

Sabaragamuwa Provincial Council - 2014

The audit of financial Statements of the Sabaragamuwa Provincial Council for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and statement of financial performance and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 23 (1) of the Provincial Councils Act, No 42 of 1987. This report is issued in terms of the Section 23 (2) of the Provincial Councils Act. A detailed report in respect of audit observations included therein will be issued in due course for tabling in the Provincial Council.

1.2 Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International standards of supreme Audit Institutions (ISSAI 1000 - 1810). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Provincial Council's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Provincial's Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to Provide a basis for my qualified audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Sabaragamuwa Provincial Council as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

2.2 Comments on Financial Statements

2.2.1 Provincial Council Fund

Financial Statements of the Provincial Council Fund for the year under review had been presented to audit on 31 March 2015.

2.2.2 Other Accounts

The progress of the presentation of other accounts relating to the year under review as at 31 June 2015 is given below.

Type of account	Total number of accounts	Number of accounts presented	Number of accounts not presented
(i) Appropriation Accounts	27	27	-
(ii) Revenue Accounts	01	-	01
(iii) Advances to Provincial Public Officers Accounts	24	23	01
(iv) Commercial Advance Accounts	06	04	02
(v) Fund Accounts	02	02	-
(vi) Statutory Accounts	03	03	-
(vii) Councillors Advance Accounts	02	02	-
Total	<u>65</u>	<u>61</u>	<u>04</u>

2.2.3 Accounting Deficiencies

The Following observations are made.

- (a) The value of total short terms investments disclosed in the statement of financial position as at 31 December 2014, representing fixed deposits, stated as Rs.3,607,933,537 whereas according to the confirmation letter presented to audit by the Bank it was revealed that 11 fixed deposits, representing a sum of Rs.3,634,517,344 and one savings account had existed. As such the value of short terms investments shown in the statement of financial position had been understated by Rs.26,583,807.
- (b) Eventhough it was stated as the balance of the Deposit account of the Ministry of Lands and Irrigation in the statement of financial position as at 31 December 2014

under the deposits and other liabilities amounting to Rs.3,368,665, according to the appropriation account of the relevant Ministry, the balance of the deposit account had been Rs.2,670,024. Thus, an overstatement of Rs.689,641 had been shown in the statement of financial position.

- (c) A minus balance of Rs.305,025 had been shown in the statement of financial performance under non – tax revenue as income from sale of capital assets. Further examination of this, revealed that a refund of Rs.322,000 from revenue had been debited to the relevant Revenue Code. Even though the refund from revenue should not be directly debited to the provincial revenue account, in terms of provincial Financial Rule 296.1 contrary to that, proceeds from sale of assets had been debited to the Revenue Code No.20.06.02.01

2.2.4 Unreconciled Control Accounts

According to the control accounts relating to one item of account, the balances totalled Rs.37,457,031 whereas according to the subsidiary books/records the total of these balances amounted Rs.37,165,617 thus indicating an unreconciled difference of Rs. 291,414.

2.2.5 Accounts Receivable

The value of balances of accounts receivable outstanding for more than 01 year relating to two item of accounts amounted to Rs.5,695,950.

2.2.6 Non – rendition of Information to Audit

As non – rendition of required information to audit, transactions totalling Rs.18,549,089 entered into by the Governors Secretariat during the year under review could not be satisfactorily vouched in audit.

2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following instances of non-compliance with Laws, Rules, Regulations and Management Decisions were observed.

<u>Reference to Laws, Rules and Regulations</u>	<u>Non-compliance</u>
(a) Financial Rules of the Sabaragamuwa Province	
(i) Provincial Financial Rule 113.3.1	In the examination of receipt books presented to audit by the Weligepola Agriculture Instructor's Office relating to the collection of money from farmers for providing them required seed plants, equipment and material it was observed that the total amount of Rs.135,948 remitted to the office of the Ratnapura Deputy Director of Agriculture relating to the year 2014, receipts relating to a sum of Rs.70,337 had not been issued.
(ii) Provincial Financial Rule 118	Even though all money received to the office should be deposited in the relevant bank, a sum of Rs.135,171 received by the District Hospital, Pallededa in the year 2013 and 2014 had remained in hand without being remitted to the office and spent. Cash collected by the Provincial Department of Agriculture totalling Rs. 2,071,121 in 36 instances had been banked after delays ranging from 2 to 13 days.
(b) Paragraph IV of the Letter No.FC/4/2014 dated 27 March 2014 of the Finance Commission Secretary.	If the officers who are responsible for training programs and that subject are deployed as resource persons they can not claim resource persons allowances. Contrary to that a sum of Rs.302,925 had been paid as resources persons allowances for conducting 88 programs during the year 2014 by 4 Departments of the Provincial Council.

- (c) Section 226(5), (6) of Chapter 252 of the Municipal Councils Ordinance, Section 183(5) of Chapter 255 of the Town Council Ordinance and Sections 172(8),(9) of the Pradeshiya Sabha Act.No.15 of 1987. In terms of these provisions, if a person had not paid a relevant money to the Commissioner of Local Governments within 14 days from the date of the surcharge notice by the Auditor General and if he had not made an appeal, the Commissioner of Local Governments should make a request to the District Court of the Jurisdiction area which the relevant person lives to recover the money. As he had not taken action accordingly, a total sum of Rs.2,104,564 had to be recovered out of the 22 surcharge certificates used by the Auditor General in various occasions by the end of the year under review.
- (d) Circular No.ED/03/37/6/134 dated 28 November 2013 and No.7/2013 of the Secretary to the Ministry of Education
- (i) Section 7.2 Even though any money except charges approved by the Government should not be obtained from the parents at the school students admittance, a sum of Rs.1,525,000 had been collected from 305 children at Rs.5000 per student by a school in Mawanella area in the admission of school children to the Grade one for the year 2015 but action had not been taken to issue official receipts or to deposit in the bank and remained in hand.
- (ii) Section 14.1.06, 14.1.08 and 14.1.11 In making payments, the voucher prepared on form General 35 should be approved by the Principal and certified by the Deputy Principal. Nevertheless, in making payments of Rs. 518,388 in 10 instances by 4 schools attached to 3 Education Zones in Ratnapura District, vouchers had not been prepared and 177 payment vouchers totalling Rs.672,526 had not been approved. Further, the Principal had certified 176 vouchers totalling Rs.665,726 and 10 payment vouchers

totalling Rs.537,275 had been paid without being certified.

