

Head 415 State Ministry of Rural Housing and building Material promotion

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the State Ministry of Rural Housing and building Material promotion 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 State Ministry of Rural Housing and building Material promotion was issued to the Accounting Officer on 28 June 2021 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Ministry was issued to the Accounting Officer on 20 July 2021 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the State Ministry of Rural Housing and building Material promotion. as at 31 December 2020 , and its financial performance and cash flows 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 described 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the 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 Ministry/Department/District Secretariat 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 Ministry 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 Responsibilities 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 scepticism 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 consistent with the preceding year, (if not, mention so)
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

1.6 Comments on financial statements

1.6.1 Financial performance Statement

Non-revenue receipts

The following shortcomings were observed in the accounting of non-revenue receipts related to financial statements.

Audit observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(i) Although the non-revenue receipts in the financial performance statement was Rs.2,005,173, the value in the balance sheet was Rs.8,893,730. A difference of Rs.6,888,557 was observed.	Not recorded in the financial statements as it was revenue collected for other headings.	Total value of non-revenue receipts as per the balance sheet should be shown under Non-Revenue Receipts in the Financial Performance Statement.

1.6.2 Statement of Financial Position

The following deficiencies were observed in accounting for property plant and equipment.

Audit observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the ACA-6 declares a total value of Non Financial Assets Rs.17,173,226 as, Rs.3,219,744 through sales and Rs. 13,953,482 through transfers. The total value of disposals as expressed in the statement of non financial assets was Rs.16 798,976, hence a difference of Rs.374,250 was observed.	Purchase of machinery and equipment during the year 2020 amounting to 374,250 is not subject to disposal. Accordingly, the value of Rs.16,798,976 stated in the ACA-6 is correct.	Correct amount should be stated under the disposal of assets.
(b) According to the ACA-6 the purchase of computer equipment during the year under Code No. 6112202 was stated as Rs.300,000 had not been included in the SA 82 statement of Treasury Non-Financial Assets .	This is a difference that had been arisen over a technical issue that could not be matched with the CIGAS program in the transfer and acquisition of assets through the head change during the year 2020	Only purchases of assets under heading 415 should be noted
(c) A difference of Rs.300,000 was observed between the value of Rs.17,173,226 in the ACA-6 Statement of non-financial assets and the value of Rs.16,873,226 in the SA-82 the treasury statement of Non-Financial Assets.	This is a difference that had been arisen over a technical issue that could not be matched with the CIGAS program in the transfer and acquisition of assets through the head change during the year 2020.	The correct disposal values should be stated in the statement of disposal of non-financial assets

1.6.3 Cash Flow Statement

(a) Recurrent Expenditure and Capital Expenditure

Audit observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
A difference of Rs.1,140,650,728 was observed between the expenditure mentioned in the Cash Flow Statement prepared by the Ministry and the balance sheet of the Ministry.	Although only last four months balances had been considered as the trial balance value, it should be added first eight months balances and cash flow statement should be prepared for all twelve months.	The cash flow statement should be prepared according to the balance sheet of the Ministry.

(b) Non-revenue receipts

Audit observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
The amount of Rs. 8,893,730 collected for the other Heads mentioned in the Ministry Balance sheet was not mentioned in the Cash Flow Statement.	Cash flow statement is prepared on the basis of cash receipts and payments. Accordingly revenue from other headings as per the audit query of Rs8,893,730 were cross entries and not in the form of cash and no effect on imprest balance or cash book balance.	All cash and cash equivalents must be declared in cash flow.

(c) Expenditure incurred in other Expenditure Heads

Audit observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
Expenditure incurred on other Heads of Expenditure as per Ministry trial balance was Rs.4,169,941,425, but as	Five expenditure subjects which were given to Head 411 for last 4 months had been transferred as transfers under FR208 gave to our Ministry. Although the above	The exact value of the expenditure incurred on other expenditure heads should be stated.

stated in the cash flow statement it was Rs.5,869,105,165. Since a difference of Rs.1,699,163,740 was observed.

subjects were under head 123 in the 3 Vote on Accounts, they were under head 411 in the budget Accordingly expenditure incurred under 397/20 imprest account the months from January to August had been accounted as expenditure incurred for other expenditure heads and therefore the amount of Rs 5,869,105,165 mentioned in adjustment account was correct.

