



**TENTH PARLIAMENT
of
THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA**

FIRST SESSION

Parliamentary Series No 490

7th REPORT

of the

COMMITTEE ON PUBLIC ACCOUNTS

(Examinations Conducted on 25.02.2025, 27.02.2025 and 08.10.2025
on the Colombo Municipal Council)

Presented by
Hon. Kabir Hashim , M.P., Chair of the Committee on Public Accounts
on 06th day of March 2026

Ordered to be Printed by Parliament of Sri Lanka on 06th Day of March 2026

Presentation of observations regarding the report of the Committee on Public Accounts tabled in Parliament and the steps that were taken.

The Standing Order 119 (4) of Parliament stipulates as follows:-

“A report of the Committee on Public Accounts, once tabled in Parliament shall be referred to the Minister in charge of the subject of Finance and the Ministers in charge of the institutions and the respective Minister shall submit the observations and actions taken in that regard to Parliament within eight weeks, and also submit a statement of actions proposed to be taken with regard to the observations or if the Minister is of the view that particular recommendations may not be fulfilled, the Minister shall explain the reasons in writing and indicate alternative actions, the Minister proposes to take to ensure the proper usage of public finance. If the Committee requires, the committee may invite the relevant Minister to explain the position in person and to answer the questions that arise as to such matters within eight weeks. When Parliament so decides, the report concerned may be referred to the Attorney-General for his observations and necessary action.”

First Session of the Tenth Parliament
Composition of the Committee on Public Accounts

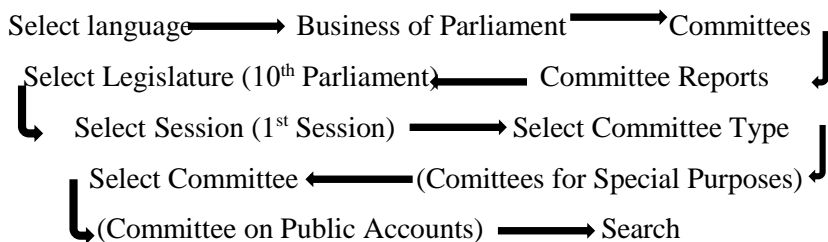
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3. Hon. Major General (Retd.) Aruna Jayasekara, M.P.
4. Hon. Sugath Thilakaratne, M.P.
5. Hon. Sundaralingam Pradeep, M.P.
6. Hon. Nalin Hewage, M.P.
7. Hon. Aravinda Senarath, M.P.
8. Hon. Dinindu Saman Hennayake, M.P.,
9. Hon. (Dr.) M.L.A.M. Hizbullah, M.P.
10. Hon. Rohitha Abeygunawardena, M.P.
11. Hon. J.C. Alawathuwala, MP
12. Hon. Chamara Sampath Dassanayake, MP
13. Hon. Hector Appuhami, MP
14. Hon. (Dr.) Kavinda Heshan Jayawardena, MP
15. Hon. Kavindiran Kodieswaran, MP
16. Hon. Ms. Sagarika Athauda, MP
17. Hon. Mr. Manjula Suraweera Arachchi, MP
18. Hon. Mr. K. Ilankumaran, MP
19. Hon. Ms. Oshani Umanga, MP
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21. Hon. Mr. Ruwanthilaka Jayakody, MP
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23. Hon. Mr. T.K. Jayasundara, MP
24. Hon. Mr. M.A.M. Tahir, MP
25. Hon. Mr. Susantha Kumara Navaratne, MP
26. Hon. Mr. Lal Premanath, MP
27. Hon. Mr. Chanaka Madugoda, MP
28. Hon. Mr. Sunil Ratnasiri, MP
29. Hon. Mr. Chandana Suriyaarachchi, MP
30. Hon. (Dr.) Janaka Senaratne, MP

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- Mrs. Chamila Rupasinghe - Principal Officer
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Reports of the Committee on Public Accounts can be downloaded from **www.parliament.lk** by following the path shown below:



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Chair of the Committee Note

I present to Parliament today, in accordance with the provisions of Standing Order 119(3), the Report of the Committee on Public Accounts containing the examinations conducted by the Committee on 25.02.2025, 27.02.2025, and 08.10.2025 concerning the Colombo Municipal Council, during the First Session of the Tenth Parliament.

In accordance with the powers relating to the control of public finance vested in the Parliament of Sri Lanka by Article 148 of the Constitution of the Democratic Socialist Republic of Sri Lanka, and the powers provided for by the Standing Orders of Parliament, the primary function of the Committee on Public Accounts, acting as a Financial Oversight Committee, is to examine, with the assistance of the Auditor General, the accounts showing the appropriation of funds granted by Parliament for public expenditure, as well as any other accounts placed before Parliament that the Committee may deem appropriate.

The post-audit process plays a significant role in the Committee's performance of these tasks. While providing solutions to the weaknesses identified through an accurate audit, it also guides institutions to avoid past shortcomings in the future in order to proactively prevent inefficiencies.

The reason for urgently submitting a report to Parliament regarding this selected institution only is that the Committee on Public Accounts considers it a very serious matter that the institution has not taken adequate action to date regarding the very clear audit recommendations made in 2023 regarding the Colombo Municipal Council, and in addition, the Committee observed a number of serious irregularities clearly identified within the institution during these examinations.

It is the responsibility of all public officials to take appropriate measures to prevent financial irregularities and corruption in state institutions in order to overcome the current economic crisis in the country and establish a sound economy. Furthermore, it is the responsibility of the Chief Accounting Officers of the institutions summoned before the Committee to pay prompt attention to implementing the Committee's recommendations, to take suitable disciplinary actions, and to ensure that all recommendations/agreements are effectively carried out through continuous follow-up on all related actions.

