

Uva Provincial Council -2017

The audit of financial statements of the Uva Provincial Council for the year ended 31 December 2017 comprising statement of financial Position as at 31 December 2017 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.

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 Auditing 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 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 management, 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 Uva Provincial Council as at 31 December 2017 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

The Provincial Council Fund Account for the year under review had been presented to audit on 31 March 2018.

2.2.2 Other Accounts

The progress of presentation of other accounts of the Provincial Council for the year under review as at 31 March 2017, is given below.

		Relating to the year 2017			
		Total	Number of	Number of	Number of
		Number of	Accounts	Accounts	Accounts not
		Accounts	Presented	not	Presented
				Presented	Relating to the
					preceding years
		-----	-----	-----	-----
(i)	Appropriation Accounts	29	29	-	-
(ii)	Advances to Provincial Public Officers Accounts	29	29	-	-
(iii)	Revenue Accounts	01	-	01	-
(iv)	Commercial Advance Accounts	08	07	01	-
(v)	Other Fund Accounts	10	10	-	-
(vi)	Statute Accounts	02	01	01	01
(vii)	Provincial Council Members Advance Account	01	01	-	-
		-----	-----	-----	-----
		80	77	03	01
		====	====	====	====

2.2.3 Accounting Deficiencies

The following accounting deficiencies were observed.

- a) Identifying the value of lands of the 18 institutions of the uva provincial council not bring to accounts while the lands value of Rs.24,200,290 shown in the financial statements had not been assessed by the professional qualified assessors.

- b) Value of the construction work in progress shown in the Appropriation Account of institutions amounting to Rs.22,619,409 had not been disclosed as work in progress in the financial statements.
- c) A sum of Rs.219,410,000 had been shown work in progress in financial statements relating to 09 institutions had not been shown as non-current assets in the Appropriation Accounts.
- d) Provision for depreciation had been made for the items valued at Rs.122,944,163 in non-nature of fixed assets according to the Appropriation Accounts, therefore, depreciation for the year under review amounting to Rs.2,474,350 had been over accounted.
- e) The value of library books belongs to the various institutions of the uva provincial council being identified and not stated in the financial statements.
- f) The Nature of intangible assets and stock belongs to the institutes of the uva provincial council at the end of the year under review being identified and not disclosed in the financial statements.
- g) Receivable income under the land ordinance at the end of the year under review not calculated correctly and it shown in financial statements as Rs.45,806,655 while according to the revenue Accounts of the Land Commissioner's Department it was Rs.12,974,607 thus a difference of Rs.32,832,048 was observed.
- h) A sum of Rs.51,583,766 and Rs.44,424,103 respectively receivable stamp fees and turn over tax at the end of the year under review and value of stamp fees and court fines payable to the local government institutes being identified and not shown in the financial statements.

- i) A sum of Rs.160,378 receivable to the Uva Management Development Institution for holding of training programmes at end of the year under review not shown in the financial statements.
- j) Payable expenses amounting to Rs.1,124,549 as at end of the year under review not shown in the financial statements owing to that expenditure for the year and current liabilities had been shown in understated by that amount.
- k) Depreciation Reserve Accounts relating to the commercial advance accounts had not been disclosed in financial statements.
- l) Non identify the interest on lease rental of the year under review a sum of Rs.76,546,578 had been accounted as a expenditure on lease rental and value of interest installments of the lease rental expenditure for the year therefore had been overstated by Rs.71,818,216.
- m) The value of net lease rental installments to be paid for the year 2018 should be shown as creditors as lease rental in the financial statements for the year under review but gross lease rental value had not been disclosed in the financial statements.

2.2.4 Unreconciled Control Accounts

- (a) Value of 04 items shown in the consolidated financial statements not compared with the value shown in the Appropriation Accounts of that institutions.
- (b) Commercial advance accounts prepared by 03 institutions payable balance as at 31 December 2017 not recorded but according to the consolidated financial statements a sum of Rs. 7,769,811 was to be settled as balance of advances.
- (c) A sum of Rs.159,444 and Rs.532,837 shortages and excesses respectively was observed in 04 items each, between the information system on drugs of the office of the Badulla Regional Health services Director office and the actual balance.

- (d) Receivable rates and other income according to the financial statements of the local government institutions for the year under review and for the previous years amounted to Rs.266,263,635 but according to the schedules of arrears income presented by the Department of Local Government it was Rs.238,233,224 thus there was a difference of Rs.28,030,411.

2.2.5 Imprest Accounts

The unsettled imprest balances in respect of 16 institutions including 04 Divisional Secretariat in the Uva Provincial Council consolidated financial statements as at 31 December 2017 amounted to Rs. 50,844,567. As at 31 March 2018 it was Rs. 47,446,168.

2.2.6 General Deposit Accounts

According to the age analysis of the general deposit balances as at 31 December 2017 the unsettled deposit balance as per financial regulations 571 belonging to 23 institutions was Rs.52,465,386. That balance as at 15 July 2018 was Rs.45,512,383.

2.2.7 Advances to Provincial Public Officers Account

The following matters were observed.

- (a) The loan balances totalling Rs.84,472,501 recoverable from the officers transferred out, deceased, retired, interdicted and vacanted posts in Ministries, Departments and offices of the Uva Provincial Council and loan balances totalling to Rs.34,740,786 not settled the officers transferred from Ministries, Departments and 15 offices. That balance was Rs.81,990,217 and Rs.34,717,843 respectively as at 15 July 2018.

(b) The minimum credit limit had not been reached by Rs.164,317 in the advance to Provincial public officers account of the Uva Province Ministry of Health, Indigenous medicine, probation and childhood and women affairs and social welfare but limit of maximum debit balance had been exceeded by Rs.280,224.

2.2.8 Accounts Receivable

(a) Seeds Potatoes Account

According to the recoveries in the preceding year and during the year under review it was observed that, the recoveries had not been made systematically.

(b) Loss of the Salaries Money in the Department of Agriculture

A period over 11 years had elapsed for the salary fraud occurred in the Department of Agriculture, and the unsettled balances shown in the financial statements as at 31 December 2017 amounted to Rs. 440,990.

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

The following instances of non-compliances were observed during the course of audit.

Reference to Laws, Rules and Regulations	Value	Non-compliance
	Rs.	
(a) Establishment Code of the Democratic Socialist Republic of Sri Lanka -----		
(I) Chapter XII Section 24.1		Vocation leaves had been obtained by 10 teachers from the year 2014 upto the year 2017 of the B/Sri Sanghabodi Vidyalaya in the school time.

