

**1. Financial Statements**

**1.1 Qualified Opinion**

The audit of the financial statements of the State Ministry of Urban Development Waste Disposal and Community Cleanliness for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance, and cash flow statements 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 Urban Development Waste Disposal and Community Cleanliness was issued to the Chief Accounting Officer on 31 May 2022 in terms of Section 11 (1) of the National Audit Act, No. 19 of 2018. The Annual Detailed Management Audit Report of the Ministry was issued to the Chief Accounting Officer on 10 November 2022 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in pursuance of provisions in Article 154(6) 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 Urban Development Waste Disposal and Community Cleanliness as at 31 December 2021 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 described in Paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities 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 Responsibility of the Chief Accounting Officer and the Accounting Officer on Financial Statements**

The Chief 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 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 Chief 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 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 judgement and maintain professional scepticism throughout the audit. I also:

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 Ministry's 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 Chief 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

As required by Section 6 (1) (d) of the National Audit Act, No.19 of 2018, I state the followings:

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me the financial statements of the previous year had been implemented.

## 1.6 Comments on Financial Statements

### 1.6.1 Accounting Deficiencies

#### (a) Capital expenditure

The following deficiencies were observed in accounting capital expenditure relating to the financial statements.

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(i) The Ministry had spent Rs.8,280.18 million for development activities in the year 2021 under the infrastructure development expenditure item (2506) under other capital expenditure. But the assets arising out of the capital expenditure or the work in progress were not disclosed in the statements of accounts.	Disclosure facilities have not been provided through the accounting system introduced by the Treasury to identify the amount of assets or work in progress arising from capital expenditure and the relevant disclosures have been made in the accounts according to the current accounting system.	Appropriate action should be taken in consultation with the Treasury
(ii) The development activities under the Ministry's infrastructure development are carried out under various sectors of the Ministry and advance payments are made to the contractors to start the work. Therefore, out of Rs.848.32 million of those advances given for 50 sub-development projects, Rs.649.97 million which had not been recovered on 31 December 2021 would have been accounted as capital expenditure in the financial statement. The contract payment register was not maintained so that this amount could be identified separately.	At the time the advance guarantees are received and paid, they are accounted as an expense of the relevant expenditure item and for showing in the accounting records the outstanding advances at the end of the accounting year from projects running for more than one year and the facility of accounting as a separate receivable in the ledger accounts of the main ledger from the treasury is not capable of making adjustments according to the existing accounting system.	Appropriate action should be taken in consultation with the Treasury

**(b) Property, Plant and Equipment**

The following deficiencies were observed in accounting for Property, Plant and Equipment.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>(i) According to the vehicle list of the ministry, there were 19 vehicles owned by the ministry and when accounting for their estimated value of Rs.153.57 million, it was observed that Rs.4.5 million had been recorded less.</p>	<p>According to the 2021 valuation value of vehicles owned by the ministry, the vehicle, which was listed as Rs. 4 million, has been valued at Rs. 7 million. Since that vehicle was entered as an asset in the year 2017. Since the said vehicle was included as an asset in the year 2017, according to the Ministry of Finance and Mass Media's Asset Circular No. 04/2018 dated 31 December 2018, the vehicle valuation should be done every five years in compliance with the instructions given.</p>	<p>The total assets should be disclosed in the financial statements.</p>

**(c) Non-compliance with Laws, Rules and Regulations**

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

	<b>Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>		
	<p><b>Reference to Laws, Rules and Regulations</b></p>	<p><b>Value</b></p>	<p><b>Non-compliance</b></p>		
		<p><b>Rs. m.</b></p>			
(i)	<p>Financial Regulations of the Democratic Socialist Republic of Sri Lanka F.R. 104(4)</p>	<p>1.05</p>	<p>Regarding the accidents that happened to 03 vehicles, the responsible persons had not been determined after conducting final inspections according to the financial regulations and one vehicle had an accident on 21 September 2021, but 08 months have passed since the accident, no action was</p>	<p>Due to the situation of the covid epidemic in the country and quarantine situation, there was a delay in payments by the insurance companies and repairs. After making payments by the insurance companies, F.R.104(4) test should be carried out. In the three accidents, submission of full report under F.R.104 (4) was delayed. The committees</p>	<p>Financial regulations Should be done accordingly.</p>

taken to assess the loss and to recover the loss. appointed in connection with these investigations are F.R. 104(4) have conducted inspections and submitted reports.

