

North Central Provincial Council 2023

1. Financial Statements

1.1 Qualified Opinion

The audit of Financial Statements of the North Central Provincial Council for the year ended 31 December 2023, comprising the Statement of Financial Position as at 31 December 2023, Statement of Financial Performance, Cash Flow Statement for the year then ended and significant accounting policies and other explanatory information was carried out for the year then ended, 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 Councils Act No. 42 of 1987 and provisions of the National Audit Act, No.19 of 2018. The summary report on these financial statements was issued on 29 May 2024 in terms of provisions in Section 23(2) of the Provincial Councils Act Sub-Section 11(1) of the National Audit Act, No.19 of 2018 and the Annual Detailed Management Audit Report was issued on 19 June 2024 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report is submitted to the Parliament in terms of Article 154(6) of the Constitution and Sub-section 10(1) of the national Audit Act and a copy of the report is submitted to the Governor for tabling at the Provincial Council under Section 23(2) of the Provincial Councils Act No. 42 of 1987

In my opinion, except for the effects of the matters described in paragraph of Basis for Qualified Opinion of this report, the accompanying financial statements give a true and fair view of the financial position of the North Central Provincial Council as at 31 December 2023, 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

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to the accounts of the Ministries/Departments as at 31 December of the year under review, the value of work-in-progress was Rs.5,959,447,473, but as per note 7.1 of the Provincial Council fund account, the value was Rs.2,380,490,208, and therefore the work-in-progress value has been understated by Rs.3,578,957,265 in the Provincial Council fund account.	Asset management software is used when entering non-current assets for provincial council financial statements, and the software does not include expenses incurred under expense code 2104. Action will be taken to issue a circular about this and will be corrected it in the future.	According to public sector accounting standards, assets should be identified and disclosed in the financial statements.
(b) Although 40 construction projects with a total value of Rs.178,507,592 included in the work-in-progress value of Rs.5,959,447,473 in the accounts of provincial Ministries/Departments as on 31 December of the year under review had been completed and made usable during the year under review and handed over to the respective Ministries Departments, the assets were not transferred from the work-in-progress accounts to the building and construction accounts, the value of buildings and construction was understated by that amount.	This error has occurred due to the work in progress of Chief Ministry and other institutions being written off as expenditure. Action will be taken to issue a circular to all institutions and will be resolved in the near future.	According to public sector accounting standards, assets should be identified and disclosed in the financial statements.
(c) Although the investment interest receivable in the statement of financial position as at 31 December of the year under review has been Rs.206,371,837, as per the calculations made by the audit, it is shown as Rs.207,816,902 and a difference of Rs.1,445,065 has been observed.	The calculation made in the audit is correct, and action will be taken to correct it in the financial statements of the year 2024.	Financial statements should be prepared according to the correct values.
(d) The stamp duty and court fines of Rs.19,542,031 and Rs.227,811,612 respectively to be remitted by the North Central Provincial Treasury to the local authorities by 31 December 2023 had not been shown under current liabilities in the statement of financial position of the North Central Provincial Council as at 31 December 2023.	Court fines and stamp duty are released to each local government according to the control accounts of the provincial treasury. Action will be taken to make related disclosures while preparing the financial statements for the year 2024.	All liabilities as at 31 December related to Provincial Council Fund must be disclosed.

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

1.3 Responsibility of the Management for the Financial Statements

Management is responsible for the preparation of financial statements that give 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 misstatements, whether due to fraud or error.

Management of the respective institutions including the Provincial Treasury is responsible for the financial reporting process of the Provincial Council.

As per Sub - Section 16(1) Of the National Audit Act No. 19 of 2018, the North Central Provincial Council is required to maintain proper books and records of all its income, expenditure assets and liabilities to enable to prepare annual and periodical statement.

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 report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, exercise professional judgment and professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- A fraud is caused by intentional omission or omission of internal controls.
- Obtain an understanding of internal control of the Provincial Council relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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 those charged with governance regarding among other matters, significant audit findings, including any significant deficiencies in internal control that I identified during my audit.

