

Triennial Report for Provincial Council 2018-2020

The Provincial Councils have been established by the Article 154 a (1), which was added to the Constitution of the Democratic Socialist Republic of Sri Lanka by the 13th Amendment to the Constitution passed by Parliament in 1987. There are 09 Provincial Councils. Namely Western, North Western, Uva, Sabaragamuwa, Central, Eastern, Southern, North Central and Northern

The Provincial Councils Act No. 42 of 1987 has been passed by Parliament to make provisions on the procedures to be followed by the Provincial Councils, matters relating to the Public Service of the Provincial Councils and matters relating thereto or thereof. At present the Government of Sri Lanka has a history of 35 years with regard to Provincial Councils. As the period of official power of 09 Provincial Councils has come to an end as at the date of this report, those Councils are considered to have been dissolved in accordance with the provisions of Article 154 e of the Constitution. Accordingly, in the 03 years 2018-2020 without the “council” the Provincial Councils are being continued by the Governors of each Provincial Council in accordance with the provisions of Section 2 (1) (a) of the Provincial Councils (Ancillary Provisions) Act No. 12 of 1989. Following are the dates on which the last “Provincial Council” held in each province was established and its term of power ended.

Provincial Council	Opening day of the last council	Ended date of last council
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Western	22.04.2014	21.04.2019
North Western	11.10.2013	10.10.2018
Uva	09.10.2014	08.10.2019
Sabaragamuwa	27.09.2012	26.09.2017
Central	09.10.2013	08.10.2018
Eastern	01.10.2012	30.09.2017
Southern	11.04.2014	10.04.2019
North Central	02.10.2012	01.10.2017
Northern	25.10.2013	23.10.2018

In terms of the Section 23 of the Provincial Councils Act No. 42 of 1987, the audit of Provincial Council Fund had been assigned to Auditor General. The audits carried out in accordance with those provisions shall be followed by a Triennial report with unresolved audit issues in the audit reports tabled in Parliament in accordance with Article 154 (6) of the Constitution shall be tabled in parliament by the Auditor General in accordance with section 14 of the National Audit Act No 19 of 2018. This first Triennial report for the three years from 2018 to 2020 will be presented to Parliament in accordance with the provisions of the National Audit Act.

A qualified audit opinion had been issued for all the Provincial Councils in three years of 2018, 2019 and 2020. According to the annual financial statements submitted for the audit, the total revenue of the three provinces including government capital and recurrent grants for those three years was Rs. 970,629 million and the total expenditure was Rs. 953,135 million. Also, the total non-current assets of the 09 Provincial Councils as at 31 December 2020 were Rs. 247,355 million. During those three years, the General Treasury provided Rs. 707,234 million to the Provincial Councils for Provincial Council Expenditure. That amount is 74 percent of the total expenditure of the Provincial Councils for those three years. Detailed information on this regard is given in the table below.

Financial Information of the Provincial Councils for the Year 2018-2020

Year	Total income	Total Expenditure	Treasury Grants	Non-current assets as at 31 December
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	Rs. million	Rs. million	Rs. million	Rs. million
2018	306,472	300,291	203,810	182,836
2019	317,596	317,843	219,029	190,300
2020	346,561	335,001	284,395	247,355
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Total	970,629	953,135	707,234	
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Source - Annual Financial Statements of the Nine Provincial Councils

Unresolved Audit Observations included in the Audit Reports tabled in Parliament for the years 2018, 2019, and 2020 relating to each Provincial Council and the report which includes the recommendations of the Auditor General and the preventive measures taken so far and their current status are as follows.

Triennial Status Report of the Auditor General (2018, 2019, 2020)

Name of the Auditee - North Western Provincial Council

Opinion of the Auditor General on the Financial Statements

2018 - Qualified Opinion

2019 - Qualified Opinion

2020 - Qualified Opinion

Audit Observation -----	Recommendation of the Auditor General -----	Preventive Measures Taken by the Entity -----	Current Position -----
01. Head 201 - Governor's Office -----			
<p>(a) Due to the cancellation of the entire examination after the results of the English Teachers Recruitment Examination held by the Governor's Office on 26 January 2019 being issued and taking steps to re-conduct an examination on 20 June 2019 by the Governor, a sum of Rs. 375,000 had to be paid for the case filed by the candidates in the Supreme Court against the incident and due to the dissolution of the Public Service Commission upon the shortcomings of the question papers of this examination, a sum of Rs.1,508,776 had to be paid as legal fees for the case filed in the Court of Appeal by its members. The same members had been re-appointed to the Commission on the court decisions and it was observed in the audit</p>	<p>Action should be taken to prevent these types of expenditures.</p>	<p>No preventive measures have been taken. The above decision has been taken by virtue of executive powers vested in the Hon. Governor in terms of the Provincial Council Act No.42 of 1987 and the Article 154e (2) of the 13th Amendment to the Constitution of the Democratic Socialist Republic of Sri Lanka, and it has been informed that both cases bearing Nos. CA (Writ) 297/2019 and SCFR No 228/2019 have been settled amicably with the concurrence of the plaintiffs in a</p>	<p>The relevant error still remained unchanged.</p>

carried out in 2019 that due to the wrong decision taken, the sums totaling Rs.1,883,776 incurred as above has not been an economical transaction. (2020)

manner that does not harm the reputation of the North Western Provincial Council and avoids financial losses.

- (b) The official vehicle of the Governor had been involved in an accident on 01 July 2020. The preliminary investigation report states that the duty assigned on that date was not specifically mentioned, whereas action had not been taken in accordance with Provincial Financial Rules 54 in this connection. The total loss of Rs.5,286,458 and the amount of Rs. 1,420,728 determined to be recovered from the driver had not been recorded in the register maintained as per Provincial Financial Rules 60.1.2. (2020)
- Action should be taken in accordance with Provincial Financial Rules 54 and 60.1.2.
- A preliminary investigation has been conducted into the accident and it had been decided to compensate the relevant loss from the Sri Lanka Insurance Corporation and to recover the balance from the driver.
- The cost for the repair is Rs.5,286,458 and a sum of Rs.3,865,730 has been settled and the driver has been informed to pay the balance of Rs.1,420,728.

02. Head 202 - Council Secretariat

Although it has been 04 years since the 32-inch colour television set, valued at Rs. 45,000, was reported missing in returning the goods of the official residence of the Chairman of the North Western Provincial Council to

Action should be taken to recognize the parties involved in the loss and recover the dues.

Action had been taken to conduct an investigation according to the Provincial Financial Rule 54 and lodge a complaint to the police.

Relevant amount has not been recovered thus far.

the office, no action has been taken to recover the loss of Rs. 45,000. (2020)

03. Head 210 - North Western Province Chief Minister and Ministry of Finance and Planning, Engineering Services Law and Order, Education, Local Government & Administration, Economic Development, Environment, Water Supply and Drainage and Tourism.

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- (a) As the special testing project to reduce the mosquito population that had been initiated in the year 2017 by the Chief Ministry spending Rs. 825,000 on the purchase of 1,650 mosquito larvae traps had failed, the money spent thereon had become fruitless. (2018)
- Action should be taken to activate the project.
- This project is a research project and work is underway to reactivate it in the future with the assistance of the Ministry of Health by rectifying the technical defects of the identified mosquito larvae trap and checking whether they are in a suitable condition for reactivation.
- The second phase is expected to begin and a decision will be made on the outcome of that phase with regard to 480 larval traps in the institute.
- (b) Although the North Western Province Education Development Fund had been implemented under the Chief Ministry with effect from 18 November 2019 on the approval of the Governor, it had not been published by gazettes. In order to strengthen the fund, a project had been started to print and distribute exercise books and its revenue and expenditure funds had not
- Action should be taken to re-review the legality and implementation potentiality of the Fund and streamline the same.
- No action had been taken.
- This situation still remained unchanged.

been carried through the bank account. Likely, this fund account had not been submitted to the Auditor General for audit in accordance with Articles 17 and 18 of the Constitution relating to the Fund approved by the Governor. (2020)

- (c) In the court case relating to the setting of a vehicle belonging to the Chief Ministry on fire while it had been handed over for repairs in a garage at Madurankuliya area, it had been decided to recover the total loss from the Provincial Councilor who used the vehicle. Financial statements had not disclosed this case and action had not so far been taken to recover the loss. (2020)
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| <p>(d) The following observations are made regarding the six-storied building with a contract value of Rs. 1,334 million jointly constructed by the Chief Ministry and the North Western Provincial Council and the Kurunegala Municipal Council.</p> | <p>An inquiry should be conducted against the officers who should be responsible for failure to select a contractor in accordance with the Procurement</p> | <p>No preventive measures had been taken.</p> | <p>Action has not so far been taken to recover the loss.</p> |
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- (i) Despite the ability of the qualified staff equipped with

technical knowhow in the terms of North Western Provincial agreements for the Engineering Department to delays, and failure design and prepare the to take a course of estimates, while stating the fact action after being that the construction of this revealed on the building is a priority of the erroneous Provincial Council and if the procurement Provincial Engineering decisions Department prepares plans for this, it will take a long time, therefore the Design & Building procurement method was chosen. Accordingly, the Design & Building procurement method had been selected for this purpose.

Due to differing the bid security than the standard format issued by the procurement entity contrary to Guideline 7.8.4 (b) of the Procurement Guidelines and the absence of Section 02 of the standard format "If the Bidder Refuses to Accept Corrections in the Bid" in the format submitted, the bid should have been rejected considering it as a major deviation. Nevertheless, the tender had been awarded to the said bidder. When the Secretary to the Chief Ministry of the North Western Province

inquired this matter from the National Procurement Commission, it was observed that the above Commission too had further confirmed that this was an error. (2020)

- (e) Action had not been taken by the Chief Minister of the North Western Province to publish in the Gazette the limits on fuel relating to the vehicles allocated for the Chief Executive of the Local Authorities, nor had limits on fuel been imposed by the Local Authorities. As such, there existed instances in which fuel had been obtained limitlessly whilst transport allowances had been obtained upon decisions taken by the Council. (2019)
- Action should be taken to impose supervise the limits on fuel.
- No action had been taken.
- No action has been taken to publish the fuel limits in the Gazette even at present.

04. North Western Industrial Services Bureau

- (a) An extent of land containing 922.36 perches in Heraliyawala Industrial Estate belonging to the North Western Industrial Services Bureau had been sold to the private sector on a freehold basis at Rs. 3,830,025 to commence 04 industries. (2020)
- Without being taken action to sale the government owned lands to the private sector, steps should be taken to lease them on long-term basis.
- In accordance with the agreements reached by the investors initially at the 1st Phase of the Heraliyawala Industrial Estate, those 04 industrialists received the opportunity to purchase the land on a freehold basis. That clause has been removed from each agreement reached thereafter.
- (b) Fifty five industries of the Heraliyawala Industrial Estate had been given on lease for a period of 20 years and agreements had been reached only for 19 of those industries. Agreements for the remaining 36 industries leased on annual lease rent totaling Rs.2,375,530 had not been reached even by 31 December 2020. (2020)
- All industries should be given on lease under formal agreements.
- Out of 36 industries 11 industries have duly entered into agreements. Having prepared lease agreements for 24 industries, those have been submitted for registration. One factory land has been sold on freehold basis.
- After being pointed out by the audit, action has been taken to lease the government owned lands on long – term basis.

- (c) Recruitments for 02 posts of Senior Consultant had been made in excess of the approved cadre and a sum of Rs.1,859,533 had been paid as salaries and allowances for those posts during the year under review. (2020)
- Recruitments should be made only within the approved cadre and action should be taken to formalize the excesses.
- Requests have been made to the Chief Secretary to grant approval for these 02 posts by making a cadre revision.
- The excess 02 posts still remain and salaries for those posts are also being paid.
- (d) According to the Board Paper No. 303 dated 16 December 2016, five per cent of the profits earned for each work assignment of the Bureau will be deducted for the Welfare Fund and the out of remaining profit 55 per cent will be paid to the staff as incentives. Thus, a sum of Rs. 4,813, 222 had been paid as incentives during the year .2019 In addition, out of the remaining 45 per cent, Rs. 1,292, 126 had been paid for unavailed medical leave of the officers.(2019)
- Approval should be obtained properly for the incentive scheme and its criteria.
- No preventive measures had been taken.
- Incentive and allowances for saved medical leave are paid continuously.

05. North Western Provincial Falk Art Foundation

<p>In analyzing the income, expenditure and profit/loss position of the Falk Art Foundation for the last 05 years other than the year 2020, only the North Western Export Shop at Katunayaka had gained profits from the year 2015 to 2019 and ViskamNivasa in Kurunegala and Chillaw had sustained losses during the last 05 years including the year 2020. (2020)</p>	<p>Reasons for incurring continuous losses by those outlets should be analytically examined and action should be taken to increase the income.</p>	<p>The steps such as</p> <ul style="list-style-type: none">• following sales by the promotion methods,• providing price concessions,• implementation of an incentive scheme,• carrying out sales by accepting orders through the Internet had been taken.	<p>Total loss sustained by the ViskamNivasa in Kurunegala and Chillaw was Rs. 4,188,052 in the year 2021, and the Wayamba Export too had sustained a loss of Rs. 1,046,285 in the year 2021,</p>
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06. North Western Provincial Environment Authority

<p>(a) Although a committee appointed by the Secretary to the Chief Ministry had recommended that an unspent amount of Rs.310,000 from the advances obtained by the Assistant Director (Finance) of the Provincial Environment Authority to incur expenses of 50 Technical Evaluation Committees in the year 2017 should be recovered from the Assistant Director (Finance), action had not been taken to recover that amount.(2020)</p>	<p>Action should be taken to complete the investigation expeditiously and recover the amount due from the officer.</p>	<ul style="list-style-type: none">• The officer has been interdicted.• A preliminary investigation has been carried out either to dismiss or take disciplinary action against the officer.	<p>Although approval of the Board of Directors should be obtained for the recommendations of the preliminary investigation, as the Board of Directors has been dissolved at present, a decision cannot be taken until the Board of Directors is reappointed.</p>
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(b) When the Director of the Provincial Environmental Authority was driving the vehicle without obtaining permission from the Secretary to the Ministry to drive the vehicle himself, the vehicle had met with an accident due to the fire that broke out in the vehicle at the University of Peradeniya premises on 07 March 2019. A full report on the accident had not been submitted within three months from the date of causing the damage in terms of P.F.R 54.6 and no written evidence whatsoever had been submitted to the audit confirming the duty requirement of the tour. (2020)

The Heads of The Departments should adhere to the laws, rules and regulations and relevant parties should be responsible for non-submission of the preliminary reports and final reports regarding the loss. Action should be taken to recover the loss from the relevant parties.

The officer had participated in a discussion with the Secretary to the Ministry and the Secretary to the Chief Ministry had given approval for the use of the vehicle. Action has been taken to conduct an investigation involving a mechanical engineer under the chairmanship of a staff officer on that day itself in terms of P.F.R.54.6. It is expected to take action soon after the receipt of that full report.

The value of the damage amounting to Rs. 2,082,160 Has been recovered. The vehicle is in running condition at present.

07. North Western Provincial Road Passenger Services Authority

(a) Loan balance of Rs. 15,820,426 that remained receivable from the year 2001 to 31 December 2019 had not been recovered from the relevant parties during the year under review.(2020)

Action should be taken to recover the due amounts from the relevant parties

Action had not been taken to recover the outstanding loan balances.

Outstanding loan balances remained unchanged.

- (b) Although Rs.59,112,869. and Rs.3,247,813 had been spent for the construction of new building complex of the Road Passenger Transport Authority, and the fence and walls respectively, it was observed that the relevant land had not been vested in the Authority even by 25 November 2020, the date of audit.(2020)
- Action should be taken to transfer the ownership of the land to the Authority.
- Arrangements are being made to transfer the relevant land.
- The ownership of the land had not been transferred to the Authority.
- (c) According to the income and expenditure reports of the Drivers' Training School, the income earned as at 30 October the year under review was Rs. 259,500 and expenditure was Rs.1,669,513 . Accordingly, it was observed that a loss of Rs. 1,410,013 had been incurred as at 30 October of the year 2020. (2020)
- Action should be taken to increase the income of the Drivers' Training School as per the Annual Action Plan.
- Preventive measures had not been taken adequately.
- The Drivers' Training School remains inactive due to lack of human and physical resources.
- (d) The Toyota Fortune Jeep belonging to the North Western Provincial Road Passenger Transport Authority had met with an accident on 16 February 2020. A sum of Rs. 87,400 had been spent to repair the vehicle and the insurance company had informed that the amount could not be covered by the company. Action had
- Action should be taken to recover the loss of this accident from those who are responsible for the incident.
- Action has been taken to recover a sum of Rs. 57,400 from the responsible officers. Steps are also being taken to recover the remaining balance.
- A Sum of Rs. 57,400 of the repair cost has been recovered from the driver and a loss of Rs. 30,000 further remained recoverable.

not been taken to expedite the investigation in this connection and recover the loss from the responsible parties. (2020)

- (e) In terms of Section 17 (b) of the North Western Provincial Passenger Transport Service Statute No. 04 of 1995, the Authority shall issue, renew or cancel the permits for passenger transport and prescribe the charges. Although such charges had been fixed and regulation had been prepared up to 15 October 2012 and legalized them by publishing in the gazette on several occasions, subsequent revision of charges made on several occasions had not been legalized by publishing in the gazette. (2019)
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| Revision of charges should be legalized by publishing them in the gazette. | No preventive measures had been taken. | Revision of charges has not been legalized by publishing them in the gazette. |
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- (f) Although Rs.7,500,000 had been estimated under the Provincial Specific Development Grants for the development of an Information Technology system for the Road Passenger Transport Authority, no feasibility report had been submitted for the project, and Rs. 1,500,000 had been paid for the consultation
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| Action should be taken to carry out follow up on the project activity and thereby, evaluate its progress and to implement the project efficiently according to the consultation report. | No preventive measures had been taken adequately. | Although the Authority has spent Rs. 18,215,169 for the development of the Computer Operations Management System since 2018, the necessary steps have not yet been taken to complete the project |
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fee alone as at 31 December 2018. (2018)

to provide a service to the public.

08. North Western Provincial Development Authority

- (a) Although the Puttalam Management Maritime Heritage Bungalow, which is run as a holiday resort, incurred a loss of Rs. 681, 553 due to exceeding its operating cost than the operating income earned during the year 2020, no special attention was paid to running this resort profitably. (2020)
- (b) A sum of Rs.10,845,552 was due from 15 debtors as at 31 December of the year 2020, of which Rs.3,469,673 was the balances that remained recoverable from the year 2019 relating to 07 debtors. (2020)
- (c) A double cab worth Rs. 1,850,000 had not been driven since a period from 2 ½ years due to faults in the engine and internal system. (2020)
- Management should take immediate action to adopt a suitable measure to increase the profitability of the tourist resort.
- Sales promotion programmes have been implemented.
 - Leaflets and websites have been created
- Action should be taken to formulate and implement a suitable and sufficient internal control system to recover the dues without delay.
- Action has been taken to inform the debtors and recover the dues.
- Action has been taken to recover Rs. 8.1 million at present.
- Instructions of the Chief Secretary has been sought to repair or dispose of vehicles.
- The vehicle is not in operation as yet.
- of the Boar of Survey.

(d) The Madurankuliya Tourist Information and Facility Center, which was completed at a cost of Rs. 12,618,363 without proper feasibility study and planning, remained idle for not more than 02 years without being used for any purpose. (2019)

Action should be taken to commence operations of the Tourist Information and Facility Center as soon as possible.

If the investor who obtained the service on agreement is unable to proceed, it is proposed to submit it to another party.

The Madurankuliya Tourist Information and Facility Center is still remained idle.

09. North Western Provincial Machinery & Equipment Authority

(a) Although tax levied on specific charges should be remitted to the Commissioner General of Inland Revenue on or before 15 of the following month, no action had been taken accordingly in connection with the tax of Rs.11,592,070 relevant to 2020 and the preceding years. (2020)

Tax to be remitted to the Commissioner General of Inland Revenue should be remitted on the due date.

Action has been taken to pay the arrears in installments.

A sum of Rs. 450,000 of the arrears has been paid and the balance payable as at 31 December 2021 was Rs. 7,412,278.

(b) Due to non-repayment of Employees Provident Fund and Employees Trust Fund on the due date as required by the Employees Provident Fund Act No. 15 of 1958 and the Employees' Trust Fund Act No. 46 of 1980, a surcharge of Rs. 9,954,740 had to be paid in the preceding year, of which surcharge of Rs.3,033,485 further remained payable even by the end of the year under review. (2020)

Action should be taken to compute the installments based on the relevant salary and remit to the Funds in terms of Employees Provident Fund Act and Employees Trust Fund Act.

Contributions to the Employees Provident Fund and Employees Trust Fund are properly paid at present.

According to a court decision received, the surcharge is paid at Rs. 75,000 each month.

(c) The total balance receivable as rent, vehicle repair charges, service center charges and civil work charges at the end of the year under review was Rs. 64,703,661 and a sum of Rs. 26,246,546 further remained recoverable as at 14 June 2021. It included the loan balance of Rs.8,370,119 that remained unsettled for more than a period of 05 years. (2020)

Action should be taken to recover arrears that remained outstanding from previous years to minimize the financial difficulties of the Authority.

- Reminders have been sent and officers have been appointed to recover the debts.
- Action has been taken to make aware the institutions of the provincial council which should pay the dues.

The balance receivable as at 31 December 2021 is Rs. 20,128,321 and the balance that remained outstanding for more than 05 years is Rs. 9,349,168.

(d) Seventeen vehicles and machinery items valued at Rs. 8,625,000 in the Authority's possession have been inactive for many years and repairable vehicles and machinery have been subjected to natural hazards. Despite being pointed out this situation by the previous years' Audit Reports, Authority's special attention had not been focused thereon. (2020)

Vehicles and machinery that need to be repaired should be repaired expeditiously and disused vehicles and machinery should be disposed of.

- A yard is being constructed for safe parking of vehicles and machinery .
- Identification of repairable vehicles and machinery is in progress.

One vehicle has been repaired and 03 vehicles are in a repairable condition. Repair of 02 machinery and 11 vehicles has been identified as not economically productive.

10. Head 212 – North Western Department of Engineering

Due to the defects found in 116 projects implemented by the Department of Engineering, North Western Province from the year 2016 to 31 August 2020, retention money of Rs. 47,244,442 had

Action should be taken in accordance with laws, rules and terms of the agreements.

- Action has been taken not to release retention money until the project is completed.
- Action has been

Out of the 116 projects 110 projects have been completed and retention money of Rs. 4,548,381 of the remaining 06 projects has been

not been released and no action had been taken to get those defects corrected by the contractor or rectify them using retention money or to blacklist them upon negligence of the responsibility. (2020)

taken to send further retained. relevant information to the Deputy Chief Secretary (Engineering Services) to blacklist the contractors who neglected the responsibilities.

11. Head 213 – Department of Education

(a) The cheques and money orders received by the Zonal Education Office, Ibbagamuwa had not been recorded in a register and certified. In instances from July to November 2010, action had not been taken to provide the persons making payments, with the original copy of the receipt in regard to monies totaling Rs. 5,075,309. Furthermore, a sum of Rs. 2,411,457 received during a period of 04 years between 2008 and 2011, had not been banked by the Shroff. Several Committees had been appointed in a number of instances to inquire into the preparation of bank reconciliation statements with respect to 02 inactivated bank accounts, and the procedure of

A formal inquiry should be conducted thus identifying and taking action against those responsible for failure in properly preparing the bank reconciliation statements and banking the monies.

In accordance with the Sections from 57-61 in P.F.R, a special inquiry has been conducted to recover the money directly from the officials responsible.

The loss had not been recovered thus far by identifying the officials responsible.

banking the monies collected by the Shroff. Nonetheless, all those Committees had not served their purpose whilst the responsible officers had not drawn attention properly. Furthermore, two new accounts had been opened with the Bank of Ceylon in June 2012 in place of the 02 bank accounts maintained for general purposes and teachers' salaries with the People's Bank which had been inactivated due to failure in preparing the bank reconciliation statements from 2007 to May 2012. (2019)

- (b) Out of the 26 quarters belonging to the Chilaw Zonal Education Office, only 03 quarters were occupied by teachers. Seven quarters remained unusable and 16 quarters were in need of repair, but no action had been taken to repair them.(2019)
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| <p>(b) Out of the 26 quarters belonging to the Chilaw Zonal Education Office, only 03 quarters were occupied by teachers. Seven quarters remained unusable and 16 quarters were in need of repair, but no action had been taken to repair them.(2019)</p> | <p>Official quarters should be repaired and used for the benefit of teachers or government officials.</p> | <p>The repairs had been included in the annual action plan.</p> | <p>Although the renovation of teachers' quarters has been included in the action plan, it has not been completed due to lack of provisions.</p> |
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- (c) Although it has been about 13 years since the financial irregularity occurred at the Giriulla Education Office during the period from 2007 to 2010, no action has been taken to recover the Rs. 13,609,655
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| <p>Action should be taken to recover the value of Rs. 13,609,655 from the parties involved in the financial</p> | <p>The Chief Secretariat is conducting an investigation regarding this financial irregularity.</p> | <p>Loss has not so far been recovered.</p> |
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that should have been irregularities. recovered relating to the irregularity. As such, that amount had been brought to account as liquidity assets as Provincial Treasury Deposits (damages) in cash and cash equivalents under the current assets. (2019)

12. Head 222 – Department of Land Commissioner

(a) The North Western Provincial Land Commissioner's Department had not taken action to recover the total arrears of Rs. 78,415,133 due for 02 revenue codes as at 31 December 2018. (2018)

Internal control should be established relating to the collection of arrears of taxes.

Action has also been taken to recover arrears of taxes and to take legal action regarding the money that remained unpaid.

Action is being taken to update the information pertaining to 24 Divisional Secretariats regarding this deficit and submit the information in the future and the arrears for the year 2021 is Rs. 112,032,090. Accordingly, recovery of the tax arrears from 2018 to 2021 is Rs.45,787,789 and writing off for the arrears is Rs. 30,641,423.

<p>(b) Although proposals had been made to use government owned lands of the North Western Provincial Land Commissioner's Department for various development activities, 85 acres, 01 rood and 73 perches of lands remained unused due to non-implementation of those proposals. (2020)</p>	<p>The government owned lands should be used for various development activities expeditiously.</p>	<p>Action will be taken to evict the unauthorized occupants on completion of the court proceedings and to hand over the lands which are not being used for the projects for another activities.</p>	<p>Arrangements are being made to obtain the letter of demand to evict the unauthorized occupants through court proceedings and to lease the lands for the implementation of another development activities.</p>
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13. Head 230 - North Western Provincial Ministry of Health, Indigenous Medicine, Social Welfare, Probation and Child Care Services, Women's Affairs and Council Affairs

<p>Having canceled the agreement signed with a private contractor on 30 December 2019 for the improvement of sanitation system and renovation of the plumbing system of Meegahakotuwa Children's Home at a cost of Rs. 3,844,321 under the Ministry of Provincial Health, Indigenous Medicine, Social Welfare, Probation and Child Care Services, Women's Affairs and Council Affairs, the project had been abandoned. (2020)</p>	<p>When selecting a contractor, post qualifications of the contractor should be considered in the Technical and Evaluation Committee.</p>	<p>Although the first extension was given according to the agreement, constructions had not been initiated even by the expiry of that period. Although it was informed from time to time to initiate the constructions, constructions were not so started and therefore, the contract was terminated as per the agreement.</p>	<p>The contractor had not been blacklisted and the performance bond had not been encashed for his failure to comply with the agreement.</p>
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14. Head 231 - Department of Health Services

- (a) Preliminary investigations into the accidents caused to 16 vehicles of the Medical Health Institutes of the Kurunegala District Health Services Director's Office had not been conducted and action had not been taken to recover the losses from those who are responsible for the incidents.(2018)
- Action should be taken in accordance with Provincial Financial Rules 54, 55 and 57.
- Preliminary investigations into vehicle accidents will be conducted and the reports thereof will be submitted to the Auditor General.
 - Preliminary investigations have been conducted and reports have been sent to the Auditor General.
 - A sum of Rs. 627,146 is being charged for one vehicle accident from the driver and Rs. 186,304 has been charged thus far.
 - Another vehicle has been repaired by the driver
 - The value of the damage of remaining 14 vehicles has been reimbursed by the insurance company.
- (b) Thirty eight official quarters of base hospitals, regional hospitals, Medical Officer of Health Offices and Primary Medical Care Units belonging to the Office of the District Director of Health Services remained idle at the end of the
- Official quarters should be managed by conducting committees on them.
- Official quarters Arrangements have been made to provide the official quarters reserved for one post to other officers according to the needs and to demolish the
- Thirty official quarters have been used.

year under review.(2018)

unusable quarters and hand over the goods to the Army.

- (c) The board of survey report dated 02 July 2018 revealed that there was a shortage of drugs worth Rs. 810,169 and a surplus of drugs worth Rs. 19,943 in the drug store of the Mundalama District Hospital. (2018)
- The shortcoming should be recovered in accordance with Provincial Finance Rules 52, 54 and 55 and in accordance with Provincial Financial Rules 477.2.
- Pharmacists have been appointed for the activities in drug storage
 - Supervision is carried out by District Medical Officers.
 - Measures will be taken to prevent excesses and deficiencies.
- The Regional Medical Supplies Division is constantly monitoring the drugs management of the hospital at present.
- (d) A number of 689 officers with service periods of over 05 years in 17 posts at 11 hospitals belonging to the Department of Health, had served in the same hospital without being transferred. (2019)
- Annual Transfer Board should be established and a proper transfer scheme should be implemented in accordance with the circulars.
- A transfer scheme has been prepared
- There were still instances where officers with more than 05 years of service were not subject to transfers.
- (e) The reasons such as, lack of an adequate staff for the district kidney disease prevention unit, and failure to attach a Nephrologist for the Puttalam district, had affected the efficiency of the activities relating to the prevention of kidney disease in Puttalm district. (2019)
- An internal procedure should be prepared to attach a Nephrologist.
- Requests have been made to the Line Ministry.
- Action has been not been taken to attach a Nephrologist.

- (f) Only 187 out of 347 schools located in 11 risk areas had been tested for water during the years 2018 and 2019, and it was identified that water at 169 schools had not been suitable for drinking. Moreover, the progress in testing water samples from schools belonging to the MOH offices of Polpithigama, Giribawa, and Maho had remained extremely poor. (2019)
- Measures should be taken to improve patient care and to provide funding with a strong focus on high risk areas and to strengthen health infrastructure and support services.
- Public Health Officers conduct water tests annually and take necessary action to direct water samples correctly.
- The organization of activities required to monitor the testing of water samples by the Public Health Inspectors has been included in the Action Plan.
- (g) Three of the 07 distilled water operator machines purchased at an expenditure of Rs. 3,408,168 in the year 2018 and given to the hospitals in Dambedeniya, Nikaweraitya, and Galgamuwa had become nonfunctional within a period of 1 ½ years. (2019)
- A proper feasibility study should be carried out before purchasing and care should be exercised on the specifications in the Technical Evaluation Committee.
- Purchasing is done through tenders as it is profitable to purchase than to produce distilled water.
- These machines have been eliminated from use.
- (h) It had been observed that the water from the MahaGalgamuwa Water Scheme constructed at a cost of Rs. 15,081,000 in 2017 to meet the water requirement of the Galgamuwa Base Hospital and the water from the tube well constructed at a cost of Rs.2,253,856 was unfit to drink. Therefore, action had
- A feasibility study should be conducted to initiate projects.
- Action will be taken to obtain water from the Water Supply and Drainage Board.
- At present the water obtained from the tube well is not fit for drinking and is used for some other purposes in the official quarters.

been taken to obtain water from a bowser at a cost of Rs. 2,282,026 from the year 2017 to 2020 and from the Water Supply and Drainage Board at a cost of Rs. 493,308 from January to December 2020. (2020)

- (i) During the period from 2014 to 2020, the North Western Provincial Department of Health Services had expired drugs totaling Rs. 43,353,955 comprising Rs. 27,850,294 worth of drugs in Kurunegala District and Rs. 15,503,661 worth of drugs in Puttalam District and the drugs worth totaling Rs. 11,708,502 comprising the drugs worth Rs. 8,569,847 in the Kurunegala District and Rs. 3,138,655 in the Puttalam District had been failed in quality during the period from 2014 to 2020. (2020)
- According to an action plan, expired and substandard drugs should be initially identified and accordingly necessary measures should be taken.
- Accurate and realistic forecasts will be made regarding the medicines required for the ensuing year.
 - A database will be established for all hospitals and thereby action will be taken to identify and distribute the drugs to be expired immediately and surplus drugs.
 - Action will be taken to obtain quarterly reports.
- At present a database has been activated in all the base hospitals except for the Polpithigama hospital in the Kurunegala District and the regional hospitals in Sandalankawa and Gokarella and other hospitals have made requests to install the system.
 - The Medical Supplies Unit has been conducting awareness campaigns on quality failing drugs since 2015.

- Currently taking Action has been taken to dispose of expired drugs at present.

- (j) Although constructions of the Siyambalangamuwa Central Dispensary carried out by the North Western Province Department of Health Services at a cost of Rs.9,898,271 had been completed by 31 June 2016, it had been abandoned for a period of more than 04 years without using for any purpose. (2020)
- Action should be taken to conduct feasibility study to initiate projects.
- Requests for approval and attachment of staff required to establish the Primary Medical Care Unit have been made.
- The building have not been used even by 28 February 2022.
- (k) Although constructions of official quarters of the Siyambalangamuwa Central Dispensary carried out by the North Western Province Department of Health Services at a cost of Rs. 8,691,185 had been completed by 30 May 2017, it had remained idle without using for any purpose for more than a period of 03 years as at 31 December 2020. (2020)
- Action should be taken to conduct feasibility study to initiate projects.
- Requests for approval and attachment of staff required to establish the Primary Medical Care Unit have been made.
- The building have not been used even by 28 February 2022.

15. Head 241 - Provincial Road Development Department

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| (a) | Although the road development work of the ParamakandaVihara access road at the contracted value of Rs.27,831,877 should have been completed on 31 January 2020 as per the extensions given on two occasions, work of this road had not been completed even by 21 September 2020, the date of audit. Action had not been taken to recover Rs.3,256,344 as late fees for the delay period of 234 days by the date of audit at Rs.13,916 per day as per the agreements. (2020) | Late fees should be recovered as per the agreements from the projects which have not been completed in the prescribed standard and on the due date in terms of the agreements. | No preventive measures had been taken. | Late fees had not been recovered. |
| (b) | Work of the Kudaoya-Bulugahamula junction road had not been completed by 16 September 2020 and the contract period ends on 15 February 2020. Nevertheless, action had not been taken to recover the late fees of Rs. 4,677,693 to be recovered under the agreements. (2020) | Late fees should be recovered as per the agreements from the projects which have not been completed in the prescribed standard and on the due date in terms of the agreements. | No preventive measures had been taken. | Late fees had not been recovered. |
| (c) | The North Western Provincial Pricing Committee had fixed the price of a Newton 40 (40N) concrete block with transportation at Rs.52 for the first half of 2019. However, | <ul style="list-style-type: none"> • Action in terms of P.F.R.106 should be taken on the loss of Rs.5,508,631 incurred by the | Any preventive measures had not been taken. | Necessary steps had not been taken to the loss recover incurred to the government due to erroneous road |

the Road Standard Rate (RS1-017) for the work item relating to renovating the roads using concrete blocks had been prepared considering the price of a block excluding transport costs as Rs.52 and the required number of blocks per square meter as 43 although the actual number is 40. Due to the preparation of road standard rates on these erroneous conditions, the Provincial Council had incurred a loss of Rs.5,508,631 out of 100 projects carried out by community based organizations by the Kurunegala District Secretariat under the Gamperaliya programme. (2020)

Government.