1.6.4 Comparison Statement on Advance Accounts to Public Officers

Audit observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although Rs. 43,330,770 had been stated under annual Comparison Statement of the Advance Account FR 503 (1) debits after adjusting for actual values for the year, it was stated as Rs.43,446,693 in the reconciliation statement with the treasury printouts FR427(1). Hence a difference of Rs. 115,916 had been observed.	The Chief Internal Auditor of Resettlement division had been transferred to the Ministry and reported for duty, and therefore the balances had been taken only to the books of the department.	The debits from Cross-notes (12) of the Annual Comparison Statement and the Comparison Statement with the Department Books and Treasury Computer Printout should be the same in the year.
(b) The following differences were observed between the total debit and credit values of the year as per the Departmental Control Accounts Summary, the value of the advance account and Annual Comparison Statement.	The control accounts as at 31.12.2020 has been prepared for 12 months and the balance is for 04 months as per the comparison statement given in the audit query. This is due to the difference according to the comparison statement.	According to the Departmental Control Accounts Summary, Annual Comparison Statement and Advance Accounts, the cash debits and credits for the year should be the same.

Description	According to the Control Accounts Summary	According to the comparison statement	According to the advance account
-----	Rs.	Rs.	Rs.
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Debit of the year	46,903,272	45,849,409	45,965,324
Credits for the year	55,680,864	9,574,219	11,279,774

(c) Although the balance according to reconciliation Statement of the Department books was Rs .36,275,190 , the balance in the reconciliation statement of Department books and treasury computer printout(FR 427 (1)) was Rs.36,391,105 and the balance in the advance account the was Rs.34,685,928.

This change is due to a transfer of an officer of the internal division of resettled and rural housing and construction and building materials industries, Promotion under the Ministry of Public title only internal books because of the effect of Rs .115,915 has amended the changes.

The balance in the Annual Comparison Statement should be the same as in the Department Books, the balance in the Comparison Statement with the Department Book Treasurer Computer Printed and the balance in the Advance Account.

(d) to a payable balance of Rs.1,705,177 to the other ministries had mistakenly been accounted as a receivable balance, therefore the, balance in the department books was overstated by Rs1,705,177.than the balance in the advance account of the treasury printout.

Due to the balance of Rs.1,705,177 had been accounted under two headings in the same year, the balance was to be debited had mistakenly been credited.

Debt balances must be accurately recorded in the accounts.

1.6.5 Deposits

Audit observations	Comments of the Chief Accounting Officer	Recommendation
Although the deposit receipt balance of the Ministry trial balance was Rs. 133,352,935 and the payment balance was Rs.142,506,835, the balances in the cash flow statement were Rs.135,373,305 and Rs.139,604,524 respectively. Accordingly receipts were overstated by Rs. 2,020,370 and payments were understated by Rs.2,902,311.	The cash flow statement indicates only the cash deposits receipts and cash deposit payments, cross-entries were excluded.	All deposit receipts and payments should be stated in the cash flow statement.

1.6.6 Advance Account Balance

The following deficiencies were revealed in the balance sheet accounting of advance accounts at the end of the year.

Audit monitoring	Comments of the Chief Accounting Officer	Recommendation
(a) Treasury books (SA - 52) advances receipts as per SA52 was Rs.49,783,896, as per statement of financial performance was Rs.11,279,396,and the value as per advance account (ACA 5) was Rs.11,279,774. The value in the statement of financial performance (SA-52) was understated by Rs.38,504,500.	Rs. 38,504,500 had been debited by transfer notes.	The value of advance receipts should be stated as per SA 52, in the Financial Performance Statement.

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| (b) | Although the value of advance payments as per SA-52 was Rs.84,469,824 ,the value in the financial performance statement was Rs.45,965,324.therefore the balance in the statement of financial performance was understated by Rs.38,504,500. | Rs. 38,504,500 had been debited by transfer notes. | The value of advance payments should be stated as per SA 52, in the Financial Performance Statement |
| (c) | Although the advance receipts were Rs66,181,985 and advance payments were Rs.65,372,739 in the ministry trial balance were Rs.948,553 and Rs.5,097,338 in the cash flow statement respectively. Therefore the receipt of Rs.65,233,432 and advance payments of Rs.60,275,401 were understated in the cash flow statement. | Rs.66,181,985 includes receipts from both categories 11 and 12 and only receipts under category 11 out of Rs.948,553 mentioned in the cash flow statement. Rs.65,372,739 is the value of advances and loans given under category 11 which are truly affected by the cash book balance of the cash flow statement for both categories 11 and 12 . | The correct value of all advance payments and advance receipts must be taken in the cash flow statement. |

1.6.7 Imprest balance

The following observations were made in the accounting bof imprest balance.