1.5. Comments on the Financial Statements

1.5.1 Head 600 - Governor's Secretariat

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) Although officers with more than 5 years of service in one service station should be transferred according to the annual transfer procedure of the provincial public service approved by the Honorable Governor, the annual transfer policy was not implemented in respect of 90 officers including 52 officers in the Combined Driving Service, 24 officers in the Management Service and 14 Development Officers.	I would like to report that we intend to pay special attention to these officers and transfer them to the relevant service organizations during the annual transfers of this year and inquire about the transfers of the driving service to the Honorable Governor and will be discussed his decision and take further action.	Action should be taken according to the procedure.
(b) The Governor's Secretariat had incurred expenses of Rs. 5,193,756 under the Special Development Program 2021 with Priority Development Needs, for the construction of the Horivila Weda Gedera Ward Complex, which operates without any concessional fee system, which is not subject to government regulation and it was not clear on what basis the government's allocation was made for that project.	This project has been implemented according to the requests submitted to the Governor.	Projects should be implemented within the Provincial Development Plan which has been given policy approval by the Finance Commission.

1.5.2 Head 610 - Ministry of Chief Minister and North Central Provinces Law and Order, Finance and Planning, Local Government, Rural Infrastructure and Special Projects, Tourism, Education, Information Technology, Engineering Construction and Cultural Affairs

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) The sum of Rs. 100,685,039 withheld in payment for the construction projects implemented by the North Central Province Chief Ministry had been retained in the General Deposit account without taking any steps to recover the deficiencies in the related construction or to take the deposit to the government revenue.	Not answered.	Action should be taken as per Financial Regulations 572.
(b) The project to complete the rest of the Polonnaruwa Public Market Complex was completed and handed over on 15 October 2019, and the final bills of Rs.16,745,178 were paid regardless of the deficiencies in the construction. According to paragraph 5.4.6 of the procurement guidelines, the retention money of Rs.6,655,599, which has been retained for the contract, had been released on a commercial bank guarantee, but the deficiencies in the project were not corrected during the intervening period, and due to the expiration of the relevant bank guarantee, the deficiencies were also failed to be rectified.	Although I informed the Project Engineer through my letter number NCP/CM/EDU/08/02/100-2017 and dated 20/01/2022 to report any defects during the maintenance period, I kindly inform you that he has not given recommendations not to release the retention money. A committee has been appointed on 03/08/2024 under the chairmanship of the former chief accountant of the main ministry. I will take further action according to its recommendations.	Defects in the construction should be rectified immediately and the amount should be collected from the officials who allowed the bond to expire.
(c) The company contracted for the construction of Habarana Tourist Information Center for an amount of Rs.598,013,000 had completed half of the project and had received payments of Rs.369,171,165 and had stopped the project. A mobilization advance of Rs.119,602,600 had been given for this project. Although more than 06 years have passed since the construction of the project, Rs.	Due to the economic crisis in the country and the corona epidemic situation, this project has been stopped due to the inability to get the money required for this from the central government. The project is expected to be scaled down or completed within the next year at a minimal cost.	Necessary measures should be taken to implement it as an effective project.

45,171,484 should be recovered from the mobilization advance amount given. The advance security bond taken for the advance had also expired. The amount of Rs.369,171,165 incurred so far had become an idle expenditure due to the failure to complete the project and make it ready for use. In the 12th interim bill submitted by the contractor, Rs.11,611,385 had been paid for the construction materials at site, but as of 15 December 2023, the materials related to such value were not available at the work site.

