to rectify the Shortcomings/Current Statues
Auditor General's Note – Paragraph No 5.2 (Kegalle Pradeshiya Sabha – Reference No 3.4) Contrary to Public Finance Circular No. 01/2021, 78% and 68% of the total number of contracts executed during the years 2021 and 2022 respectively were awarded to a single contractor.	I. The status of project implementation of the Kegalle Pradeshiya Sabha for the years 2023, 2024 and 2025 as of 2025.08.31 is shown Annex one and it is informed that all projects to be implemented by the council in the future will be carried out in accordance with the provisions of the Procurement Guidelines in force from 2025.01.01. **(Annex 1)** II. The fact that the administrative activities of this community-based organization have become inactive was discussed at a coordination committee meeting held recently, and accordingly, the institution has taken a policy decision to pay special attention to the control of public funds when entering into contracts with that organization for the implementation of projects in the future and when conducting financial transactions with such organizations. III. It is hereby stated that the State Finance Circular No 01/2021 is currently being implemented and has been implemented in the years 2023 , 2024 and 2025 as well.

Project Implementation status for the years 2023,2024 and as of 2025.08.31								
Year	Project Proposal	Number of projects	Implemented Number of contracted organizations	1 each	2 each	3 each	4 each	More
2023	Council Industries	04	03	02	01			
2024	Council Industries	24	17	11	05	01		
	Rural Roads	48	37	27	09	01		
	Mountain Decade	175	97	50	27	11	07	02
	Decentralized Budget	64	51	40	09	02		
	Special Projects	11	10	09	01			
	Provincial Council Industries	39	27	18	06	03		
2025	Council Industries	29	28	27	01			
	Decentralized Budget	05	05	05				
	Provincial Council Industries	03	03	03				

Shortcomings identified by the committee	Action / taken by the institution to correct the shortcomings
Auditor General's Note: Audit Segment Number : 5.3 (Mawanella Peadhesiya Sabhawa – portion No:47) The Pradeshiya Sabha has decided to recruit for the field of no vacancies and health labour posts up on the direct labor basis and 31 servants have been recruited from the year 2013 accordingly. However, in accordance with the above decision, they had been used for other purposes and paid them Rs.57,524,942.00 from Pradeshiya Sabha Fund up to August 2022. And, appointment letters of 10 servants have not been entered to the personal files.	At present, 20 of these employees are working in the Pradeshiya Sabha and one of them has not been submitted to the Department of Local Government to be confirmed as not completing 180 days by 29-08-2023 and the documents of others have been submitted to the Chief Ministry of Sabaragamuwa Provincial Council to be confirmed. And, Since these employees have been employed in essential services, it can be taken to absorb to the Provincial Public Sector if the approval given by the Department of Management Services. I hereby explain through the Letter No.CLG/LG/4/18/9 and 31-03-2024 (Annexure 01) by the Commissioner of Local Government for the request made by the Secretary of Pradeshiya Sabha regarding not submitting the appointment letters of 10 employees in the personal files that there is no need to use a worker by the name permanently to complete the task and to use any one permanently on daily basis to cover up prevailing duty requirements and upon widening the service scope of the Pradeshiya Sabha and not approving an enough carder with health labourers by the Management

	Services department payment has only been made within the estimated amount of labour related to the number of labour dates obtained and recruitment of workers in accordance with a recruitment process of a Service minute or employing workers upon agreements for existing vacancies of the approved staff under the provisions of the Circular No.03/2006 and these employees do not belong to an appointment made on temporary, casual, substitute or ad hoc basis done by a proper appointing authority and although this purchasing of labour has done as to complete the task after purchasing of such labour this task have to be continued monthly and such labour employing has been done for years and to use of workers has had many years and that the use of a single worker has not been the cause of a daily basis that and no need to use a permanent person to use this task as shown by the audit. **Current situation** 20 workers out of the employees are currently working in Pradeshiya Sabha and and one of them has not been submitted to the Department of Local Government to be confirmed as not

	completing 180 days by 29-08-2023 and the documents of others have been submitted to the Chief Ministry of Sabaragamuwa Provincial Council to be confirmed. Service of 02 workers has been abolished and 18 health labourers are engaged in service out of these estimated 20 health labourers at present. As these employees have been employed on ad hoc basis no opportunity to award permanent appointments except in a policy decision taken by the government. Therefore they don't have an opportunity of maintaining a Personal file and only to maintain a fact file, accordingly.