Audit observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) Treasury imprest receipt balance as per departmental trial balance was Rs.4,441,287,445, the value in the financial performance statement was Rs..7,291,269,303and the balance as per ACA - 3 was Rs .20,534,767,464.	A sum of Rs.16,581,731,000 imprest was received from the Treasury for the first 8 months out of which Rs.13,836,600,000 was released to Heads 162 and 166. Also, a sum of Rs.4,441,289,445.07 has been paid by the Treasury to Head 415 from September to December. Further, Rs.261,187,746 received throughout the year has been added to the resettlement section consolidated under Head 415	Only the Imprest values related to Heading 415 should be taken as the Imprest receipts.

from 01.09.2020 as the highest receipts of the Treasury in the preparation of the Chief Financial Statements. In ACA 3 Imprest is based on account 397/20 Imprest and financial statements are based on both Imprest accounts 397/20 and 296/20.

This is not a clerical or accounting error and the items listed in the audit query cannot be shown to a single specific value due to an issue based on technical issues that occurred through special head transfers last year.

- (b) Although the actual Treasury funds received under the cash generated by operating activities in cash flow statement was Rs .4,680,455,220, the value stated was Rs.7,293,324,476. Therefore the imprest received under operating activities was understated by Rs. 2,612,869,256.

From September to December the Treasury has given a maximum of Rs. 4,441,287,445.07 to Head 415 Accordingly, the maximum receipts in the Cash Flow Statement are 123 for the then-existing 397/20 Imprest Account, which was the Imprest from January to August, and then for the 397/20 Imprest, which is the 397/20 Imprest Account for the September-December Adjustment, which was 296/20 for the Resettlement Division is the sum of all the principal receivables received by the principal account.

Only the amount relevant to Head 415 should be taken as imprest receipts.

- (c) Although the actual imprest settled as per the Ministry trial balance was Rs.235,874,291, the value stated in the cash flow statement was Rs.500,000 and therefore Rs. 235,374,291 understated in the cash flow statement.

imprest outstanding balance of Rs .235,874,291.44 of 397/20 imprest account 162 and 166 before heading on 31.08.2020 1 CIGAS in the settlement program by two notes to CIGAS program in the correct notes are Rs .235,874,291.44 treasury money as settlement. In fact, only Rs. 500,000 was paid to the Treasury in cash.

According to the Ministry trial balance, the amount paid to the Treasury should be stated as the imprest settled to the Treasury in the Cash Flow Statement.

1.6.8 Failure to maintain documents and books

Audit observation	Comment of the Accounting Officer	Recommendation
Register of damage The Housing Division of the Ministry had not submitted the register of damages to be prepared in accordance with Financial Regulations 110 for audit.	A register of damages is maintained in the Establishments Division in accordance with Financial Regulations 110.	In accordance with the provisions of financial Regulation 110, a register of damages should be maintained in accordance with the format under it .

2. Financial Review

2.1 Imprest Management

Following Observations are made relating to the ministry Imprest balance.

Audit monitoring	Comments of the Chief Accounting Officer	Recommendation
(a) The expenditure directly borne by the treasury as per treasury books SA – 10 was Rs.4,923,279,654 which should be adjusted as payments in the imprest adjustment account, was stated as Rs.3,759,902,246.therefore it was understated by Rs.1,163,377,408.	The value in the imprest adjustment account of Rs.3,759,902,246 was the value of the cash released by the Treasury directly to the District Secretariats and to the CIDA in respect of expenditure items under Head 415 .	The correct value of the expenses directly borne by the Treasury respect of Head 415 should be adjusted to the imprest Adjustment Account.
(b) Although the value of expenditure incurred by the Ministry on other Heads of Expenditure was Rs. 4,169,941,425 , it was stated asRs .5,869,105,165 in the imprest adjustment account,a difference of Rs.1,699,163,740 was observed.	Five Expenditure Items under Head 123 in the year 2020 had been approved by the budget under Head 411. Accordingly, , all expenditure from January to August incurred under Account No. 397/20 had been included in the financial statements as expenditure incurred on behalf of the other Heads.	The correct value of the expenses borne by head 415 in respect of other heads should be adjusted to the imprest Adjustment Account.