- (e) Letter No.7/3/08 dated 14 November 2013 of the Governor's Secretary
- In the implementation of awareness and training programs in the Health Sector by the office of the Regional Director of Health Services, Ratnapura, payments had been based on the Governor's above Letter and Contrary to that an over payments of Rs.84,832 had been made for entertainments, stationary, fuel and accommodation.

2.4 Transactions not Supported by Adequate Authority

The following observations are made.

- (a) According to the Letter No.FC/SCBP/4/2/2014 dated 25 March 2014 of the Secretary of the Finance Commission, expenditure should not be incurred for the printing of leaflets and books under the Development Plan for the year 2014 of the Department of Ayurveda. Nevertheless, a sum of Rs.105,500 had been spent for the printing of leaflets and books, contrary to that.
- (b) Approval of the Finance Commission had been granted from its Letter No.FC/SG/4/2/2013 dated 29 October 2013 for the improvement of Drugs Manufacturing Workshop Project operated in the Ratnapura Ayurvedic Hospital and the estimated cost of which was Rs.5.35 million with objectives of improving the quality of treatment service by using high quality raw materials for drugs manufacturing and retaining atleast 40 per cent of the drugs expenditure paid out of the province by improving the drugs manufacturing within the province, and manufacture of about 75 per cent of the provincial finished and dried drugs within the province. However, that project had not been implemented. Instead, it was decided to construct provincial drugs factory and the central dispensary at Walgama, Rambukkana with an estimated cost of Rs.47 million without appropriate approval and without being implemented the proposed project and the work of the project had also been commenced.

(c) Excluding the Sabaragamuwa Chief Ministers personal staff approved by the Department of Management Services as at 31 December 2008, an Advisor had been recruited by the Secretary of the Governor of his Letter No. අ.කා/සලේ/2/1 dated 20 March 2014 for a Post of the Chief Minister's Advisor since 02 April 2014 and allowances totalling Rs.938,417 had been paid to him up to February 2015.

3. Revenue Management

3.1 Revenue Trend for the last 5 years

Tax revenue and non-tax Revenue collected by the Provincial Council during the past 5 years are given below.

<u>Year</u>	<u>Tax Revenue</u>	<u>Non-tax Revenue</u>
	Rs.	Rs.
2009	1,146,644,488	271,623,594
2010	1,382,363,156	321,209,919
2011	1,943,637,444	416,079,145
2012	2,007,749,583	496,404,402
2013	2,163,127,945	496,000,276

The following observations are made.

- (a) Long term Lease and fines totalling Rs.18,421,380 as at 31 December 2014 receivable from lands leased out to various institutions by 9 Divisional Secretariats in the Sabaragamuwa Province annual lease rental and fines totalling Rs.4,446,704 and the yield tax totalling Rs.175,984 relating to 2 Divisional Secretariats had been outstanding by July 2015. Action had not been taken in terms of paragraphs 07 of Circular No.96/05 dated 01 August 1996 of the Land Commissioner in this regard.

Further, the water tax and fines totalling Rs.7,137,892 relating to 2 Divisional Secretariats had also been outstanding.

- (b) Action had not been taken to recover the long term tax or annual lease rental remaining outstanding from 2004 to 2014 from a private institution to which a land had been given on lease in the year 2004 by the Kalawana Divisional Secretariat.

04. Financial Review

4.1 Financial Results

According to the Financial Statements presented, there was an excess of Rs. 1,415,104,004 in the Provincial Council Fund as at 31 December 2014, as compared with the surplus of Rs. 1,916,626,676 in the preceding year.

4.2 Legal Cases Initiated against / by the Council

Sixty eight cases filed against Ministries/Departments of the Provincial Council by external parties and 06 cases filed by Ministries/Departments against the external parties were being proceeded by the end of the year under review.

4.3 Abnormal Increase in Expenditure

As compared the actual expenditure of the year under review with the actual expenditure of the year 2013, actual expenditure of the year under review relating to 4 recurrent expenditure items had been abnormally increased by the rang from 37 per cent to 635 per cent.

05. Authority Accounts

Sabaragamuwa Province Passenger Transport Authority

The Following observations are made.

- (i) Two motor vehicles belonging to the Authority had been released to the Chief Minister's duty with drivers and a sum of Rs.1,997,820 had been paid as fuel and maintenance expenses in the year 2014 out of the Funds of the Passenger Transport Authority.
- (ii) In terms of Section 3(b) V of the Passenger Transport Statute No.01 of 1994 the Provincial Commissioner of Motor Traffic had not been appointed as an ex-officio member of the Board. In addition to the approved allowances, an overpayment of Rs.285,000 had been paid to 3 members of the Board of Directors at Rs.15,000 each in respect of field duties for the period from January to December 2014.
- (iii) A Statute and Rules in respect of the Fund opened for the welfare activities of the Passenger Transport Authority had not been formulated. Any money had not been spent out of this fund for the Welfare of Employees of bus owners and a sum of Rs.6,559,719 had been utilised for activities extraneous to the objectives of the Authority from the funds amounting to Rs.6,721,543 received for 2 years of 2013 and 2014.
- (iv) Without obtaining a Passenger Transport License whatsoever for 6 buses belonging to a former Chairman of the Sabaragamuwa Road Passenger Transport Authority and without being renewed annually and without obtaining monthly log sheets, those buses had been run. As a result, a loss of about Rs.723,000 had incurred to the Authority as computed for the period from 2010 to 31 December 2014. Further, the Authority had incurred a loss of Rs.64,150 for the year 2014 due to running busses without obtaining monthly log sheets from 11 busses to which Licenses had been issued by the National Transport Commission.