## 2. Financial Review

### 2.1 Management of Expenditure

Indicate the audit observations revealed relating to preparation of annual budget estimates, transfer of provisions, making and utilization of provision by supplementary budget estimates, utilization and saving of provision.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The total amount of Rs. 718.5 million, which had been transferred for 03 expenditure objects under the F.R. 66, was remained	Although provisions have been made under F.R.66 based on the forecast for the expenditure objects, the provisions have been remained due to the non-occurrence of the expected expenses and for the object of expenditure 411-02-03-03-2506 had received bills of Rs.757.42 million, but due to non-receipt of funds, the bills were not able to be paid.	The estimates should be calculated realistically and the request for funds should be made within the stipulated time.
(b) From the amount of Rs.7.06 million allocated under 07 recurrent expenditure objects and Rs.12.50 million which was allocated under 16 capital expenditure objects, between 20% and 96% of the allocation of each expenditure subject, the total balance was Rs.3,607.87 million from the recurring provision of Rs.2.83 million and from the capital provision was Rs.3,605.04 million.	Agreed with the observation and as indicated in our accounts reports, the provisions of a number of major expenditure objects have been remained due to insufficient funds to pay the bills.	The estimates should be calculated realistically and the request for funds should be made within the stipulated time.

## 2.2 Certifications of Chief Accounting Officer

According to the provisions of Section 38 of the National Audit Act No. 19 of 2018, the Chief Accounting Officer should have made assurances regarding the following matters, but had not done so.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(i) Although the Chief Accounting Officer and the Accounting Officer should ensure that all audit queries are answered within the specified time limits as required by the Auditor General, as per paragraph 3.9 of the report, no action was taken to provide answers to an audit query beyond 166 days	No answers were given.	That the provisions of Section 38 of the National Audit Act No. 19 of 2018 should be followed.

## 2.3 Issuance and Settlement of Advances

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) It was decided to terminate the contract for development of Pitipana Talagala Phase 1 road In letter No. D/UD/UDA/2021/005 dated 09 November 2021 and letter No. TCDP/PRDA/W/01A dated 16 November 2021. The contractor's bank has been requested to receive the unsettled work advance amount of Rs.114.08 million related to the said project through the performance bond, but the bank refuses to pay according to the order of the Commercial High Court on 27 September 2022. It was informed on September 27 itself.	No answers were given.	Arrangements should be made to recover the advance amount.

### 3. Operating Review

#### 3.1 Non-achievement of expected Output Level

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) The contract to connect the new access road from Homagama High Level Road to Katuwana Junction with the High-Level Road under the Tech City Development Project was awarded for Rs.713 million. Although more than 3 years have passed since the start of the work, the road development work has been stopped for a distance of about 50 meters since 28 February 2022 due to land acquisition of two pieces of land and non-assessment of the compensation amount. This road was handed over to the Road Development Authority on 19 April 2022, Rs.540.83 million had been spent for the construction of that road, but due to the unfinished 50 meters distance to connect it with the main road, the road could not be used for public.	No answers were given.	Proceed as per the provisions of the Land Acquisition Act as well as Section 2.3.1 (b) of the Procurement Guidelines.

#### 3.2 Projects abandoned without completing

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Under the Western Province Transport Development Project, 03 of the 04 light rail tracks proposed for the transport system were planned to be done on a Public Private Partnership (PPP) basis. Rs. 453.58 million had been spent for a feasibility study of the transport system	Time was requested to give answers.	Necessary steps should be taken to implement the projects as planned.

in 2017, an evaluation of the environmental impact and an evaluation of the social impact. According to the approval of the Cabinet, the Procurement Committee of the Cabinet invited applications from investors in September 2018 and gave them a period of 6 months to submit proposals. The evaluation work of 17 investors who came forward was given to a foreign consulting company and Rs. 45.16 million had been paid. But this project was stopped due to a policy decision of the government and this project office was closed on 31 May 2022. For the project office from the year 2017 to October 2020 Rs. 196.65 million had been spent by this ministry. Accordingly, the total expenditure of Rs. 695.39 million had been idl.