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| <p>(c) The advance receipts of Treasury SA 52 were Rs.16,398,089 less than the Ministry's trial balance and the advance payments were Rs.19,097,085 more , although the above differences should be adjusted in the imprest adjustment account ,it had been adjusted Rs.40,867,985 as advance payments and Rs.10,330,843 as advance receipts in the imprest adjustment account.</p> | <p>Advance receipts and advance payments as per the trial balance will include the initial value of the transfers referred to Head 415 and Head 415 by various Heads and transfer Sheets for the year. This is the balance at the time of transfer, not the balance at the end of the year .</p> | <p>The difference in advance receipts and payment values between Treasury SA 52 and Ministry trial balance should be adjusted to the Imprest Adjustment Account.</p> |
| <p>(d) The difference of deposit receipts amounting to Rs.11,605,786 between Ministry trial balance and the SA-30 should be deducted from the imprest adjustment account and the difference of deposit payments amounting to Rs.2,451,886. should be added to the imprest adjustment account ,but it had been deducted only Rs.9,585,415 in the imprest adjustment account.</p> | <p>The trial balance consists of two parts due to the change of heads which took effect in the year 2020 . That is , the trial balance consists of one part from January to August and another part from September to December . According to audit query,only the balance for September to December are given as deposit receipts and deposit payments . The values from January to August should also be added to the values given in the audit query .</p> | <p>The difference in deposit receipts and payment values between Treasury SA - 30 and the trial balance relevant to the Ministry Head should be adjusted to the Imprest Adjustment Account.</p> |

2.2 Expenditure management

Audit observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) No expenditure from allocation of Rs.22,195,000 was incurred during the year under review for 10 subjects due to non-identification of expenditure in the preparation of estimates for the current year and the provision ranged from 52 percent to 99 percent had not been utilized due over provision of 13 other expenditure items.</p>	<p>Operation of the Cabinet Office for a period of 06 months only. C o v i d - 19 Status , Suspension of Overseas Travel Expenses by Project Circular dated 19th November 2019. Resettlement Division due</p>	<p>Expenditure should be clearly identified and allocations should be made according to needs.</p>

to shifting of several buildings throughout the year and Building Lease Agreement Expired February 2020.

(b) Abnormal variations were observed between the initial expenditure estimates and the revised expenditure estimates between minus 549% and 100% in five subjects.

Provide transport facilities for all staff due to covid 19 situation ,

Estimates should be prepared so as not to cause abnormalities.

Performing duties of the staff of the Ministry for the last 04 months

Suspension of foreign travel,

Due to the change in the Ministry, we had to print the performance report through the Ministry, which required more funds than estimated .

(c) It was observed that the provisions made were not realistic due to 84 to 550 per cent of provisions in seven objects had been transferred under FR 66 and FR provisions had been transferred.

Suspension of foreign travel due to global epidemic .

Expenditure should be clearly identified and allocations should be made as required.

Reduction of Junior Employees Attached to the Office of the Minister

Provide transport facilities for all staff due to covid 19 condition .

Performing duties of the Ministerial Staff for the last 04 months
Ministry office not functioning for 05 months .

Led to the printing of the new performance report .