- (v) According to the decision taken on 09 July 2013 at the meeting of the Board of Directors, 30 per cent commission can be paid to the Road Checker, if the monthly penalty income exceeds Rs.150,000. Contrary to that, an over payment totalling Rs.229,054 had been paid in the year 2014 as commissions.
- (vi) Without taking action to suspend the permanent telephone connection given to a former Chairman, telephone bills valued at Rs.63,995 for the period from February 2014 to January 2015 had been paid out of the Authority Fund.
- (vii) In terms of Section 2 of the Rules (Administrative and Financial) of the Sabaragamuwa Passenger Transport Authority, read in conjunction with Passenger Transport Statute No.01 of 1994, there should be a cadre for the Authority approved by the Provincial Governor. Nevertheless, the Authority had not got the cadre approved up to 23 February 2015 and a scheme of recruitment and promotion had also not been prepared. Further, a Code of Rules should be prepared in terms of Section 06 of the Rules (Administrative and Financial) to control employees and their discipline and it was also emphasised that the provisions in the Establishments Code should be applied. Nevertheless, without any disciplinary action, services of certain employees had been terminated on personal grounds and few employees had field cases against unfair dismissals. The Authority had been pleaded guilty from these court cases, and an uneconomic payment of Rs.59,000 had been paid for the year 2014 for one case.
- (viii) A Permanent Clerk of the Authority had been released to the service of the Chief Minister's Office from 24 July 2009 to 05 November 2009 and a sum of Rs. 61,412 had been paid to him out of the Authority Fund. Similarly a person who had been recruited as an officer in charge by the Authority on 02 November 2012 on contract basis, had been, employed as a driver of the Chief Minister's duties. Since that date, he had been paid a total sum of Rs.450,000 at Rs. 12,500 per month from the Authority Funds.

06 Operating Review

6.1 Performance

The Following observations are made.

- (a) Only the same 5 Divisional Secretariat Divisions in the Ratnapura and Kegalle District had been selected from the beginning of the maternity and child nutrition program implemented by the Ayurvedic Department since 2009 and as such it was observed that the distribution of expected benefits within the province had been uneven. Despite this matter had been observed in the previous audit query, without paying any attention to that, this program had been conducted in the same Divisional Secretariat Divisions in the year under review as well. Further, only 31 per cent of the provision made for this project for the year under review had been utilized.
- (b) As there were no any Ayurvedic Clinic in 10 Divisional Secretariat Divisions at Ratnapura District and 2 Divisional Secretariat Divisions at Kegalle District by the year 2014, a provisions of Rs.1,500,000 had been made for the construction of 5 Central Dispensaries in 5 Divisional Secretarial Divisions in the Sabaragamuwa Province under Provincial Specific Development grants in the year 2014 by using abandoned schools and Textiles Centres. However, this project had not been implemented during the year 2014.
- (c) Passing percentage of the Mathematic subject in the GCE O/L examination of 2013 in the R/ Meddakanda Tamil School had been a low percentage of 40 and according to the results of the term tests in the 7,9 and 11 years, 70 per cent of students could not get more than 30 marks for Mathematic and English subjects.
- (d) In reviewing the GCE O/L examination results of the R/Sri/Walgampola Maha Vidyalaya for the last 5 years low passing range of subjects in Mathematics, English and Science from 30 to 40 per cent, 10 to 27 per cent and 44 to 65 per cent respectively.

6.2 Management Inefficiencies

The following observations are made.

- (a) An officer who was serving in a Local Authority, against whom disciplinary action could not be taken since 2013 as he was not absorbed into the provincial public service had been absorbed into the provincial public service on 19 February 2014 and approval had been given by the Letter No.PH/P/2/1571 dated 11 July 2014 of the Secretary to the Ministry of Public Administration and Home Affairs addressed to the Chief Secretary for the payment of pensions subject to the punishment orders stated in the Letter No.CM/AD/03/02/06 dated 12 May 2014 of the Sabaragamuwa Secretary of the Chief Ministry. Nevertheless such disciplinary orders had not been implemented even by 23 March 2015.
- (b) Replies to 42 audit queries issued to 8 Ministries/ Departments by 30 April 2015 were not presented. The value of quantifiable transactions relating to those audit queries amounted to Rs.221,382,650.

6.3 Operating Inefficiencies

The Following observations are made.

- (a) A sum of Rs.292,000 had been approved for the ‘ Mahindodaya Osu Uyana’ under the 2014 Development Program of the Ayurveda Department and a sum of Rs. 156,800 had been spent for the purchase of name boards and plants by selecting 100 schools for the implementation of that project. Plants and name boards purchased had not been distributed among the schools even up to 07 April 2015. It was observed in audit that name boards had been stored in the Department stores and the plants purchased had remained with the suppliers themselves.

- (b) In the physical verification of stock to be in the sales outlet as at 25 February 2015 as per stock registers in the Undugoda Animal Control Development and Training Center, a shortage of 4 items valued at Rs.42,560 was observed and a proper internal control system had not been set up for the maintenance of stock in the sales outlet.
- (c) Repair works of 9 buildings and 4 machinery requirements necessitated for several years for the efficient operation of daily activities in the Udawalawa Regional Hospital had not been fulfilled by the relevant authorities.
- (d) It was failed to carry out essential building repairs, purchase and repair of bio medical equipment and clinical equipment included in the 2014 Development plan of the Pallededa District Hospital even up to the date of audit on 10 December 2014.
- (e) Twenty nine medical equipment of 14 types used in the out patients Division, Emergency treatment unit and residential patients wards in the Chandrikawewa Regional Hospital had been at dilapidated position.
- (f) In the examination of progress of disciplinary files opened during the period from 2009 to 2013 by the Chief Ministry as at 31 December 2014, it was revealed in audit that inquiries of 22 files had been carried out at a slow level.
- (g) An officer who worked as the then Acting Commissioner of Local Government of the Sabaragamuwa Provincial Council, Chief Ministry's Secretary and the Secretary of the Provincial Ministry of Health during the period from January 2011 to April 2013 had occupied the official bungalow belonging to the Department of Local Government and transferred on 11 April 2013. Nevertheless, he had not officially handed over that official bungalow even by 23 March 2015, the date of audit. According to the internal audit report, house rent amounting to Rs.193,256 relating the period of his occupation was receivable.