1.5.3 North Central Province Development Design and Machinery Agency

Audit Observation	Comments of the Chairman of the Institute	Recommendation
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(a) According to the Charter for the Establishment of the Development Design and Machinery Agency No. 11 of 1990, its Board of Directors consisted of 03 persons appointed by the Minister, but did not include a representative of the Provincial Ministry and a representative of the Provincial Treasury.	According to the Decree No. 11 of 1990 on the establishment of the Development Design and Machinery Agency, the Board of Directors consists of three members. It consists of Chairman, Managing Director and one other member. These three have been appointed by the Honorable Chief Minister as per the provisions of the Charter.	The charter should be amended and appropriate measures should be taken for the control of public enterprises.
(b) The Vehicle Repair Division of the Agency had procured spare parts worth Rs.45,555,467 in the year under review and the previous year without inviting competitive bids as per the Procurement Guidelines.	Prepared a procurement method to be followed for the purchase of spare parts for vehicle types related to each model in carrying out vehicle repairs and submitted it for the approval of the Honorable Governor of North Central under the number NCP/DCMA/AD/A.M/M.K/23(254)	The organization should prepare and approve appropriate procurement methods and purchase spare parts at competitive prices.

1.5.4 Heading 611 - Department of Local Government

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Advances of Rs.2,452,328 have not been recovered from the Contractors who contracted for 04 development projects by submitting fake performance guarantees and fake advance guarantees and received performance advances and failed to implement the projects and necessary action has not been taken against the contractors who had submitted the fake bonds.	It is informed that the loss caused by this has now been recovered from the relevant officials, and I further inform that this contractor has been blacklisted.	Action should be taken as per Provincial Financial Rules 433.1.
(b) Although as per the Public Finance Circular No. 393(1) dated 26 February 2021, meetings, conferences and workshops are not allowed to be held in hotels, contrary to that the North Central Local Government Department had conducted 02 workshops in hotels, for which an expenditure of Rs. 1,248,850 had been incurred.	As more than 60 officials were to participate and the workshop was conducted through practical and group activities, a suburban hotel was selected at the lowest rates.	Action should be taken as per circular provisions.
(c) Out of the 45 e-library buildings implemented by the Local Government Department, the construction of 26 buildings had been abandoned. A sum of Rs.21,951,953 had been paid for those projects during the year under review, for which were stopped midway.	Due to the lack of goods in the country at that time, excessive increase in the price of goods and bad weather conditions, some societies have withdrawn from this work, and according to the National Budget Circular 03/2022 issued by the Ministry of Finance, they have been told to terminate the contract agreement with the agreement of both parties.	Projects should be implemented in such a way that the desired objectives are fulfilled.
(d) 16 e-library buildings which were constructed and completed by the Local Government Department at a cost of Rs.83,197,267 in	Other development proposals have been put forward as there are deficiencies and insufficient funds in the fund.	The proposed activities should be initiated.

Polonnaruwa District had not used for the approved purpose and was given for other purposes.

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| (e) | In case of goods, works or service contracts, if the advance is given before the completion and delivery of the relevant works, although an advance security may be obtained and 30 per cent of the total contract value may be paid in advance, the Local Government Department had given North West Development Authority an advance of Rs.8,093,400 which was 50 percent of the value of Rs.16,186,800 without such security for the project to prepare and install computer software for online payments in 14 local government bodies. | This payment has been approved as a special occasion payment under Provincial Finance Rule 146.2. The online payment facility has been provided by the North West Development Authority, and due to some delay in its implementation by the bank, its implementation has been delayed. | Action should be taken as per Procurement Guidelines and online payment system should be implemented expeditiously. |
| (f) | In the procurement process conducted by the Local Government Department for the purchase of wheelchairs, the documents containing the specifications of the bid documents submitted by the qualified lowest bidder were removed from the bid evaluation process by a party involved in the procurement process and the tender was awarded to the bidder who offered Rs.256,100 more than that. | Since the firm that had submitted the lowest bid had not submitted complete documents, the second lowest bid was purchased from the suppliers. | A formal investigation should be conducted to identify irregularities in the procurement process. |

1.5.5 Heading 612 - Provincial Education Department

	Audit Observation	Comments of the Accounting Officer	Recommendation
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(a)	As per Public Administration Circular No. 07/2018 dated 24 May 2018, the pension file should be properly prepared and forwarded to the concerned Divisional Secretariat on the date of retirement of the concerned officer or within a week thereafter, the North	Officials have been instructed to prepare and submit the files on due dates.	The Public Administration Circular should be followed.