The success of the Committee on Public Accounts depends on the active participation of all stakeholders involved. Therefore, I extend my gratitude to the former Chairpersons and the Members of the previous Committees on Public Accounts for their contributions toward strengthening the public financial mechanism, as well as to the current Members of the Committee who, irrespective of party differences, provide me with their fullest support in carrying out the Committee's activities successfully. Furthermore, I wish to place on record the Committee's appreciation and gratitude to the Auditor General and the staff of the National Audit Office, the officials of the Treasury, and the Secretary-General of Parliament along with all officers of office the Committee on Public Accounts, for the support extended in enabling the Committee to carry out its functions efficiently.

Kabir Hashim

Chair

Committee on Public Accounts

Concise Report

The Committee on Public Accounts of the First Session of the Tenth Parliament considered the Auditor General's reports for the financial years 2022 and 2023 and examined the current performance of the Colombo Municipal Council on **25.02.2025**, **27.02.2025** and **08.10.2025**. This report contains the matters discussed at the Committee meetings, the explanations given by the Chief Accounting Officer/Accounting Officer, the observations of the Committee, the recommendations made at the Committee and the progress in implementing those recommendations.

Institutions summoned –

- ❖ Ministry of Public Administration, Provincial Councils and Local Government
- ❖ Western Provincial Council
- ❖ Colombo Municipal Council

Assistance for examination: National Audit Office

These investigations are based on the audit observations revealed in the above-mentioned audit reports, and further information related to the matters discussed in the committee meetings is contained in those audit reports. The audit reports can be downloaded from the links mentioned below.

Year 2022 :-

<https://auditorgeneral.gov.lk/web/images/audit-reports/upload/2022/locathorities/6-xiii/01.Colombo-MCS.pdf>

Year 2023 :-

https://auditorgeneral.gov.lk/web/images/audit-reports/upload/2023/local_authorities/6-XXIII/01.Colombo-MCS.pdf

Details of the following in relation to the main issues identified during the investigation:

- a. **Matters discussed**
 - b. **Explanations by the Chief Accounting Officer (CAO) / Accounting Officer (AO)**
 - c. **Observations of the Committee**
 - d. **Decisions and recommendations of the Committee**
 - e. **Reporting to the Committee on the progress of implementing the recommendations**
-
- Chief Accounting Officer (CAO) of the Colombo Municipal Council:-
Secretary, Ministry of Public Administration, Provincial Councils and Local Government

 - Accounting Officer (CAO) of the Colombo Municipal Council:-
Mayor, Colombo Municipal Council

01. Recovery of arrears of assessment tax revenue.

❖ Date of examination - 25.02.2025

- a. **Matters discussed (as per the Auditor General's observations)**
- Weaknesses in the collection of arrears of revenue are continuously observed in the Colombo Municipal Council and there is a gap between the budgeted and billed assessment tax revenue.
 - Time analysis of arrears of revenue is not available through the computerized revenue collection system used by the Colombo Municipal Council.
 - The fact that discounts are given in the payment of assessment tax in the current year when assessment tax was in arrears in previous years encourages non-payment of arrears.

b. Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AO)

The CAO/AO stated that —

- The consideration of the number of properties currently included in the system for which assessment tax is paid and the number of properties estimated to be added as new constructions during that year in preparing the assessment revenue estimates for the annual budget results in an increase in the gap between the budgeted assessment revenue and the billed revenue;
- The property owners are more willing to make payments in the current year and receive discounts, and that more than 80% of progress in revenue collection has been achieved so far;
- According to the recommendations of the Committee on Public Accounts of the previous Government, more than 80 properties were taken over in 2024 in accordance with the Municipal Council Ordinance, and through this method, arrears of Rs.1134 million were recovered;
- The arrears of revenue have been identified in a timely manner through a time analysis prepared based on information obtained from the revenue computer system;
- Some of the government institutions that have outstanding payment arrears have agreed to settle the said arrears in installments, and several other institutions have requested that their arrears be written off;
- The properties registered between 10 and 15 years ago and continuously mentioned in the documents remain at a level where the arrears of revenue due from them cannot be recovered;
- It is expected to conduct a property survey to identify the properties that do not actually exist at present and remove them from the records, and also to identify the existing property accurately and take over the properties with outstanding assessment tax arrears in accordance with the Municipal Council Ordinance;
- The shortage of revenue inspectors has contributed to the delay in the property survey,

- A list of properties with outstanding income of Rs.440 million for more than 10 years in the Colombo Fort Division has now been prepared, and that
- A new computer system for assessments, business taxes, business licenses and stamp duties has been introduced under KOICA assistance and that it is planned to be completed by the year 2027.

c. Observations of the Committee

The Committee emphasized that, as there is a by-law that requires the property to be submitted for registration to the local government within six months in the event of a change in property ownership, there should be a mechanism to regulate its operation.

d. Recommendations of the Committee

The Committee made the following recommendations to which the CAO/AO agreed.

1. The Secretary to the Ministry of Public Administration, Provincial Councils and Local Government shall take steps to provide the necessary facilities to recruit employees for property survey activities.
2. A plan shall be prepared to recover arrears of revenue by giving priority to the recovery of long-standing arrears based on a time analysis.
3. The recovery of arrears in the Colombo Fort area, where it is stated that property identification has been carried out so far, shall be completed within 6 months.
4. The property survey in other areas shall be completed within a specific time frame.
5. A report on the total data collected so far (including the names of properties, names of owners and arrears of tax from year to year) and the road map for the survey of properties with arrears shall be submitted to the Committee within one week (before 04.03.2025).

e. Reporting to the Committee on the progress of implementing the recommendations

- ◆ It has been reported in the letter of the Municipal Commissioner of the Colombo Municipal Council No. MT/ADM/COPA/2025 dated 2025.03.15 that the officer appointed to recover arrears of revenue in the Colombo Fort area has been informed that 25% of the relevant arrears should be recovered within one month and that action has been taken to distribute demand notices.
- ◆ If the property is not physically available, the revenue inspectors and relevant officers have been instructed to provide reports in this regard and to indicate separately those cases where notices are not received, and steps have been taken to identify the property separately.
- ◆ A detailed report including information on the property owners has not been sent, and the action plan prepared for the year 2025 for the recovery of arrears of assessment tax/survey of properties as of 31.12.2024 has been referred to the Committee through the above letter.
- ◆ The progress of the preparation of a plan for the recovery of arrears of revenue has not been reported.