2.3 Expenditure Reporting for the year 2020

Audit observation	Comments of the Chief Accounting Officer	Recommendation
<p>Receiving and settling the treasury imprest for the Ministry was done under the then Ministry's imprest account number. Although the receipts Under the imprest account number was Rs. 21.341 million in statement of Treasury imprest , because of the work of the Ministry commenced with effect from 01 September 2020. Since to the end of the year Rs. 4.444 million as of treasury imprest had received , Out of this Rs. 500,000 had been settled to the Treasury on 31st December 2020.</p>	<p>During the year 2020, our Ministry operated under 02 Head Nos. And a single Imprest Account . Accordingly, the treasury imprest received by the then 397/20 under Head 123 and the treasury imprest received by the 397/20 belonging to Head 415 since September are included in Rs. 21,341 million . In addition, Rs 144 million debit entry entered to 397/20 imprest account and Rs. 153 million received to 397/20 for first 08 months to , title 166 also included in Rs. 21,341 million. Footnote in ACA 3 format disclosed this.</p>	<p>Only the imprest receipts pertaining to this Ministry Head should be taken into account.</p>

2.4 Certifications to be made by the Accounting Officer

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) According to the provisions of section 38 of the National Audit Act No. 19 of 2018 Ministry Chief Accounting Officer and Accounting Officer assured That which is run by Internal control systems effective for financial</p>	<p>Although it is not possible to issue the relevant certificate by default in 2020, action will be taken to issue this in 2021 .</p>	<p>Must comply with the provisions of Section 38 of the National Audit Act No. 19 of 2018.</p>

control and reviewed with time on productivity the system and that the system effectively been taken to refine the receivables that , the reviews have been written, but a copy should be submitted to the Auditor General , such a review had been submitted to the audit said that done .

2.5 Non-compliance with rules, regulations and regulations

The following are the instances of non-compliance with the provisions of the rules, regulations and regulations observed during the sample audit tests.

Reference to laws, rules, and regulations	Observation	Comment of the Accounting Officer	Recommendation
(a) Public Administration Circulars			
(i) Circular NO. 2/2018 dated 24th January 2018 Chapter 1	Annual performance agreements for the entire staff employed were to be signed from 2018, had not been signed.	The agreement had not been signed in previous years , but Necessary arrangements have been made to sign the sectional performance agreements in the year 2021.	Performance agreements must be signed for the entire staff employed.
(ii) Circular No. 2016/30 dated 29th December 2016 Paragraph 3.1	The fuel combustion of the vehicles had not been re-tested.	During the year 2020 , 18 vehicles belonging to the Ministry were inspected for fuel combustion and during the covid epidemic , fuel testing of all vehicles could not be completed.	Fuel burns on all vehicles should be checked.

(iii) Circular No. 05/2008 (I) dated 24th January 2018	The Ministry had not taken action to introduce the Citizen / Client Charter.	Although work was started to update the Citizens' Charter in the year 2020 ,it was stopped due to the establishment of the Resettlement Division in this Ministry by the end of 2020, . The informations of the resettlement section had been obtained and are being processed.	The Citizen Client/ Charter should be introduced and acted upon.
(b) Public Finance Circular No. 07/2019 dated 28th November 2019	Government officials who were required to give surities as per FR 880 had not given	Although the relevant forms have been completed after the commencement of the surety process, it had not been possible to commence the recovery of the surity money from the salary due to current situation .	Officers who are required to give surities under FR 880 are required to give..

2.6 Comparison statement on Advance Accounts to Public Officers

Observation

The loan balance of Rs.99,460 owed by a suspended officer was up to 4-5 years, but according to the age analysis it was recorded as 1-2 years, while another officer's amount of Rs.117,690 remained unsettled for for more than 5 years.

Comments of the Accounting Officer

The loan balance of Rs.99,460 due is Rs.5,000.00 per month which is paid by the wife of Mr. M.P.Praise.

I would like to inform you that action will be taken to recover the loan balance of Rs. 117,690 pertaining to the officer who was suspended in the year 2010.

Recommendation

Action should be taken to recover the loan due without delay and the time analysis of the loan balance should be prepared correctly.

3. Operational review

3.1 Failure to perform roles

Audit observation

Although it was planned to issue 1,000 housing deeds to the beneficiaries by the year 2020, according to the progress reports of the Ministry, no deeds were issued during the year.

Comments of the Chief Accounting Officer

This situation has arisen due to the non-attendance of employees the continuous closure of institutions due to the covid epidemic in the country.

Recommendation

Action must be taken to perform the planned tasks.

