

## **Condominium Management Authority - 2020**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Condominium Management Authority for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of financial performance statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 and Financial Act No.38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Condominium Management Authority as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

#### **1.2 Basis for Qualified Opinion**

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My opinion is qualified based on the matters described in paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility, under those standards is further described in the Auditor's Responsibility 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 Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

As per Sub-section 16(1) of the National Audit Act, No. 19 of 2018, the Authority 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 of the Authority.

#### **1.4 Scope of Audit (Auditor's Responsibility for the Financial Statements)**

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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 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, 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 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- 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.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Authority and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Authority has complied with applicable written law, or other general or special directions issued by the governing body of the Authority ;
- Whether the Authority has performed according to its powers, functions and duties; and
- Whether the resources of the Authority had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

## **1.5 Audit observations on the preparation of financial statements**

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### **1.5.1 Internal Controls over perpetration of financial statements**

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Entities are required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that, transactions are executed in accordance with management’s general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards, and to maintain accountability for assets, access to assets is permitted only in accordance with management’s general or specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

### **1.5.2 Non – Compliance with Sri Lanka Public Sector Accounting Standards (SLPSAs)**

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<b>None – Compliance with reference to the relevant standard</b>	<b>Management Comment</b>	<b>Recommendation</b>
(a) According to paragraph 55 of SLPSAs – 7, the accounting policy of the Authority relating to the revaluation reserve as at 31 December of the year under review amounting to Rs.8,949,317 had not been disclosed in the financial statements. As well, according to paragraph 65 of the standard, net carrying amount and useful life of the assets had not been reviewed annually. As such, the use full life of the fully depreciated assets, but still in use, costing Rs.34,610,524 had not reviewed again and action had not been taken to	The revaluation reserve as at 31 December 2020 was brought forward since the year 2008, after being made the revaluation. As there is no change in the revaluation reserve in the current year, the accounting policy had not been disclosed. After being introduced new accounting policy relating to the revaluation reserve, necessary action to be taken accordingly in 2021 In order to revalue the all assets	The Accounting policies should be disclosed in the financial statements, according to the requirements in the standard.

made the adjustments in the financial statement in terms of SLPSAS-3.

belonging to the Authority, it had not been forwarded to the Valuation Department in the year 2019. But, the reports were delayed. Only the motor vehicle revaluation report was received in 2021. Therefore, new values relating to those asset class, could be brought to the accounts in the year 2021.

(b) The disclosure had not been made in the financial statements as per paragraphs 105 and 108 of the SLPSAS – 8, relating to the possible contingent liabilities that could be arisen due to 39 legal cases filed against the Authority and by the Authority.

All legal cases filed by the Authority had been filed in terms of section 3 of the Housing ownership Act and due to non – implementing of orders given under section 25 of the Condominium Authority Act. The legal orders given by the Authority, can only be filed in the Appeal Court, requesting write order. In such a background, the contingent liabilities could not be arisen from the legal cases filed against the Authority and filed by the Authority.

Should be complied with the provisions in the standard. As per the requirement of the standard, action should be taken to separately identify the intangible assets.

(c) A sum of Rs.950,880 that had been incurred to purchase of computer software in the year 2019 had been written-off to the financial performance statement as an expenditure instead of being accounted for as intangible assets in terms of SLPSAS-20. This accounting error had not been rectified even in the year under review.

An expenditure head had been introduced for the intangible assets in the Annual Budget prepared for the year 2021. Hence, since the year 2021, that error to be rectified action to be taken to rectify the above errors existed prior to 2021.

Action should be taken to identify the intangible assets according to the standards.

### 1.5.3 Accounting Deficiencies

#### Audit Observation

#### Management Comment

#### Recommendation

The funds received from the General Treasury and from the Housing Development Authority for the programme of “Nagamu

A Committee appointed by the General Manager of the Authority comprising 4 members had identified that a sum of Rs.559,268 to be

Prompt action should be taken to settle the payable balances and to account them correctly.

Purawara” amounting to Rs.1,144,729 had been shown under current liabilities for about 5 years, instead of being shown under the long term liabilities.

payable to the State Engineering and construction Corporation from that fund as per the information collected. A decision going to be taken relating remaining balance after furnishing the information to the Director Board with the recommendation of the Audit and Management Committee.