❖ Date of Examination - 08.10.2025

a. Matters discussed (as per the Auditor General's observations)

- Due to the fact that a correct time analysis has not been prepared for the plan to collect arrears of assessment tax revenue as recommended in the last meeting of the Committee on Public Accounts (2025.02.25), it is difficult to assign specific responsibilities and follow up on its progress.
- The total arrears of assessment tax due from the 47 divisions of the Colombo Municipal Council is approximately Rs.4 billion.
- Out of the arrears of revenue of about Rs.610 million in the Colombo Fort Division, which had agreed to collect and settle the arrears within 6 months at the last meeting of the Committee, only Rs.53 million is reported to have been collected as of June this year.

- Actions taken by the current governing authority to resolve the existing problems in revenue collection and in related follow-up procedures.

b. Explanations of the Chief Accounting Officer (CAO) / Accounting Officer (AO)

The AO stated that —

- The arrears of assessment tax revenue can be recovered according to the method of seizure of the properties of tax defaulters under the Municipal Council Ordinance;
- The property seizure method was followed for the balance as on 31.12.2024 under the property identification survey conducted five times a year;
- A total of 3,047 properties in the Colombo Fort area have been classified and Rs.148 million in arrears have been recovered from that division as of the thirtieth day of September this year;
- The property survey activities currently underway in 47 divisions are expected to be completed within a few months;
- The project implemented by KOICA, for which the agreement was signed two months ago, covers only 4 revenue streams including assessment and is a project that will be implemented in stages over a period of four years.
- The integration of the new system and the old system will be reviewed by the relevant standing committee and officials with the assistance of a consultant appointed by the Ministry on behalf of the Municipal Council.
- It is expected to complete the survey and valuation of all lands owned by the Colombo Municipal Council this year and include them in the fixed assets register and through which unauthorized constructions will be identified;
- Work is underway to adopt a systematic resettlement method for unauthorized residents and that legal action will be taken against those who carry out new unauthorized constructions; and that
- A report on the problems in the revenue collection follow-up process and the measures to be taken for that purpose will be prepared by a standing committee appointed for that.

c. Observations of the Committee

The Committee stated that there is currently no formal system in place within the institution to conduct property related surveys on a timely basis, and that the matter can be resolved if a system for monitoring properties on a timely basis and reporting them could be adopted in the future.

d. Recommendations of the Committee

The Committee inquired about the possibility of reporting the progress on the following issues, and the AO agreed with the Committee to submit an interim report in this regard within 03months (before 08.01.2026 and a final report within 06months (before 08.04.2026;

1. Developing a specific methodology to improve the performance of assessment revenue collection through the data system to be developed with KOICA,
2. Developing a systematic methodology for revenue collection by prioritizing the importance of those revenue heads through the Standing Committee appointed to consider establishing a data system for revenue collection for the other 78 revenue heads of the Colombo Municipal Council, and
3. Developing an appropriate methodology through the relevant Standing Committee for future work on unidentifiable properties.

e. Reporting to the Committee on the progress of implementing the recommendations

The following matters have been reported through the letter No. MT/ADM/COPA/2025/02 dated 09.01.2026 by the Municipal Commissioner of the Colombo Municipal Council;

1. That KOICA has provided a basic plan on 2026.01.05 for the development of software related to the installation of an e-Tax system in the Colombo Municipal Council,
2. That the Revenue Committee has submitted a policy statement to the Council to make revenue collection efficient,

3. That 3, 797 unidentifiable properties have been reported through surveys, of which information on 1, 671 properties has been submitted to the Municipal Commissioner as the first phase.

02. Issues related to the 168 lands owned by the Municipal Council

❖ Date of Examination - 2025.02.25

a. Matters discussed (as per the Auditor General's observations)

- Current progress regarding the settlement of lands owned by the Municipal Council.

b. Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AO)

The CAO/CAO stated that —

- During the examination of the documents, it has been identified that only 132 lands are owned by the Municipal Council, out of these 168 lands.
- The Divisional Secretariats have been informed and surveying activities have been initiated to obtain ownership of the lands,
- Since there was a delay in the surveying activities due to the union action of the Surveying Department, private surveying institutions have been registered for this purpose,
- All the surveying activities are expected to be completed within this year,
- The unauthorized occupants of those lands will also be identified during the surveying activities.

c. Observations of the Committee

The Committee observed that the survey of the identified lands owned by the Colombo Municipal Council should be carried out and their ownership should be settled.

d. Recommendations of the Committee

The Committee recommended that a time frame be prepared for the procedures related to the completion of the survey of the identified lands and their settlement and be submitted to the Committee within one week (before 04.03.2025), and the CAO/CO agreed to this recommendation.

e. Reporting to the Committee on the progress of implementing the recommendations

The action plan for completing the land survey and updating of documents by the year 2025 has been submitted by the Municipal Commissioner of the Colombo Municipal Council vide letter No. MT/ADM/COPA/2025 dated .15.03.2025

03. Elie House Land, Modara

❖ Date of Examination - 25.02.2025

a. Matters discussed (as per the Auditor General's observations)

- It has been reported that the charity institution that has acquired this land on a lease basis has been illegally occupying more property (40 perches) than the contracted land area of 50 perches since 1997.
- An ethical concern arises in acquiring the said property since an elderly home and a pre-school are being operated on the properties that have been illegally constructed and occupied.

b. Explanations by the Chief Accounting Officer (CAO) / Accounting Officer (AO)