3.2 Abandonment of unfinished projects

Audit observation	Comments of the Chief Accounting Officer	Recommendation
<p>An estimated Rs. 104 million had been allocated for the year 2020 to sponsor selected small scale industrialists implemented by the Resettlement Division and despite 21 percent financial progress , the project has now been abandoned. Although it was targeted to sponsor 49 industries this year, according to the progress report, the physical progress achieved as at 31 December 2020 was only 1 percent.</p>	<p>Although an allocation of Rs. 104 million has been released to the District Secretariats for the settlement of these bills , the time was not sufficient due to the Covid-19 situation prevailing in the country and no funds have been received from the Treasury for this purpose . The project is not in implementing condition. , project is removed from the third interim account of the resettlement section.</p>	<p>Physical progress should be made relative to financial progress, and plans should be made to enable it to perform the relevant function.</p>

3.3 Delays in project execution

The following observations are made.

Audit observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Although 90 percent of the financial progress of the estimated 5.272 million in grants in 2020 for the project “obata geyak ratata hetak” housing program (New)only 3,950 houses hah been completed out of 5000 target number of houses . Accordingly, the physical progress of the project was 79 percent.</p>	<p>Obata geyak ratata hetak housing programme (new) obata geyak ratata hetak (continuous)money gives for both Housing recipients are expected to make a large labor contribution to build a house by spending the money given under this loan assistance . I would like to inform you that the construction of many houses was delayed due to the epidemic situation in the country which made it difficult for the recipients to avail their services . So please note that physical progress has slowed down .</p>	<p>Physical progress should be achieved relative to the financial progress of the project .</p>

(b)	The estimated allocation for the project“obata geyak ratata hetak”(continuous) was Rs.810 million in the year 2020.Financial progress was 70 percent and only 500 houses were completed out of 2500 targetted houses Accordingly, the physical progress of the project was only 20 percent.	-do-	-do-
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(c)	Although the estimated allocation for the project Shanchi Arachchiwatta Housing Improvement Project for the year 2020 was Rs. 15 million, no expenditure was incurred during the year, the physical progress of the project as at 31 December 2020 was shown as 7%.	I agree with the statement in the audit report that I will complete this housing improvement project in the year 2021 .	Plans should be made to enable projects to be completed on time.
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3.4 Foreign Aid Projects

The following observations are made.

Audit observation

Comments of the Chief Accounting Officer

Recommendation

(a)	The Ven. Maduluwawe Sobhitha Nahimi housing project, which was being implemented with Indian assistance, was scheduled to commence in 2018 and be completed in 2019, but the construction work of the project had been stopped. According to the Ministry's performance report, the project had incurred Rs. 47 million and the physical progress was 30 percent.	Since the institution which the project was submitted violated the terms of the project, the work performance guarantee was canceled. and the value of it had been charged by the Indian High	Targeted tasks must be completed.
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- (b) According to the progress reports of the four other projects implemented with Indian assistance, the progress as on 31st December 2020 is as follows.

Project	Project Duration	The financial value of the project is Rs. million	Cost incurred Rs. million	Number of houses where work has commence	Number of completed housing units
Island wide Model Village Project	2017-2020	300	246	458	258
Southern Province Model Village Project I	2017-2020	300	148	606	13
Northern Province Model Village Project	2018-2021	300	60	278	09
Southern Province Model Village Project II	2018-2021	300	44	519	-

Although three years had elapsed, intended objectives of the project had not been achieved.

Commission Office. Arrangements are being made to carry out this project through the Central Engineering Consultancy Bureau.

I agree with the findings of the audit. Reimbursements made by the Indian High Commission were not made properly as it was difficult for the recipients to spend money to build houses during the last epidemic. In consultation with the Indian High Commission in this regard, the agreements were amended to allow for early repayments instead of reimbursing premiums. The housing assistance installments of housing recipients who work and accordingly the delay often have to be minimal.

Targeted tasks must be completed.

3.5 Asset Management

The following observations are made.

Audit observation	Comments of the Chief Accounting Officer	Recommendation
(a) 09 vehicles belonging to the Ministry have been obtained from the Ministry of Community Infrastructure Development and these vehicles have not been handed over to this Ministry so far.	05 vehicles have been returned to this division. The remaining 09 vehicles will also be procured soon.	These vehicles should be returned to the Ministry.
(b) Vehicles numbered PD 9553 , KX 7872 obtained under the Financial Leasing Scheme through the General Treasury have expired but have not yet been taken over by the Ministry.	Kindly inform that Future actions will be taken after receiving the instructions of komptolar general for Vehicle No PD – 9553 and KX-7822 will be taken over in future..	These vehicles should be taken over by the Ministry immediately.

