

Western Provincial Council - 2014

The audit of financial statements of the Western 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 Section 23 (2) of the Provincial Councils Act. A detailed report to be tabled in the Provincial Council on the observations appear in this report will be issued in due course.

1.2 Management's Responsibility for the Financial Statements

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 judgment, including the assessment of the 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 the 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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by managements, as well as evaluating the overall presentation of 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 Western 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 Presentation of Financial Statements to Audit

(a) Provincial Council Fund Account

Financial statements of the Provincial Council Fund for the year under review had been presented to audit on 24 May 2015.

(b) Other Accounts

The position of presentation of other accounts of the Provincial Council for the year under review as at 30 June 2015 is given below.

As at 30 June 2015

	Total Number of Accounts	Number of Accounts Presented	Number of Accounts Presented	of not
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(i) Appropriation Accounts	27	27	-	
(ii) Revenue Accounts	30	30	-	
(iii) Advances to Provincial Public Officers Accounts	35	35	-	
(iv) Commercial Advance Accounts	02	02	-	
(v) Other Advance Accounts	06	06	-	
(vi) Fund Accounts	06	06	-	
(vii) Statute Accounts	09	05	04	

2.2.2 Provisions Management

The following Observations are made.

- (a) The entire estimated provisions of Rs.15,155,843 made under 17 Objects of 11 Heads of Ministries and Departments had been saved.

(b) The commitment of liabilities by exceeding the provisions made under 93 Objects of 16 Heads of Ministries and Departments amounted to Rs.94,216,968.

(c) Even though the provisions had been transferred to another Object stating that the provisions had been saved under an Object of one Head, an instance was observed that additional provisions had been obtained for the Object subsequently.

2.2.3 Imprest Accounts

According to the Provincial Treasury Books, The total of the unsettled imprest balance as at the end of the year under review amounted to Rs.654,980,048 and that comprised a debit balance totalling Rs.2,112,613,501 and a credit balance totalling Rs.1,457,633,453. Accordingly, it was observed that settlements of Rs.1,457,633,453 had been made by exceeding the imprests limits granted to 05 institutions.

2.2.4 Remittance Accounts

According to the Provincial Treasury Books, the total of unsettled remittance balances as at the end of the year under review amounted to Rs. 310,982,294 and that comprised a debit balance totalling Rs.1,466,570,793 and a credit balance totalling Rs.1,155,588,499.

2.2.5 General Deposits

There was a balance of Rs.469,269,990 in the General Deposit Account of the Provincial Treasury as at 31 December 2014 while the deposit balances relating to 14 institutions on which action had not been taken for over 02 years in terms of the provisions of the Financial Regulation 571 totalled Rs.13,493,790.

2.2.6 Advances to Provincial Council Officers

The total of the balances of the Provincial Council Officers Advance Accounts of 18 Ministries and Departments outstanding for a long period of 18 years totalled Rs.198,956,453 and out of that sums of Rs.78,590,977 and Rs.120,365,866 were related to a period from 01 year to 04 years and a period from 04 years to 10 years respectively.

2.2.7 Unreconciled Control Accounts

The following differences were observed between the accounts furnished by the each Department and the Provincial Council Fund Account (Provincial Treasury Books).

Particulars of Accounts -----	Balances According to Accounts of the each Department -----	Balances According to the Provincial Council Fund Account -----	Difference -----
	Rs	Rs	Rs.
Fourteen Imprest Accounts	4,895,816,695	4,840,550,707	55,265,988
Four General Deposits Accounts	32,876,597	26,496,747	6,379,850
Six Provincial Council Officers Advance Accounts	928,501,222	957,475,444	28,974,222
Eight Remittance Accounts	103,488,511	107,636,727	4,148,216
Two Revenue Accounts	162,103,146	138,971,114	23,132,032

2.2.8 Failure to Account of the Fixed Assets

The fixed assets had not been shown in the Statement of Financial Position furnished by the Provincial Council and it was not disclosed the existence of such assets in the notes to the financial statements as well. According to the reports of the Movement of Non – current Assets in the Appropriation Accounts presented to audit it was ensured that the following assets valued at Rs.1,701,296,058 were belonging to the Provincial Council as at the end of the year under review.

Particulars and Expenditure Code -----	Value ----- Rs.
Vehicles – 2101	526,293,770
Household Good and Office Equipment – 2101	396,079,234
Machinery and Equipment – 2103,2002	470,313,469
Buildings and Constructions – 2104,2107,2001,2005	260,816,892
Land and Land Improvements – 2105	14,680,438
Others – 2106, 2004	33,112,255
	<u>1,701,296,058</u>

2.2.9 Omissions in the Accounts

Even though the revenue collected under Private Buses Act had been Rs.33,912,249, it was shown as Rs.10,775,828 in the Fund Account and as such a sum of Rs.23,136,421 was omitted from the accounts.

2.2.10 Accounts Receivable and Payable

The following observations are made.

- (a) The rental receivable from 324 Lease Holders of lands belonging to 10 Divisional Secretariats remained for over 10 years had been Rs.2,609,528.

- (b) The lapsed deposits in the Zonal Education Office, Horana amounting to Rs.1,159,627 as at 31 December 2014 had been retained in the General Deposits Account and bursaries amounting to Rs.25,000 for the year 2009 had been retained in the General Deposit Account without being paid to the respective students.
- (c) Money retained in hand and Tender Deposits amounting to Rs.206,741 remained in the Zonal Education Office, Matugama since the year 2011 had been retained in the General Deposits Account without being released.

2.2.11 Lack of Evidence for Audit

Unanswered Audit Queries

The replies for 11 audit queries issued to the various Ministries and Departments of the Provincial Council for the year under review had not been furnished even by 30 June 2015.

2.2.12 Non – compliance with Laws, Rules, Regulations and Management Decisions

The following non – compliances were observed.

Reference to Laws, Rules and Regulations etc.