- (h) In terms of paragraph 24.2 of the Guidelines Manual on the purchase and distribution of Educational quality inputs, enforced by Circular No.HRD/PPM/2002/30 dated 04 December 2002, Circular issued by the Ministry of Education on Planning and Procurement for school based qualitative, quantitative structural development implemented from 01 January 2014 and paragraph 15.2 of the Guidelines manual, Zonal Director of Education, Deputy/ Assistant Directors of Education, Zonal Accountants Deputy/ Assistance Directors of Education in charge of areas should individually or by groups should go to schools and do the monitoring. Number of schools in the Embilipitiya Zone monitored in the years 2012,2013 and 2014 had been 20,29 and 26 representing 24 per cent, 23 per cent and 20 per cent.
- (i) According to the audit sample check carried out in the Dehiovita Zonal Education Office, 392 instances of school individual surveys of 6 Assistant Directors during the year 2014 had been planned but it was revealed that only 300 of them had not been carried out.
- (j) School surveys had been assigned to 15 Assistant Directors and 56 Teachers, Instructors attached to the Kegalle Zonal Education Office. Even though it was planned to survey 76 schools in the year 2014, surveys in 26 schools had been given up without adducing any acceptable reasons.
- (k) According to the Board of Survey reports carried out as at 31 December 2013 in the KG/MV/Weganthale Maha Vidyalaya, a shortage of 360 units of 100 types of inventory articles were observed. The Zonal Education Director had appointed an incurring officer to identify the persons who were responsible for the shortage on 07 December 2014 but no evidence was not made available for audit, to ensure whether such an inquiry had been carried out. Further, according to the Board of survey report carried out in October 2014 in the Udawalawa Regional Hospital it

was observed that there was a shortage of 27 units of 7 types equipment shown in the General stores register.

- (l) According to the Register of Petitions maintained by the Mawanella Zonal Education Office, the officers had been appointed to conduct preliminary inquiries against the officers dealing with petitions. However, evidence to ensure whether they had conducted 20 preliminary inquiries that they had been assigned to carry out was not made available for audit. Steps had also not been taken to examine 08 petitions received against discrepancies occurred in 8 schools. Further, eventhough the preliminary inquiry reports relating to 7 instances from which charges had been proved, had been submitted to the Secretary of the Ministry of Education, evidence to ensure whether formal inquiry had been conducted against the defendants or taken disciplinary action was not made available for audit.
- (m) Steps had not been taken to distribute 3390 test books which were to be distributed free among the students and 200 teachers hand books by the Kg/MV/Sujatha Junior School. Of those books, it was observed that 330 books had been retained in the stores until they were removed from use.
- (n) A sum of Rs.87,405 given to the Divisional Secretariat, Warakapola to acquire the land for the Tholangamuwa Palawatta Road within the Warakapola Pradeshiya Sabha area had been remained in the General Deposits Account without being utilized for the intended purpose.
- (o) Eventhough Land Kachcheries had been held by the Imbulpe Divisional Secretariat in the year 2009, long terms deeds of lease had not been given to those who applied lease hold lands after being identified. Even though necessary action had been completed for the selected long term lease applicants in the year 2013, lease rent had not been recovered even upto November 2014. Some of them enjoyed the lands but action had not been taken to recover annual rental therefor.

- (p) Eventhough it was informed by the Letter No.C.SAC/AP/04/01 dated 22 February 2007 of the Deputy Chief Secretary (Financial Management) of the Sabaragamuwa Provincial Council that the money belonging to the Provincial Council in the Divisional Secretariat should be remitted monthly to the Provincial Council by retaining only Rs.100,000 in the bank accounts of the Provincial Council, action had been taken in contrary to that instruction by the Divisional Secretariats within the Ratnapura District and as a result, balances totalling Rs.213,476,616 had remained in bank accounts of those Divisional Secretariats at the end of the year 2013 and at the end of September, October or November months in the year 2014. Hense, this money which can be utilized for the development of the Province had remained idle in bank current accounts without any interest.
- (q) A loss of Rs.248,720 incurred due to 11 vehicle accidents in the Ministry of Lands, Provincial Irrigation, Agriculture, Animal Product and Health and Fisheries decided to be recovered from the officers responsible for accidents in terms of Provincial Financial Rule 55.2 had not been recovered even after the lapse of 2 to 10 years.
- (r) Out of the Provision of Rs.6,880,550 allocated to the office of the Regional Director of Health Services, Ratnapura in the year 2014 for the implementation of awareness and training programs in respect of 7 subjects in the Health Sector, a sum of Rs.2,345,022 had been saved as at 31 December 2014 and remitted to the Ministry. Savings percentages of each program ranged from 6 to 80 per cent. The office of the Ratnapura Regional Director of Health Services had failed to utilize the allocated funds at an optimum level by implementing Health Programs as specified.
- (s) In terms of Section 3.1 of the Circular No.Finance 01/2001 dated 28 March 2001 of the Ministry of Provincial Councils and Local Governments issued relating to the establishment of a loan scheme for Provincial Councilors, it was stated that the maximum loan to be obtained by a Provincial Councilor was only Rs.250,000. Nevertheless, contrary to that it was revealed in audit that each Councilor had

been given a loan of Rs.500,000 by the Provincial Council Secretariat on a decision taken by the Sabaragamuwa Provincial Council Cabinet of Ministers. Further, out of the loans so given in excess of the above approved limit, loans balances totalling Rs.1,418,600 relating to 12 Members whose memberships were terminated on 27 June 2012 had been outstanding as at 31 December 2014 and these balances had been shown continuously unrecovered. It was observed in audit that a proper and adequate cause of action had not been taken to recover the outstanding loan balances.

6.4 Drugs Management

The following observations are made.

- (a) As drugs had not been properly stored by the Undugoda District Hospital, Kegalle and Warakapola Ayurveda Hospitals, security and the quality of drugs had involved risk.
- (b) According to the stock register of the main drugs stores at Udawalawa Regional Hospital relating to the essential drugs of 5 varieties, there was no physical balance whatsoever as at the date of audit on 09 December 2014. It was revealed that these shortages had not been informed to the Medical Supplies Division. As there was no proper drugs management system in operation, 1252 units of 5 varieties of drugs had expired for the period ranging from 02 to 11 months as at the date of audit.
- (c) Stock registers of drugs in the drugs stores at Udawalawa Regional Hospital and the Pallebadda District Hospital had not been properly maintained. In comparing the issue of drugs in 2 days as per stock register maintained in the out patients Division, Udawalawa Regional Hospital, with the Doctors prescriptions, issues had been entered in the drugs stock register under those 2 days, though the Doctor had not prescribed 1200 units of those 2 varieties of drugs.

6.5 Provincial Road Development and Improvement

The following weaknesses were observed in the sample field inspections carried out in respect of road repairs and maintenance contracts implemented by the Ministry of Provincial Road Development, Rural Infrastructure Facilities Tourism and Sports and Youth Affairs during the year under review.