- Action should be taken to prepare the road standard rates with due professional regard.

standard rates.

(d) Based on the provisions made to the Kurunegala District Secretariat in the year 2019 under the Rural Infrastructure Development Programme, the North Western Provincial Road Development Department had carried out 09 road development projects costing Rs. 611.13 million on direct labour basis. It was observed during the audit test checks on the procurement of materials and machinery

- Action should be taken to strengthen the internal control system of the procurement process.
- Action in terms of P.F.R.106 should be taken in respect of the loss of nearly Rs.153.75 million incurred

The Chief Secretary of the North Western Province has appointed a committee to investigate and report the matters pointed out by the audit.

The investigation report has not been submitted.

required for those projects that the procurement had been carried out deviating from the Government Procurement Guidelines and North Western Provincial Financial Rule 419, thus not ensuring transparency in the procurement process, restricting the competitiveness, not receiving a formal authority for purchases. Further, it was revealed during the audit test checks on the purchase of 04 main raw materials for these projects that purchases had been made at the prices much higher than the normal market prices, thus incurring a loss of nearly Rs.153.75 million to the Government. Similarly, a formal approval had not been received to carry out these projects on a direct labour basis deviating from competitive procurements and the North Western Provincial Road Development Department did not have the necessary manpower, machinery and facilities to carry out these projects on a direct labour basis. (2020)

by the
Government.

16. Head 243 - Department of Industrial Development

- (a) Although it had been scheduled to start the construction of Walakumbura Clay and Ornament Production Center of the Department of Industrial Development on 30 September 2019 at a contract value of Rs. 9,727,058 and to complete it on 28 December 2019, it had not been completed even by 31 December 2020 and the constructed voids for doors and windows had to be broken down and rearranged. Accordingly, due to not paying due consideration on the location of the land and the purpose of construction of the building in making plans, additional time and cost had to be borne.
- (2020)
- (b) Staff vacancies that continued to exist for many years had resulted in the low operability of 03 industrial centers of the Department of Industrial Development and the number of vacancies as at 30 June 2020 was 80. (2020)
- Action should be taken to complete the relevant projects on due date and thereby provide benefits to the public.
- Even though the contractor has been selected to complete the project in 2021, the contractor has not presented himself to sign agreements.
- The expected public benefits could not be provided due to not completing the project work.
- Requests have been made to the North Western Provincial Public Service Commission to make recruitments for the posts.
- Staff vacancies had not been filled.

(c) Without making existing provisions or supplementary provisions before the end of the financial year in terms of Rule 381.1 of the Provincial Financial Rules of the North Western Provincial Council, unauthorized working losses of Rs. 93,188,977 had been continuously stated in the balance sheet. (2020)

Action should be taken in accordance with Provincial Financial Rules 381.1.

As action had not been taken to obtain required provision to write off the working losses, preventive measures had not been taken.

Working losses have been continuously stated in the statement of financial position.

17. Head 250 - North Western Provincial Ministry of Agriculture, Irrigation, Fisheries, Animal Production and Health and Agrarian Development

(a) Activities such as planting of 1280 coconut saplings under the under-cultivation, establishment of irrigation scheme for 40 acres in Division "A" and 20 acres in Division "C", planting and maintenance of 500 Seeni banana seedlings, 1,000 ash plantain seedlings, 150 Ambul banana seedlings under banana cultivation, cultivation of turmeric in 01 acre under turmeric cultivation, cultivation of fruits in 01 acre, Maize in 01 acre, Okra in 01 acre, Bitter gourd in 01 acre and cultivation of 01 acre with ridge gourd, cultivation and maintenance of *kathurumurunga*, *kankun* at ½ acres each under green

Action should be taken to achieve the relevant objectives as planned.

It has been informed that the planned activities will be carried out in the year 2021.

Activities scheduled to be carried out in the year 2020 had not been fully completed in the year 2021 as well.

vegetable cultivation, installation of fences within 40 acres, installation of 05 beehives with bee colonies and establishment of tissue culture laboratory which were planned to be carried out in the year 2020 as per the five year plan prepared by the Ministry of Agriculture, Irrigation, Fisheries, Animal Production, Health and Agrarian Development for the year 2020-2024 had not been carried out. (2020)

- (b) According to the Annual Financial Statement, 2020 of the North Western Provincial Council, the minimum limit of receipts in the Commercial Advance Account Item No. 25003 was Rs. 1,500,000, but the actual receipts during the year under review were Rs.1,380,285 . Accordingly, the minimum limit had not been reached by Rs.119,715 . (2020)
- The approved limits of the advance accounts should not be revised without prior approval.
- It has been stated that the closure of the laboratory from mid-March up to the end of April due to the Corona epidemic in the year 2020 and the non-operation of the laboratory from 02 November 2020 to date has resulted in this situation.
- Approval had not been taken to exceed the limit.
- (c) Although the expected production of the Tissue Culture Project,2020 was 21000 plants in the year under review, the actual production was 8550 plants. Accordingly,
- Action should be taken to achieve the expected annual targets.
- Plans required for the achievement of expected annual targets had not been prepared and implemented.
- The Tissue Culture Laboratory at Wariyapola had been closed down in the final quarter of 2020 and it had been

only 41 per cent of the expected production had been achieved. (2020)

shifted to Denevar Estate Breeding Farm premises at Mawathagama. As the constructions of Tissue Culture Laboratory building at the Denevar Estate Breeding Farm had not been completed, any production had not been carried out at the Tissue Culture Laboratory in the year 2021.

18. Head 251 - Department of Agriculture

<p>Seven unassessed vehicles of the Wariyapola and Galgamuwa Government Farms belonging to the Provincial Department of Agriculture remained unused and dilapidated for many years without being maintained, repaired or disposed of in a timely manner and 05 buildings of the Farm including official quarters and machinery remained idle due to failure to maintain or repair on time. (2019)</p>	<p>Idle/underutilized assets should be effectively used for economic development activities.</p>	<p>No preventive measures had been taken.</p>	<p>Idle/underutilized assets had not been effectively used for economic development activities.</p>
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19. Head 253 - Department of Irrigation

Although the North Western Provincial Department Maintenance Fund received an income of Rs.20 ,180, 315 comprising fixed deposit interest of Rs. 5,340,700, Provincial Development Grants of Rs. 1,218,915 and irrigation security charges Rs. 13,620,700 during the year under review, only Rs. 6,856, 900 had been paid for minor irrigation maintenance and periodic maintenance and money had not been spent on any other development work or project. (2020)

The annual income of the Maintenance Fund should be utilized as far as possible for the objectives of the Fund within the relevant year.

Tank Surveying (Determination of Boundaries) and Aquaculture Management Programmes have been implemented using that revenue.

Without being taken action to complete the activities planned for the year within the relevant year, annual surplus money had been invested in the fixed deposits.

20. Head 260 - Chief Secretary

Although a charter had been drafted to levy charges from the pawnbrokers, the collection of these revenues had not been regulated as the charter was not in force to date. (2020)

Action should be taken to pass the charter once the Provincial Council is established.

Although the charter was drafted in 2018, it could not be passed as the Provincial Council was not held as yet.

It has been proposed to pass the charter once the Provincial Council is assembled.

21. Head 263 - Department of Revenue

- (a) The revenue in arrears as at 31 December 2020 of the year under review amounted to Rs. 123,036,518, of which a sum of Rs.99,085,915 was an outstanding revenue balance receivable relating to the preceding year. (2020)
- Action should be taken to recover the outstanding balances.
- No satisfactory progress has been reported in recovering relevant money.
- The outstanding tax balance for the preceding years has decreased to Rs.89,320,911 as at 31 December 2021.
- (b) Although 40 case files related to the stamp duty of the Provincial Revenue Department relating to the period from 2005 to 2017 amounting to Rs. 18,432,580 and 10 turnover tax case files amounting to Rs.10,535,353 pertaining to the period from 2003 to 2019 had been set aside during the period from 2015 to 2020, no action had been taken to settle those cases. (2020)
- Follow-up measures should be taken continuously on the recovery of outstanding tax and action should be taken to recover the dues in the years close to those years.
- It has been decided to ascertain information on set aside 40 stamp duty case files, and turnover tax files through field inspections and take further action accordingly.
- Out of the 40 case files related to stamp duty, the addresses of 15 files have been found and the cases have been brought to the active level.

Auditor General's Triennial Status Report (2018, 2019, 2020)

Name of Audit Entity - Sabaragamuwa Provincial Council

Auditor General's Opinion On Financial Statements

2018 – Qualified Opinion

2019 – Qualified Opinion

2020 – Qualified Opinion

	Audit Observation	Recommendation of Auditor General	Preventive Measures Taken by Institution	Current Situation in that regard
(01)	The Road Passenger Transport Authority of Sabaragamuwa province had failed to reveal information about the buses which are operating without route permits from many years.	Action should be taken to uncover information about buses operating without obtaining a license and to take necessary action.	A secret information unit had been established in the year 2021, to take legal actions against the buses which are operating without route permits.	Information which were detected by the secret information unit and the actions which were taken for that had not been reported.
(02)	The Road Passenger Transport Authority of Sabaragamuwa Province has established a security camera system, which was purchased in the year 2015 at a cost of Rs.3,441,110 had been remained idle until 06 May2019	Relevant equipments should be used.	The security camera system which was installed at the bus stand premises of Rathnapura is operating actively after the repair work. Even though the security camera system which was installed at the bus stand premises of Kegalle had been repaired, a fiber line method will be used to minimize the	The camera system at the bus stand premises of Kegalle had been remained idle.

failures which had been occurred frequently.

- (03) Even though the exposed waste water tanks of the Sewage system at the Karawanella base hospital had been overflowed and mixed with the water bodies due to the heavy rain, no actions had been taken to formulate this system. Furthermore an environmental permit had not been received for the Sewage system.
- An environmental permit should be obtained and the actions should be taken to formulate the system.
- As the sewage system should be formulated, it had been included in the Development plan of 2021 in order to receive the required provisions.
- Provisions related to this construction had been written off due to the limitations on capital expenditure in the year 2021.
- (04) The subject work on layering of stacked soil had been included as an additional subject work and it had been overestimated and paid a total of Rs. 5,928,010 for 38,872 cubic meters of soil. This subject work had been already covered by a payment made for a subject work of 21 projects related with the Playground Development which had been implemented with the provisions of the Provincial Road Ministry and on the supervision of the Kolonna Pradeshiya Sabha.
- Estimates should be prepared accurately and the actions should be taken to recover the loss.
- Preliminary investigations had been completed and actions had been followed to take disciplinary measures against the relevant officers.
- Overpayments up to the date 31 January 2022 had not been levied.

- (05) Under the provisions of the Sabaragamuwa Provincial Ministry of Education in 2016, entered into a contract with a private firm in order to buy 3,000 large baby chairs which worth Rs. 5,700,000. The closing date for the delivering the goods was not included in the agreement, but the goods had to be delivered before 15 February 2017 as per the specification document. The goods were delivered after a delay of 27 weeks and a fee of Rs. 570,000 could not be recovered due to the delay in payment.
- Agreements must be prepared formally by including all the applicable conditions and should be acted in accordance with it.
- Preventive measures had not been taken.
- Unable to levy the due amount from the supplier.
- (06) In the project of concreting the Panamura Parevikanda road to a length of 223m, which the work value of Rs. 1,970,667 had been implemented on the provisions of the Sabaragamuwa Provincial Road Ministry and under the supervision of the Embilipitiya Pradeshiya Sabha. Before passing 1 ½ years after the completion of the work, the stones of ¾ inches which were used to concrete the whole road had
- Proper monitoring should be carried out at the time the project is implemented.
- The Secretary of Embilipitiya Pradeshiya Sabha had reported that the technical officer and the contractor were informed and instructed to rectify the deficiencies expeditiously. The provincial engineer had been requested to submit a report on the non rectification of the deficiencies regarding this
- In accordance with the report which was presented by the Secretary of Embilipitiya Pradeshiya Sabha dated 7 September 2021, It had been proposed to carpet this road from the beginning up to 1.7 km under the project of Developing 100,000 km of rural roads. They had informed that it was

been appeared from the road surface and the cracked lines had been appeared vertically along a section of 43meters on the concrete layer as the road base had not been constructed up to standard.

project. Further unable to observe actions will be taken the road surface was after receiving the filled with fallen soil report. due to cutting of road shoulders.

- (07) The vibrating roller machine which belongs to the Executive Engineer's Office of Balangoda had been idled for more than five years due to the fact that the engine was in a state of disrepair. The vibrating roller machine which belongs to the Executive Engineer's Office of Embilipitiya had been idled since 2016.
- Actions should be taken to dispose or to utilize this machine after the repair work.
- The vibrating roller machine which belongs to the Executive Engineer's Office of Balangoda had been handed over to the Development Construction and Machinery Authority for repair work. A committee had been appointed to inspect and report on the vibrating roller machine which belongs to the Executive Engineer's Office of Embilipitiya.
- It had been informed that if the vibrating roller machine which belongs to the Executive Engineer's Office of Balangoda is in an irreparable condition, it should be taken back and disposed properly. The report had not been received yet from the appointed committee regarding the roller machine which belongs to the Executive Engineer's Office of Embilipitiya.
- (08) Since a private road is located inside the Kahawatta Base Hospital premises, the laboratory building and the children's ward were in a problematic condition with regard to their safety. Even Adequate security should be provided for hospital buildings and title of the hospital land should be settled.
- The construction work is under progress to build a road for the residents who are residing near the base hospital which Land boundaries had been marked for the road construction. No actions had been taken for the process of property settlement.

though a part of land which belongs to the hospital had been acquired by external parties, no actions had been taken for the settlement of the property.

enables to travel along the hospital boundary without travelling across the hospital.

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| (09) | Unauthorized constructions had been done in the premises of Pussella Ayurvedic Hospital which were facing the main road and the actions had not been taken to create the boundary lines of the land and to obtain a land deed or other permit to confirm the ownership of the land. | The properties of the hospital must be accurately identified and documented. | The provincial land commissioner had been requested to re-survey the land due to a problematic situation that arrised in the survey during the construction of the fence and the wall. The doctor in charge of Pussella Ayurvedic hospital had been instructed to clean the land and to keep all the land marks clearly. Furthermore he had been instructed to take legal actions against the people who damage the property. | The re-survey of the land had not been done. |
| (10) | Without any recommendation, approval and certification, a sum Rs. 1,752,019 from 105 payment vouchers in the year 2018 and a sum of Rs. 467,994 | Action should be taken in terms of the provisions of Circulars. | Payments for the vouchers will not be made without any recommendation, approval and certification. | The error was not rectified even though it had been presented by the audit. |

from 25 payment vouchers from January to 26 June 2019, had been paid by R/Embilipitiya Maha Vidyalaya from the School Development Society account.

- (11) The block of lands with the area of 4,094 acres that exists in 07 Divisional Secretariat Divisions of Kegalle District and the buildings which were constructed on them are being tenured by Sabaragamuwa Road Passenger Transport authority. However no actions had been taken to take over the ownership from the relevant parties and to do assessment and accounting.
- The lands and buildings should be acquired and accounted for.
- The acquisition of 4.094 acres of land which belongs to authority is being carried out by the District Secretary of Kegalle.
- It had not been acquired till 31 December 2021.
- (12) When an officer was appointed to act or to cover the duties in another post in addition to the permanent post of the officer, in terms of paragraph 03 (vii) of Public Finance Circular No. 03/2014 dated 30 December 2014, the telephone allowances which was entitled under the 2(iii)(b) of the Circular can be paid only
- The payments should be made in accordance with the circular and the actions should be taken to recover the overpayments.
- The allowance payments will not be made since 2019 due to the financial difficulties of the institution.
- The overpayments had not been levied.

under the maximum monthly consolidated expenditure limit that applicable to one post. Contrary to that, the telephone allowances of Rs. 87,500 and Rs. 100,000 had been over paid from the year 2017 up to June 2019 respectively to the chairman and the chief executive officer of Sabaragamuwa Iperanigama Theme Park.

- (13) Eleven blocks of land with an extent of 0.6867 hectares, out of 1.9263 hectares where the Executive Engineer's Office of Rambukkana is located had been acquired by the squatters. This land which was in the possession of the Public Works Department was handed over to the Road Development Authority in the year 1987 and thereafter to the Deputy Chief Secretary (Engineering Services) Office informally and the acquisition of the land had not been taken place yet.
- Necessary actions should be taken to take over the ownership of the lands which are maintained by the institutions under the Office of the Deputy Chief Secretary (Engineering Services) to the Provincial Council.
- The provincial land commissioner had been informed regarding the land survey. Surveying of the land had been done. Arrangements will be made to acquire the land after receiving the plans related to the survey of the land.
- The squatters had not been evicted until December, 2021.

- (14) The Commissioner General Prompt action Three individuals As there was no any of Land and the Minister had should be taken for had been informed agreement regarding approved in the years 2011 issuance of leases regarding the the payment of taxes and 2016 respectively to and to recover payment of taxes. three individuals do grant 9.9123 hectares of arrears of taxes. Accordingly the not pay taxes. It was government lands which are arrangements will be unable to levy the being occupied made to levy taxes. taxes up to now as unauthorizably from the year The valuation the valuation report 1995 in the Embilipitiya reports for the other of the other Divisional Secretariat institution had been institution had not Division on long term lease recalled as per the been received yet. A basis. Actions had not been instructions received letter dated 28 July taken to recover the tax by the 2021 had been sent arrears amounting to Commissioner requesting the Rs.10,451,432 that should be General of Lands. valuation report. levied from 04 individuals who tenure the respective lands till 13 January 2020 and to issue a long term lease.
- (15) Out of the loans granted by Proper action should The relevant Co- As at 31 December Co-operative Development be taken to recover operative societies 2021, only two fund to 07 Co-operative outstanding loans had been informed Co-operative Societies during the period and interest. both verbally and societies had been from the year 1997 up to the written to pay the paid the interest of year 2009, the balances of debts. Actions are Rs 1,092,719. loan receivable and the interest as at 31 December being taken to liquidate the 2019 amounted to dormant Co-operative Rs.4,456,444 and societies and to recover the Rs.6,536,961 respectively. Formal measures had not been taken to recover the outstanding loan balances from it. loan balances.

- (16) The payment of a monthly fuel allowance to the Mayors and the Chairmen of the Local Government Institutions subject to a limit of Rs. 5,000 had been approved by the Circular No 03/2012 (1) dated 28 of November 2014 of the Sabaragamuwa Provincial Commissioner of Local Government. A monthly fuel allowance had been approved while an approved litres of fuel by each council is being provided for the heads of local government institutions.
- Since the amount of fuel approved by the Council is provided monthly for the Mayors and the Chairmen of the Local Government Institutions, the payment of fuel allowance in addition to that is informal.
- Preventive measures had not been taken.
- On the approval of the above mentioned circular a total of Rs.755,000 had been paid as a monthly fuel allowance for the chairmen of 06 local government institutions from the year 2018 to February 2022.
- (17) In terms of Guideline 5.4.8 (a) of the Government Procurement Guidelines-2006, a performance security of Rs. 6,035,509 had not been obtained related to the construction work of new five storied hostel building in the Pussalla Training Centre which the work value is Rs. 120,710,188. Thirty five per cent of the contracted value amounting to Rs.42,248,566 had been paid as an advance contrary with the Guideline 5.4.4 (i) and a sum of Rs.18,106,528 had been
- The Contracts should be carried out in terms of Government Procurement Guidelines.
- The construction work had been halted by the contractor thus a consent agreement had been prepared and submitted to the Chief Secretary with the intention of recovering the amount due from the contractor to the provincial council and offering this contract to another suitable party after the preparation of a
- No actions had been taken to recover the amount due from the contractor and to offer this contract to a suitable party.

overpaid. Out of the interim bills which had been paid up to 19 October 2020 Rs.17,546,238 had been levied as an advance amount. Furthermore an amount of Rs.24,702,328 is to be levied. The construction work had not been completed until 24 June 2020 and it had been halted by the contractor.

new estimate complying with the procurement method which worth Rs. 55 million for the completion of this construction work.

- (18) With the aim of promoting the tourism in Sabaragamuwa province Rs. 2,030,475 had been spent to provide equipments for the tourist houses of the Community Tourism Village Seelogama and the buildings had been constructed by the Provincial Ministry of Roads during the period from the year 2014 to 2018. Those equipments/ buildings had not been utilized to achieve the relevant objectives.
- Proper supervision should be done to achieve the desired objectives.
- The members of the Community Tourism Foundation had been informed to utilize those equipments efficiently to acquire the desired objectives. Further they had informed that supervision and the follow up will be carried out continuously.
- The activities of this community tourism village had to halt due to the collapse in the tourism industry as an impact of covid 19 pandemic situation. Even though this building is not frequently used by the community Village due to the non conduct of programs in the community village, this is being used by the community based organizations to held their monthly meetings.

- (19) As per paragraph 6.1 of circular No.96/5 dated 1st August 1996 of the Land Commissioner, the annual land tax amount should be levied on or before January 1st of any year, Nevertheless no actions had been taken by the Chief Secretary of Sabaragamuwa Province to recover the total annual tax of Rs.35,430,569 and the fine of Rs.8,270,056 in 17 Divisional Secretariat Offices belongs to Rathnapura district as at 31 December 2020 and no actions had been taken to recover the possession of the land in case of non-payment of tax in accordance with the paragraph 7(1) of the circular.
- Also, in terms of paragraph 6.11 of the above circular, no action had been taken to levy the outstanding long term taxes and fines amounting to Rs. 7,159,607 as at 31 December 2020 by 03 divisional secretaries in Rathnapura district and 03 divisional secretaries in Kegalle district.
- Should act in accordance with the circulars and arrears of taxes should be recovered.
- The instructions had been given to the relevant officers in the performance review meetings to recover the tax arrears expeditiously. They had made inquires occasionally in order to levy the tax arrears. Taxpayers had been informed through letters to collect the tax arrears of long term taxes related to each Divisional Secretariat Division. Instructions had been requested from the Land Commissioner General to held discussions in order to take legal action and recover the tax arrears.
- The amount of Rs 3,415,452 had been collected from the annual tax arrears and a total of Rs.663,384 had been collected from the outstanding penalties as at 31 October 2021. Rs.985,850 had been levied from long term taxes by the Divisional Secretariat Offices of Balangoda and Kegalle.

- (20) Assigned to the Provincial Council under 36.12 of first list of 9th schedule of 13th amendment to the Constitution and in accordance with Article 13 of chapter VIII of The Financial Charter (Supplementary Provisions) No 10 of 1994 of the Sabaragamuwa Provincial Council approved on 20 February 1995, entrance fee of Udawalawa National Park should be charged to the Sabaragamuwa Provincial Council as a fee charged under the Wildlife Conservation Ordinance. It was also informed that according to the letter No. WC/2/11/2 and dated 26 June 2002 Director of Wildlife stating that from October 2001, except 50% of the park fees in Udawalawa which is credited to the Wildlife Conservation Fund and 40% from remaining balance will be credited to the Sabaragamuwa Provincial Council and the money will be remitted to the provincial council by General Treasury.
- Actions should be taken to bring the Entrance fees of the park to the Sabaragamuwa Provincial Council Fund regularly and to recover the arrears that existed from the year 2001.
- Since 2013, requests had been made from the Director General of Department of Wildlife Conservation to take necessary actions to get this amount.
- Actions are being taken to make further inquiries from the Department of Wildlife Conservation and the General Treasury in order to receive this amount.

However, Rs.24, 956,756 for the period from October 2001 to November 2007 and the amount due from December 2007 to 31 December 2020 had not been paid to the Provincial Council by the Wildlife Department or the General Treasury.

- (21) With the aim of expanding the production of textiles using hand machines and providing the employment opportunities for the rural women, the Chief Ministry of Sabaragamuwa Province had spent Rs.9,219,299 in 2017 in order to construct the upstairs of the textile building in Kegalle. Even though the upstairs of that building had been handed over on 25 December 2017 to the Kegalle Textile Weavers Co-Operative Society Ltd, the building was idling for 02 years and was given on rental basis for a private International School since 01 January 2020. Accordingly the desired objective had not been achieved from the above mentioned expenditure.
- i. The Kegalle Textiles Weavers Co-operative Society Ltd should inquire the reasons for its inability to implement and appropriate actions should be taken against any officer who has made mistakes in this regard. Since the co-operative society did not have a sufficient financial strength to purchase the power machines, loans had been requested from the Co-Operative Development Fund. Arrangements will be made to recover the debt balance amounted to Rs.3,200,000 of the Society. The Honorable Governor had not approved the issuance of the loan.
- ii. The building should be used immediately for the desired tasks of the Ministry.

- (22) Two precast mixing machines which worth Rs. 29,900,000 purchased under the JICA provincial road development project, had been received by the Development Construction and Machinery Authority in the year 2015 and had not been utilized since the date of acceptance. By 09 April 2021, these machines were being destroyed due to the improper maintenance and 03 watchmen who were deployed on these machines were paid Rs. 699,100 in the year under review.
- Should be utilized, or if not it should be disposed.
- The Honorable Governor is discussing with the State Minister of Road Development regarding the possibility of utilizing these two machines for the intended purposes of the State Ministry of Road Development.
- These machines had been idled since December, 2021.
- (23) During the inspection of the construction/ repair work of 21 institutions, it was observed that the similar construction/ repair work of 17 institutions had been identified as 95 small parts at a total cost of Rs.13,451,196 by Regional Director of Health Services Office, Rathnapura during the year 2020. It was observed that the work was carried out by the selected persons on the recommendation of the Regional Director of Health Services or the heads of the
- In accordance with the Procurement Guideline, contracts should be awarded in such a way that the government gets the maximum cost benefits.
- Preventive measures had not been taken.
- The methodology mentioned in the audit paragraph is being followed at present.

relevant institutions without selecting contractors through bid invitations in accordance with the Procurement Guidelines. Accordingly, it was observed that the cost benefits that government could have obtained as per guideline 1.2.1 (a) of the Procurement Guidelines had been lost and that the interested parties who have qualified had not been given an equal and maximum opportunity to participate to the Procurement as per the Guideline 1.2.1 (c).

- (24) At the end of the year under review 18 trade debtors equal to sum of Rs. 1,549,130 from total outstanding which was Rs, 19,692,264 were in arrears for more than 5 years and 7 debtors equal to sum of Rs. 565,268 were in arrears for more than 10 years.
- Action should be taken to recover the outstanding debtor balance.
- As per the decision of the board of directors it had been decided that the letters should be sent to inform the relevant debtors and the programs should be implemented to recover the debts.
- No charges had been made till 31 January 2022.
- (25) Provisions for the educational and nutritional aids had not provided to the helpless and disabled children as stated in the 6th regulation of the Charter for the Establishment of the
- Should be acted in accordance with the Charter.
- Since the Department of Probation and Childcare Services provides educational and nutritional aids for children, they
- The funds had not been used for the welfare of helpless and disabled children until 31 December 2021.

Social Service Fund of Sabaragamuwa Provincial Council no: 04 of 1994. The cash balance of the fund at the end of the year under review was Rs.77, 943,752.

had informed that there is a tendency of providing aids for medical reasons from the social services fund.

- (26) The Ministry of Education of Sabaragamuwa Province had entered in to an agreement with a private company regarding the construction of a technical building for Ke/Ambepussa Maha Vidyalaya on 23rd January 2017 at a cost of Rs.20, 833,115. According to the agreement the work was supposed to be completed by 15 October 2017, but it had not been completed by the end of the year under review and the performance guarantee of Rs.1,041,656 had expired on 18 October 2019. An advance of Rs.6,249,934 had been paid and out of it Rs. 4,066,315 had not been settled. However the advance bond had been expired on 31 March 2020.
- Should be acted in accordance with the terms of the Procurement Guidelines regarding contract delays.
- The construction work had suspended and legal advices are being requested from the legal advice unit of provincial council to levy the advance amount of Rs. 2,662,741.
- Immediate actions are being taken to terminate this contract unilaterally after receiving the legal advices.

- (27) There had been 54 number of Transfers in The principal The information had principals who had served principal's service transfer policy had been processed for more than 15 years in the should be made in a been made and zonal wisely in order same school, 86 number of timely manner. submitted to the to implement the principals who had served Hon. Governor. principal transfer for a period of 10 to 15 years system, as soon as and 130 number of principals who had served for a period of 8 to 10 years, was still continuing to serve without any transfer in the schools of Balangoda, Embilipitiya, Nivithigala, Dehiowita, Mawanella, and Kegalle educational zones.
- (28) Two state lands with the area The orders of the The institute of In accordance with of 3 roods and 1 acre in Land Commissioner Local Government the above mentioned Kukulegama North and should be and the Mobitel letter the ownership Thapassarakanda Grama implemented by the Company had been of these permits had Niladari Divisions Divisional Secretary. informed by not been accepted by respectively of Kalawana Divisional Secretariat of Kalawana to give the government and Divisional Secretariat Division had been given to the consent for the this block of lands private parties by an annual Telephone to the company had not been given permit and a Jayabhumi transmission towers under a long term Deed. Those parties had in Kukulegama license. leased 15 and 20 perches of North. Furthermore the Divisional Secretary of Kalawana had been informed to take immediate actions regarding the tax arrears. The construction work of PLC 10 dated 27 September 2012 of the Provincial Land

Commissioner to accept the offer permits by the government and to submit proposals to handover the plots of land which were given for the construction of transmission towers to the same companies on long term licenses. But no actions had been taken in this regard.

Telephone
Transmission tower in Thapassarakanda had been started only with the consent of the Kalawana Pradeshiya Sabha. Even though they had been informed to hand over the permits for the procedure of termination, no any response had been made with regard to this. A survey request had been made for the allotment of the relevant plot of land.

Triennial Status Report of the Auditor General (2018,2019, 2020)

Name of the Auditee: - Central Provincial Council

Opinion of the Auditor General on the Financial Statements

2018 - Qualified Opinion

2019 - Qualified Opinion

2020 - Qualified Opinion

	Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Entity	Current Position
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1.	Accounting Deficiencies			

(a)	There was an unsettled imprest balance of Rs.2,671,198 in 7 entities as at 31 December 2018.	Actions should be taken to settle the imprest balances before 31 December.	Six imprest balances have been settled completely.	Imprests balance of Rs.299,247 of one out of 07 entities had not been settled.
(b)	The building constructed from the year 2015 at a total cost of Rs. 26,000,000 where the Central Provincial Rural Development Department is located was not included under the non- financial assets in the statement of financial position as at 31 December 2020.	This building should be brought to account as the assets in the statement of financial position,	The value could not be accounted due to the bill payment was made by the Ministry.	Value of the buildings had not been brought to account for the year 2020.
(c)	Under the current liabilities of the Central Province consolidated statement of financial position, the unidentified suspense balance under the General Account was Rs. 832,955 at the end of the year 2020.	Payable transfer loan balances and suspense balance should be identified and settled.	There was a balance of Rs. 1,129,703 in the inter provincial General Account and after settling these debt balances of Rs. 296,748 in the year 2021, the balance in	The balance of the Suspense Account had not been identified and settled.

the General account was Rs. 832,955. It has been informed that this balance will be settled as soon as possible in the future.

2. **Head 541 - Council Secretariat**

- (a) In accordance with the Paragraph 06 of the financial Circular No.01/2001 dated 28 March 2001 of the secretary to the Ministry of Provincial Councils and local Governments, actions had not been taken to recover the loan balance of Rs.92,176 which should have been recovered from a dead member relating to the Advance Account for the Council Members and Rs.157,114 from a member who had vacated the post, even as at 31 December 2018.
- Actions Should be taken to recover the loan balances immediately.
- In order to take legal action, the matter has been informed to the Attorney General.
- Outstanding loan balances have not been recovered.

- (b) According to the Action should be Reminders have been Laptop computers agreements, actions had not taken in accordance sent to hand over the have not been taken been taken even as at 31 with the laptop computers. over in accordance December 2018 to take over agreements. with the agreements. 26 lap top computers worth of Rs.2,789,100 given to 26 office-bearers under the distribution of laptop computers to the members and ministers of the provincial council implemented by the provincial secretariat in 2012.
- (c) Although it had not Action should be No preventive House rent provided allocation from the taken in accordance measures have been allowance paid circular No.PS/CSA/11-18 with the Circular. reported. contrary to the circular had not been dated 12 October 2018 on Public Expenditure Management, a total house rent of Rs. 420,000 at Rs.40,000 per month had been paid to the Chairman of the Provincial Council from 15 October 2018 to 31 October 2019. recovered.

3. **Head 542 - Chief Secretary's Office**

An amount of Money payable to No preventive There was a balance
Rs.1,857,991,945 remained the local measure had been of Rs.
idle in 08 accounts including government taken. 659,036,520 in 08
main 02 current accounts of authorities should accounts including
the Chief Secretary's Office be paid without 02 main current
and 06 collection current delay. accounts Chief
accounts of the provincial Secretary's Office
Council in the year 2019, and and fixed deposits of
the fixed deposits amounting Rs.2,621,485,974 as
to Rs. 2,481,656,658 at 31 December
maintained in 02 state banks 2021.
as at the end of the year 2019
had not been utilized towards
the achievement of the goals
of the Provincial Council.

4. **Head 544 - Provincial Administration**

Although 04 small hydro Steps should be Tax for one small Tax relating to the
power plants that had not taken to recover the hydro power plant generation of
been documentd in the arrears of tax and had not been paid up electricity had not
Divisional Secretariat had maintain aregister to 2021. Two hydro been recovered even
generated 8,430,932 Kw of on power plant sof power plants had not as at 31 December
electricity and earned the Divisional been implemented. 2021.
revenue of Secretariat. Initial arrangements
Rs. 118,033,048 from are being made to
January to December 2019, approve the tax from
any tax had not been received one small hydro
by the Udapalatha Divisional power plant.
Secretariat.

5. **Head 545 – Provincial Financial Management**

- (a) Although the Provincial Council had collected stamp duty of Rs. 2,140,860,112 and court fines of Rs. 130,555,222 during the year 2020, only 0.06 percent from the collected revenue amounting to Rs. 1,310,102 of stamp duty out of that had been paid to the Local Government Authorities. Also, court fines had not been paid to the local authorities.
- (b) As per Central Provincial Financial Rules 116.1, although the revenue collecting officers are responsible for recovering the arrears of income exercising extreme care and for making provisions in time to act in accordance with the law whenever necessary, arrears of revenue amounting to Rs. 6,773,747 had been written off in the year 2020 from the Central Province Revenue Account relating to the years 2017,2018 and 2019. According to that Revenue Account, arrears of revenue amounting to
- Action should be taken to pay stamp duty and court fines received in respect of Local Authorities.
- Fifty two percent of the revenue collected from stamp duty was paid in the year 2020.
- The total stamp duty and court fines payable relating to the Local Government Authorities had not been paid.
- Action should be taken to recover the arrears.
- It has been informed that special arrangements would be made to collect the arrears.
- Arrears of revenue had not been recovered.

Rs. 195,023,111 to be recovered as at 31 December 2020 in respect of 06 Revenue items had not been recovered.