Non – compliance

- | | |
|--|---|
| (a) Inland Revenue Act No. 10 of 2006 | In computation of Pay as You Earn Tax in respect of the years 2011,2012 and 2013 by the Provincial Road Development Authority, it was computed the Pay as You Earn Tax without being comprised the certain allowances such as Procurement and Project Allowances which are subject to taxes As such a sum of Rs. 554,209 had been under-remitted to the Department of Inland Revenue. |
| (b) Section 05 of Child Development Centre Statute No 01 of 2008 | When elapsed the 03 years period after a registration of a Child Development Centre the registration should be renewed after making a review. However action had not been taken to renew the registration of 40 Child Development Centres even though their date of registration had elapsed for more than one year period. |
| (c) Financial Regulation 571 | Action had not been taken to enquire and settle the deposits which finalised the cases out of the deposits amounting to Rs.4,230,834 deposited by 106 depositors from the year 1991 to 2011 under the Rent Act. |

- (d) Sections 09 and 10 of Chapter VIII of the Establishments Code. Even though the approval of the Secretary of the Ministry should be obtained for granting holiday pay allowances more than one day per month, a sum of Rs.3,683,920 had been paid as holiday pay for 47 officers of the Provincial Road Development Authority in the years 2012, 2013,2014 without such an approval.
- (e) Paragraph 04 of the Public Administration Circular No 13/2008 of 26 June 2008 There were instances that the higher officers who had been assigned official vehicles had used pool vehicles.
- (f) Public Finance Circular No.446 of 01 September 2010 Telephone allowances of Rs.663,653 had been paid for 39 officers who are not entitled for telephone allowances of the Provincial Road Development Authority for the years 2012 and 2013 without proper approval.
- (g) Circular No 57/75 of the Secretary of the Ministry of Education dated 05 November 1975. Even though the facility fees for Secondary Grades and Primary Grades should be charged as Rs 5 and Rs 3 per month respectively, the facility fees had been charged as Rs 5 per month from all students of the year 1 to year 13 of the Don Henry Pedrick Vidyalaya, Horana since number of years.
- (h) Circular No 2003/38 of the Secretary of the Ministry of Education dated 07 November 2003 regarding distribution of number of Teachers.
- (i) According to the number of students of the Don Pedrick Vidyalaya Horana there was an excess staff of 02 supervisory teachers and 25 teachers.
- (ii) In terms of the instructions of the paragraph 2.1.3 of the Circular, teachers involved in teaching subjects should undertake 35 periods of 40 minutes each per week and a teacher in charge of a classroom in addition to that should undertake 33 periods while a teacher involved in teaching at Advanced Level Classes should undertake at least 30 periods per week. Nevertheless it was observed that the period for library had been included when deciding minimum periods for teachers time table in Don Pedrick Vidyalaya, Horana and as such it was observed 81 periods per week had

been assigned to 14 teachers for library activities.

(i) Provincial Council Financial Rules 54

(i) Action had not been taken to recover, write off or waive off in respect of 37 losses less than 03 years, thirty one losses between 5 to 10 years and 69 losses more than 10 years valued at Rs.6,458,290, Rs.2,653,665, and Rs.4,743,843 respectively in the Provincial Department of Health Services.

(ii) The Preliminary Reports in respect of 92 vehicle accidents in which losses caused amounting to Rs.6,789,182 from the year 2008 to 2014 had not been furnished by the Provincial Road Development Authority.

3. Revenue and Expenditure Management

3.1 Revenue

According to the financial statements furnished, a summary of estimated and actual income and expenditure and variances for the year under review and the preceding year is given below.

	<u>Estimated</u>	<u>2014</u> <u>Actual</u>	<u>Variance</u>	<u>Estimated</u>	<u>2013</u> <u>Actual</u>	<u>Variance</u>
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue Relating to the Items of Provincial Council						
Tax Revenue	28,284,973,000	28,112,652,917	172,320,083	27,302,025,000	22,262,325,180	5,039,699,820
Non – Tax Revenue	2,992,291,000	2,979,181,771	13,109,229	2,815,230,000	3,259,241,399	(444,011,399)
Government Grant	14,526,099,000	13,306,497,120	1,219,601,880	11,490,501,000	11,367,755,000	122,746,000
Total	45,803,363,000	44,398,331,808	1,405,031,192	41,607,756,000	36,889,321,579	4,718,434,421

3.2 Expenditure

	<u>2014</u>			<u>2013</u>		
	Estimated	Actual	Variance	Estimated	Actual	Variance
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Expenditure						
Personal	25,341,691,399	25,119,406,935	222,284,464	22,832,178,812	22,220,542,279	611,636,533
Emoluments						
Others	<u>13,682,034,201</u>	<u>13,462,640,733</u>	<u>219,393,468</u>	<u>12,583,219,117</u>	<u>12,212,444,426</u>	<u>370,774,691</u>
Recurrent	39,023,725,600	38,582,047,668	441,677,932	35,415,397,929	34,432,986,705	982,411,224
Capital	<u>6,779,637,400</u>	<u>5,863,476,034</u>	<u>916,161,366</u>	<u>6,192,358,071</u>	<u>5,054,877,130</u>	<u>1,137,480,941</u>
	<u>45,803,363,000</u>	<u>44,445,523,702</u>	<u>1,357,839,298</u>	<u>41,607,756,000</u>	<u>39,487,863,835</u>	<u>2,119,982,165</u>

The Ratio between the Recurrent and Capital Expenditure for the year under review was 7.1

3.3 Arrears of Revenue

The particulars relating to the arrears of revenue as at the end of the year under review and preceding two years are given below.

	<u>As at 31 December</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	Rs.	Rs.	Rs.
Tax Revenue	1,149,785,270	769,607,586	1,138,048,276
Non – tax revenue	<u>5,162,163,276</u>	<u>764,074,279</u>	<u>394,127,295</u>
	<u>6,311,948,546</u>	<u>1,533,681,865</u>	<u>1,532,175,571</u>

The arrears of revenue for the year under review was brought to account without being accounted the arrears of revenue in respect of motor vehicles revenue licenses for the preceding years and as such the arrears of revenue for the year under review was increased by 312 per cent as compared with the preceding year.

4. Financial Review

4.1 Financial Results

According to the financial statements presented, there was a deficit of Rs.47,191,904 in the Provincial Council Fund for the year ended 31 December 2014 and the corresponding deficit for the preceding year amounted to Rs.2,598,542,256.

5. Authority Accounts

The following observations are made.

- (a) In terms of the Section 16 (1) of the Economic Promotion Bureau Statute, the all money taken over by the Bureau in implementation and performing its powers, functions and

activities should be credited to the Fund. Nevertheless, the money obtained from providing security services to the other institutions had been credited to a separate account from 06 July 2012 without crediting to the Economic Promotion Bureau. Further, the expenditure in respect of the Security Services Project had been made through this bank account and as such the financial control and the supervision of the project were deviated from the control of the Bureau.