Work	Agreed amount	Date of field inspection	Weakness observed
	Rs.		
(i) Repair of Kuruvita – Thabiliyana road from 0.00 Km to 1.4 K.m	1,695,328	04.12.2014	Not using rubble at standard size in the first asphalt coating and not scavating 31 cubic meters soil for drain.
(ii) Repair of Rathgama-Polwatta Road from 0.00 km to 1.22 km	2,754,493	09.12.2014	Surface of road broken in the area totalling 120 sq. meters.
(iii) Maintenance of Olugala-Divulpitiya Illukwatta Road from 0.00 km to 0.53 km	1,418,638	09.12.2014	Fully broken the road surface of 13 meters on which 1 st asphalt coated.
(iv) Repair of Pugoda-Lunuwella Road from 0.00 km to 0.817 km	1,651,908	09.12.2014	Fifteen per cent of 2 nd asphalt coated area not upto the standard.
(v) Construction of side wall in the Karandeniya Prisons Road	1,935,350	05.12.2014	Eight cracks on the supporting wall for which Rs.1,085,558 had been paid.
(vi) Repair of Parakaduwa – Barila Road from 4.5 km to 6.4 km	8,106,521	05.12.2014	Broken the surface, 21 meters in length and corners of both sides, 49 meters in length. Road near cultivate was simultaneously snuck in the area of 8 sqr meters.

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| (vii) Concerting Road of the Heraliyadda Temple | 450,000 | 11.11.2014 | Spreding rubble on the surface with 6x9 size though 4x4 size rubble should have been spreaded. |
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6.6 Transactions of Contentious nature

The following observations are made.

- (a) Despite, the Secretary of the Finance Commission had informed from his Letter No.FC/SABP/4/2/2014 dated 04 June 2014 that awareness programs and the capacity development programs for direct granting should not be conducted from the provisions made for backward and isolated villages based development projects, contrary to that, a sum of Rs.1,403,603 had been spent for giving direct grants by the Chief Ministry under the Chief Secretaries Expenditure Head. 208 roofing sheets valued at Rs.395,200 had been purchased under 2 projects of those and action had been taken to distribute those sheets among 2 temples by the Divisional Secretariat Kuruwita. At a physical verification carried out in audit on 12 January 2015, it was revealed that none of these sheets were received up to that date. However, it was confirmed according to the registers maintained in the Divisional Secretariat that the Chief Incumbent of the temple had taken over those sheets on 12 January 2015.
- (b) In selecting a Service Supplier for the Vietnam Education tour carried out during the year under review by the Ministry of Education, Information Technology and Cultural Affairs by spending a sum of Rs.3,507,669, a loss of Rs.220,770 was incurred as a result of taking action carelessly by the Procurement Committee and the Technical Evaluation Committee. Further, despite it was scheduled to get participated 12 students who had passed 5th year Scholarship Examination in this tour, any attention had not been drawn to give the opportunity of participating 5 scholarship holders in place of 5 students who had not participated in the tour at the first instance. The allowance of Rs.50,555 paid to 7 students who had participated in the tour had been contrary to the Circular No. 01.01.01/2010/01 dated 11 October 2010 of the

Ministry of Finance and Planning and the letter No.DCS/PT/DO/03/07 dated 24 November 2014 of the Provincial Chief Secretary.

- (c) Salaries and allowances of Rs.1,221,032 had been paid to a drivers for the period from June 2009 to 31 December 2014 by the Provincial Department of Education who had been attached to the Chief Ministry from 08 June 2009.

6.7 Apparent Discrepancies

The following observations are made.

- (a) Two hundred and thirty six computers, the total value of which was Rs.23,482,000 had been purchased for the requirement of the Electronic Internal Morbidity and Mortality Register (EIMMR) Project implemented under the World Bank Aids by the Chief Ministry and the requirements of other departments under the Chief Ministry. As a result of actions fraudulently performed in the process, such as preparation of technical specifications, carrying out technical evaluation, and taking over goods after being checked the specifications etc, an over payment of Rs.2,153,500 had to be made out of the Provincial Council Fund to the Supplier.
- (b) Five hundred and eighty nine computers had been purchased at a cost of Rs.60,372,500 for the supply, handover and installation of equipment related to information technology and laboratory equipment and furniture for 9 Mahindodaya Technological Laboratories under the “ Evolution of Education System as the Core Centre of Knowledge” Project by the Ministry of Education, Information Technology and Cultural Affairs. As fraudulent acts such as preparation of Technical specifications carrying out Technical Evaluations and taking over after being checked the goods had been performed in contrary to the provisions in the procurement Guidelines, an overpayments of Rs.7,961,513 had to be made to the supplier from the Provincial Council Fund.

6.8 Assets Management

6.8.1 Idle and Under Utilized Assets

Audit test checks observed that Physical Assets as analyzed below, in the various institutions belonging to the Provincial Council had been idle or under utilized. Follow up action had not been taken thereon.

Nature of Assets	NOS	Value (Rs.)	Period of idle
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(a) Lands	13	-	9 years
(b) Buildings	15	-	9 years
(c) Motor vehicles	19	-	10 years
(d) Machinery	14	809,886	14 years
(e) Medical equipment	14	-	-
(f) Office equipment	04	-	-

The following observations are also made.

- (a) According to the measurement sheets prepared with the initial of the Assistant Superintendent of Survey in Kegalle on 04 December 1996 boundaries of land of the Undugoda Animal Control Development and Training Centre with an extent of 106 acres, 01 Rood and 11 Purchase had been shown by a government surveyor on 26 June 2012 before 5 officers in the institution. Nevertheless, a security fence connected with relevant boundaries had not been setup even by 24 February 2015, the date of audit and the deed of this land to establish the ownership had also not been prepared.
- (b) Three hundred and fourty office equipment, electronic equipment and medical equipment (active and inactive) remained unused in the institutions under the Regional Director of Health Services Office, Ratnapura had been given to the institutions which had no any connection with the Health Sector or Sabaragamuwa Provincial Council by the Ratnapura Regional Director of Health Services without any authority but with his private discretion.