- (c) An advance of Rs. 171,988,242 had not been recovered from the Department of Health receivable to the Central Provincial Council on 31 December 2020 which had not submitted an age analysis.
- | | | |
|--|---|--|
| Action should be taken to recover the advance. | No preventive measure had not been taken. | Unsettled advances still remained unchanged. |
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6. **Central Provincial Regional Economic Development Agency**

Although the lounge could not be subleased and could not be done structural changes according to the agreement which had reached with the Road Development Authority and the Regional Economic Development Agency, the Regional Economic Development Agency had subleased it to a private institution and it had changed the structure of the institution by expending nearly an amount of 6 million rupees. Further, action had not been taken to recover the

Katukithula Action should be taken to rcover the outstanding tax.	Court actions have been initiated recover the outstanding tax.	Outstanding tax of Rs. 2,164,390 has not been recovered.
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outstanding tax of Rs.2,164,390 due from that institution from February 2013 to December 2019.

7. **Head 550 - Chief Ministry**

The Malabar house building located in the Anagarika Dharmapala Avenue which had been allocated to the chief minister with the dissolution of the Council had been handed over to the project of Gramashakthi. Although monthly rent amounting to Rs.325,000 assessed by the government assessor should have been recovered as per the condition of the agreement of hand over the circuit, the rental amount of Rs.2,925,000 receivable for the period from 15 March 2019 to 22 December 2019 had not been recovered.

Action should be taken to recover the rent due.

A reminder has been sent again to the Secretary to the President on 03 March 2022 to recover the rent.

A rent due from a parliamentarian of the Grama Shakthi Projct had not been recovered.

8. **Head 551 - Department of Local Government**

No action had been taken to recover the money for 10 surcharge certificates amounting to Rs.3,688,891 issued by the Auditor General for Local Government institutions in the Central Province during the period from the year 1996 to 31 December 2020 considering the appeals, if any.	Surcharges should be recovered.	Charges will be recovered after the completion of the court proceedings and conclusion of the appeals, and several parties have also paid in installments.	Total amount of the surcharge had not been recovered.
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9. **Head 552 - Department of Education**

(a) In accordance with the circular No 2007/20 dated 13 December 2007 of the secretary to the Ministry of Education, 29 teachers relating to 14 schools in Kotmale Educational Zone have been working over 10 years and 484 teachers in the schools of Hatton educational zone have been working from 8 years to 32 years at the same school as at 31 December 2018.	Transfers should be given during the due term in effective manner in accordance with the circular.	Problems have arisen in the school under the most rural category when making transfers and action is be taken to correct the relevant problems.	Shortcomings have not been corrected.
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- (b) Revenue of Rs. 736,450 of the Commercial Advance Account of the Gurudeniya Educational Development Centre No.552202 pertaining to the year 2017 and 2018 had not been brought to account. Revenue in arrears should be identified and brought to account. Few revenue has been brought to account. It has been informed that others will be accounted for by issuing PIV. Total amount has not been brought to account.
- (c) Fifty three units relating to 33 items of equipment given to Mahindodaya lab and 3 air conditioners in the old computer lab of Paranagama central college were idling even as at 31 December 2018 after using them for smart class rooms. Measure should be taken to ensure not to idling the government assets. Three dysfunctional air conditioners have been removed. Two radios and other laboratory equipment have been used for the academic activities of the students. Three air conditioners remained idle. Other instructions are in use.
- (d) Even though it was shown through the audit inquiries with regard to the losses and damages of Rs.8, 584,356 relating to 11 incidents in the Udawela Bandaranayake College in 2017 and 2018, actions had not been taken even as at March 2019 to recover the losses by determining the responsible persons by conducting investigations in accordance with the F.R 54(3). The circulars and Financial regulations should be followed. The information has been checked by appointing investigation boards. No action had been taken to recover the losses.

- (e) In terms of the National Circular Budgetary circular No 118 of Director General of National budget dated on 11 October 2004, actions had not been taken to settled the receivable loan balance of Rs.76,230,006 as at 31 December 2019 from 2894 officers who were transferred from the Department of Education of the Central Province and an amount of Rs.30,889,780 which had to be settled from 1059 officers who came after transferring.
- Outstanding loan balances of Rs. 17,419,250 due from 149 officers who left transfers and Rs. 10,273,221 due from 98 officers who arrived on transfers before 31 December 2019 have been settled through the Treasury as at 31 December 2021.
- Outstanding loan balances of Rs. 58,810,756 from 2745 officers left on transfers and Rs. 20,619,559 due from 98 officers who arrived on transfers have not been settled.
- (f) The receivable loan balance relating the 259 officers who had transferred and had died as at the end of the year 2019 amounted to Rs.11,173,799 and the balance that remained for more than 05 years in the above balance was Rs.1,694,649 .
- Action should be taken to recover the loan and settle the loan balances in accordance with the Establishments Code.
- Outstanding loan balances of Rs. 2,960,830 relating to 64 officers who retired and had died before 31 December 2019 have been settled through the Department of Pensions.
- Outstanding loan balances of Rs. 8,203,969 relating to 195 officers who had retired and had died have not been recovered.
- (g) The loan balance which had to be received from the 144 officers who had been interdicted and those who had vacated the service of the Provincial Department of Education as at 31 December
- Outstanding loans should be recovered.
- No preventive measure had been taken.
- Outstanding loan balances have not been recovered.

2019 amounted to Rs.5,439,775, of which the loan balance that had exceeded 05 years was Rs.3,392,787.

- (h) The water supply system that had been given to the school by spending nearly Rs.65 lakhs under the foreign grants had remained idle since a period of 03 years as at 31 December 2019 due to failure to repair the water motor installed in the tube well of Rajathalawa Junior College and to repair 02 inactive solar cells.
- Action should be taken to meet the needs of teachers and students without allowing the idle expenses incurred.
- A well has been construct at the school premises and obtained water until the solar powered water system in repaired.
- The water system remained idle.
- (i) Necessary action had not been taken regarding the lands of 61 schools belonging to the Matale Zonal Office for taking over of those lands to the Central Provincial Department of Education as at 31 December 2019.
- Action should be taken to take over school lands that have not been acquired.
- It has been informed that steps are being taken to take over school lands that have not so far been acquired.
- The shortcoming has not been rectified.
- (j) There existed 47 vacancies of Sinhala medium teachers and 54 vacancies of Tamil medium teachers in the schools of Matale Education Zone as at 31 December 2019.
- Teaching vacancies should be filled.
- The total teachers vacancies as at 31 December 2021 is 18.
- The 18 teachers vacancies have not been filled.

- (k) Actions had not been completed regarding the outstanding loan balances of Rs. 5,747,195, Rs.3,389,528 and Rs.3,954,598, which had been recommended to write off, adjusting and removal respectively by the investigations as per the Provincial Financial Rule 54.6 relating to the Central Provincial Department of Education as at 31 December 2019.
- Recommendations included in the investigation reports should be implemented.
- Action is being taken to write off, adjust and eliminate the loan balances.
- Loan balances have not been written off, adjusted and eliminated.
- (l) According to Section 12.5.4 of Chapter VII of the Establishments Code, the acting allowance can be obtained only if an officer is acting in another post while holding a permanent post, but only the Zonal Directors of Education appointed to act in the Naula and Galewela Zonal Education Offices had been assigned duties in that post and they also did not cover the duties of any other position. However, the total of Rs. 1,685,919 salaries for acting duties had been paid to the Director of Education in the Naula Zone at Rs. 857,789 from February 2016
- Salaries paid in excess should be recovered.
- A request has been made to the Provincial Public Service Commission to amend the appointment as per the duties performed under Section 12.3 of Chapter VII of the Establishments Code. Action will be taken to recover the acting salary after amending it.
- Overpaid salaries had not been recovered.

to December 2020 and Rs. 828,130 to the Director of Education in the Galewela Zone from 2016 January to August 2019.

- (m) Acting principals for the vacant posts of Principals of Matala, Galewela and Wilgamuwa Education Zones were appointed since a period of 32,47 and 27 years respectively by the year 2020 and some acting principals have been in office for more than 13 years. Acting Directors have been appointed to 04 posts of Matala Divisional Director of Education and some officers have been acting as the post of Divisional Director of Education for more than 18 years.
- Principals should be appointed on permanent basis to fill the vacant posts of principals.
- No preventive measures had been taken.
- No principals had been appointed on permanent basis for vacant posts of principals.
- (n) No recovery had been made or disciplinary action had been taken according to the Provincial Financial Rules 55.2.1 and 55.4. regarding the damages caused from vehicle accidents amounting to Rs. 19,375,312 in 193 incidents from the period of 5 to 10 years and Rs. 3,495,427 in 45 incidents above 10 years in the Provincial
- Vehicle accidents should be dealt with in accordance with the Financial Rules.
- No preventive measures had been taken.
- Moneys due for the losses and damages had not been recovered.

Education Department as at 31 December 2020.

- (o) Despite the existence of 61 Principals should No preventive Principals have not graded principals in excess of be appointed on measures had been been appointed on the approved cadre in 35 permanent basis for taken. permanent basis for schools of the Kandy schools where there are vacancies for schools where there Education Zone as at 31 are vacancies for principals. are vacancies for December 2020, Grade principals. principals. I,II,III officers of the Sri Lanka Teachers' Service had been appointed to act as principals of 28 schools that Zone.

10. **Head 554 - Department of Cultural Affairs**

The computer software which had been developed in the year 2016 for official use by expending a cost of Rs.460,000 by the Provincial Cultural Department and 55 tabs worth Rs.1,347,500 which had been purchased in the year 2018 for utilized the software efficiently had not been used effectively in the expected objectives.

Actions should be taken to utilize the idle resources effectively.

It has been reported that action is being taken to use the computer software for the intended purpose in the future.

The software has not been used and 15 usable tabs remained unused.

11. **Head 555 - Department of Engineering Service**

Three quality control Equipment should equipment worth be used effectively. Rs.2,702,500 which had been purchased in the year 2008 for the quality control laboratory established in the Department of Engineering Service of Central Province, had not been used for any test even as at 31December 2019.	Officers of the One equipment laboratory have remained unused. received trainings. Direct Shear Test will be done up on the receipt of requests and Consolidation Test and Hardness Test are carried out at present.
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12. **Head 557 - Central Provincial Department of Co-operative Development**

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| (a) While 1,900 square feet of
the ground floor of the new
building of Central
Provincial Co-operative
Development Department
and the building in which the
Pallekale coop Mart is
situated had been rented out
without assessment from the
year 2013 to 2020, 683
square feet had been rented
out for 03 entities without an
agreement or levying any
rental. | An assessment Agreement has been
should be obtained entered into so as to
and action should be effective from
be taken to levy a February 2021.
rent when renting It has been informed
government that the rent is
buildings. recovered properly. | Action has not been
taken to recover the
rent due for the
period from 2013 to
January 2021. |
| (b) The Department of Co-
operative Development had
not recovered the loan of Rs.
1,250,000 given to the
Nuwara Eliya Florists'
Enterprise Society on 20 | Action should be
taken to recover the
loan amount.
Although
installments of the
loan amounting to Rs.
1,250,000 issued to
the Nuwara Eliya
Florists' Enterprise | Loan has not been
recovered. |

June 2016, even as at 31
December 2020

Society have not been recovered due to the liquidity problem within the society, efforts were made to recover the loan interest. However, arrangements are being made to recover the relevant installments.

- (c) Out of arbitration issues worth more than Rs. 500,000 that had been handed over to the Co-operative Development Officers for resolution in the Central Provincial Co-operative Development Department, 3 arbitration issues amounting to Rs. 6,245,658 elapsed for more than 5 years, 4 arbitration issues amounting to Rs. 16,487,484 elapsed for 3 years, an arbitration issue amounting to Rs. 592,459 elapsed for 2 years and 17 arbitration issues amounting to Rs. 52,892,056 elapsed for a year had not been resolved even as at 31 December 2020.
- Arbitration issues should be resolved immediately.
- It has been informed that long time is required to resolve disputes and there is a shortage of officers to deal with arbitration issues and the arbitration issues are examined giving priority to the main duty.
- Arbitration issues have not been resolved.

13. **Head 560 - Central Provincial Ministry of Health**

- (a) The Provincial Ministry of Health had recruited 07 casual health assistants who had submitted fake certificates and paid Rs. 2,457,000 as salaries from January 2017 to June 2019.
- Appropriate action should be taken against employees who submitted the fake educational certificates.
- Service obtained on casual basis has been terminated.
- No action had been taken against the health employees who submitted the fake educational certificates.
- (b) Four defibrillators worth Rs. 3,916,000 used to test, stimulate and restore the heartbeat of heart patients donated to Uduwela, Moragaha, Delthota and Dolosbage hospitals in 2015 and 2016 under the World Bank Development Project were not in use by December 2020 due to lack of trained staff, non-installation of emergency treatment units, non-provision of necessary equipment and vacancies in the nursing staff.
- Relevant machines should be used.
- It has been informed that arrangements have been made to deploy a new nursing staff, repair those medical devices where the batteries are inactive by fixing accessories and parts required for its effective use. Many buildings for emergency treatment units are already under construction and a training session on the use of these machines will be held in the near future in collaboration with medical officers and nurses.
- Machines have not been used.

- | | | | | |
|-----|---|------------------------------|--|-------------------------------------|
| (c) | Lack of infrastructure to install the mobile C-arm X-ray machine which had been purchased from a private firm for Nawalapitiya District Hospital in 2019 at a cost of Rs. 10,814,800 provisioned by the Ministry of Health, of Central Government in 2018 and due to non-receipt of licenses by the Ceylon Atomic Energy Regulatory Authority, it could not be used for the patients and remained idle till the 25 February 2021. | Machines should be utilized. | The machine was handed over to the Theldeniya hospital due to the lack of infrastructure at the Nawalapitiya District hospital. The machine was handed over to the Nawalapitiya District hospital on 31 July 2020 after undergoing theatre repairs at the Nawalapitiya District hospital. The operation of this machine was approved by the Atomic Energy Regulatory Council of Sri Lanka on 24 February 2021. Accordingly, the preliminary work required to install the relevant machine has been completed by now and the additional equipment will be provided for the service of the patients as soon as it is provided. | Relevant machine had not been used. |
|-----|---|------------------------------|--|-------------------------------------|

- (d) There were 2509 vacancies in senior, tertiary, secondary and primary levels of staff in the Provincial health staff service as at 31 December 2020. Action should be taken to fill vacancies. Preventive measures had not been taken. Vacancies have not been filled.
- (e) The Provincial health service staff had an excess of 87 employees in senior, secondary and primary levels including 69 employees recruited on contract basis as at 31 December 2020. Appropriate measures should be taken regarding the excess employees. Preventive measures had not been taken. Action has not been taken on the excess staff.

14. **Head 561 - Central Provincial Department of Health Services**

- (a) Even though prevention of hydrophobicity activities which was under the Provincial Health Services Department had been assigned to the Animal Production and Health Department since 01 April 2018, the employees had not been acquired. Accordingly 15 veterinary vaccination field assistants who were attached to the Kandy District Health Services Director's Office were paid a salary of Rs.3,813,738 for a period of 6 months without assigning duties. Actions should be taken with regard to the authorized officers who have been paid salaries to those officers for 6 months without assigning a duty. Preventive measures had not been taken. No step whatsoever had been taken against the officers who should be responsible for the payment of salaries without assigning duties.

- (b) Although it had been nearly 15 years since retiring the store keeper on 18 April 2002 according to section 2.12 of the code of pensions after conducting an investigation according to the Provincial Financial Rules 54.6 regarding the shortage of stores items worth Rs.1,217, 482 which had been revealed in the year 2001 by a survey of stores in Kandy regional drug warehouse, action had not been taken to recover this shortage with the state charges as at 31 December 2019.
- The parties responsible for the shortage of stores items should be identified and necessary actions should be taken against them.
- No preventive measures whatsoever had not been taken.
- Shortage had not been recovered.
- (c) There were stocks of expired drugs worth Rs.5,641,122 in the drug store of the Matale District General Hospital as at 31 December 2020.
- Expired stocks should be disposed. Relevant steps should be taken after examining whether the expiry had caused due to negligence of the officers.
- It has been informed that action will be taken to inform the Colombo medical supplies division regarding any expired drugs and dispose the medicines worth less than Rs. 25,000 as per the powers vested in the Directors of regional health services.
- Expired drugs had not been disposed or no measures had been taken against the responsible officers, if any.

- (d) The orders issued by the Central Provincial Council Committee on Accounts to recover damages amounting to Rs. 571,824 caused from 5 vehicle accidents that occurred during the period from 2014 to 2018 or to recover the loss from the officers who failed to recover the relevant amount within the relevant period had not been implemented up to 30 April 2021
- Orders issued by the Central Provincial Council Committee on Accounts should be implemented.
- No preventive measures had been taken.
- Orders issued by the Central Provincial Council Committee on Accounts have not been implemented.
- (e) The Health Services Department had not recovered losses and damages or taken disciplinary action under provisions 55.2.1 and 55.4 of the Provincial financial rules for damages caused by vehicle accidents amounting to Rs. 31,283,271 during the period from 1 year to 18 years in relation to 100 cases as at 31 December 2020.
- Disciplinary action should be expedited to recover damages and losses caused by vehicle accidents immediately.
- Relevant officers of Kandy, Matale and Nuwara Eliya districts were summoned and informed on 19 March 2021 regarding the resolution of vehicle problems which had been unresolved for a long time.
- Losses and damages have not been recovered.
- (f) A sum of Rs. 3,114,905 that had been erroneously paid as painting charges of health equipment by the Kandy District Director of Health Services' office and had been recommended by the Chief
- Money should be recovered as per the recommendations of the Chief Secretary.
- No preventive measures had been taken.
- Money has not been recovered as per the recommendations.

Secretary of Central Province
on 09 May 2019 to recover
from the 14 responsible
officers had not been
recovered till 30 April 2021.

15. **Head 562 - Department of Ayurveda**

A sum of Rs.2,617,180 to be
recovered as at 31 December
2018 had not been recovered
from 19 field officers who
had gone for the duties in
other posts by obtaining
motor bicycles from the
Department of Ayurveda in
accordance with the Circular
No. BD/GPS/130/9/14/MC
dated 06 January 2016 of the
Department of National
Budget.

Action should be
taken in accordance
with the circular.

It has been informed
that the Department
of Ayurveda will take
action to recover the
value of the motor
bicycles from the
salaries of those
officers from April
2021 to March 2022
and credit it to the
National Budget
Department.

The sum of
Rs.2 ,617,180 has
not been credited to
the National Budget
Department.

16. **Head 570 - Central Provincial Ministry of Road Development**

(a) **Central Provincial Road Passenger Transport Service Authority**

(i) Even though a Rs.6,668,311
had been paid to the Land
Reform Commission on 09
January 2018 to purchase
the land where the Ragala
Bus Stand is maintained, the
deed of the land had not
been received.

Action should be
taken to obtain the
deed of the land.

The Land Reform
Commission has
expressed its
agreement to grant
relevant deed
immediately.

The deed confirming
the ownership of the
land had not been
obtained.

- (ii) Rent of Rs. 6,884,131 for 174 shops which were in arrears for a period from 11 months to 08 years and 09 months as at 31 December 2020 had not been recovered. Arrears of rent should be recovered as per the agreement. All shops tenants have been informed in writing that legal action will be taken against them for non-payment of income on time. An officer has been appointed to collect the arrears on time. Arrears of rent has not been recovered as per the agreement.
- (b) **Central Provincial Road Development Authority**
- (i) Although the Chairman and the Board of Directors of the Provincial Road Development Authority are not entitled for receiving the bonus as per the section 8.3.2(b) of the circular No. PED/12 dated on 02 June 2003 of Department of Public Enterprises, an amount of Rs.725,000 had been paid as bonuses to the Chairman and to the members of the director board for the years 2017 and 2018. Action should be taken in accordance with the circular guidance. No preventive measures had been taken. Money that had been paid contrary to the circular instructions had not been recovered.
- (ii) The late fee of Rs. 1,797,310 which should have been collected for 56 industries contracted in the year 2018 had not been recovered as per the terms of the agreements entered. Late fees should be recovered properly. The Saturdays, Sundays and poaya days within the contracted period had not been computed as the days of delay. Relevant late fees had not been recovered.

into by the Construction Industry Development Authority (CIDA) with the contractors.

- (iii) The tender was awarded at the estimated cost for the construction of “Dola road Akkaramale third lane and Greenwood school road” operated by the contract unit of the Provincial Road Development Authority in the year 2020. A sum of Rs. 1,451,470 had been overpaid to the private subcontractor for 929 metric tons of asphalt transported for an additional 35 kilometers at Rs. 44.64 per kilometer due to payment for 70 kilometers of the estimated distance traveled for 929 metric tons of asphalt transported for a distance of 35 kilometer for industry.
- Investigations should be carried out and disciplinary action should be taken against those responsible.
- No preventive measures had been taken.
- Steps had not been taken against those who are responsible for the incident and overpayment had not been recovered.
- Overpayments should be recovered.

17. **Head 571 - Central Provincial Housing Department**

The Central Provincial Housing Department had not recovered housing loan amount and interest of Rs. 3,588,424, Rs. 1,082,548 and Rs. 2,165,790 respectively

Action should be taken to recover arrears and interest.

Direct loans to individuals – Loans of Rs. 1,993,192 and interest of Rs. 484,804 are required from 435 persons.

Outstanding balances had not been recovered.

given to homeless families directly by the Central Provincial Housing Department from 1997, by Sanasa society's ltd. from 1994 to 1996 and during the year 1999 and by Co-operative societies from 1994 to 1999 as at 31 December of the year 2020.

Loans through Co-operative societies – Loans amounting to Rs. 1,629,832 and interest amounting to Rs. 289,386 are due from 268 beneficiaries.

Loans from Sanasa credit society – Loans amounting to Rs. 1,024,111 and interest amounting to Rs. 261,253 are due from 177 beneficiaries.

Various steps have been taken to recover the above debts.

18. **Head 580 - Central Provincial Ministry of Industries**

The Provincial Ministry of Youth affairs, Women's Affairs, Rural Development, Cooperative Development and Industries had purchased 1760 sewing machines worth Rs. 45,581,286 from 2016 to 2019 and distributed them among women in the Central Province with the objective of promoting self-employment. The distributed sewing machines Necessary steps No preventive measures had been taken. self employment projects success. Steps had not been taken to make the self employment projects success.

were not followed up until the year 2019 and 302 out of the 864 beneficiaries who were followed up by the Ministry in the year 2020 were not self- employed in sewing industry and accordingly, the objective of the project was not fulfilled.

19. **Head 584 - Central Provincial Department of Rural Development**

According to the 2019 Board of Survey reports, 31 sewing machines provided by the Provincial Rural Development Department to the government women's development centers in the central Province remained unused even by 31 December 2020.	Unused machines should be repaired and used or disposed.	These machines are very old and difficult to repair and use. Therefore, action had been taken to inform the Secretary, Ministry of Industries to appoint a committee to obtain a technical report on the malfunctioning sewing machines in the centers. It has been reported that further action will be taken as per the recommendations of the relevant committee.
		Disposal activities have not been completed.

20. **Head 590 - Central Provincial Ministry of Agriculture**

- (a) Four vehicles including a motor vehicle worth Rs.5,000,000 and a jeep the value of which had not been mentioned and belonged to the Council Secretariat and 02 vehicles the value of which had not been mentioned and belonging to the Ministry of Agriculture had remained idle from the period from 04 months to 04 years as at 31 December 2019.
- Action should be taken to repair and use or dispose of the vehicles as per the circular instructions.
- Action is being taken to dispose of the unusable vehicles under an acceptable procedure and to repair the reparable vehicles.
- Vehicles remained idle.
- (b) Inspections on two vehicles belonging to the Provincial Ministry of Agriculture that had met with an accident before 4 years and 11 years had not been completed by the end of the year 2019 and the necessary action had not been taken regarding the losses and damages totalling Rs. 1,332,257 of the Delpitiya Agriculture Consultancy office, Bowala Assistant Director of Agriculture Office and Kundasale Veterinary Office.
- Inspections on the losses and damages should be completed without delay according to the Central Provincial Financial Rule 54.3 and relevant steps should be taken according to those reports.
- A sum of Rs.95,000 has been recovered.
- A sum of Rs. 136,273.75 has not been recovered for various losses. Losses and damages of the 02 vehicles had also not been recovered.

(c) The Ministry of Fisheries and Aquatic Resources Development had constructed 13 ponds under the provision of Rs. 4,479,184 for the objective of developing estate related fresh water fish farming in the Central Province in the year 2017. The project had completely failed due to locating errors and the failure to release fingerlings into the ponds by the audited date of 25 September 2020. The expenditure incurred by the government had completely become useless and no action had been taken to take over the legal ownership of the land prior to construction.

Immediate action should be taken to make the project successful.

According to prevailed reports, it was planned to store fish fingerlings in these 13 ponds and the beneficiaries are advised to contribute to the successful maintenance.

Shortcomings have not been rectified.

21. **Head 591 - Central Provincial Department of Agriculture**

(a) Action had not been taken to collect the rent of Rs. 13,200,000 even as at 31 December 2019 for utilizing the a plot of land belonging to the Kundasale Government Farm of the Department of Agriculture by the State Timber Corporation for 24 years

Arrears of rent should be recovered.

As it is an alternative land given instead of the timber stores premises situated at Asgiriya, the Divisional Secretary had sought instructions of the Land Commissioner General as to whether

Arrears of rent had not been recovered.

from 1990 to 2014.

he should pay the arrears. A request has been made to the State Timber Corporation to provide necessary documents to confirm the matter immediately.

- (b) Although an amount of Rs.11,866,202 had been spent for constructing 03 “Hela Bojunhal” stalls at agri adviser divisions of Mathale, Kimbissa and Nalanda in Matale district under the programme of the local food promotion - 2016 by the Department of Agriculture, a charge could not be collected due to not entering to a formal agreement with selected entrepreneurs for sales activities from the year 2018.
- There should be a legality when providing state properties to outside parties and action should be taken to generate an income so as to be beneficial to the government.
- Agreements have been entered into with the Helabojun entrepreneurs from 01 January 2020. Charges have not been collected for the years 2018 and 2019.
- (c) When examined the progress of the fruit village programme implemented by the Central Provincial Department of Agriculture from the year 2016 to the year 2019, out of 26625 fruit saplings worth Necessary measures should be taken by conducting an investigation.
- No preventive measures had been taken.
- Any step whatsoever had not been taken regarding the shortcoming.

Rs. 3,726,100 given to 16 agrarian consulting divisions, the number of successfully maintained saplings by 31 December 2020 was 13970 and during the same period 12655 saplings or 48 percent of the given saplings at the total value of Rs. 1,756,100 were damaged.

22. **Head 592 - Department of Animal Production and Health**

- (a) A Rs.13,986,388 worth of accumulated surplus relating to the year 2017 and 2018 of the Pharmaceutical Advance Account maintained by the department of animal products and health in accordance with P.F.R. 378(2) had not been credited to the provincial council revenue.
- The accumulated surplus should be credited to the Provincial Council Fund in accordance with the financial rules.
- If the cash balance at the end of the year is sent to the Treasury, a methodology had not been introduced to provide imprests to carry out advance accounts activities of the following year. The profit of the year 2020 has been credited to the Treasury.
- Shortcoming has not been corrected.

(b)	<p>Two hand tractors, a tractor, a three wheeler and 12 motorcycles belonging to the Department of Agriculture and the Department of Animal Production and Health which had not been used for more than 10 years had not been disposed as at 31 December 2019.</p>	<p>Action should be taken to dispose of unused assets according to the circulars.</p>	<p>It has been informed that action would be taken to hand over the tractor to the Department of Agriculture, auction the motorcycle and the three-wheeler and to provide two hand tractors to the Galpalama Farm.</p>	<p>Shortcoming has not been corrected.</p>
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Triennial Report of the Auditor General for the Year 2018, 2019 and 2020

Name of the Auditee Institution - Eastern Provincial Council

Audit Opinion on the Financial Statements:

For the year 2018 – Qualified Audit Opinion

For the year 2019 – Qualified Audit Opinion

For the year 2020 – Qualified Audit Opinion

	Audit Observation	Recommendation of the Auditor General	Action taken by the Audited Institution	Present Position
01	It was revealed that land owners had declared less value for their lands in order to pay less amount as stamp duty. Therefore, additional stamp duty with penalty aggregating Rs. 5.25 million had been imposed in 188 instances for those undervalued properties. However, the action had not been taken to recover the arrears.	Action should be taken to collect the outstanding of stamp duty with penalty.	Action is being taken for collecting the outstanding amount.	Additional Stamp duty aggregating Rs. 33.32 million had not been recovered during the period from 01 January 2014 to 31 January 2022.
02	Six thousand and twenty-six (6,026) deeds registered in the Eastern Province during the period from 2012 to 2018 had not been subjected to assessment by the Revenue Unit of the Provincial Council in order to verify and impose additional stamp duty due to under-valuation of lands.	Fair value of the registered land should be used to assess.	Assessments will be accelerated.	Action had not been taken to assess the value of the lands registered in this Province.

- 03 Lease Rental aggregating Rs.328.89 million pertaining to the leased Government lands by nine Divisional Secretariats of Eastern Province had not been recovered by the Department of Land Administration of the Eastern Provincial Council and allowed to be arrears during the period from 01 to 04 years. Action should be taken to collect the arrears of lease rentals. Action is being taken to recover these lease rentals. Arrears had not been recovered.
- 04 According to the Plan of the Provincial Public Service Commission for the year 2019, the commission should conduct 36 Efficiency Bar (EB) examination during the year 2019 for the officers of the institutions coming under the purview of the Eastern Provincial Council. However, 10 EB examinations had not been conducted during the year 2019. Action should be taken to conduct Efficiency Bar Examinations on time. Although 9 Efficiency Bar examinations had not been conducted for the year 2019, 8 number of unscheduled Efficiency Bar examination and 7 number of examinations for the recruitments had been conducted. Action had not been taken to conduct 72 examinations including 36 Efficiency Bar examinations up to February 2021.
- 05 Even though it has been 11 years after the establishment of the Eastern Province Revenue Department, a statute had not been enacted in order to register the Action should be taken to enact Provincial Statute for pawning centers. Action had not been taken to enact the statute. Pawning centers were operating without enacting the statute.

pawning centers operating in the Eastern Province and issue annual license in this respect. As a result, a considerable amount of revenue had been lost to the Provincial Council.

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|----|---|--|---|--------------------------------------|
| 06 | Land and Land Improvements, Building and Structures valued aggregating Rs. 9,479.43 million shown in the financial statements for the year 2020 could not be satisfactorily accepted in audit due to non-availability of Title deeds, survey plan, valuation reports. | Action should be taken to obtain the relevant evidences. | It had been informed action will be taken to collect those evidences. | Evidence had not been given. |
| 07 | The Annual Reports for the years from 2014 to 2019 had not been tabled at the Eastern Provincial Council even up to 30 August 2021. | Action should be taken to table the Annual Report annually. | It had been informed that, Once the Provincial Council reformed, those Annual Reports will be tabled. | Annual Reports had not been tabled. |
| 08 | Members of the Eastern Provincial Council had been granted loans aggregating Rs. 4.6 million without being obtained adequate surety and a sum of Rs.1.10 million had been allowed to be outstanding over 10 years. | Action should be taken to recover the outstanding loan balances. | The matter had been forwarded to the Legal Unit of this Provincial Council for legal action. | Legal Action had not been concluded. |

- 09 Out of Rs. 2 million paid to the former Secretary to the Chief Minister as an advance, a sum of Rs.1.12 million had not been recovered. Action should be taken to recover the outstanding advances. The subject had been submitted to the Chief Legal officer, the action on progress. Advance had not been recovered.
- 10 Outstanding balances of trade debtors amounting to Rs. 04 million of commercial advance activities had been remained as arrears without being recovered over 05 years. Action should be taken to recover the outstanding without being delayed. Action will be taken to recover. Arrears had not been recovered.
- 11 Even though the total revenue aggregating Rs.902 million had been estimated under 14 recurrent revenue heads, a sum of Rs.331 million had not been collected during the year under review. Action should be taken to issue the revenue invoices timely to collect the estimated revenue annually. Preventive measures had not been taken. Revenue had not been collected timely.
- 12 Balances of Advances to Public Officers Account amounting to Rs.32.6 million pertaining to 07 Departments of Eastern Provincial Council had been unsettled over 05 years without taking actions in terms of National Budget Circular No. 118 of 11 October 2004. Action should be taken to recover outstanding balances. Advance had not been settled according to the circular instruction. Public Officer's Advances had not been recovered.

- 13 Even though Construction Sound construction Action had not been Construction works works of Four Storied supervision system taken to avoid delays had not been Office buildings awarded by should be in constructions completed. the Eastern Provincial implemented. works. Planning Secretariat to a Contractor at an agreed contract price of Rs. 194.5 million to be completed on or before 04 September 2018 and paid Rs.152.91million up to 29 June 2021 with the extension of works in seven times during last 03 years. However, the works had not been completed even up to 15 November 2021.
- 14 Although the Planning Action should be Action had not been Targets of the Secretariat of the Eastern taken to introduce taken to identify the sustainable Provincial Council Sustainable sustainable development goals established with the vision Development Development Goals. had not been of a hub for a Sustainable Goals. identified. Balance Development of Eastern Province, it had been observed in audit that the Sustainable Development Goals, target achieved, periodical review of the progress of achievement had not been made by 40 Institutions including Secretariats, Ministries and Departments of Eastern Provincial Council in terms of

Sustainable Development
Act No. 19 of 2017 during
over 03 years.

- | | | | | |
|----|--|--|---|--|
| 15 | 340 dilapidated vehicles belong to the Eastern Provincial Council had been kept at the various Parks of the various departments without being properly maintained or repaired over 01 year. | Action should be taken to repair and utilize vehicles effectively. | It had been reported that, Heads of the Departments must take initiative action to repair their vehicle with the Mechanical Engineers recommendation. | Vehicles had been idled. |
| 16 | The posts of 293 Principals had been vacant in schools of fourteen Education Zones in a percentage ranging from 04 percent to 63 percent while 33 principals had been excesses in schools of other three Education Zones of Ampara District. | Action should be taken to placement of principals for the schools with shortages in principal. | It had been reported action will be taken to transfer the excess cadre for the schools with shortages of Principals. | Action had not been taken to fill the vacancies and transfer the excess staff. |
| 17 | The posts of 1,262 Teachers had been vacant in schools of 11 Education Zones in a percentage ranging from 05 percent to 23 percent while 1,063 Teachers had been excesses in Schools of other six Education Zones. | Action should be taken to placement of teachers for the schools with shortages in teachers. | It had been reported action will be taken to transfer the excess cadre for the schools with shortages of teachers. | Teacher's vacancies had not been filled. |
| 18 | Staff Quarters Rent aggregating Rs.1.47 million had not been recovered from 08 officers of the Eastern | Action should be taken to recover the quarters rent as per the provision in the | It had been reported that rental estimates for all quarters are currently being | Quarters Rent had not been recovered. |

Provincial Ministry of Establishment conducted by the Health Services over 01 Code. Department of year in terms of Sub-section Valuation. 5:4:1 of Chapter XIX of the Establishment Code amended by the Public Administration Circular No.04/2016 of 26 August 2016.