(II) Chapter XXIV Section 3.5

The loans had been paid exceeding the limit of 40 per cent of the total deduction from monthly salary for the teachers and other 7 officers of the B/Sri Sanghabodi Vidyalaya

**(b) Uva Provincial Council
Financial Rules**

(I) Rule 170.2.4

869,600

A sum of Rs.869,600 received from Non-government organization for holding training programmes for the members of the Uva provincial local government institutions and community boards had not been reported to the Provincial Treasury.

(II) Rule 371

145,000

Advances had been paid to external parties in 7 instances for procurement of goods and services by the B/Sujatha Vidyalaya

(III) Rule 705

The contractors' Evade Responsibilities Register had not been maintained by the chief secretary and details of each had not been reported once in 6 month to the Accounting Officers and Chief Accounting Officers.

(IV) Rule 708.1

Even though, the committee officers should be signed saying their agree or disagree for the decision of the procurement committee at the end of the procurement meetings quickly but

procurement decisions 06 and 03 of the Badulla Provincial Health Service Director's office and Mahiyangana base hospital respectively had not been signed by the committee members.

**(c) Public Administration
Circulars**

(i) No. 30/2008 dated 31 327,000
December 2008

Although the maximum limit of distress loan can be paid to a public servant is Rs.250,000 but exceeding that limit distress loan had been paid to a officer in the Department of Provincial Health Services.

(ii) No. 30/2016 dated 29
December 2016

Testing of fuel combustion had not been carried out for vehicles 54,07,01 and 13 respectively belongs to the Badulla regional Health Services Director Office Department of Probation and Child care, Department of Social Services, Ministry of Sports, Youth Affairs, Tourism Cultural, Textile Industry and small Industries.

(d) Procurement Guideline

(i) Section 2.9.2

A register had not been maintained for enter the arrival and departure of the Procurement Committee members and Technical Evaluation Committee members.

(i) Section 4.2

Procurement plan had not been prepared by the offices of Deputy Chief Secretary (Engineering services), Department of Health Services Director office and Mahiyanganaya Base hospital.

(ii) Section 8.9.1

Even though, a written agreement should be approach for the contract works which exceed Rs.250,000 but repairs for 03 vehicles at the Health Services Department had not been made into a proper agreement.

(e) Other Circulars

No. 7/2013 dated 28 November 2013 of the Secretary of the Education Ministry.

Four months accounts reports had not been presented by 108 schools in Badulla education zone for the year 2017 for planning and procurement relating to systematic school base qualitative, materiality and structurally development.

3. Revenue Management

The following matters were observed.

- (a) The enactments had not been passed in connection with 13 revenue objects assigned to the provincial councils of the constitution of the Democratic Socialist Republic of Sri Lanka while 06 income objects had not been included into the 2017 financial statements.

- (b) Revenue accounting officers had not been appointed in connection with revenue objects of Uva Provincial Council financial rules 82 of the financial rule and identify the revenue to the assessed as per financial rule 142.1, the revenue estimates had not been assessed for the year 2017.
- (c) Twenty one revenue objects included in to the estimated revenue estimates for the year 2017, relevant estimated revenue had not been shown.
- (d) Specific procedures had not established to development the revenue which collect from 04 occasions implemented by the Uva Provincial Council.
- (e) Qualified Professional assess had not been obtained in respect of recovery of additional stamp fees for reassessed made by the Provincial Commissioner of Revenue for the transfer of freehold properties when recovery of stamp fees for instrument as per the section 37 of the financial enactment of Uva Province No.08 of 1990.
- (f) Even though Provincial Revenue Incentive Fund should be established as per the section 104(a) of financial enactment of Uva Province No.08 of 1990 a sum of Rs.11,490,063 had been paid as incentives for the officers in Provincial Department of commissioner revenue for the years 2010, 2011, 2015 and 2016 without passing a enactment and establishment of the Fund.
- (g) Even though, textile credit sales of the Industrial Development Department should be recovered in equal 08 installments, the arrears credit sales was amounting to Rs.2,842,145 as at 31 August 2017. There by a sum of Rs.2,255,811 or 80 per cent had been exceeded over 10 years.

4. Financial Review

4.1 Financial Results

According to the financial statements presented, the operations of the Provincial Council Fund for the year ended 31 December 2017 had resulted in a deficit of Rs. 207,181,480 as corresponding deficit was Rs. 660,587,282 for the preceding year.

4.2 Revenue and Expenditure

According to the financial statements presented a summary of Revenue and Expenditure for the year under review and for the preceding year is given below.

	2017			2016		
	Budgeted	Actual	Variance	Budgeted	Actual	Variance
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Income relevant to Provincial Council Objects						
Tax Income	3,068,195,000	2,925,591,682	(142,603,318)	2,232,715,000	2,616,124,142	383,409,142
Non Tax Income	371,805,000	561,658,971	189,853,971	452,285,000	680,585,806	228,300,806
Government Grants	18,820,751,000	19,456,886,980	636,135,980	20,294,797,000	18,587,838,770	1,706,958,230
	22,260,751,000	22,944,137,633	683,386,633	22,979,797,000	21,884,548,718	2,318,668,178

	2017			2016		
	Budgeted	Actual	Variance	Budgeted	Actual	Variance
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Recurrent Expenditure						
Personnel	15,196,717,000	16,505,876,088	(1,309,159,088)	15,094,448,000	15,952,243,721	(857,795,721)
Emoluments						
Other Recurrent	4,141,994,000	3,563,043,189	578,950,811	3,840,389,000	3,433,634,055	406,754,945
Sub Total	19,338,711,000	20,068,919,277	(730,208,277)	18,934,837,000	19,385,877,776	(451,040,776)
Government	2,993,750,000	3,390,850,109	(397,100,109)	3,569,960,000	2,998,153,309	571,806,691
Investments						
Total	22,332,461,000	23,459,769,386	1,127,308,386	22,504,797,000	22,384,031,085	120,765,915

The total revenue for the year amounted to Rs.22,944,137,633 and out of that, a sum of Rs.19,456,886,980 was government grants. Out of the capital income a sum of Rs.561,658,971 or 2 per cent was non tax income. Out of the total income a sum of Rs.20,068,919,277 or 85 per cent for the recurrent expenditure a sum of Rs.3,390,850,109 or 15 per cent for government investments had been utilized. A sufficient income had not been collected from the income objects which in assigned to the Provincial Councils as per the amendments made to the 13 Constitution of constitution of 1978.

5. Legal Incidences

Four identified cases entrusted against the Uva Provincial Council had not been disclosed in the financial statements.