- (c) In terms of Sabaragamuwa Province Financial Rule 476, a Board of Survey has to be appointed on or near 15th of December each year and inventory article in the departments or Branches of Departments should be surveyed. However, out of 141 schools belonging to the Nevithagala Zone, number of schools where board of surveys had been conducted in the years 2013, 2012 and 2011 amounted to 20,07 and 03 respectively. It was further observed in audit that the number of schools where board of surveys had not been conducted in any year amounted to 71 schools and the number of school where no board of surveys had been carried out after 2005 upto the date of audit on 12 December 2014 amounted to 33. Out of the 128 schools belonging to the Embilipitiya Education Zone, number of schools where Board of Surveys had been carried out from 2008 to 2013 amounted to 16,27,22,03,16 and 14 respectively.
- (d) Boards of Surveys had not been carried out for the year 2014 in the 91 institutions, out of 95 institutions including hospitals and offices of the Medical Officer of Health under the Ratnapura Regional Director of Health Services Office even by the date of audit on 03 June 2015. Conducting Board of Surveys in these institutions in the previous years had delayed from 01 year to 16 years.
- (e) The building opened on 30 March 1998 for the residential accident patients in the Chandrika Wewa Regional Hospital had been completely removed from use by the date of audit on 10 April 2015. certain parts of the building roof had fallen down and glasses of doors and windows were broken and as such the building is being dilapidated.
- (f) Twelve computers in the R/Sri Walgamba Maha Vidyalaya had been inoperative out of which accessories of 4 computers had been misplaced.

6.9 Irregular Transactions

The following observations are made.

- (a) A monthly net rent income of Rs.12,000 had been earning by renting out the ‘Suwarasahala’ Restaurant on a contract basis up to 12 March 2013 operated to promote healthy local foodstuffs under the Ayurveda Department. However this has been converted into a Restaurant operated by the Ayurveda Department on a decision of the Chief Minister by now. Further, in considering income and total expenditure for the year 2014, a net loss of 1,357,865 had been reported. Due to this inappropriate decision, the Provincial Council Fund had sustained a financial loss of Rs.1,501,865 during the year under review.

- (b) The Chief Minister of the Sabaragamuwa Provincial Council had appointed a retired Provincial Director of Education as the Chairman of the Sabaragamuwa Province Library Service Board and a total sum of Rs.775,999 had been paid to him as monthly allowances, fuel and telephone allowances for the period from 03 February 2014 to March 2015. Those payments are related to the retired officer equivalent to the Ministry Secretary or similar posts in terms of provisions stated in Public Administration Circular No.09/2007 dated 11 May 2007 issued on the re-employment of retired public officers. Apart from that, the Library had been opened on 31 March 2015 and as such that payment could not be satisfied in audit.

- (c) An expenditure totalling Rs.8,966,481 had been incurred in 10 instances in the year 2011,2012 and 2013 under 06 various projects and programs in collaboration with foreign countries with the objectives of Sabaragamuwa Provincial Development. Nevertheless, non- of these programs had been in an operative position even by 11 August 2014. In the examination of each of the projects revealed that no full feasibility study had been carried out in respect of those projects and there was no proper authority to implement them. However, continuous foreign trips had been carried out under those programs and the approval of His Excellency the President

- had not been obtained for leaving the country by the Chief Minister in 4 of these programs as per Circular instructions.
- (d) The Chief Ministers and his Private Secretary had proceeded abroad in 4 instances by incurring an expenditure of Rs.2,620,064 in the years 2012 and 2013 for various Religions and Cultural Programs on the invitations of foreign countries.
- (e) Goods valued at Rs.18,549,089 had been purchased during the year 2014 by the then Governor for awarding gifts from the Governor's Office. In purchasing those goods. Guidelines 3.4.,5.6,7.8 and 7.9 of the Procurement Guidelines had been breached. It was revealed in audit that taking over goods from suppliers and making payments had been improperly carried out and those good had been distributed among various parties as private gifts of the Governor nearly on his discretion. Further, documentary evidence whatsoever to ensure to which parties those goods had been distributed was not made available for audit.
- (f) The Governor's Office had spent sums totalling Rs.23,860,187 under Capital Objects and Rs.18,115,855 under Recurrent Objects during the years 2012 and 2014 for the purchase of Daham School books and other printed goods. Of these Objects, contrary to the relevant Discreption Standard Object Code in the annual estimates for 8 expenditure items, a sum of Rs.35,183,362 had been spent for the purchase of books and abnormal and exorbitant provisions had been made in the various expenditure items. Even an annual action plan had not been prepared for the Governor's Office. It was revealed in audit that 58,384 books had remained undelivered among any parties even by 30 January 2015.
- (g) According to the orders enacted under the Motor Traffic Ordinance (Cap.200) it was clearly stated the qualifications for registration, progress of a driving school, qualifications of Driving Instructors and the specific instruction relating to the suitability of vehicles used. If any school or any Instructor do not comply with those orders, the authority to cancel such a license is given to the Commissioner of Motor Traffic. Instead of selecting drivers training schools being determined the

qualifications as per such orders, contrary to that, the Sabaragamuwa Provincial Deputy Chief Secretary (Planning) had determined new qualifications and selected the training schools accordingly and as such it was not possible to offer procurements on the minimum quoted price. As a result, a loss Rs.167,750 had been incurred and also the opportunity of issuing driving license to another 22 persons from this money had been deprived. Similarly, determination of additional qualifications by overriding the Motor Traffic Law and the authorities of the Commissioner of Motor Traffic thereon had been problematic in audit.

6.10 Fruitless Expenditure

Eventhough more than 2 years had elapsed after the establishment of the Special Standing Committee for income generation and promotion of the Sabaragamuwa Provincial Council, it was observed in the examination of committee reports and the progress of Revenue Collection in the Provincial Revenue Department for the last years that no any objectives whatsoever of this Committee had been achieved. However, participatory allowances, monthly allowances and incentives totalling Rs.1,390,095 had been paid to this Committee Members relating to the period from February 2013 to 31 March 2015. In appointing the Committee Secretary, action had been taken contrary to the provisions in Public Administration Circular No.2007/09 dated 11 May 2007 and No.2007/09(1) dated 24 August 2007 issued in respect of re-employment of retied public officers.

6.11 Weaknesses in Contract Administration

The following observations are made.

- (a) In awarding direct contracts to community based organizations, only the contacts within the limits of the area of the community based organization should be awarded in terms of Section 3.4 and after being examined the qualifications mentioned in Section 3.2 of the Public Finance Circular No.01/2012 dated 05 January 2012, by a three member committee consisting of 2 representatives appointed by the Head of Department and the Divisional Secretary of the area in terms of 3.1 of the Circular.