- 19 Even though the total of Action should be Action had not been Over paid tax Value Added Tax (VAT) taken to recover taken to recover the amount had not aggregating Rs.5.55 million this overpaid Value over payment of Tax been recovered. had to be paid at the rate of Added Tax. amount. 08 percent, total of Rs.10.42 million had been paid at the rate of 15 percent by three Regional Directorate of Health Services in Eastern Province. As a result, a sum of Rs.4.87 million had been overpaid to the contractors during the period from 01 December 2019 to 31 December 2020 contrary to the amendments made to the Section 2A of the Value Added Tax Act, No. 14 of 2002, and Act, No. 06 of 2005, published in Extraordinary Gazette No. 2151/52 dated 29 November 2019.

- 20 Nation Building Tax Action should be It had been instructed Action had not been aggregating Rs.2.94 million taken to recover to the related Regional taken to recover the had been paid to the and remit to the Directors of Health tax amount. suppliers by 03 Regional Department of Services to recover the Directorate of Health Inland Revenue. entire paid amount Services during the period from the year 2016to 2020 without being remitted to the Department of Inland Revenue in terms of Nation Building Tax Act, No. 09 of 2009. from the suppliers.
- 21 The Eastern Provincial Road Passengers Transport Authority had purchased 13 Point of Sales (POS) connected with General Packet Radio Service (GPRS) System and 2,000 ticket rolls on 08 June 2015 in order to record the arrivals and departures of private buses to the bus terminals. However, those items had not been used for 05 years for the intended purposes due to the lack of proper software system to operate. Action should be taken to install software system to operate Point of Sales without further delay. It had been reported that system is working under testing period. After complete the testing period, If the software is functioning properly can be implemented. Action had not been taken to use equipment effectively.

- 22 Even though, according to the Housing Development Plan (2015-2019) prepared by the Provincial Housing Authority, it was expected to construct 29,700 houses for houseless families at the total estimated cost of Rs.14,525 million during the year from 2015 to 2019, no houses had been constructed during this period except providing housing assistance beneficiaries under the Provincial Specific Development Grant.
- Action should be taken to implement Housing Development Plan.
- Action had not been taken to build houses for houseless families.
- Only five beneficiaries had been facilitated the houses in the year 2020.
- 23 According to the letter No. G/EPC/B/14/R/H. A dated 20 June 2014 issued by the Secretary to the Governor of the Eastern Province, the funds had been made available during the year 2014 for salaries and other expenditure subject to condition that the Provincial Housing Authority must generate its own funds without depending on the Consolidated Funds. However, the Authority had failed to star any business activities in order to generate its own funds to
- Action should be taken to generate its own funds.
- It had been reported failure to generate the income due to lack of capital and manpower.
- Action had not been taken to generate its own fund.

meet expenditure even after the lapse of 05 years from the establishment of the Authority.

- 24 Even though, a sum of Rs. 07 million had paid for Personnel Emoluments for 21 Staff by the Housing Authority of the Eastern Provincial Council two statutory institutions during the year 2021 established in terms of Statutes passed by the Eastern Provincial Council, neither Scheme of Recruitment nor staff cadre had been approved ranging from 04 to 07 years. Action should be taken to approve the cadre and scheme of recruitment. Even though the request for the approval had been forwarded several times to the Department of Management Services, it had been rejected. Cadre and recruitment scheme had not been approved.
- 25 Even though, a sum of Rs. 04 million had paid for Personnel Emoluments for 13 Staff by the Tourism Bureau of the Eastern Provincial Council 02 statutory institutions during the year under review established in terms of Statutes passed by the Eastern Provincial Council, neither Scheme of Recruitment nor staff cadre had been approved ranging from 04 to 07 years. Action should be taken to approve the cadre and scheme of recruitment. Even though the request for the approval had been forwarded several times to the Department of Management Services, it had been rejected continuously. Cadre and recruitment scheme had not been approved.

Triennial Status Report of the Auditor General (2018,2019,2020)

Name of the Auditee Entity - North Central Provincial Council

Opinion of the Auditor General on the Financial Statements

2018 - Qualified Audit Opinion

2019 - Qualified Audit Opinion

2020 - Qualified Audit Opinion

Audit Observations	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current Position
01. Head 600 – Governor’s Secretariat – North Central Province			
<p>In terms of paragraph 3.1 of the Circular No.PS/CSA/11-18 of 12 October 2018 of the Secretary to the President on Public Expenditure Management the maximum number of official vehicles assigned to a Provincial Governor stands at 02 and if necessary, one motor vehicle can be provided for security purposes. Nevertheless, 05 motor vehicles were being utilized by 22 October 2020, the date of audit.</p>	<p>Motor vehicles should be utilized as per circular instructions of the Secretary to the President.</p>	<p>The Chief Secretary has informed the Secretary to the Governor to make rectifications according to circular instructions.</p>	<p>Rectifications have not been made.</p>

02. **Head 610 -North Central Provincial Chief Minister and the Ministry of Law & Order, Finance and Planning, Local Government, Rural Infrastructure Facilities and Special Projects, Tourism, Education, Information Technology, Engineering Construction and Cultural Affairs.**

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- (a) A sum of Rs.11,194,750 This sum should be No preventive The overpayment had been paid for the recovered and measures whatsoever had not been project of developing the reconstructions had been taken. recovered and way closer to the house of should be carried reconstructions had Mr. Samanthilleke of out using the blocks not been carried out Palugasdamana in 03 in the proper using the blocks in stages up to Sinhapura standard. the proper standard. main road by using paving blocks. A sum of Rs.45,672 had been paid more than the work done in the first phase. It had been confirmed through the quality assurance reports that the Compressive Strength of 11 paving blocks out of 21 paving blocks tested by Audit Officers with officers of the Quality Testing Unit in 03 stages by obtaining them from 3 places were lower than the standard Compressive Strength of paving blocks, which is 25N/mm².

- (b) The Chief Ministry of the North Central Province had entered into an agreement with a contractor for the construction of a building for the National Library and Documentation Services Board of Sri Lanka at Thambuththegama in 2016 at a cost of Rs.24,987,271 under the special projects.
- (i) Even though construction work had to be completed by 22 February 2017 as per the agreement, construction was completed on 10 January 2019. A late fee of Rs. 2,498,727 to be charged in terms of the agreement had not been recovered.
- (ii) This building, which had been constructed by incurring a sum of Rs.25,204,783, remained idle for more than one year without opening it even by 15 July 2020.
- (c) Following are the findings of the constructions implemented in schools in the North Central Province in 2016 and 2017 using the provisions of the “Nearest School the Best School” project.
- The late fee of Preventive measures Fees had not been recovered.
- Rs.2,498,727 to be had not been taken.
- charged as per the agreement should be recovered.
- This building, It is planned to be It remains idle even which had not been opened in March at present.
- opened even by 30 2022.
- September 2020, should be opened soon.

- (i) It was revealed at the audit test check that work had not been finalized as per the Agreement although mobilization advance amounting to Rs. 9,066,775 had been paid for the commencement of the work of two construction contracts, for which the contractual amount was Rs. 21,946,785. However, legal action had not been taken to recover the advances and pertaining to the contractors who had not finalized work as per the agreement.
- Legal action should be taken to recover advances paid for contracts which had not been completed as per the agreement and against the contractors who had not completed the work as per the agreement.
- Advances have been obtained from other contracts carried out by the contractor.
- Legal action had not been taken against the contractor who had not completed the work as per the agreement.
- (ii) In awarding a sub project to the engineering estimate value of Rs. 1,707,275 to an approved Association, the agreement had been signed for a value, which is Rs.292,725 more than the said engineering estimate.
- The value of awarding contracts to approved Associations should not exceed the engineering estimate. As such, the sum of Rs.292,725 exceeding the engineering estimate should be recovered from the relevant officers or the contractor.
- Preventive measures had not been taken.
- The sum exceeding the engineering estimate amounting to Rs.292,725 had not been recovered from the relevant officers or the contractor.

- (d) The Chief Ministry had signed an agreement on 31 July 2017 for the construction of the Administrative Resource Centre Building of the Early Childhood Development Authority at a cost of Rs. 24,267,211 by the project, preparing engineering estimates and bidding documents without identifying a specific location for construction. Later, construction work had been started on a plot of land in the Anuradhapura Municipal Council area. However, the work on the project had been stopped midway due to non-obtaining of the development permit and failure to construct the building as agreed. Therefore, the amount of Rs.2,079,562 paid for the project had become a fruitless expenditure.
- Once a specific location is identified, the planning, preparation of engineering estimates and bidding documents should be carried out.
- It has been indicated that the progress thereof would be reported after holding discussions with the Municipal Commissioner and the Mayor.
- Action had not been taken to recover the sum of Rs.2,079,562 paid for the project from the officers who planned the project, prepared the engineering estimates and bidding documents without identifying a special location for constructions etc.
- (e) An imprest balance of Rs.26,405,861 unsettled as at 31 December 2020 relating to the Chief Ministry of the North
- In terms of Provincial Financial Rules 259.2 and 259.3, imprest balances remaining
- Preventive measures had not been taken.
- The said imprest balance remains unchanged even at present.

Central Province had been as at 31 December brought forward over a should be resettled. period of 10 years.

- (f) Agreements had been Expedition of Complaints have been The supplier had entered into for a value of taking legal action, made to the Criminal not completed this Rs.15,797,500 on 23 conducting an Investigation project and handed March 2016 by the Chief internal inquiry on Department. over to the North Secretary with a private violation of Central Provincial supplier for preparing a Procurement Council. documentary video Guidelines and programme of technical provisions should standard, designing a be made to avoid book of standard with such shortcomings. attractive pictures, and creating a website with formal information with a view to promoting tourism in the North Central Province. Even though a sum of Rs.12,144,500 of the said contractual amount, had been paid by 26 December 2016, the supplier had not completed this project even by 10 May 2021 and handed over to the Provincial Council so as to apply for the promotion of tourism in the North Central Province.
- (g) Agreements had been Estimates should be Bills of Quantities are The situation entered into for a sum of prepared after currently prepared in a remains unchanged. Rs.39,791,666 by the carrying out a manner so as to Secretary to the Chief feasibility study minimize variables.

Ministry with a contractor and preparing for the construction of the buildings plans and Principal's quarters and by identifying the three storied building and requirement of the for minor and major repairs school.

of the Aluthwewa Kumara Responsibility Maha Vidyalaya. As should be taken for estimates had been avoiding such prepared without a weaknesses.

feasibility study, sums of Rs.3,876,335 and Rs.10,926,181 had been paid for minor and major repairs and major constructions respectively under variable works and those amounts had been 59 per cent and 33 per cent out of the total estimated values of Rs.6,521,836 and Rs.33,269,830 respectively.

- (h) The Secretary to the Chief No authority is Preventive measures Action had not been Ministry had entered into allowed to give had not been taken. taken to get an agreement on 05 April permission for constructions completed or to 2017 with a contractor for incurring expenditure due to recover auditorium of total cost estimate mobilization advances. Palugasdamana Maha relating to this Vidyalaya by carrying out Project in the procurement activities, annual cash despite not having a statement and due requirement of an to lack of provision. auditorium with a seating As such, an inquiry

capacity of over 4,000 and should be held provision therefor. Even thereon. though the Procurement Committee had decided to enter into agreements and implement step by step based on the Cabinet approval obtained for deviating from provisions of the Provincial Financial Rules 418.2, agreements had been entered into for executing the whole project for a sum of Rs. 542,019,300. Moreover, mobilization advances of Rs.100,000,000 had been paid on 28 April 2017. However, constructions had not been completed even by 07 May 2021.

- (i) According to bills relating to construction of the multipurpose building of the Negama Muslim Vidyalaya under the project "*Nearest School is the Best School*", the value to be paid to the contractor had been Rs.7,663,843. However, a sum of Rs.9,695,499 had been paid in the year 2017. Accordingly, an excess payment of Rs.2,031,656
- | | | |
|--|---|---|
| Excess payments should be recovered and an inquiry should be held against responsible parties. | The contractor has agreed to repay the excess payment made. | No recovery had been made relating to the excess payment and an inquiry held against responsible parties. |
|--|---|---|

had been made to the contractor and the Value Added Tax of Rs.320,731 had been paid for the said overpayment.

- (j) Agreements had been entered into by the Secretary to the Chief Ministry with a contractor on 28 August 2017 for a sum of Rs.10,298,211 (Excluding VAT) for the construction of the canteen of the Palugasdamana Maha Vidyalaya under the project "*Nearest School is the Best School*", and a sum of Rs.3,089,463 representing 30 per cent of the said contractual amount had been paid as mobilization advances on 31 August 2017. In terms of the agreement, construction works should be completed and handed over on 28 December 2017. However, action had not been taken by 10 May 2021 even to commence the construction works of the building. Moreover, advance bond had not been cashed and thereby, the mobilization advance had
- The contractor should be blacklisted and the contract should be awarded to another contractor under the procurement process.
- Advances have been obtained from other contracts carried out by the contractor.
- Action had not been taken to blacklist this contractor and to commence constructions of the building by awarding the contract to another contractor.

not been recovered and after a lapse of about 03 years, the said advance had been set off from moneys to be paid for other contracts carried out by the contractor.

- (k) Agreements had been entered into in the year 2017 to a value of Rs.4,943,744 with a contractor for repairs of 04 buildings of Nallachchiya Primary School under the project "*Nearest School is the Best School*". However, repairs of the Teachers' quarters and another building had been abandoned halfway and repairs of those 02 buildings had not been commenced again even by 10 May 2021. However, no legal action whatsoever had been taken against the said contractor in terms of agreements.
- (l) The following matters were revealed at the inspection carried out on 07 April 2021 in respect of the canteen constructed by spending a sum of
- Action should be taken to charge liquidated damages for the delay in constructions in terms of agreements.
- A progress of 75 per cent has been achieved at present.
- Constructions had not been completed by 31 January 2022 and action had not been taken to charge liquidated damages for the delay in constructions.

Rs.11,840,935 and the Teachers' hostel by spending a sum of Rs.8,700,703 in the A/Kekirawa Thirappane Mahanama Vidyalaya in the years 2017 and 2018 by the Chief Ministry.

- (i) A sum totalling Rs.5,538,503 had been paid for 13 items under additional works, not approved by the Secretary to the Chief Ministry, North Central Province without completing 32 items of work at contractual estimate value of Rs.2,774,170 relating to the construction of the canteen. Accordingly, a sum totalling Rs.2,515,767 had been paid in excess of contractual amount estimated for the construction of the canteen and it was an increase of 27 per cent over the original estimate.
- (ii) Disciplinary action should be taken against the officers who had carried out unapproved additional works and made payments therefor.
- The Chief Secretary has notified the Secretary to the Chief Ministry to take action for current utilization by completing the defects.
- Disciplinary action had not been taken against relevant officers.
- (i) Constructions had been completed by abandoning 46 items of work totalling Rs.3,922,999 representing A formal inquiry should be held in respect of inclusion of 46 items of work
- The Chief Secretary has notified the Secretary to the Chief Ministry to get the
- No formal inquiry had been held relating to inclusion of 46 unnecessary

32 per cent of the totalling contractor to carry out items of work contractual estimate of Rs.3,922,999 items of work not totalling Rs.12,180,508 entered into without identifying carried out. Rs.3,922,999 and by the Chief Ministry for necessary items of abandoned items of the purpose of construction work. work have not been of the Teachers' hostel on completed so far. 02 December 2016.

- (m) The following matters were revealed in audit carried out in respect of the drainage system constructed around the playground of the A/Kekirawa Thirappane Mahanama Vidyalaya by spending Rs.13,790,629 by the Chief Ministry.
- (i) The quantity of concrete used under the Items 2.1 and 2.2 of the estimate had increased by 92 per cent and 30 per cent respectively. As such, the contractual value of Rs.11,977,650 entered into for the construction of the drainage system around the playground, had exceeded by 15 per cent. Nevertheless, payments had been made therefor without obtaining approval of the Secretary to the Chief Ministry, North
- Disciplinary action should be taken against the officers who had prepared estimates with shortcomings, carried out unapproved additional works and made payments therefor.
- Shortcomings have occurred due to hasty preparation of estimates. The Chief Secretary has notified the Secretary to the Chief Ministry to take action to avoid such shortcomings hereafter.
- Disciplinary action had not been taken against relevant officers.

Central Province for additional works.

- (ii) The drainage system was constructed only on both sides of the boulder in a manner of protruding the top of the boulder, which is located naturally at one end of the upper right corner of the playground and as such, the water flow from personal lands located above the playground had collected to the playground and as a result, certain places of the playground had become muddy.
- Defects of the drainage system should be completed so as not to retain water in the playground, flow from personal lands located above the playground.
- It has been reported that the said defects will be corrected. The defects have not been completed so far.
- (iii) Even though a sum of Rs.2,766,280 had been paid for shuttering in the construction of the drainage system, large cracks and protruding concrete parts could be seen on both sides of side walls of the said system and water from outside was leaking from the bottom of walls and cracked places into the drain.
- A report should be obtained from the Engineer, in charge of the site before making payments and defects should be corrected.
- It has been reported that the said defects will be corrected. The defects have not been completed so far.

- (n) The following matters were revealed at the audit carried out on 07 April 2021 in respect of the construction of the fence around the playground and the gate of the A/Kekirawa Thirappane Mahanama Vidyalaya, implemented by the Chief Ministry to a contractual value of Rs.4,859,999 in the year 2017 under provision of the World Bank Project.
- (i) Bidding documents issued by the Chief Ministry to bidders had been prepared separately for different items of work and the Technical Evaluation Committee had made recommendations only considering total values of bidding documents without evaluating information mentioned in the said documents in detail to award the contract to the bidder who had submitted the lowest quotation.
- In case of any loss, it should be assigned to members of the Technical Evaluation Committee. Moreover, an inquiry should be held on the measures taken by the Technical Evaluation Committee.
- The Chief Secretary has notified the Secretary to the Chief Ministry to take action to avoid such shortcomings hereafter.
- No inquiry whatsoever had been held on the measures taken by the Technical Evaluation Committee.
- (ii) A total sum of Rs.633,695 had been paid at a rate of Rs.767 per square metre for 826.2 square metres of
- The said fence should be reconstructed by using mesh of
- The Chief Secretary has notified the Secretary to the Chief Ministry to take action
- The said fence had not been reconstructed by using mesh of

Chain Link Mesh of gauge prescribed standard. to avoid such prescribed standard. 10, and 1.52 m in height in shortcomings the construction of chain hereafter. link fence. However, according to the Quality Control Certificate obtained by Audit Officers together with relevant Technical Officers, the mesh used therefor was gauge 12 in size. As such, a sum of Rs.253,478 had been overpaid therefor. This mesh was badly torn and damaged in many places due to lack of estimated quality.

- (o) The Secretary to the Chief Ministry had entered into agreements on 13 March 2017 with a contractor for a value of Rs.41,451,987 for the construction of a three storied building and the primary learning resource centre of the A/Kekirawa Thirappane Mahanama Vidyalaya. The following matters were revealed in audit carried out thereon on 07 April 2021.

- (i) According to regulations of Condition No.51 for contracts of ICTAD-SBD-2007 second edition and prescribed procedures relating thereto, recommendations should be obtained from the Engineer In Charge of supervision of the relevant project, for the payment of mobilization advances. However, mobilization advances of Rs.14,508,196 (Including VAT) had been paid to the contractor without obtaining such recommendation. However, only several foundation pits had been dug in the construction site by the contractor and abandoned the project halfway.
- Legal action should be taken against the officers who had paid advances and the contractor who had not completed constructions in terms of the agreement.
- Advances are issued only on the approval of the Engineer at present.
- No legal action had been taken against the officers who paid advances and the contractor who failed to complete works in terms of agreements.
- (ii) The advance security of Rs.12,435,596 and the performance security of Rs.2,072,600 were only valid up to 31 March 2018 and the Regional Engineer, Kekirawa had informed the Secretary to the Chief Ministry that constructions had been abandoned halfway by the contractor,
- Disciplinary action should be taken against the officers who had not taken action to cash the advance security and the performance security immediately after informing that the
- The contractor has been blacklisted and complaints have been lodged at the Criminal Investigation Department as well.
- Disciplinary action had not been taken against the relevant officers.

58 days before expiry of contractor had the said validity period. abandoned However, the responsible constructions officers had not taken halfway. action to cash those securities before expiry of validity period of securities.

- (iii) As an old building of 80x20 feet in extent of the school had been demolished for the construction of this three storied building, the class room requirement of students could not be fulfilled. Action should be taken to construct the new building expeditiously and to fulfil the class room requirement of students. It has been planned to complete the works of this building by utilizing funds of the Provincial Council. The new building has not been constructed as yet.
- (p) The contractor who had entered into agreements for a sum of Rs.4,542,277 for the construction of the pavilion of the A/Kekirawa Thirappane Mahanama Vidyalaya, implemented by the Ministry under the project "*Nearest School is the Best School*", had commenced constructions in the year 2017. However, the said project had been abandoned halfway only by completing a part of the project valued at Constructions should be completed by continuing the project and the amount paid for work not done, should be recovered from officers responsible therefor. It has been reported that until additional provision is made, a part of the works have been completed from provision made so far. Monies had not been recovered from officers who had paid for works not carried out.

Rs.1,086,085 and the sum of Rs.1,086,085 paid therefor had become fruitless. Further, a sum of Rs.63,700 had been paid for work not done as well.

- (q) The Secretary to the Chief Ministry had entered into agreements with a contractor on 15 May 2017 for a value of Rs.5,061,771 to develop the land with playground of the A/Kekirawa Thirappane Mahanama Vidyalaya. A sum totalling Rs.7,124,767 had been paid to the contractor in 03 instances therefor and in addition to the estimated number of cubes of soil, 5,770 cubes had been supplied. The said project had been abandoned halfway without completing works even by 07 April 2021, the date of audit and as such, the school children had been deprived of the opportunity of playing in the playground for over a period of 05 years. Moreover, the sum of Rs.7,124,769 paid for the
- In terms of Provincial Financial Rule 46.1, legal action should be taken against the officers who are responsible therefor and the contractor if there is lack of provision.
- It has been proposed to lay turfs for soil parts, construct a security fence, raise the edge of the concrete drains and to cover the drains.
- Legal action had not been taken against the responsible officers and the contractor and no activity had been carried out in the land with the playground so as to enable the children to play in it.

development of this playground had become fruitless.

- (r) Double payments had been made in one instance on originals of documents such as measuring sheets, work completion report and the summary of payment of bills and in another instance, on photocopies of those documents for constructions carried out on provision of the *project "Nearest School is the Best School"*. It was observed at the audit test checks that the sum obtained fraudulently through double payments by 26 February 2020 had been Rs.8,608,290. Even though the said full amount had been recovered, taking disciplinary action against officers who had made double payments, had not been completed.
- (s) In terms of paragraph 02 of the Letter No. CSA/1/4 of 26 January 2017 of the Secretary to the President
- The sum of Rs.8,608,290 obtained fraudulently should be recovered immediately and disciplinary inquires against the relevant officers should be expedited.
- The sum of Rs.8,608,290 has been recovered.
- Charge sheets had not been handed over to fraudulent officers.

- (i) If the number of the group proceeding abroad is less than 05, approval of the Treasury should be obtained. However, the Senior Assistant Secretary of the Chief Ministry had not obtained the approval of the Treasury for the tour in Japan in the year 2018.
- In terms of paragraph 02 of the letter No.CSA/1/4 of 26 January 2017 of the Secretary to the President, approval of the Treasury should be obtained for the tour.
- It has been indicated that approval of the Governor has been obtained in terms of provisions in Chapter XV of the Establishments Code.
- Approval of the Treasury had not been obtained.
- (ii) In terms of paragraph 03 of the aforesaid letter, if the number of the group proceeding abroad is more than 05, approval of the Treasury as well as the Presidential Secretariat should be obtained. Even though 06 officers each had participated in tours in France, Germany and Singapore in the year 2017, the Chief Ministry had not obtained the approval of the President's Office for the said 02 tours.
- In terms of paragraph 03 of the letter No.CSA/1/4 of the Secretary to the President of 26 January 2017, approval of the Treasury and the President's Office should be obtained for the tour.
- It has been indicated that approval of the Governor has been obtained in terms of provisions in Chapter XV of the Establishments Code.
- Approval of the Treasury and the President's Office had not been obtained.

03. Head 611 - Department of Local Government- North Central Province

- (a) An imprest balance of Rs.80,000 which remained unsettled as at 31 December 2020 relating to the Department of Local Government, North Central
- In terms of Provincial Financial Rules 259.2 and 259.3, proper steps should be taken by holding an inquiry
- The Commissioner of Local Government has been instructed to hold an inquiry in this connection and to report thereon.
- The balance of imprest had not been settled as yet.

Province, was brought in respect of forward for over a period imprest balances of 01 year. remained as at 31 December, not settled as at 10 January of the following year or on a date prescribed by the Provincial Treasury.

- (b) Even though it had been mentioned in preliminary reports of inquiry that a loss totalling Rs. 2,498,180 had occurred due to accidents of 03 motor vehicles belonging to the Department of Local Government, North Central Province in 05 instances in the years 2019 and 2020, action in terms of North Central Provincial Financial Rules 54.1.6 had not been taken to recover the said losses by identifying persons responsible for those accidents.
- Action in terms of North Central Provincial Financial Rules 54.1.6 should be taken to recover the said losses by identifying persons responsible for those accidents.
- The reasons for the delay in relevant inquiries have been inquired from the North Central Commissioner of Provincial Financial Local Government. Action had not been taken to recover losses in terms of North Central Provincial Financial Rules 54.1.6.

04. **Head 612 - Department of Education-North Central Province**

- (a) In terms of Paragraph 08 of the Circular No.5/2015 of 29 January 2015 issued by the Secretary of the Ministry of Education, The Principal of Galenbindunuwewa Central College had collected an amount of Rs.645,000 from parents. It is not allowed to collect money from parents in terms of Paragraph 08 of the Circular. Preventive measures had not been taken. No action has been taken against the Principal relating to collection of money from parents.
- (b) Action had not been taken in terms of the Public Finance Circular No. 02/2015 of 10 July 2015 in relation to 06 vehicles not running during the period of the year 2009 to 2016 and the vehicles had been parked within the premises of the Provincial Department of Education in an unprotected manner exposing the vehicles to natural disasters. Action should be taken in terms of the Public Finance Circular No. 02/2015 of 10 July 2015. Preventive measures had not been taken. They remain unutilized even at present.

- (c) In the admission of children to a special education unit in terms of Paragraph 01 of the Circular of the Secretary to the Ministry of Education bearing No. 1/ 8.φ/2/84 of 24 May 2001, it should be done by a committee comprised of 03 officers with knowledge in the respective field. However, in the North Central Province, children with low levels of literacy, children with no early childhood education, ordinary children from very poor families and many children with poor hygiene and orderliness who should be provided with education in a normal classroom are referred to special education units due taking action contrary to the said system.
- In the admission of children to the special education unit, identification of children with special needs should be done by a committee comprised of 03 officers as stipulated in the Circular.
- Students are identified based on medical reports.
- The identification of children with special needs is not carried out even at present through a committee appointed in terms of circular provisions.
- (d) According to the Circular of the Secretary to the Ministry of Education bearing No. 42/2012 of 23 November 2012, at least one teacher from the
- In terms of the circular, at least one teacher who had undergone training in the field of special education,
- The Zonal Directors of Education have been instructed to take steps for correcting the said situation.
- The situation remains unchanged even at present.

teachers who have been should be appointed
 trained in the field of per 05 students.
 special education should be
 appointed for every five
 students. However, despite
 the existence of 29
 vacancies for teachers
 trained in the field in the
 North Central Province, 20
 teachers who have been
 properly trained for
 teaching in a special
 education unit, had been
 deployed in teaching other
 subjects in schools in the
 North Central Province.

- (e) Twenty two official Action should be Preventive measures They remain idle
 quarters out of the 25 taken to provide had not been taken. even at present.
 official quarters in the these 22 official
 schools of the quarters, which
 Galenbindunuwewa Zone remained idle even
 of Education, remained by September 2020,
 idle as action had not been to teachers.
 taken to provide the
 quarters to teachers.
- (f) There were 14 vacancies in Action should be The Provincial Public Twenty six
 03 posts and 06 excesses in taken to recruit Service Commission vacancies and 05
 02 posts in the approved employees for has been briefed on excesses exist in 10
 cadre of the vacancies and to the vacancies and and 01 posts
 Galenbindunuwewa Zonal transfer excess excesses. respectively in
 Office of Education. There employees to other Zonal Education
 were 91 excesses in 05 locations. Offices and 72
 posts and 131 vacancies in excesses and 253
 04 posts in schools in the vacancies exist in

Galenbindunuwewa Zone
of Education.

03 and 05 posts
respectively in
schools at present.

- (g) A loan balance totalling Rs.7,948,736 relating to 46 officers who had gone on transfer to Ministries/Departments of the North Central Provincial Council, 08 officers who had gone on transfer to Provincial Ministries and Departments of other Provincial Councils, 03 officers who had deceased while in the service, 13 officers who had retired, an officer who had left the service and an officer who had been interdicted as at 31 December 2020, had been outstanding for a period between 03 months and 07 years in the Advances to Public Officers Account bearing Item No. 61211(Office Staff) of the Provincial Department of Education, North Central Province. Moreover, A loan balance of Rs.1,123,933 relating to 08 officers who had transferred from other
- Loan balances should be settled in terms of provisions in the Establishments Code, National Budget Circular No.118 of 11 October 2004 and provisions in Section 03(e) of the Public Finance Circular No.05/2019 of 27 June 2019.
- A sum of Rs.4,449,418 of the loan balance totalling Rs.7,948,736 has been recovered while the loan balance totalling Rs.1,123,933 has been settled as at 31 December 2021.
- A loan balance totalling Rs.3,449,319 remained further outstanding as at 31 December 2020 relating to 46 officers transferred out to Ministries/Departments of the North Central Provincial Council, 8 officers transferred out to Provincial Ministries and Departments of other Provincial Councils, 03 officers deceased while in the service, 13 officers retired one officer who had left the service and one officer who was interdicted.

ministries/departments of the North Central Provincial Council had remained outstanding for a period between 03 months and 07 years without taking action to settle it. However, action in terms of provisions in Sections 1:6, 1:7, 4:2:2, 4:2:4, 4:2:5, 4:5, 4:6 and 6:3 of Chapter XXIV of the Establishments Code, provisions in paragraph 1.1.7 of the National Budget Circular No.118 of 11 October 2004 and provisions in Section 03 (e) of the Public Finance Circular No.05/2019 of 27 June 2019 had not been taken to settle those loan balances.

- (h) A loan balance totalling Rs.48,637,496 relating to 101 officers who had gone on transfer to Ministries/Departments of the North Central Provincial Council, 481 officers who had gone on transfer to Provincial Ministries and Departments of other Provincial Councils, 119 Loan balances should be settled in terms of provisions in the Establishments Code, National Budget Circular No.118 of 11 October 2004 and provisions in Public Finance Sums of Rs.15,940,993 and Rs.874,940 out of the loan balances totalling Rs.48,637,496 and Rs. 924,670 have been recovered by 31 December 2021 respectively. A loan balance totalling Rs.32,696,503 relating to 101 officers who had gone on transfer to Ministries/Departments of the North Central Provincial Council, 481 officers who had gone on transfer to Provincial

officers who had gone on transfer to Ministries, Departments, Corporations and Boards of the Central Government, 19 officers who had deceased while in the service, 180 officers who had retired, 19 officers who had been interdicted, 18 officers who had left the service and an officer who had proceeded abroad as at 31 December 2020, had been outstanding for a period between 03 months and 32 years in the Advances to Public Officers Account bearing Item No. 61201(School Staff) of the Provincial Department of Education, North Central Province. Moreover, a loan balance of Rs.924,670 relating to 03 officers who had transferred in from other Ministries/Departments of the North Central Provincial Council and 14 officers who had transferred in from Ministries/Departments

Circular

No.05/2019.

Ministries and Departments of other Provincial Councils, 119 officers who had gone on transfer to Ministries, Departments, Corporations and Boards of the Central Government, 19 officers who had deceased while in the service, 180 officers who had retired, 19 officers who had been interdicted, 18 officers who had left the service and an officer who had proceeded abroad had been outstanding as at 31 December 2020. Moreover, a loan balance amounting to Rs. 49,730 relating to 03 officers who had transferred in from other Ministries/Departments of the North Central Provincial

of other Provincial Councils had remained outstanding for a period between 02 months and 22 years without taking action to settle it. However, action in terms of provisions in Sections 1:6, 1:7, 3:18, 4:2:2, 4:2:4, 4:2:5, 4:5, 4:6 and 6:3 of Chapter XXIV of the Establishments Code, provisions in paragraph 1.1.7 of the National Budget Circular No.118 of 11 October 2004 and provisions in Section 03(e) of the Public Finance Circular No.05/2019 of 27 June 2019 had not been taken to settle those loan balances.

Council and 14 officers who had transferred in from Ministries/Departments of other Provincial Councils had remained outstanding without taking action to settle it.

- (i) Action had not been taken to carry out surveys on lands belonging to Kekirawa Zonal Education Office, 05 Divisional Education Offices, Kekirawa Teachers' Centre and 125 schools and to take over to the Provincial Department of Education, North Central Permits/deeds should be obtained for all lands belonging to schools and offices. The Divisional Secretariat and the Mahaweli Development Authority have been referred thereon. Permits/deeds had not been obtained for lands relating to schools and offices.

Province. Moreover, permits/deeds had not been obtained for lands relating to 78 schools belonging to the Hingurakgoda Zonal Education Office.

- (j) Twenty eight teachers in schools belonging to Thambuththegama, Kekirawa, Hingurakgoda, Polonnaruwa and Galenbindunuwewa Education Zones, had been released to other departments and institutions of the Government during the period from the year 1993 to the year 2020. Moreover, a sum of Rs.51,546,748 had been paid as salaries to those teachers by the Provincial Department of Education, North Central Province without obtaining attendance sheets from institutions in which they were serving. However, the said salaries had not been reimbursed from relevant institutions.
- Action should be taken to suspend the release of teachers for other purposes, recall the teachers released and to reimburse salaries paid to them.
- Reimbursement of Release of teachers salaries has been for other purposes is rejected by relevant done even at present and steps had not been taken to reimburse salaries paid to them.

- (k) A number of 194 Shortcomings in It has been indicated Action has not been teachers who have been documents should that prompt action will taken so far to serving for a period from be rectified be taken to confirm in confirm in the 04 years to 31 years in expeditiously and the service. service by rectifying schools belonging to they should be shortcomings Thambuththegama, confirmed in the thereof. Kekirawa, Polonnaruwa, service soon after Dimbulagala and the probation period. Kebithigollewa Education Zones, had not been confirmed in the service due to reasons such as obtaining special sick leave during probation, difference in the name in the letter of apprentice appointment, failure or delay in providing probation reports, shortcomings in medical reports, failure in confirming results in certificates such as Advanced Level, Graduation and in Teacher Trainee Certificates.
- (l) Even though there were Recruitments The Provincial Public Steps had not been 2,515 vacancies and 93 should be made for Service Commission taken to fill excess in certain vacant posts and has been made aware vacancies and to approved posts in the excess cadre should of regarding the remove the excess school staff and 28 be removed. vacant posts / excess cadre. vacancies in certain cadre. approved posts in the office staff of the

Provincial Department of Education, North Central Province as at the end of the year under review, action had not been taken to make recruitments for those vacancies or to remove the excess cadre.