6. Fund Accounts and Commercial Advance Accounts

6.1 Fund Accounts

6.1.1 Uva Province Governor's Fund

Management Inefficiencies

A sum of Rs. 10,000,000 had been allocated for the Governor's Fund by annual financial statements for the year review out of the estimated provision in obtaining additional allocations was 72 per cent. The balance Provision at the end of the year was 20 per cent of the net allocation. It was observed that beginning of the year according to a proper plan attention had not been paid for objectives mentioned in the statute of the Uva Province Governor's Fund of No.2 of 1993, No proper methodology for in selecting beneficiaries, the requested had not been identified according to a prior plan when the allocation of provisions made in the financial statements.

6.1.2 Uva Navodaya Fund

Performance

The money had been invested in the Fixed Deposits amounting to Rs.27,474,518 as at 31 December 2017 in the People's Bank branches in Welimada and Badulla without achieving the following general objectives states in the Uva Navodaya Fund Statute No. 01 of 1992.

- (i) Providing financial assistance for requisites of the students in the province who are studying in higher education such as in universities, Technical colleges or equivalent to other educational institutions.

- (ii) The students who are show talented in sports to increase the progress by providing financial assistances and scholarships.

6.1.3 Uva Enterprises Development Fund

The following matters were observed.

- (a) Uncomparisons
-

Although a sum of Rs.9,250,000 had been debited is the Debtor Account – regional Development Bank during the year under review but according to the loan report as at 31 December of that bank it was Rs.8,200,000 reason to that a difference of Rs.1,050,000 was observed.

- (b) Receivable Accounts
-

Motor bike loan amounting to Rs.129,101 in arrears period was 08 years it had not been recovered even as at 31 December of the year under review.

- (c) **Non-compliance with Laws, Rules, Regulations and Management Decisions**
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The following non - compliances with Laws, Rules, Regulations and Management Decisions were observed.

Reference to Laws, Rules Regulations and Management Decisions	Non- compliance
-----	-----
(a) Financial Rules of the Uva Province 133.3 and 133.4	A sufficient internal audit had not been carried out in relating to the transactions of the Fund.

- (b) Uva Entrepreneur Development Fund statute No.01 of 2000 Section 34 Although meetings should be hold at least two times only one meeting had been held during the year under review.

(d) Operating Inefficiencies

- (i) Even though as per section 8(9) of the Uva Entrepreneur Development Fund statute that more benefit to the fund and selecting relevant banks, the accounts should be opened but without deading in for the implementation of the 'Uva Provincial Council Entrepreneur Development Loan Scheme' obtain the reports and evaluate them from the loan institutions deciding possibility loan given who are providing re-loan facilities had been selected to implement regional development Bank Loan Scheme.
- (ii) Even though according to the financial statements of the Uva Entrepreneur Development Fund as at 31 December 2017 Loan granted amounting to Rs.9,250,000 by the Uva Entrepreneur Development Loan Scheme when implementing the loan scheme the procedures to be adopted had not been stated in the Action Plan.
- (iii) Sums of Rs.1,235,354 and Rs.263,348 had been remained in idle in the accounts No.856 and 1466 which opened as at 23 May 2001 and 17 October 2016 respectively by the Badulla District Sanasa Samithi Society that money had not been credited to the general account of the Fund.

6.1.4 Cooperative Development Fund

The following matters were observed.

- (a) Although a sum of Rs.2,000,000 had been given to the Haliela Cooperative Society Limited as at 29 December 2011 any installment had not been recovered and proper action had not been taken to recover the loan by the management.

- (b) Action had not been taken by the Board of control to promote the Fund through organizing cooperative trade exhibitions, lotteries, carnivals and local and foreign donations for the development of the Fund.
- (c) Although registered cooperative societies as at 31 December 2017 was amounted to 1434 out of that 673 societies remained in inactive.
- (d) A sum of Rs.88,523,647 was remained receivable in arrears as at 31 December 2017 as per the statute of the Uva Provincial Council cooperative of No.03 of 2011 relevant rules, guidelines according to the provisions in Rule No.43 (ii) and section 04 of that statute out of 1434 registered societies 1354 societies had not paid contributions for the year under review.

6.1.5 Uva Provincial Road Passenger Transport Service Authority

- (a) Accounting Policies

The expenditure had been accounted in accrued basis and the income had been accounted in cash basis. Therefore two accounting policies had been adapted in preparing of financial statements.

- (b) Management Inefficiencies

The regulations had not been prepared for statute of the Uva Provincial Council road passenger transport service Authority No.01 of 2001 to establish of Passenger Transport Authority for the Uva Provincial for achievements of the objective, Road passenger service within the Uva Provincial, limit relevant to the Uva Province, limit relevant to the Uva Provincial regularize the Uva Province and connected inter provinces road passenger services and other activities incidental to that work.

(c) Operating Inefficiencies

A proper procedure had not been established by the Transport Authority in issuing of new road licenses.

(d) Administration of Revenue

Road licenses was issued for 1146 buses as at 31 December 2017. It was observed out of that about 446 buses were not running. Renewal of the route license of the buses, monthly log books income and licence fees for driver and conductor to be upto date the revenue register had not maintained to identify the revenue and revenue in arrears.

6.1.6 Uva Provincial Housing Development Cyclical Account

The Management failed to fulfilled 12 activities shown in the statute of the Uva province housing development No.06 of 2010.

6.2 Commercial Advance Accounts

6.2.1 Advance Account for the Provincial Mechanical Director' s office – Item No.72602

(a) Non comply with the limit of Advance Account

Although according to the 2017 annual financial statements limit of the Maximum debit balance was Rs.37,000,000, but according to the balance was Rs.52,516,923 in reason that the limit of Maximum debit balance had been exceeded by Rs.15,516,923.

(b) Accounting Deficiencies

Even though in revaluation of fixed assets 7 items of vehicles, machinery, fillings and weapons revaluation total value of Rs.6,071,839 was more less than the book value may be credited to the assets account and debited to the revaluation account, vehicle, machinery, fillings and weapons disposal account had been debited. The depreciation value of Rs.7,020,894 relating to the revalued assets instead of it credited the revaluation account it crediting to disposal account, the surplus for the year under review had been accounted overstating by Rs.949,055.

(d) Non-compliance with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules Regulations etc.	value	Non- compliance
-----	-----	-----
Uva Provincial Council Financial Rules.		
Financial Rules 504.1		The statement of trade debtors trade creditors and preparing of statements relating to the relevant limits of advance accounts for each quarters of the year 2017 had not been presented to the chief accounting officer with the copies to the Auditor General.
Financial Rules 507.2.4	99,560,108	The accounting officer had not taken actions in respect of material in respect of material discrepancies of value revealed after the verification of stock and fixed assets.

