

North Western Provincial Council –Year 2021

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the North Western Provincial Council for the year ended 31 December 2021 comprising the statement of financial positions at 31 December 2021 and the statement of financial performance 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(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 23 (1) of the Provincial Council Act No.42 of 1987 and provisions of the National Audit Act No. 19 of 2018. The summary report in terms of Section 23 (2) of the Provincial Council Act and Section 11 (1) of the National Audit Act No. 19 of 2018 was issued on 28 November 2022 and the Detailed Management Audit Report was issued on 31 October 2022 in terms of Sub-section 11 (2) of the National Audit Act. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Sub-section 10 (1) of the National Audit Act, No.19 of 2018 and the copy thereof will be submitted to the Governor to table in the Provincial Council in terms of Section 23 (2) of the Provincial Council Act No.42 of 1987.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of this report, the accompanying financial statements give a true and fair view of the financial position of the North Western Provincial Council as at 31 December 2021, 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

1.2.1 Accounting Deficiencies

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) The court charges and fines, and stamp duty revenue to be further received for the year under review had not been recognized and brought to account. The court charges and fines, and stamp duty revenue thus received	The relevant courts have been requested that the court fines and charges to be received for the year under review be given before 31 January of the next year. Similarly, discussions are in progress with the	The court fiens and stamp duty applicable to the year should be recognized and brought to account.

- in the year 2022 in relation to the year Provincial Revenue Commissioner to under review amounted to Rs. 107,157,442 and Rs.340,745,508 respectively. prepare certain method for the stamp duty revenue.
- (b)** The revenue of Rs. 1,516,750 in relation to the registration of nursing homes and private hospitals for the year under review and receivable revenue of Rs. 8,525,240 had not been included in the financial statements. The Private Medical Services Regulatory Commission credits the revenue received from the registration of private medical institutions to a special account of the Provincial Director of Health Services. The Medical Services Regulatory Commission and the Provincial Director of Health Services have been informed to credit this amount to the provincial council income. This revenue should be accounted for as the provincial council revenue.
- (c)** The court charges and court fines of Rs. 98,489,013 and stamp duty of Rs. 107,685,317 payable to the local government institutions in relation to the year under review had not been included in the financial statements. It is mentioned that the money payable to the local government institutions relating to the year under review will be included in the financial statements in due course. The liabilities that exist by the end of the year should be disclosed in the financial statements.
- (d)** There was a mismatch of sums totaling Rs. 84,333,580 in the balances as at the end of the year under review between the financial statement of the provincial council and the balances of the financial statements of each Object under the fixed assets relating to two Objects. The overstatement of a vehicle belonging to the Chief Ministry by Rs.67,500,000 and non-inclusion of the opening balance of furniture and office equipment of the Chief Secretariat amounting to Rs.16,833,580 in the financial statements have attributed to this situation. Assets should be precisely identified and included in the financial statements.
- (e)** The value of Rs. 565,238,100 under revaluation of the fixed assets in relation to two Objects had not been included in the financial statements. An estimated value of Rs. 11,665,000 relating to the vehicles of the Provincial Cooperative Department has not been included in the financial statements due to an omission and action will be taken on an assessment value of Rs. 553,573,100 related to the The values of revaluation of assets should be included in the financial statements.

lands of the Provincial Health Department in the future as per the instructions given by the Provincial Treasury

- (f) The constructions worth Rs.11,334,155 carried out by the Department of Probation and Child Protection Services under provincial specific provisions during the year under review had not been included in the financial statements. Necessary measures will be taken to assess the relevant building and update the register of non-financial assets in this year. Assets should be precisely identified and included in the financial statements.
- (g) The value of the computers worth Rs. 1,682,550 of the North Western Provincial Housing and Construction Department had been stated as Rs.337,550 in the financial statements, thus understating by Rs. 1,345,000. Steps will be taken to carry out the revaluation of non-financial assets of the public sector this year and update the asset register accordingly and to include it under the financial statement of the year 2022. The value of the asset should be correctly identified and brought to account.
- (h) Values of buildings and constructions, land and motor vehicles related to North Western Provincial Road Development Department had been understated by Rs. 19,623,580, Rs.153,094,463 and Rs.79,250,000 respectively while the value of the machinery had been overstated by Rs. 59,285,535 in the financial statements. Action will be taken to make corrections by comparing with the relevant schedules in the preparation of future financial statements. The value of the asset should be correctly identified and brought to account.

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

1.3 Responsibilities of Management and for the Financial Statements

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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management of each institution including the Provincial Treasury is responsible for overseeing the Provincial Council's financial reporting process.

As per Sub-section 16 (1) of the National Audit Act No. 19 of 2018, the North Western Provincial Council is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Provincial Council.

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 misstatements, 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 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;

- Appropriate audit procedures were designed and performed identify and assess the risks 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.
- Intentional omissions or the override of internal control may cause a fraud.
- An understanding of internal control relevant to the audit was obtained 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 Council'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 the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.5 Comments on the Financial Statements

1.5.1 Head – 201 The Governor of the North Western Province

Management Inefficiencies

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
Disclosures on an official vehicle which had been involved in an accident on 01 July 2020 was not made in the record of losses and damages and the financial statements. Similarly, according to the investigation report on this accident, the amount to be recovered from the driver was Rs.1,420,728.	Although the driver was informed in writing that the amount be paid before 31 March 2022, there was no reply. Therefore, necessary legal proceedings are in progress to recover that money from the driver by taking legal actions against him.	Action should be taken in accordance with the investigation report.

1.5.2 Head - 202 – North Western Provincial Council

Transactions of Contentious Nature

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
Despite not being given the powers by the Provincial Council Act, a sum of Rs.200,000 had been spent from the council funds for the funeral of a former parliament minister.	Since there was no possibility to make payments from the provisions received by the office for the year 2021, the payments were made by allocating provisions through a supplementary estimate in consultation with the Provincial Treasury.	Expenditure should be incurred in accordance with the provisions of the Provincial Council Act.

1.5.3 Head - 203 – North Western Provincial Public Service Commission

Management Inefficiencies

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
-----	-----	-----
Procedures needed to streamline the control systems such as calling for applications for conducting examinations, preparing examination question papers, operating examination centers, evaluating question papers, issuing results, etc. had not been established.	It is reported that preparation of the examination procedure of the North Western Provincial Council Public Service Commission is in the final stage and action will be taken to get the approval of the Honourable Governor through the Chief Secretary of the North Western Province with the approval of the Provincial Public Service Commission.	Existing control systems should be established and formal supervision should be maintained from the process of calling for the applications related to conducting the examinations to the process of issuing the results.