### 3.3 Projects without Progress despite the release of Money

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The contract was awarded to the contractor for Rs.562.87 million on 26 October 2018 without assessing the value of compensation to the claimant parties for the acquisition of land for the development of Pitipana Talagala Phase 1 road and on 06 March 2019 and 27 November 2020 the total was Rs.114.08 million had been paid in advance for starting the work. Although it has been almost 4 years, the project was terminated due to a protest from the local residents due to non-following of procedures for land acquisition and compensation.	No answers were given.	After proceeding according to the provisions of the Land Acquisition Act, the procurement of contracts should be done. (As per clause 2.3.1 (b) of the Procurement Guidelines )



### 3.4 Other Observations

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) On 07 July 2016, a foreign company that claimed one piece of land that had been expropriated due to the delay in the payment of compensation during the acquisition of land for the widening of Diyawanna Oya under the Colombo Flood Control Project. Filed a case against the Government of Sri Lanka at the International Investment Dispute Settlement Center. For obtaining the assistance of foreign legal counsels for the case filed and the total cost, including the foreign travel expenses of the Attorney General's Department officials who represented it, was Rs. 405 million. This value also includes Rs.25.58 million payable to the Sri Lanka Land Development Corporation on 31 December 2021. According to the judgments dated 05 March 2020 and 02 December 2020, the foreign company should have paid 387,162.34 pounds to the Government of Sri Lanka. Due to the non-payment of this amount by the foreign company, the Ministry did not take the necessary measures to recover the amount until 31 October 2022.	No answers were given.	Necessary steps should be taken to recover the money.

### 3.5 Annual Performance Report

In terms of paragraph 10.2 of Public Finance Circular No.2/2020 of 28 August 2020, the Annual Performance Report should have been prepared in accordance with the Format specified in Guideline 14, issued by the Department of Public Finance. The following observations are made in this connection.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) In the year 2021, the ministry had planned to make 30 walking paths by allocating Rs.2,000 million, of which 3 paths should be completed by 30 June 2022 and all the remaining paths should be completed by	No answers were given.	Projects should be completed

31 December 2021, but only 4 paths had been completed. Work on 3 paths was suspended. The remaining 23 paths had not reached the target progress by 31 December 2021. As of 31 December 2021, Rs. 1,385 million had been spent for this. as planned.

- (b) In the year 2021, Rs.3,423 million had been allocated for the city development project to be implemented in the nine provinces, under which 57 sub-projects were planned to be implemented. As of 31 December 2021, 52 sub-projects had been implemented at a cost of Rs.2,122 million and the progress of those projects was as follows. No answers were given. Action plan should be followed.
- i. 09 projects were planned to be implemented in the Kandy district of the Central Province, but 03 projects were not implemented and the progress of 3 of the remaining 6 projects was between 10% to 23%.
  - ii. Out of the 11 implemented projects, there were 4 projects that had not met the physical goals by 31 December 2021, but had paid money exceeding the financial goals and although 7 projects had achieved 100% physical progress but had not paid any money.

### 3.6 Foreign Aid Projects

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<b>(a) Light Rail Transit Project</b>		
(i) Out of the 16 consultation reports that were to be delivered by the end of the year, the consultants have given only 11 reports and the project has reviewed only 7 reports among the received reports. 3 of them were not accepted by the project after review. According to the consultancy agreement, the provision regarding late fee recovery from the 5 late reports was not included in the agreement.	The advisory team had not started work as per the plan.	Consultancies should be properly monitored before payments are made and necessary provisions should be included in the contracts.

