

North Central Provincial Council – 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the North Central Provincial Council for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes was carried out under my direction in pursuance of Provisions in Article 154 (3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Provisions of the National Audit Act, No. 19 of 2018 and Section 23 (1) of the Provincial Council Act, No. 42 of 1987. The summary report in terms of Section 23 (1) of the Provincial Council Act and Section 11 (1) of the National Audit Act No. 19 of 2018 and the Detailed Management Audit Report in terms of Section 11 (2) of the Audit Act were issued on 31 May 2019. This report will be tabled in Parliament in pursuance of the Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka and Sub Section 10 (1) of the National Audit Act.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the accompanying financial statements give a true and fair view of the financial position of the North Central Provincial Council as at 31 December 2018, and of its financial performance for the year then ended in accordance with Sri Lanka Public Sector Accounting Principles.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Sri Lanka Public Sector Accounting Principles and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Management of each Institution including the Provincial Treasury are responsible for overseeing the Provincial Council's financial reporting process.

As per Sub-section 16 (1) of the National Audit Act, No. 19 of 2018, the North Central Provincial Council is required to maintain proper books and records of all its income,

expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

1.4 Auditor's Responsibility for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the summary report of the Auditor General that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Provincial Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Management regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5. Report on Other Legal Requirements

The financial statements of the Provincial Council were consistent with the preceding year in accordance with the requirement stipulated in Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

The following accounting deficiencies were observed.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
(a) Losses and writing offs and payment of subsidies amounting to Rs. 4,395,778 that should be written off against profit had been stated by adding to profits in the financial statements of the year under review.	The losses and writing offs and payment of subsidies should be written off against the profit.	Comments were not made.
(b) Imprest totaling Rs. 5,259,803 remitted by the Department of Agriculture of the Central Government and the Ministry of Town Planning, Water Supply and Higher Education had been stated as expenditure as “repaid other non-grant receipts” in the financial statements.	This amount should be stated as other receipts.	Comments were not made.

1.6.2 Unreconciled Control Account

The following non reconciliations were observed.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
(a) An unreconciled difference of Rs. 923,233 was observed between confirmation of balances presented by 04 Divisional Secretariats in relation to the general deposit account and balances stated in the financial statements.	Balances should be accurately confirmed and stated in the financial statements.	Comments were not made.
(b) Even though the expenditure in the vehicle Object 2101 was Rs. 73,617,500, the amount paid for purchasing vehicles during the year as per the financial statements of the Ministries / Departments was Rs. 119,666,719 and therefore, a difference of Rs. 46,049,219 was observed.	The financial statements of the Provincial Council should be made after obtaining accurate information from Ministries / Departments and after reconciling with the information.	Comments were not made.

1.6.3 Documentary Evidences not made available for Audit

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
Adequate evidences had not been presented to audit to confirm the accuracy of imprest balances amounting to Rs.27,861,802 not settled in relation to 04 Ministries / Department existed for a period of more than 04 years.	All evidences related to items of accounts of the financial statements should be submitted to audit.	Comments were not made.

1.6.4 Noncompliance

Noncompliance with Laws, Rules and Regulations

Instances of non-compliance to laws, rules and regulations observed at the audit test checks are mentioned below.

Reference to Laws, Rules and Regulations	Non-Compliance	Recommendation	Comments of the Chief Accounting Officer
(a) Paragraph 13.1 of the Circular No. 7/2013 of 28 November 2013 issued by the Secretary of the Ministry of Education.	439 Units of 07 school furniture and equipment items provided to Galenbindunawewa Central College by parents of the students who had been admitted to grade 6 of the School in the year 2018 and donors had not been included in stock books or inventories.	Action should be taken in compliance with Paragraph 13.1 of the Circular of November 2013.	Comments were not made.
(b) 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.	Comments were not made.

2. Income Management

2.1 Progress in Collection of Revenue

The following observations are made.