- (m) The approved cadre for posts of Lab Assistant, Pasa Karyasahayaka and the Watcher for schools in the Kebithigollewa Education Zone stood at 104. However, 71 employees had been deployed in the service exceeding the said number and salaries had been paid for them.
- Excess employees should be relocated to other zones where vacancies existed.
- Preventive measures had not been taken.
- The position remains unchanged even at present.
- (n) There were 102 and 52 teacher vacancies and 202 and 24 teachers in excess according to subjects in Sinhala medium and Tamil medium schools respectively in the Galenbindunuwewa Education Zone and attention had not been drawn towards the management of human
- Excess teachers should be relocated to schools where vacancies existed.
- It has been reported that excess teachers have been adjusted according to vacancies of schools.
- Excess teachers have not been relocated to schools where vacancies existed.

resources efficiently by appointing teachers in excess to schools with vacancies.

- (o) In terms of the Rule No.147 of the Procedural Rules of the Public Service Commission, the period that a Public Officer could be temporarily released from the public service during his entire career shall be subject to a maximum of 05 years. However, 08 teachers in the Hingurakgoda and Polonnaruwa Education Zones had been released to the service of the Forces and to personal staffs of Members of Parliament during a period from 06 to 16 years.
- In terms of the Procedural Rules of the Public Service Commission, officers should not be temporarily released during their entire career for a period more than of 05 years.
- Preventive measures had not been taken.
- The position remains unchanged even at present.

05. **Head 620 - Ministry of Agriculture, Agro Product and Marketing, Animal Product and Animal Health and Fisheries - North Central Province**

An imprest balance of Rs. 1,072,848 remained unsettled as at 31 December 2020 over a period of 06 years relating to the Ministry of Agriculture – North Central Province.

In terms of Provincial Financial Rules 259.2 and 259.3, proper steps should be taken to carry out an inquiry relating to the settlement of imprest balances remained as at 31 December, on 10 January of the following year or on a date prescribed by Provincial Treasury.

Preventive measures had not been taken.

The current position remains unchanged due to failure in proper steps by carrying out an inquiry on settlements.

06. **Head 631 - Department of Health Services - North Central Province**

(a) Even though 60 per cent of patients suffering from kidney diseases were males as per the statistics of the Provincial Department of Health Services, the percentage of males attending the clinics were 25 per cent due to the inefficiency in the implementation of the Kidney disease prevention programme in the North Central Province.

All patients suffering from kidney diseases should be made to participate in clinics.

As males engage in agricultural activities during the day, their participation in clinics for identification of patients had decreased. As such, these programmes will be implemented at temples and societies in weekends and evenings.

Participation of males in clinics has been at a low level even at present.

- (b) The project of Necessary Intended results could The project of networking the Out arrangements not be achieved due to networking the Out Patients Departments of should be made to lack of human Patients 03 selected hospitals in implement the resources and it has Departments had the Anuradhapura project without been reported that failed. District had been delay. computer software and accessories purchased, had been provided to other hospitals for their computer requirements. implemented with the objective of promoting the Health Services efficiently. Accordingly, the project had not been implemented even though computer software and spare parts worth Rs.12,349,783 have been provided to implement the aforementioned project in the years 2012 and 2017 without conducting a feasibility study and without training the officers. Computer software and accessories worth Rs.9,684,543 out of the purchased computer software and accessories had been technically outdated and the expenditure had become idle since the anticipated objective could not be achieved.

- (c) A ward complex with 17 beds had been constructed in Wahalkada Hospital which had been improved as a Regional Hospital of Grade “c” with effect from February 2015 after starting as a Central Dispensary in the year 1984 and residential treatments had been started. Likely, facilities including one medical quarters, 02 quarters for health nurses and one quarters for the driver had been provided. However, the said Regional Hospital was operated in Central Dispensary level again as human resources required to provide a productive health service for the patients in the area had not been supplied and buildings and equipment were being destroyed.
- (d) The contract of construction of a new three storied building with 2500 square feet under Second Health
- Patients should be provided with a good health service by supplying the required facilities.
- As adequate human resources have been supplied to the hospital, action is being taken to provide treatment for residential patients.
- As there is only one ward for both male and female parties, only a few number of patients get admitted and 02 quarters were being destroyed.

Sectoral Development Project for the Office of the Director of Health Services in the North Central Provincial Council, which is adequate in capacity for 25 additional years had been awarded to a Contract Institution on 15 February 2017 for a sum of Rs. 59,546,072.

- (i) Later, it was decided to construct the Department building as a seven storied building and the fundamental constructions up to the first floor of the building as the phase 1 had been awarded to the first contractor for the first contractual amount by deviating from the systematic procurement process. Accordingly, instructions had been issued that it should be finalized on 15 September 2018 and later, time had been extended up to 15 December 2018. Likely, despite the fact that the contractor had been
- The Project has to be implemented according to a formal plan from the initiation up to the end of the project as this situation had been created due to not conducting a feasibility study, non-preparation of a total cost estimates and not adhering to Procurement Guidelines.
- It has been planned to complete the constructions of the ground floor and the second floor and to use for official activities by April 2022.
- Shortcomings pointed out by paragraphs have not been rectified. Objectives expected from the project have not been achieved.

given a time extension up to 15 December 2018 and prior to finalizing the constructions and submitting the building by the contractor, the Contractor had entered in to a contract with another contractor on 14 November 2018 to finalize the construction of the Phase II - A of the building within an abnormal time period of 40 days for a sum of Rs. 17,337,504. An additional expenditure of Rs.185,310 had been incurred to make concrete even stronger in order to expedite the construction activities of the Phase 1 for commencing the constructions of phase II –A.

- (ii) A sum of Rs. 4,185,040 Planning, - do -
had to be paid to the preparation of
contractor as the estimates and
variation in price for implementation
phase I due to the should be formally
extension of the period of done.
the contract due to the
weaknesses in the
procurement and due to

reasons unacceptable. The 10% of contingencies payment limit had also been exceeded due to weaknesses in planning and estimating the building and a sum of Rs. 3,960,196 had to be incurred for widening the concrete layer of the first floor and a large amount had to be incurred for the construction of an extra roof.

- (iii) Likely, there were weaknesses in estimations and when constructions were done accurately. Preparation of - do -

items of work that were excluded due to the negligence in the preparation of estimates were performed as additional work, an amount of Rs. 1,245,595 had been paid in excess by exceeding the contractual rate for 438.9 cubic meters of concrete.

- (e) “Suwa Manga” mobile clinic vehicle equipped with all the facilities provided to the Provincial Department of Arrangements should be made to utilize the vehicle. It has been indicated on 18 February 2022 that a decision for providing this mobile clinic vehicle to the It remains idle even at present.

Health Services by the Berty Premalal Foundation had been parked idly in the Vehicle Service Centre for a period more than 02 years.

training unit to provide training in treatments inside the said vehicle, has been reached.

- (f) It was observed that two medical officers of the Galkiriyagama Regional Hospital in Anuradhapura had written diaries in 2019 stating that they had reported for duties on days that they had not reported for duties. One doctor out of the two, who had served as the Medical Officer in charge received Rs. 385,856 as additional duty allowance for 396 hours of 99 days, on which he had not reported for duty and Rs. 25,739 as holiday duty pay for 6 days, on which he had not reported for duties. The other medical officer had received Rs. 146,060 as additional duty allowance for 268 hours of 67 days, on which he had not
- All hospitals should be instructed to send daily the quarterly inpatient reports and outpatient reports to the line ministry and the office of the Regional Director of Health Services by e-mail after preparing them separately for each doctor.
- The Director General of Health Services has been notified to recover relevant moneys after conducting a preliminary inquiry with regard to Medical Officers on 17 July 2021 and referring to the Director General of Health Services.
- Moneys have not been recovered so far.

reported for duty and Rs. 9,732 as holiday duty pay for four days, on which he had not reported for duty. The Medical Officer in charge had prepared service shifts only for 3 months for the year.

- (g) Dialysis Units of the two hospitals in Thambuttegama and Kebithigollewa have been peoplized. However, the operations thereof could not be commenced even by 31 December 2020 due to management weaknesses. Accordingly, no treatment whatsoever had been given to kidney patients even up to the date of audit by funds of Rs.90.8 million including 08 dialysis machines provided to these two hospitals and the said buildings and equipment had remained idle.
- (g) Management weaknesses which affected the commencement of operations of the said Dialysis Units should be overcome and treatment for kidney patients therefrom should be promptly given.
- The Provincial Dialysis Unit is inoperative. Director of Health Services has informed that necessary steps have been taken to make use of buildings and equipment.
- (h) In terms of paragraph 04 (xiv) of Circular No.02/19/2009 dated 27 March 2009 of the If the additional service allowance of each officer exceeds the additional service allowance of each officer the Provincial Director of Health Services has been informed not to pay The position remains unchanged even at present.

Secretary to the Ministry of Health Care and Nutrition, if the additional service allowance of each officer exceeds the monthly salary limit, the approval of the Secretary to the Ministry of Health should be obtained therefor in terms of Circular No.02/19/2009 dated 27 March 2009 of the Secretary to the Department of Health Services – North Central Province had not complied with the said provisions from the year 2009 up to 31 December 2020.

- (i) Action had not been taken to fill 1,032 vacancies existed in the hospital staff comprising 24 posts of specialist medical officers and 124 posts of other medical officers and 64 posts in the office staff of the Department of Health Services North Central Province.
- Recruitments should be made to vacant posts in the hospital staff and office staff of the Department of Health Services for achieving objectives of the Department of Health Services, North Central Province.
- Requests for the staff required, have been made to the line Ministry.
- The position remains unchanged even at present.

07. **Head 641 - Department of Co-operative Development – North Central Province**

In terms of the North Central Provincial Co-operative Ordinance No.01 of 2011, obtaining the financial statements of co-operatives located in the Province within 03 months after the end of the accounting year, auditing and issuing reports thereon is one of the key functions of the Department of Co-operative Development – North Central Province. Nevertheless, 2,152 financial statements submitted by 682 co-operative societies located in the North Central Province had not been audited even by the end of the year under review.

In terms of the North Central Provincial Co-operative Ordinance No.01 of 2011, cooperative societies located in the North Central Province should be audited and reports thereon issued promptly. An inquiry should be held with regard to the delay of this duty.

The Chief Secretary has informed the Provincial Commissioner of Co-operative to complete auditing expeditiously.

The position remains unchanged even at present.

08. **Head 642 - Provincial Department of Industrial Development**

The rental of Rs.1,111,105 recoverable relating to the period from the year 2016 up to 31 December 2020 from 22 display stalls maintained in the Viskam

Legal action should be taken to recover stall rentals.

The Legal Division has been informed to institute lawsuits for the recovery of arrears of stall rentals.

Arrears of stall rentals had not been recovered even by February 2022.

Piyasa building of the Department of Industrial Development had been in arrears and adequate action had not been taken to recover the said stall rental.

09. **Head 643 - Department of Sports – North Central Province**

<p>A stock of sports travelling bags and shoes valued at Rs.661,344 purchased in the years 2018 and 2019, a stock of sportswear valued at Rs.266,785 purchased in the year 2019 by the Department of Sports – North Central Province, 68 T-shirts supplied by the Department of Sports Development in the years 2018 and 2019 and a stock of sportswear purchased in the year 2018 of which the value could not be identified and 14 travelling bags purchased in the year 2015 had been stacked in the stores even by 10 May 2021 without being made use of.</p>	<p>These goods should be supplied to personnel with requirements according to a proper method by maintaining due reports or to another province as per the requirement.</p>	<p>Those have been distributed among officers of the Provincial Department of Sports.</p>	<p>Evidence for distribution of those goods among sportsmen of that province had not been made available.</p>
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10. **Head 650 – Ministry of Land, Irrigation, Highways, Housing, Rural Development and Women’s Affairs North Central Province**

An imprest balance of Rs.302,158 unsettled as at 31 December 2020 relating to the Ministry of Irrigation – North Central Province, had been brought forward over a period of 08 years.

In terms of Provincial Financial Rules 259.2 and 259.3, the imprest balances remained as at 31 December, should be settled on 10 January of the following year or a date prescribed by the Provincial Treasury.

A committee has been appointed for looking into these matters and for reporting thereon.

The imprest balance remains unchanged.

11. **Head 652 – Provincial Land Commissioner’s Department - North Central Province**

According to sample audit test checks carried out Nuwaragam Palatha East and the Kekirawa Divisional Secretariat Divisions, land tax amounting to Rs.285,138,949 and Rs.11,529,373 respectively which should be collected on long term lease basis by the Provincial Land Commissioner had been in arrears as at 31 December 2020. In terms of Section 89 of Volume 10 and Sections 104 to

In terms of provision cited in the Land Code, action such as eviction from lands, filing lawsuits relating to people who delay or default payment.

The Chief Secretary has given instructions to the Provincial Commissioner of Land for the recovery of arrears of lease rentals in ensuing years.

The position remains unchanged even at present.

125 of Volume 11 of the Land Code, failure in taking action such as eviction relating to people who delay or default payment of land tax and filing lawsuits had resulted in the poor condition in the recovery of the said taxes.

12. **Head 660 – Chief Secretariat – North Central Province**

<p>An officer who served as the Administrative Officer in the Provincial Department of Social Services has been occupying Government Quarters over a period of 20 years and the said officer had retired in March 2017. However, the quarters had not been vacated even by 10 May 2021.</p>	<p>Action should be taken in terms of Government Quarters (Recovery of Possession) Act, No.07 of 1969 as amended by Act, Nos.03 of 1971 and 40 of 1974, to vacate the said quarters and to recover penal rent in addition to the normal house rent for the period for which the said quarters were occupied exceeding the 05 year tenure.</p>	<p>An appeal has been lodged at the Appeal Court by the said officer against the Order of Eviction from the Government quarters, given by the court.</p> <p>The position remains unchanged even at present.</p>
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13. **Road Development Authority – North Central Province**

- (a) Deeds or transfer certificates of lands on which buildings costing Rs. 49,661,220 as at 31 December 2020, are located were not available with the Provincial Road Development Authority in confirming ownership of the said buildings. Deeds or transfer certificates of lands should be obtained to confirm the ownership. Requests for transfer certificates had been made to the relevant Divisional Secretaries and necessary action is being taken thereon. The position remains unchanged even at present.
- (b) Despite deactivating the Value Added Tax file of the Road Development Authority – North Central Province by the Inland Revenue Department from September 2015, a Value Added Tax amounting to Rs.7,361,498 had been charged from clients up to 31 December 2019 contrary to provisions of the Value Added Tax Act and the said monies had been credited to the revenue in the year under review. Value Added Tax which was charged without authority should be paid back. These moneys have been credited to the revenue. Those had not been repaid.

14. **Road Transport Service Authority – North Central Province**

- (a) The deficit of Rs. 42,612,200 in the year 2018 has increased to Rs.56,426,500 in the year 2019. As such, in terms of paragraph 01 of Circular No.02/2015 of 09 December 2015 of the Secretary to the Ministry of Finance, only a sum of Rs.2,000 could be paid as bonus to each employee. However, the Authority had paid a sum of Rs.600,000 at Rs.5,000 each as bonus to 120 employees contrary to provisions of the said Circular.
- A sum of Rs.2,000 should be paid as bonus in terms of paragraph 01 of the Circular of the Secretary to the Ministry of Finance and overpayments should be recovered.
- Preventive measures had not been taken.
- Overpayments had not been recovered.
- (b) According to paragraph 6.1 (b) of Part II of Establishment of the Road Passenger Transport Service Authority Statute, No.8 of 1994, the Road Transport Service Authority has been vested with powers only for issuance and renewal of permits for use of buses within the Province for transport of
- According to paragraph 6.1 (b) of Part II of Establishment of the Road Passenger Transport Service Authority Statute, No.8 of 1994, the Road Transport Service Authority has been vested with powers only for issuance and
- No action whatsoever was taken by the Road Transport Service Authority, North Central Province stating that more than 90 per cent of distances of these roads belongs to the Northern Province
- Disciplinary action had not been taken against relevant officers.

passengers. However, for use of buses contrary to that, 167 within the Province intercity route permits for transport of currently valued at passengers. As Rs.16,700,000 had been such, disciplinary issued during the period action should be from the year 2000 up to taken relating to the year 2019 and the persons who had validity period of 72 acted contrary to permits out of them had the said provisions. been extended and operated.

- (c) The Road Transport According to The Chief Secretary Penalties and delay Service Authority had provisions of has given instructions charges relating to not taken action to Establishment of to the General penalty papers recover penalties and the Road Passenger Manager of the issued, had not been delay charges of Transport Service Authority to take recovered. Rs.5,370,300 recoverable Authority Statute, action for the recovery for 62 penalty papers No.8 of 1994, of penalties. issued for buses with penalties and delay intercity route permits charges issued for and route permits during buses with intercity the period from the year route permits and 2016 up to the year 2018. route permits, should be recovered.

15. **Early Childhood Education Development Authority – North Central Province**

- (a) In terms of Financial The post should be Preventive measures The said post has not Regulation 71, an acting properly approved had not been taken. been approved and allowance of Rs.144,000 and acting acting allowances had not been had been paid in the year allowances should had not been under review by be recovered. recovered. appointing an acting Accountant without

- approving a post of Accountant for the Authority.
- (b) Income from sale of progress reports amounting to Rs.571,830 recoverable from 17 sales agents which was being disclosed in the financial statements for 03 years, had not been recovered even in the year under review. The sales income unrecovered for 03 years, should be recovered. The Chief Secretary has given instructions to the General Manager of the Authority to take action for the recovery of arrears of revenue. The position remains unchanged even at present.
- (c) Action had not been taken even in the year under review to settle teachers' allowances amounting to Rs.3,000,000 unsettled for 04 years. Reasons for non-settlement of teachers' allowances for 04 years should be examined and taken action thereon. The Chief Secretary has given instructions to the General Manager of the Authority to settle teachers' allowances by looking into information on unpaid teachers' allowances. The position remains unchanged even at present.
- (d) Out of revenue from newspapers amounting to Rs.5,942,292 recoverable as at 31 December 2020 from 28 sales agents, a revenue of Rs.5,391,779 had not been recovered over a period of one year. Reasons for non-recovery of revenue from newspapers should be investigated and taken action thereon. The Chief Secretary has informed the Director of Management of the Authority to take action speedily to recover the revenue receivable from newspapers. Has not been recovered so far.

- (e) Contributions to the Employees' Trust Fund had not been duly paid and as such, a surcharge of Rs.437,852 had been imposed by a notice. However, action had not been taken to disclose it in the financial statements or to pay it. The relevant surcharge should be recovered from officers who failed to take action relating to payment of contributions due to the Employees' Trust Fund. The Managing Director has informed that requests have been made to withdraw the said surcharge and the Chief Secretary has informed to disclose it in the financial statements.

16. **Development Construction and Machinery Agency - North Central Province**

- (a) Action had not been taken to remit Value Added Tax totalling Rs.16,011,120 and Goods and Services Tax of Rs.8,966,846 payable over a period of 12 years to the Inland Revenue Department. Action should be taken to remit Value Added Tax (VAT) and Goods and Services Tax (GST) payable to the Inland Revenue Department. Even though requests for paying taxes as installments had been made to the Inland Revenue Department, it had not been permitted by the said Department. The position remains unchanged even at present.
- (b) The income from machine rental, press and vehicles repair division recoverable from Government institutions relating to the period from the year 2015 up to 31 December 2020 had been Rs.2,795,558, Rs.31,294,850 and Rs.2,556,908 respectively. The period of non-recovery relating to Rs. 1,304,135 An inquiry should be held to find out reasons for the non-recovery. Reminders have been sent. An inquiry had not been held to find out reasons for non-recoveries.

representing 47 per cent,
 Rs. 7,261,712
 representing 23 per cent
 and Rs. 1,542,131
 representing 60 per cent
 ranged from 01 year to
 04 years.

- (c) Retained Money of An inquiry should Reminders have been An inquiry had not
 construction projects and be held to find out sent. been held to find out
 monies receivable reasons for arrears. reasons for arrears.
 relating to a tube well
 project amounted to
 Rs. 8,527,044 and
 Rs. 3,159,160
 respectively and the said
 income had remained
 unrecovered from a
 period ranging from 06 to
 17 years.
- (d) Action had not been Action should be Relevant files are The position remains
 taken even by 31 taken to settle all being looked for. unchanged even at
 December 2020 to settle liabilities or to present.
 the retained money, credit to the
 machine rental and revenue in case
 expenditure on spare liabilities do not
 parts and repairs payable exist actually.
 totalling Rs. 18,977,029
 disclosed in the financial
 statements for many
 years.

Triennial Status Report of the Auditor-General - 2020

Name of the Entity - Southern Provincial Council

Opinion of the Auditor General on the Financial Statements

2018 –Qualified Audit Opinion

2019 -Qualified Audit Opinion

2020 -Qualified Audit Opinion

	Major Deficiencies included in the Report of the Auditor General	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Current Position
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01.	Accounting Deficiencies			
(a)	Even though the accrued expenses were Rs.193,505,412 according to the statement of financial position, that balance in relation to Head 25 was Rs.239,469,097. As a result, there was a difference of Rs.45,963,685 and as a result, accrued expenses and the deficit for the year had been understated by Rs. 45,963,685.	Action should be taken to prepare financial statements by reconciling the accrued expenditure balance indicated in the financial statements with the balances in the fund account.	Necessary action has not been taken to settle this difference.	Action has not been taken to give reasons for the difference and to rectify it.
(b)	Although a total of Rs.73,110,507 had been indicated as payable depreciation reserve funds in the financial statements of 07 commercial advance accounts, depreciation	The balances indicated in the commercial advance accounts must be accurate with the Fund Accounts.	The balance of the debits and credits report of the commercial advance accounts had only been brought to accounts in the previous years too.	There is a deficiency of Rs.73,110,507 in the Depreciation Reserve Fund.

- reserve fund account had been understated by that amount as the value had not been indicated in the Fund Account.
- Action has not been taken to settle the depreciation reserve funds balance payable indicated in the Commercial Advance Accounts by taking it to fund account and settling it.
- (c) Although the total of vehicle registration fees and vehicle license fees included under Note No. 18 in the Fund Account of the Southern Provincial Council was Rs. 1,361,194,437. it was Rs.1,343,184,266 according to the financial statements of the Department of Motor Traffic. Accordingly, there had been a difference of Rs. 18,010,171.
- The balance indicated in the financial statements of the Department of Motor Traffic and the balance in the Fund Account it should be reconciled and rectified.
- Action has not been taken to settle the difference.
- Vehicle registration fees receivable and vehicle license fees have not been included in the fund account.
- (d) Due to the inclusion of the final stock amounting to Rs.209,164,862 in relation to the commercial advance account bearing Subject No. 31302 in the final stock of stationery
- The balance of the year-end stationery stock must be accounted accurately.
- Action has not been taken to remove the closing stock related to the Commercial Advance Account from the stationery stock in the Fund Account.
- The supplies of the year and expenditure on services and deficiency have been undercalculated.

included in the statement of financial position of the Fund Account, expenses on other supplies and services related to the year under review had been understated by that amount and as a result, the deficit of the year had been understated by that amount.

- | | | | | |
|-----|--|--|---|---|
| (e) | <p>Due to understating the court fines, payable to the Local Government Institutions of the Southern Province, by Rs.166,580,523 and understating the payable stamp duty by Rs.1,049,220,528 under the current liabilities in the statement of financial position of the Provincial Fund Account, the balance of the current liabilities of the Fund Account had been under calculated by a value similar to that.</p> | <p>Relevant adjustments should be made to the differences between the balance of the fund account and balances of the financial statements of the local authorities.</p> | <p>Necessary action has not been taken to settle this difference.</p> | <p>The balance of the current liabilities of the fund account has been understated.</p> |
|-----|--|--|---|---|

(f) The balance of the Balances related to It has been informed Reconciliation property, plant and the property, plant that action will be statements have not equipment stated in and equipment in taken to rectify this in been prepared to each financial statement the fund account the future. rectify in the year relating to 25 Heads and the Heads 2020. under the Provincial should be Council was reconciled. Rs. 10,653,262,621 as at 31 December 2019 and the balance stated in the Provincial Funds Account was Rs. 11,166,824,576. Accordingly, an un-reconciled difference of Rs. 513,561,955 was observed between those balances.

02. Receivable and Payable Accounts

(a) Out of unsettled imprest Action should be I would like to report The unsettled imprest balance of taken to settle the that there is only balance as at 31 Rs.319,062,138 as at 31 imprest balances. Rs. 54,064,169.02 December 2021 was December of the year under review, a sum of Rs.304,482,670 had further unsettled even by 31 March 2019. Rs.149,288,441. of Health Services as further unsettled imprest, out of the balance of Rs. 319,062,138 as per the joint provincial treasury imprest accounts as at 31.12.2018. The unsettled imprest balance had been

settled up to Rs. 54,064,169 as at 31 December 2019.

- (b) Out of the loan granted by the Southern Development Authority under the Dasuna Loan Scheme, the loan instalments and interest remained outstanding relating to 20 loan balances as at 31 December of the year under review amounted to Rs. 1,092,984.
- Expeditious Programme should be implemented to recover these loan instalments and interests.
- The Chief Legal Officer had informed to take action to recover the arrears from the guarantors. Accordingly, only 03 persons had repaid their loans.
- A balance of Rs. 3,613,458 is further outstanding in respect of 17 loan balances as at 30 September 2021.

03. Lack of Evidence for Audit

The Southern Development Authority had not furnished the detailed schedules and balance confirmations regarding the debtors amounting to Rs. 12,280,690 and the creditors amounting to Rs. 283,555.

Detailed schedules and balance confirmations had not been submitted even through journal entries. Action has not been taken to provide the relevant balance confirmations in confirming the financial statements as at 31 December 2020 regarding the debtors.

Creditors have been credited to the accumulated fund through journal entries. Action has not been taken to provide the relevant balance confirmations in confirming the financial statements as at 31 December 2020 regarding the debtors.

04. Non-Compliance with Laws, Rules, Regulations and Management Decisions

- (a) In terms of section 184 of Chapter xvii of the Gazette Extraordinary issued by the Secretary of the Public Service Commission bearing No. 1589/30 dated 20 February 2009, four (04) employees had been appointed to the Post of Work Supervisor by the letter of the General Manager of the Southern Provincial Road Development Authority dated 25 February 2020 and they had been paid salaries amounting to Rs. 649,760 from March 2020 up to June.
- Action should be taken in accordance with the provisions of the Public Service Commission issued by the Secretary of the Public Service Commission bearing No. 1589/30 dated 20 February 2009.
- Action is being taken to include those amendments to the scheme of recruitment and to submit those amendments to get the approval of the Department of Management Services.
- Any action has not been taken regarding the recruitments made in contrary to the gazette notification.
- (b) Two candidates, who had not fulfilled the required qualifications were promoted to the Post of Management Assistant (Non-Technical) and they were promoted on 09 September 2019 by the Southern Provincial Road Development Authority in contrary to
- Action should be taken to rectify the errors made and take disciplinary action against the responsible officers.
- Procedures have been developed to prevent such omissions in the future. However, action has not been taken on the matters mentioned in the paragraph.
- Action has not been taken against the parties responsible.

the approved scheme of recruitment of the Southern Provincial Road Development Authority dated 19 April 2016.

- (c) In terms of sub section 1.1 of Chapter XXI of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, a sum of Rs.157,706,458 had been paid to the teachers, who were not in the category of officers entitled to the uniform allowance. Action should be taken in accordance with sub section 1.1 of Chapter XXI of the Establishments Code. Any action has not been taken in relation to the violation of sub section 1.1 of Chapter XXI of the Establishments Code. Payments made to teachers who are not entitled to the uniform allowances remain the same.
- (d) Action had not been taken in relation to 228 general deposit account balances valued at Rs. 28,682,581, which had exceeded two years and related to 05 institutions in terms of FR 571 of the Democratic Socialist Republic of Sri Lanka. Action should be taken in terms of FR 571 of the Democratic Socialist Republic of Sri Lanka. It has been reported that overdue deposits amounting to Rs. 8,094,453 in relation to 03 institutions out of the deposits that had exceeded two years as at 31.12.2019 are still prevailing. A balance of Rs. 8,094,453 remains further.

(e) **Public Administration Circulars**

- (i) In terms of the Public Administration Circular No.02/2017 dated 17 February 2017, in case Action should be taken in accordance with the Public Administration Any action has not been taken regarding the expenditure incurred in contrary At present, ticket fees for using the expressway for arriving for normal

the express way is used by an officer for specific duties on prior approval of the Chief Accounting Officer or Accounting Officer, the charge paid for the tickets issued for the relevant vehicle used for that purpose can be reimbursed. However, in contrary to that, ticket charges amounting to Rs.137,250 had been reimbursed to the Director of Education of Southern Province for using the expressway for reporting for the normal routine duties from his residence to the office.

- (ii) In terms of the Public Administration Circular No.13/2008(v) dated 31 May 2019, although fuel allowances should be obtained within the Southern Province in accordance with the Circular issued by the Secretary of the Ministry of Public Administration and Disaster Management Action should be taken in accordance with the Public Administration Circular No.13/2008(v) dated 31 May 2019. Payments are made on the approval of the Governor. Any preventive measures had not been taken.

when supplying fuel to official vehicles of the Provincial Chief Secretaries, the quantity of fuel obtained for official vehicles has been increased as per the Chief Secretary's Circular (Finance) -02-2019 dated 16 May 2019 within the Southern Province without complying to that Circular

- (iii) In terms of the Public Administration Circular No.2007/10 (I) dated 05 March 2009, it was revealed that the former Minister of Agriculture of the Southern Province had been paid Rs. 3,000,000 on 22 April 2019 as official quarters allowance for the period from 2004 to April 2019, whereas the Minister had been residing at his permanent residence in Galle during this period.
- Action should be taken in accordance with the Public Administration Circular No.2007/10 (I) dated 05 March 2009.
- Any preventive action has not been taken.
- This former minister is now dead. Payments made in contrary to the Circular remain the same.

(f) Provincial Financial Rules

Although in the Action should be It has been informed A preliminary payment of Rs. 2,000 taken in compliance that further action investigation is in or more to an external with the Provincial will be taken after progress in this party, the amount Financial Rules receiving the regard. should not be paid in 272.1. complete committee cash in accordance with report. the Provincial Financial Rules 272.1, total expenditure amounting to Rs. 3,389,406 of the physical capital assets building and development project of the Hungama farmland was made by cheques drawn in favour of the Director General of the Southern Provincial Development Authority.

- (g) In terms of Public Action should be Although it had Action has not been Finance Circular No. taken in accordance been informed to taken to implement 03/2014 (1) dated 10 with Circular report the action necessary action. March 2015, an officer provisions. No taken by the of the Southern action has been Secretary of the Ministry in this Provincial Education taken. regard to the Provincial Accounts Committee, Department, who was necessary action has not been taken. appointed to the Sri Lanka Education Administrative Service on Supernumerary basis had been appointed to a post in Class I of the

said Grade (As Zonal Director of Education, Elpitiya) on duty assignment basis while there were qualified officers in the department and as such, duty allowance and telephone allowance of Rs. 445,726 had been paid from September 2014 to September 2018.

05 Management Inefficiencies

- (a) In terms of Section 20 (1) of the Provincial Councils Act, No. 42 of 1987, the amounts as determined by the Statute from time to time by the Provincial Council shall be paid from the Provincial Council Fund to the Emergency Fund. However, any amount, other than the amount provided by the Provincial Council Fund at the inception of the Fund, had not been provided from the Provincial Council Fund. Interest income of
- Action should be taken to strengthen the Provincial Emergency Fund.
- It has been informed that action will be taken to discuss the existing issues in this regard and to rectify them in the future.
- Action has not yet been taken to credit amounts due from the Provincial Council Fund to the Emergency Fund.

the fixed deposits earned from investing the Fund was the only source of fund flow of the Fund.

- (b) Under the Southern Province Entrepreneurship Encouragement Development Loan Project implemented by the Southern Provincial Development Authority, there were 282 debtors in arrears and the total loan arrears as at 31 October 2020 was Rs.23,371,333. Out of this, the loan amount recoverable from 60 borrowers with loan arrears outstanding for more than 01 year was Rs. 10,305,929 and the amount had not been settled even during the year under review.
- Action should be taken to recover the outstanding loans.
- The action that would be taken has not been notified.
- Action has not been taken to recover the relevant loans.
- (c) A cab belonging to the Southern Provincial Department of Health Services had met with an accident on 29 March 2019. Even though it had been recommended
- Further action should be taken in accordance with the preliminary investigation report.
- Although it has been informed that action will be taken in this regard as per the report of the Board of Inquiry, action has not been taken
- Action has not been taken to recover the loss from the responsible parties as per the report of the Board of Inquiry.

according to the preliminary investigation report and the report of the three-member inquiry committee dated 17 March 2020 to recover the damage amounting to Rs.284,626 from the driver, who drove the cab at the moment of occurring the accident and the damage of Rs.254,337 occurred to the engine due to driving the cab after the accident as the driver was responsible for the accident, the amounts had not been recovered even by 30 November 2020, the date of the audit.

accordingly.

- (d) The number of teachers getting salaries without engaging in any work in the schools under the Southern Provincial Department of Education was 84. Teachers should be referred to a medical board regarding their health condition. Action has been taken to report information regarding the teachers, who are not doing any work and suffering from diseases to the Secretary of the Southern Provincial Ministry of Education. However, action has Action has not been taken to refer to the Medical Board and to obtain medical reports.

not been taken to refer the matter to the Medical Boards and obtain the relevant reports.

- (e) Two hundred and five Teachers should be Action taken in this Teaching activities (205) teachers from 128 employed in regard has not been related to the subject schools in 05 Zones of teaching activities informed. of appointments have the Southern Province in schools not yet been assigned to the relevant were assigned other school functions such as office work, school supervision, library and stores activities without assigning teaching activities related to their subjects of appointment. teachers.
- (f) Although an amount of Action should be Since an amount of Action has not been Rs.194,382,122 had to taken in accordance Rs.180,288,146 is taken to recover the be recovered to the Co- with the Co- further recovered by amount of operative Fund as per operative Societies 31 December 2021, Rs.180,288,146 that Section 43 (ii) of the Act and the due necessary action has should be further Co-operative Societies amount to be not been taken to recovered to the Co- Act No. 15 of 1972 recovered to the recover that amount. operative Fund from the profits of 229 Co-operative Fund should be settled. authority, which had been audited, the Matara Co-operative Development Assistant Commissioner's Office had not taken action to recover this amount.

- (g) Although the fines Action should be The balance to be There is a balance of
remitted by the courts to taken to identify remitted to the Rs. 899,761 to be
the Department of court fines socieites further as at remitted to the
Cooperative accurately and to 30 August 2021 is relevant societies
Development should be remit the fines to Rs.899,761. further.
remitted to the relevant the relevant
societies expeditiously, societies.
an unidentified balance
of fines amounting to
Rs. 914,468 remained as
at 31 December 2020.
- (h) According to Section Action should be In terms of Section Action has not yet
317 of the Municipal taken in terms of 317 of the Municipal been taken to prepare
Councils Ordinance Section 317 of the Councils Ordinance, and submit annual
(Chapter 252), the Municipal Councils the Annual Reports to reports.
Annual Reports to be Ordinance. be prepared by the
prepared and submitted Commissioner of
to the Municipal Local Government
Council by the for the year 2018
Commissioner of Local regarding the
Government regarding activities of the
the activities of the Municipal Councils
Municipal Councils in in the Southern
the Southern Province Province have not
for the year 2018 and been prepared and the
2019 had not been investigating officers
submitted. have been
empowered to
prepare annual
reports for the year
2019.