- (b) According to the Section 7(2) of the Waste Management Statute Part II of Western Provincial Council No 01 of 2007, it was aimed to avoid collection of waste to the environment from urban and rural areas of the province, and make provisions required to keep clean the environment for the sake of the public as well as fauna and flora. Nevertheless, the waste receiving from local authorities and other external institutions (approximately 500 tonnes per day) had been discharged to the land Karadiyana and the revenue earned by the Authority had been about 90 per cent out of the total revenue. Despite the strong resistance made by the public and other institutions relating to the damage made to the environment due to discharge of waste improperly to the Karadiyana land, proper action had not been taken thereon.

6. Operating Review

6.1 Performance

6.1.1 Government Grant

The particulars of the provisions received for the Provincial Council Development Work Proposals and the expenditure are given below.

Source	Provisions Received	Expenditure	Under / (Over) Utilization
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	Rs.	Rs.	Rs.
(i) Criteria Based Grants	292,500,000	803,195,544	(510,695,544)
(ii) Provincial Specific Development Grants	508,000,000	1,112,290,996	(604,290,996)
(iii) Estate School Development programme	25,000,000	23,248,339	1,751,661
(iv) Programme of 1000 Secondary Schools	65,000,000	60,592,282	4,407,718
(v) Others Grants			
World Bank Aid – Education	236,684,120	335,185,948	(98,501,828)
-Health	180,000,000	154,671,552	25,328,448
New Office Complex	<u>300,000,000</u>	<u>1,080,987,461</u>	<u>(780,987,461)</u>
	<u>1,607,184,120</u>	<u>3,570,172,122</u>	<u>1,962,988,002</u>

6.1.2. Provincial Development Plan

Under Provincial Development Plan for the year under review, 7,335 work proposals at an estimated value of Rs 4,865 million for New Works and Continued Works had been approved. The progress of the work proposals according to Progress Report of the Provincial Council are given in the following table.

	New Works	Continued Works	Total Number of Work Proposals	Total Estimated Value of the Works (Rs Million)
	-----	-----	-----	-----
(a) Fully Completed	6,289	73	6,362	4,015
(b) Completed less than 50 per cent	183	-	183	130
(c) Completed more than 50 per cent	130	-	130	253
(d) Not Commenced	616	02	618	450
(e) Under Contencious Nature/ Questionable Position	42	-	42	17
	<u>7,260</u>	<u>75</u>	<u>7,335</u>	<u>4,865</u>

6.1.3. Examinations Results

The following observations are made.

- (a) The number of schools had been 26 in which the students pass rate more than 50 per cent for students who sat for the General Certificate of Education (Ordinary Level) Examination out of the 97 provincial Schools in the Minuwangoda Educational Zone. All 98 students sat for above examination in 12 schools had failed. More than 50 per cent of students had failed in 61 schools. Further 50 per cent and 46 per cent of the students who sat for the above examination had failed Mathematics Subject in the years 2013 and 2014 respectively and as such a necessity for development programmes was arised for examination results.
- (b) In 92 Provincial schools in Gampaha Educational Zone, 44.5 per cent or 2,353 students, out of 5057 students who sat for the General Certificate of Education (Ordinary Level) in the year 2014 had not qualified to follow Advanced Level subject streams and the percentage of unqualified students to follow the Advanced Levels had increased by 5.5 per cent as compared with the preceding year.
- (c) In 73 Provincial schools in Kelaniya Educational Zone only 49 per cent or 2,335 students out of 4,734 students who sat for the General Certificate of Education (Ordinary Level) in the year 2014 had qualified to follow the Advanced Level education. In comparison of the pass rate of the above examination in each school in the zone, more than 75 per cent students in 04 schools only had passed the examination. However in 35 schools that percentage was 10 per cent to 40 per cent and in 06 schools no one had passed or the pass rate was less than 10 per cent.

- (d) In 86 Provincial schools in Negombo Educational Zone, 54 per cent students out of students who sat for the General Certificate of Education (Ordinary Level) in the year 2014 had not qualified to follow General Certificate of Education (Advanced Level). Out of 1,019 students who sat for the General Certificate of Education (Ordinary Level) in 33 schools, only 181 students had passed and as such the percentage of the pass rate of the students of such schools was ranged from 0 per cent to 23 per cent.

6.2 Management Inefficiencies

The following observations are made.

- (a) The Provincial Road Development Authority had made payments of housing loans from a deposit of the bank and other loans from a General fund without making through a “Revolving Fund” when granting and recovery of staff loans. Even though an approval to maintain the balance of the fund as Rs. 5 million had been approved by a Board paper in the year 2000 it (deposit amount) had increased up to Rs. 81.5 million at present. As the payments of staff loans had been made irregularly as above, the unrecoverable loan balance due to various reasons as at 31 December 2014 amounted to Rs. 2,580,805.
- (b) Despite the unutilized Quality Inputs made available in 23 schools in Homagama Educational Zone amounted to Rs. 18,685,515, another sum of Rs. 4,830,880 had been granted in the year 2014 for such schools.
- (c) The Computer Laboratory received to the Provincial Department of Education as a donation from Indian Government had been established in a school of Kelaniya Zone which could not be easily reachable for the teachers and the officers of the schools of the all Zones within the Province. This Computer Laboratory has specific facilities which were not available in the other general Computer Laboratories had been utilized only for general computer training without utilizing for achievement of main objectives such as the way of utilizing Audio and Spoken English Softwares for Instructors of English Teaching.
- (d) A teacher of the C/ Agamethi Vidyalaya had visited abroad in 21 instances during the period from March 2007 to December 2014 without obtaining an approval to visit abroad in terms of the Public Administration Circular No. 21/2007 of 11 September 2007. It was revealed in audit that this teacher had signed the Attendance Register for certain days for such period and was paid full monthly salary for the respective period. Further, it was observed that, action taken against this teacher, principal and other responsible officers had been in a weak position for the irregularities made such as allowing him to visit abroad without approval, allowing to sign attendance register for the days of visits abroad and the payments of salaries for the period of visits abroad.
- (e) It was informed to implement the terms provided by the Co –operative Societies (amendment) Statute No.04 of 2011 of the Western Provincial Council in respect of the responsibility for monitoring of all Rural Banks and the Co – operative Societies which carried out financial services and a programme of 100 days from 15 August 2014 in terms of the instructions of National Monitoring Committee held on 07 July 2014 for Co-operative Societies. However, most of the Co-operative Societies in Colombo District had

implemented such programmes only in December 2014 while most of the Societies in Kalutara and Gampaha Districts had not implemented those programmes. Even though it should be computerized all deposits and investments under this 100 days programme, 37 banks out of 94 rural banks of Kalutara District had not commenced that programme. Further, in terms of the Circulars and instructions of the Monitoring Committee the monthly Liquidity Ratio of the rural banks should be maintained at a positive level. However it was observed that the Liquidity Ratio of the 04 rural banks of the Colombo District was at the negative value.