Financial Rules 509.1 10,711,600 Depreciation on fixed assets of the year 2017 was not send to provisional Treasury for credit made to the depreciation reserve fund before closing of books of the Provincial Treasury.

(d) Management Inefficiencies

(i) Out of the receivable balance of Rs.52,516,432 in respect of supply of service for the period of supply of services for the period of from the year 2008 up to 31 December 2016, a sum of Rs.30,243,811 further to be recovered as at 23 May 2018.

(ii) Value amounting to Rs.16,000 noted in the stock book No. 42 two tyres in size of 185×14 had misplaced and action had not been taken to investigate this and identify the responsible parties and settle the loss.

(iii)A sum of Rs.4,540,052 had spent in the year 2013 to constructed of Nakkala Vehicle service station situated in Monaragala district it not use for vehicle service activities and remain in idle and total expenditure amounting to Rs.970,943 had been made during the year under review on behalf of service station.

6.2.2 Advance Account of the Uva Provincial Press

a) Presentation of Financial Statements

(i) According to the Uva Provincial Financial rule 504.1 at the end of each quarter should be prepared such as statements of trade creditors and material stores goods and the procurement statement being prepared and

not presented to the chief accounting officer with a copy to the Auditor General after that quarter before 15 day of the first month.

- (ii) A provisional profit and loss account had not been prepared at the end of each quarter as per Uva Provincial Financial Rule 504.2.
- (iii) Even though 4 limits should be stated in respect of advance accounts as per Uva Provincial financial rule 501.3, the maximum limit of liability had not been shown in the advance account of the Uva provincial press.

(b) Accounting Deficiencies

- (i) The land which is the press situated being assessed and not brought to accounts.
- (ii) without identifying the total finished work done value of building constructed for the library, only a sum of Rs.11,893,914 had been accounted as assets.

(c) Non-compliance with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules Regulations etc.	value	Non- compliance
	Rs.	
Uva Provincial Council Financial Rules. Financial Rules 156(5)		Erasure had been made in accounts and documents connected to it but correct it by the responsible officers initiated had not placed.

Financial Rules 505 Monthly inspection supervision had not functioned in connection with activities of the advance accounts.

Financial Rule 509.1 378,455 Depreciation to be made to the assets which is relevant to the activities of the advance accounts was not sent to provincial Treasury for credit made to the depreciation reserve fund before closing of books of the Provincial Treasury.

(d) Uncomparison

Even though cash and equivalent to cash value amounting to Rs.7,670,753 had been shown in the statement of financial position and statement of cash flow at the end of the year as at 31 December 2017, according to the cash book and savings account balances total amounted to Rs.4,529,854 and such a difference was Rs.3,140,899.

(e) Management Inefficiencies

- (i) Action had not been taken to recover 11 debtor balances of Rs.274,016 remaining non recovering in long time.
- (ii) Although cash and received cheques should be deposited in the current account but receipt of Rs.3,947,508 from October up to December of the year under review had deposited in the savings accounts and again had transferred to the current account.

- (f) Personnel Administration

Required cadre being decisioned and not get the approval even as at end of the year under review.

6.2.3 Item No. 71502 – Commercial Advance Account of the Boralanda Animal Farm

The following matters were observed.

- (a) **Valuation of Stocks**

Even though it had been disclosed by notes valuation of farm closing live stock done by their live weight but value given by animal production and Health Department in respect of 100 imported animals during the year imported cost amounting to Rs.48,000,000 had been accounted as value of stock.

- (b) **Non-compliance with Laws, Rules, Regulations and Management Decisions**

Depreciation be made for assets and a sum of Rs.1,978,569 relevant to that had not been send to the Provincial Treasury to credit made to the Provincial Treasury General Deposit Account- Depreciation reserve fund as reserve on depreciation as per provincial financial rule 509.1.

- (c) **Financial Review**

Non-comply with Limits

Even though the limit of maximum liabilities not approved according to the annual estimate of the year 2017, liabilities amounting to Rs.1,018,758 had existed as at 31 December.

(d) Unauthorized working Losses

A working loss amounting to Rs.10,571,904 had been occurred in the advance account for the year 2015 work may be done as per Provincial Financial rule 512.2 and allocate the provisions loss had not been write off. That working loss debited to the accumulated profit then unauthorized working loss not reflected from financial statements.

(e) Operating Inefficiencies

(i) Activity of the advance account was a loss amounting to Rs.3,615,345 as compared with that previous year profit of Rs.2,402,937 a deterioration of Rs.6,018,282. After adjusting hypothetical charges net loss was Rs.12,184,447.

(ii) for construction of a cattle pen for the imported high rank 100 cows from Australia in December 2017 for the Boralandia animal farm agreements had been signed on 06 November 2017 and Construction should be completed as at 03 February 2018.Relevant construction had not been completed up to 23 March 2018 and cows had drive in to a shed in unprotected in health.

(iii)cash excess as at 31 December 2017 amounting to Rs.5,977,306 had retained in a saving account.

7. Operating Review

7.1 Performance

7.1.1 Government Grants

Particulars of provisions received for the Provincial Council Development Work Proposals and the utilization of those provisions are given below.

Source of Funds	Net Provision	Utilization	Savings	Percentage of Savings
	Rs.	Rs.	Rs.	%
Criteria Based Grants	616,336,640	494,934,406	121,402,234	20
Provincial Specific Development Grants	3,380,174,540	2,415,804,380	964,370,160	28
World Bank Grants	711,417,635	476,084,323	235,333,312	33
Unicef	4,027,632	4,027,001	631	.01
Total	4,411,956,447	3,390,850,110	1,321,106,337	

7.1.2 Provincial Development Plan

Under the Provincial Development Plan for the year under review, 3076 project proposals for new works and continued works at an estimated value of Rs. 2,186.6 million had been approved. The progress of the work proposals according to the progress report of the Provincial Council is shown below.

Description of the Project	New Works	Continued Works	Total Work Proposals
-----	-----	-----	-----
Fully Completed	2746	78	2824
Completed over 50 per cent	162	25	187
Completed less than 50 per cent	17	03	20
Not Commenced	36	-	36
Under Contentious/ Questionable Position	08	01	09
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	2969	107	3076
	=====	=====	=====

7.1.3 Approaching the Sustainable Development Goals

- (a) In terms of the ‘vision 2030 Agenda’ of united nations, regarding Sustainable Development Goals every government institute aware of the way should be implement regarding activities under the scope of the institute for the year under review. Sustainable Development Goals with relating to own activities, index for to measure the achieving its goals had not identified.
- (b) For approaching the Sustainable Development Goals, received money allocations in the years 2016, 2017 and 2018 and actual expenditure had not been identified.
- (c) It was observed, in readiness for approaching the Sustainable Development Goals a coordination had not been maintained with other institutions to achieve respective goals, preparing plans and process in prior readiness had very slow position.

