

Head 282- Department of Irrigation

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Irrigation for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of financial performance, and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. The Summary Report containing my comments and observations on the financial statements of the Department of Irrigation was issued to the Accounting Officer on 23 June 2021 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Department was issued to the Accounting Officer on 30 July 2021 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a true and fair view of the Department of Irrigation as at 31 December 2020 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters appear in Paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements are further described in the Auditor's Responsibilities Section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of Chief Accounting Officer and the Accounting Officer on Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

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 an auditor's summary report 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 and its materiality depends on the influence on economic decisions taken by users 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 skepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer 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

I express the following matters in terms of Section 6 (1) (d) of the National Audit Act No. 19 of 2018.

- (a) The financial statements are in consistent with those of the preceding year.
- (b) The following recommendations made by me regarding the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Cash Flow Statement

Audit Observation	Comments of the Accountng Officer	Recommendation
<p>(a) Personal emoluments and operating expenses had been stated Rs. 3,115,635,495 under the operational activities of the cash flow statement. As the value was Rs. 4,805,224,866, the net cash flow generated from operational activities had been overstated by Rs. 1,689,589,371.</p>	<p>It is mentioned that the actions will be taken To rectify the shortcomings pointed out in the preparation of the cash flow statement of the financial statements for the year 2021.</p>	<p>Actions should be taken to accurately state the value of the expenses for the operational activities of the cash flow statement.</p>
<p>(b) Even though the construction or purchase of physical assets and other investment acquisitions had been stated as Rs. 8,450,855,107 under expenditure from investment activities in the cash flow statement because it was Rs. 6,761,265,736 as per Treasury Printouts, net cash flow generated from investment activities had been understated by Rs. 1,689,589,371 .</p>	<p>It is mentioned that the actions would be taken to rectify the shortcomings pointed out in the preparation of the cash flow statement for the year 2021 .</p>	<p>Arrangements should be made to accurately state the net cash generated from investment activities.</p>

1.6.2 Statement of Financial Position

Audit Observation	Comments of the Accounting Officer	Recommendation
An extent of 4,735 acres 123 perches of land in the Zonal Director's Offices and Regional Engineering Offices of the Department and 392 buildings in the offices of the Director of Irrigation, Bandarawela, Galle, Kandy, Polonnaruwa, Moneragala, Hambantota had not been assessed and accounted for at the end of the year under review .	It is Agreed with the fact pointed out by the audit and because the relevant assets need to be properly assessed before being accounted for, the Valuation Department has been informed by the letters dated 28 July 2020 and 18 September 2020 to assess the relevant assets.	Lands and buildings belonging to the Department should be assessed and accounted for.

1.6.3 Imprest Balance

Audit Observation	Comments of the Accounting Officer	Recommendation
The adjustment of Rs. 1,061,226, in advance B account , Rs. 949 in deposit account and Rs. 2,144,247 of previous year expenses had not been adjusted in the preliminary adjustment account submitted with the financial statement.	All the adjustments have been made under advance B account in the imprest adjustment account and the balance of Rs.949 in the deposit account has been adjusted to the deposit account. Expenditure of previous years amounting to Rs. 2,145,193 has been adjusted in the below of the imprest account.	Actions should be taken to accurately state the balance to be appeared in the imprest adjustment account.

1.6.4 Failure to Maintain Documents and Books

Audit Observation	Comments of the Accounting Officer	Recommendation
Register of Damages and Losses The Register of Damages and Losses had not been maintained in accordance with Financial Regulations 110 and 07 damages and losses amounting to Rs. 2,184,031 from 2009 to 2020 had not been included in the Register.	It is informed that this Register will be updated in future.	Actions should be taken to update the Register of Damages and Losses .

2. Financial Review

2.1 Imprest Management

Audit Observation	Comments of the Accounting Officer	Recommendation
The total imprest requirement planned to apply from the Treasury to carry out the functions planned by the Department during the year under review was Rs. 19,555,662,298 . Although the Department had requested Rs. 35,238,831,421 from the Treasury for the expenses for the year under review including the liabilities of the previous year, the total allocation received had been Rs. 14,093,489,206 . That imprest received as a percentage of the imprest applied was 35.51 per cent. Therefore, the imprest planning was at a poor level.	The total of the maximum amount applied from time to time from the Treasury in monthly was Rs. 35,238,831,421 including the imprests. not received for liabilities up to the month prior to the relevant month. The total budget provision made under the Department of Irrigation and other Departments from the Annual Budget was Rs. 19,555,662,298 and out of that, an amount Rs. 14,093,489,206 has been released by the Treasury as at 31	Imprests should be applied properly identifying the specified works to be done in the next year .