3.6 Losses and damages

The following observations are made.

Audit observation	Comments of the Chief Accounting Officer	Recommendation
(a) 49,982 had not been recovered from the driver for the JN 3634 which was involved in an accident on June 12, 2018..	Rs . 5,000 had been recovered from the amount of Rs. 54,981.95 due from the officer and the remaining amount will be paid in 10 monthly installments .	The amount to be recovered from the driver must be recovered.
(b) The amount of Rs.7,055 due for the vehicle No.CAF-2192 damaged on 09th January 2019 had not been recovered .	Necessary actions will be taken to recover the amount of Rs .7,055 after the final test of F.R. 104 (4) of the ongoing investigations.	Action must be taken to recover the amount due.

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| (c) The amount of Rs. 9,049 due for the KR - 5428 which was involved in an accident on 19 March 2019 had not been recovered. | Necessary actions will be taken to recover the amount of Rs .9,049 after the final test of F.R. 104 (4) of the ongoing investigations. | -do- |
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3.7 Management weaknesses

The following observations are made.

Audit observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) The rent Act No. 07 of 1972 had not yet been amended according to the 2018 Budget Proposal.	kindly inform that future action Will be taken after receiving the observations and recommendations promptly from the provincial Chief Secretaries and Commissioner of housing in this regard.	This Act should be amended expeditiously.
(b) As at 31 December 2020, 38 contracts had been sent by government agencies to obtain the approval of the Standing Technical Committee of the Ministry and had not been evaluated and approved by the end of 2020.	I kindly inform you that we are working to get approval for the projects that need to be approved.	Approval of the Standing Technical Committee should be given without delay.
(c) A total of 64 private lands where houses have been constructed under the housing scheme are to be acquired for cash payment. In 2019, compensation had been paid for 08 lands and there were 56 plots to be acquired for further compensation.	By the end of the year 2020, the number of compensation and compensation interest paid by the Divisional Secretaries is 15 and I will take action to complete the land acquisition process by paying this compensation and interest expeditiously.	Land should be acquired expeditiously by paying compensation to the relevant parties.

(d) The report of the expert committee appointed to reorganize the government factory had not been submitted by the end of 2020.

I agree with the matters stated in the audit report and will take action to submit the relevant report expeditiously.

The report of the expert committee should be obtained and the Department of Government Factories should be reorganized as per the recommendations of that report.

4. Achieving the Sustainable Development Goals

The following are observed.

Audit monitoring

The Sustainable Development Plan had not been revised and submitted to the National Council for Sustainable Development as per the observations, instructions and suggestions of the National Council for Sustainable Development.

Comments of the Chief Accounting Officer

I will expedite the submission of the revised plan to the National Council for Sustainable Development.

Recommendation

The Sustainable Development Plan should be prepared and approved as per the observations and instructions of the National Council for Sustainable Development.

5. Good governance

5.1 Performing services to the public

The following observations are made.

Audit observation

(a) Compensation had not been paid to land owners for the lands, which were acquired more than 20 years ago.

Comments of the Chief Accounting Officer

The lengthy process and time involved in acquiring land will greatly delay the payment of compensation to landowners. The conditions of the Ministry and the

Recommendation

Compensation should be checked and paid when it is claimed.

National Housing Development Authority is well aware of the lands taken over by the compensation provided new housing for recipients to provide proof to the faster has instructed.

(b) Although the recipients had been resettled in houses built without taking over private and government lands, they had not been given legal ownership of the houses due to non-issuance of deeds.

-do-

Action should be taken to issue deeds to the recipients of residential houses.

6. Human Resource Management

Audit monitoring

Comments of the Chief Accounting Officer

Recommendation

The approved number of employees for the year under review was 343 and the actual number was 263. Accordingly, no action had been taken to fill the 80 vacancies during the year under review.

Letters have been submitted from time to time to the Ministry of Public Service, Provincial Councils and Local Government, the Administrative Services Division, the Engineering Services Division, the Planning Division and the Director General of Integrated Services, the Multipurpose Development Task Force, to fill these 80 vacancies.

Action should be taken to fill the vacancies.