1.5.4 Head 210 - North Western Province Chief Minister and Ministry of Finance and Planning, Engineering Services, Law and Order, Education, Local Government & Administration, Economic Development, Environment, Water Supply and Drainage and Tourism.

(a) Deficiencies in the Contract Administration

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
-----	-----	-----
In terms of the agreement reached between the Chief Ministry with a consultancy firm on 24 August 2016 for obtaining consultancy services in connection with the redevelopment project of the Auditorium of the North Western Falk Art Centre, although the preparation of plans, contract documents and award of the contract should be done by 27 November 2016 and the	According to the agreement, it was decided that the construction of the auditorium should be started at the time of preparing the architectural plans for the construction of the redevelopment project under an overall land plan of the North Western Falk Art Foundation and preparing the structural plans for it. As a result, the preparation of architectural plans and	Action should be taken to get the relevant work done during the period of the agreement.

constructions should be completed by 27 November 2017, a delay was caused in providing the plans up to September 2018 and therefore, time up to 23 July 2019 had to be spent to complete the construction. As a result Rs.3,635,538 had to be paid as the price increase and a late fee of Rs. 4,940,000 too had not been recovered.

the structural plans of the auditorium was delayed.

(b) Activities Contradictory to the Objectives

----- Audit Observation -----	Comment of the Chief Accounting Officer -----	Recommendation -----
<p>Deviating from the intended purposes of the General Education Modernization Project implemented with the objective of reforming, diversifying, strengthening and improving the education system in Sri Lanka, 08 computer printers in Epson DF X 9000 brand had been purchased at a cost of Rs.4,988,880 for the Payroll system of 08 education offices in the North Western Province.</p>	<p>The Dot matrix printers have been purchased for provincial and zonal offices to fulfill the requirement of issuing salary slips for teachers. This requirement is fulfilled under the requirement of DLI 8 to increase the working capacity of teachers. By providing these facilities, it is expected that teachers will engage in the service satisfactorily.</p>	<p>Only the activities planned for the objectives of the General Education Modernization Project should be implemented</p>

1.5.4.1 North Western Provincial Early Childhood Education Development Authority

----- Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
<p>(a) No steps had been taken to set the standards for pre-schools administered by the local authorities and private pre-schools and to create management standards for them.</p>	<p>Even though amendments have been made to the relevant statute, there is no possibility to amend them again as the provincial councils have been dissolved. As soon as the necessary background is created, action will be taken to amend the statute.</p>	<p>Amendments to the statute should be made as required.</p>
<p>(b) Out of the pre-school work books printed by the Authority during the</p>	<p>Since this stock of books cannot be distributed free of charge or sold</p>	<p>Action should be taken to identify the</p>

period from 2011 to 2013, there was a remaining stock of work books worth Rs.1,685,056 that had not been used up to the end of the year under review.

among the children, a paper has been submitted to the Board of Management and a board of survey has been appointed to take some other action. Action will be taken to distribute the books among the children soon after the conduct of that survey.

requirement and print work books accordingly.

1.5.4.2 North Western Provincial Industrial Services Bureau

Audit Observation	Comment of the Accounting Officer	Recommendation
Evidence to confirm 18 assets and liabilities of the Bureau worth Rs.128,146,550 had not been submitted along with the financial statements.	Not commented.	In the submission of financial statements, the balance confirmation and age analysis should be correctly submitted.

1.5.4.3 North Western Provincial Folk Art Foundation

Audit Observation	Comment of the Accounting Officer	Recommendation
Although the main objectives of the North Western Folk Art Foundation is to protect and develop the traditional arts and crafts in the North Western Province and uplift such industries, out of the total items purchased by the Bureau during the year under review, items worth Rs.1,389,470 or 34 per cent had been purchased from the suppliers outside the North Western Province.	Since there are no brass, leather, batik manufacturers in the NorthWestern Province, the high-priced items have to be bought from outside the NorthWestern Province.	In accordance with the statutes of the North Western Province, action should be taken with the objective of protecting traditional arts and crafts in the North Western Province and promoting such products.

1.5.4.4 North Western Provincial Human Resource Development Authority

----- Audit Observation -----	----- Comment of the Accounting Officer -----	----- Recommendation -----
<p>(a) The authority maintains 09 bank accounts, and there is no formal financial management between those accounts. As a result, there was a bank overdraft of Rs.13,318,195 in one of the above accounts as at the end of the year under review although there was a net cash balance of Rs.42,771,486 of the Authority as at that date and the Authority had to bear Rs.1,343,876 as the interests and bank charges of the overdraft.</p>	<p>As many projects are being implemented under the revolving credit programme, bank accounts are thus maintained. Although salaries of the of security and janitorial services are due on the 10th of every month and provident funds before the last day of the month, the bank overdraft facility has to be availed as money is not received from the government institutions on the due date.</p>	<p>The bank currnt account activities should be maintained in keeping with the requirements.</p>
<p>(b) There was an arrears of revenue of Rs.7,130,611 and Rs.36,717,314 respectively under the security services and and janitorial services which are the main operating income of the Authority by the end of the year under review.</p>	<p>We provide services to the poorest sections of the population, and those sections are immediately affected by the economic and social impacts of the country. Even in the face of the economic crisis we are currently facing, processes have been followed to recover existing arrears.</p>	<p>Action should be taken to recover the arrears.</p>

1.5.4.5 North Western Provincial Environment Authority

----- Audit Observation -----	----- Comment of the Accounting Officer -----	----- Recommendation -----
<p>Although the post of Chemist of the Authority is a post of approved staff, no officer has been recruited for that post. As such, laboratory equipment worth Rs.2,208,000 purchased for laboratory activities had not been used for many years.</p>	<p>Not commented.</p>	<p>Action should be taken to fill the relevant post and sue the equipment for usedul purposes.</p>

1.5.4.6 North Western Provincial Development Authority

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) The tourism center which was built by the Authority at a cost of Rs.53.3 million in the year 2014 with the objective of creating a conducive environment for local and foreign tourists in the North West Province remained underutilized for more than a period of 05 years without generating any income.	Although action was taken to lease this center to the 'Colombo Sanctuary Resort' private company for a period of 10 years, due to the water problem, the commencement of operations has been delayed until a new water supply is obtained and the rest of the construction is completed.	Action should be taken to use the assets effectively.
(b) Although an expenditure of Rs.1,162,183 had been incurred for the "Puttalam Maritime Heritage" holiday resort belonging to the Authority in the year under review, the income earned was Rs.202,620 only.	It was proposed to lease this building to run it as a holiday resort for the Navy and the Board of Directors expressed their concurrence in this regard. The relevant letter has been forwarded to the Navy Headquarters and the necessary further work is in progress.	Action should be taken to make the resort to earn profit or to lease it.