7.1.4 Other Observations

The following matters were observed.

- a) 12 activities shown in the action plan prepared for the year 2017 had not been fulfilled by the B/Sujatha Maha Vidyalaya.
- b) The percentage of pass in subjects of English and mathematics had been decreased by 6 per cent and 7 per cent respectively in comparison to the year 2014 in the year 2016.
- c) Five objectives had not been fulfilled out of 8 main objectives to be accomplished which are shown in the action plan for the year 2017 of B/Sri Sangabodhi Vidyalaya.
- d) The percentage of pass in subjects of English and mathematics who were sitting for General Certificate of Educational (Ordinary level) from the year 2012 up to the year 2016 was from 10 per cent up to 26 per cent and from 33 per cent up to 62 per cent respectively in the B/Sri Sangabodhi Vidyalaya.
- e) According to the annual financial statements of the Uva Provincial Council the main activities of the Land commissioner department under Land Development Ordinance, Planning of settlement schemes, implementation and supply of infrastructure facilities in settlement enterprises and development, such as activities had not entered to the action plan.
- f) According to the progress report prepared as at 31 December 2017 of the Land Commissioner Department water protected conservation 6 projects, awareness programme about environmental conservation and free cultivating programmes had not been included in to the annual action plan.
- g) Computerized information system in connection with lands is not effective in Land Commissioner Department in Uva Provincial divisional secretaries had not been updated.

- h) As per the Circular No.2016/01 dated 30 December 2015 of finance commission criteria based development grants should be limited under following criteria.

Criteria	Percentage to be fulfilled
Economic Infrastructure facilities	30
Social Infrastructure facilities	30
Self Job Development	20
Irrigation and Agriculture	10
Religious, Cultural and artistic affairs	10

The reports on quantity of projects implemented, how much percentage out of the approved total projects for the year 2017 had not been maintained by the Bandarawela divisional secretariat office. Reversionary economic contribution not reported under that criterions and follow up action had not been implemented in connection with projects by divisional secretary office.

- i) Implementation of criteria based development projects be agency institutions in Uva Provincial divisional secretaries offices through in Huldummulla, Mahiyanganaya, Buttala, Monaragala and Bandarawela Divisional Secretary offices in implementation of the projects following general weakness were observed in sample testing.
- (i) Non preparation of procurement plan and procurement time table.
 - (ii) Non imitating of regular procurement procedures.
 - (iii) Projects not implement according to a expected time frame work.

- (iv) Action had not been taken to prevent receiving of benefits for a same beneficiaries under different projects.
 - (v) Sufficient follow up not implemented.
 - (vi) Receiving and distribution of materials and instruments occur without stores control.
 - (vii) Serial number, make, brand of product not mention in the Distribution Register.
 - (viii) Warranty certificates for instruments not obtained.
 - (ix) Sufficient details not mention in invoices.
 - (x) Grants in self employment exist under utilizations.
- j) Criteria based allocations amounting to Rs.169,744,529 had been spent during the year 2016 by Deputy Chief Secretary (planning) exceeding the maximum limit can be spent under 2 criteria contrary to the Finance Commission Circular No.01/2016 dated 30 December 2015.
- k) Material aids distributed for construction of houses under criteria based grants had been utilized only for that activity in confirming follow up not executed and 5 instances were observed that material had not utilized for relevant activity in Divisional Secretaries office of Mahiyanganaya and Passara. 25 water filters purchased at Rs.197,250 on 12 October 2016 to distribute for preschool in division of Sevanagala Divisional Secretary had retained in stores even as at 28 August 2017. A sum of Rs.19,913,408 had been spent by the Uva Provincial Council development of self - employment and not confirmed by follow up whether beneficiaries are engage in self-employment.
- l) A training plan had not been prepared identifying the training requisites of the staff of Uva Provincial Council for the year 2017.

- m) Allocations amounting to Rs.8,500,000 had been made in the year 2017 under Item No.1409 for the office of the Deputy Chief Secretary (personnel and training). Out of that allocation a sum of Rs.7,882,094 had been spent as at 31 October 2017 and in that a sum of Rs.5,244,912 had been spent for Uva management Development and Training Institution. A sum of Rs.2,637,132 was spent for holding of training programmes. That was 31 per cent of the estimated allocation.
- n) Follow up had not done whether seed plants and equipments had been used to achieve the objective programmes by the office of the Monaragala Deputy Director Agriculture and gave for beneficiaries goods, equipments and plants on free of charge and under 50 per cent contribution which is not received within the expected time in that ability in fulfill of the goals had weak.
- o) The children who are in deficiency in nutrition to increase the position of nutrition satisfying nutrition requisites the basic objective of in supplying Triposha as per the Circular No.01-07/2016 dated 19 January 2016 of the Health Nutrition and Indigenous Medicine for a beneficiaries 50 grams per day in monthly, 1500 grams (2 packets) should be give in region Govidupura family health services in siyabalanduwa only 08 months in the year 2017 had given Triposha. It had not been given in monthly to beneficiaries the basic objective of this programme not fulfilled.
- p) Although 21 mother clinics had been hold by the siyabalanduwa office of medical officer of health which use for that instrument of ferrous sulfate and urging strips not received in due time like that holding of mother clinic not fruitful.
- q) Provisions amounting to Rs.21,630,200 had been allocated in respect of dog sterilization programme during the year in the Uva Provincial Health services Department for sterilization of 20,482 dogs, only 7365 dogs were sterilization as at 31 December 2017 expected objectives from the programme had not fulfilled.

- r) Provisions amounting to Rs.166,901,008 had allocated for 321 activities as per the action plan of the Local Government Department. Out of that provisions amounting to Rs.21,076,000 had allocated for 29 activities had not utilized.

7.2 Management Inefficiencies

The following observations are made.