- |       |  |                       |  |
|-------|--|-----------------------|--|
| (ii)  | According to the order issued by the Presidential Secretary's letter dated 21 September 2020, the Secretary of the Ministry of Transport submitted a cabinet paper and requested the suspension of the light rail transit project, citing reasons such as the high cost of the project's productivity and the inappropriateness of the project to improve the infrastructure of the greater Colombo urban area. Then, by cabinet decision number 20/1450/312/002 dated 28 September 2020, the cabinet has ordered the secretary to the Ministry of Urban Development and Housing as the project implementation agency to suspend the project and close the project office. But it was observed that before submitting the memorandum to end the project which was started under the agreement, the observations of the Attorney General had not been taken in this regard. | No answers were given | A formal analytical study should be carried out before finalizing the project.                       |
| (iii) | According to the letter issued by the President's Secretary, while consultation reports have been prepared at a cost of Rs.4,418.32 million for the light rail transit project, the Ministry of Urban Development and Housing and the National Planning Department have been informed to establish a suitable alternative procedure. Based on that order, on 16 March 2021, the Minister of Urban Development and Housing has proposed a new project proposal called "Metro Railway Network system" as a project with public private participation. However, on 6 April 2021, the project proposal has also been withdrawn based on the cabinet order given through Cabinet Decision No. 21/0510/306/035.  | No answers were given | An alternative procedure should be introduced to use consultation reports without being ineffective. |
| (iv)  | Although the land acquisition for the construction of 21 hectares of depot for this project was done according to Section 10.1 of the Land Acquisition Act, no further action was taken regarding the land until August 2022 even after the completion of the project at the end of 2020.  | No answers were given | Further action should be taken regarding land.   |
| (v)   | Due to termination of activities on the light rail transit project last year, it had claimed a loss of USD 31.36 million, including USD 23.65 million receivable to the consulting company. The  | No answers were given | The appointed committee should discuss this immediately and  |

Cabinet has appointed a committee on 15 February 2021, to discuss it. After spending about 1 ½ years, this committee had submitted a report to the Cabinet on 26 October 2022, and a decision of the Cabinet regarding it had not been received by 10 November 2022. It was observed that due to delays in taking such decisions, interest may have to be paid for the period of delay as per General Condition No. 6.6 of the contract.

reach a decision.

- |      |   |                       |   |
|------|---|-----------------------|---|
| (vi) | According to the loan agreement signed on 23 May 2019 0.2 percent which was paid as the Front-End Fee which is 60.08 million yen equal to Rs.102.73 million, had become useless expenses due to the decision taking to suspend the light rail transit project in the previous year.   | No answers were given | That these costs should also be considered when deciding to terminate projects. |
| (c)  | Although the light rail transit project has been suspended since the end of last year, the advance amount given to Ceylon Electricity Board for starting the preparation of materials from Malambe to Battaramulla is Rs.36.01 million and for shifting underground utility lines and laying underground cables in Colombo city Rs.8.09 million, action had not been taken to recover that amounts till May 2022. | No answers were given | Correct steps should be taken to recover the cash advance                       |

### 3.7 Implementation of Projects under Domestic Financing

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) According to Cabinet Memorandum No. 14/1030/503/087 issued on 01 August 2014, Rs.14,017 million have been allocated for the disposal of 1,200 metric tons of municipal waste collect daily during the period 2015-2016 to start the sanitary landfill project . The Cabinet has given its approval on 5 September 2014. It was revealed that 32 lives were lost due to the non-implementation of the relevant project on in the landslide of the Methotamulla garbage dump. Later, the Aruwakkalu Solid Waste Management Project was implemented	The environmental assessment report was not approved by the Central Environment Authority due to the fact that the project in question is within the conservation zone of the Wilpaththu National Park. Due to this reason, the project could not be implemented during that time.	Steps should be taken to initiate the project within the planned time frame.  Necessary measures should have been taken to avoid inconvenience to the public.

**(b) Aruwakkalu Solid Waste Management Project**

- (i) which was also deprived of the support of 700,000 American dollars agreed by the World Bank for the due to the reasons stated that this project should be completed expeditiously, the total estimated amount of the contract, which was given to be implemented from the local fund, is USD. 120 million and its local value is Rs.19, 127 million. It was planned to start on 01 January 2018 and be completed by 30 June 2019, but Rs.18, 345.02 million had been spent to this project as at 31 December 2021. Despite the delay of 02 years, the project period has been extended till 31st July 2022 and till that date Rs.18, 601.49 million had been spent and Rs. 4,494.61 million for bills due on 31 December 2021. Although 02 years passed beyond the due date, the desired results could not be obtained from the relevant project.
- Design and construction of the project began in 2019 amid public opposition. Due to the country's shutdown and the prevailing health and legal situation, the contractor was unable to complete their construction work. Meanwhile, on 8 November 2021, the land of the Aruwakkalu project was flooded, there was a huge delay in the payment of the contractor's bills, and the country's economic situation, and power cut caused the contractor's construction work, especially the installation of machinery, to slow down the operations. However, so far more than 87% of the entire project has made physical progress.
- Urgent action should be taken to complete the project.
- (ii) Rs. 8.27 million 04 locomotive sets had been imported as on 31st December 2019. The warranty period related to the mechanical components of the locomotives had expired on 28 August 2022. 02 years have passed since import, but they could not be used for the intended purpose and were parked in the yards of the Railway Department and it was observed during the physical inspection that the spare parts of one locomotive were removed by the local representative of M/S Donfang Electricals International Corporation and attached to another locomotive.
- According to the letter sent by the Secretary of the Ministry of Urban Development and Housing to the Secretary of the Ministry of Transport dated 18 September 2020, permission has been given to the Sri Lanka Railway Department to utilize the above 4 locomotives until the operations of the Solid Waste Management Project related to the Colombo Metropolitan Area begin .
- Work should be done to reach the relevant goal.