- (f) Action had been taken to establish 14 House Rent Boards by the Department of Commissioner of Housing with the objective of implementation of Rent Act No 72 of 1972 and to settlement of the problems remaining between tenants and the owners of the houses to safe guard the tenants. The House Rent Boards maintained in Peliyagoda, Avissawella, Battaramulla and Dehiwala – Mt Lavinia had remained idle during the year under review and as such tenants had faced severe difficulties. Therefore it was observed in audit that the objectives of the implementing of Rent Boards could not be achieved.
- (g) The qualifications of the garage owners for issuing Fitness Certificates for the trading vehicles which used for the public services had been published by the Extra Ordinary Gazette Notification No 745/11 of the Democratic Socialist Republic of Sri Lanka dated 15 December 1992. In addition to this a set of Guidelines had been issued by the Circular No. බප/මමු/2/8/18 of Commissioner General of Motor Traffic dated 01 September 2013 in issuing Fitness Certificates. Nevertheless, the requirements to be complied in the Guidelines had not been fulfilled by most of the garages registered in the Colombo District in the years 2014 and 2015.
- (h) The registered children's homes within the Western Provincial Council had been about 120. However, less than 75 Child Development Centres had applied maintenance aid annually. Even though a sum of Rs.21,500,000 had been allocated to pay maintenance aid for the year under review, a sum of Rs.2,854,444 had been saved even after a sum of Rs.1,100,000 was transferred to other Objects. The reason for this was due to not discharging the responsibility of the Probation Officers properly to motivate the children homes to apply aid and the necessary actions had not been taken to take register the children's home which were not registered.
- (i) Aids amounting to Rs.1,093,305 had been allocated for the year 2013 according to the agreement entered into between the Department of Probation and Child Care Services and a Non – Government Organization for implementation of the Projects for socialization of the children who institutionalized by granting finance aids for the welfare of the children of the Child Development Centres. Out of that, only a sum of Rs.674,753 had been utilized and as such a sum of Rs.418,552 or 38 per cent out of the allocation had remained under – utilized. Aids amounting to Rs.1,789,025 were received for the project from the year 2012 to 2014 and the project with the foreign sponsorship had been completed by 31 July 2014. But action had not been taken to obtain such a sponsorship further for this project which was a greater help for the welfare of the children.
- (j) A sum of Rs.3,941,000 was received in the years 2012 and 2013 as Aids under Unicef Project to minimize the institutionalization of the children and socialization of them, and

to grant housing aids, and to give sewing machines to the low income group families. Even though this project which was implemented since number of years was a greater help for the activities to minimize the institutionalization of the children, action had not been taken to implement this project for the future years by the management.

- (k) Without obtaining a recommendation from the Probation Officers of the North – Western Province, the Probation Officers of the Western Province had obtained court orders from for admission of the children to Malsiripura Aloka Children’s home which is administered under the North – Western Provincial Commissioner of Probation. Even though it was reported to the office of the North – Western Commissioner of Local Government that the preparing plans on education and the future security of the children were problematic, no information was revealed relating to the action taken thereon by the Western Provincial Commissioner of Probation.
- (l) A sum of Rs.1,080,000 had been spent to provide sports equipment to 50 Sports Clubs in 05 Divisional Secretariat Divisions selected from the Gampaha District and 200 Softball, Cricket Bats, 200 tins of Tennis Balls, 100 Volley Balls, 100 Volley Ball Nets and 200 Wicket Kits had been distributed in the year 2014. However, the Sport Clubs for which given respective equipment had not been registered for the year 2014.
- (m) The players of the 3 districts had been grouped and selected for training as a implementation programme from October to December 2013 targeting Commonwealth Games scheduled to be held in Sri Lanka in the year 2017 and sports kits had been purchased by spending Rs.793,575 to distribute among them before December 2013. Nevertheless, it was revealed in audit that the sports kits so purchased had been retained in the stores even by end of March 2015 without being issued.
- (n) Even though the courses proposed to be conducted during the year had been 43 according to the performance plan in the year 2014 of the Western Provincial Sports Institute, the courses conducted in the year 2014 had been 06 only. It was not paid attention to the main objectives mentioned in the performance plan such as to provide knowledge in respect of principles of the sports field, observe and take corrective measures to upgrade the sports sections which are failed so far in the Western Province, to implement knowledge competition programmes among sports clubs and interested parties within the Province and to train the trainers for disabled players and to give sound knowledge to trainers on special training for disabled players.
- (o) The well of the Wathupitiwala Hospital which was renovated in the year 2011 by spending Rs.5.5 million had not been utilized since the year 2011 as the water of the well was not suitable to consume and a sum of Rs.600,000 per month had to be paid for the water requirement of the hospital obtained from external sources.
- (p) Nine categories of drugs which had been informed to remove from use due to various reasons by the Director, Medical Supplies had been issued to indoor and outdoor patients of the Wathupitiwala Hospital.