#### 1.5.4 Lack of Written Evidence for Audit

Item	Amount	Audit evidence not made available	Management Comment	Recommendation
(a) Net realizable value of stores items	1,584,997	Computation details	The market value had been identified by the committee appointed for the stores verifications for the year 2020, giving telephone calls. Action will be taken to obtain market values in-writing since 2021.	To determine the lower of the cost, the information should be obtain in-writing.
(b) The details of the adjustments made to the prior year adjustment account relating to settlement of debts.	1,386,534	The details of the adjustments made to the prior year adjustment account.	The entire details of the debtor balances are field in the file No.CMA/06/01/256. This file will be furnished to audit.	The approvals should be obtained after being furnished the details with the Journal vouchers.

## 1.6 Accounts Receivable and Payable

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### 1.6.1 Accounts Receivable

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#### Audit Observation

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The receivables as at 31 December 2020 from the Gampha and Negambo Hospitals relating to maintenance of hospital's water pumps amounted to Rs.7,393,054. Without being taken action to get the settlements of those balances which were in outside the scope of the Authority had been continuously shown as debtors. Further, debtor balances as at 31 December 2020 amounted to Rs.12,899,599 and out of that balance, 12 debtor balances totaling Rs.7,370,329 had been brought forward for over 5 years. Those balances represented 57 per cent of the total debtors.

#### Management Comment

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The receivable from the Gampha Hospital relating to water pump maintenance, is being received even some delays. The bills sent to the Gampha Hospital during the years of 2009 and 2015 had been misplaced by the subject clerk due to a mistake and the value of those bills amounted to Rs.1.1 million. It had been informed that a reply to be given after being examined the files. A discussion going to be held relating to the receivables from the Negambo Hospitals. A letter had been sent to the Director General of Public Enterprises through the Secretary to the Ministry to write – off the outstanding balance amounting to Rs.2,529,698 in order to obtain tranquilant solution. A meeting scheduled to be held with the combined management corporation of the Jalthara Housing scheme relating to the obtaining of payment made to electricity bills in arriers on drainage system of the scheme. When issuing the temporally Condominium property certifications from the year 2010 to 2015, the final receivable amount also had been accounted as debtors. Hence, some debtors were created without having considerations. Action to be taken to write-off those debtors after being informed the Board of Directors.

#### Recommendation

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Action should be taken to recover the outstanding debtor balances and the assets should be properly classified and accounted.

## 1.7 Non – Compliance with Laws, Rules, Regulations and Management Decisions ect.

Reference to Laws, rules, regulations etc.	Non - Compliance	Management Comment	Recommendation
(a) Section (h) of paragraph 5 of the Common Amenities Board (Amended) Act, No.24 of 2003.	Even though one of the objectives of the Authority shall be to transfer to the Local Authorities, the maintenance of the common amenities of the Condominium properties, common amenities of housing schemes at the Maligawatta and the Jaltara had not been transferred to the Local Authorities.	According to paragraph 5(g) of the Common Amenities Board (Amended) Act, No.24 of 2003, if the Condominium Amenities Management Boards are failed to maintain the common amenities in the Condominium Properties, the Authority can interfere in terms of paragraph 5(h) of the Act. In such a background, handing over of the management activities to the Local Government Authorities is one of the objectives of the Authority. As the Maligawaththe and the Jalthara housing schemes had not made such requests so far, the Authority had not taken actions in that regard.	It should be complied with the laws and regulations of the referred Act.
(b) Stamp Duty Act (Special Provisions) No 12(1) of 2006	(i) Even though action should be taken to charge a sum of Rs.25 as stamp duties on the payment over Rs.25,000 the stamp duties had not been recovered from the payments made in 16 instances amounting to Rs.1,092,341.	It had been informed the Management Assistant who prepared the payment vouchers, to charge Rs.25 form the payments over Rs.25,000.	According to the referred Act, stamp duties should be recovered complying with the provisions in the Act.
	(ii) The payments made for distress loans in	Explanations had been called from the	The stamp duties should be charged base on the

16 instances employees and cheques provisions of the Act. amounting to issued Management Rs.789,800 used Assistant relating to use of cancelled stamps. Accordingly, action to be taken to give advice thoughroly in order to refrain from such irregularities in future.

(c) The Establishment Code of the Democratic Socialist Republic of Sri Lanka :

- (i) Paragraph 1.10.1 of Chapter 11 and Paragraph 8.3 of the Recruitment Procedure of the Authority Without being published paper advertisements and conducted structural interviews, the officers had been recruited in the year 2017 and 2018 for 3 posts of the Assistant General Manager (Finance), the Customer Service Officer and Administration Officer. In the year 2019, 14 officers had been recruited for 5 posts, without obtaining the approval in terms of Paragraph 1:10:1 of the Establishment Code. The officer recruited for the Assistant General Manager (Finance) post in 2019, had been back dated to the year 2013 by the Chairman of the Authority. Based on the recommendation given by the Audit and Management Committee, a Board paper had been furnished to the Board of Directors. The Board had decided to conduct Preliminary investigations and related reports had been submitted to the Chairman. That reports to be furnished to the next Board meeting. The recruitments should be made according to the referred regulations.
- (ii) Paragraph 13:1 and 13:2 of Chapter XLVIII of volume II A direction should be given by the authorize officer, who ordered to conduct a preliminary investigation relating to the misconducts, for completing period of the investigation, by taking into account the nature of When directing the officers to conduct preliminary investigations, the letters had been issued instructing them to complete the preliminary investigation as early as It should be complied with the referred rules and regulations.