1.5.4.7 North Western Provincial Machinery & Equipment Authority

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Although tax levied on specific charges should be remitted to the Commissioner General of Inland Revenue on or before 15 of the following month in terms of Inland Revenue Act, no action had been taken to settle the tax totalling Rs. 10,204,725 relevant to the year under review and the preceding years.	The payment of economic service charges and Nation Building Taxes levied under the Inland Revenue Act was missed due to the current financial difficulties of the institution and the payments will be made once the situation become favourable.	Action should be taken to pay tax within the prescribed period.
(b) The debtors' balance of Rs. 66,166,834 of the Authority as at the end of the year under review included an outstanding operating income of Rs. 7,049,985	As the outstanding amounts continuously remain as unrecovered loan balances in the accounts, action will be taken to deduct them from the	Action should be taken to recover the outstanding balances.

continued to exist from the year 2004 and accounts on the approval of the outstanding repair income of Rs. 739,755 Provincial Treasury. relating to the period 2009-2012.

1.5.5 Head 211 – North Western Provincial Department of Local Government

Management Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
No prompt action had been taken in connection with 04 surcharges of Rs.1,283,900 issued by the Auditor General in the year 2009.	The report containing the recommendations of the Commissioner of Local Government on appeals related to surcharges imposed in relation to Polpithigama Pradeshiya Sabha has been forwarded to the Ministry of Provincial Councils and Local Government and further action will be taken in accordance with the decisions communicated thereon.	The further action on the surcharges should be taken without delay.

1.5.6 Head 212 - North Western Provincial Department of Engineering

Management Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
Despite lapse of 02 to 04 years from making deposits totaling Rs.7,723,055 in the Department by various parties in 28 instances, no action had been taken to correct the deficiencies relating to the projects or otherwise, to pay the amount to the relevant parties or credit to the revenue.	Most of the relevant estimates have been released by now and only Rs.7,723,055 are in the deposit account as of 30 April 2022 in respect of 28 deposits. These balances are to adjust the existing deficiencies in the relevant construction projects.	Action should be taken to correct the deficiencies in the projects.

1.5.7 Head 213 - North Western Provincial Department of Education

(a) Management Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Although 32 incidents totaling Rs. 5,202,393 that was to further recover or write off or to waive by the end of the year under review included 04 incidents totaling Rs. 871,370 elapsed for more than 10 years, no expeditious measures had been taken thereon.</p>	<p>Action has been taken to inform the Director of Pensions in order to recover Rs.199,370 related to a retired officer and the loss of Rs.12,000 has been written off from the book and decision has not been taken regarding the loss related to computer theft of Rs.660,000.</p>	<p>Losses should be recovered by taking relevant decisions without delay.</p>

(b) Unresolved Audit Paragraph

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(i) No action had been taken to take due action regarding the responsible parties for the financial fraud of Rs.13.18 million took place in the Giriulla Education Zonal Office during the period 2007-2010 and thereby to recover the loss that remained receivable to the Provincial Council.</p>	<p>It is informed that discussions are being conducted with the Giriulla People's Bank, one of the parties responsible for this fraud, regarding the recovery of money.</p>	<p>Action should be taken to recover the loss and institute legal actions against the responsible parties.</p>
<p>(ii) The recommendations of the special investigation report regarding the non-preparation of bank reconciliations relating to general and teachers salary current accounts in the period 2007-2012 of the Ibbagamuwa Regional Education Office had not been implemented thus far.</p>	<p>The task of conducting a preliminary investigation regarding the officers who should be directly and indirectly responsible for the irregularities in handling bank accounts and the relevant process as indicated in the special investigation report has been handed over to the Provincial Public Service Commission.</p>	<p>The identification of the responsible parties and taking relevant actions should be expedited.</p>

(c) **Human Resource Management**

Audit Observation	Comment of the Accounting Officer	Recommendation
-----	-----	-----
(i) There were 77 principals who had served in the same school for more than 06 years in the jurisdiction of the Mahawa Education Zone, of which 04 principals had been working in the same school for more than 20 years and 53 principals for more than 10 years.	All the Zonal Education Directors have been instructed to balance the graded principals according to the category of schools.	Specific transfer policies should be followed.
(ii) Under the academic staff to be available according to the Circular No. 06/2021 dated 28 April 2021 of the Secretary to the Ministry of Education (Line), the number of teachers vacancies in Sinhala, Tamil and English medium in the schools belonging to the jurisdiction of Chillaw Zonal Education Office was 324, 37 and 36 respectively and the number of vacancies in the posts of principal, deputy principal and the assistant principal was 41, 43 and 45 respectively.	Requests have been made to the North Western Provincial Chief Ministry and the Line Ministry in order to recruit new teachers for all the teachers vacancies in the province.	Interruptions to the education activities should be minimized by managing vacancies/excesses.
(iii) Although there were approved graded principals to suit to 55 schools in the jurisdiction of the Mahawa Education Zone, appointments had not been made so as to balance the grade holders.	All the Zonal Education Directors have been instructed to balance the graded principals according to the category of schools.	Prescribed transfer policies should be followed.