Audit Observation	Recommendation	Comments of Chief Accounting Officer
(a) The estimated revenues in the years 2014 and 2018 were Rs. 2,303 million and Rs. 3,645 million respectively and the revenue collected were Rs. 2,237 million and Rs. 3,231 million respectively in considering the period of 5 years from 2014 to 2018 in relation to Revenue Codes 13 maintained under three Revenue Accounting Officers in the Provincial Council. Likely, the actual income which was 97 per cent out of the estimated income related to the said Revenue Codes in the year 2014 had been reduced up to 89 per cent in the year 2018.	Revenue should be increased from year to year.	Comments were not made.
(b) A sum of Rs. 98,044,158 which was 34 per cent of Rs. 288,062,379, the revenue collected from court fines in the year 2018 by the Provincial Council had to be further paid to 26 Local Government Institutions.	All the Court fines collected should be paid to Local Government Institutions.	Comments were not made.
(c) An amount of Rs. 35,231,855 which was 24 per cent of Rs. 149,739,172, the revenue collected from stamp duties in the year 2018 by the Provincial Council had to be further paid to 13 Local Government Institutions.	All the Revenue collected from stamp duties should be paid to Local Government Institutions.	Comments were not made.
(d) In terms of Section 40 (2) of Chapter XII of the North Central Provincial Finance Statute No.13 of 1990, stamp duties amounting to Rs.728,250 to be recovered on 32 instruments signed by two Notaries in the year 2018 had not been recovered even by April 2019.	Action should be taken to recover stamp duties to be charged on all the instruments signed by notaries at the same time.	Comments were not made.

03. Financial Review

3.1 Financial Result

According to the financial statements presented, the financial result of the Provincial Council for year ended 31 December 2018 was a surplus of Rs. 275,543,746 and the corresponding deficit in the preceding year amounted to Rs. 305,268,801.

3.2 Variation in Revenue and Expenditure

Increase in self-generated income and other revenue income by Rs. 300,019,591 and Rs. 97,422,281 respectively and reduction in training and capacity development expenditure and other expenditure by Rs. 19,758,581 and 1,252,248,581 respectively had been the major reasons for the improvement of the financial result in the year under review by Rs.580,812,547 when the financial result is compared with that of in the preceding year.

04. Statutory Accounts / Fund Accounts / Commercial Advance Accounts and the Other Advance Accounts

4.1 Statutory Accounts / Fund Account

(a) North Central Provincial Road Development Authority

Audit Observation	Recommendation	Comments of the Chief Accounting Officer / Accounting Officer
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i. The adjusted value for the previous years amounted to Rs. 796,570 stated in the financial statements in the year under review was not accurate as all the shortcomings pointed out by audit queries and reports in the previous years had not been rectified and adjustments had not been made accordingly.	All the shortcomings pointed out by audit queries and reports should be rectified and adjustments should be made thereafter.	Comments were not made.
ii. A balance of Rs. 5,332,092 to be paid to the North Central Provincial Council from the year of inception of the Authority and a balance of Rs. 16,653,387 receivable from the North Central Provincial Council were being disclosed in the financial statements and the sum of Rs. 16,653,387 receivable to the Authority had been written off in the year under review	Receivable and payable balances remaining between two institutions should be written off with the consent of the two institutions.	Comments were not made.

against the income earned from transporting sand and payable to the Ministry without getting the consent of the Provincial Council or without obtaining a decision of the Board of Directors of the Authority. However, action had not yet been taken to settle the balance of Rs. 5,332,092 payable to the Provincial Council.

(b) Provincial Chief Minister's Fund

 The administration, management and capital of the Fund have been assigned to the Governing Board of the Fund by Section 3 (1) of the Statute on Chief Minister's Funds No. 05 of 1992. The Governing Board of the Fund was consisted of 06 persons including the Chief Minister and two members of the Opposition of the Council and the Fund was inactive with effect from the date of dissolving the Provincial Council as a methodology of maintaining the Fund after dissolving the Provincial Council had not been stipulated in the Statute.

The methodology of maintaining the Fund after the dissolution of the Provincial Council should be stipulated in the Statute.

Comments were not made.

4.2 Commercial Advance Account

Audit Observation

 Even though the apprentices trained per year in 11 cloth weaving Centres situated in the Anuradhapura District is 61, the average number of apprentices trained during previous 06 years was 17. Only 05 persons out of the 66 apprentices who had received the training during the previous 05 years in 09 Centres had been employed in jobs in the field of cloth weaving.

Recommendation

 A maximum number of apprentices should be trained and an appropriate training should be provided to get a job opportunity.

Comments of the Chief Accounting Officer

 Comments were not made.