December 2020. Accordingly, although the given advance is less than the percentage of the advance applied for, from time to time from the Treasury, it is 72 per cent of the total provision .

2.2 Expenditure Management

Audit Observation

A sum of Rs. 44,356,717 had been saved out of the net provision of Rs. 11,640,560,000 due to making provisions without identifying requirements and non-functioning as planned in preparing estimates.

Comments of the Accountng Officer

Due to not happening daily office work, conducting of meetings through Zoom online technology because of the Corona epidemic, catering costs and minimizing of other expenses, the provisions had saved as a result of imposing of occasional travel restrictions.

Recommendation

Budget should be prepared in a way that minimizes variances.

2.3 Entered into Liabilities and Commitments

The following observations are made.

Audit Observation

(a) Although a Department may enter into any expenditure or commitment for a service or supply only if there are provisions in the annual estimates in terms of Financial Regulation 94 (1),

Comments of the Accountng Officer

A sum of Rs.247,836,264 has been stated as liabilities under 94 (1) of the Financial Statement. Essential operating and maintenance costs of the Regional

Recommendation

Preparation of accounts and reports should be made in terms of Financial Regulations 447 (5) when entered into differed liabilities as

Commitments amounting to Rs. 1,028,428,600 had been entered into exceeding approved provisions for the year under review.

Irrigation Offices have been mentioned as liabilities. Provisions have been released under 4 Vote on Accounts during this year and although the provisions made at the end of the respective account period have been revoked there is no possibility of revoking the liabilities incurred at that time. Accordingly, due to the provisions made by the Vote on Accounts for the year 2020 were not sufficient to settle the liabilities, those have been entered in the Appropriation Account as liabilities .

per Financial Regulations 94 (3) .

- (b) Payments pertaining to the financial year should be released in the same financial year and despite it had been instructed that no liabilities should be carried forward with the intention of settling within the next year and that the Treasury would no longer act to settle liabilities incurred contrary to those instructions, the liabilities of Rs. 1,324,545,470 were observed in the financial report as at 31 December 2020. Accordingly, liabilities amounting to Rs.1,280,188,753 had been entered into exceeding the savings for the year 2020 .

The Head of the Department has the authority to enter into the liabilities under F.R. No. 94 (3) . Accordingly, the total of liabilities of Project 3 (Large Projects) and Project 4 (Medium Projects) under programme 2 has been shown as Rs.1,072,785,316. The savings in Project 3 and Project 4 has been stated as Rs. 4,451,289 in the financial statement.

Arrangements should be made in respect of liabilities in accordance with State Accounts Circular No. 255/2017 .

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| <p>(c) Even though it had been instructed that the information on commitments enter into each unit of expenditure, liabilities, and release of liabilities and the amount of commitments and liabilities as at 31 December 2020 should be uploaded to the website for daily updating of the information system maintained by the Department of State Accounts, those information had not been updated.</p> | <p>Liabilities can only be added to the CIGAS accounting system if there are adequate provisions for it. However, as explained above, the relevant liabilities had to be included in even without the provision as per the explanation given above. Therefore, it is kindly informed that the CIGAS accounting system could not be updated either and the matter was also discussed with the Director General of State Accounts of the Treasury.</p> | <p>Liabilities should be reported in accordance with State Accounts Circular 255/20.</p> |
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2.4 Deposits

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>The balance of general deposit accounts such as tender deposits, contracts and temporary holdings for more than 02 years was Rs.387,626,301 as at the end of the year under review and arrangements had not been made to take to the revenue as per Financial Regulation 571 (2) . Within that deposit balance, the balance for more than 5 years was Rs. 2,425,275.</p>	<p>Deposits over 2 years as at 31 December 2020 in general deposit accounts such as Tender Deposits, Contracts and Temporary Retention Funds were Rs.387,626,301 and out of those deposits, a sum of Rs. 239,329,138 has been paid to the relevant parties by 20 May 2021 and the remaining balance amounting to Rs. 148,297,163 are deposits related to works that are still in operation. Further, the current balance of deposits over 05 years is Rs. 1,937,078. The relevant deposit account types there, indicates by the analysis.</p>	<p>Actions should be taken in terms of Financial Regulations regarding the Deposits.</p>