each incident. However, action had not been taken accordingly with regard to the disciplinary actions taken against 07 officers of the Authority in 10 instances. Even though the observations and recommendations should be promptly furnished to the investigation officer or the committee relating to the misconducts, the observations and recommendations had not been furnished, relating to 5 incidents took place in the year under review, even up to 30 April 2021.

possible. Due to the other duties assigned to the investigation officers, the work load were increased to them. Hence, they unable to issue final report after being obtained the statements as required. Action to be taken to issue the appointment letters indicating the time period given for the reporting as per the nature of the incident.

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

(i) FR 218

Special precautions should be taken, to avoid double payments. However, photocopied bills amounting to Rs.2,298,748 had been attach to the payment vouchers and without being considered that, the payments had been made.

Instructions had been given to the relevant Management Assistant to attach the original documents to the vouchers.

According to the Financial Regulations, payments should be made sthrengthening the internal control system.

(ii) FR 231

So as to enable to be checked, as far as possible, full particulars should be attached to the payment vouchers. However, as per audit test check, the reference documents amounting to Rs.66,101,890 had not been attached to the payment vouchers.

It had been given written advice to the relevant Management Assistant to attach all documents and bills to the vouchers and to put the notes relating that in the face of payment vouchers since the year 2021.

Compiling with the referred regulations, action should be taken to obtain the supporting documents related to the payments.

(iii) FR 502 (2)	<p>A Fixed Assets Register had not been maintained by the Authority relating to the Property, Plant and Equipment costing Rs.96,409,808 belonging to the Authority in the specified General Format 287. Even though a assets register had been maintained for annual additions, it had not been properly maintained, and the differences were observed between the assets registers and particulars furnished to audit. Accordingly, the difference of calculation of depreciation in the year under review amounted to Rs.177,578.</p>	<p>Action had been taken to update the fixed assets register as per FR 502(2) in the General Format of 287 since the year 2021. Thus, correct depreciation expenses to be calculated since the year 2021. As well, the depreciation errors of the year under review will be corrected and adjusted to the prior years in the year 2021.</p>	<p>In order to strength the control over assets, the assets registers should be maintained.</p>
(iv) FR 757 (2)	<p>Even though the Accounting Officer should deal with any shortages and losses, the losses identified at the Board of Survey as at 31 December 2020, actions relating to 12 tangible items valued at Rs.425,221 had not been taken accordingly.</p>	<p>An internal Audit report will be issued relating to those items, after conducting an examination.</p>	<p>According to the requirement of Financial Regulation, action should be taken relating to the losses.</p>
(e) Amended FR 371(5) from the Public Enterprises Circular No.03/2015 dated 14 July 2015	<p>A sub imprest should be settled within 10 days, after being completed the intended work, to the Account Branch. However, 09 imprest totaling Rs.315,500 had been settled after delaying 16 to 155 days.</p>	<p>Due to the Covid –19 pandemic situation in the country from March to June 2020 and quarantine curfew, the office was closed down and as a result, those delays were occurred. Anyhow, the special advances had been</p>	<p>The payments make through the advances should be formalized.</p>