1.5.8 Head - 220 North Western Provincial Ministry of Cooperative Development and Trade, Land, Power and Energy, Sports and Youth Affairs, Culture and the Arts and Information Technology

Failure to Achieve the Expected Out Put

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
<p>(i) Although it had been stated that the objective of the cooperative development programme is to make cooperative entrepreneurship an active participant in the social and economic development process by utilizing the funds received under the provincial specific development grants, instead of achieving that overall objective, only Mahava Cooperative Assistant Commissioner's Office and Auditorium had been built at a cost of Rs.7,700,000 from the year 2019 to 2021.</p>	<p>Since the officers of the societies belonging to areas far away from Kurunegala such as Mahawa, Galgamuwa, Polpithigama had to get services from the Kurunegala Assistant Commissioner's Office and there was no nearest office to supervise their activities, the Mahawa Assistant Commissioner's office was commenced in 2016. Plans were drawn to construct a new building in the year 2018 due to insufficient space of the established office and lack of a meeting hall.</p>	<p>Action should be taken to allocate provisions to achieve the overall objectives.</p>
<p>(ii) Although the Ministry had provided sets of solar power panels at a cost of Rs.12,207,948 for 135 houses and 10 fishing piers in 'Uchchamuni' fisheries village on 21 December 2018. Those solar power panels remained dysfunctional at the time of audit field inspection on 20 January 2022.</p>	<p>Answers will be presented once the North Western Provincial Department of Engineering provide the replies.</p>	<p>The reasons that contributed to the failure of the project should be identified and action should be taken to achieve the objectives of the project.</p>

1.5.8.1 North Western Provincial Cooperative Development Fund

----- Audit Observation -----	----- Comment of the Accounting Officer -----	----- Recommendation -----
(a) An average balance of about Rs. 26,344,048 remained underutilized in the current account of the Fund throughout the year under review.	It is kindly mentioned that the amount of working capital required when the cooperative societies apply for loans is retained in this account.	By identifying the required amount, the excess money should be invested.
(b) A sum of Rs. 65,504,446 that had been recovered as the court fines through the court actions taken relating to the unpaid loans of the loans granted by the Fund and received by the Cooperative Commissioners Offices from the courts was not released to the relevant cooperative societies even up to the end of the year under review.	It is kindly informed that the court fines retained in the Chillaw Cooperative Development Assistant Commissioner's Office have been released by February.	Action should be taken to release this money to the relevant cooperative societies.

1.5.9 Head 221 - North Western Provincial Department of Cooperative Development

(a) Operating Inefficiencies

----- Audit Observation -----	----- Comment of the Accounting Officer -----	----- Recommendation -----
(i) The cumulative loss of 17 societies of the Assistant Commissioner of Cooperative Development Divisions of Hcillaw and Mahawa was Rs.180,015,752 and plans had not been made to identify those societies which were continuously suffering losses and make them profitable.	It is informed that the reply will be submitted after receiving them from the Offices of Assistant Commissioner of Cooperative Development of Chillaw and Mahawa.	The Department should provide necessary guidance to the cooperative societies.
(ii) According to Section 43(I) of the Co-operative Societies Act No. 05 of 1972 and 43(II) of the Co-operative Rules 1973, every	It is informed that the reply will be submitted after receiving them from the Offices of Assistant Commissioner of Cooperative	Relevant money should be recovered in accordance with the Act.

registered society shall pay an amount not exceeding 10 per cent and not less than 5 rupees of the net profit of the cooperative society to the Cooperative Fund every year as contribution. Nevertheless, the amount of contribution due from the cooperative societies within the jurisdiction of Chillaw and Kuliapitiya Assistant Cooperative Commissioner's Office was Rs.23,665,678 by the end of the year under review.

(b) Management Inefficiencies

----- Audit Observation -----	----- Comment of the Accounting Officer -----	----- Recommendation -----
<p>(i) Investigations on the financial frauds of Rs.170,365,590 which took place in the jurisdictions of Chillaw, Kuliapitiya and Mahawa Cooperative Development Assistant Commissioner's Office had not been conducted up to the end of the year under review.</p>	<p>It is informed that the reply will be submitted after receiving them from the Offices of Assistant Commissioner of Cooperative Development, Kuliapitiya, Mahawa and Chillaw.</p>	<p>Action should be taken to recover the money by conducting disciplinary inquiries expeditiously or to follow disciplinary proceedings.</p>
<p>(ii) Due to the lack of a specific provision regarding the recovery of the loan from the persons who were sentenced to prison for defaulting the outstanding loans in taking court actions relating to the unpaid loans of the loans granted from the Cooperative Fund, there was a receivable debt balance of Rs.34,855,000.</p>	<p>It is informed that the reply will be submitted after receiving them from the Offices of Assistant Commissioner of Cooperative Development, Kuliapitiya.</p>	<p>Action should be taken to obtain a security bond or prepare provisions regarding the recoveries.</p>

<p>(iii) According to the letter of the Commissioner of Cooperative Development and Registrar of Cooperative Societies of the Department of Cooperative Development (Line) No.C.D.F.R./10/05 dated 18 May 2020, essential food items worth Rs.54,077,834 had been issued to cooperative societies in the North West Province, of which the amount further to be settled by the end of the year under review was Rs.18,325,600.</p>	<p>It is informed that the replies will be given in due course.</p>	<p>Action should be taken to settle the relevant money without delay.</p>
--	---	---

(c) **Deficiencies in the Contract Administration**

Audit Observation

Due to the reasons such as payment of Rs.3,572,020 in excess of the amount indicated in the Bill of Quantity, the value of the works done less than the estimated amount being Rs.2,201,796 and failure to carry out 30 items of work with estimated cost of Rs.2,007,840 and spending Rs.2,471,835 for 18 additional items of work, it was observed that attention had not been focused on the basic engineering facts to be considered in the preparation of plans and estimates relating to the construction of the meeting hall of the Mahava Cooperative Assistant Commissioner Office with a contracted cost of Rs.14,848,184 and due to carrying out additional items of work deviating from the procurement process, the selection of the right contractors by submitting competitive bids had also been lost.

Comment of the Accounting Officer

It is informed that the reply will be submitted after receiving them from the Provincial Department of Engineering.

Recommendation

Estimates should be prepared by giving attention to basic engineering facts.

1.5.10 Head 222 - North Western Provincial Department of Land Commissioner

Management Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
(i) There existed longstanding arrears of tax balance of Rs. 64,631,285 for more than 03 years and Rs.28,067,705 between 2 to 3 years from 23 Divisional Secretariat areas as at 31 December of the year under review.	All possible efforts to collect the arrears of tax are taken by the Divisional Secretariat and the Department and as it is not practical to take legal action in all cases, efforts will be made to recover money as much as possible.	Action should be taken to recover the arrears of tax.
(ii) About 39.85 hectares of land situated in Arachchikattwa Divisional Secretariat Division had been given to the National Aquaculture Development Authority for commercial aquaculture by the Extraordinary Gazette No. 2019/20 dated 08 March and 32.38 hectares of the above land had been leased for 200 projects in the year 2017 according to the Cabinet decisions. Nevertheless, due to the non-implementation of those projects, the government had lost an income and the land has grown wild at present.	Out of this land, 50 acres were leased to a company and 29 acres were leased to the All Ceylon Multi-Day Fishing Vessel Owners' Company, and these activities have been suspended due to the cancellation of the Cabinet decision. By the letter No. NQ/1/12/4/33 and dated 07 January 2022 of the Chairman of Sri Lanka National Aquaculture Development Authority, a request has been made to formally transfer this portion of land to the Ministry of Fisheries.	Action should be taken to use the government lands effectively.