The CAO/CAO stated that —

- The institution has been informed to pay an amount of Rs. 12 million to the Municipal Council, assessed as rent for the portion of 40 perches, in order to extend the agreement, since the lease agreement with the relevant charity institution has expired. Further, it was informed in writing that steps will be taken to acquire that property, since the institution has not agreed with the request.
- The said institution has filed an appeal with the Hon. Governor regarding this matter and has been informed to temporarily suspend the acquisition of the property until the relevant inspections are carried out, and
- The unauthorized occupant has been informed to pay the amount related to the unauthorized occupancy with the intention of regularizing the property by adding the value of the unauthorized occupancy and this amount is an income that should have been collected by the Colombo Municipal Council, and therefore it can be recovered as a fine considering the loss caused to the Municipal Council and not as rent.

c. Observations of the Committee

The Committee emphasized that the Colombo Municipal Council has neglected its duty by not taking proper action when unauthorized constructions were carried out on the said land.

d. Recommendations of the Committee

The Committee recommended the following to which the CAO/AO agreed:

1. Following the discussion to be held with the Hon. Governor regarding the appeal filed regarding the property illegally occupied on this land, an agreement should be reached regarding the acquisition of the said property by the Colombo Municipal Council and the Committee should be informed accordingly,

2. During that process, the necessary steps should be taken within one month to collect the fine due to the Colombo Municipal Council in relation to the unauthorized occupation of a land belonging to the Municipal Council,

e. Reporting to the Committee on the progress of implementing the recommendations

The following matters have been reported in the letter No. MT/ADM/COPA/2025 dated 15.03.2025 of the Municipal Commissioner of the Colombo Municipal Council;

1. That the boundaries have been drawn for the illegally occupied portion of the property and accordingly the land plan relating to that portion is being prepared,
2. That the Municipal Council has been ordered to take over the illegally occupied area and that the relevant institution has also been informed to pay the outstanding rent for that area.

❖ Date of Examination - 2025.10.08

a. Matters discussed (as per the observations of the Auditor General)

- Progress in implementing the recommendations made regarding the Elie House land in Modara at the meeting of the Committee on Public Accounts held on 25th February 2025.

b. Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AO)

The AO stated that —

- Since there was no plan for this land, a survey was carried out, three plans were prepared and valuation was carried out as three sections of land,
- Considering the appeal submitted by the charity institution, the lessee of the land, to the hon. Governor, all the arrears have been recovered in respect of the 50 perches for which the agreement period has expired, as agreed with that institution,

- The penalty interest calculated at Rs. 12 million for recovery in respect of unauthorized occupation, has been recalculated by a committee appointed in accordance with that appeal and assessed at Rs. 4.3 million based on the rent of each subsequent year from the year 1992. A formal agreement was entered into with the relevant lessee for the two sections of land used by the lessee for a combined total of 90 perches with the approval obtained after submitting it to the finance committee and the general meeting of the municipal council.
- It was decided to act in a way that does not harm its existence since this institution is a charity organization that plays a significant role for the people of the area.

c. Observations of the Committee

The Committee pointed out that the remaining 50 perches of land identified during the new survey of this land should be utilized as a source of income generation.

d. Recommendations of the Committee

The AO agreed with the Committee to report to the Committee before 31.12.2025 on the decision taken in this regard and the progress made in taking further action accordingly after submitting the request for the approval of the Finance Committee and the General Assembly of the Colombo Municipal Council to recover the penalty interest from the relevant lessee.

e. Reporting to the Committee on the progress of implementing the recommendations

It has been reported in the letter of the Municipal Commissioner of the Colombo Municipal Council No. MT/ADM/COPA/2025/02 dated 06.01.2026 that the request for approval to recover the penalty interest from the relevant lessee has been submitted to the Finance Committee of the Colombo Municipal Council.

04. Misuse of the official residence and land of the Warden of the Borella Cemetery

❖ Date of Examination - 25.02.2025

a. Matters discussed (as per the observations of the Auditor General)

- An audit report has revealed that an employee of the Colombo Municipal Council operates a private florist called “Supreme Florist” using the official residence of the warden of the Cemetery and the relevant government land.
- Recommendations have been made in this regard at the Committee on Public Accounts held on 2023.06.06, but no action has been taken in this regard.

b. Explanations of the Chief Accounting Officer (CAO) / Accounting Officer (AO)

The AO stated that —

- The necessary licenses were not obtained from the Municipal Council for this business, and it was also operated as a joint venture by the relevant employee who was the Warden of the Borella Cemetery and his family members,
- The Cemetery Warden's official residence was also used for this business,
- An investigation committee was appointed under the chairmanship of the Chief Internal Auditor and a preliminary investigation was conducted in this regard, and as a recommendation, it was proposed to take over the land to the Municipal Council and take disciplinary action against the employee, but no formal charge sheet was issued against this person at that time,
- The employee in question was interdicted later in the year 2020, and the employee has filed a case against it in the High Court and the case was settled after a discussion with the then Municipal Commissioner and the employee in question has been reinstated.

c. Observations of the Committee

That a formal disciplinary investigation should be conducted by the Colombo Municipal Council regarding the employee in question.

d. Recommendations of the Committee

1. The Secretary of the Ministry of Public Administration, Provincial Councils and Local Government agreed with the recommendation of the Committee to provide the necessary officers from Pool of the Disciplinary Investigation Officers' of the Ministry of Public Administration, Provincial Councils and Local Government to take appropriate action to conduct a formal disciplinary investigation in this matter.
2. The Chief Secretary of the Western Provincial Council agreed with the recommendation of the Committee to appoint a committee to conduct a full investigation into this matter and to submit its investigation report to the Committee within two weeks (before .(11.03.2025

e. Reporting to the Committee on the progress of implementing the recommendations