- (q) Sub – imprests amounting to Rs.8,361,435 issued to obtain Oxygen for the Wathupitiwala Hospital and as other advances from Provincial Council Fund in the year 2013 had not been reimbursed from the Central Government even by November 2014.
- (r) According to the provisions of the Social Services Statutes of the Western Province No.03 of 2006, the homes for elders and homes for disabled persons implemented within the Western Province and all institutes which providing services for them, should be registered in the Department of Social Services. However, only 73 elders homes and 39 disabled homes had been registered up to date. Accordingly a number of unregistered elders homes and disabled homes had been operated within the Western Province but proper methodology had not been followed to get registered such institutions.
- (s) Even though the goods valued at Rs.2,157,000 had also been given to the Molligoda, Panchkarma Centre in which the works were completed as at 30 June 2014 by spending Rs.90,548,720, it had not been opened to give treatments to the patients even by end of July 2015. The reason for the delay of the treatments was that the staff for the centre had not been approved and the charges for the treatments also had not been approved, and as such it was deprived an opportunity to obtain effective and efficient indigenous medical services to the people of the Western Province were observed.
- (t) Even though the construction works of the Mahindodaya Technological Laboratory of Mathugama Mihidu Maha Vidyalaya had been completed for over one year, the activities of it had not been commenced. The materials and equipment received by the laboratory in various instances from December 2013 had been dumped in haphazard manner in various places of the Vidyalaya.
- (u) Due to delays for the instructions given to remove the drugs which failed samples and identified as substandard quality by the Circulars issued from time to time from Medical Supplies Division, drugs amounting to Rs.642,307 out of 04 categories of such type of drugs amounting to Rs.1,160,249 had been distributed to hospitals by the Regional Medical Supplies Division.
- (v) Eight hundred and forty five unauthorized occupants had occupied the state lands and reservations of the Negombo Divisional Secretariat Division from the year 1950. The land extent occupied by such unauthorized persons had not been calculated and recorded.
- (w) As the monthly and quarterly reports due from child and maternity clinics of the Kalutara District for the year 2014 had not been received, the data on the activities such as participation for clinics, mother and child nutrition, child births and deaths, maternal protection, blood tests immunization and family planning services had not been furnished at Divisional level to District level. As such it could not be updated properly the analytical information system prepared at national level.
- (x) A sum of Rs.1,031,250 had been given to Jaela, Divisional Secretary by the National Water Supply and Drainage Board in October 2001 to acquire a land in extent of 165 perches for essential constructions of Ragama Water Supply Scheme. Even though it was declared the acquiring of such lands by the Gazette Notification No 135-3 dated 30 July

2001, action had not been taken to transfer such land to Water Supply and Drainage Board even by 31 December 2014 by the Divisional Secretary.

6.3 Management Inefficiencies

The following observations are made.

6.3.1 Education

- (a) Even though Education Aids amounting to Rs.33,129,000 had been given to 5,525 students in the 40 Divisional Secretariat Divisions of the Western Province by the Provincial Department of Social Services in the year 2014, this education aids had also been given by the Western Provincial Probation and Child Care Services as well. Accordingly it was observed that the expenditure had been incurred by the two institutions for the same purpose.
- (b) A sum of Rs.9,936,758 had been given to 128 schools in the Matugama Educational Zone for Execution of School Based Projects in the year 2013. Even though the projects had been implemented in 92 schools out of that by spending Rs.4,445,755 , no project whatsoever had been carried out in 36 schools.
- (c) It was revealed that 30 students out of 194 students of a school in Colombo District cannot read and write and 17 students out of them were obtaining Secondary Education.
- (d) Action had not been taken to utilize the total sum of Rs.1,431,734 comprising Rs.479,955 granted in the year under review for quality inputs to Horana, Mihindu Madya Maha Vidyalaya and the balance available amounting to Rs.951,779 in the preceding years.

6.3.2 Health

- (a) A continuous shortage of drugs had remained in the Gampaha District Hospital due to non – receiving of 05 categories of drugs which estimated value of Rs.1,833,148 and 1,532 categories of injections required for the Hospital for the year 2014,
- (b) Sixteen cylinders with oxygen supplied to the hospital about 05 years ago had remained idle without being utilized due to surgical operations of the Meerigama Base Hospital had not been carried out and had retained those in the stores without sending them to another hospital. Further, those physical resources had not been utilized due to lack of Specialist Medical Officers in the hospital though availability of fully equipped Operations Theatre and wards with other staff in the hospital.
- (c) Under the Triposha Distribution Programme implemented as a programme for reduce mal – nutrition, the identified persons entitled to obtain Triposha for the months of January, March, April, June and December in the Meerigama, Medical Health Officer's Division had been 9,599. However, Triposha for the above months had been given only for 4,987 persons. While Triposha had not been received by 4,612 under weight infants/ pregnant mothers.

- (d) Six hundred and ninety five 40% Dextron 500ml bottles valued at Rs.1,211,017 had remained in the Gampaha District Hospital without being utilized.

6.3.3 Others

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- (a) As number of forged revenue licenses were revealed in audit it was ensured that there was a racket of issuing forged licenses by taking cash from public giving false information by brokers to the customers who arrive to obtain Motor Vehicle Revenue licenses. Therefore, a large amount of revenue was not received by the Provincial Council due to forged licenses were obtained by the public. Even though such type of licenses were issuing for a number of years, no action whatsoever had been taken to implement a methodology to inform the public about this type of brokers are loitering around the office. Legal actions had not been taken against for such type of licenses identified by the responsible officers.
- (b) The construction works of the Ambepussa Proposed Training Centre under an estimate of Rs.914 million had been given to Provincial Road Development Authority of which had not a technical knowledge about the building constructions on a decision of Provincial Cabinet of Ministers. The activities such as preparing plans / estimates relating to the construction had been given to a private Architect by the Road Development Authority and a sum of Rs 60 million had been paid to Provincial Road Development Authority during the months of August and October 2013 by the office of the Chief Secretary as preliminary expenditure and consultancy fees. Even though a sum of Rs.27,563,866 had been incurred out of that amount by the Authority, the site clearing only had been done without commencing the relevant constructions and a cultivation had been commenced in the land at present.
- (c) The Value Added Tax Registration numbers and names of the contractors mentioned in the contract invoices had not been confirmed from the Department of Inland Revenue when paying Value Added Tax to contractors by Provincial Road Development Authority. As such it was revealed in audit that sums of Rs.3,895,579 and Rs.6,649,684 had been paid to 25 contractors named as inactive VAT holders in the year 2013 and 2014 respectively by the Department of Inland Revenue.
- (d) Due to non – adequacy of the existing land in extent of 04 acres belonging to Sports Institute to build a new premises for Provincial Sports Institute and a new Sports Complex the acquiring activities of a surrounding land extent had been carried out from the year 2009. The approval of the Provincial Cabinet of Ministers had been received in June 2012 for that purpose and a sum of Rs.10,483,000 had been deposited with the Divisional Secretary, Maharagama. Actions to possess the land had been carried out before acquire the land and that had been published in the Extra Ordinary Gazette No 1876/32 dated 20 August as well. As action had been taken without a sound plan and due study it had to be made a deposit of huge amount to the Divisional Secretary more than already deposited and arised a necessity of huge amount to pay compensation, requirement of money at least about Rs.150 million to construct netball and volleyball courts in the Indoor stadium and non-allocation of provisions thereon and as such this activity had remained in an uncertain position.