2.5 Certifications to be Made by the Accounting Officer

Audit Observation

The Accounting Officer should ensure that an effective internal control system for the financial control of the Department is being carried out in terms of Section 38 of the National Audit Act No. 19 of 2018 and to conduct periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out and even though such reviews should be made in writing and submit a copy to the Auditor General, the statements that such reviews were made had not been furnished to audit.

Comments of the Accounting Officer

I convene with the participation of senior officers of the Department on every Monday under my chairmanship to review the functioning of the internal control systems in order to maintain the internal control system of this Department effectively and the decisions taken therein are communicated to the officers. A programme is being implemented to supervise the offices by the Officers of the Head Office by visiting the relevant offices from the year 2021 .

Recommendation

Actions should be taken in accordance with the Provisions of Section 38 of the National Audit Act No. 19 of 2018 .

2.6 Non-compliance with Laws, Rules, Regulations

The instances of non-compliance with the provisions of the Laws, Rules, and regulations observed during the audit test check are analyzed below.

<p style="text-align: center;">Observation</p> <p style="text-align: center;">-----</p> <p>Reference to Laws, Rules and Regulations</p> <p>-----</p>	<p>Non- compliance</p> <p>-----</p>	<p>Comments of the Accounting Officer</p> <p>-----</p>	<p>Recommendation</p> <p>-----</p>
<p>(a) Establishment Code of the Democratic Socialist Republic of Sri Lanka</p> <p>-----</p>	<p>Although all the houses should be graded according to the officer classes eligible to receive it 12 Official Residence at Nagalam Street, Jawatte Road, Ratmalana administered by the Office of the Director of Irrigation, Colombo, had not been Reserved for the use of the officers.</p>	<p>There are 10 official quarters in St. Peter's area in Wellawatte. All of its official quarters are reserved for staff officers on the need of the service. The official residence on Nagalam Street is used by the staff on flood duty.</p>	<p>Official quarters should be graded and provided for the use of suitable officers.</p>

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| (ii) | Section 9 of Chapter XIX | Removal of unauthorized occupants of 11 official quarters belonging to the Department but being used by other persons and the possession of those houses had not been got back. | Current progress on 16 official quarters has been mentioned. | Unauthorized occupants should be removed from official quarters and obtain the possession to the Department. |
| (iii) | Section 4.4 and 4.5 of Chapter XXIV | Even if the Director General of Pensions should be immediately requested to recover all the debts owed by him to the government should be charged from any amount owed to his heirs in the event of the death of an officer before the loan is fully repaid, an arrears debt of Rs. 1,751,988 had not been recovered from the deceased officers. A debt balance of Rs. 20,798,439 was to be received from the 196 retired employees, as at the end of the year under review. Actions had not been taken to recover the debts due from the | Out of the loan balance of Rs.1,751,988 due from the deceased officers as at 31 December 2020 a sum of Rs. 212, 251 was recovered as at 30 April 2021. Actions are being taken to recover the balance amount of Rs. 1,539,737. Out of the loan balance due from retired officers as at 31 December 2020 amounting to Rs. 20,798,439 a sum of Rs. 6,397,581 has been recovered at present. Actions are being taken to recover the balance amount of Rs. 14,400,858 . out of the amount of Rs.3,308,119 receivable from | Actions should be taken to recover the total debt in full. |

interdicted, retired and suspended officers amounting to Rs. 3,308,119 as at the end of the year under review from the relevant guarantors.

the officers who have been interdicted, the officers who have left the service and from the officers who have been suspended as at 31 December 2020, a sum of Rs. 16,500 has been recovered at present. Actions are being taken to recover the balance of Rs. 3,291,619 .

(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

(i) From Financial Regulations 104 to Financial Regulations 110

Actions had not been taken in respect of 34 damages and losses which had taken place in between 1979 and 2012 amounting to Rs. 16,167,751 in terms of the Financial Regulations .

It is informed that the losses pending in court proceedings, losses from salaries / pensions and files to be removed from the register had remained furthermore in the Register of Losses and Damages.