1.5.11 Head - 230 North Western Provincial Ministry of Health, Indigenous Medicine, Social Welfare, Probation and Child Care Services, Women's Affairs and Council Affairs

Management Inefficiencies

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
Out of the Women's Societies established in 46 Divisional Secretariat Divisions in the North Western Province, 414 societies remained inactive.	The Women Development Officers have been instructed to maintain the societies which have become inactive due to various reasons and due to the situation of COVID 19 as Diriya Vanita Societies using new technology and to activate the inactive societies expeditiously.	Action should be taken to make the inactive societies into active societies.

1.5.12 Head 231 - North Western Provincial Department of Health Services

(a) Non-compliance with Laws, Rules, Regulations and Management Decisions.

Reference to Laws, Rules and Regulations and Non-compliance	Comment of the Accounting Officer	Recommendation
(i) In terms of Provincial Financial Rule 83.5, the approval and certification of the vouchers shall not be done by the same officer. Nevertheless, 57 vouchers worth Rs.11,860,455 had been approved and certified by the District Health Services Director of the Puttalam District Health Services Office and made the payment.	You will be informed of the steps taken in this connection in the future.	Provincial Financial Rules should be followed.
(ii) In terms of Provincial Finance Rule 169.1, all vouchers should be certified by the certifying officer. Nevertheless, 16 vouchers worth Rs.437,091,515	You will be informed of the steps taken in this connection in the future.	Provincial Financial Rules should be followed.

in the Puttalam Regional Health Services Office had not been certified.

(b) Management Inefficiencies

Audit Observation

Although the Puttalam Divisional Health Services Directorate Office had purchased 13 computer notebooks worth Rs.1,618,500 and 12 computer systems worth Rs.1,627,200 and distributed them among 13 Medical Officers of Health offices under the Primary Health Services Empowerment Programme in the year under review, the Primary Health Services Empowerment Programme was not implemented in those offices . Similarly, equipment worth Rs.7,796,392 which were not applicable to the intended objectives of this project had also been purchased.

Comment of the Accounting Officer

This item of work has been approved by the PSSP 2021 Plan under DLI 5. Accordingly, the mentioned items of equipment have been purchased and distributed among the relevant hospitals.

Recommendation

Funds should be used for the intended purposes.

(c) Operating Inefficiencies

Audit Observation

(i) Out of the drugs received by the North Western Provincial Department of Health Services from the Medical Supply Division (MSD) from the year 2017 to 2021, drugs worth Rs. 20,359,065 had failed in quality and the drugs worth Rs. 33,923,933 had expired.

(ii) Out of 44 hospitals belonging to the Kurunegala District Health Services Office, the Medical Supply Management

Comment of the Accounting Officer

The drugs which were nearing the expiration in Kurunegala district were distributed to other institutions according to the requirement from the year 2017 to the year 2021 and all heads of institutions have been instructed to pay special attention to the expiry of drugs.

The Colombo Medical Supply Division has been informed to make necessary arrangements to implement this system in phases for other health

Recommendation

Action should be taken to conduct monthly medicine committees and to install the software systems in every hospital.

Arrangements should be made to install the relevant system expeditiously.

Information System (MSMIS) institutions as well.
 on the expiry of medicines had
 been installed only in 05
 hospitals.

(d) Assets Management

Audit Observation

The North West Provincial Health Services Department owned 251 government quarters and 135 of which had been occupied while 21 quarters had been used for another purposes. Sixty seven quarters suitable to occupy remained idle without being used and 28 quarters were completely dilapidated. Out of the 21 quarters used for another activities, 13 had been used as on call medical rooms without the approval of the Chief Secretary.

Comment of the Accounting Officer

The all heads of institutions have been informed not to use the quarters as medical on call rooms without the approval of the provincial chief secretary. As it is necessary to maintain medical on call rooms for patients care services of the hospitals, the usable official quarters have been used for that purpose.

Recommendation

In using government quarters for other purposes, due approval should be obtained therefor.

(e) Management Inefficiencies

Audit Observation

One hundred and twenty units of lands comprising total land area of 81 acres 01 rood and 35 perches in 03 base hospitals and 24 regional hospitals, 54 primary care units, 26 Medical Officer of Health offices and 13 institutions had not been vested in the Department.

Comment of the Accounting Officer

Action is being taken in accordance with the Land Acquisition Act and court cases are pending on certain land transfers. It is informed that the acquisition and transfer of land is a complicated process.

Recommendation

Action should be taken to clear relevant properties.

(f) **Staff Administration**

Audit Observation

According to the approved cadre information of the North West Provincial Department of Health Services for the year 2021, the approved cadre for 104 designations was 8399 and the staff in the service was 7023. There were 1744 vacancies for 71 designations and 368 excess cadre for 11 designations.

Comment of the Accounting Officer

Out of the posts approved for the Provincial Department of Health Services, the Provincial Council can make direct recruitments only to the staff belonging to the primary category and as new recruitments are not made temporarily, the relevant vacancies can be filled after receiving instructions thereon. The Line Ministry has been informed to recruit the other staff. Arrangements are being made to revise the approved cadre in exigencies of the services.

Recommendation

Vacancies/excesses should be balanced and necessary staff should be recruited.

1.5.13 Head 232 - North Western Provincial Department of Ayurveda

Staff Administration

Audit Observation

Although 08 posts of Medical Specialist had been approved for the Department, 04 posts remained vacant. Due to the vacancies of the post of medical specialist, the people of the province were unable to get the maximum service that could have been obtained through the Ayurvedic medical practices.

Comment of the Accounting Officer

All the activities relating to recruitment and promotion of Medical Specialists are carried out by the Department of Aurvedha at Navinna.

Recommendation

Action should be taken to fill vacancies by involving in the relevant institutions.

1.5.14 Head 233 - North Western Provincial Department of Social Services

Management Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
The lands of 23 elderly homes, 07 skill development centers of the children with special needs and 06 residential centers for the disabled belonging to the department had not been taken over by the department.	Twenty homes and lands belonging to the Department of which transfers were not completed cannot be taken over due to not expressing consent of the relevant parties to vest the lands and acquisitions/transfers can be done only for 16 lands. Acquisitions/transfers of lands are being done at present.	Acquisitions should be done expeditiously.