06. Not achieving expected Out put

- (a) The construction of the building with 30 x 10 square feet by incurring a sum of Rs.1,979,625 for foot massage using hot spring water of the Madunagala project of the Ruhuna Tourism Bureau had not been completed and only the foundations and pillars had been constructed and therefore, the Subjectives of the project had not been achieved. As a result, the expenditure amounting to Rs. 1,979,625 had become idle.
- The project should be completed and the desired objective should be accomplished.
- It is reported that provision have been allocated from the Development Plan of the year 2021/2022 and necessary action is being taken to finalize this industry.
- Construction of the building has not been finalized.
- (b) The Ruhuna Tourism Bureau has been constructing a restaurant worth Rs. 46 million since 2017 to develop tourism facilities in connection with the Madunagala Natural Hot Springs, but the public was unable to take advantage of this as the construction work has not been completed.
- Construction activites should be carried out efficiently.
- Although the project has been implemented in 2019 as an ongoing project, the restaurant has not yet been made available to the public.
- The restaurant has not yet been utilized.

07. Idle and Underutilized Assets

- (a) The cafe, rest room and restaurant constructed by the Ruhuna Tourist Bureau under the Madunagala project by incurring an amount of Rs.41,452,679 were not utilized and remained idle. Three (03) generators worth Rs.837,000 supplied to the circuit bungalow remained inoperative. Further, any constructions of the village market, which was constructed in 2007 at a cost of Rs.1,306,910, could not be identified and only debris of it was left. Moreover, the roofing sheets of 04 circuit bungalows constructed by incurring Rs. 2,718,744 in the rural village had been detached and houses were destroyed.
- (b) Production activities at the asphalt yard installed in Galagoda had been completely
- Action should be taken to duly repair the relevant assets and to utilize them.
- Action is being taken to use it as a place, which provides facilities for tourists before the end of the year 2021.
- Arrangements have not been made to utilize it for the need of tourists.
- If these machines can no longer be used, they should be disposed of.
- Arrangements have been made to sell the machines.
- Necessary fundamental action is being taken to sell the machines.

halted on 09 July 2018 and the carpet manufacturing machine had not been utilized even up to 09 September 2020, the date of audit and it had been decaying. Due to the cessation of the production of asphalt, 02 imported asphalt grinders and 02 solidifiers imported along with the carpet manufacturing machines had been kept at the Udukawa Mechanical Division and they had been idle.

- | | | | | |
|-----|--|---|---|--|
| (c) | Fourteen (14) machines provided by the Ministry of Economic Development to the Southern Provincial Road Development Authority during the period of 2011-2015 for carpeting the roads had been kept at the Mechanical Section and the machines had been idle and 166 of the materials and accessories brought for the construction of the | Measures should be taken to minimize the idling of the machinery and accessories. | Two (02) machines have been deployed at Elpitiya and Aluthwewa precast machine premises. One machine has been auctioned. 02 vehicles are used to transport hot tar for asphalt production. Other machines are machines that manufacture asphalt and involving in paving roads using asphalt. Items that | Necessary action is being taken to dispose of the remaining 09 machines. |
|-----|--|---|---|--|

Galle Head Office had been idly piled in the rest room of the employees of the Mechanical Engineering Institution since 2001. Moreover, 02 generators that had been used to operate the asphalt manufacturing machines had not been utilized from July 2018 even up to 09 October 2020, the date of audit.

can be used out of the materials have been utilized as required. It has been instructed to the other offices of the Southern Provincial Road Development Authority to check and to obtain materials that are further remaining and action is being taken to dispose of the remaining materials expeditiously.

08. Transactions not supported by adequate Authority

- (a) Although the minimum authorized limit for receipts in the Ayurvedic Products Advance Account (Subject No. 30702) was Rs.60,000,000, the actual value of receipts was Rs.52,412,730 and as a result, the minimum limit had not been reached by an amount of Rs.7,587,270. Necessary amendments on the required limits should be made before exceeding the limits. Action has been taken to ensure that this does not happen in the future. The minimum limit of receipts had not been reached by Rs.7,587,270.
- (b) An occasion of exceeding the maximum expenditure limit, for which the approval of Action must be taken in compliance with the authorized limits of the future. Action has been taken to avoid such occurrences in the future. The maximum limit of the authorized expenditure had exceeded by

- the Ayurvedic Products commercial Advance Account was granted during the year under review, Rs. 161,775 was observed.
- commercial advance accounts. If the limit is going to exceed, necessary amendments to the limit should be made.
- Rs.161,775.
- (c) The Chief Ministry of the Southern Province and Helpo Eco Green Company had entered into an agreement on 21 August 2013 to construct a biogas unit at the Beliatta Pharmaceutical Factory. Although an amount of Rs.792,000 had been paid on 21 February 2014 certifying the completion of the industry, it had become inactive and could not be utilized after 21 February 2015.
- Arrangements should be made to finalize the construction in accordance with the agreement and make use of it.
- Preliminary work has been done in Helpo institution regarding the failure in the use of biogas stoves in the manufacture of pharmaceuticals and to improve it.
- Remains as an idle asset.
- (d) Without being complied with the provisions in the circular No. 03/2015 dated 26 June 2015 of the Chief Secretary in connection with the regularization of capital expenditure, a sum of
- Action should be taken in accordance with the Chief Secretary's Circulars, Provincial Financial Rules and the Charter of the
- Rs. 82,110,854 has been paid to the Chief Secretary.
- Rs.54,126,309 has been further retained.

Rs. 136,237,163 out of Southern Provincial the funds released to the Development Authority by the Authority. Southern Chief Ministry from the year 2011 to the year under review had not been settled and it had been retained in the bank accounts of the Authority without authority. That bank account had been opened without being adhered to the Provincial Financial Rules 268.2.1 and the interest income received from the deposits in the account amounting to Rs. 9,950,045 had been used by the Authority without formal approval for various loan schemes without being complied with Provisions 25 (2) of the Southern Provincial Development Authority Charter No. 01 of 1995.

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| (e) | Without being complied with the Circulars of the Finance Commission No. FC / 3/3/2014 dated 31 December 2014 and despite being provided a total of Rs. 6,661,619 to bear the administrative | Action should be taken in accordance with the Circular of the Finance Commission. | Administrative Expenditure has been provided to the Development Authority through the Chief Ministry on the basis of advance settlement in the year | Action has not been taken in accordance with the relevant Circular. |
|-----|---|---|---|---|

expenses for the years 2016, 2017, and 2018 by the Chief Secretary, a sum of Rs. 3,420,000 out of the capital provisions of Rs. 38,000,000 received by the Authority had been paid for administrative expenses.

2018 and 9% out of the imprest received, balanced, special, work proposals had been transferred as administrative expenses as per the instructions of the Director General and imprest has been transferred on the basis of surcharging the amounts again to the project account after receiving the administrative expenditure advances. However, any action has not been taken in relation to incurring administrative expenditure amounting to 9 percent of the capital received.

- (f) During the year 2019, a sum of Rs. 571,458 had been paid under the Expenditure Head of the Line Ministry on behalf of three officers, the Provincial Director of Education, the Additional Provincial Reports should be submitted regarding the supervision of constructions. The Chief Accountant has pleaded guilty and paid the amount of Rs. 186,293. Out of the three officers, the Chief Accountant admitted his guilt and paid allowances of Rs. 186,293 obtained for supervising national schools. Action has not been

Director of Education, and the Accountant, for supervising the construction of national schools for 11 months inspite of not submitting any report on the construction supervision.

taken against the other three officers.

09. Operational Inefficiencies

- (a) Four (04) debtor Action should be Any preventive These debtor and balances amounting to taken to recover the action has not been creditor balances Rs.74,999,565 and 03 long-standing taken. remain unsettled. creditor balances balances amounting to expeditiously. Rs. 276,084,492, . included in the financial statements of the Southern Provincial Road Development Authority had been indicated in the financial statements over a long period and action had not been taken to settle them.

- (b) Four (04) balances Action should be Any preventive These balances totalling Rs.13,135,482 taken to settle the action has not been receivable have not had been indicated in long-standing taken. yet been settled. the financial statements receivable balances as balances receivable expeditiously. for many years and action had not been taken to recover them or take any formal action in that regard.
- (c) Necessary action had not According to the A Board of Inquiry The disposal process been taken until 29 store verification has been appointed to has not been November 2019 for reports, action deal with drugs that finalized. disposal of 154 types of should be taken for should be disposed drugs valued at the disposal of of. Rs.17,755,890 that had drugs. been identified to be disposed of according to the store's verification report of the Galle District Drug Stores for the year 2019.
- (d) The Three-wheeler Action should be Although the It was not possible to Passenger Transport taken in accordance Extraordinary implement the Service Regulation with the Three- Gazette Notification relevant Regulations No.01 of 2012 and the wheeler Passenger No. 1777/39 of the since national School Students Transport Service Government has been policies have not yet Transport Service Regulations No. 01 issued, the relevant been formulated. Regulation No.02 of of 2012 and the Regulations could not be implemented 2012 published in the School Students be implemented without formulating Gazette (Extraordinary) Transport Service the relevant national No. 1777/39 dated 26 Regulations No. 02 of 2012. policies. September 2012 of the of 2012. Democratic Socialist

Republic of Sri Lanka
 under Section 11 of the
 Southern Provincial
 Passenger Transport
 Authority (Amendment)
 Ordinance No.01 of
 2009 of the Southern
 Provincial Council, had
 not been implemented
 even by the end of the
 year under review.

10. Transactions of Contentious Nature

- (a) The appointment of the former Deputy General Manager (Administration) of the Southern Provincial Road Development Authority to the Post of Administrative Officer and promotion to the Post of Deputy General Manager (Administration) was made in violation of the Management Services Circular No. 28 dated 10 April 2006. Moreover, he was also appointed to act as the Deputy General Manager when there had been no Post of Deputy General
- The decision of the Funds and Accounts Committee of the Southern Provincial Council should be implemented.
- He had been appointed to the post of Deputy General Manager (Administration) with the approval of the Board of Directors and it was later decided to remove him from the post of Deputy General Manager (Administration) to recruit him in the post of Assistant Manager (Administration) as per the directive of the Committee on Public Accounts. However, he had refused it and resigned from the
- The officer had resigned from the service and the salaries and allowances paid to him had not been recovered.

Manager (Administration) as per the approved cadre of the Authority and when he had not been confirmed in the Post of Administrative Officer. Although the Funds and Accounts Committee of the Southern Provincial Council held on 17 December 2018 had decided to take action to recover the salaries and allowances paid for those posts, those decisions had not been implemented.

post. The approval has not been obtained for the post of Deputy General Manager (Administration) as there is a post of Deputy General Manager (Finance and Administration). Only the assignment of duties to the staff has been done. Although it has been stated that if the payment of salary increments for the period of unpaid service violates the regulations, action will be taken to reduce those increments and to recover the amount if an excess amount has been paid, the necessary action has not been taken. This officer has resigned from the service.

- (b) In addition to the allowance approved on 24 May 2019 for the Grama Niladharees of the Southern Province as the stationery In the payment of additional allowances, for which approval had not been granted payments The amount of Rs. 3,142,500 had been distributed without approval and a sum of Rs. 1,259,163 had been paid for 02 events.

allowances under the should be made
 capital expenditure of after obtaining the
 the capacity approval.
 development
 programme, 2019 of the
 Gramma Niladharees,
 the Chief Ministry had
 paid another Rs.1,500
 for them. As a result, a
 sum of Rs. 3,142,500
 had been paid to 2095
 Grama Niladharees
 without approval. In
 addition, two functions
 had been held to award
 the relevant cheque for
 Rs. 1,259,163.

Cabinet of Ministers
 of the Southern
 Provincial Council.
 However, it was
 accepted that the
 special approval of
 the Honourable
 Governor had not
 been obtained for
 that. Accordingly, the
 Secretary to the Chief
 Ministry has
 informed that if such
 payments are to be
 made in the future,
 action will be taken
 to obtain the special
 approval of the
 Honourable
 Governor. However,
 action has not been
 taken in relation to
 the money paid in
 addition to the
 government approved
 allowance.

(c) The Hikkaduwa It should be
 Abhimansala building properly vested in
 constructed by the a third party.
 Ruhuna Tourist Bureau
 at a cost of
 Rs. 46,042,006 on
 government land had
 been vested in another
 party without following

The agreements Hikkaduwa
 entered in to with a Divisional Secretary
 private Company has been instructed to
 through an take legal action.
 Agreement regarding
 the Hikkaduwa
 Abhimansala project
 have not yet been
 accomplished. the

the Procurement Guidelines and it remains unused and closed down at present and further, tax amounting to Rs. 6,800,000 due for the year 2019 had not been received.

Hikkaduwa Divisional Secretary has been informed in writing to file a case under the takeover of the possession.

(d) Under the 2019 Development Plan of the Southern Development Authority, a sum of Rs. 15,880,200 had been spent on the purchase of 16056 plastic chairs for voluntary organizations. The following matters were observed in this connection.

(i)	Procurements had been carried out separately for the 03 Districts of the Southern Province without being complied with the guidelines 4.1 and 4.4 of the Government Procurement Guidelines and in excess of the limit approved by the Departmental Procurement Committee, this	Disciplinary action should be taken against the officers who had not acted in accordance with the Procurement Guidelines and Circulars.	The Director General of the Southern Provincial Development Authority has stated that separate bids have been called on a district basis and that steps will be taken to follow the procurement guidelines from now on. However, no action has been taken	Any action has not been taken in relation to not taking action in compliance with the Procurement Guidelines.
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procurement at an estimated value of Rs.16.5 million had been carried out under the Shopping Method without being complied with the Circular No. 3/2016 dated 24 August 2016 of the Chief Secretary.

against those who do not comply with the Procurement Guidelines.

- (ii) In calling for bids for the purchase of plastic chairs from suppliers under the Shopping Method, prices had been quoted from a plastic chair manufacturer and a shop selling plastic chairs, without specifying the specifications. Bids should be invited by stating the specific specifications. It has been stated that action will be taken in the future by complying with the Procurement Guidelines. Action has not been taken regarding the non-compliance with the Procurement Guidelines and overpayment of Rs. 2,819,085.
- Accordingly, a sum of Rs. 2,819,085 had been overpaid for the purchase of 16,056 chairs at a high price regardless of the minimum price received by the procurement committee.

- (iii) It was revealed during the audit test checks that the price of a plastic chair purchased by the Authority was higher than the average price prevailing in the market and the Government had incurred a loss of Rs.4,300,988 owing to taking procurement decisions to purchase chairs by comparing the prices quoted by a single manufacturer with the prices of the wholesale and retail suppliers without calling for bids directly from the manufacturers.
- The loss incurred to the government should be recovered from the officers responsible.
- Although the report of the preliminary inquiry conducted in this regard has been referred to the Board of Directors of the Authority and it has been forwarded for further action on the instructions given by the Board of Directors, necessary action has not yet been taken.
- Necessary action has not yet been taken.
- (e) The following matters were observed regarding the official vehicle allowances and fuel allowances of the staff officers of the Southern Development Authority.
- (i) Without being complied with paragraphs 3.1 and 3.2 of the Circular No. PED 1/2015 of the Secretary to the Treasury dated 25 May 2015, 17092 litres of
- Action should be taken in accordance with the Circular No. PED 1 / 2015 of the Secretary to the Treasury dated 25 May 2015.
- Legal assistance in this regard has been sought from the Attorney General's Department and action has been taken to obtain advice for
- Action has not been taken to recover Rs. 1,999,984 and Rs. 714,672 recovered to the Government respectively from the

fuel totaling Rs.1,999,984 had been obtained exceeding the monthly approved fuel limit for the official vehicle used by the Chairman of the Authority from January 2016 to June 2019 and a total of 7256 liters of fuel worth Rs.714,672 had been obtained exceeding the approved fuel limit for the official vehicle used by the Director General of the Authority from January 2016 to September 2018.

that purpose.

Chairman and the Director General of the Authority.

- (ii) Although a total of Rs.750,000 had been paid to the Director-General of the Authority from October 2018 to June 2019 as transport allowance and fuel allowance, a reserve vehicle of the Authority had also been used without being adhered to the paragraphs 3.3 of the aforesaid circular. In addition to the fuel allowance and transport allowance, the
- Action should be taken in accordance with the Circular No. PED 1 / 2015 of the Secretary to the Treasury dated 25 May 2015.
- It has been reported that this has been referred to the Attorney General's Department for obtaining legal assistance and future action will be taken after getting instructions in that regard.
- This has been referred to the Attorney General's Department for obtaining legal assistance in this regard.

Authority had spent a total of Rs. 619,826 on driver's salaries and allowances and Rs. 400,199 on fuel.

11. Non-formal Transactions

<p>In acutioning a land called Welipitiya Natural Park beilonging to a private owner, although the auctioner shold supply water and electricity to the relevant land, the Ministry of Fisheries had paid Rs. 1,674,654 on 21 June of the year under review in respect of supplying electricity to the above auctioned land.</p>	<p>The amounts paid by the Ministry should be recovered from the relevant parties.</p>	<p>Any action has not been taken to recover the money spent on obtaining electricity for the auction land and against the officers, who have given approval for that.</p>
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12. Deficiencies in the Contract Administration

- (a) For the construction of an information centre for the Yashorapura Sadarsha Village, an agreement had been entered into with a private contractor on 23 December 2016 to complete the work by 31 December 2016 at a cost of Rs. 26,924,982. According to the
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| <p>The performance bond should be extended with the extension of the contract period and construction should be carried out in accordance with the proper standards and contractual values.</p> | <p>Even though laminated tempered glass has been installed as per the Agreement, disciplinary action has not been taken against the officer responsible for certifying the work not done.</p> | <p>Laminated tempered glass has already been installed. Disciplinary action has not been taken regarding the certification of the work not done.</p> |
|---|---|--|
- Overpayments

Agreement, the two- should be
storied building was to recovered.
be completed in eight
days, which was
practically unworkable,
the construction works
had not been completed
even by the end of
2019. The term of the
performance bond had
not been extended and
the time period to
finalize the work had
been extended by 842.
A sum of Rs. 7,144,677
had been paid for the
work item of
installation of laminate
tempered glass without
carrying out the
relevant work.

- (b) The following matters
were observed regarding
the construction of the
Elpitiya Public Stadium.

- (i) According to the Work Materials in due Necessary action had Any action has not Item B-2, soil in standard should be not been taken in been taken in relation approved quality should supplied as per the relation to making to non-supply of soil be supplied and filled estimate. payments without in the prescribed and the maximum size supplying soil in the standard. of stones that may be prescribed standard. contained in soil supplied to the playground should be 37.5 mm. Nevertheless, stones of 1 ½ feet in size could be found in the soil supplied and filled. Accordingly, despite the supply of substandard soil, a sum of Rs. 3,354,000 had been paid to the supplier. Although payments had been made while disregarding 75 cubic meters of soil in lieu of stones found in the soil supplied subsequently, it was not a correct measure.
- (ii) Despite the availability Quotations should Necessary action has Necessary action has of low prices for laying be prepared in not been taken to not been taken to soil using machines, realistic and recover the loss recover the loss payments had been economical manner incurred to the incurred to the made by including and the loss Provincial Council. Provincial Council. higher prices for laying suffered by the as such, the Provincial Council should be Council had been

incurred a loss of recovered.

Rs. 956,535.

- (iii) Instead of rever sand, sea sand had been used without formal approval. Accordingly, a sum of Rs. 799,600 had been overpaid for 200 cubic meter of sand at Rs. 3,998 per 01 cubic meter. According to the test report issued by the Engineering Faculty of the University of Ruhuna on 03 December 2018 in this connection, no test whatsoever had been done before the use of sea sand and it had reported that use of such mild sand will result in disfunctioning the water drainage system.
- The payments made in excess for constructions carried out without testing and without getting approval should be recovered. Disciplinary action should be taken in relation to the irregularities in this nature.
- It had been stated that action had been taken to obtain a report from the Department of Civil and Environmental Engineering of the University of Ruhuna and action had not been taken to recover the overpayment and take action against the officers responsible for that.
- (c) The Engineer of the Local Government Assistant Commissioner's Office in Matara district and the Technical Officer of the Divisional Secretariat, Dickwella had carried out supervision of the
- An inquiry should be conducted in relation to the officers, who carried out supervision of this project activities and necessary steps should be taken.
- Subsequent to the formal disciplinary inquiry conducted by the Deputy Chief Secretary (Engineering Services) of the Southern Province in relation to the officers responsible
- The Deputy Chief Secretary (Engineering Services) has conducted a disciplinary inquiry and acquitted two technical service officers and the Southern Provincial

renovation activities of 03 canals implemented by the District Secretariat, Matara in Beruwala area in the year 2014 upon financial provision of Rs.35,381,059 of the Matara -Kataragama New Railway Line Project implemented under the Ministry of Transport and Civil Aviation. At the audit test check carried out on this construction in the year 2017, a large number of shortcomings such as making recommendation for works undone, works not completed in prescribed standard, works on erroneous measurements, external and additional works carried out without proper approval, were observed. According to the audit query issued in this connection, in order to take necessary steps after conducting an inquiry on the officers who carried out

to the aforementioned Public Service matter, it had been Commission has informed by the taken steps to letters of the Deputy conduct further Chief Secretary inquiries.

(Engineering Services) bearing No. 1/2/10/21 dated 06.05.2020 and 10.08.2020 that the two Technical Service Officers have been acquitted and released.

Furthermore, action has been taken to conduct further investigations by the Southern Provincial Public Service Commission in relation to the Technical Service Officer (Special Class) of the Assistant Commissioner's Office of Matara.

supervision of the project. The Secretary to the Ministry of Transport and Civil Aviation had sent a copy of the relevant audit query to the Southern Provincial Local Government Commissioner on 27 March 2018. Nevertheless, the preliminary inquiry on the relevant officers had not been completed even up to 31 March 2019

- (d) Relating to the renovation of Kirama bus stand belonging to the Katuwana Divisional Secretariat which had been commenced in the year 2014 and completed in 2016 under the financial provision of the Local Authority Development Sector Project, instead of laying concrete paving blocks of 200x75x80mm stated under work item U-02 in the estimate, concrete
- The material of the A committee appointed by the Ministry of Local Government and Provincial Councils should be used as per the estimate. A committee appointed by the Ministry of Local Government and Provincial Councils has investigated the matter and submitted its report to the Ministry of Local Government.
- A committee appointed by the Ministry of Local Government and Provincial Councils has investigated the matter and submitted its report to the Ministry of Local Government.

paving blocks of 222x111x80mm had been laid. Nevertheless, irrespective of that matter, a sum of Rs.2,452,808 had been paid without obtaining test report on the strength of the relevant paving blocks. Although an audit query had been issued in this connection, retention money too, had been issued to the contractor. It was established according to the laboratory test conducted on 22 January 2018 that the above concrete paving blocks were not in the prescribed standard.

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| <p>(e) Since the Provincial Education authorities had denied the acceptance of buildings which had been constructed for the Primary School, Deiyandara by spending Rs. 35,721,029 out of the provisions granted to the District Secretary, Matara by the Ministry</p> | <p>Action should be taken to carry out constructions in the proper standard.</p> | <p>These buildings remain idle further. Action has not yet been taken to commence Deiyandara Primary School as there is no suitable physical environment to conduct the school constructed by incurring a cost of Rs.35,721,029.</p> |
|---|--|--|

of Economic Development in the year 2014 and the Ministry of Home Affairs in the years 2015 and 2017, these constructions remained idle up to 10 April 2019.

13. Idle / Underutilized Assets

<p>Although main hall of the building in which the office of the Charley Mount Industrial Zone of the Southern Provincial Development Authority is located and the adjoining 03 rooms had been renovated at a cost of Rs. 2,899,471 prior to a year, it had not been used.</p>	<p>Action should be taken to obtain maximum benefits from the assets.</p>	<p>A project report has been prepared to start an Industrial Training and Development Centre in the premises comprising of this administrative building and 03 adjoining rooms and the project report has been referred to obtain the approval for it and it is scheduled to use this building as per that report.</p>	<p>This has not yet been utilized.</p>
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14. Procurement

<p>Although the preparation of the land in the Elpitiya Mayimthenna Agricultural Mega Zone has been assigned to the Southern Provincial</p>	<p>the loss should be recovered from the Technical Officer acting in the post of Regional Engineer and disciplinary action should be</p>	<p>The Regional Engineer stated that he was not aware of the clearing of an area of about 300 square metres and that an institutional</p>	<p>The Technical Officer, who acted in the post of Regional Engineer in Elpitiya has been removed from the post. Any other action has not</p>
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Road Development taken against him. Authority, an excavator had been used for 05 days to prepare an area of about 03 acres in that Mega Zone prior to the relevant procurement.

investigation was been taken against carried out into this this officer in this incident and it was regard. not possible to obtain any information in that regard and I also inform you that the Elpitiya Regional Engineer who has committed an offense by concealing information has been punished according to the disciplinary procedure of the Authority.

15. Implementation of Projects

Although a sum of Action should be Rs.1,207,933 had been taken to finalize the paid to the Water work of the relevant Supply and Drainage project Board by the Provincial expeditiously as per Specific Development the Agreement. Plan in the year 2019 and in the year 2020, the year under review, for the construction of a tube well for animal production related activities at the Kekanadura Poultry Farm, work of the relevant project had not been finalized and it had

Action has not yet been taken to finalize the work.

The work of the project had not been completed and had not been used for the relevant task.

not utilized for the relevant purpose.

16. Identified Losses

The total of damages Action should be Several activities in Necessary action had was Rs. 15,826,824 taken in terms of relation to the not been taken in comprised of damages FR 104. damages occurred to terms of the Financial pertaining to vehicle FR 104. vehicles and property Regulations. in accidents amounting to have been finalized relation to the Rs.14,367,682 related to and action is being damages occurred 104 unresolved from vehicle occasions and damages the remaining accidents and pertaining to properties damages in terms of property damages and amounting to the Financial to settle them. Rs.1,459,142 related to Regulations and legal 15 unsettled occasions advices are being followed in that in Ministries / Departments and regard. Offices of the Southern Province.

17. General Deposit Accounts

According to the time Action should be Rs.58,309,545 is to Rs.58,309,545 is to analysis of the balances taken in relation to be settled further. be settled further. of the General Deposits lapsed deposits in as at 31 December terms of F.R. 571. 2020, the total of deposit balances not disposed and owned by 07 institutions as per F.R. 571 was Rs.64,704,758.

18. Employee Loan Arrears

The total of the balances of the Advances to Provincial Public Officers Accounts as at 31 December of the year under review amounting to Rs.1,243,111,752 had been stated as current assets and loan balances totalling Rs.42,950,767, which had not been recovered for a period more than one year from 918 officers, who had been transferred, retired and deceased, interdicted and who had left the service and had been dismissed, were included in that balance.

19. Apparent Irregularities

Under the Entrepreneurship Incentive Development Loan Scheme, the Southern Development Authority had granted a total of Rs. 5,000,000 as speed loan to two outsiders in the year 2019 by using underutilized funds. The following matters were

observed in this regard.

- (i) The approval of the Loans should be The loan scheme has Loans have been Chief Secretary, Deputy provided by been suspended due suspended due to not Chief Secretary obtaining the to not obtaining the obtaining the (Planning) or the proper approval and approval and a approval for this loan Secretary to the Chief securities. preliminary scheme. Disciplinary Ministry of the Southern investigation has action has been taken Province had not been been carried out in against the relevant received for the relation to the officer and he has implementation of this been interdicted. loan scheme and the loan scheme. The Furthermore, legal loan had been released relevant Director action is being taken. by securing the private General has been land of the Director- interdicted as per the General of the Authority facts revealed in the as security without investigation. obtaining security from Furthermore, legal the debtors. action is being taken.
- (ii) Without being adhered Action should be Under this, the loan The relevant Director to the Financial Powers taken in accordance amount given to two General has been Circular of the Secretary with the Financial beneficiaries at the interdicted. to the Chief Ministry Powers Circular annual interest rate of Furthermore, legal issued under Provincial issued in 15% was Rs. action is being taken. Finance Rules 83, accordance with the 5,000,000 and the approval, certification, Provincial Financial loan and the interest amounting to Rs. and payment of loan Rules 83. 58,995 has been fully repaid by 29.07.2019. Furthermore, legal vouchers had been done by the Director-General of the Authority himself. The crossings of both cheques amounting to Rs. 5,000,000 issued in the name of the creditors had been cancelled and the Director-General

himself had withdrawn the money from the bank counter. Also, the loan instalments of Rs. 1,557,610 of a borrower had been paid by the Director-General of the Authority. Six blank cheques without stating the value and date relating to the Director General's personal current account had been handed over for future loan instalments.

20. Management of Assets

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Disposal of vehicles
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Eight vehicles belonging to the Office of the Director of District Health Services had been parked unused at the Local Drug Store premises, out of which 06 vehicles were recommended for disposal. No action had been taken to hand over the vehicles to another institution or to dispose of them as per the provisions of State Finance Circular 02/2015.

Action should be taken in accordance with the Public Finance Circular 02/2015.

Of these vehicles, the ownership of the vehicle bearing LB-1909 has been provided to the Line Ministry for disposal. Action related to the disposal of the vehicles, 52 - 6802, SRI 6818, GE - 8007, 42 SRI 243, QC - 5674, JY - 6503 and JY 6508 owned by the Provincial Director has already been commenced.

A Board of Assessment has been appointed to assess four vehicles recommended to dispose of and still prevailing.

21. Unresolved Audit Paragraphs

In accordance with the directives of the Parliamentary Committee on State Accounts held on 07 November 2017, the value added tax paid by the Ministry of Education, Lands and Land Development of the Southern Province to the suppliers with invalid registration should be immediately recovered and credited to the state revenue, no action had been taken to recover the total amount of Rs.921,535 to be recovered from two contractors.

Action should be taken to recover the money.

Preventive measures had not been taken.

Action has not been taken to recover taxes amounting to Rs. 921,535.

Triennial Report for the years 2018, 2019 and 2020.

 Name of the Auditee Entity - Northern Provincial Council

Audit Opinion on the Financial Statements

2018 - Qualified Opinion

2019 – Qualified Opinion

2020 – Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current Position
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Year 2018			

01. Necessary action had not been taken until 28 June 2019 as per Public Administration Circular No. 02/2015 dated 10 July 2015 regarding the disposal of 20 long dilapidated vehicles belonging to the Provincial Irrigation Department.	As per the Circular, necessary steps should be taken in right time.	Measures had been taken to sell 07 unusable vehicles, transfer the ownership of 07 vehicles to the Chief Secretary and repair and use 06 vehicles.	11 vehicles are no longer in use.
02. Construction work on Palampidi Agriculture Training Unit, the Agriculture Instructor's Office, the Wattakachchi District Agriculture Training Unit and the Mannar Zonal Education Office building totalled Rs.48.2 million to be completed during the year under	Necessary steps should be taken to complete the construction work on the scheduled date.	Construction work had been finished.	Not all buildings are in use.

review had not yet been completed.

03. Observations on unresolved audit paras

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|-----|--|---|--|--|
| (a) | In 1999, an irregular appointment was made to the Provincial Ministry of Education in the North and East, Class II of the Sri Lanka Education Administrative Service. | Further action should be taken as per the recommendations of the Provincial Committee on Accounts. | A committee was appointed as per the recommendations of the Committee on Public Accounts and the relevant reports were submitted to the Ministry of Education. | Apart from informing the Ministry of Education, there was no progress. |
| (b) | The Pradeshiya Sabhas had paid Rs. 3.16 million worth of Value Added Tax (VAT) to the contractors without obtaining a certificate of registration for VAT. | Further action should be taken as per the recommendations of the Provincial Committee on Accounts. | A part of that amount had been collected. | Further Rs. 670, 000 is to be charged. |
| (c) | In the year 2014, Jaffna Municipal Council had recruited 07 electricians by misrepresenting the qualifications in newspaper advertisements. According to the recommendation given by the Public Accounts Committee of Northern Province on 15 August 2018, the next step taken | The Provincial Public Accounts Committee shall, as per the rules, conducted an investigation against all the officials responsible for including the officials concerned for submitting the false advertisements. | The Northern Province, Local Government Commissioner had indicated that the interview board related to this recruitment had not been conducted properly. | No action had been taken regarding this informal recruitment. |

by the Northern Province Provincial Commissioner of Local Government had not been received by the audit till now.

- (d) According to the recommendation of the Public Accounts Committee of Northern Province held on 15 August 2018 regarding the cash fraud of Rs. 2.93 2million committed by a management assistant officer of the Jaffna Municipal Council in the year 2016, the next steps taken by the Commissioner of Local Government of Northern Province had not been received by the audit.
- Action should be taken as per the order of the Committee on Public Accounts.
- The Chief Secretary is taking steps to file a case against the officer in the Court of Appeal to recover this amount.
- No proceedings have been taken so far.

Year 2019

04. In the year 2011, an ambulance purchased by the Northern Provincial Council at the value of Rs.8,500,000, had met with an accident at the mileage of 9,000 km. Instead of repairing the ambulance, action had
- Investigations should be completed expeditiously and appropriate action should be taken in accordance with the Establishments Code and Financial
- The first preliminary investigation report is incomplete. Later, a re-investigation was initiated and is in its final stages.
- Appropriate measures have not been taken so far.

been taken to Regulations.
improperly write off
from the inventory of
the District Hospital,
Mulativu and eliminate
from the statement of
non-current assets.

- 05.** The officer attached to Investigations The preliminary Although all the
the Sandilippai should be investigation report in money had been
Divisional Secretariat on completed this regard was recovered, the
behalf of the Northern expeditiously and handed over to the necessary
Province Department of recommendations Northern Provincial disciplinary action
Motor Traffic had been implemented and Department of Motor had not been taken
fraudulently obtained appropriate internal Traffic on 08 April against the officer
Revenue License Fees controls put in 2021. concerned.
totaling Rs. 1,499,535. place.
- 06.** As for the construction Payment should be An investigation is An amount of
of a building for the made only for underway to recover Rs.517,378 had to be
Ayurvedic hospital, completed work the remaining charged further and
Vattakachchi, a sum of and overpayments Rs. 517,378. no disciplinary action
Rs. 718, 395 had been should be recovered was taken against the
paid by the Pradeshiya promptly. officials who made
Sabha, Karachchi owing those payments.
to erroneous
measurements.
- 07.** The zonal education Prior to payment of No preventive action Appropriate actions
office in Jaffna had paid the relevant taxes, it had been taken. had not been taken so
Value Added Tax should be far.
totalling ascertained whether
Rs. 654, 995 to the the contractors are
contractors who had not duly registered and
been liable to the Value erroneous payments
Added Tax. However, should be

no action had been taken recovered.
 in that connection over a
 period of 2½ years.