- (iii) According to the contract for the purchase of 94 container boxes for the Aruwakkalu sanitary waste storage project, the 94 container boxes are to be received at the end of 2020, but after they are delivered, a suitable place has not been booked to store the boxes, so their delivery has been delayed until 30 April 2022, and the contract It was 16 months overdue.
- The relevant procurement should be completed by 23 August 2020. Due to the Covid-19 epidemic situation, according to the approval of the Standing Cabinet Procurement Committee held on 11 November 2021, the extension of the relevant letter of credit was extended until 30 April 2022, and on 30 April 2022, the relevant 94 container boxes were brought to Sri Lanka.
- Costs should be minimized.
- (iv) According to the plans of the Aruwakkalu Sanitary Garbage Depot, the concrete drain system that was prepared for the outflow of rainwater was constructed and no suitable system was prepared to deal with the future flood disaster situations. Therefore, on 09 November 2021, the garbage storage yard was flooded and the machinery was disabled, and by that time, the construction had not been completed and the damage had not been repaired by the contractor by 31 October 2022.
- Agree with the observations. At present, the Vanathavilluwa Divisional Secretary, the Chairman of the Divisional Council and the Central Environment Authority are working together to find alternative methods for the flow of rainwater. China Harbor Engineering Co Ltd has now begun to repair the damage to the sewage treatment system and laboratory and repair the repairable equipment and replace all the remaining equipment with their insurance money.
- Disaster situations should be considered and government property should be protected.
- (v) As it is the first project in Sri Lanka consisting of a sewage treatment system, with the execution of test 01 by the contracting company for that, the local experts were not given training on this technology and the necessary staff were not hired and the operational activities of the project were not started until 31 March, 2022 when the audit
- Although newspaper advertisements were published for senior positions, qualified persons were not recruited. However due to the non-completion of the construction work of Aruvakkalu and Kelaniya waste transfer station, it is
- As planned, the relevant goals should be met and the operational activities of the project should be started.

- was conducted.
- not possible to start the operational work of the project.
- (c) Creation of proposed Maritime Cities Development Project from Kollupitiya to Dehiwala Canal.
- (i) The construction of the proposed recreational beach from Kollupitiya to Dehiwala Canal was planned to start on 30 April 2017 and be completed on 31 December 2023 and the estimated cost for this is Rs.1820.78 million. The project feasibility study report and the environmental impact report had been completed by 31 December 2020 and for this, Rs.117.86 million had been paid to the National Aquatic Resources Research and Development Agency (NARA). The Ministry's project unit was assigned to the Urban Development Authority to take further action after the closure on 20 October 2020, and so far no further action has been taken.
- Time was requested to give answers.
- According to the plan, efforts should be made to achieve the desired goals while spending the government money while carrying out the project activities.
- (ii) During the acquisition of land for this project, the Urban Development Authority had provided houses for resettlement to 54 families residing in the areas under development and only 35 residents had settled in these houses. For this, Rs.40.42 million had been paid to the Urban Development Authority and as of 31 December 2021, Rs.90 million had been stated as liabilities.
- Time was requested to give answers.
- Issues related to land acquisition and placement should be resolved.
- (iii) From 2017 to 2020, Rs.99.37 million had been spent for running the project office and the overall physical progress was 47 percent as on 31 December 2021.
- Time was requested to give answers.
- Projects should be completed as planned and desired goals should be achieved.

### 3.8 Failure to reply Audit Queries

Replies to following Audit queries issued to the Ministry had not been furnished even by 31 October 2021

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Development of transport infrastructure under the Western Regional Tech City Development Project.	The passage was not answered.	The provisions of Section 38 of the National Audit Act No. 19 of 2018 should be followed.