05. Operational Review

5.1 Performance

5.1.1 Government Grants

Audit Observation -----	Recommendation -----	Comments of the Chief Accounting Officer -----
Even though provisions of Rs. 4,012.7 million had been approved for the North Central Provincial Council under Province Specific Development Grants (PSDG), Criteria Based Grants (CBG) and Special Sector Development Project Grants (Education and Health), the amount utilized out of the approved provision during the year was Rs. 3,089.8 million or 72 per cent.	The approved provisions should be maximally utilized.	Comments were not made.

5.1.2 Provincial Development Plan

Audit Observation -----	Recommendation -----	Comments of the Chief Accounting Officer -----
Even though 1550 proposals to the estimated value of Rs. 4,600.5 million had been approved for new works and continuation of work under the Provincial Development Plan for the year under review, 107 new work proposals and 20 continuation of work proposals amounting to Rs. 225 million out of the estimated value had not been implemented. Further, the Provincial Council had saved an amount of Rs. 275 million without utilizing as at 31 December 2018.	All the money should be utilized as scheduled.	Comments were not made.

5.1.3 Education

Audit Observation -----	Recommendation -----	Comments of the Chief Accounting Officer -----
(a) Even though a teacher who is in charge of the subject of Advanced Level Geography in Po/Rajarata Maha Vidyalaya had not reported for duty for 96 days from 01 January 2018 to 27 October 2018, any action had not been taken in this regard by the relevant authorities.	The relevant Authorities should take necessary action regarding the teachers who do	Comments were not made.

		not duly report for their duties.	
(b)	One hundred and seventy two (172) students or 70 per cent out of 246 students of Po/Abagaswewa Maha Vidyalaya who sat the G.C.E. (O. Level) Examination from the year 2015 to 2017 had failed the examination and the students of Po/Wijayapura Maha Vidyalaya who had passed the G.C.E. (O. Level) Examination from 2015 to 2017 had reduced from 52 per cent to 40 per cent.	The level of education should be improved.	Comments were not made.
(c)	Forty Seven (47) students or 76 per cent out of 62 students of Sungawila Muslim Maha Vidyalaya who sat the G.C.E. (O. Level) Examination had failed the English subject Stream and 36 students or 58 per cent had failed the Mathematics subject stream and all the 08 students who sat the G.C.E. (A. Level) Examination in Commerce Subject Stream in the year 2017 had failed all the subjects.	The level of education should be improved.	Comments were not made.
(d)	According to the results of the G.C.E. (O. Level) Examination in the year 2017, the percentage of students who had failed the subject of English in Wijitha Central College, Lankapura Maha Vidyalaya and Wijayaraja Maha Vidyalalya had exceeded 60 per cent.	The level of education should be improved.	Comments were not made.
(e)	Twelve (12) Students out of 30 students of Lankapura Maha Vidyalaya who sat the G.C.E. (O. Level) Examination in the year 2017 had not qualified for following the G.C.E. (A. Level) Examination.	The level of education should be improved.	Comments were not made.
(f)	Even though 35 schools within the Polonnaruwa Zone of Education should be supervised under the evaluation process for guaranteeing the qualitiveness of the schools in terms of the Circular No. 31/2014 of 02 December 2014 of the Secretary of the Ministry of Education, only 08 schools had been supervised. Likely, 31 schools each in each Division should be supervised in the year under review, only 12 schools in Thamankaduwa Division and 10 schools in Lankapura Division had only been supervised.	In terms of the Circular No. 31/2014 of 02 December 2014 of the Secretary of the Ministry of Education, schools should be supervised under the evaluation process.	Comments were not made.

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| (g) | Ninety Seven (97) students of A/Ikirigollewa An-Noor Muslim Maha Vidyalya, who should be directed to have special education in the school were being studied in normal classrooms. | Special classrooms should be provided to students who should be directed to have special education. | Comments were not made. |
| (h) | Even though teachers engaged in teaching for 35 periods of 40 minutes per week and a teacher in charge of a class additionally to teaching should engage in teaching for 33 periods per week, 22 teachers in A/Ikirigollewa An-Noor Muslim Maha Vidyalya had engaged in teaching activities only for 02 to 29 periods. | Provisions stipulated in Circulars should be followed. | Comments were not made. |

5.2 Management Inefficiencies

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Chief Accounting Officer -----
(a) Even though vehicles identified for the disposal in terms of Paragraph 02 (a) of the Assets Management Circular No. 01/2018 of 19 March 2018 of the Secretary of the General Treasury should be disposed before 30 July 2018 in accordance with the instructions provided in the Public Finance Circular No. 02/2015 of 10 July 2015, the Provincial Department of Health Services was unable to finalize the disposal of 37 vehicles identified for disposal from the year 2016 up to the year 2018. Likely, the financial value that can be derived by auctioning these vehicles has further deteriorated as the said vehicles had been exposed to decay in unprotected manner.	Action should be taken in accordance with the Circular.	Comments were not made.