- (a) A sum of Rs.422,800 had been spent for purchasing of tyres for the Provincial Secretary office for the period of from the month of January 2017 upto 30 September. In investigation of bids for purchasing of tyres specification had been shown very narrow among, manufactured year of tyre, average distance can be running, weight, capacity such information not included. Amount of runned from the old tyres had not confirmed in placing of new tyres.
- (b) Out of 167 criteria based development project approved for the Mahiyanganaya Divisional Secretary office only 21 projects had been completed as at 30 November 2017. Remaining time for the completion of 146 projects about 01 months and 20 days.
- (c) 1980 garbage buckets valued at Rs.546,480 had given to 8 local government institutions in given to 8 local government institutions in Monaragala District for the improvement of garbage management in local government institutions those had not distributed to house holders and stores in local government institutions.
- (d) Eventhough vehicle repair centre in existing with the complete staff and with facilities owned to the Uva Provincial mechanical director office but 05 vehicles belongs to the provincial Health services department had repaired spending Rs.2,239,210 from private Institutions.

- (e) Fourty eight drug items valued at Rs.11,821,596 with is in slow usage was in the Badulla Divisional Health Service Director office those not distributed identifying the hospitals which are in necessary of these drugs.
- (f) According to the midnight reports of September 2017 of the Demodhara Regional Hospital there were no resident patients in occations and patients were less than 6 occasions two nursing officers or more than in duty 21 instances were observed. Even for the morning and evening shifts relatively to the patients, nursing officers were excessively had been engaged in over time service.
- (g) Even though, one mid wife had been approved for 20 parturitions as per the 3.8 paragraph of the hospital management code overtime amounting to Rs.559,090 had been paid for 2 mid wife for 6 parturitions occurred in the year 2017 in the Demodhara Regional Hospital from February 2017 upto December 2017. Eventhough the quarters are in the premises of the hospital to minimize the payment of over time payments had not use on call system as per the section 06 of the paragraph VIII of the establishment code.
- (h) The destitutes who are live in Uva province for saken desolate children who are focus on corruption protection and the institutions holding for development registration, supervision, administration and direction for that the rules had not been prepared by the department of probasion and child care in Uva Provincial Council for the statute as per the Uva Provincial Council, for the child development centre, the rules had not been prepared by the probation and Childcare Department.
- (i) Registration of day care centres, supervision and giving grants in the main function of the probation and child care service department although as per the letter No.උඉව/පරි/සං/02/02 /10 dated 28 December 2015 of the Uva Provincial Commissioner of probation and child care there is no specific statute for the day care centres the maintenance grants could not be paid it had been informed to the

day care centres. Suitable methodology had not been prepared by the probation and child care Department to paid the maintenance grant even as at 31 December 2017.

- (j) Monthly supervision reports had not been presented by 09 probation officers to the Uva Provincial probation commissioner.
- (k) Children had been corrupted by 2 overseer offices who entisted on contract basis by the Uva Provincial probation and child care Department for Kataragama Nenasarana child development centre, the children's mental position was subjected to decline and their educational activities were half doned.
- (l) Eventhough the warranty period had elapsed on the 215 instruments valued at Rs.1,891,500 purchased by the Social Services Department in identifying the beneficiaries those had not been distributed.
- (m) Shadharese community hall building and land existing in area $\frac{3}{4}$ acres named Kadigamuwa watta, Ghevana Ambalama watta belongs to the Haliela Pradeshiya Sabha had been lease out to a private party for Rs.500 per month from 11 January 2010 upto prior 5 years. Although the lease agreement was closed on 10 January 2015 the building and land had not vested to the Sabah.
- (n) It was observed in 30 instances Leave dates not entered in to the leave register by principal, 3 teachers, laboratory assistance and a peon and 2 teachers, a laboratory assistance not reported for duty without approval of leave in 21 instances during the year 2017 in B/Sri Sanghabodhi Vidyalaya.
- (o) Wages for holidays amounting to Rs.61,102 had been paid to the Administrative officer of the Local Government Department for the working in weekends and government holidays as per the provision section 10 of VIII paragraph of the

Establishment code workdone reports on behalf of duties performed had not presented.

- (p) Building materials valued at Rs.487,585 had been purchased deviating from procurement procedure in renovation of 80' × 20' school building by the school development society of B/Katugaha Sri Dhammalankara Vidyalaya.

7.3 Operating Inefficiencies

The following matters were observed.

- (a) Action had not been taken to destroy 12 categories of drug and consumable surgical instruments stored in the Siyambalanduwa medical officer's office.
- (b) Even though 54 units of 04 categories instruments removed from the use which received to the siyabalanduwa medical officer office from the monaragala regional health service director office from 1994 up to the year 2014 had not been abductioned.
- (c) Action had not been taken to either do repair and use or abduct suitable manner for 06, vehicles belongs to the Badulla regional health services director office.
- (d) Eventhough expired drugs should be stored separate from the general drugs as per the 19 paragraph of work code of management of district hospitals periphery units and rural hospitals in respect of 13 drug items expired and near to expired at the Badulla regional health services director office action had not been taken accordingly.
- (e) Eventhough the drug should be stores at least minimum of 10 Centremeters high and 35 Centremeters distance from any hall as per the 19.7 paragraph of the above

work code but most of the drugs at Badulla Health Services. director office had retained in open space.

- (f) Considerable the drug stocks had been retained in the stores premises because of the drug items 128 valued at Rs.4,497,928 not requested by Giradurukotte regional hospital and supply of 85 drug items more than the requested quantity valued at Rs.2,733,118. It had face risk of expiry in the reasons of not use of drugs and in excess of drugs.

7.4 Idle and Underutilized Assets

The following matters were observed.

- (a) Eight category of instruments and 79 materials received to the Siyabalanduwa medical officer office from the Monaragala Regional Health Services Director office for distribute to the maternity homes in the years 2016 and 2017 and 8 quarters belong to mid wives in the region of Siyabalanduwa medical officer had not been utilized.
- (b) A sum of Rs. 7,695,000 had been spent for purchasing of finger print recording machines in 14 November 2017 for 135 institutions belong to health services Department as per the public Administration circular No.2009/09 dated 16 April 2009 it had not been get for use up to 31 August 2018.
- (c) ‘Total lung capacity’ related to heart diseases in chest clinic in Badulla and conduct the testing of DLCO sole machine for the Uva province named cosmed quart PFT 4 lung function had inactive since the year 2016.
- (d) Blood Dialysis 3 machines were idling and not having a surgeon in the Mahiyanganaya Base Hospital the unit of ENT also existing in idling about 4 months.

- (e) Continuous Renal Replacement Therapy machine purchased at Rs.4,500,000 on 28 November 2016 for incentive care unit of the Mahiyanganaya Base Hospital consumable parts able to obtain through out 10 years from the supplier agency institution it had not entered in to a legal agreement for that consumable parts could not be obtained where the machine had remained idling though out the year 2017.