- ♦ The Secretary to the Ministry of Public Administration, Provincial Councils and Local Government, vide letter No. PL/2025-1/8/4/7 dated 2025.03.24, has informed the Municipal Commissioner of the Colombo Municipal Council to appoint a suitable officer for this investigation from the list of disciplinary investigation officers published on the website of the Ministry.
- ♦ The detailed final report with the recommendations made by the three-member committee appointed to conduct a full investigation in this matter has been submitted vide letter No. CSWP/FIN-AP//01FI/18D) dated .2025.10.03

❖ Date of Examination – 27.02.2025

a. Matters discussed (as per the observations of the Auditor General)

- That the Municipal Council has committed a serious offence by providing facilities to an institution registered as a company under the Registrar General of Companies but has not fulfilled other necessary requirements to operate as a florist and by reinstating the employee concerned in this incident.
- Actions taken regarding the acquisition of this unauthorized property by the Municipal Council.

b. Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AO)

Former Municipal Commissioner Dr. Roshani Dissanayake revealed before the committee that —

- It has been confirmed through the Land Registration Office that the relevant party has submitted forged deeds for the ownership of this property,
- This unauthorized construction has been carried out after handing over the Cemetery warden's Office, a property belonging to the Municipal Council located in this premises, to the person in question by an official quarters allotment agreement from 11.08.1998 and a fake assessment tax number, No. 2-2, is being used for this funeral parlor and the residence has also been used for the activities of the funeral parlor,
- The person in question has changed the name and ownership of this business from time to time to hide his ownership,
- The person in question has been interdicted on charges for receiving money by issuing fake receipts for the services provided at the cemetery and there are other investigations against misconduct committed by him, and
- Although he was interdicted and a charge sheet was issued through an internal disciplinary investigation, he has continued to avoid accepting it and later a case was filed in this regard.

- The officials of the Colombo Municipal Council stated that the terms of the settlement reached with the successive Municipal Commissioner when the person concerned withdrew the case against the interdiction included his reinstatement in employment, his acceptance of the transfer and acceptance of the charge sheets, and that he had fulfilled those terms in the settlement.
- The former Municipal Commissioner stated that the then Municipal Assessor had confirmed through 11 documents held by the Municipal Council that the land on which the Supreme Florists is located, was a property belonging to the Municipal Council.
- Since the land on which this unauthorized construction is located is a government land that the Colombo Municipal Council only has the right of possession, many requests were made to the Divisional Secretary to provide a deed of transfer to show the ownership of the Municipal Council over it. However, the CAG/CCO stated that no document has been received so far in this regard.
- The officials of the Colombo Municipal Council also confirmed that the Colombo Municipal Council has not issued a license to operate a florist.

c. Observations of the Committee

The Committee observed that the then Municipal Commissioner had acted against the normal investigation procedure by failing to take action on conducting a formal inquiry, although the preliminary investigation report recommended that a formal disciplinary investigation be conducted without delay.

d. Recommendations of the Committee

The Committee recommended the following to which the Municipal Commissioner of the Colombo Municipal Council agreed.

1. since no formal disciplinary investigation has been conducted against the employee in question, the Committee advised that attention should be drawn to matters like whether the then Municipal Commissioner and other officers holding administrative responsibilities had taken appropriate action in this regard and whether any intentional omissions or errors had been

committed by those officers in this regard and if so, of the action that should be taken against those officers in this regard, in the investigation report agreed to be submitted by the Chief Secretary of the Western Provincial Council at the Committee on Public Accounts held on 25.02.2025.

2. the Committee recommended that disciplinary action be taken against the cemetery warden in this regard and a report be submitted within a week (before 04.03.2025,
3. since the funeral parlor in question has been confirmed to be an illegal business, the relevant action to ban the business in accordance with the existing laws be initiated on 28.02.2025,
4. The Committee, appreciating the assistance provided by the former Municipal Commissioner, Dr. Roshani Dissanayake, in the Committee's investigation work, recommended to the Secretary of the Ministry of Public Administration, Provincial Councils and Local Government to issue a letter of commendation to the said officer.

e. Reporting to the Committee on the progress of implementing the recommendations

1. It has been reported on the matters recommended by the Committee through the investigation report submitted by the Chief Secretary of the Western Provincial Council vide letter No. CSWP/FIN-AP//01FI/18D) dated 2025.10.03
2. It has been reported in the letter No. MT/ADM/COPA/2025 dated 2025.03.15 of the Municipal Commissioner of the Colombo Municipal Council that the Municipal Commissioner of the Colombo Municipal Council has issued a notice for vacation of Post to the relevant Cemetery warden on 2025.03.04 due to his failure to report for duty from 2025.02.27 without obtaining formal approval for leave.
3. It is reported in the letter No. MT/ADM/COPA/2025 dated 2025.03.15 of the Municipal Commissioner of the Colombo Municipal Council that a case has been filed in the Magistrate's Court in Maligakanda, Colombo on 2025.03.07, under the case number 25/12970 for using a place for an unpleasant industry or business without a license.
4. A copy of the letter of commendation given to the former Municipal Commissioner, Dr. Roshani Dissanayake, has been

forwarded by the Additional Secretary (Provincial Councils and Local Government) of the Ministry of Public Administration, Provincial Councils and Local Government, through the letter No. PL/7/4/8/1-2025 dated 08.05.2025.