- 08.** Having been assessed by the Provincial Department of Irrigation, the old metal gates of the Thondamanaru breakwater that had been auctioned in April 2019 at the value of Rs.4,041,004, had not been removed by the buyer within a period of 24 hours as per the agreement, but the gates had been removed after a delay of one month. The Provincial Director had refunded 55 per cent of the said amount to the buyer. As such, the Government had sustained a financial loss of Rs. 2,211,335.
- | | | |
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| <p>A formal inquiry should be conducted on the matters such as, failure to accurately assess the auctioned items, failure to take action as per the agreement on the items not removed, and refunding the sales income of the auction to the buyer.</p> | <p>No preventive action had been taken.</p> | <p>No investigation was conducted in this regard.</p> |
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09. Medicines of the Mannar district hospital worth Rs. 2,547,786 had become expired. This had been attributed to the lack of a methodology to distribute the excess medicines within of a hospital in the Northern Province to other hospitals.
- A mechanism should be put in place to ensure the optimal availability of stocks of medicine.
- No preventive action had been taken.
- Appropriate actions had not been taken to prevent further losses and an Investigation Committee had not been nominated so far.

Year 2020

10. Three non-special grade officers had been appointed for the post of special Grades approved by the Department of Management Services with effect from 30 June 2008 such as the Secretary to the Ministry of Provincial Public Administration Cooperatives and Local Government and Secretary to the Provincial Public Service Commission and Deputy Chief Secretary (Planning) Special Grade approved with effect from 01 January 2013. Further,
- These kinds of issues should be settled promptly.
- The Ministry of Public Services, Provincial Councils and Local Government have been informed for necessary advice in this regard.

they had been overpaid by a sum of Rs.2,192,191 as salaries and allowances up to December 2020 from the date of appointment to that grade due to payment of salary entitled to the special grade.

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|------------|---|--|--|--|
| 11. | Adequate actions had not been taken to recover the outstanding balance of Rs.2,781,384 from 39 employees who were employed in 06 Provincial Departments and later did not report for duty, deceased, retired and were dismissed from service. | Outstanding balances should be recovered promptly. | No preventive action had been taken. | Adequate actions had not been taken to recover outstanding balances. |
| 12. | The Provincial Health Department had overpaid Rs.1,643,018 of overtime allowances to 10officials during the year under review. | Overpayments should be recovered promptly. | Part of this amount had been charged and the balance is being charged. | Actions had not been taken to recover Rs.1,009,275 from two officers till now. |
| 13. | In April 2018, a government owned cab worth at Rs.9,000,000 had met with an accident while the Punakari Health Medical Officer had | Obtaining the investigation report and promptly completing the related work. | Final investigation report had not been received up to now. | The insurance institution had refused to reimburse the money and necessary actions had not been taken up to now to recover the |

driving for personal use and was completely destroyed. As stated in the draft charge sheet that was submitted after the initial investigation into the vehicle accident in May 2018, no disciplinary action was taken until the date of reporting regarding using the vehicle without approval, escorting non-duty parties and speeding against the law and causing heavy losses to government property.

loss from the responsible officer concerned.

- 14.** The Jaffna - Kilinochchi Water Supply and Sanitation Project had constructed 14 metal spill gates and 02 sluice gates for the excess drainage of the Iranamadu Reservoir at a cost of Rs. 400,280,744. It was not possible to assess their functionality due to the inability to release sufficient water capacity to the gates. However, the entire amount for the work was paid to the
- | | | |
|--|---|---|
| <p>It should take necessary action to find out the reasons for not extending the warranty period until the relevant inspections are completed.</p> | <p>No preventive action had been taken.</p> | <p>No action had been taken to recover the loss incurred.</p> |
|--|---|---|

contractor without consideration about it. Later, after receiving sufficient water capacity, the gates were inspected and the necessary defects were rectified. Although the contractor should bear the cost of refurbishment amounting to Rs.11,389,680, the Provincial Council had taken steps to pay the amount from the Provincial Specific Development Fund as an expenditure.

15. Out of the loans issued by the Local Government Department in 2012 at the expense of the Northern Provincial Council funds for the damage caused to 30 shops in the Mannar Municipal Council, only Rs.304,000 had been settled in the year under review as against the balance of Rs.3,584,000 as at 31 December 2019. Action should be taken immediately to recover the loans. Legal action is being taken in this regard. Loan in arrears amounted to Rs.3,280,000 had not been recovered until now.

16. The following observations are made regarding the provision of food to the Kaithadi Government Home for the Elders by the Department of Social Services of the Northern Province.

- (a) According to the Necessary future A committee has Necessary steps had agreement entered into steps should be been appointed to not been taken after with the selected bidder, taken after look into the matter. completing the The Provincial Council completing the investigation work. had incurred a loss of investigations Rs.200,070 during the expeditiously. year under review due to payments were made on higher prices than the agreed prices.
- (b) In this procurement, Necessary future A committee has Necessary steps had various bidders offered steps should be been appointed to not been taken after lower prices for certain taken after look into the matter. completing the items. However, due to completing the investigation work. the selection of the investigations lowest bidder by the expeditiously. Procurement Committee taking into account only the total value of the total bid submitted by the bidders, a loss of Rs. 2,655,746 was incurred to the Provincial Council funds during the year under review.

(c) Bids submitted by a bidder for eight items ranged from 46 per cent to 98 per cent below market price. As this is a unrealistic situation, clarification should have been obtained from the relevant bidder as per Guideline 7.9.11 of the Procurement Guidelines. However, the bidder who offered the questionable price was offered the procurement without any consideration.

17. Although there has been a delay of 4to 32years after the end of the period for confirming the posts of 13teachers performing duties under the Vavuniya South Zonal Education Office, necessary action had not been taken to confirm in the posts as per the Chapter VIII of the Code of Northern Province Public Service Procedures and Rules, of the Democratic Socialist Republic of Sri Lanka No. 1817/30

dated 03 July 2013.

- 18.** Contrary to paragraph 3.4 (II) of the Ministry of Education Circular No. 2007/20 of 13 December 2007, 31 teachers working in 07 Zonal Education areas have been temporarily attached to a school adjoin to their permanent residence for a period of 01 to 06 years.
- Action should be taken as per Circular instructions.
- Such situations are handled with care in the future.
- Until now necessary steps had not been taken.
- 19.** Contrary to paragraph 3.2 of the Ministry of Education Circular No. 2007/20 dated 13 December 2007, 490 teachers from 12 education zones have been working in the same school for 8 to 32 years without transfers.
- Action should be taken as per Circular instructions.
- Necessary instructions for this had been given to the relevant officers.
- Until now necessary steps had not been taken.
- 20.** Two officers of the Vavuniya North Zonal Education Office had fraudulently obtained Rs.10,557,045 teacher salaries from 2013 to 2019 and the salary of the teachers who had obtained fraudulently during the year under
- Arrears should be recovered immediately.
- A sum of Rs.1,557,970 had been charged and legal actions are being taken against the arrears.
- Steps had not been taken to carry out necessary disciplinary inquiries and charge Rs.20,447,475.

review was
Rs.11,448,400.

- 21.** Action had not been taken to recover the total tax amounting to Rs.13,245,047 that should be received from lease lands in the Vavunia area owned by the Land Commissioner's Department in Northern Province as per Paragraph 07 of the Land Commissioner's Department Circular No. 96/05 dated 01 August 1996. The delay in the collection of those taxes ranged from 05 to 27 years.
- Action should be taken as per Circular instructions without delay.
- Relevant Divisional Secretaries were informed to take necessary steps in this regard.
- No progress except charged a sum of Rs. 300,000.
- 22.** Adequate steps had not been taken to collect the tax revenue nearly 100 shops in Karachchi Divisional Secretariat in Kilinochchi according to the Circular No.2017/01 dated 04 July 2017, of the Commissioner General of Lands, by entering into agreements with the shopkeepers in the shopping complex.
- Action should be taken to enter into agreements immediately by following the circular instructions to collect the relevant tax revenue.
- Although applications had been submitted to the property owners for this purpose, only 54 per cent of them had completed and submitted their applications.
- Action had not been taken up to now to obtain tax revenue.

Auditor General's Triennial Report (2020 ,2019 ,2018)

Name of Audit Entity -Western Provincial Council

The Audit opinion of the Auditor General in relation to financial statements

2018 - Qualified Audit Opinion

2019 - Qualified Audit Opinion

2020 - Qualified Audit Opinion

Audit Observation	The Recommendations of the Auditor General	Preventive measures taken by Entity	The current situation in that regard
<p>1. Retirees who have been re-employed under Section 05of Public Administration Circular No. 09/2007dated 11 May 2007will be paid the relevant cost of living allowance along with the pension. Therefore, the cost of living allowance could not be paid again, however Rs. 813,404 had been paid as cost of living allowance to 04 officers of the Provincial Public Service Commission from 01 January 2010 to 31 January 2018.</p>	<p>Should be complying with Circular provisions.</p>	<p>These officers have been retired and action has been taken to obtain observations from the Director General of Pensions to recover the overpaid amount from the pension.</p>	<p>The over payment had not been recovered yet. A letter had been sent to the Director General of Pensions on 20 August 2020 inquiring about the possibility of recovering the money from the pensions of the relevant officers in terms of Section 12 (2) of the Pensions Code. The answers had not been received so far.</p>

2. The procedure to be followed in granting the consent of the Provincial Council for utilization of government land by the Government in terms of Sections 04 (2) and 06 (3) of the Western Provincial Land Development Ordinance No. 04 of 2012 was not specified by the Rules.
- Procedures should be prescribed by Rules.
- The request had been done from the Provincial Ministry of Agriculture and Lands to make necessary arrangements to formulate rules for the Western Province Land Charter.
- Rules should have been made on the advice of the Provincial Council however the rules had not been prepared as the Western Provincial Council has been dissolved.
3. A 15 acre 3 rood and 38.5 perch land belongs to the Agalawatta Divisional Secretariat had been leased to a private lessee from 28 February 2003 at a cost of Rs. 79,200 per annum. According to the lease agreement, the annual tax increase was 10 percent, however actions had not been taken to recover the arrears of taxes and fines amounting to Rs. 1,252,035 relevant that increase from 2003 to 2016.
- Action should be taken to recover the annual tax increase.
- The effective action had not been taken to recover the arrears of taxes and fines.
- The lessee had paid Rs. 200,000 on 28 February 2020. The balance had not been recovered.

4. According to the preliminary report submitted by the National Building Research Organization on 08 May 2019 regarding the seawater Waste yard established in 2010, It was recognized that there was a possibility of occurrence in the land with 19houses at a distance of 20m to 70m from the landfill site is considered as a high risk area and toxic gases through the land. This waste yard had not been managed in accordance with the objectives of Section 7 of the Western Provincial Waste Management Authority Charter No. 01 of 2007. Also, according to the provisions of the National Environmental Act, (As per Rule 60 of Part I of the Document which has been declared as Licensing Act by the Minister of
- Action should be taken to obtain the approval of the Central Environmental Authority and to manage the waste yard in accordance with the objectives of the Western Provincial Waste Management Authority Charter No. 01of .2007
- Although a Cabinet Memorandum has been submitted on 09 September 2021 entitled 'Reviving the project to generate electricity from garbage', the Cabinet had decided not to implement the project to generate electricity from garbage.
- The approval of the Central Environmental Authority had not been obtained for the Waste yard. It is further observed that waste management is not carried out in accordance with the objectives of the Waste Management Authority Charter.

Environment and Natural Resources under Section 23 a of the National Environmental Act No. 47 of 1980) this had been carried out without obtaining the approval of the Central Environmental Authority.

5. The stock of drugs disposed at Wathupitiwala Hospital on 20 and 21 July 2018 due to expiration and damage by termites and rats was Rs. 1,260,821. There should be a Relevant agencies Drug expirations program to dispense have been informed were also observed medicines to the about the expired in 2021. required hospitals drugs. before they expire.
6. Even though, the Patient Treatment Services had been commenced by the Minuwangoda Base Hospital with a land extent of 1.978 hectares in the year 1954, the formal course of vesting for the land had not been carried out. Action should be taken to obtain an assignment deed. Actions are being taken to acquire the Land. The land had not been acquired.
7. Nineteen motor bicycles had been stored without being utilized in the office of the Medical Health Action should be taken to dispose of or utilize. Requests have been made to the Office of the Provincial Director of Health Services in 2019 to 19 motorcycles had not been disposed.

Officer, Matugama
from June 2016.

dispose of these 19
motorcycles.

8. According to Rules 5 and 6 of the Rules made under the Co-operative Employees' Pension Ordinance No. 06 of the Western Province 2010, an employee over the age of 56 should be entitled 40 per cent of the pension entitled to the pension as per Table 02 of Schedule (a) of the Rules. However, 211 employees of the Provincial Co-operative Pension Fund over the age of 56 had been paid a pension of over Rs. 40,898,103, which is more than 40 percent, as at 31 December 2019.
9. Owing to the decision taken by the Authority in the year 2006 to terminate a contract awarded to implement a project under financial assistance
- Pensions should be paid in accordance with the rules made under the Co-operative Employees' Pension Charter.
- Action should be taken to identify responsible officials in accordance with the Financial Regulations of the Western Province.
- The preventive action had not been taken.
- An investigation has been conducted in accordance with the Provincial Financial Rules. Further action will to be taken on its recommendations.
- The pensions are paid in accordance with the Co-operative Employees' Pension Charter at present.
- A preliminary investigation had been conducted. However its recommendations have not yet been implemented.

worth Rs. 235 million provided by the Asian Development Bank, it had been decided by the Arbitration Board in the year 2012 that a compensation amounting to Rs. 90 million along with the interest of 11.3 per cent thereon be paid. As the appeal filed at the supreme court by the Authority had been nullified on 31 August 2018, a compensation of Rs. 190.2 million had to be paid in the year 2019. However, due to inefficient contract administration, action had not been taken even after a period of 08 years as at 31 December 2020 since the said loss occurred, to identify the officers responsible as per Provincial Financial Rules, 51, 52.1, 54 & 55 thereby failing to follow the procedure under Provincial Financial Rules 76.1.8 and 106.

10. The Regional Action should be All these balances are There were Rs. 17.6
 Mechanical taken to recover the being collected from million had to be
 Engineering Offices in relevant amount in government agencies collected as at 03
 Asgiriya, accordance with the for vehicle repairs March 2022.
 Moragahahena and Financial Rules of and rental of
 Ratmalana had to pay the Western machinery.
 Rs. 24 millions as at 31 Province.
 December 2019 for the
 rental and repair of
 machinery. There were
 balances from 1996
 among them. In this
 regard, action had not
 been taken to identify
 the responsible officers
 following the
 procedures under
 Provincial Rules 51,
 52.1, 54and 55and
 comply with the
 procedures under
 Provincial Rules 76.1.8
 and 106.
11. Out of the funds The relevant funds Any action had not The shortcomings
 provided by the should be used for been taken. remained the same.
 Provincial Treasury in Road Development
 the year 2016, 2017 Projects.
 and 2018for road
 development activities
 under Provincial
 Specific Development
 Grants and Provincial
 Development Grants
 (PSDG and PDG), Rs.
 89.56 million had been

transferred to the reserves in the year 2019 without being used for road development activities.

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| 12. | Four officers had participated for a program called the International Conference on Tactical Methods in Road Development in Japan, organized by a Japanese university from 15 June to 21 June 2019. For a group of five, the cost is US \$ 5, 750per person and US \$ 28, 750had been paid as course fees for a group. However since it was attended by a group of four, the US \$. 5,750 worth Rs. 1,037,875 had not been recovered. | Overpayments should be recovered. | No any preventive action had been taken. | The overpayment for an officer had not been recovered. |
| 13. | 26 units of machinery that had been decommissioned were parked at the Moragahahena Machinery Plant of the Road Development Authority for a period | If repairs are not made to use or repairs are not economically viable, action should be taken to dispose of them properly. | The repairs of 11 15 machineries have not been completed. 05 out of the remaining 15 machines are being repaired. Actions are being underway to dispose | 15 machineries remained to be further repaired or disposed. |

of 01 year 04 months to 07 years 08 months without any repairs as at 31 December 2019.

of 10 machines that are not economically viable.

14. The action had not been taken to formulate and adopt rules for the Tourist Board in terms of the Western Provincial Tourist Board Charter No. 3 of 1994 passed in the year 1994.
- Action should be taken to formulate Rules.
- The Rules are being prepared.
- The rules had not been approved.
15. The Tourist Board has awarded the operation, administration and maintenance of the Negombo Eththukala Convinced Water Park to the Negombo Municipal Council by a Memorandum of Understanding for a period of 03 years from 20 February 2019. As per the Clause (3) of the Memorandum of Understanding, the third party may enter into an agreement with a third party with the consent of the first party to carry out the operation, control and
- Action should be taken in accordance with the agreement.
- The process of selecting a new investor is underway as the contract period is coming to an end.
- Negombo Municipal Council had not paid taxes as required and had paid only Rs. 378,126 for 03 years and had defaulted on the balance.

maintenance of the water park, however a third party had permitted to carry out the work without the consent of the first party. Also, in terms of clause (3) of the Memorandum of Understanding, the second party is required to pay 30 per cent of the monthly rent of the water park by lease to the first party. However, due to the board not having a copy of the agreement entered into by the second party with the third party, it was not possible to verify the accuracy of the monthly rent received by the Board by leasing the water park.

16. The following observations are made regarding the purchase of a bus for Dekatana Padmawathie Maha Vidyalaya in the Gampaha Education Zone. According to the recommendations of the preliminary inquiry, a formal disciplinary inquiry should be held into the allegations against the principal. The principal has been suspended. In order to prevent this situation, school supervision, divisional supervision and provincial supervision will be carried out regularly. Following a preliminary investigation, a charge sheet containing 12 charges had been issued to the principal on 07 December 2021. A

- (i) The Old Pupils 'Association of this college held on 30 October 2013 had decided to purchase a bus for the school and it was approved by the Gampaha Zonal Director of Education and Rs. 6,645, 348 had been credited by Donors as at 31 December 2019, to the bank account of the Old Pupils' Association, however Rs. 5,073,400 had been used for other purposes.
- (ii) An initial payment of Rs. 1,200,000 had been made to a Motor vehicle dealer on 19 and 30 November 2018 to purchase the bus. The principal had arranged to obtain a revolving loan facility from a leasing finance company to repay the balance of Rs. 2,700,000. The bus was registered in the name of the principal in the Department of Motor and instructions will be given to act in accordance with the Circulars in order to act in a proper and accurate manner in future.
- According to the recommendations of the preliminary inquiry, a formal disciplinary inquiry should be held into the allegations against the principal.
- The principal has been suspended. It has been reported that school supervision, divisional supervision and provincial supervision are being carried out regularly to prevent this situation and to work in a systematic and accurate manner in the future.
- Following a preliminary investigation, a charge sheet containing 12 charges was issued to the principal on 07 December 2021. A formal disciplinary inquiry had been started.

Traffic on 01 January 2019 and by July 2021, the Ministry of Education had not taken any action other than transferring the principal to another school.

- (iii) Although it was revealed that the principal had obtained Rs. 700,000 from the School Development Fund to purchase the bus, all payments for the purchase of the bus had been made from donations collected by the Old Pupils' Association.
- According to the recommendations of the preliminary inquiry, a formal disciplinary inquiry should be held into the allegations against the principal.
- The principal has been suspended. It is reported that school supervision, divisional supervision and provincial supervision are being carried out regularly and instructions have been issued to act in accordance with the Circulars and zonal directors have been informed to prevent such incidents from recurring in order to prevent this situation in the future.
- Following a preliminary investigation, a charge sheet containing 12 charges was issued to the principal on 07 December 2021. A formal disciplinary inquiry had been started.
17. A sum of Rs. 2,373,580 collected by the school development society with respect to the Advanced Level classes for the year 2018 and admission of
- Disciplinary action should be taken against the principal in accordance with the financial regulations, circulars and circular instructions of the
- The principal has been suspended. It is reported that school supervision, divisional supervision and provincial supervision are being carried out regularly
- Following a preliminary investigation, a charge sheet containing 12 charges had been issued to the principal on 07

- students to Grade 6 for the year 2019, had been misappropriated by the Principal in violation of the Financial Regulations, Circulars, and instructions of the Government.
- Provincial Department of Education.
- and instructions have been issued to act in accordance with the circulars and zonal directors have been informed to prevent such incidents from recurring in order to prevent this situation in the future.
- December 2021. A formal disciplinary inquiry had been started.
18. It was verified as per the receipt books of Dekatana Padmawathi Mah Vidyalaya in Gampaha Education zone that a sum of Rs. 600 had been obtained from each of 191 students in the year 2018, but the values of original copy and the carbon copy of several receipts had been amended. In the year 2019, a sum totaling Rs. 1,180,380 had been collected from 276 sixth graders at Rs. 4,260 from each of them, and of that, only a sum of Rs. 166,200 had been credited to the school development account. The balance amount of
- Disciplinary action should be taken against the Principal.
- The principal has been suspended. It is reported that school supervision, divisional and provincial supervision are being carried out regularly and instructions have been issued to act in accordance with the circulars and zonal directors have been informed to prevent such incidents from recurring in order to prevent this situation in the future.
- Following a preliminary investigation, a charge sheet containing 12 charges was issued to the principal on 07 December 2021. A formal disciplinary inquiry had been started.

Rs. 1,014,180 had not been in physical existence, and no documentary evidence was presented that expenses had been incurred therefrom.

19. The rear area of a building belonging to the regional engineering office in Nagambo had been used by a private party over an extensive period. The institution had no agreement in that connection, and no rental had also been recovered.
- Action should be taken to take back the part of the office building from the Fisheries Society.
- Part of the Regional Engineering Office building was given to the Fisheries Society until a new building will be provided . The Negombo Divisional Secretary had instructed to leave the building on 29 July 1999 and hand over the keys within 14 days however the keys had not been handed over.
- The Fisheries Society continued to use the building without returning the keys.
20. A Government land in extent of 11 acres and 26perches located in the division of Divisional Secretariat, Dodangoda, had been given on lease in the year 1989. With deeds forged by the lessees, that land had been sold to 20 persons.
- The land should be acquired back and legal action should be taken against the person who sold the leased land.
- The land had been acquired back and divided into 25 plots and 05 plots of land were formally handed over to the beneficiaries.
- The Legal action on the remaining 20 plots has not yet been completed. The legal action had not been taken against the person who forged the deed and sold the land.

21. The total area of the land at No. 238 Dam Street, Colombo 12 had belonged to the Colombo North Cooperative Society Limited the registration of which had been terminated, was 11.09 perches. Three perches of the land had been encroached at the time of auction. Without evicting the encroachers, a new plan for the remaining extent of 08 perches had been prepared on 18 September 2013 thus selling the land at Rs. 20,417,619. Nevertheless, the said plan had not been approved by the Colombo Municipal Council, and hence, the party that had purchased the land had also become aggrieved, but no action had been taken to acquire the encroached area of 03 perches.
- The liquidation of the unauthorized occupants and the liquidation of the cooperative society which has completed the registration of the society by selling the land should be completed expeditiously.
- The action are being taken under Article 57 of the Co-operative Societies Charter No. 03 of 1998 as amended by the Co-operative Societies (Amendment) Charter No. 04 of 2011 of the Western Provincial Council.
- 03 perches of land had not been reclaimed.

22. According to Section 201(1) of the Land Directives of the Department of Land Commissioner, the annual lease rent of the sports associations should be computed based on 02percent of the undeveloped value of the land. However, in the year 1991, only ½ percent at the assessed value of the land leased to a cricket club was charged at Rs. 125.000,000 that had been assessed for the land, given on lease in the year 1991. Accordingly, the value of lease rent that should have been recovered annually, amounted to Rs. 2,500,000, but only Rs. 625,000 had been recovered. As such, the loss sustained by the Provincial Council with respect to the lease period of the land being 30 years, totaled Rs. 56,250,.000
- This tax income is the income of the Provincial Council. The Land Commissioner General should be informed that the tax rates are not correct and action should be taken to correct them.
- The Commissioner General of Lands has been informed by the letter of the Western Provincial Land Commissioner No. ୧୭୭୦୩ / 6 / ୦୩ / 179 dated 03 January 2022 to pay special attention to the tax rates to be charged in extending the re-lease period.
- The action had not been taken to correct the tax rates and recover the arrears.

23. Actions should be taken to hand over the assets purchased for the new Provincial Council Building amounting to Rs. 557,984,598 to the institutions under the Provincial Council before 30 November 2019 in writing as per the Section 3.1 of the Financial Circular No. 09/2019 of Chief Secretary to the Provincial Council dated 02 October 2019 and the receipt orders should have been issued by entering into inventory register based on issuing orders receive at the time of undertaking them. But the issuing orders or receipt orders pertaining to the assets purchased by paying a sum of Rs. 557,984,598 in cash by the Engineering Bureau from the year 2018 to 2020 carrying out procurement activities by the Provincial Road Development
- Relevant assets should be entered into the inventory registers in accordance with the instructions of the Financial Circular of the Chief Secretary.
- The Provincial Road Development Authority, the Economic development Bureau and the Information Technology Resources Development Authority have requested information and said they would take action later this year.
- The receipt orders / issuing orders had been issued for assets equal to Rs.557,984,598.

Authority, Economic Promotion Bureau and Information Technology Resources Development Authority had not been issued accordingly. Therefore, the above assets had not been entered into the statement of financial position of the Western Provincial Council in the year 2020.

24. Assess all the non-financial assets and accurate information on assets should be submitted to the Comptroller General with effect from 01 January 2019 in terms of Sections 02 and 07 of the Asset Management Circular of the Ministry of Finance and Mass Media No. 04/2018 dated 31 December 2018 and Western Province Financial Circular No. 03/2019 dated 01 March 2019. But the assets of the Engineering Division
- Actions should be taken in terms of circular provisions
- The relevant assessment will be done in the year 2021 and recorded in the accounts.
- The asset valuation had not been completed.

valued at Rs. 6,069,989,056 were not assessed and relevant accurate information had not been submitted to the Comptroller General and as a result of failure to assess so, accurate values had also not been brought to accounts.

25. Actions had not been taken in terms of F.R. 571 in respect of deposit balances which had lapsed 02 years after making deposits but not realized at 31 December 2020 totaled to Rs. 64,472,590 in 02 Ministries, 09 Departments, 18 Divisional Secretariats and a Commission. Actions should be taken in respect of deposit balances in terms of Financial Regulations. Chief Accounting Officers and Accounting Officers have been instructed to take necessary actions to settle the unsettled deposit balances during the year 2021. There were still balances to be dealt with in accordance with Financial Regulation 571.
26. The imprest balance of Rs. 230,917,360 of the Western Provincial Department of Health Services as at 31 December 2020 had not been settled to the Western Provincial Treasury even by 12 July 2021. Arrangements should be made to settle the unsettled imprest balance without delay. The Department of Health Services has been advised to settle the unsettled imprest balance as soon as possible. The outstanding Imprest balance as at 31 December 2021 was Rs. 121,473,537.

27. Actions had not been taken to assess the 46 vehicles attached to the institutions under the Director Office of the Gampaha Regional Health Services and get the accurate value. Therefore, it had been impossible to show the accurate value of vehicles within the assets.
- Actions should be taken to assess and account for the value of the vehicles.
- The offices of the Regional Director of Health Services have been informed to make necessary arrangements to assess these vehicles and account for their values in preparing final accounts for the year 2021.
- The vehicles had not been assessed.
28. In addition to the approved staff for various projects and activities, the Provincial Road Development Authority had employed 554 employees as 408 employees on a substitution basis and 146 employees on contract basis exceeding the approved staff for the activities of the Authority and a Manpower Plan had not been prepared and the approval of the Department of Management Services had not been obtained.
- Recruitment of employees should not be done exceeding the approved staff.
- It is stated that the further actions are being taken to get approved this staff.
- The approval of the Department of Management Services had not been obtained.

29. Although a monthly housing allowance could not be paid to the officers in terms of Chapter xix of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, an official quarters allowance of Rs.12,417,000 had been paid for 19 Officers of the Provincial Council from November 2017 to December 2020 .
- It should act in accordance with the provisions of the Establishments Code.
- The preventive action had not been taken.
- As a temporary solution, the Chief Secretary recommended the payment of the official housing allowance as a temporary solution to expedite the construction of official quarters for the Provincial Secretaries, Deputy Secretaries and the Provincial Chief Secretaries and the official housing allowance was being paid by March 2022.
30. A loan advance balance of Rs. 1,868,511 provided to deceased and retired officers or employees of 06 Institutions in accordance with Sections 4.2.2, 4.2.3, 4.5, 4.6 and 6.3 of Chapter xxiv of the Establishments Code of the Democratic Socialist Republic of Sri Lanka could not be able to recover.
- It should act in accordance with the provisions of the Establishments Code.
- The Department of Pensions has been informed to recover the loan balances of the deceased and retired officers from the gratuity and relevant arrangements are being made to recover the debt balances of deceased officers who are not entitled to pensions.
- There were still balances to be recovered from deceased or retired officers or employees.

31. Revenues had been collected under 30 Revenue Codes in the year under review and out of that, there was an arrears income amounting to Rs. 11,279,032,524 pertaining to 17 Revenue Codes by 31 December 2020
- Actions should be taken to recover the arrears income.
- As a result of practical issues in implementation of the mechanism exists for the collection of revenue under Covid epidemic situation, it is indicated that there were difficulties in collection of revenue continuously and already exists.
- Further arrears of income had to be collected.
32. The arrears income of 49 Local Government Regularities in the Western Provincial Council area was Rs.7,295,160,138 as per the information submitted as at 31 December 2020.
- Actions should be taken to recover the arrears.
- The arrears of income are being recovered.
- Further arrears of income had to be collected.
33. The value to be recovered regarding 25 surcharges imposed by the Auditor General against the officers of 04 Municipal Councils and 02 Pradeshiya Sabhas as at 31 December 2020 was Rs. 32,682,530.
- Actions should be taken to recover the surcharge from the responsible parties.
- Surcharges are being recovered.
- Out of the amount further Rs.29,724,476 had to be collected.

34. A number of 15 staff Scheme of Scheme of Approved staff had members had been Recruitment should Recruitment has not not been recruited approved by a letter be prepared and been approved by due to non-approval from the Director approved without now. It is informed of recruitment General of any delay. that the relevant procedures. Management Services officers have been dated 30 September deployed to continue the activities of the Province Tourist Board until the Board. Nevertheless, approval is received. due to failure to get approved a Scheme of Recruitment for the Board, that staff could not be able to be recruited and the available staff consists of 06 acting posts and 09 posts recruited on contract basis .
35. Western Province Only the approved Any preventive 09 Management Tourist Board had staff should be action had not been Assistants were appointed 08 deployed. taken. additionally Management Assistant officers who are employed in the year serving on a contract basis to the Board and 2021. 04 Acting Management Assistant officers working on contract basis. Based on the existence of only 03 Management Assistant posts in the staff approved for the Board,

09 persons had been deployed in excess.

36. Arrangements had not been made to take over the ownership of a double cab and a three wheeler which were accounted for in the financial statements valued at Rs.5,350,000 from the Ministry of Western Provincial Roads even by the end of the year under review.
37. The Provincial Engineering Bureau had procured a communication equipment system valued at Rs. 115 million for the Chamber of the Western Provincial Council. Although according to the Preliminary Bill of Quantity prepared, it had stated that 145 Delegate Units had been procured, since the number of units installed was 110, an overpayment of
- The communication equipment and voting equipment should be purchased commensurate with the existing number of the Council Members.
- Any preventive action had not been taken.
- The ownership of the double cab and the three-wheeler are being taken over by the Ministry.
- The ownership of the cab and the three-wheeler had not been taken over.
- 35 Delegate units and 40 voting units and 1,055 other items were purchased in anticipation of an increase in the number of MPs in the future. Over-purchased voting equipment and other equipment items remained underutilized. The delegate units were located in a committee meeting room, not in the chamber, outside the

Rs. 17,431,085 had been made as Rs. 498,031 per unit for 35 units. Similarly, although the total number of Members required to vote on the proposals of the Council is 104 Members, a controversial expenditure of Rs. 3,324,200 had been incurred by purchasing an additional 40 units of Voting Units at Rs.83,105 each. Similarly, in addition, 1,058 items of equipment which were purchased in excess of the requirement had been kept in stores without using and the warranty period of them and ability to use updates were being obsolete.

intended purpose.

38. The Department of Local Government had procured 06 LED panels on 03 occasions from 2015 to December 2017 at a cost of Rs. 14,025,573. Three Action should be taken to obtain the expected benefits / revenue from the purchase of LED panels. All 06 LED panels are currently inactive. Repairs have been delayed due to the high cost of repairing the boards and the problematic situation The boards had failed to achieve the expected benefits / revenues by March 2022. The boards remained idle.

out of the above 06 boards are not in working condition at present and the other 03 boards were also not utilized. As a result of failure to enter into agreements under Financial Rules 431, the inactive boards could not be activated.

in the country due to the Covid epidemic and the economic crisis.

39. The value of damages to be received by 03 Ministries and 11 Departments by 31 December 2020 was Rs.59,187,542. Actions should be taken to recover the losses. Only one institution had commented. There were still balances to be recovered in respect of damages.
40. Under the concept of making the nearest school the best school, the construction of the dining hall and teacher dormitory of the Ja-Ela Holy Rosary College belonging to the Negombo Zonal Education Office was started in 2017 and was halted after completion up to the roof at a cost of Rs. 6,929,991. Similarly, since there are not enough buildings to continue Actions should be taken to complete the construction works promptly. It is informed that the nearest school the best school project director has been informed to take necessary action to complete the construction work expeditiously. The constructions had not been finished.

the primary section of this school where the two more half-built buildings exists, it was observed that the classes are held in the primary section of a Catholic church a 800 meters away. Due to the lack of security of the school, the decay of the iron bars, the damage occurred to the school property and the spread of dengue, creating a dangerous environment and the lack of building facilities, the primary students also had to face various difficulties.

41. Construction works of the two storied Technology Laboratory Building of St. Sebastian's College which was commenced its works on 06 March 2017 under the Nearest School is the Best School project belonging to the Negombo Zonal Education Office had Actions should be taken to complete the construction works which were already commenced. It has been reported that requests have already been made to obtain the approval for the tender activities to resume construction. The construction of the building had not been finished.

been stopped since 04 August 2018 . Since this building which was half -built at a cost of Rs.22,860,962 had exposed to the environment for nearly two years, it was observed in physical inspection carried out on 28 September 2020 that the reinforcement bars are rusting and decaying.

42. The assets such as furniture, office equipment, plant & machinery and software development purchased in the year 2018 by the Western Provincial Engineering Bureau totaling to Rs. 557.98 Million, even by 31 December 2020, it had not been documented.
- Assets should be documented as soon as then purchase done. It is inform that the actions are being taken to enter into the Register of Fixed Assets in the year 2021. The fixed assets had not been registered as at 15 February 2022.

43. Assets worth Rs. 122,976,348 in Western Province, Local Government Department as on December 31, 2020 were not documented in accordance with Provincial Finance Rules 560 and 561. Actions should be taken to enter the assets in registers. It has been informed that the steps will be taken to maintain and updated in the future. Assets had to be further documented.
44. It was observed that there are the buildings with risky and urgent roof repairs in the Minuwangoda Zone and out of 21 schools, students in 19 schools have engaged in the activities in such dangerous buildings and the roofs of two schools had collapsed. Although a rough estimate of Rs.100,500,000 had been prepared for the repair of risky roofs and included in the Development Plan for the year 2020, the roofs of these schools had not been repaired. Very urgent risky repairs should be done promptly. Four buildings have been renovated and the remaining schools have been added to the waiting list. The Dangerous buildings in the remaining 15 schools had not been repaired.