Central Province Education Department had not forwarded the pension files of 371 teachers to the Divisional Secretariat within the stipulated time.

- (b) Out of the 816 schools belonging to the provincial education department, 520 schools were supervised by the divisional and regional offices in the year 2023, and it was observed that the quality index value of 165 schools, which was 31 percent, was below the recommended level of 60 percent. It was also noted that various factors contributed to the reduction in the progress of the guidance, and various motivations were given to target student performance for schools whose quality index was not calculated and it has been noted that efforts will be made to raise the quality level in the year 2024 by paying more attention to schools with low quality index in various fields. Guidelines should be followed.
- (c) The construction works of 02 projects with the contracted value of Rs.35,536,852 executed by the Chief Ministry under the Nearest School Best School Program have been stopped and abandoned by the contractor and at that time, due to the expiration of the performance security which had been presented as per the agreement, 02 performance security worth Rs. 1,777,000 had failed to be presented to the relevant financial institutions and cashed. Although notices are given to contracting agencies for extension of performance guarantees, approval has been obtained not to extend the cover until the bills are paid by informing the governor that due to non-payment of the bills due in 2017 and 2018 by the ministry, the contracting agencies have financial difficulties, and therefore, there is no possibility to extend the relevant security. Procurement guidelines should be followed.
- (e) A contract was made with a construction company for an amount of Rs.542,019,300 in the year 2017, for the construction of an auditorium for Palugasdamana Maha Vidyalaya, and an advance of Rs.100,000,000 was given to the contractor, but the construction was stopped at the very beginning and the project was abandoned. The advance security bond of Rs.100,000,000 furnished by the contractor had lapsed and no adequate action had been taken to In this regard, the Deputy Chief Secretary (Engineering) has appointed a committee on 10/01/2024 with the approval of the Director (Building) of the Provincial Engineering Department and started an investigation. I will arrange to get recommendations from the said committee about recovery of advance and termination of the agreement on mutual agreement. Actions should be taken against the officers who were contracted without provisions, and steps should be taken to recover the outstanding advances.

recover the advance amount given.

and take further action based on those recommendations. Bills of Rs.92 million have been submitted by the contractors for this project.

- (f) Due to the non-completion of 20 half-built projects costing Rs.140,596,776 under the Nearest School Best School program and Provincial Specific Development Grants, and it was observed that the total expenditure of Rs.140,596,776 incurred for those projects was fruitless. The value of further advances to be collected related to those 06 construction contracts was Rs.36,881,569.
- (g) The following matters were observed while analyzing the results of the children in the North Central Province who appeared for the examinations conducted for school students at the national level.
- i. According to the results of the G.E.C.(O/L) exam, the North Central Province, which was at the 06th position until the year 2017, was ranked at the 09th position in the year 2021 and 2022.
 - ii. According to the results of the G.E.C. (A/L) examination, the North Central Province, which was in the 08th position in the year 2017, had been ranked in the 09th position by the years 2021 and 2022.
 - iii. In comparison with the results of other provinces in obtaining more than 100 marks in the Grade 5 scholarship examination from the year 2021 to the year 2023, the North Central Province was ranked 5th, 6th, and 6th respectively. The percentage of children who scored more than 100 did not reach the 50 percent mark in 03 years.
- As the economic situation is currently improving, instructions have been given to the secretary to the Chief Ministry to complete the work for contracts that could not be completed due to the Covid-19 pandemic in the year 2019 and 2021 and the economic crisis in the country after the year 2021
- Procurement guidelines should be followed.
- A number of measures have been taken by various programs to enhance results. Especially the lack of teachers has mainly affected this.
- An urgent action should be taken to improve the results.