5.3 Operational Inefficiencies

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Chief Accounting Officer -----
(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	All the patients suffering from kidney diseases should be participated in the clinics.	Replies were not provided.

programme in the North Central Province.

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| (b) The project of networking the Out Patients Departments of 03 selected hospitals in the Anuradhapura District had been 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 spare parts worth Rs. 9,684,543 out of the purchased computer software and spare parts had been technically outdated and the expenditure had become idle since the anticipated objective could not be achieved. | Necessary arrangements should be made to implement the project without delay. | Replies were not provided. |
| (c) The Provincial Department of Health Services had incurred a sum of Rs. 1,374,228 in the year 2016 for the construction of a dialysis Unit in the Kebithigollewa Base Hospital for avoiding the severe difficulty faced by kidney patients within the Kebithigollewa Health Jurisdiction in attending the Anuradhapura Teaching Hospital by travelling a distance of 65 kilometres for dialysis. Likely, Ministry of Health, Nutrition and Indigenous Medicine had also incurred more than Rs. 10 million for purchasing accessories such as 04 dialysers, 04 beds and a Reverse Osmosis systems (RO) for this Unit and a high-powered generator had also been provided to protect the dialysers and to operate the dialysis Unit continuously. Even though a high expenditure had been incurred for electricity for more than 02 years for the operation of the air condition machine continuously, the dialysis Unit remained idle as there was no staff including a medical specialist. The ability of dialysing kidney patients for 11,680 times had been lost during the period when the Unit, which was capable of dialysing 16 kidney patients, had been kept idle. | The Dialysis Unit should be properly utilized by supplying the Staff including a medical specialist. | Admitted. It is pointed out that a loss had incurred to the Government as it is not possible to use machines due to the lack of staff and recruiting the staff is beyond my control. |
| (d) 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 | Patients should be provided with a good health service by | Admitted. The staff requirement should be provided by the Line Ministry of |

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.

supplying the required facilities.

Health and this situation had created due to the lack of adequate staff.

5.4 Visible Irregularities

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Chief Accounting Officer -----
<p>The following matters were observed regarding the Agreement entered by the Chief Secretary with a supplier on 23 March 2016 for a sum of Rs. 15,797,500 for the preparation of a technologically standardized documentary video programme, compilation of a standardized book including attractive photographs and designing a Web site with the access to formal information for the promotion of the Tourism in the North Central Province.</p>		
<p>(i) The supplier had been selected without considering the qualifications of the supplier to design a web site to attract tourists which was the main item of the project and / or details of web sites designed by the supplier beforehand and without calling open bids. Even the Web site that was deemed to be the web site of this supplier was not in the operating stage.</p>	<p>The procurement Guidelines should be followed.</p>	<p>Comments were not made.</p>
<p>(ii) Even though an amount of Rs.12,144,500 out of the contractual amount had been paid by 26 September 2016, the Supplier had not finalized this project and submitted it to the Provincial Council even by 18 September 2019.</p>	<p>Payment should only be made after supplying the relevant item by the supplier.</p>	<p>Comments were not made.</p>

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| (iii) It was not possible to take legal action against the supplier as there were various shortcomings in the Agreement such as the date for finalizing the project had not been indicated and the two parties had not signed the conditions of the Agreement. | Entering in to Agreements should be done properly. | Comments were not made. |
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5.5 Identified Losses

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Chief Accounting Officer -----
A sum of Rs. 26,548,626 had been paid for laying grass on 10,211 square meters of the Polonnaruwa Deepa Uyana (Island Garden) Project developed by the Chief Ministry of the North Central Province. According to the tracing prepared by the Survey Department pertaining to the land area where grass had been laid, the land area was 9366 square meters. Accordingly, the amount that should be paid was Rs. 24,351,609 and therefore, a sum of Rs. 2,197,027 had been over paid.	Payment should be made only for the work done.	Even though laying of grass was fully done on 10,211 square meters, grass layer on 845 square meters had dried out in a short period of time.