1.5.15 Head - 234 - North Western Provincial Department of Probation and Child Care Services

Non-compliance with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules and Regulations and Non-compliance	Comment of the Accounting Officer	Recommendation
In terms of Asset Management Circular 04/2018 dated 31 December 2018 of the Comptroller General, land belonging to the Department of Probation and Child Protection had not been assessed and included under property, plant and equipment.	Requests have been made to the Department of Valuation to assess lands and buildings and it is mentioned that valuation will be done in the future.	Action should be taken in accordance with circular provisions.

1.5.16 Head 240 - North West Provincial Ministry of Roads, Transport, Housing and Construction, Industry and Rural Development

Management Inefficiencies

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
An official residence belonging to the Ministry had been provided for the use	Although action was taken to recover the monthly rental related to the	Action should be taken to recover the

of the Mayor of Kurunegala on 06 November 2021 and the monthly rent applicable to that official residence had not been recovered in accordance with the provisions in Section 5 of Paragraph xix of the Establishments Code.

official residence from the salary or 12.5 per cent from the allowance as stipulated in Section 5 of Chapter xix of the Establishments Code, that money had not been collected and sent by the Kurunegala Municipal Council as yet.

arrears of the rental of the official residence in accordance with Section 5 of Chapter xix of the Establishments Code.

1.5.16.1 North Western Provincial Road Passenger Services Authority

Audit Observation	Comment of the Officer	Accounting	Recommendation
<p>(a) It had not been possible to recover the monthly running chart charges of Rs.15,735,000 and related late fee of Rs.2,509,000 during the period from 2013 to 31 December 2021.</p>	<p>A committee inclusive of the related parties has been appointed to recover the arrears of fees and action will be taken to recover the due arrears through that committee.</p>		<p>Action should be taken to recover the arrears of monthly running chart charges.</p>
<p>(b) It had not been possible to recover the entry ticket fee of Rs.3,201,000 and the late fee of Rs.466,300 receivable to the Authority relating to the period from 01 January 2013 to 31 December 2021.</p>	<p>A committee inclusive of the related parties has been appointed to recover the arrears and action will be taken to recover the arrears immediately.</p>		<p>Action should be taken to recover the arrears of monthly entry ticket fee.</p>
<p>(c) The authority had not been able to recover additional travel revenue fees of Rs.3,419,000 and late fees of Rs.733,400 relating to the period from the year 2019 to 31 December 2021.</p>	<p>Out of the additional travel revenue to be received by the Authority from 2019 to 31 December 2021 of the year under review a sum of Rs.312,000 and late fee of Rs.34,000 have been recovered as at 30 April 2022.</p>		<p>Action should be taken to recover the receivable additional travel revenue.</p>
<p>(d) Even though Rs.73,094,019 had been spent including Rs.61,283,694 as provincial specific provisions and Rs.11,810,415 from the funds of the Authority for the construction of the new office complex of the Authority from the year 2016 up to the date of audit in 2021, relevant land had not been taken over even by the end of the year under review.</p>	<p>The taking over of the land in which the Authority is maintained is carried out by the Ministry of Transport.</p>		<p>Action should be taken to take over the land properly.</p>

1.5.16.2 North Western Provincial Housing Constructions and Development Fund

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Although the main objective of the North Western Housing and Construction Development Fund established in the year 2012 in accordance with Section 9 (i) of Part 02 of the North West Housing and Construction Statute No. 04 of 2012 is to implement, coordinate, monitor and follow up housing and construction development projects in the North Western Province, the number of projects initiated by the Fund from the year 2012 up to the end of the year under review was only 04 and only 02 of the above projects had been completed.</p>	<p>The “Thirasara iv” project is in the final stage and the board of governors of the Fund had decided to construct an apartment complex under the “Thirasara v” project.</p>	<p>Action should be taken to carry out the expected objectives of the Fund.</p>

1.5.17 Head - 241 North Western Provincial Road Development Department

Management Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Although 14 vehicles worth Rs.54.35 million had been provided to the Department by another institutions, no action had been taken to take over the said vehicles.</p>	<p>It is informed that necessary arrangements will be made to expeditiously take over these vehicles which have been given to our office over several years.</p>	<p>Action should be taken to properly take over the vehicles received by the Department from another institutions.</p>

1.5.18 Head 242 - North Western Provincial Department of Housing and Constructions

Management Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>There was an outstanding balance of Rs.5,340,515 due from 102 debtors in relation to the loans given under the Wyamba Diriya loan scheme implemented in collaboration with the State Mortgage and Investment Bank.</p>	<p>Action will be taken to recover the loan under the normal procedure followed by the bank in the recovery of loans and the State Mortgage and Investment Bank informed me that steps have been initiated to institute legal action regarding 16 files.</p>	<p>Action should be taken to recover the outstanding loans.</p>

1.5.19 Head 243 – North Western Provincial Department of Industrial Development

Operating Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Although the prime mission as well as the objective of this Department is to provide vocational training in relation to promotion and protection of the local and traditional industries in the North Western Province, the apprentice training in 2019, 2020 and 2021 was 771, 360 and 247 respectively, thus decreasing by 53 per cent in 2020 and 68 per cent in 2021 compared to the year 2019.</p>	<p>The reasons such as closure of education and vocational training sectors due to the Corona pandemic situation, the motivation of apprentices to engage in education activities using the online method for another job, and joining groups of youths to various training opportunities have mainly contributed to the decrease in the number of apprentices enrolled for training.</p>	<p>A systematic programme should be prepared to provide professional training related to the promotion and protection of local and traditional industries.</p>

1.5.19.1 Item No. 24302 “Commercial Advance Account on Maintenance of Industrial Schools including Supply of Raw Materials” of the Nort Western Provincial Department of Industrial Development