6.4 Matters of Contentions Nature

The following observations are made.

- (a) The directives should make without make any damage to the powers vested by Act No.21 of 2006 of Registration of Private Medical Institutions and 09 matters on which should make directives had clearly been shown in Section 18(2) of this Act. But except those matters it was stated in the Extra Ordinary Gazette Notification of Democratic Socialist Republic of Sri Lanka dated 22 March 2007, the income receivable to the Provincial Council should possess by the Private Health Services Monitoring Council without complying the powers to collect revenue of each Provincial Director of Health Services according to the Section 3(5) of this Act. Further, according to the above Gazette Notification, receivables to the Provincial Council as Registration fees of Private Medical Institutions amounting to Rs.4,654,500 for the year 2014 had not been recovered.
- (b) According to the State Fiscal Policy Circular No.01/2010 dated 29 December 2010 of Ministry of Finance and Planning, 70 per cent of the income from motor vehicles registration fees collected by Commissioner General of Motor Traffic should be transferred to the Provincial Councils. A sum of Rs.781,592,645 as 70 per cent of the income collected as above by the Department of Motor Traffic for the year under review should have been received by the Provincial Council . Nevertheless, the Commissioner General of Motor Traffic had retained a sum of Rs.7,815,926 as one per cent as incentive allowance without being given any acceptable reason.
- (c) An allowance of Rs.12,500 per month had been paid from 01 July 2010 to the Secretary of the Governor on the approval of the Governor for carrying out duties which should be carried out by the Secretary of the Governor relating to the functions assigned by the Annual Financial Statement to the Governor.

6.5 Apparent Irregularities

As the vehicle belonging to Provincial Road Development Authority valued at Rs.2,500,000 met with an accident in January 2013, the respective vehicle had been handed over to a private institution in July 2013 for repairs with a sum of Rs.331,290 which reimbursed from the Insurance Company. But action had not been taken to obtain the vehicle after completing the repairs even by 11 May 2015. It was revealed at the physical examination carried out on 11 May 2015 that the garage had discontinued from that place and proper action had not been taken to obtain the vehicle by the Authority.

6.6 Idle / Under – utilized Assets

Five Refrigerators and 2 Deep Freezers had remained idle in the Regional Medical Supplies Division, Kalutara since several years without being utilized and 2 guard rooms and a drivers lobby which had been completed the constructions with the stores had not been utilized.

6.7 Un – economic Transactions

The following observations are made.

- (a) A sum of Rs.14,475,114 had been approved for Development of Ambepussa Tourist Farm and Construction of Environment Friendly Housing line under Provincial Development Grants (PDG) in the years 2012, 2013 and 2014 and a sum of Rs.14,028,349 had been spent by the end of the year 2014. Even though it was constructed cabanas with a single room and tourist housing line (storied building with three rooms), no environmental evidence whatsoever for the attraction of local and foreign tourists had been in the Ambepussa Agri Training Centre and Surroundings.
- (b) The functions had been organized to hold Felicitation Ceremony of ‘Supasan Guru Abimani’ of the year 2012 in December 2013 and it had been postponed in 3 instances. An expenditure of Rs.950,510 had been incurred for the various functions of the ceremony as at the end of December 2014.
- (c) A motor vehicle in good running condition purchased at Rs.1,230,000 in December 2006 by the Engineering Bureau had been disposed of after running 89,195 kilometers for a sum of Rs.1,168,800 under disposal of vehicles older than 10 years through the tender procedure.
- (d) A Deputy Principal of a school in Minuwangoda Educational Zone had been attached to the Minuwangoda Teachers Centre from 23 January 2014 to 09 March 2015 without being given any duty assignment and a sum of Rs.466,116 had been paid as salaries and allowances for such period.
- (e) It was reported that a cab vehicle valued at Rs.5,250,000 purchased for the Regional Health Office, Kalutara in December 2010 had some defects since running after 500 kilometers. According to the Defect Liability Certificate issued by the manufacturing Institute, it was given two opportunities a special maintenance period of 4 years or 150,000 kilo meters what ever come first. However, a sum of Rs.511,508 had been paid for the repairs done during that maintenance period.

6.8 Transactions without Authority

The following observations are made.

- (a) A sum of Rs.2,498,070 had been spent for providing office equipment to the Palindanuwara Pradeshiya Sabha by the Department of Local Government under Provincial Specific Development Grant. It was observed some deficiencies such as non – calling quotations, non – preparation of specifications and the bill of quantities for required equipment, non – preparation of cost estimate properly when purchases made by the Pradeshiya Sabha in terms of the Pradeshiya Sabha Rules 1988 (finance and administration) and 212 chairs out of 220 Auditorium chairs purchased had not been utilized.
- (b) According to the Budget proposals 2012, the Professional Allowance approved at the rate of Rs.15,000 per month from January 2012 for the officers of Sri Lanka Engineering Service in terms of the Public Administration Circular No 28/2011 dated 12 December 2011 had also been paid for the officers of Western Provincial Council Accordingly, a

sum of Rs.11,340,000 had been paid as Professional Allowance to 23 Engineers of the Provincial Road Development Authority from January 2012 to December 2014. However, it was observed in audit that the Engineers of the Provincial Road Development Authority are not belonging to the Sri Lanka Engineering Service.

6.9 Identified Losses

The following observations are made.

- (a) A major quantity of Drugs and Injections of 36 categories valued at Rs.1,984,032 in which quality failed and informed to remove as outdated drugs by the Medical Supplies Division had been retained in the drug stores of the Wathupitiwala Hospital.
- (b) A sum of Rs.322,186 had been paid to a contractor for renovation work of the ceiling of Maternity and Child Clinic of Atulugama belonging to the office of the Medical Health Officer, Bandaragama. Due to collapsed of such ceiling a sum of Rs.126,058 had been paid to another contractor to renovate it again. As the money had been paid without checking the work done of the first contractor a sum of Rs.126,058 had to be incurred again.
- (c) Drugs units of 17,659 of 51 categories which the value could not be ascertained had retained in the wards and the stores of the Base Hospital, Kiribathgoda were outdated.