Shortcomings identified bythe Committee	**Action taken by the institution to rectify the shortcomings/Currents**
Auditor General's Note - Paragraph No. 5.4 (Warakapola Pradeshiya Sabha - Reference No. 3.2 (b) Although according to the Local Government Circular (11/2010) machinery and equipment should be provided free of charge, as per the instructions of the Chairman, 747 machine hours capable of generating an income of approximately Rs. 3,361,500.00 had been provided free of charge. Also, gate records were not maintained regarding the exit and arrival of the backhoe.	I would like to kindly report that at present, in accordance with the Local Government Circular (11/2010), the backhoe loader will not be provided free of charge to any institution or individual under any circumstances. A report is obtained from the Technical Officer based on the application submitted by the officer who wishes to use the funds for the council's activities and related tasks. Thereafter, the backhoe loader will be used as required only after obtaining the formal approval and direction of the Chairman and Secretary. At the end of the task, the expenses are calculated and the exact expenses are matched with the income. I would like to kindly mention that the drivers and guards have been informed and arrangements have been made to maintain gate records of departures and arrivals. Although the audit report states that the number of meter hours is 747, Assistant Local Government Commissioner's Office When the Community Development Officer checked the daily running records; it was observed that it was 742.3 meters per hour. A detailed report on this was sent to the Local Government Commissioner's Office by the Assistant Local Government Commissioner on 10.03.2025, bearing my No. WPS/A/2/2024. According to the letter, his letter No. CLG/LG/02/01/02 and dated 2025.05.02, with a copy to me, has been reported to the audit that the correct procedures are currently being followed regarding the rental of the backhoe machine and

	that the 742.3 meter backhoe machine has been deployed for the common public welfare. (Annex 01) Accordingly, I kindly report that at present, the backhoe machine is being used for the relevant tasks by the Technical Officer with the formal recommendations and approval of the Chairman/Secretary.

Shortcomings identified by the committee	Action taken by the institution to rectify the shortcoming/current
Audior General's Note –paragraph No 5.5 (Yatiyantota Pradeshiya Sabhawa Reference No 3.2(A)) In the Kitulgala area, 14 retail outlets established in the year 2021, with a total value of Rs. 1,950,822.00, continued to exist even in October 2022.	I.Following the preparation of the 14 mobile retail outlets in the year 2021, based on the annual tax basis, funds and policy committee recommendations were obtained to distribute to the local population within the jurisdiction, and a decision was made under the honorable council's decision number 13 on 2022.01.11. (Attachment number – I) II. Accordingly, on 2022.03.03, based on the recommendations of the funds and policy committee, the council decided to charge rent monthly according to the revenue auditor's assessment on 2022.12.15, a procurement announcement was issued to call for tenders. Through that procurement process, 14 tenderers were selected for the 14 mobile retail outlets by the procurement committee. Among those tenderers, 10 entered into agreements to operate the mobile retail outlet. (Attachment number – II to XV) III. Furthermore, for the remaining mobile outlets (04), the procurement

	committee called for tenders a second time and selected 04 tenderers. Those tenderers entered into agreements to operate the mobile retail outlet. (Attachment number – XVI to XXI) IV. Due to breaches of contract by the taxpayers selected through the first and second procurement processes, the council retained the ability to conduct the tendering process continuously, ensuring that all outlets are tax compliant by 2025.05.31. (Attachment number – XXII)

Shortcomings identified by the commitee	Action taken by the institution to rectify the shortcoming / Current S
General Auditor's Note - Paragraph No. 5.6 (Ruwanwella Pradeshiya Sabha - Reference No. 3.5) :- Due to the incomplete renovation work of the Central Library, the equipment worth Rs. 1173419.00 provided for the digitization of the library remained unused.	• By now, all the equipment has been provided for the use of the readers. • Also, various computer-related courses and programs have been conducted. • All the services that can be provided to the readers from the digital library have been provided by now.

Short comings identified by the committee	Action taken by the institution to rectify the short comings / Currents
Auditor General's Note - Paragraph No. 5.7 (Dehiowita Pradeshiya Sabha - Reference No. 3.5) As the first phase of constructing a water project through the village, the water in the dug well was not suitable for use. As a result, the expenditure of Rs. 909,710.00 incurred for the construction of the well has become a waste, and no further activities of the water project were carried out until September 2022.	I. The expenses incurred for the construction of the well have not been paid yet, and the need has now been met by drilling another well. DPS/04/01/01/2021 has been submitted to the Assistant Provincial Commissioner on 2025.04.22, and that letter has been referred to the Provincial Commissioner under the number ACK/6/11/1/9/LGS (RE) 2313201 on 2025.05.26, and an approval for payments has been granted through The Commissioner of Local Government, bearing the number CLG/DE/1/2(2021)CM/W5 a letter dated 2025.07.26. (Attachment 01) This payment is intended to be directed towards the monetary and policy committee in September 2025.