7.5 Deficiencies in Contract Administration

The following observations are made.

- (a) Construction of a 90'×25' Two storied building B/Sujatha Maha Vidyalaya
-

An agreement had been entered at Rs.8,327,039 on 05 May 2015 by Deputy chief Secretary (engineering services) with a contract institution in essential 15 items not included in to the agreement a sum of Rs.727,983 for extra and external works an additional works an additional estimate had approved on 24 November 2015.

- (b) Construction of New Pharmacy in Welimada Base Hospital
-

The contract awarded for Rs.11,126,986 on 27 June 2016 selected by the first calling bids by the Deputy Chief Secretary (engineering services) had been canceled and bids called in second time not referred to the second bidder. In first time calling bids first bidder and second bidder's price difference was Rs.58,733 and price presented in second time the price of the singular bidder was Rs.14,012,035. In second time also bidder rejected and called bids in third time the relevant contract had been awarded to Rs.13,957,973. In calling bids in first time this construction, engineer estimate was Rs.15,483,914 where the in calling bids in third time engineering estimate value had been increased by Rs.2,725,125 as Rs.18,164,039.

- (c) Construction of 05 Storied Housing Complex for officers of the Uva Provincial Council
-

The contract had been awarded for Rs.88,184,632 on 06 December 2016 selected by the calling bids by Deputy chief secretary (engineering services) and sign of the agreement had been evaded by the contractor. The case file by the contractor the bid bond security value of Rs.940,000 averting take in to the government revenue the case had come to a settlement recovering of Rs.248,388 incur the expenditure for calling quotation again.

The contract had been awarded to the value of Rs.112,169,390 on 31 August 2017 to the contractor who selected in second time bid calling had increased more than to the first time bid calling contract value by Rs.23,984,758.

According to the bid invitations advertisement in the national news papers in second time the bid security band had been accepted at the technical evaluation committee by the insurance institution which reputed non commercial bank. It was confirmed bid security advances and performance security bonds presented by the insurance institution are not according to law.

- (d) Construction of 110'×25' Storied building B/Bandarawela Tamil Maha Vidyalaya
-

An agreement had been entered into on 31 December 2013 at Rs.15,798,212 by the Deputy Chief secretary (engineering services) between a construction institution to construct the building on the provisions of the Ministry of Livestock and Rural Community at preparation of the estimates of the construction the value was Rs.3,309,621 and essential 04 items had been drop from it. At the inspected date of 20 September 2017 construction activities of the building had relinquished and constructed walls in ground floor and the slab had prepared. The building could not be use because of the works not completed about 04 years period and the old building exist in the land which the building constructed 03 classrooms and the library removed from it. The school children are learning at risk condition on the ground floor which is partial completed. Further rain water in coming inside of the building reinforcement cables exist in decayed.

- (e) Construction of Teachers Quarter B/Dabeythenna Tamil Vidyalaya No.02.

An agreement had been entered into on 10 November 2006 at Rs.1,530,980 by the Uva Provincial Educational Director and between the school Development society of the B/Dabeythenna Tamil Vidyalaya No.02. Eventhough construction should be completed on the date of 10 February 2007, works had not been completed even as at 20 September 2017. About 10 years period partly completed in that building parts decayed existing in abandoned and remaining in the situation of not use. A sum of Rs.337,175 had been spent for the first part payment of the construction of that building and expenditure made for that had become a fruitless expenses.

- (f) Carpeting of entrance Roads belong to Buttala Industrial Colony, Internal Roads construction of Leteral drains and cable Fence

Provisions amounting to Rs.22,122,500 had been allocated on 14 December 2016 for the Uva Provincial Road Development Department by the ministry of Industry and commerce affairs for the above industry. The procurement committee of the ministry had recommended on 01 June 2017 on the recommendation of the technical evaluation committee to award the contracts. The approval for that not received even as at 25 June 2017 the bidder presented in second time the period of the bid security had expired.

- (g) Construction of Galauda – Kandaketiya – Karanmetiya Road

Having dispute on the payment of the above construction for a solution it had referred to a arbitration which was implemented assistance of the world bank loan, a sum of Rs.214,336,250 had decided to pay at the arbitration on non performed works contrary to the 15(1) section of Arbitration Circuit Act.

7.6 Staff Administration

The following observations are made.

7.6.1 Approved Cadre and Actual Cadre

The position of the approved cadre and actual cadre of the Uva Provincial Council as at 31 December 2017 is given below.

(a) Ministries/ Departments and Offices of the Provincial Council (except school staff)

Category of Employees	Approved	Actual	Vacancies	Excess
-----	-----	-----	-----	-----
(i) Senior Level	1,336	940	396	-
(ii) Tertiary Level	298	189	109	-
(iii) Secondary Level	7,520	6,432	1,088	-
(iv) Primary Level	5,295	5,185	110	-
(v) Others (Casual/ Temporary/ Contract Basis)	52	955	-	903
	-----	-----	-----	-----
Total	14,501	13,701	1,703	903
	=====	=====	=====	=====

(b) **School Staff**

Category of Employees	Approved	Actual	Vacancies	Excess
(i) Principals	1,077	750	327	-
(ii) Teachers	16,384	17,456	-	1,072
(iii) Supporting Staff	1,326	1,768	-	442
(iv) Others (Casual/ Temporary/ Contract Basis)	-	1,117	-	1,117
Total	18,787	21,091	327	2,631

The following observations are made in this connection.

- (i) One thousand seventy two persons for teacher service and 442 persons for supporting service, One thousand hundred and seventeen persons for casual, temporary, contract basis had been deployed in the service in excess as at end of the year under review while a formal approval had been obtained for those recruitments.
- (ii) Three hundred twenty seven vacancies existed in the posts of principals had not been completed. The provisions made in the heads whether sufficient for payment of salaries for excess, casual and contract basis officers, emergency of the service and external had not been confirmed as per Financial regulation 95(1).