Actions should be taken in accordance with Financial Regulations.

(ii) Financial Regulations 136, 137, 138, 139

The financing limits that can be authorized, approved , certified and paid for each position were not specified as per the internal circular on the Delegation of Financial Authorities of the Department. In

Action have been taken to amend the relevant Circular. Accordingly, a revised circular will be issued for the year 2022 .

Actions should be taken as per the rules set out in the Financial Regulations.

delegating authorities related to financial control, the basic criteria set out in Financial Regulation 135 had not been protected.

(c) Treasury Circular 05/2015

Action had not been taken in terms of the Circular in respect of 147 vehicles and machineries which were in out of use and the values not specified.

Disposal of goods (vehicles and non-machinery) are done after conducting Board of Surveys of all offices as per the recommendations given by the Boards of Survey. After conducting Board of Surveys in any given year, the items to be discarded are submitted to the Board Survey of the next year for recommendations.

Committees are appointed time to time and disposals are being done for the disposal of disposable vehicles and machineries and the Committees have been appointed to identify and assess vehicles and machineries that

Actions should be in accordance with the provisions of the Circular.

are currently out of use. Actions will be taken to through tenders after receiving the relevant reports.

- (d) Public Administration Circular No. 23/94 dated 14 June 1994. Despite 45 years of age had elapsed and despite it had stated that the granting appointments was not a formal appointment and also not entitled to a pension, the Department had given permanent appointments to 302 employees who had exceeded the age of 45 . Permanent appointments have been granted to these employees as per the circulars issued by the Ministry of Public Administration from time to time regarding the confirmation of temporary, casual and contract employees. -do-
- (e) Circular of the Director General of the Department of Pensions No. 07/2015 dated 23 July 2015 Although public service employees who does not entitle for daily pay or monthly salary should be given membership of the Public Service Provident Fund, actions had not been taken in respect of 302 casual employees of the Department as per the Circular. According to the practice of the Irrigation Department, actions had not been taken to grant membership of the Public Service Provident Fund for employees recruited on a casual basis with respect to that daily service period. -do-

2.7 Improper Transactions

Audit Observation

The Gampaha Irrigation Engineer's Office had awarded to clean the left bank canal of Welikada Project to a Rs. 149,100 to the Uthuru Niwandama Farmers' Association in the year 2019 . The contract had been done by the Assistant Engineer in the name of the Farmers' Association and it was observed during the physical audit on 17 September 2020 that he himself had supervised it and had done the activities such as obtaining of Rs. 134,873.

Comments of the Accountng Officer

A Committee has been appointed to conduct a preliminary inquiry against this Assistant Engineer and actions will be taken based on the recommendations of that Committee Report.

Recommendation

Relevant investigations and further actions should be taken promptly.

2.8 Operating Bank Accounts

Audit Observation

Out of 94 current accounts which are being carried on by the Head Office of the Department of Irrigation, 14 Regional Irrigation Engineering Offices and 06 Project Offices, Accountants had not been named for signing and transaction activities of cheques on 21 accounts.

Comments of the Accountng Officer

This has happened due to the transfer of the Accountants of the Zonal Offices and the granting of maternity leave etc. and therefore, the appointment of other officers on acting basis for that. Submission of signature cards to the bank with the signatures of the accountants are being done by now.

Recommendation

It should determine the reporting systems and assigning relevant responsibilities during the system review.

3. Operating Review

3.1 Performance

3.2 Delays in Project Execution

The following observations are made.

Audit Observation	Comments of the Accountng Officer	Recommendation
<p>(a) Even though a sum of Rs. 30,811,025 had been spent from the year 2013 to 2017 for the construction of an Irrigation Museum and Training Institute building in the Nachchaduwa Tank Reserve with an estimated cost of Rs. 39,999,000, the construction had not been completed.</p> <p>The basic plans of the building had not been approved by the local authorities and in constructing the building, the construction works had been carried out at the discretion of the officers outside of the basic plan. Further, although 02 additional cost estimates have been submitted, due to the lack of approval and lack of provisions, the construction had stopped. Similarly, the raw materials and fittings purchased in 2014 for this construction valued at Rs. 3,962,121, were being destroyed due to not used for more than 6 years.</p>	<p>An estimate and a plan have been prepared as it includes all the devices currently under construction and all the devices proposed to be built for the building which has commenced construction in Nachchaduwa Tank Reserve. It has been planned to commence construction after obtaining the specified approval. Purchased raw material have been stored safely.</p>	<p>Constructions should begin after the estimates are approved.</p>