❖ Date of Examination – 08.10.2025

a. Matters discussed (as per the observations of the Auditor General)

- Progress in implementing the recommendations made at the meetings of the Committee on Public Accounts held on 25th and 27th February 2025 regarding the misuse of the official residence and land of the manager of the Borella Cemetery.

b. Explanations of the Chief Accounting Officer (CAO) / Accounting Officer (AO)

The CAO/AO stated that —

- The Chief Secretary of the Western Provincial Council stated that the investigation report prepared in this regard was submitted to the Committee on 2025.10.07 as per the recommendations given at the meetings of the Committee on Public Accounts held on 25.02.2025 and 27.02.2025 and that further action would be taken as per the recommendations of the Committee report.
- The officer in question (Cemetery warden) had a tendency to take leave excessively without getting approval and thus not report to work, so the notice was issued considering him as having vacated the service from March 04, 2025. However, an order was issued last week interdicting the particular officer from work with effect from the relevant date, instead of considering it as a vacation of post, since the Disciplinary Board informed that it would be an obstacle to the continuation of the disciplinary investigation into the officer in question.
- The relevant land, which is in the possession of the Colombo Municipal Council, is shown as a government land in the Divisional Secretary's plan and steps are being taken to acquire it from the Colombo Municipal Council.

c. Observations of the Committee

- The relevant officers have acted inefficiently in providing reports related to the recommendations made by the Committee on Public Accounts held on 25 and 27 February 2025.
- The need to update the relevant legislature as there is no legal framework in place to cover the operation of a florists shop under the existing by-laws.

d. Recommendations of the Committee

1. The AO agreed with the Committee to discuss the issue of the property in question with the Divisional Secretary, Thimbirigasyaya, and to take necessary steps to take over the said property to the Colombo Municipal Council expeditiously.
2. The Committee decided to call the Divisional Secretary, Thimbirigasyaya, to review the progress of this task when the Colombo Municipal Council is summoned before the Committee again.

e. Reporting to the Committee on the progress of implementing the recommendations

The Committee decided to summon the Colombo Municipal Council before the Committee again to review the progress of the above-mentioned recommendations.

05. Places leased out for burial of dead bodies and places in which deposit of ashes is permitted in the Borella Cemetery.

❖ Date of Examination – 25.02.2025

a. Matters discussed (As per the observations of the Auditor General)

Methodology adopted in allocating plots of land for the construction of monuments in the Borella Cemetery.

b. Explanations of the Chief Accounting Officer (CAO) / Accounting Officer (AO)

The CAO/AO stated that —

- A deed is issued to each person for the area of land allotted to them for the construction of monuments in the Borella Cemetery;
- 9,514 such deeds have been issued since 1872;
- Under this, Rs. 500,000 and the Value Added Tax (VAT) are charged for a 2 ft x 2 ft plot of land; and
- These deeds cannot be sold or transferred.

c. Observations of the Committee

That allocation of lands in the limited space available in the Borella Cemetery by a deed to individuals for the construction of monuments creates problems.

d. Recommendations of the Committee

The Committee recommended that a report containing the available information on the deeds that have been issued for the transfer of plots of land for the construction of monuments in the Borella Cemetery be submitted to the Committee within one week (before 04.03.2025), and the CAO/AO agreed to do so.

e. Reporting to the Committee on the progress of implementing the recommendations

A report on the information contained in the registers recorded when issuing the said deeds has been submitted by the Municipal Commissioner of the Colombo Municipal Council through the letter No. MT/ADM/COPA/2025 dated 15.03.2025.

As per the said report, it has been stated that —

- ♦ Steps will be taken to find information regarding the 959 deeds that is believed to have been entered in the Register No. 07, on which no information can be found.

- ♦ A notice has been displayed at the Borella Public Cemetery requesting the owners of the said deed numbers to provide a copy of the same to the Cemetery Manager, and that steps will be taken to publish that notice in the electronic and print media as well.

❖ Date of Examination – 08.10.2025

a. Matters discussed (As per the observations of the Auditor General)

Maintaining maps and records of the leased out sites in the Borella Cemetery.

b. Explanations of the Chief Accounting Officer (CAO) / Accounting Officer (AO)

The CAO/AO stated —

- About 90% of the work of the task of identifying the maps of the Borella cemetery and establishing a database and entering information into it has been completed; and
- Checking of the maps, numbering of the deeds, and physical numbering of the plots of land are being carried out.

c. Observations of the Committee

That there should be a proper programme for the management of the land area of the Borella cemetery.

d. Recommendations of the Committee

The Committee recommended that the proposed solution, along with the related programme, be submitted to the Committee within 1½ months (before 22.11.2025) and the CAO agreed to do so.

e. Reporting to the Committee on the progress of implementing the recommendations

The following facts have been reported to the Committee through the letter No. MT/ADM/COPA/2025/02 of the Municipal Commissioner of the Colombo Municipal Council dated 17.11.2025:

- ◆ Only about 40% of the total land area of the Borella Cemetery is controlled by the Colombo Municipal Council, and the Colombo Municipal Council does not make any intervention in the construction of monuments or allocation of plots of land for burials in the remaining area of land allocated to other religious communities.
- ◆ That the maps are currently being made again based on the data that has been computerized based on the information that are available and that have been found.
- ◆ Since the remaining space in the cemetery is limited, attention has been paid to revising the facility for providing 2 ft x2 ft plots of land.
- ◆ It has been proposed to take steps to regularize the existing legal framework for issuing of grants.
- ◆ It is expected that the work of redevelopment of the data system and the map system of the cemetery will be completed within a period of 06 months.
- ◆ A Senior Public Health Inspector has been appointed by now to supervise and properly maintain the activities of the cemetery.

06. Wastewater pumping station and wastewater treatment plant

❖ Date of Examination– 25.02.2025

a. Matters discussed (As per the observations of the Auditor General)

- The current status of the Wastewater Pumping Station in Slave Island
- The current status of the abandoned wastewater treatment plant.