5.6 Defects in Contract Administration

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Chief Accounting Officer / Accounting Officer -----
(a) The contract of construction of a new three storied building with 2500 square feet 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.	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 created due to not conducting a feasibility study, non-preparation of a total cost estimates and not adhering to Procurement Guidelines.	Accepted. The full supervision had be assigned to the Department of Provincial Engineering Services the further details should be obtained from the Department.
(i) Later, it was decided to construct the 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 apart 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 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.

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| <p>(ii) A sum of Rs. 4,185,040 had to be paid to the contractor as the variation in price for phase I due to the extension of the period of 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.</p> | <p>Planning, preparation of estimates and implementation should be formally done.</p> | <p>Accepted. Constructions are done by considering the amount of money received annually and the full supervision of the project is being done by the Department of Provincial Engineering Services.</p> |
| <p>(iii) Likely, there were weaknesses in constructions and when 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.</p> | <p>Preparation of estimates should be done accurately.</p> | <p>Cannot reply. All the planning had been done by the Department of Provincial Engineering Services.</p> |
| <p>(b) A sum of Rs. 11,194,750 had been paid for the project of developing the way closer to the house of Mr. Samansiri of Palugasdamana up to Sinhapura main road by using paving blocks. The following matters were observed in that relation.</p> | | |

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| <p>(i) The works had been divided in to 03 phases informing that it is required to expeditiously finalize the works of this road in extent of 01 kilometer. However, calling bids for each phase had been done with a time gap of 07 weeks from 08 August 2017 up to 26 September 2017 and entering in to Agreements had been done with a time gap of 12 weeks from 04 September 2017 up to 29 November 2017. Therefore, it was not possible to finalize the works of this road by March 2018 and the general public could not use this road.</p> | <p>Action should be taken in compliance with the Procurement Guidelines.</p> | <p>A Board for investigating the matter had been appointed and replies would be provided after obtaining the report.</p> |
| <p>(ii) A sum of Rs. 45,672 had been paid more than the work done in the first phase.</p> | <p>This sum should be recovered.</p> | <p>-Do-</p> |
| <p>(iii) Even though the minimum Compressive Strength of paving blocks should be 25 N/mm², it had been confirmed through the quality assurance reports that the Compressive Strength of 11 paving blocks out of 21 paving blocks tested in 03 stages by obtaining them from 3 places were lower than the standard Compressive Strength.</p> | <p>Should be reconstructed using the blocks in the proper standard.</p> | <p>-Do-</p> |

5.7 Implementation of Project

5.7.1 Delays in Projects

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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<p>(a) A contract agreement had been signed on 13 March 2017 for a sum of Rs. 41,451,986 in relation to the construction of three storied classroom building of Thirappane Mahanama Vidyalaya and two storied primary learning resources centre of the Primary school under the “Nearest School the Best School project” and it had to be completed prior to 13 September 2017. Even though the 30% advance of Rs. 14,300,935 for initiation of work had been paid on 13 March 2017, the physical progress as at 18 January 2019 was 5 per cent and even the period of advance payment guarantee had lapsed.</p>	<p>The physical progress has to be achieved in terms of the Agreement.</p>	<p>Comments were not made.</p>

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| <p>(b) A contract had been signed by the Secretary of the Chief Ministry with a contract institution on 12 December 2016 for a sum of Rs. 21,581,698 in relation to the construction of sports complex of Thirappane Mahanama Vidyalaya under the “Nearest School the Best School project”. Engineering estimates had been prepared for the construction of the playground without taking the Structural Level by removing surface soil from the ground.</p> | <p>Engineering estimates should be prepared accurately.</p> | <p>Comments were not made.</p> |
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5.7.2 Projects Abandoned

Audit Observation -----	Recommendation -----	Comments of the Chief Accounting Officer -----
<p>Fundamental activities related to Engineering Consultancy Services including preparation of project plans, preparation of engineering estimates for 473 projects worth Rs. 1,777 million had been conducted during the year under review for engineering functions of the Ministries and Departments of the North Central Province. However, 192 projects worth Rs. 977 million had been abandoned and 281 projects worth Rs. 800 million had only been implemented in the year under review.</p>	<p>Preparation of project plans and preparation of engineering estimates etc. should be carried out only for engineering activities that should be implemented.</p>	<p>Comments were not made.</p>