45. The number of schools closed due to the decrease in the number of students in the schools in the Gampaha Zonal Education Area during the period of last two decades was 15. Action should be taken to increase the number of students in schools where the number of students is less. If that is not possible then use it for other purposes. The Zonal Education Office gives priority to the schools with the lowest number of students in providing schools for the children who come to get schools. Fourteen closed schools have been handed over to the Divisional Secretary.
46. There were 12 closed schools out of the schools in the Negambo Zonal Education Area during the period of last two decades and out of these 04 schools had been joined to another school. The remaining 08 schools were entirely closed and 04 of them were handed over to the various institutions and religious places. Actions should be taken to increase the number of students in schools where the number of students is less. If only it is not possible it should be used for other purposes. The Zonal Education Office gives priority to the schools with the lowest number of students in providing schools for the children who come to get schools. The same college is integrated into the junior college or the high school. As 03 schools belong to the Catholic Church, they have been assigned to the Church.
47. Three ambulances, a cab, a jeep and a three wheeler remained in the office of the Director of Health Services, Gampaha had not been used for more than 01 to 05 years. Actions should be taken to use or dispose of unused vehicles. Disposal is in progress. The activities of disposal had not been completed.

48. It was observed that there are 31 schools with less than 100 students in the Minuwangoda Zonal Education Area at present and the number of schools closed was 15 due to the decrease in the number of students since 1996. Actions should be taken to increase the number of students in schools where the number of students is less. If only it is not possible it should be used for other purposes. The Zonal Education Office gives priority to the schools with the lowest number of students in providing schools for the children who come to get schools. The ownership of the closed schools is being handed over to the Divisional Secretary.
49. Out of the money of Rs.75 Lakhs approved on 15 August 2018 by the Secretary of the Ministry of Agriculture Wetern Province, under Shrama Saviya Programme, the purchases of agriculture equipment which had not included in the budget proposals for the year 2018 had been made deviating the Procurement Procedure and a sum of Rs.7,436,845 had been paid. Thirty five grass cutter machines valued at Rs.596,625 had included in that purchase. Similarly, 85 grass cutter machines had been purchased. The Procurement activities should be done in accordance with the 2006 Procurement Guide Line. A preliminary investigation has been launched for this and legal action is being taken. As per the preliminary inquiry conducted in accordance with the provisions of Section XLVIII Chapter 13 of the Part II of the Establishments Code, paragraph 7 and 8 of Shedule 1 to Chapter XLVIII of the Establishments Code, the authorities have taken action to prevent the misuse and misappropriation of public funds and government resources. Disciplinary action against two had been

deviating from the procurement procedure again for a sum of Rs.1,705,500 on 11 January 2019 and the Chairman had distributed the 100 grass cutter machines purchased to a group selected under “Sithamu” Project.

recommended. However the recommendations had not yet been implemented as at 28 February 2022.

Triennial Status Report of the Auditor General : 2018, 2019, 2020

Name of the Auditee Entity - Uva Provincial Council

Opinion of the Auditor General on the Financial Statements

2018 - Qualified Audit Opinion

2019 - Qualified Audit Opinion

2020 - Qualified Audit Opinion

Year 2018

Audit Observation	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current Position
<p>1. The accumulated revenue in arrears relating to 05 Revenue Items as at 31 December 2018 amounted to Rs.147,876,075.</p>	<p>Revenue in arrears should be expeditiously recovered.</p>	<p>Adequate measures have not been taken to recover revenue in arrears.</p>	<p>The revenue in arrears is Rs.143,656,105 and it has been indicated that the Accounting Officers of relevant institutions have been briefed on taking necessary steps to recover this amount indicated as revenue in arrears.</p>
<p>2. When purchasing a block of land containing 05 Acres 02 Roods and 22 Perches in extent at a cost of Rs.4,800,000 on 02 February 2007 for Mo/Bibila Yasodara Balika Vidyalaya from a private party, it had</p>	<p>Action should be taken to establish the ownership of the lands of the schools belonging to the Uva Provincial Council and to prevent encroachments.</p>	<p>Measures have not been taken.</p>	<p>The land of the school has been surveyed on 16 October 2021 on a Court Order and it has been indicated that further action will be taken after receiving the said survey report.</p>

not been surveyed to confirm whether the extent mentioned in the plans relating to the land exists. Moreover, the registration of the said land in the Land Registry had been delayed until 23 February 2015. However, according to the survey report dated 22 August 2012 of the Senior Superintendent of Survey, Monaragala District, it had been confirmed that a land area of 0.3768 hectares of the above land had been encroached by 04 parties.

3. Despite carrying out In the According to the The final bill has not improper low standard implementation of recommendations been paid and the 3 construction of projects, the of the preliminary electric posts have Rambukpotha Channel Supervising Officers investigation not been removed Agricultural Road under should ensure proper conducted relating even by 15 February the Agricultural Roads supervision and to constructions, 2022. Development Programme prescribed standard action has been 2017 by the Uva of every taken to pay 80 per Provincial Ministry of construction. cent of value of the work to the Animal Products and contractor, to use Fresh Water Fisheries, a sum of Rs.1,169,642 had been paid to the the road only for running light vehicles, to advise

contractor upon completion value of the work of Rs.1,820,952. Nevertheless, the side wall mentioned in the estimate had become slanted and it had been adjusted using supporters. The Committee headed by the Regional Irrigation Engineer, Badulla had recommended that the above road was unfit for vehicle running. Similarly, the road had been developed without removing 03 electric posts erected in the middle of the road even by 05 September 2018.

the Supervising Technical Officers and to notify the Electricity Board to remove electric posts.

Year 2019

4. In terms of Paragraph 7.4 of the Circular No. PS / CSA / 11-18 dated 12 October 2018, the office bearers such as the Provincial Chief Minister, Provincial Ministers, Chairman of the Provincial Council, Deputy Chairman of the Provincial Council should be entitled only to Action should be taken in terms of circular No.03/2019 of 28 October 2019. No measures whatsoever had been taken to recover overpaid allowances as indicated by the paragraph. Neither had measures been taken nor recoveries made relating to the loss occurred by paying 2 monthly allowances erroneously during the same period to office bearers.

the allowances receivable for relevant post and the allowances available as a Member of Council should not be paid to them. However, in addition to the allowances entitled to the said office bearers, the Council Secretariat had paid Rs. 12,616,362 as allowance receivable as a Member of Council for the period from November 2018 to September 2019 contrary to the relevant circular, despite having been paid allowances continuously from respective Ministries and Divisions.

5. Although infrastructure facilities required to initiate National Vocational Qualification (NVQ-5) level courses at the Bibila Agrarian Training Center of the Uva Provincial Department of Agriculture had been developed by September 2018 using the provisions of Rs. 10,000,000 made by the Farmers' Trust Action should be taken to achieve objectives expected by making provision. It is expected to commence the NVQ - 5 courses from January 2021. As there was a lack of laboratory facilities and qualified lecturers for different subjects relating to the National Diploma in Agricultural Technology (NVQ-5), the said course had not been commenced even by February 2022.

Fund in the year 2017 indicating as a requirement, action had not been taken even by the end of the year 2020 to commence the National Vocational Qualification (NVQ-5) level courses, which was the intended target.

6. In order to maintain a boat service in the Buduruwagala Lake, a sum of Rs.785,882 had been spent to construct and purchase 06 boats and 30 life jackets by October 2018. Nevertheless, the cruise boat service had not been commenced even by 31 December 2019.

<p>Action should be taken to complete the project expeditiously and to start the cruise boat service.</p>	<p>As provision made by the Ministry of Tourism in the year 2019 for the commencement of this boat service was limited, the remaining work is to be carried out through Pradeshiya Sabha.</p>	<p>The Buduruwagala Boat Service Sub-committee has been informed by letter No.05/සබ/02/201 of 21.04.2021 of the Secretary to the Ministry to maintain the cruise boat service until it is officially launched.</p>
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7. Arrears of lease amounting to Rs. 24,690,528 due as at 31 December 2019 for 5 lands leased by the Monaragala Divisional Secretariat on long term lease had not been recovered.

<p>Action should be taken expeditiously to recover the arrears of lease.</p>	<p>Further action will be taken on the instructions of the Provincial Land Commissioner and the Land Commissioner General.</p>	<p>Arrears of lease have not been recovered so far. Details thereon have been provided to the Uva Provincial Land Commissioner for legal proceedings.</p>
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8. **Construction of Ravanaella Observatory Platform**

According to the soil test report of the National Building Research Organization dated 23 July 2015, an analysis on the rock slope stability should have been carried out prior to laying the foundations of the proposed site for the construction of the Ravanaella Observatory Platform. Irrespective of that matter, the Deputy Chief Secretary (Engineering Services) had entered into an agreement worth Rs. 6,460,382 on 11 November 2015 for the constructions. Due to issues cropped up regarding the suitability of the construction site, the agreement had been terminated on 14 September 2016 by mutual agreement and an amount of Rs. 967,042 spent up to then for the contract had become fruitless. The Deputy Chief Secretary Those responsible for the loss to the Provincial Council Fund should be identified and necessary action taken accordingly. According to the recommendations obtained from the National Building Research Organization, it was an unstable land and therefore, the original project was suspended and constructions carried out in another location. Action has not been taken so far to cover the loss occurred to the Provincial Council Fund.

(Engineering Services) again had reached an agreement worth Rs.9,765,004 on 22 November 2018 for the relevant construction and work on the project had been completed on 04 September 2019.

9. **Construction of Haliela Computer Resource Training Center**

Deputy Chief Secretary (Engineering Services) had entered into an agreement with a contractual company for Rs. 68,848,145 on 27 June 2016 and an advance of Rs. 13,760,000 had been paid on 29 August 2016. Although the work should have been completed by 21 June 2017, work had not been completed even by 31 December 2019. The liquidated damages to be charged as per the agreement amounted to Rs. 3,422,407, whereas only Rs.1,721,204 had been recovered by 24 April 2018. The agreement with the

Action should be taken to complete the work expeditiously and act in accordance with Financial Rule 705 of the Uva Provincial Council Financial Rules regarding the contractor.

Legal action is being taken to recover the advance guarantee and performance guarantee. The money payable to the contractor has been retained.

The works of the contract have not been completed so far. It has been informed that action has been taken to recover monies of the guarantee from other bills payable to the contractor. Moreover, action had not been taken against responsible officers.

contractor had been terminated on 09 April 2019 and the contractor had not been blacklisted under Provincial Council Financial Rule 705. Of the advance amount, a sum of Rs. 1,740,000 only had been recovered and as the validity period of the advance guarantee had expired on 21 September 2018, a loss of 12,020,000 had been incurred due to not taking action to settle the advance amount in full or extend the validity period of the guarantee. Further, the validity period of the performance guarantee had terminated on 31 July 2019 and therefore, the sum of Rs. 3,443,000 which could have been recovered due to the failure of the contractor to reach the expected performance level, could not be recovered due to failure in extending the period of the guarantee.

10 **Construction of Kitchen and Pharmaceutical Factory of Lunugala Ayurveda Hospital**

The Deputy Chief Secretary (Engineering Services) had entered into an agreement for the relevant constructions with a contractor for Rs.3,024,605 on 25 September 2018 and had paid Rs.1,107,000 with the advance to the said contractor by 18 March 2019. However, the agreement had been cancelled on 29 November 2019 due to non-completion of the contract on the due date and the liquidated damages to be charged in accordance with the agreement amounting to Rs. 151,230 had not been recovered.

The advance of Rs. 907,000 had also not been recovered due to failure in extending the date of validity period of the advance guarantee before termination. The value of the performance guarantee of Rs. 151,300

Steps should be taken to recover relevant guarantees and to act in accordance with Financial Rule 705 of the Uva Provincial Council Financial Rules regarding the contractor.

Out of the amount payable to the contractor, a sum of Rs. 359,790 has been retained and it is expected to settle the advance by recovering the balance from the payments due to other contracts of the contractor.

The agreement entered into with the contractor was cancelled ex-parte on 29 November 2019 and the value of the advance guarantee and the performance guarantee has been recovered from bills payable for this work and other works carried out by the contractor. Liquidated damages amounting to Rs.151,230 has not been recovered.

as well had not been recovered due to failure in extending the validity period of the performance guarantee before termination.

11. According to the provisions of the Municipal Councils and Urban Councils (Amendment) Acts and Section 129 (2) of the Pradeshiya Sabha Act, No. 15 of 1987, court fines and stamp duty payable to local government authorities stood at Rs. 114,982,672 and Rs. 242,218,261 respectively.
11. Action should be taken to settle the court fine and stamp duty recoverable, to the said institutions. After the request of the local government authorities, all stamp duty and court fines approved by the Minister in charge of the subject of stamp duty of Province have been settled to those institutions without delay. A total payable value amounting to Rs.175,601,648 comprising court fines of Rs.100,883,050 and stamp duty of Rs.74,718,598 as at 31 December 2020 had not been paid to the local authorities.
12. The Survey Department had submitted a report on 25 November 2013 stating that unauthorized houses had been built in an extent of 2.66 perches of the land belonging to the Bandarawela District Hospital due to failure in taking proper action in settling boundaries of lands
- The recommendations of the Committee on Public Accounts held on 23 March 2017 should be implemented. Boundaries of the portion belonging to the Bandarawela Divisional Secretariat Division out of the land of 5.0863 hectares belonging to the Bandarawela District Hospital have been pointed out at present. The survey request No.2018-24 has been
- Action had not been taken even by 31 December 2020 to settle the land as per the recommendations of the Committee on Public Accounts held on 23 March 2017.

belonging to hospitals and it was further revealed that unauthorized occupants had settled and constructed permanent buildings in an extent of 01 acre and 0.8 perches of land in Niyadagala Pathana land where the Welimada Base Hospital is located. No steps had been taken to evict the unauthorized occupants from the lands and to secure freehold right thereof while taking action under the Government Lands (Recovery of Possession) Act, No. 07 of 1979.

forwarded to settle the boundaries of the portion of land belonging to the Haputale Divisional Secretariat.

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| 13. | The Commissioner General of Land had approved the lease of 11.056 hectares of land at Meepilimana in the Alakolagala Grama Niladhari Division in the Welimada Divisional Secretariat Division to the Sri Lanka Broadcasting Corporation for a commercial purpose for | As per the decision of the Committee on Public Accounts held on 23 March 2017, sub-letting on the discretion of the Sri Lanka Broadcasting Corporation is illegal and as such, it should be cancelled and the possession of the land should be | No preventive measures whatsoever had been taken. | Action had not been taken even by 31 December 2020 to implement the recommendations of the Committee on Public Accounts held on 23 March 2017 and the relevant land had not been settled as well. |
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a period of 30 years on 09 May 2011. Action had not been taken to enter into a lease agreement or prepare a deed of lease for the lease of this land. However, action had not been taken to enter into a lease agreement or to prepare a lease deed relating to leasing out this land and the Sri Lanka Broadcasting Corporation had sub-let 19 acres of this land to a private party for cultivation purposes on an annual lease of Rs. 2,755,000 from 06 November 2012 and as per the assessment report dated 14 June 2012 of the District Assessor, rent income of Rs.8,680,000 payable to the Uva Provincial Council by the Sri Lanka Broadcasting Corporation from the year 2012 to the year 2016 had not been recovered.

recovered by the Provincial Council.

Year 2020

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14. According to the Public Administration Circulars No. 6/2006 dated 25 April 2006 and No. 6/2006 (ii) dated 10 November 2006, in making new recruitments to the Public Service with effect from 01 January 2006, the relevant officers should be placed at the initial stage of the salary scale applicable for the post. However, 778 recruitments to the posts of School Library employee, School Laboratory Employee and School Watchmen by the Uva Provincial Council from 2006 to 2017 had been made to Grade II instead of being recruited to Grade III and placed in the initial stage of the salary scale applicable to Grade II, and Rs. 132,825,714 had been overpaid as the basic salary from November 2006 to September 2020. In this regard, it had been stated in paragraph 03 (ii) of the
- Overpayment should be recovered.
- As action is being taken to offset this overpayment from the salary increments whilst holding the future salary increments until the officer concerned reaches the applicable post, grade and the salary step, relevant issue will be solved.
- Offsetting from salary increments of employees absorbed into the new Scheme of Recruitment, is being carried out since the year 2022.

letter of the Secretary of the National Salaries and Cadre Commission No. NSCC/12/78/2/1/SR dated 12 June 2020 that it is appropriate to offset a sum of Rs. 132,825,714 paid in excess without paying salary increments until being placed them on the relevant grade and reached the relevant salary level, whereas action had not been taken accordingly.

15. Although a sum of Rs. 39,824,944 had been spent by the year 2018 for the Udawalawe Tourist Leisure, the constructions of which was commenced in the year 2013 by the Uva Provincial Ministry of Sports, Youth Affairs, Tourism, Transport, Culture, Textiles and Small Industries, the Tourist Leisure and 27 shops had not been opened to tourists even as at 31 December 2020 and therefore, it had been failed so far to earn any income whatsoever.
- The Tourist Leisure and shops should be quickly opened for the tourists.
- Although 11 shops built in place of the shops demolished for the construction of Udawalawa Tourist Leisure had been owners on lease basis on 23 January 2020, Covid-19 pandemic has been an impediment to run businesses. Buyers have been identified for leasing canteen and shops of the Centre following tender procedure, where they did not come forward to
- The Leisure and shops had not been opened for the tourists even by 31 December 2021 and as such, earning income commensurate with the money spent, had failed so far.

enter into agreements due to Covid-19 which prevailed in the country. Plans have been drawn to carry out landscape and future development activities by obtaining provision from the Central Government.

16. Although the kitchen and restaurant of the Kitulkote Tourism Center was completed by 18 July 2018 at a cost of Rs.20,987,306 and the toilet system was completed at a cost of Rs.6,029,215 by 02 May 2018, they had not been made use even by 31 December 2020 and therefore, it had been failed to earn any income whatsoever.

The suppliers who submitted bids after calling for bids for leasing the buildings at the centre which provides facilities for long distance buses did not enter into agreements due to the Covid-19 catastrophe. Therefore, plans have been drawn to establish a *Hela Bojunhala* in this venue under the Department of Agriculture targeting local tourists and a request for that purpose has been made from the Ministry of Agriculture of the Uva Province for vesting the center in the Authority for maintaining as a center for providing services for distant travelling buses. Even though a bilateral agreement had been entered into on 09 August 2021 between the Chairman of the Uva Provincial Road Passenger Transport Authority and the Secretary to the Ministry of Tourism -Uva Province for vesting the center in the Authority for maintaining as a center for providing services for distant travelling buses. Nevertheless, the center for providing services had not been opened even by 31 December 2021.

Central Government.

17. The balance of debt that remained receivable at the beginning of the year 2021 relating to the imported seed potatoes distributed among the farmers in the year 2003 was Rs. 10,509,070 and only a sum of Rs. 197,151 had been recovered during the year. Accordingly, recovery of debt was as low as 1.8 per cent and Rs. 10,311,919 further remained recoverable despite lapse of 17 years from the provision of seed potatoes on credit basis.
- Outstanding balances should be recovered expeditiously.
- Recovery of debts remains at a poor level due to death of certain debtors, their retirement and their leaving from the areas and measures are being taken to recover the dues.
- Only a sum of Rs.324,850 had been recovered in the year 2021.
18. As the imported seed potatoes being rotten, a sum of Rs. 4,893,741 should have been recovered from the company that imported the seed potatoes. Nevertheless, the recovery of that amount has become impossible due to the lapse of a period of 17 years.
- Due to the reasons such as failure to take action to import items after reaching a formal agreement and not seeking assistance from the International Arbitration expeditiously, recoveries should be made from the officers who
- Letters were sent to the relevant company from time to time informing that the loss of Rs.4,893,741 due from the company relating to the imported seed potatoes, which were rejected at the Custom due to Wet Rot disease, be settled. As a
- This amount is unsettled even by now.

neglected the favourable response responsibility. was not received from that company, this matter was referred to the Attorney General's Department.

19. Although all the officers should use the fingerprint scanners to mark their arrival and departure in terms of Public Administration Circular No.09/2009 of 16 April 2009, one hundred fingerprint scanners and 31 fingerprint scanners purchased by the Uva Provincial Department of Health Services and the Uva Provincial Department of Ayurveda by paying sums of Rs.5,700,000 and Rs.848,891 respectively in the year 2017 had not been utilized for the relevant purpose up to 31 December 2020.
- Action should be taken in accordance with Public Administration Circular No.09/2009 dated 16 April 2009.
- Although machines were installed in all the health institutions to act in accordance with the Circular, only the office based officers in 37 of the above institutions use those machines. Although those institutions were informed on several occasions to use the finger print scanners, as the staff relating to all the posts do not use them, the staff in the hospitals and health institutions of the Uva Provincial Council do not use these machines due to objections raised by the trade unions.
- Fingerprint scanners are not used due to objections raised by trade unions.
- Except for the employees of the Office of the Commissioner of

Ayurveda and the
Diyathalawa
Ayurveda Hospital,
Health employees of
31 institutions do not
make use of the
finger print machines
due to matters of
trade unions.

20. Adequate measures had not been taken so far by the Uva Provincial Land Commissioner to recover a sum of Rs. 22,421,720 due to the Uva Provincial Council as of 31 December 2020 from 06 lessees who had been leased lands on a long-term commercial basis by the Land Commissioner General.
- Action should be taken to recover arrears in lease.
- It has been informed that further action will be taken as per instructions of the Land Commissioner – Uva Province and the Land Commissioner General.
- Arrears in lease have not been recovered. Having prepared new files to recover this arrears in lease, those details have been referred to the Land Commissioner General seeking advice to take court actions against the relevant lessees.
21. In construction of the spill gate of the Siyambalanduva Karammada tank at a cost of Rs. 4,916,581 using the financial provision made by the Monaragala District Secretary, it had been constructed at a lower height than the required level. As a result,
- Prior study should be conducted and the work should be done according to a proper plan.
- The Divisional Secretary has been briefed that the capacity of the tank can be increased by using soil in the tank for development activities and as the spill gate has been constructed with an adequate width, action will be taken
- Fifty acres of paddy lands expected to be cultivated, had not been cultivated by using this tank even by December 2021 and action had not been taken to construct the spill gate at the standard height as well.

adequate water was not retained in the tank and weeds had grown and that cost had become a fruitless expenditure. Further, the objectives of cultivating about 50 acres of paddy lands by 20 farming families as per the project proposal had not been achieved.

to increase the height of the spill gate by a foot by studying details on the rains so as not to inundate the road.

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| 22. | Adequate action had not been taken to recover a sum of Rs. 3,138,410 receivable from officers pertaining to 799 Government institutions as at 31 December of the year 2021 relating to the apparel sold on credit during the period 1991-2019. | The dues should be recovered without delay. | Action is being taken for expeditious recovery. | Only a sum of Rs.487,096 of the arrears had been recovered. |
| 23. | The sum of Rs. 3,544,205 being the consultancy fees for engineering applications received by the Uva Provincial Department of Buildings relating to 10 projects under the first phase of the “Health Primary System Enhancement Project” implemented under funds | Action should be taken according to the Financial Rule 2.1 of the Uva Provincial Council and to incur expenditure relating to objectives of the project and disciplinary action should be taken | No preventive measures whatsoever had been taken. | Equipment purchased had been recorded by identifying as fixed assets. |

from the Asian Development Bank, had not been credited to the Provincial Council Fund contrary to Rule 2.1 of the Uva Provincial Council.

agaist officers who had taken action and officers who had approved payments contrary to the said Rule.

Furthermore, utilizing a sum of Rs. 2,862,340 from those funds, the Provincial Department of Buildings had purchased mobile phones and office equipment spending sums of Rs. 2,290,750 and Rs. 571,590 respectively contrary to provisions of the Budget Circular, No. 07/2019 dated 04 December 2019 relating to the management of public expenditure and financial prudence.

24. A sum totalling Rs. 13,307,238 due from the institutions functioning under purview of the Provincial Council relating to the Advance Account of the Provincial Director's (Mechanical) Office -Uva for the period 2008-2015 had been debited to the
- Action should be taken according to the Financial Rule 113.4 of the Uva Provincial Council.
- Outstandinmg loan amounts have been written off to the Accumulated Fund in terms of Financial Rule 113.5 of the Uva Provincial Council due to reasons such as failure in making payments due to lack
- In terms of the Financial Rule 113.4 of the Uva Provincial Council, the Auditor General has not been briefed in this connection.

Accumulated Fund without being recovered.

of provision and due to the requirement for making new provision from the Provincial Council Fund for repayments.

25. The project to improve the Sellakataragama-Kiriwehera road stretching over 2.4 km had been implemented at a contractual value of Rs. 58,815,876 under the climate impact mitigation project. According to No. 1.6 of the BOQ of the project, concrete should have been applied on the road to the thickness of 150 millimeters, but the thickness of the concrete applied along a stretch of 300 meters from the beginning of the road was only 120 millimeters. As per No. 1.7 of the BOQ, reinforced metal bars should have been laid on the road lengthwise and widthwise maintaining gaps of 250 millimeters. However, audit test checks conducted at 10 locations revealed that
- Deviations from the specifications should be corrected. Disciplinary action should be taken against the officers who were unable to detect the errors.
- A distance of 2.1 k m of the road stretching over 2.4 km had been constructed up to the required standard and it was recommended to deduct a sum of Rs.118,080 from the contractor due to lack of due thickness of the section of the road stretching over 300 m as pointed out in the paragraph. However, making payments on the incorrect recommendation had been ceased after pointing out by Audit.
- Making payments for the section of 300 m constructed without due standard, have been ceased. That section of the road has not been constructed to the due standard. An inquiry has not been held against officers responsible therefor.

reinforced metal bars had been laid with gaps 260-280 millimeters lengthwise whereas widthwise gaps ranged between 255-280 millimeters.

26. The following observations were made in the audit test checks carried out on 05 bridges constructed by incurring a sum of Rs. 153 million under the rural bridges project implemented by the Uva Provincial Department of Road Development with provision amounting to Rs.956.7 million received from the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government.

26.1	Due to irregularities in the Bridge No. 1125 of Galkandawatta constructed at an expenditure of Rs. 32.8 million in the Bandarawela Divisional Secretariat Division, in Badulla District, and	In case of errors in the plans or estimates if any, an inquiry should be held against the officers responsible. Measures should be taken expeditiously	The Provincial Commissioner of Uva Province has been informed by the letter No.17/AC/1/1/1/2-4/2021 dated 19 November 2021 of the Provincial	Steps have not been taken to rectify observations pointed out by the paragraph.
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deficiencies in the construction of road connecting thereto, the bridge could not be made use of.

to make the bridge usable.
 Director (Roads) – Uva Province to use annual provision made from the Provincial Council to remedy the defects in roads connecting to the bridge.

- 26.2 As the road connecting the Kurukudegama-Baduwatta Bridge, No. 2243 to Kurukudegama constructed at an expenditure of Rs. 25.5 million in the Hali Ela Divisional Secretariat Division in Badulla District, had not been wide enough, the road could not be made use of for vehicular movement.
- In case of errors in the plans or estimates if any, an inquiry should be held against the officers responsible. Measures should be taken expeditiously to make the bridge usable.
- The Provincial Commissioner of Uva Province has been informed by the letter No.17/AC/1/1/1/2-4/2021 dated 19 November 2021 of the Provincial Director (Roads) – Uva Province to use annual provision made from the Provincial Council to remedy the defects in roads connecting to the bridge.
- Steps have not been taken to rectify observations pointed out by the paragraph.
- 26.3 As the road to the right of the bridge Number 1843, Pitapola, Uduthure constructed at a value of Rs. 33.4 million in Nawalagama, Balleketuwa in the Ella Divisional Secretariat Division in Badulla
- In case of errors in the plans or estimates if any, an inquiry should be held against the officers responsible. Measures should be taken
- The Provincial Commissioner of Uva Province has been informed by the letter No.17/AC/1/1/1/2-4/2021 dated 19 November 2021 of the Provincial
- Steps have not been taken to rectify observations pointed out by the paragraph.

District, had not been expeditiously constructed, that road could not be made use of by the vehicles.

Director (Roads) – Uva Province to use annual provision made from the Provincial Council to remedy the defects in roads connecting to the bridge.

- 26.4 The bridge number 1130 had been constructed in Hettipolawatta at an expenditure of Rs. 33.2 million at Kumbalwela in the Ella Divisional Secretariat Division in Badulla District. The left side of that bridge had been connected to the main road whereas the right side adjoined a tea estate having no access road. As such, vehicular movement was not possible.
- In case of errors in the plans or estimates if any, an inquiry should be held against the officers responsible. Measures should be taken expeditiously to make the bridge usable.
- The Provincial Commissioner of Uva Province has been informed by the letter No.17/AC/1/1/1/2-4/2021 dated 19 November 2021 of the Provincial Director (Roads) – Uva Province to use annual provision made from the Provincial Council to remedy the defects in roads connecting to the bridge.
- Steps have not been taken to rectify observations pointed out by the paragraph.
- 26.5 Due to reasons such as, the right end of the Galthennahena, Weliarawa bridge number 1844 constructed at the Yahalaarawa village in the Ella Divisional Secretariat Divison in Badulla
- In case of errors in the plans or estimates if any, an inquiry should be held against the officers responsible. Measures should be taken
- The Provincial Commissioner of Uva Province has been informed by the letter No.17/AC/1/1/1/2-4/2021 dated 19 November 2021 of the Provincial
- Steps have not been taken to rectify observations pointed out by the paragraph.

District spending a sum of Rs. 28.2 million had been connected to a paddy field, and an access road had not been properly connected to the bridge, the expenditure incurred thereon had become uneconomic.

expeditiously to make the bridge usable.

Director (Roads) – Uva Province to use annual provision made from the Provincial Council to remedy the defects in roads connecting to the bridge.

27. Despite being instructed by Section 04 of the Budget Circular, No. 07/2019 dated 04 December 2019 that no office equipment be purchased in the year under review, furniture and office equipment had been purchased by spending a sum of Rs.50,389,479.
- As the provisions of the Circular, No. 07/2019 had been made further valid through Section 5.3 of the Budget Circular, No. 09/2019 dated 31 December 2019, such circular provisions should be followed.
- No preventive measures whatsoever had been taken.
- The Provincial Ministry of Health, Uva Province has informed that a sum of Rs.30,751,409 has been spent for essential medical equipment and as purchases were completed, no action can be taken thereon and that further action will be taken in terms of the circular. Moreover, other institutions have indicated that these equipment had been purchased for functioning offices effectively.
28. According to Public Administration Circular, Nos. 21/2013 dated 07 October 2013 and
- The approved limit on provision should be adhered to. Additional
- No preventive measures whatsoever had been taken.
- Incurring of liabilities in such a manner is observed continuously.

03/2016(1) dated 01 July provision should 2016, payments on be made under overtime and holiday pay Financial Rule 66 should be managed and within the limits of supplementary provision allocated estimates. through the annual budget. In addition to the provision of Rs. 1,709,493,500 made through the annual budget on the said payments, an additional provision of Rs. 204,637,585 had been made, and a sum of Rs. 1,913,073,657 had been spent therefrom. Furthermore, provision amounting to Rs. 365,300 had been transferred to other Objects under Financial Rule 66. Commitments valued at Rs. 172,988,482 had been incurred by the end of the year in excess of the provision made on the Object No. 1002 relating to overtime and holiday pay.

29. The total liabilities of the Provincial Council amounted to Priorities should be identified and estimates should No preventive measures whatsoever had been taken. There are instances where the Financial Rule 94.1 of the

Rs. 324,323,594 as at 31 December of the year 2020. Contrary to Financial Rule 94.1 of the Provincial Councils, commitments totalling Rs. 252,029,445 had been incurred with respect to 09 Recurrent Objects and 02 Capital Objects in excess of the annual limit on provision.

Provincial Councils, is not adhered to.

30. According to the financial statements of the Uva Provincial Council, imprests of Rs. 25,340,185 receivable from a Divisional Secretariat and 06 institutions under purview of the Provincial Council had not been settled as at 31 December of the year 2020.
- As per Financial Rule 366.5.2 of the Provincial Councils, the balance of the imprest by the end of the year should be settled prior to 10th day in January of the ensuing year or the date specified by the Provincial Treasury.
- The relevant Heads of institutions have been informed to settle the imprests to the Provincial Treasury as at the end of the year.
- According to the reply given by the Deputy Chief Secretary (Finance), the imprest balance receivable as at 31 December 2021 amounts to Rs. 10,079,910 .

31. Deposit balances totalling Rs. 104,551,191 as at 31 December of the year 2020 relating to 27 institutions and older than 02 years after being deposited, had not been disposed as per Financial Regulation 571. Action should be taken on the lapsed deposits in terms of Financial Regulation 571. The institutions have been informed to dispose the deposits in terms of Financial Regulation 571. As such, action will be taken accordingly. The Deputy Chief Secretary (Finance), has indicated that Balances of General Deposits older than 02 years relating to 20 institutions as at 31 December 2021 totalled Rs.20,897,801.
32. A sum of Rs. 85,217,140 being the balance of loans receivable from officers pertaining to Ministries, Departments, and 29 offices of the Uva Provincial Council who had been transferred, deceased, retired, interdicted, or vacated the post, had not been recovered. Settlement should be done as per provisions of Circulars. It has been reported that action will be taken to settle those loan balances in due course. These loan balances are being recovered.
33. The value of current assets amounting to Rs. 40,566,157 shown in the financial statements of the Uva Provincial Council as being receivable over a period of 10 years, had not been recovered even by 31 December of the year under review. Action should be taken to recover the loan balance. It has been informed to brief the relevant Heads of institutions on the balances receivable from the officers relating to Seed Potato Account and to recover balances from those officers. The capital loss has been written off using provision of Rs.29,800,401 made by the Supplementary Estimate No.21 of 2021-706-3-2-1701 (Losses and Damage)

34. Rates and other revenue totalling Rs. 725,530,590 receivable to the local authorities of the Uva Province as at 31 December of the year 2020 and relating to the preceding years, had not been recovered. The outstanding revenue should be recovered. Even though the local authorities had taken action for the recovery of outstanding revenue, the recovery process was temporarily crippled due to the Covid-19 pandemic in this year and the preceding year. Furthermore, all the local authorities have been informed on the recovery of outstanding revenue. A sum of Rs.431,481,845 including revenue from bills for the year 2021 was further recoverable as at 31 December 2021.
35. The sum of Rs. 5,533,839 receivable with respect to the surcharges imposed on officers and office bearers of the local authorities functioning in Uva Province as at 31 December of the year 2020, had not been recovered. Prompt action should be taken for the recovery of surcharges imposed. Progress in the recovery of surcharges is as follows. Pradeshiya Sabha, Welimada: payment is in progress. Pradeshiya Sabha, Thanamalvila: Recoveries are made as installments. Pradeshiya Sabha, Buttala: Only Rs.10,000 has been recovered. Pradeshiya Sabha, Buttala: Despite being informed that a sum of Rs. 120,850 be paid after considering the Surcharges further recoverable: Pradeshiya Sabha, Welimada : Not recovered Pradeshiya Sabha, Thanamalvila : Recoveries are made as installments Pradeshiya Sabha, Buttala : Only Rs.10,000 has been recovered. Pradeshiya Sabha, Monaragala : Not recovered Pradeshiya Sabha, Siyambalanduwa :

appeals, the payment Rs.90,000 has been
has not yet been recovered. Recoveries
made. are made as
Pradeshiya Sabha, installments
Siyambalanduwa: A
sum of Rs. 18,008
remains payable.