**b. Explanations of the Chief Accounting Officer (CAO) /
Accounting Officer (AO)**

The CAO/AO stated that —

- The wastewater from the Slave Island Wastewater Pumping Station is not discharged into the Beira Lake, but into the deep sea.
- A plan was made to construct a sewage treatment plant under a loan from the Asian Development Bank to improve the sewerage system of the city of Colombo, which is over a hundred years old, and a stadium located in the Wellawatte area belonging to the Colombo Municipal Council was identified as the most suitable site for this project,
- However, due to the strong opposition raised by the public in this regard, it was agreed to provide a site in a land belonging to the Ministry of Health in the adjacent land as an alternative to the said stadium, but the project had to be stopped halfway due to the inability to obtain that land, and as a result, the contractor of the project had to be paid for the expenses incurred by him up to that point.

c. Observations of the Committee

- The Committee observed that environmental problems may arise in the future due to the discharge of wastewater from the Slave Island Wastewater Pumping Station into the deep sea without being subjected to treatment.
- The Committee expressed its displeasure over the fact that contracts had been entered into for the construction of the Wellawatte Wastewater Treatment Plant Project without properly predicting the potential problems through a proper feasibility report resulting in the payment of a compensation of Rs. 619 million to the relevant contractor for the preparation of plans, and over the irresponsible manner in which the relevant institutions have taken action in this regard.

d. Recommendations of the Committee

1. That the discharge of wastewater into the deep sea without being treated should be stopped and appropriate plans should be prepared for that.
2. The Committee decided that the possibility of re-implementing the Wellawatte Wastewater Treatment Plant Project should be explored after the General Assembly has been re-elected after the local government elections.

e. Reporting to the Committee on the progress of implementing the recommendations

No recommendations were made by the Committee to inquire about the progress.

07. Gaps in the collection of rent from the contractors of parking lots

❖ Date of Examination – 27.02.2025

a. Matters discussed (As per the observations of the Auditor General)

- As at 31 December 2023, there is an outstanding parking lot rent of Rs. 590,571,051 from the contractors of parking lots.
- Contracts have been awarded repeatedly to certain contractors of parking lots who have outstanding rents for parking lots.
- The Auditor General has pointed out by a forensic audit report that some councilors of the Colombo Municipal Council had sold parking spaces provided to them for their offices by the Municipal Council to business entities and had earned large amounts of money as personal income.

b. Explanations of the Chief Accounting Officer (CAO) / Accounting Officer (AO)

The CAO/AO stated that —

- The said contractors requested that the amounts of the rents be revised due to the Covid pandemic and the economic crisis, and that, due to the delay in the revision process and due to certain decisions of the Council, contracts have been re-awarded to institutions that had outstanding payments in the past period.
- When awarding the contracts for parking lots for the year 2025, a procurement condition was imposed to the effect that contractors with outstanding payments cannot submit tenders and that appropriate legal steps would be taken to recover all the outstanding payments.
- The former Municipal Commissioner stated that the Auditor General has revealed through a forensic audit report that most of the Councilors of the Colombo Municipal Council had reserved parking spaces for their offices on Malwatte Road, Colombo 11, but their offices were not located near those spaces.

c. Observations of the Committee

The Committee observed that the use of the land areas provided for offices for economic activities is a gross misuse of public property and that surcharges should be levied on the relevant Councilors for that.

d. Recommendations of the Committee

The Committee recommended that the relevant information regarding this matter be submitted to the Auditor General and steps be taken to levy surcharges on the Councilors who were found to have used the land spaces provided for their offices for economic activities, and the CAO/AO agreed to do so.

e. Reporting to the Committee on the progress of implementing the recommendations

It has been reported through the letter No. MT/ADM/COPA/2025 dated 15.03.2025 of the Municipal Commissioner of the Colombo Municipal Council that issuing of notices for levying surcharge is carried out by the Auditor General's Department

08. Issues relating to the Bus-Stop Billboard Project, Gantry Signboards and Smart Street Light projects

❖ Date of Examination – 27.02.2025

a. Matters discussed (As per the observations of the Auditor General)

- Since all these 03 projects have been awarded to the same private company, the methodology under which the company was selected.
- It has been reported that, opportunity has been provided through the Smart Street Light project to install CCTV cameras covering even high-security zones, and that national security has been affected due to the fact that a private institution has access to the data collected through this project.
- Although it had been stated in the tender notices that this was a costless project for the Colombo Municipal Council, it was later revealed that the Municipal Council had agreed to bear the maintenance cost of the street lamp-posts.
- The Gantry Signboard Project, which was initiated in 2010, was awarded to the same institution for a period of 03 more years in 2018 without inviting tenders again.

b. Explanations of the Chief Accounting Officer (CAO) / Accounting Officer (AO)

The CAO/AO stated that —

- Separate tenders have been invited for these projects, which have been implemented as Public Private Partnership (PPP) sponsored projects, and contracts have been awarded for them on three occasions.
- These contracts have been awarded to 03 different firms belonging to the same company, which operate under the same board of directors, but in different names.
- When inviting bids for the Smart Street Light Project, which was initiated with the aim of converting 12,000 street lamps in the City of Colombo to smart lamps and controlling the system through a central control center, the bidders were given the opportunity to submit additional alternative proposals for the project, and the project was awarded to the firm in question based on the proposal submitted by that firm to install 200 CCTV cameras on street lamp posts at no additional cost to the Municipal Council.
- The data obtained from these CCTV cameras, which are stored in a control center owned by the Colombo Municipal Council, belong to the Municipal Council, and that only processed data are provided to this firm for commercial purposes.
- This contract has been signed subject to the existing legal provisions regarding the security situation.
- When inviting bids for a project to fix boards stating rates numbers for houses and buildings in the year 2015, the gantry signboard project has been re-awarded in accordance with an alternative proposal submitted by the company in question to carry out the project free of charge under the condition of providing an extension of the gantry signboard project with several new conditions.