5.7.3 Non-accomplishment of Expected Outcome

Audit Observation -----	Recommendation -----	Comments of the Chief Accounting Officer -----
<p>(a) The following matters were observed in relation to 05 Self-operated Information Machines worth Rs.1,000,000 purchased in the months of May and June 2106 by the Chief Ministry for the promotion of the tourism in the North Central Province.</p>		
<p>(i) Even though the warrantee period of these machines had elapsed on 04 June 2017, 03 machines out of the said 05 machines had been stored in the stores until January 2018. The remaining 02 machines had been installed in February 2017.</p>	<p>Procurements should be done by considering the requirement.</p>	<p>I would like to mention that 04 services had been carried out free of charge even though the warrantee period of these machines had expired on 04 June 2017.</p>

- (ii) All the machines were inoperative by November 2018 and the amount of Rs. 1,000,000 paid for purchasing the machines had become an idle expenditure.
- This amount has to be recovered from the responsible officers.
- Even though it had been proposed to install 02 machines in Anuradhapura and Polonnaruwa Railway stations, these 02 machines had been placed in the Chief Secretariat and in the Chief Ministry due to the issue of safety of these machines in the railway stations.
- (b) Required buildings and medical equipment had been provided to implement specialist medical services by converting the Kebithigollawa Divisional Hospital in to a Base Hospital in the year 2000. However, buildings constructed and medical equipment such as CT Scan machine remained idle as the required services of medical specialists such as Kidney Specialists, Obstetrician and Gynaecology, Physicians and Paediatricians have not yet been provided to this hospital. Likely, the people of the area had to attend Hospitals in towns such as Anuradhapura / Vavuniya to obtain treatments as the services that should be received from the said sectors of the hospital are not available for them due to the existence of the aforementioned condition.
- A well-equipped medical service has to be provided to the people after accomplishing the required human resources and utilizing all the medical equipment and buildings.
- Accepted. Non provision of medical specialists adequately by the Line Ministry had caused this situation.

5.8 Management of Assets

Idle/ Underutilized Assets

	Audit Observation	Recommendation	Comments of the Chief Accounting Officer
(a) The Garbage Destructor purchased by paying a sum of Rs. 02 million by the Chief Ministry of the North Central Province in the year 2016 had been provided to the Base Hospital – Kebithigollewa. However, this machine had been kept idle inside the packings without using it even by 10 January 2019.	Goods with required standard should be purchased and utilized.		Not replied.

(b) “Suwa Manga” mobile clinic vehicle equipped with all the facilities provided to the Provincial Department of Health Services by the Bertu Premalal Foundation had been parked idly in the Vehicle Service Centre for a period more than 02 years.	Arrangements should be made to utilize the vehicle	Comments had not been made.
(c) A sum of Rs. 613,909 received for purchasing library books, qualitative inputs, school based inputs of Po/Bediwewa Maha Vidyalaya and a sum of Rs.243,000 received to Po/ Sewamuktha Maha Vidyalaya had been retained idly in current accounts.	Moneys received to schools should be utilized.	Comments had not been made.
(d) 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 disposing the vehicles to natural disasters.	Action should be taken in terms of the Public Finance Circular No. 02/2015 of 10 July 2015.	Comments had not been made.

5.9 Staff Administration

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a) The approved cadre and the actual cadre of the Provincial Department of Ayurveda were 647 and 481 and thereby, there were 166 vacancies.	The staff requirement should be fulfilled to upgrade the performance of the Department.	Necessary action has been taken to recruit for vacancies in posts.
(b) There had been 311 vacancies in the approved cadre of principals amounting to 1,087 and 747 vacancies in the approved cadre of teachers amounting to 16,830.	The vacancies should be filled to uplift the level of education in the Province.	Comments had not been made.

5.10 Procurement

5.10.1 Procurement Plan

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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Thirty two (32) entities out of 35 Ministries, Departments and the other institutions of the Provincial Council had not prepared	All the institutions should prepare procurement plans in terms of the Circular.	Comments had not been made.

procurement plans for the year 2018 in terms of the National Budget Circular bearing NO. 128 of 24 March 2006.

06. Accountability and Good Governance

6.1 Action Plan

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
----- The Provincial Council and 34 Ministries, Departments and the other institutions of the Provincial Council had not prepared Action Plans for the year under review in terms of the Public Finance Circular bearing No. 01/2014 of 17 February 2014.	----- All the institutions should prepare Action Plans in terms of the Circular.	----- Comments had not been made.