6.10 Deficiencies in Contract Administration

Hundred and fifty eight Road Development Projects belonging to Provincial Road Development Authority valued at Rs. 05 Billion had been awarded to 03 private contractor companies as 26 projects under package system through 04 Executive Engineers Divisions of Gampaha District. In examination of each package it was observed that no project what so ever had been completed during the period given in terms of the agreement and action had not been taken to recover the delay charges of Rs.365,946,701 that should be recovered on such contracts in terms of the agreements. Further, a sum of Rs.768,712,195 had been paid as work advances for these projects but advance bonds had not been obtained for advances of Rs.342,392,734 out of such advances.

6.11 Weaknesses in Implementation of Projects

The following observations are made.

- (a) A sum of 1,000,000 had been paid to Multi-purpose Co-operative Society ,Maharagama for the Infrastructure Facilities Development Project of the Egodawatta Rural Bank Building belonging to Multi-purpose Co-operative Society Maharagama. According to the Circular No. FC/3/2/2014 of Finance Commission dated 01 October 2013, it should not be provided direct grants or other resources for Co-operative Societies which carry out commercial activities, contrary to that direct grants had been given to this society. Despite the project not commenced, payments at the rate of Rs.500,000 had been paid in two instances and one cheque had been brought to the revenue after 6 months. However, action had not been taken to recover Rs.500,000 which paid at the beginning as the non – implementation of the project.

- (b) A sum of Rs.7,482,295 had been spent for providing equipment to the persons who carrying out flower cultivation as a self employment and sets of equipment had been given to 220 beneficiaries as one set for each beneficiary valued at Rs.33,000. At the physical examination carried out in respect of 11 beneficiaries in 04 Agri Instructor's Offices in Gampaha District, it was revealed no beneficiary had commenced self employment utilizing such equipment even by 15 May 2015.
- (c) Constructions of a accident unit building for Base Hospital, Kiribathgoda had been commenced in the year 2006 and a sum of Rs.37,259,645 had been spent for its constructions and other activities under 08 projects at the end of the year 2014. As the relevant works had not been completed even by July 2015, obtaining benefits for the public from the sum spent had been further delayed.

6.12 Staff Administration

6.12.1 Approved and Actual Cadre

Information relating to approved and actual cadre of the Provincial Council as at 31 December 2014 is given below.

(a) Provincial Ministries, Departments and Institutions

	Approved Actual Cadre	Actual Cadre		
		Permanent	Casual/ Replaced/ Contract/ Temporary	Number of Vacancies
Senior	2,804	2,598	17	206
Tertiary	699	391	02	308
Secondary	11,232	9,236	127	1,996
Primary	5,102	5,035	23	67
Contract	13	-	-	13
Temporary	14	-	14	-
Total	<u>19,864</u>	<u>17,260</u>	<u>183</u>	<u>2,590</u>

(b) School Staff

	Approved Cadre	Actual Cadre	Number of Vacancies	Excess Cadre
Principals	1,732	1,226	506	-
Teachers	34,374	34,897	-	523
Minor Staff and office Assistant Staff	3,681	3,334	547	-
	<u>39,787</u>	<u>39,457</u>	<u>853</u>	<u>523</u>

(c) Local Government Institutions

	Approved Actual Cadre	Permanent	Actual Cadre Casual/ Contract/ Temporary	Number of Vacancies
Senior	535	356	37	179
Tertiary	345	161	-	184
Secondary	6,102	4,536	131	1,566
Primary	14,459	12,664	554	1,795
Contract	15	-	13	02
Temporary	20	-	15	05
Total	<u>21,476</u>	<u>21,441</u>	<u>750</u>	<u>3,731</u>

(d) Institutions Established by the Statutes

	Approved Cadre	Actual Cadre	Number of Vacancies	Excess Cadre
Senior	77	47	30	-
Tertiary	95	73	22	-
Secondary	495	442	53	-
Primary	643	620	23	-
Casual / Contract	-	54	-	54
Total	<u>1,310</u>	<u>1,236</u>	<u>128</u>	<u>54</u>

The following observations are made.

(a) Education

- (i) Two hundred and sixty one Primary Teachers were redundant at the schools in 3 Divisions of Homagama Zone and there were 151 Primary Teachers vacancies in 25 schools in the Western Province.
- (ii) There were 62 vacancies in Principals posts and 116 vacancies in Deputy / Assistant Principals posts in the schools of Minuwangoda Education Zone.
- (iii) Eleven School Aids who should be assigned to schools in the Horana Zone had been deployed in the service of the Zonal Office.
- (iv) The teachers of Sri Lanka Teachers Service had been appointed as acting Principals for 24 schools of Horana Zone.
- (v) The overall vacancies of teachers in 02 National Schools and 129 Provincial Schools of the Matugama Zone amounted to 487 and out of that vacancies of teachers for Grades 1 to 5 had been 320.
- (vi) Teachers of Sri Lanka Teachers Service had been appointed to cover – up duties of Principals posts for 35 schools out of 158 schools of the Matugama Zone.

(b) Health

- (i) The patient care services of the Wathupitiwala Hospital had not been carried out properly due to vacancies of the hospital cadre and as such it was reported 22 and 10 sick children due to suffocation in birth in the years 2012 and 2013 respectively and also it was reported 2 and 5 deaths respectively due to that reason.
- (ii) According to the Approved Cadre and the Actual Cadre of the Meerigama Base Hospital, 42 vacancies including 03 Specialist Medical Officers and 07 Medical Officers including a Paediatrics Medical Officer and other staff had existed. As such patient care services had not been carried out properly.

(c) Others

- (i) A considerable amount of retired officers who employed in various posts inclusive top management posts in the Ministries and Departments of the Provincial Council had been employed on contract basis with obtaining the approval of the Governor / Provincial Cabinet of Ministers and the acting officers for the vacant posts had been continuously appointed.
- (ii) Even though there was not a post of Accountant in the approved cadre for the certain Departments/ Regional Offices of the Provincial Council, the Accountants of other offices had been appointed to such Departments/ Regional Offices on the

basis of acting/ covering up duties with the approval of the Governor and the allowances had been paid.