Shortcomings identified by the committee	Actions taken by the institution to rectify the shortcomings/ Currents
Auditor General's Note - Section No. 5.8 (Bulathkohupitiya Pradeshiya Sabha - Reference No. 3.3) The compactor, which was purchased in 2019 for Rs. 6221375.00, had remained idle since the date of purchase.	I. Since the road to our council's waste management center is too narrow to access this compactor vehicle bearing number WPZB 0332 , it was decided that it would be appropriate to exchange it with the three-wheeler bearing number SG YE 8859 of Godakawela Pradeshiya Sabha under the decision number 03 of the General Assembly on 13.12.2022. (Attachment 01) II. Accordingly, the decision was forwarded to the Hon. Governor for approval and the Local Government Commissioner's letter No. CLG/DE/03/02/23 dated 2023.02.04 informed that the approval of the Hon. Governor has been received for this vehicle exchange. (Annexure 02) III. Furthermore, the Ministry of Public Administration and Home Affairs, Provincial Councils and Local Government has informed by letter No. PL/11/05/RMV/2023 dated 15.08.2023 that there is no objection to the registration of the

		compactor vehicle transferred to the Godakawela Pradeshiya Sabha. (Attachment 03)
	IV.	Accordingly, the Godakawela Pradeshiya Sabha has taken over the compactor vehicle as No. SGZB 0332 on 15.03.2024. (Attachment 04)

Deficiencies identified by the committee	Actions taken by the institution to correct deficiencies
Auditor General's Note Paragraph No. 5.9 (Aranayaka Pradeshiya Sabha Reference No. 3.2 (c)) Due to the objections of the residents of the area, the land acquired for Solid Waste Management was not used for waste disposal, but instead a land was acquired on an annual lease basis of Rs. 880,000.00 and the waste was disposed of. Although Rs. 6,746.686 was spent on waste management in the year 2022, the council had failed to generate income by producing fertilizer from it.	1. By 2025, the biodegradable waste currently collected daily will be taken to the Kegalle Municipal Council's Pee Compost Yard. (Annexure 01) 11. Polythene is baled under non-biodegradable waste 111. Plastic, tin, glass etc. are also sold.

Shortcoming's identified by the Committee	Action taken by the institution to rectify the ,shortcomings / Current's
Auditor General's Note - Paragraph No. 5.10 (Galigamuwa Pradeshiya Sabha - Reference No. 3.3 (b)) There was no amount of Rs. 4,668,000/= to be transferred to the council for public works during a land auction.	The area of this land worth Rs. 4,086,000 /= is 27.24 acres and the auctioneer has handed over the land to Ms. Kanthi P. Balasuriya, Attorney at Law and Notary Public, for the preparation of the deeds to hand over this land to the Pradeshiya Sabha. After the deed relating to this amount of land was drafted and submitted to the council, the council examined it and sent it for deed writing. <u>Current situation</u> After the deed relating to the land area was drafted and submitted to the council, the council has examined it and forwarded it for deed writing.

Shortcomings identified by the Committee	Action taken by the institution to rectify the shortcomings
Auditor General's Note - Paragraph No. 5.11 (Deraniyagala Provincial Council - Reference No. 3.2 (b) The advance payment amount of Rs. 24,299,000.00 collected from 29 tenderers during the years 2014 and 2015 for the construction of bus stop stalls had not been utilized for the relevant work by the end of the year under review. Meanwhile, that money had been used for other purposes through a supplementary estimate in 2014.	I. As a program implemented through the Deyata Kirula National Development Program-2014, the construction of 50 shops at the Deraniyagala Bus Stand has commenced and 11 shops on the ground floor have been completed and the foundations of the remaining shops have been laid. For the remaining shops to be constructed, the Deraniyagala District Council has reportedly collected Rs. 24,299,000.00 from 29 tenderers in the years 2014 and 2015. The said amount has been used for other purposes through a supplementary estimate. II. On 11.07.2023, this matter was discussed at the Kegalle District Audit and Management Committee and it was decided that the relevant stalls should be provided to the people who pay the fee. The new plan and estimate for the construction of the bus stand stalls have been provided by the letter No. CLG/DE/01/02/07 of the Deputy Director Engineer (Provincial Administration) of the