- (b) A sum of Rs. 33,424 Mn. had been spent out of the allocation made amounting to of Rs. 36,855 Mn. for each purpose as per the Decision of the Cabinet of Ministers No. අමප/13/0721/508/007 dated 31 May 2013 for the construction work of Yan Oya Reservoir Project. Therein, the expenditures had made exceeding the allocations provided without the approval of the Cabinet of Ministers. Out of these, some of the works had exceeded the procurement limits for more than two years and some tasks had not been performed.
- A sum of Rs.6.8 Million, Rs. 3,623 Mn. and Rs. 2,215 Mn. respectively had been incurred exceeding the allocation made for lower valley survey and overview activities, Construction of Left Bank Canal, Land Acquisition and Resettlement.
- Functions mentioned in the Bill Of Quantity under Contract Agreement amounting to USD 39.5 Mn . issued by the Secretary, Ministry of Irrigation on 12 December 2017 for construction on the Left Bank of the Yan Oya had not been performed.
- A paddy field belonging to the Department of Agrarian Development and the Padaviya Forest Reserve are located above the proposed site of the intermediate reservoir according to the Basic Plan of the Left Bank Canal of Yan Oya. In constructing this intermediate reservoir, an area of about 400 acres will inundate and the relevant paddy field will submerge from that. Nevertheless, considering the matters such as failure to direct supply of water to the cultivable lands from this intermediate reservoir, lack of land to provide alternative lands for cultivating lands in the area of about 400 acres which is inundated, limits of non-reserved lands in Padaviya and Kebithigollewa Divisional Secretariats for providing alternative lands the construction of these intermediate reservoirs was not carried out. Instead, constructing of a canal taken place as an open concrete canal across the area of Left Bank Canal of the Yanoya due to a change in the basic design
- The activities of the Project should be done as originally planned.

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| <p>(c) Even though a sum of Rs. 4,530 had been allocated for the construction of access roads, bridges, rehabilitation of existing irrigation systems and environmental management activities related to the right bank only Rs. 1,270 Mn. had been spent on its activities. Funds allocated for works planned under that amounting to Rs. 3,260 Mn. had been spent on other works without approval.</p> | <p>A Committee has been appointed by the Director General Irrigation to get the approval to revise the approved estimate of the Yan Oya Project to be submitted to the Cabinet of Ministers with the recommendations of the Committee, has been submitted to the Secretary of the Ministry of Irrigation by now.</p> | <p>Construction works should be carried out as planned.</p> |
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3.3 Projects that Had Released Funds but not Made Progress

Audit Observation

A Memorandum of Understanding had been entered into by the Director General of Irrigation for a provision of Rs. 3,800 Mn. for the Gampaha Attanagalla and Minuwangoda Integrated Water Supply Project implemented under the National Water Supply and Drainage Board on 21 March 2016 to construct Basnagoda reservoir. Accordingly, although more than 03 years had elapsed, the construction of the Project had not commenced. Only 33 per cent of the plumbing and other works of the Project had been completed

Comments of the Accounting Officer

Appointing the staff for the Project has also been done by the Ministry and establishment of control points of the reservoir, marking of overflow level, land acquisition, activities of obtaining environmental approval, surveying for the reservoir, acquisition of lands in the inundated areas of Ruwanwella and Attanagalla Divisional Secretariat areas, identification of submerged roads and alternative routes have been done. Further, Memorandum of Understanding between the

Recommendation

Arrangements should be made to complete the Project on time as per the agreement and it should review the staff and take necessary actions.

at a cost of Rs. 560 Million by 31 December 2020. It had not been possible to get the expected benefits of the Project until April 2021 due to the delay in construction of water sources .Twenty seven of staff had been approved by the project and 18 were recruited. Even though the construction of the reservoir was handed over to a Chinese company in June 2019 , the Project Office was carried on without a review of staff requirements.

National Water Supply and Drainage Board for the design, construction and testing of Basnagoda Reservoir has been entered into on 12 June 2019 .