- (iii) Even though the posts of the Secretaries in a considerable amount of Local Authorities had been vacant, officers had been appointed for acting without taking action to fill vacancies.

6.13 Vehicle Utilization

Even though all parts including Engine, clutch, gear box system of a double cab belonging to the Department of Local Government had been replaced in the year 2012 by spending Rs.399,662, a sum of Rs.397,713 had been incurred too in the year 2014 for repairs of the cab after running 59,412 kilometres by replacing all parts including engine, clutch and gear box. As a full repair had to be carried out within a short period due to non – completing the first repair properly, a loss of Rs.397,713 had been incurred.

6.14 Bank Accounts

The following matters were observed in respect of maintenance of bank accounts.

- (a) The value of the unrealized deposits of 05 bank accounts of 05 institutions older than 06 months amounted to Rs.21,685,191.
- (b) Action in terms of Financial Regulation 396 had not been taken on 135 cheques unrepresented to the bank for payments aggregating Rs.2,624,961 relating to 11 bank current accounts of 06 institutions.
- (c) The unidentified debits and unidentified credits in respect of 09 bank current accounts of 05 institutions amounted to Rs.3,750 and Rs.2,909,556 respectively.

6.15 Supervision over the Affairs of the Local Authorities

- (a) In pursuance of provisions in Section 4.2 of the Ninth Schedule to the 13 Amendment of the Constitution of the Democratic Socialist Republic of Sri Lanka, the supervision of the Local Authorities of the Province had been devolved on the Provincial Council. However a proper methodology had not been implemented to supervise the Local Authorities and the matters revealed during the course of audit were brought to the notice of the Heads of the respective Local Authorities. Further, information relating to the instances of Disclaimer of Opinion and Adverse Opinion expressed on the accounts of the Local Authorities by the Auditor General for the year under review and 04 preceding years are given below.

Year	Number of Local Authorities Subjected to Audit (Financial Statements)	Number of Local Authorities for which disclaimer of Opinion (Financial Statements)	Number of Local Authorities for which Adverse Audit Opinion Expressed (Financial Statements)
2010	48	13	-
2011	48	20	-
2012	48	26	-
2013	48	04	25
2014	47	05	04

- (b) According to the particulars presented to audit as at 31 December 2014 the arrears of revenue of 47 Local Authorities amounted to Rs.3,112,176,951.
- (c) According to the surcharges imposed against officers of the Local Authorities / others by the Auditor General, the value of the surcharges to be recovered as at 31 December amounted to Rs.31,066,379.
- (d) An adequate audit had not been carried out in the Local Authorities.
- (e) Replies for 285 audit queries had not been furnished, out of the audit queries issued up to 30 June 2015 on the deficiencies observed in the Local Authorities.
- (f) The reports of the Investigation Officers in respect of the examination of offices of the Local Authorities to be carried out half yearly had not been furnished to the Auditor General and as such it could not be examined that the updated verification of offices had been carried out.

7. Accountability and Good Governance

7.1 Internal Audit

The Internal Audit Programme of the Provincial Council had not been furnished to audit.

7.2 Audit and Management Committees

The operations of the Audit and Management Committees of the several Ministries and the Departments of the Provincial Council had been at a weak level.

7.3 Procurement Plan

Six Provincial Ministries and Departments had not prepared Procurement Plans for the year under review.

7.4 **Tabling of Auditor General's Reports**

The position of the tabling of Auditor General's Reports in the Provincial Council in respect of financial statements of the Western Provincial Council for the preceding years, in terms of the provisions of the Section 23(2) of the Provincial Council Act No 42 of 1987 is given below.

Year	Date of the Report Issued	Date of the Report Tabled
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2009	26.10.2010	08.01.2013
2010	16.01.2012	22.05.2012
2011	28.02.2013	03.12.2013
2012	27.08.2014	Not tabled
2013	31.12.2014	Not tabled

7.5 **Unresolved Audit Paragraphs**

- (a) The bus stand of the Homagama, constructed by the State Engineering Corporation under a cost estimate of Rs.68,597,020 had been opened on 21 November 2012 and the operations of the buses had been commenced on 10 December 2012. Nevertheless, due to slipped away the bus stand within a week, the buses could not be entered into the bus stand. Even though this position had been pointed out by my report for the year 2012 the bus stand had not been taken into normal position even by 15 July 2015.
- (b) A vehicle had been obtained on hiring basis and without following the tender procedure and without having a hiring agreement by the office of the Chief Secretary and rentals at the rate of Rs.40,000 per month had been paid from June 2009. However, no evidence whatsoever had been furnished to confirm that the vehicle had been entered into the office premises. Even though this position had been pointed out by my report for the year 2012, remedial actions had not been taken up to date.
- (c) The subjects of Finance and Planning, Law and Peace, Public Administration and Economic Development which assigned to the Chief Minister by the Annual Financial Statement from the beginning of the Provincial Council had been transferred to the Chief Secretary with the approval of the Governor in May 2009. In this context conducting of meetings of the Cabinet of Ministers and issuing Cabinet Memorandums which were included in the scope of the Secretary of the Chief Minister had been assigned to the Chief Secretary. As the Chief Secretary is representing the Provincial Public Accounts Committee as the Secretary of the Provincial Treasury, it was not suitable that operating meetings of the Cabinet of Ministers and keep signatures. It was accepted by the Secretary of the Governor as well that it was not a suitable situation. Even though it was pointed out in my report for the year 2011, action had not been taken to correct it up to the date.

7.6 **Discharge of Environmental and Social Responsibility**

Ninety four industries which hazardous to the environment and the health of the people and as well as dangerous and unpleasant, had been established in the area of the Regional Medical

Health Office, Meerigama. Even though it was revealed that there were no lavatories for 973 houses and there were non – health conditional lavatories for 448 houses, the solutions had been taken at very slow position. Further, the problems relating to the 5,330 unprotected houses constructed in the area also were remained at without solutions.

8. Systems and Controls

Special attention is needed in respect of the following areas of systems and controls.

- (a) Accounting
- (b) Revenue Management
- (c) Provincial Council Development Plan
- (d) Supervision of Local Authorities
- (e) Staff