			given only to the staff-officers. After being paid the advance, the officers are advised to settled the advances within 10 days and if not it is recovered from the salaries.
(f)	The Public Enterprises Circular No.PED/12 dated 02 June 2003		
	(i) Paragraphs 6.5.1 and 6.5.3	Even though the draft annual report approved by the Board of Directors should be furnished to the Auditor General within 60 days after ending of the financial year, it had not been so done. According to Paragraph 6.5.3, the Annual Reports including audit reports for the year 2015 to 2019 had not been tabled in Parliament.	The drafted annual report had been furnished to the Government Audit Branch on 31 March 2021. The approvals for the Annual reports for the years 2015 to 2019 had been given by the Cabinet of Ministers. As such, it had been informed to the Secretary to the Ministry to table the Annual report in Parliament through the Cabinet office.
	(ii) Paragraph 8.22 and Section 11 of the Finance Act No.38 of 1971	The concurrence of the Finance Minister should obtain for the investment of excess fund of a Public Corporation. However, the Authority had not obtained said approval for the investment of Rs.181,171,713 in 8 various investment sources during the year under review.	In order to purchase a land to construct office premises to the Authority, those funds had been invested in short term deposits. Action will be taken to inform the Finance Minister and to get the approval.
(g)	The letter of the Secretary to Ministry of Housing construction No.2/1/13/332 dated 03 March 2016	According to the referred letter, it was informed that approval could not be given to make appointments on contract	Considering the vacancy of the Assistant General Manager (Human Resources) that appointment had been
			Action should be taken to table the Annual report in Parliament through the Ministry during the stipulated time period. As well, the financial statements should be furnished to the Auditor General on due dates.
			Action should be taken to obtain the concurrence of the Finance Minister and to get the approval of the Treasury relating the investments.
			According to the directions given by the Ministry a complying with the other regulations the appointments should be

basis and the appointments should be made according to the recruitment procedure. However, without considering the approval of the Secretary to the Ministry, the Assistant Director General (Human Resources), had been recruited on contract basis on 25 February 2016 for a period of one year, and afterward, the appointment had been given on permanent basis on 27 November 2017 subjected to 3 years probation period.

given by the Chairman then Acting Director General with his recommendation. The appointment had recommended by appointing Authorities.

made.

- (h) The letter issued by the Director General of Public Enterprises No.PE/1/CMA/4/11(1) dated 09 September 2019
- It was directed to made remittance amounting to Rs.47 million to the Treasury from the profit after tax (33 ½ per cent) for the year 2018 and to make remittance continuously by 33 1/3 per cent from profit after tax since the year 2019. However, action had not been taken accordingly.
- The Authority is required to purchase a land surrounding area of to Battaramulla to construct a office building. Since the CMA is not received the Treasury funds for recurrent expenditure, it is expected use the remaining profits for that purpose. However, it is expected to obtain the approval of the Finance Minister.
- It should be complied with referred laws and regulations.

**1.8 Financial Management**

Audit Observation	Management Comment	Recommendation
Return on the investment had not been received from the Housing Development Finance Corporation Bank (HDFCB) for the investment made amounting to Rs.3,000,000.	At the Board meeting held on 21 January 2021, it was discussed about the selling of shares of the HDFCB. Hence, in order to obtain the approval, a letter had been furnished to the Director General of Public	Action should be taken to get the returns on investments.

Enterprises. Accordingly, a copy of the reply letter furnished to the Chairman of the Bank had also been sent to the Chairman of the Authority. It had been asked for the dividends for the year 2020 from the HDFCB. It was informed that as there was a loss for 2019, it was unable to pay the dividends.

**2. Financial Review**  
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**2.1 Financial Results**  
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The operating result of the year under review amounted to surplus of Rs.32,963,656 and the corresponding surplus in the preceding year amounted to Rs.18,186,738. Therefore, an improvement amounting to Rs.14,776,918 of the financial result was observed. The reasons for the improvement had been mainly attributed the increase of operating income by Rs.14,191,566 and decrease of operating expenses by Rs.1,898,229.

**3. Operational Review**  
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**3.1 Management Weakness**  
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<b>Audit Observation</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
Even though a sum of Rs.4,460,772 had been paid as the annual rent for the office building and payments made as the annual maintenance costs amounting to Rs.4,593,220 and Rs.1,434,114 for the year 2019 and 2020 respectively, a formal agreement had not been signed thereon.	The Housing Development Authority had increased the rent from Rs.404,055 to Rs.700,000 and it was requested to pay a sum of Rs.7.7 million as arrears in full since January 2020. Accordingly, although it was agreed to pay the monthly rent of Rs.700,000 by the CMA, payment of arrears in full since January 2020 was a issue to the CMA. Hence, a final decision in that regard had not been made and as a result, signing of the agreement was also delayed. Further, in order to recover the maintenance cost from the	Action should be taken to enter into agreement by the name of the Authority, as the Authority has the legal personality cuter into contracts.

rent amount, a request had been made to the Prime Minister to get the approval. A reply was received on that regard.