A contract agreement on Basnagoda Reservoir Engineering, Procurement and Construction (EPC) Contract has been signed in between the Secretary to the Ministry of Irrigation and Sinohydro Corruption Limited on 13 June 2019.

Accordingly, Sinohydro Corporation Limited has recently completed investigations, design for the water and the construction works have been commenced. It is expected to complete the construction of the reservoir by the end of this year.

3.4 Projects that started work after a delay

Audit Observation	Comments of the Accountng Officer	Recommendation
<p>Machinery and accessories purchased in the years 2016 for a Vehicle Service Center which was scheduled to begin the operational activities in December 2017 at Ratmalana Central Mechanical Workshop valued at Rs. 1,065,600 and the operational activities of the vehicle service building constructed in 2017 valued at</p>	<p>A service center at the Ratmalana Central Mechanical Workshop was scheduled to be commenced its operations in December 2017 . Construction of the vehicle service building has been done in the year 2017. Nevertheless, because of the annual allocations were not sufficient, all</p>	<p>Actions should be taken to complete the activities of the Project as planned without delay .</p>

Rs. 7,431,464 had been commenced in December 2020. Accordingly, the assets had remained dormant for a period of 3 years.

other facilities required to be carried on as a service center, have been able to complete in the month of February. Due to the epidemic situation in the country, its commencement had delayed.

3.5 Assets Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Three operational loaders, a caterpillar and vibrator usable for running in Rabewa Mechanical Engineering office premises had been parked unsecured for over a year without any use of.	As a result of 03 loaders, a caterpillar and a vibrator use on a large scale sites had been parked at Rabewa mechanical workshop due to the lack of such work sites at that time. These machines are being used for the construction of the Lower Malwathuoya Reservoir Project at present.	Assets should be utilized efficiently.
(b) Actions had not been taken to be repaired, used or disposed of two vehicles which had been sent to Halpathota Mechanical Workshop for repairs in the year 2020.	The two vehicles sent to the Halpathota Mechanical Workshop in 2020 has been more than thirty years old. In the situation of the epidemic exists, it has been late to send for disposal and attempts have been made to dispose of it so far.	-do-

- (c) Forty five vehicles belonging to the Department that could not be computed the value , had been provided to the external parties for over a year. Arrangements had not been made to take over the vehicles back to the Department.
- Because all those vehicles belonging to the Department are more than 30 years old, the value cannot be estimated. The Irrigation Management Division was established under the Department of Irrigation. Therefore, these vehicles (3 cars, 17 jeeps, 14 double cabs) have been registered under the Department of Irrigation. Later, the Division was brought under the Ministry of Irrigation. The Irrigation Management Division have been informed to be taken over the vehicles. These vehicles have been handed over to the Mahaweli Authority of Sri Lanka at the time of the Department of Irrigation and the Mahaweli Authority of Sri Lanka were under the same Ministry. It has been informed to be taken over those vehicles as well.
- Taken over the assets belonging to the Department should be made.
- (d) Out of 1552 official quarters belonging to the Department, 236 official quarters had not been in use. Out of those official houses belonging to the Department, 109 houses were in a totally dilapidated condition. There were 127 houses that could be repaired and converted into habitable manner . Actions had not been taken to make them usable or disposable.
- Details of the official quarters belonging to the Department should be obtained from 52 Regional Irrigation Engineer Offices. There is a practical problem with obtaining information due to the Covid 19 epidemic. It is kindly informed that the actions will be taken to send the information within two weeks from the resumption of office work
- The official quarters belonging to the Department should be maintained with proper management.