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(a) Without being taken action to take over the lands worth Rs. 800,000 and Rs. 600,000 where the Yapahuwa Carpenter Factory and Paragammana Coir Factory was situated to the Department, those had been eliminated from the land register in the year under review.</p>	<p>It is kindly informed that the lands of the Yaphuwa and Paragammana centers was eliminated from the land registry as the Department does not have the right to those lands.</p>	<p>Action should be taken to include in the land registry the land where the factory is situated and to take over the lands that have not been taken over.</p>
<p>(b) The land worth Rs. 16,000,000 where the Udaragama Clay Factory is situated belongs to the Land Reformation Commission and it had not been taken over even by the end of the year under review.</p>	<p>It is kindly informed that necessary documentation activities relating to the taking over of this land are continuously in progress</p>	<p>The relevant transfers should be expedited.</p>
<p>(c) By the end of the year under review, there was an outstanding balance of Rs. 2,102,970 due from 93 persons over a period of more than 10 years in relation to the Commercial Advance Account.</p>	<p>A committee inclusive of staff officers has been appointed relating to the write off of loans and steps are being taken to obtain recommendations through the report of that committee.</p>	<p>Appropriate measures should be taken to settle loan balances.</p>

1.5.19.2 Item No. 24303 “Commercial Advance Account on Maintenance of Textile Centers including Supply of Raw Materials” of the Nort Western Provincial Department of Industrial Development

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(a) The total receivable debtors’ balance of Rs. 23,398,164 as at 31 December of the year under review included a balance of Rs. 9,880,130 due over a period from 01 to 23 years.</p>	<p>Arrangements are being made to obtain recommendations regarding the recovery or write-off of loans of the previous years. A formal disciplinary inquiry regarding</p>	<p>Necessary measures should be taken to settle the receivable loan balances.</p>

recovery of loans in 2013 and 2014 is in progress and the Attorney General's Department has been informed to take legal action.

- (b) The ownership of the land and buildings relating to 68 places where Janasalu centers and shops are maintained has not been taken over and the value of those properties amounted to Rs. 23,400,000 as per the financial statements. The taking over of lands and buildings was commenced several years ago and it is kindly informed that the relevant activities are in progress at present. Arrangements should be made to take over the lands and buildings.

1.5.20 Head 244 - North Western Provincial Rural Development Department

Delay in the Execution of Projects

Audit Observation	Comment of the Accounting Officer	Recommendation
In relation to the Walpola drinking water project, the construction of the well, preparation of the water motor room and installation of the motor, construction of the sump tank and the laying of the water pipe up to that tank had been done 03 years ago. Although Rs.4,308,220 had been allocated during the year under review to provide water to the people in the area, the work had not been completed during the year under review.	The constructions of this work could not be completed on the due date due to the Covid epidemic situation in the country , the difficulty in procuring goods and services and due to the excessive increase in material prices.	Action should be taken to provide drinking water to the beneficiaries by completing the project works.

1.5.21 Head - 250 North Western Provincial Ministry of Agriculture, Irrigation, Fisheries, Animal Production and Health and Agrarian Development

Management Inefficiencies

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
Approval had not been obtained from the Provincial Council through a statute or Rules for the establishment of Deewara	It is informed that necessary arrangements are being made to refer the drafted Rules for the Fund to	Statutes/Rules should be prepared without delay.

Saviya Revolving Fund, which is in the Legal Division. operation since the year 2008.

1.5.21.1 Item No. 25002 Entrepreneurship Development Services Integrated Breeding Farm – Mawathagama

Audit Observation	Comment of the Accounting Officer	Recommendation
Even though Rs.3,762,207 had been spent for the construction of the Mawathagama Animal Breeding Farm by the year under review with the objective of producing high quality dairy cattle with high production and quality characteristics suitable for the North West Province and supplying them to the field, the relevant buildings remained idle without being used for the achievement of the above objectives even by the time of the spot inspection conducted on 03 February 2022.	Plans have been drawn to implement this farm through the Public and Private Partnership (PPP)	Action should be taken to use the animal breeding farm as an active farm.

1.5.21.2 Item No. – 25003 Wariyapola Tissue Culture Laboratory Commercial Advance Account

Audit Observation	Comment of the Accounting Officer	Recommendation
A stock of raw materials worth Rs.1,041,010 existed at the beginning of the year under review in relation to the Wariyapola Tissue Culture Laboratory Commercial Advance Account remained underutilized without using in the year under review as well.	Laboratory activities were not done in the year 2021 and accordingly, the stock of raw material remained unchanged.	The stock of raw materials should be used effectively before the expiry.

1.5.21.3 North Western Provincial Regional Source Development Authority

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(a) The arrears of revenue of the Authority as at the end of the year under review was Rs. 43,475,845 and it included a balance of Rs. 2,150,000 older than 05 years due from the Wildlife Conservation Department.</p>	<p>A number of written requests have been made so far in connection with the recovery of Rs.114,850 due from the Divisional Secretary, Arachchikattuwa and the Legal Division of the North Western Province Chief Secretariat has been queried for resolving the issue on the recovery of Rs. 480,000 due from the “E Seven Lanka” private company.</p>	<p>Action should be taken to recover the balances due.</p>
<p>(b) The cost of currently underutilized assets that had been purchased for the fish processing project started by the Authority in 2007 is Rs.3,909,360 and the assessed value of those assets in 2014 was Rs.1,850,000 The current assessed value thereof had not been calculated.</p>	<p>Based on the recommendations of the report of the committee appointed to continue future activities regarding the idle assets of this Authority and the recommendations of the underutilized assets valuation report, these items of equipment have been handed over to the North Western Provincial Machinery Authority with the approval of the Board of Directors.</p>	<p>Assets should be completely used or necessary other course of action should be taken.</p>

1.5.22 Head 251 - North Western Provincial Department of Agriculture

Management Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>No action had been taken to properly dispose of 10 vehicles that had been withdrawn from use by the Department over a number of years.</p>	<p>This has been sent to the Chief Secretary in the year 2020 for disposal and on completion of those activities, action will be taken to dispose of them from the documents.</p>	<p>Action should be taken to properly dispose of the idle vehicles from the institute.</p>

1.5.22.1 Item number 25102 North Western Provincial Department of Agriculture Commercial Advance

Account for “Management of farm activities and supply of seed paddy”

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(a) The debtors’ balance as at 31 December of the year under review was Rs. 5,476,589 and there was no related age analysis.</p>	<p>It is informed that action will be taken to inform the farmers to submit the age analysis on debtors from this year.</p>	<p>Age analysis on debtors should be prepared.</p>
<p>(b) The land of about 104 acres on which the Wariyapola Government Farm established around 1918 is located had not been taken over to the North Western Provincial Department of Agriculture and although the land had been allocated for the construction of buildings and offices for 07 other government offices in the farm land at present, those extent of lands had not been assigned in writing by plans.</p>	<p>In order to take over the ownership of the farm land, requests have been submitted for the survey activities and the necessary work is in progress.</p>	<p>Action should be taken to properly take over the land.</p>
<p>(c) A 'John Deere' harvester valued at 4 million rupees remained idle at Wariyapola Government Farm from the year 2015 up to the end of the year under review.</p>	<p>Arrangements are being made to hand over this machine to the Nikaveratiya Seed and Planting Material Centre.</p>	<p>Action should be taken to use the assets in effective purpose.</p>