- Action had not been taken in accordance with those provisions in awarding 18 construction contracts to community based organizations during the year under review by the Ministry of Provincial Road Development, Rural Infrastructure, facilities, Tourism, Sports and Youth Affairs.
- (b) According to the contract agreement, a full insurance cover should be obtained equivalent to the agreed contract amount. Nevertheless, action had not been taken accordingly by the 2 Ministries in respect of 3 construction contracts implemented during the year under review and the previous years. Due to lack of such an insurance cover, a sum of Rs.2,624,873 had been spent by the Ministry of Lands, Provincial Irrigation, Agriculture, Animal Products and Health and Fisheries for the rectification of a construction work damaged by a natural calamity in one instant.
- (c) Demurrage charges of Rs.792,090 were receivable from 5 construction works implemented by 2 Ministries, while overpayments totalling Rs.157,557 had been made for 9 items not done in respect of 4 construction works.
- (d) An audit field inspection revealed that the intended objectives had not been achieved from 5 agricultural projects constructed by incurring an expenditure of Rs.2,009,519 with the objectives of cultivation of abandoned paddy lands during the year 2014 by the Ministry of Lands, Provincial Irrigation, Agriculture, Animal Products and Health and Fisheries.
- (e) In the preparation feasibility report for the Bamabradena tank renovation work, a provision of Rs.520,000 had been made by stating that water was supplying for 30 acres of plantation before being implemented the project and water could be supplied for another 15 acres after completion of the project. At the field inspection carried out by audit on 17 September 2014, it was revealed that there was no drain for the supply of water to the crop from the water of the tank and the water from the tank had gone towards a huge jungle with rigorous slope and erroneous information had been provided to get the provision for this work completed by incurring an expenditure of Rs.361,059.

- (f) In the Procurement Process relating to the Galboknoya Tank reconstruction work and entered into an agreement at a value of Rs.8,793,408 by the Secretary to the Provincial Ministry of Land and Agriculture on a provision of Rs.11,000,000 given under the Jathika Sawiya Gama Naguma special development program by the Ministry of Economic Development, without calling for National Competitive Bids and contrary to Section 3.2 of the Procurement Guidelines, and it had been awarded by calling for limited quotations on the recommendation of the Procurement Committee. Further, according to the enquiring committee report appointed to enquire into the broken down of one supporting wall connected with the main bund relating to this construction on 15 April 2012, (within the maintenance period) action had not been taken against the responsible officers.
- (g) The work of Padalangala Water Project Commenced on 22 October 2012 by entering into an agreement valued at Rs.925,000 had been stopped half way by the time of audit examination in the year 2013. According to the reply given to the audit query issued in respect of this work, it was stated that the work of the project had been restarted by 12 May 2014 and it would be converted into an effective project. Nevertheless, it was confirmed in the re-examination of the project work carried out on 18 November 2014 that there was no any progress whatsoever of the work performed.
- (h) The following weaknesses were observed in respect of 5 construction projects implemented during the year under review by the Ministry of Provincial Road Development, Rural Infrastructure, Tourism, Sports and Youth Affairs and the Department of Animal Products and Health.

Ministry/ Department	Construction work	Contractual value Rs.	Date of field inspection	Weakness observed
i	Department of Animal Products and Health	829,501	26.02.2015	Six work items not done at specified standard as per estimate
ii	Ministry of Provincial Road Development, Rural Infrastructure, Tourism, Sports and Youth Affairs	773,722	27.02.2015	Four work items not done at specific standard and items performed not estimated.
iii	-Do-	875,000	19.11.2014	Cracked 7 places in seven walls
iv	-Do-	1,571,673	09.12.2014	High and low places on the entire concrete surface
v	-Do-	1,204,834	10.12.2014	Two cracks on the swarf wall

6.12 Delayed Projects/ Fully Abandoned Projects

Eleven construction contracts implemented by 4 Ministries/ Department had delayed due to various reasons and 72 contracts of 2 Ministries/ Departments had not been commenced and fully abandoned.

6.13 Personnel Administrating

Excesses and Shortage of Education Sector Cadre

In comparing the number of suitable teachers in considering present teachers requirements in the Sabaragamuwa Province prepared by the Provincial Education Department the following shortage and excessers of teachers had existed.

Subject	From grade 6 to 11				Subject	From grade 12 to 13			
	Shortage		Excess			Shortage		Excess	
	No.of zones	No.of teachers	No.of zones	No.of teachers		No.of zones	No.of teachers	No.of zones	No.of teachers
English	04	56	03	06	Science and Additional Subjects	04	17	03	34
Technology Subjects	01	23	06	207	Arts- Commerce Subjects	04	125	03	53
Other Subjects	01	10	06	633	Technology Subjects	03	07	03	14

The following observations are also made.

- (a) In terms of Section 3.2 of the Circular No.ED/1/27/1/5/1/2007 dated 13 December 2007 of the Secretary to the Ministry of Education, the maximum service period in a school with more convenient and convenient had been determined as 6 years and 08 years respectively. However, it was observed that a 913 teachers in 179 schools attached to 2 education zones in Ratnapura District and 101 teachers in the Mawanella Zone, Kegalle District were serving in a same school for the periods ranging from 09 to 35 years and 20 to 35 years respectively.
- (b) In terms of Section 2.1.2 and 2.1.3 of the Circular No.2003/38 dated 07 November 2003 of the Secretary to the Ministry of Education, teachers who teach subjects should teach 35 periods per week at the average of 40 minutes and teachers who are in charge of classes, in addition to teach subjects should teach the maximum 33 periods, per week. Teachers who teach in advanced Level classes should teach 30 periods a week. Nevertheless, it was observed in audit that as periods were allocated contrary to that provision, in 4 schools attached to 3 Education Zones in Ratnapura District, 15,044 periods or 10028 hours of 80 teachers had been idling in the year under review, deviating from education activities. Further, 47 Teachers in grade 6 to 11 in the Sujatha Junior School in Mawanella Education Zone had engaged in teaching activities only 19 to 33 periods in a week.