	Sabaragamuwa Provincial Council dated 19.10.2023. (Annexure 01) III. In the discussion held in Parliament on 28.11.2023 under the chairmanship of the former Hon. Minister of State for Provincial Councils and Local Government, Mr. Janaka Wakkumbura, regarding this construction, it was decided to re-implement the project by obtaining a loan from the Local Loan and Development Fund to cover the insufficient funds by using the funds provided by the Ministry of Local Government, Sabaragamuwa Provincial Council and Deraniyagala Provincial Council. IV. Accordingly, the following issues arose in the process of obtaining a loan from the Local Credit and Development Fund. • This land was not owned by the council. • 50% of the income from the stalls constructed on the basis of an agreement reached with the Sri Lanka Transport Board had to be paid to the Sri Lanka Transport Board.

	V. Since it is difficult to pay the loan installments with that agreement, the Assistant Commissioner of Local Government has made a request to the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government through the letter No. DR/PS/AD/03/20 dated 2023.11.30 of the Secretary of the Deraniyagala Provincial Council to take over the land area where half of the constructions related to the project No. 1095 have been completed and to allocate a provision of Rs. 31,095,000.00 under the Provincial Council Strengthening Program for the construction of 21 shops on the upper floor. (Annexure 02) VI. A request was made to the Secretary of the Ministry of Transport through the Assistant Local Government Commissioner and the Local Government Commissioner and the Principal Secretary through the letter No. DR/PS/AD/03/32 dated 2024.02.01 of the Secretary of the Deraniyagala Provincial Council to transfer the land area of 20.73 perches related to the land area of plan No. 554, where half of the

	relevant constructions have been completed, to obtain a loan from the Local Credit and Development Fund. (Annexure 03) VII. However, if an agreement cannot be reached to hand over the land, a proposal has been submitted to the Assistant Commissioner of Local Government by the Secretary of the Deraniyagala Provincial Council vide his letter No. DR/PS/AD/03/32 dated 2024.05.14 that it would be appropriate to amend the agreement to pay 50% of the rental income in the relevant agreement or to commence construction in phases without obtaining a loan. (Annexure 04) VIII. When inquiring about the acquisition of this land by telephone from the Minister of Provincial Councils and Local Government, it was stated that the Cabinet paper has already been prepared to obtain a Cabinet decision to acquire this land. IX. The relevant application form for obtaining the loan from the Local Credit and Development Fund has been forwarded to the Chief Executive Officer of the Local Credit and Development Fund by the Chief

	Secretary of the Sabaragamuwa Provincial Council vide letter No. CSP/MD/09LG/IDF/22 dated 2024.08.13 (Annexure 05). Also, the Local Government Commissioner vide letter No. CLG/DE/01/02/07 dated 2025.02.24 (Annexure 06) has approved the loan amount of Rs. 10 million on the agreement given by the former Provincial Secretary to provide a report on the ownership of the land within 2 weeks as per the Local Credit Fund Circular No. BP/L/52/2024 (Annexure 07). X. The letter sent by the Secretary of the Deraniyagala Provincial Council to the Local Government Commissioner to transfer this land to the Deraniyagala Provincial Council was forwarded to the Ministry of Transport by the Principal Secretary, and the Secretary of the Ministry of Transport and Highways has informed the Local Government Commissioner that the Sri Lanka Transport Board does not have legal provisions to transfer this land to the Deraniyagala Provincial Council, vide the Secretary of the Principal Ministry No. CM/AD/15/02/01/(1) and dated 2025.04.09 (Annexure 08). Accordingly, the Secretary of the

	Deraniyagala Provincial Council has informed the Local Government Commissioner vide the Commissioner of Local Government No. CLG/AD/03/1/20 and dated 2025.04.23 (Annexure 09). The council has also been further informed to investigate the possibility of amending the existing contract terms for the construction of shops.

Shortcomings identified by the committee	Action taken by the institution to rectify the shortcomings/currents
Auditor General's Note - Issue No. 5.12 (Rambukkana Pradeshiya Sabha - Reference No. 2.2..2.(b)) A revenue of Rs. 3750000.00 had been lost due to the failure to lease a part of the building where the Pradeshiya Sabha is located for more than 2 years.	The Kinigoda Korale Cooperative Land Mortgage Bank Ltd. has been leasing this building since 2024.10.09 and is currently conducting corporate activities by paying the rent properly.

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