### 3.2 Operational Weaknesses

----- <b>Audit Observation</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
<p>The suggested amendments to the Common Amenities Act No.10 of 1973, had been included to the Action Plan of the year under review too, as same as it had been to included to the prior years annual plans with the specific dates. However, a progress had not been achieved on that regard up to end of the year under review. According to the letter furnished by the Legal Draftsman's Department on 16 December 2019, it had been informed that to obtain the approval from the new Cabinet of Ministers for that amendments. However, said approval had not been obtained.</p>	<p>The suggested amendments to the Condominium Management Act No.10 of 1973 and the Apartment Ownership Act No.11 of 1973 had been furnished to the Attorney General's Department on 30 June 2017. Accordingly, the amended draft submitted by the Legal Draftsman's Department to the Authority and in turn it had been resubmitted to that Department with further amendment need to be made to the draft on 16 December 2019. Then, Legal Draftsman's Department had suggested to furnish a cabinet paper including required amendments with a view to get the approval from the Cabinet of Ministers. As such, a cabinet memorandum had been furnished. Then, the Cabinet of Ministers had appointed a sub – committee to review the amendments and that sub – committee had furnished their recommendations to the Cabinet of Ministers on 10 November 2020. Based on that recommendations, a specialist committee had been appointed to reconsider the amendments. The members of that committee had been appointed and they scheduled to be met.</p>	<p>Action should be taken to achieve the planned objectives.</p>

### 3.3 Management of Motor Vehicle Fleet

Audit Observation	Management Comment	Recommendation
(a) A motor vehicle purchased for Rs.5,890,000 in the year 2011 had been insured for the above value in the year under review. The motor vehicle had been allocated to the Deputy Director General (Finance) since the year of purchase. The motor vehicle had been met with 16 accidents since the year 2012 to January 2021, and actions had been taken only on two occasions in terms of FR 104(3) and 104(4). Even though a sum of Rs.1,682,160 had been received as insurance claims for 13 accidents, those details had not been included to the files. Though this motor vehicle had been derived by said officer himself, an approval had not been obtained to do so.	The approval for the self-driving had not been obtained by the Deputy Director General (Finance) for the relevant period. It is further informed that other senior officers of the Authority have been obtained required approvals now for self-driving.	It should be complied with the motor vehicle management system and rules and regulations.
(b) Even though the above motor vehicle had been met with an accident on 01 October 2019, without having the police reports and the technical reports and violating the internal control procedures of relating to the Motor vehicle of the Authority, action had been taken. An invoice amounting to Rs.570,295 and bills amounting to Rs.251,350 had been furnished the Private Garage to the Authority and to Insurance Corporation respectively indicating difference values. The claim received from the insurance amounted to Rs.144,019 only. Even though the Garage had informed that finishing of the repairing on 23 December 2019, action had not been taken to bring the motor vehicle from the Garage to the Authority even up to 31 December 2020.	After conducting of preliminary investigations, a formal investigation (FR 104) has been conducting. According to the findings of the investigation, further actions to be taken. To release the motor vehicle from the Garage, discussions are conducting with them.	It should be complied with the motor vehicle management system and rules and regulations.

(c) Even though a motor vehicle belonging to the Authority had been met with an accident on 19 December 2019, it had not been recorded in the log book though a police report thereon was obtained. According to the Driver, the insurance Corporation had not aware the accident. Only a sum of Rs.500,000 had been received to recover the damage though it was estimated to obtain a sum RS.2,764,012. Although this motor vehicle had been kept in garage of the Agent of motor vehicle from 01 January 2020 to 30 June 2021, any repair had not been done.

These motor vehicles had not been assigned for duties of the Acting Deputy Director General (monitoring) and the fuel allowances had been paid with the approval of the Ministry. Since this motor vehicle had been used by the Deputy Director General (Monitoring) the movement of the vehicle had not been recorded in the main gate. Further, approvals for the duties and departing from the Head Office had not been obtained by the senior officers of the Authority as a practice.

It should be complied with the motor vehicle management system and rules and regulations.

**4. Accountability and good Governance**

**4.1 Budgetary Control**

**Audit Observation**

In terms of paragraph 8.1.3 of the Public Enterprises Circular No.PED/12 dated 02 June 2003, the amended approved budget by the Board of Directors should be furnished to the Department of Public Enterprises, relevant Ministry and the Auditor General the 15<sup>th</sup> days before beginning of the relevant financial year. However, the approval for the amended budget for the year 2020 had been obtained only on 23 November 2020 at the end of the year.

**Management Comment**

Due to change of the government at ending of the year 2019, appointment of Director Board including the Chairman had been delayed. Hence, the budget for the year under review, could not be able to furnished before the 15 day beginning of the financial year to the Department of Public Enterprises, Ministry and the Auditor General. However, subjected to the covering approval of the Board of Directors, the budget for the year 2020, had been sent to the above institutions on 22 January 2020. The approval on 23 November 2020 was obtained for the amended budget.

**Recommendation**

Action should be taken to obtain the approval for the budget as per the relevant procedure, so as to keep proper control over the budget.