- (c) There were 113 excess teachers in 14 urban schools and 64 shortage of teachers in 13 rural schools belonging to the Kegalle Education Zone. There was an excess staff of 31 in the Development Officers Service of the Zonal Education Office.
- (d) Eventhough the approved number of teachers in 140 Provincial Council schools belonging to the Mawanella Education Zone amounted to 2555, two thousand eight hundred and fourty eight teachers were attached to those schools and as such there was an excess of 290 teachers. However, due to improper attachment, there was a shortage of 120 teachers in 46 schools. Further, in urban schools with more facilities, teachers were attached double the approved cadre under each subject stream, and teachers were not attached even the approved number to rural schools with less facilities under such subject stream.
- (e) Eventhough two teachers in the Teachers Service of the Sujatha Junior School in Mawanella Education Zone had been released for studies, those periods in 7-11 grades in which 2 teachers were teaching had not been covered by another teachers. Similarly, 47 teachers had not reported for duties without being informed in the year 2014 but action had not been taken against those teachers in terms of Section 07 of Chapter V of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.
- (f) The Principal and the Deputy Principal of the Pinnawala Tamil Maha Vidyalaya had been identified as accused in respect of discrepancies occurred in that school and the preliminary enquiry report had been handed over to the Provincial Director of Education on 19 March 2008. According to that report, the formal enquiry had to be conducted but no evidence was made available for audit to ensure whether such an enquiry had been conducted. Eventhough 7 teachers should be warned in writing on the recommendations of the preminary inquiry report, it had not been so done.

6.13.2 Excesses and Shortages in Health Sector Cadre

Staff excesses or shortages of each service in the Health Sector at various institutional level are given below.

Service	Office of the Director of Provincial Health Services		Office of the Ratnapura Divisional Director of Health Services and Provincial Hospitals in Ratnapura District		Office of the Kegalle Divisional Director of Health Services and Provincial Hospitals in Kegalle District	
	Excess	Shortage	Excess	Shortage	Excess	Shortage
Medical	-	08	-	137	-	50
Nurses	-	01	-	111	23	17
Pharmacist	-	02	-	09	-	11
Public Health Inspector	-	-	-	36	-	09
Family Health Officer	-	-	-	165	-	93
Dispensers	-	-	-	51	-	30
Attendants	-	-	-	83	-	45
Drivers	-	-	-	21	-	17
Cooks	-	-	-	22	-	12
Watchers	-	-	-	51	-	20
Mortuary Labourer	-	-	-	54	-	30
Accountants	-	03	-	-	-	02
Medical Laboratory Technician	-	-	-	20	-	07
Management Assistants	-	25	-	18	-	13
Development Officers	-	22	06	24	23	-
Health KKS	-	04	22	56	161	44
Public Health Field Officers	-	-	-	11	12	-
Total	-	65	28	869	219	400

Further observations are made in this regard.

- (a) The approved nurses cadre of base Hospitals namely, Mawanella , Warakapola and Karawanella amounted to 345 whereas 363 nurses had been employed. The approved nurses cadre for 11 rural Hospitals amounted to 26 but non of the nurses had been attached. There to Further, 36 employees for other services in excess of the approved cadre in the 22 central dispensaries except the Doctors and Nurses had been recruited and employed in the Kegalle District.
- (b) The approved cadre of Beligala Rural Hospital with 4 wards relating to all categories of services amounted to 33 whereas the actual was only 06.
- (c) It was observed that there were 65 excess and 80 shortages in the cadre in the Hospital and other institutions under the Ayurveda Department in respect of 7 posts existed in the approved cadre. Although there was a possibility of setting off 25 shortages against the excess cadre, it had not been so done.

6.14 Vehicle Utilization

The following observations are made.

- (a) In terms of provisions in Public Expenditure Management Circular No. CSA/P1/4 dated 18 March 2006 and the Letter No.CSA/P1/40 dated 23 October 2006, two official vehicles and one security vehicle should be assigned to the Chief Minister. Nevertheless, 12 vehicle had been used by the Chief Minister during the years 2013 and 2014 contrary to that. A sum of Rs.3,030,297 had been spent by the Chief Ministry in the year 2014 for the maintenance and repair of those vehicles.
- (b) Four pool vehicles had been used by 3 officers in the private staff of the Chief Minister and 2 persons who were not attached to the personal staff in the year 2014 stating that they were official duties of the Chief Minister with and without the approval of the Ministry Secretary and a sum of Rs.692,516 had been spent for fuel for those vehicles.

- (c) A jeep belonging to the Department of Local Government had been handed over to the Construction and Machineries Authority on 27 November 2012 for repairs but it had not either been repaired nor any other course of action taken in this regard.

6.15 Bank Reconciliations

The following observations are made.

- (a) Action in terms of Sabaragamuwa Province Financial Rule 283.4 had not been taken in respect of 204 cheques totalling Rs.2,642,338 issued but not presented for payments for more than 6 months and the follow up action in respect of unrealized deposits of Rs.451,012 lapsed for over 6 months had not been taken.
- (b) Unidentified debits in 16 bank accounts and credits in 16 bank accounts totalled Rs.26,908,423 and Rs.110,931,465 respectively.

6.16 Objectives not Adequately Fulfilled

The core objective to be achieved by the probation and child care field is to socialize children who socially became iniquity, again as excellent citizen having being institutionized. It is also required to fulfill the daily needs, welfare and rights of children who are under the custody of probation by ensuring their security. Nevertheless the Department had not paid attention with regard to such issues as planning and implementation of programs to improve the physical and mental health of the children, giving a vocational training through knowledge and capacity building.

07. Accountability and Good Governance

7.1 Action Plan

Action plans for the year under review had not been prepared by 9 Departments.

7.2 Internal Audit

One Ministry and 7 Departments were not subjected to internal audit during the year under review.

7.3 Audit and Management Committees

Twelve Ministries/ Departments had held one audit and Management Committee Meeting each and 10 Departments had held Two Audit and Management Committee Meetings each but Five Ministries/ Departments had not held even One Committee Meeting.

7.4 Procurement Plan

Procurement plans had not been prepared by 4 Ministries/ Departments for the year under review.

7.5 Budgetary Control

In estimating the revenue for the year under review relating to 4 Revenue Codes, under estimation, totalling Rs.169,910,996 had been made, irrespective of the actual revenue for the year 2013. Further, the actual revenue of all Revenue Codes in the year 2013 had increased than the actual revenue for the year 2012.

7.6 Unresolved Audit Paragraphs

Rectifications in respect of 24 audit paragraphs relating to the 2 Departments, included in the Auditor General's reports relating to 5 years from 2001 to 2005 which had been discussed at the Provincial Public Accounts Committee, had not been carried out.

08. Systems and Controls

Weaknesses in systems and controls were brought to the notice of the Heads of Institutions of the Sabaragamuwa Provincial Council and the Chief Secretary from time to time. Special attention is needed in respect of the following areas of systems and controls.

- (a) Accounting and Financial Control.
- (b) Assets and Human Resource Management.
- (c) Contract Administration.
- (d) Implementation of Projects.
- (e) School Management.
- (f) Hospital Management.