7.6.2 Administration of Other Staff of the Provincial Council

- (a) According to the approval cadre of the Land Commissioner Department there were existing 7 surveyors in vacant, although 7 measurement field assistants had deployed in service in idle.
- (b) One thousand three persons vacancies except school staff and nine hundred three persons excess was in the Uva Provincial Council as at 31 December 2017.
- (c) An acting appointment should be made till the permanent appointment be made as casual remedy as per the sub section 13.3 of the establishments code chapter II although class one sport officer who belong to the M.N. 03 salary scale had been appointed to fulfil duties in full time since 20 May 2014 in the post of provincial sports Director which belongs to the Sri Lanka Administrative Service II/III.
- (d) One officer in Sri Lanka planning service had been appointed in acting basis for which had been the post of Sri Lanka Administrative Service Grade I post of Industrial Director since 01 February 2012.
- (e) Eventhough 20 posts of senior consultant had been approval in the field of textile industry but 13 posts had existing in vacant.
- (f) (i) Entitled allowances and cadre for a minister who is in the cabinet had approved to the ministers who are in provincial council as per the presidential circular No. CAS/P1/40 dated 04 January 2006. Eventhough recruitments for the approved cadre should be done by the line ministry as per the section 1.3 of the circular 14 officers who had been appointed from ministries and departments of the provincial council and a sum of Rs.5,085,222 had been paid as salaries during the year 2017. 40 persons excess cadre had been attached for the ministers from the subject ministries and other institutions of the Uva provincial Council. In

compliance with the statute of the Uva Provincial Council (payment of salaries and allowances) and Presidential Circular No.CAS/P1/40 dated 04 January 2006 the cadre should be entitled to the chairman of the Uva Provincial Council had supplied by the provincial secretariat. Salary amounting to Rs.864,090 had been paid from that office since month of February 2014 upto the month October 2017 for a Laboratory Servant of the Badulla Zonal Education office.

- (ii) Eventhough the salaries had been paid by the coalition secretary office for the cadre should be entiled for all members of the Uva Provincial Council as per the letter No.NSCC/2/1/6/1/1 (Volume II) of the National Salary and Cadre commission's Secretary. In addition to that 11 officers had been attached from other institutions belongs to the Uva Provincial Council by 11 members in Parliament and salary amounting to Rs.4,767,835 had been paid to that officers from Uva Provincial CouncilFund during the year 2017.
- (iii) Although salaries can be paid for clerk, typist and peon of the cadre which belongs to the member of the Uva Provincial Council as per the presidential Circular No.CSA/P1/40 dated 04 January 2006 in addition to that three approved cadre per minister excess by 18 officers had been attached for the Uva Provincial Council ministers of the subjects and chairman and salary amounting to Rs.6,273,360 had been paid them by the coalition Secretariat office during the year 2017.

7.6.3 Staff Administration on Education

The following observations are made.

- (a) Three officers who are receiving salaries from the salary list of the B/Sujatha Maha Viyalaya had been attached to other offices since long time.

- (b) According to the Schols in the province there were excess in 124 persons of principals in Sri Lanka principal service and shortage of 442 principals.
- (c) Contrary to the Circular No. 01/2016 dated 07 January 2016 of the secretary of Education Ministry number of teachers should be exist in a school, 15 teachers had been employed in B/viharamahadevi girls scool in excess.
- (d) One teacher should be in teaching 30-35 periods per a week as per the Circular No.01/2016 dated 07 January 2016 of the Secretary Educational Ministry 25 Teachers in B/Sri Sangabodhi Vidyalaya and 45 teachers in B/Sujatha Maha Vidyalaya that number of periods had not covered. 12 teachers was not in teaching any period or non existing in teaching.
- (e) Twenty eight persons had excess in teachers cadre of the B/Sujatha Maha Vidyalaya, 18 persons in excess in the B/Sri Sangabodhi Vidyalaya and 01 person excess in Sri Lanka principal service contrary to the circular No.01/2016 dated 07 January 2016 of secretary of Education Ministry.

7.7 Bank Reconciliations

Cheques issued but not presented for payments for banks.

- (a) Out of the 36 cheques valued at Rs.57,891 were over six months from the date of issued as at 31 December 2017 relevant to 4 bank accounts in Zonal Education offices. According to the prepared bank reconciliation statements action had not been taken in respect of 27 cheques valued at Rs.50,374 as per Uva Provincial Financial Regulation 396 (d).
- (b) Hundred and fifty cheques valued at Rs.324,445 over six months but payments had not been made in relating to the bank accounts of the Uva Education

Department. Action had not been taken as per Provincial Council financial rules 396 and it had been transferred to the deposit account.

7.8 Supervision of Local Authorities

The following matters were observed.

- (a) Rates and other revenue receivable to the Local Authorities of the Uva Province as at 31 December 2017 in respect of the year under review and preceding years amounted to Rs. 266,263,635.
- (b) There had been receivable courts fines amounted to Rs.94,940,975 and payable stamp fees to the local authorities amounting to Rs.118,671,367 exist as at 31 December 2017.
- (c) Action had not been taken to recover a sum of Rs.6,417,562 as at 31 December 2017 in respect of surcharge notices issued against the officers and the councillors of the Local Authorities of the Uva Province.

8. Accountability and Good Governance

8.1 Action Plan

Action plans had not been prepared for 12 institutions established under Statutes in respect of the year under review.

8.2 Internal Audit and Audit and Management Committees

- (a) In terms of Audit and management Circular No.DMA/2009(I) dated 09 June 2009 audit and management committee meetings had not been held in 72 institutions for the year under review.

(b) Sufficient follow up actions and implementation had not been taken by the Management in respect of the findings made by the Internal Audit.

8.3 Procurement Plan

Procurement Plan had not been prepared by 12 institutions which was established under statute for the year under review.

8.4 Execution of the Environment and Social Responsibility

Treatment Plant had not been established for remove solid waste by the Uva Provincial Health services Director office.

8.5 Tabling of Annual Reports

The position of the tabling of the Auditor General's Reports on the financial statements of the Uva Provincial Council for the previous years is given below.

Year	Date of Issuing the Report	Date of Tabling
-----	-----	-----
2012	27.08.2014	23.04.2015
2013	10.02.2015	28.04.2016
2014	21.09.2015	14.07.2016
2015	06.12.2016	20.02.2017
2016	21.08.2017	28.09.2017

9. Systems and Controls

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

System	Deficiency
-----	-----
(i) Accounting	Non imitation of government sector accounting standards.
(ii) Revenue Management	Non identifying new revenue sources and procedures had not been taken procedures to recover of arrears.
(iii) Internal Control	(i) Weakness in supervision. (ii) Follow up not functioned. (iii) Non maintaining sufficient accounting registers.
(iv) Supervision of Local Authorities	Action had not been taken to recover surcharges and arrears of income.
(v) Staff Management	(i) Recruitments had been made exceeding the limit of approved cadre. (ii) Excess cadre had been deployed in service.
(vi) Assets Management	Identifying the all assets and not accounted an all assets were not taken for use.

(vii) Contract Management

(i) Proper procurement procedures had not been applied.

(ii) Projects initiated with delays.

(iii) In awarding contracts the management had not taken correct decisions.

(iv) Supervision weakness.