The former Municipal Commissioner explained that —

- The former Municipal Treasurer had reported that the Colombo Municipal Council would incur a loss of Rs. 2.45 billion from the project in question, and that she had informed the then Council that this agreement should be amended as she had observed that certain terms of the agreement were in contravention of the existing legal provisions,

- The Inspector General of Police had been informed about the threats she had received from an official of the company in question and regarding the issue of national security that arose in relation to this project due to the fact that it had been confirmed that the company was at that time in control of the street lights in the area where the Presidential Secretariat was located.
- Despite the legal provisions that existed at that time, and despite her objections, this company had attempted to carry out drilling work to display LED billboards opposite the Presidential Secretariat and that the police had later intervened and stopped it.
- Later, the company in question had filed a lawsuit personally against her accusing her of obstructing the work of this project.
- She had discovered through an undercover investigation that approval had been given to this private company for a business worth billions of rupees through an e-mail message with a forged signature without the formal approval of the Council.
- Since the current Municipal Treasurer, who provided a lot of assistance in conducting financial investigations related to this project, has now been transferred, she requested that steps be taken to ensure the protection of the documents in her possession which contain important information related to financial frauds.

c. Observations of the Committee

The Committee observed that —

- Since the firm which had been awarded the Smart Street Light project was a newly established firm for the same purpose, it is wrong to apply the experience of the group of companies to that particular firm when evaluating the bids,
- Re-awarding of the contract for another project under a completely different scope while the contracted work under the Gantry Signboard Project had not been completed is contrary to the procurement guidelines and deprives other competitive bidders of a fair opportunity.

d. Recommendations of the Committee

The Committee made the following recommendations to which the Municipal Commissioner agreed:

1. That a complaint be filed with the Criminal Investigation Department on 28.02.2025 regarding the act that an approval for a business transaction was given through an e-mail message with a forged signature (preparation of forged documents), and regarding the national security issues that arise due to the control of street lamps being in the hands of an external party.
2. That all the documents containing information related to financial frauds in the possession of the Municipal Treasurer be handed over in writing and securely to an appropriate officer upon her transfer,
3. That the current status of the matters mentioned in the audit report summary regarding this issue be reported to the Committee on Public Accounts.

e. Reporting to the Committee on the progress of implementing the recommendations

1. It has been reported through the letter No. MT/ADM/COPA/2025 of the Municipal Commissioner of the Colombo Municipal Council dated 15.03.2025 that complaints have been lodged with the Criminal Investigation Department on 06 and 07 March 2025.
2. It has been informed through the letter No. SEC/SC12(RD 09)/PF-Per.App.-MT of the Municipal Commissioner of the Colombo Municipal Council dated 14.05.2025 that all the documents containing information related to financial frauds in the possession of the Municipal Treasurer who will be transferred on 16.05.2025 should be handed over in writing and securely to the Chief Accountant (Procurement).

❖ Date of Examination – 08.10.2025

a. Matters discussed (As per the observations of the Auditor General)

Progress in implementing the recommendations made by the Committee on Public Accounts on 27 February 2025.

b. Explanations of the Chief Accounting Officer (CAO) / Accounting Officer (AO)

The CAO/AO stated that —

- A complaint was lodged with the Criminal Investigation Department as per the recommendation made at the meeting of the Committee on Public Accounts held on 27.02.2025 regarding these matters, and as the officers who were directed to describe the matters for the said investigation stated that they did not have technical knowledge in this regard, a written communication was sent to the Criminal Investigation Department regarding the same.
- A committee was appointed to evaluate the financial feasibility of the proposal submitted by the company in question for the Smart Street Light project based on the matters discussed at the previous meeting of the Committee, and continuation of the implementation of the project will be determined based on the decision of that committee.

c. Observations of the Committee

The Committee observed the importance of engaging officials who are knowledgeable about this project and can provide accurate information with the investigation in order to make the investigation successful.

d. Recommendations of the Committee

The Committee recommended to the AO to submit to the Committee within one month (before 08.11.2025) the report containing details of the current status of the matters mentioned in the draft audit report, which had been recommended to be submitted to the Committee at its meeting held on 27.02.2025 and was discussed on that day, and the report of the committee that has been appointed to evaluate the financial feasibility of the new project proposal related to the Smart Street Light project, and the AO agreed to do so.

e. Reporting to the Committee on the progress of implementing the recommendations

The current situation with regard to the forensic audit report No. SIF/A/AG/ABFD/2022/04 dated 22.04.2022, on which the discussion held on 27.02.2025 was based, has been reported to the Committee

through the letter No. MT/ADM/COPA/2025/02 of the Municipal Commissioner of the Colombo Municipal Council dated 06.11.2025, and it has been informed that the committee appointed to evaluate the financial feasibility of the revised new proposal submitted by the company in question has recommended that the proposal is financially disadvantageous to the Colombo Municipal Council, and therefore, it has been informed that the Mayor will take steps to refer it to the Council for making further decisions. A copy of the relevant committee report has also been forwarded to the Committee.

09. Vacancies in the cadre

❖ Date of Examination – 08.10.2025

a. Matters discussed (As per the observations of the Auditor General)

- It has been reported that there are 3,744 vacant posts in the approved cadre of the Colombo Municipal Council as at 30.06.2025, and that 11 senior level officers are reported to be working on a labour purchase basis.

b. Explanations of the Chief Accounting Officer (CAO) / Accounting Officer (AO)

The CAO/AO stated that —

- Employees are mainly recruited in the sewerage and solid waste sectors under labour purchase method.
- Employees at various levels have been employed under the labour purchase basis at this time as per a circular issued by the Local Government Commissioner in order to overcome the shortage of employees.
- The reports required for the formal recruitment have been forwarded to the committee headed by the Secretary to the Prime Minister with the recommendations of the Provincial Council of the Western Province for approval,

- At present, only labourers are recruited under the labour purchase basis,
- Obtaining of the services of Technical Officers has been changed so that their service is obtained under contracts.
- The Chief Secretary of the Western Province stated that the current proposal has been forwarded seeking approval to fill the staff vacancies that have been approved for the Colombo Municipal Council by the Department of Management Services.

c. Observations of the Committee

In light of the above, the Committee observed that there is no provision for the recruitment of senior level officers on a labour purchase basis.

d. Recommendations of the Committee

The Committee recommended that, if officers of the senior level have been recruited on the basis of labour purchase, a report be submitted to the Committee giving details of the relevant periods, the manner in which the recruitments were made, and the manner in which approval was obtained for the same.

e. Reporting to the Committee on the progress of implementing the recommendations

No report has been submitted to the Committee so far.