1.5.23 Head 252 - North Western Provincial Department of Animal Production and Health

Management Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(i) Although the farmers who initially obtained the animals under the Tenant Cow Project should return the animal to a successor farmer after the tenancy period (4 years), there were instances where animals had not so been given in the jurisdictions of Alavwa and Wariyapola Veterinary Offices. Similarly, no action had been taken to obtain the value of animal instead.</p>	<p>In relation to the Tenant Cow Project Instructions have been given to settle the issues at the veterinary office level and to release them from the tenancy or if there are reasonable grounds, to follow the method of writing off from the book.</p>	<p>Action should be taken in accordance with the objectives of the project.</p>

- (ii) Although a sum of Rs.1,469,000 had been spent to establish the machine operation system in the manufactory in which the milk-related products are prepared during the year under review, the homogenizer could not be operated due to the failure of the starter part of the machine. It is mentioned that the homogenizer is now in operable condition after "starter" part of the system was newly replaced. The entire system should be made operable.

1.5.24 Head - 253 - North Western Provincial Department of Irrigation

Delayed Projects

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Although Rs.1,128,892 had been spent by 31 December of the year under review on 11 projects with an estimated cost of Rs.7,945,669 implemented during the year under review under provincial specific provisions, those projects had not been completed.</p>	<p>Due to the inundation of the irrigation projects by the heavy rains and due to the Corona epidemic, these projects could not be completed.</p>	<p>Action should be taken to carry out the projects within the prescribed timeframe.</p>

1.5.25 Head 260 - North Western Provincial Chief Secretariat

Revenue Management

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>The arrears of revenue that remained for more than 03 years in relation to the toddy tavern toll bearing the Revenue Code No. 1002.04.03 and the domestic liqueur licences bearing the Revenue Code No.1002.04.05 amounted to Rs.11,207,011.</p>	<p>In order to write off a toddy tavern toll revenue of Rs.2,416,668, the matter has been referred for the recommendations of the Commissioner of Excise and arrangements are being made to take legal action regarding the arrears of Rs.7,990,343. The institutions that should pay the domestic liqueur licences revenue of Rs.800,000 have been closed</p>	<p>Arrears of revenue should be recovered without delay.</p>

down at present and it has been decided to take action in that respect after obtaining a report from the Commissioner of Excise.

1.5.26 Head 261 - North Western Provincial Internal Audit Department

Operating Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
(i) According to the report on the staff approved by the Department of Management Services, 20 posts of the Internal Audit Officer had been approved. Nevertheless, no scheme of recruitment had been approved to recruit qualified officers to carry out audit.	The scheme of recruitment has now been prepared and it is in the final stage of obtaining approval. Action will be taken to recruit relevant officers once that scheme is approved.	Action should be taken to recruit officers by preparing the scheme of recruitment.
(ii) Although there were 1840 institutions to be subject to the audit of the Provincial Internal Audit Department, plans had been drawn to carry out audit in 315 of those institutions during the year under review and subsequently it had been revised as 293 institutions. Accordingly, out of the institutions to be subject to the audit, only a minimum of 16 per cent had been included in the internal audit plan.	Since the number of officers available for audit duties was 25 in the year 2021, it was found difficult to carry out audit so as to cover all these institutions within a year. Although plans were drawn to conduct audit in 315 institutions, it was revised as 293 institutions due to failure to refer the officers to the institutions with the Covid disaster.	Action should be taken to expand the internal audit.

1.5.27 Head 262 – North Western Provincial Department of Policy Planning and Implementation

Management Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
(i) Although expenditure of Rs.9,820,784 had been incurred by 31 December 2020 out of the provisions received for	For the preparation of integrated sustainable development plan 2020-2024 more practically based on the	Action should be taken to implement the plan and to obtain

the preparation of five years middle term development plan from the year 2020 to 2024 for the North Western Province, 59 per cent or Rs.5,813,984 thereof had been spent for workshops, field inspections and transport, stationary, and other expenses incurred at provincial, district and regional levels. Similarly, the translation of the development plan into Sinhala had not been completed even by the end of the year under review.

vision pertaining to the North Western Province, workshops were conducted at rural, regional, district and provincial level. The plan was prepared by the Colombo University and the English copy was provided. It had been informed that action would be taken to provide an English copy of the plan.

a Sinhala copy thereof.

(ii) According to the agreement entered into by the North Western Province Chief Secretary with the Director of the Computer Division of the Colombo University on 01 September 2018 for the development of Information Management System based on internet for the provincial investment programme, the project should have been completed by 31 March 2019. Nevertheless, the project had not been completed even by the end of the year under review and the expenditure incurred thereon was Rs. 3,803,156.

Due to the Covid situation prevailed in the country, offices were not duly functioned and as such, this work which is a special technical activity based on the internet could not be completed.

Relevant Information Management System should be prepared expeditiously.

1.5.28 Head 263 - North Western Provincial Department of Revenue

(a) Revenue Management

Audit Observation

Comment of the Accounting Officer

Recommendation

The arrears of revenue due as at 31 December of the year under review was Rs.124,031,163 of which the bakance that was older than one year amounted to Rs.103,692,694.

There was an outstanding balance of Rs.50.77 million on additional stamp fee and court cases have been filed for Rs,36.3 million of that amount. A sum of Rs.9.66 million has been written off on the approval of the Chief Secretary. Action will

An adequate control system should be prepared to recover the outstanding revenue.

be taken to write off Rs.9.9 million from the business turnover tax balance of Rs. 29,878,804 and to recover the remaining balance expeditiously.

(b) Staff Administration

Audit Observation

The post of Provincial Revenue Commissioner had fallen vacant from 18 May 2018 and the two posts of Deputy Commissioner had fallen vacant from 08 April 2009 and 12 August 2009.

Comment of the Accounting Officer

It is kindly informed that a Senior Assessor had served on contract basis up to 15 September 2020 and on duty performance basis from that date up to now in the vacant post of Provincial Revenue Commissioner.

Recommendation

Making permanent appointment to the posts of senior level should be expedite.