3.6 Management Inefficiencies

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>(a) A number of 37 vehicles that were sent to the Rabewa Zonal Mechanical Engineering Office for repairs had been detained at the site for a period of 01 to 06 years due to repairs were not done.</p>	<p>Adequate provisions do not receive for vehicle repairs and there is not enough staff for that also. Vehicle repairs are carried out on a priority basis. In doing so, it takes time to repair vehicles that are not prioritized .</p>	<p>Ensure the safety of the assets to make the repair work efficient .</p>
<p>(b) Out of the official quarters belonging to the Department, the lease rent had not been charged on 41 official quarters which were handed over to other external entities and persons. Out of 80 official quarters given to other government institutions, the lease rent had been recovered only from 02 houses during the current year and that value was Rs. 1,250,140 . The lease rent had not been recovered from 78 houses.</p>	<p>Information on the official quarters of the Department should be obtained from the 52 Regional Irrigation Engineer Offices. There is a practical problem with obtaining information due to the Covid 19 epidemic. It is kindly informed that the actions will be taken to send the information within two weeks from the resumption of office work.</p>	<p>The collection of rent from the official quarters belonging to the Department should properly manage.</p>
<p>(c) As a result of an Assistant Irrigation Engineer who had worked in the Weeraketiya Regional Engineer Office had met with a road accident in 2003 while driving a vehicle belonging to the Department. A sum of</p>	<p>It has been verbally informed in inquiring from the Attorney General's Department that a case cannot be filed against a decision given by the Hon. Court to recover this loss. Accordingly,</p>	<p>The balance in the imprest account should be settled immediately.</p>

Rs. 3,708,100 had been paid as compensation to the aggrieved party from the bank account of the Department. The officer shall bear the full responsibility for the loss and the Department had not taken actions to recover the loss. That loss remained as an unpaid balance in the imprest account at the end of the year under review.

actions have been taken to recover Rs. 10,000 per month from the pension of the retired engineer who had involved in the incident, with the consent of the Director General of Pensions.

4. Human Resources Management

The approved staff for the year under review was 7,112 and the actual staff was 5,391. Accordingly, the number of vacancies was 1,521. The following observations are made in this regard.

Audit Observation	Comments of the Accountng Officer	Recommendation
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(a) Three officers over the age of 60 had been employed on a contract basis. Out of that, the appointment of the 64-year-old Administrative Officer, who had been recruited on a contract basis from 15 December 2020, had not been approved by the Public Service Commission even as at the time of the audit. Out of the 4 posts of Additional Director General of Irrigation representing the top management level of the institution, all the three posts had been filled on an acting basis. The post of Chief Financial Officer, which is responsible for supervising	Because of the duties have to be performed on the personal files of nearly 6000 employees, and also it has faced many difficulties in carrying out the duties, the services of two experienced retired Administrative Officers who had worked in various public institutions were obtained on the verbal instructions of the Ministry of Public Administration. The relevant documents have been submitted to the Public Service Commission through the	Actions should be taken to fill the essential vacancies immediately.

the financial management of the institution, has been appointed on an acting basis from the year 2018.

Ministry of Public Administration and the approval of the Public Service Commission is to be obtained in future. The approval of the Secretary, Public Service Commission has been granted to work full time on acting basis for the post of Additional Director General of Irrigation. The Department of Irrigation has appointed to work full time on acting basis to fill the the vacancy remained in the post of Chief Financial Officer of Special Grade in Sri Lanka Accountants' Service, from 01 January 2018 to 31 December 2018 or from the first of the two days the vacancy by the Letter No. PSC / APP / 05/03/23/2017 and 27 December 2017 of the Public Service Commission.

- (b) There were 63 vacancies in the approved Divisional Assistant posts . Fifty nine Engineer Assistants have been appointed on acting basis on 03 February 2020 for this purpose . A formal procedure to select officers for the granting of relevant acting appointments had not been followed. The criteria for the appointment of 23 Grade II Officers and one

Since it is essential to have officers in that post to perform the essential duties of the Divisions, the Director General of Irrigation, who is the Appointing Authority of the Engineer Assistant's Service, has appointed officers to perform the duties of the post of Divisional Assistant from the officers who

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Grade III Officer in the Engineer Assistant's Service was not clear.

served in the divisions at that time as senior and qualified officers. As it is difficult to do all the work on time In the situation of Covid 19 it is expected to proceed with the approval of the Public Service Commission in future.

(c) The approved cadre was 53 for the 20 posts in the Island-wide and Combined Services and 29 of them were in vacant for a long period.

The Ministry of Public Service, Provincial Councils and the Local Government have already been informed to fill the 92 number of vacancies for the posts in the All Island and Combined Services expeditiously.

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(d) There was no proper methodology about the way of the staff of the Department is attached among the Head Office, Zonal Irrigation Offices and the Regional Irrigation Engineer Offices.

The cadre of the Department is consisted of an approved staff adapted to suit the assigned workload of the Irrigation Offices and the Regional Irrigation Engineer Offices .

Actions should be taken to attach employees properly to the offices according to the service requirement.