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| (h) | In the Zonal Education Offices belonging to the Provincial Education Department there were 3,578 teacher vacancies and 403 excesses according to subjects in Sinhala medium schools, 641 teacher vacancies and 128 excesses according to subjects in Tamil medium schools, and 39 teacher vacancies and 08 excesses according to subjects in English medium schools at the end of the year under review. | Not answered | The teaching staff in the province should be managed and teacher vacancies should be minimized. |
| (i) | Due to a specific program has not been set up to give promotions and salary increments to the academic staff in due time, a sum of Rs.120,556,983 were in arrear to 2,280 teachers as salaries and Rs.6,575,288 were in arrear to 96 teachers as allowances who are working in schools as at 31 December 2023. | Not answered | A program should be set up to give salary increments and promotions in due time. |
| (j) | When there were vacancies of teachers for various subjects in the schools belonging to the provincial education department, 34 teachers were released to other institutions for a period of 06 months to 27 years and the Zonal Education Offices had paid Rs.85,838,643 as salaries and allowances for those 30 teachers who have been released from the date of release until 31 December 2023, without verifying the records of service, arrival and departure reports, leave reports and allowances received from the released institutions. | The concerned institutions have been instructed through the Chief Ministry Secretary's letter NCP/CM/EDU/04/01/01yd dated 14/12/2022, regarding the way to deal with teachers released from active service | Attendance and leave details should be taken while paying salaries to staff released to other institutions |
| (k) | According to sub-section 11.2.3 of Chapter II of the Establishment Code, the Head of the Department shall ensure that on the expiry of the probationary period of an officer on probation he is to be fixed in service or to extend his probationary period or terminate the probationary appointment; the services | Necessary measures are being taken to permanent the service of the teachers whose service is not permanent. | The Head of the Department shall ensure that he is made permanent in the service or his probationary period is extended or the probationary appointment is terminated on the expiry of |

of 137 teachers who were appointed as teachers in the period from 1990 to 2020 in the schools located in the North Central Province had not been fixed by 31 December 2023.

the probationary period of an officer on probation, according to sub-section 11.2.3 of Chapter II of the Institutions Code,

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| (1) | 258 schools were not assigned graded principals and teachers who belonged to the teaching service were given acting positions to perform the duties of principals, but it was observed that graded principals of 397 schools were performing the duties of deputy principals in the North Central Province. | Instructions have been given to the Provincial Education Director to rectify this situation. | Principal posts should be given to the teachers who have passed the principal service |
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1.5.6 Head – 620 Ministry of Provincial Agriculture, Agricultural Marketing, Animal Production and Animal Health and Fisheries

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Under the sub-projects of the construction of Paddy fields implemented with the provisions of the Mini Irrigated Agriculture Project, the contractors contracted for the value of Rs. 16,731,899 had failed to perform the related work and the mobilization advance amount of Rs.3,575,068 which has been paid on behalf of 03 contractors could not be recovered. Advance bonds of Rs.3,575,068 and performance bonds of Rs.462,281 obtained for those contracts had not been en-cashed before the expiry of the period and the loss to procurement entity had not covered.	The concerned contractor has been contacted and informed about the misuse of public funds. Although an amount of Rs.500,000 has been repaid on 06/12/2023, it has been informed that legal action will be taken if the repayments are not made properly.	Procurement guidelines should be followed.

1.5.7 Head 621 - Provincial Agriculture Department

Audit Observation	Comments of the Accounting Officer	Recommendation
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68 approved technical officers related to the agriculture sector in the provincial agriculture department remained vacant for the last 02 years as at 31 December of the year under review.	Based on a policy decision taken by the government, all recruitments were stopped and accordingly, 68 agriculture officers were not recruited for the vacancies.	Vacancies should be filled with necessary approvals for necessary recruitments for service requirements.

1.5.8 Head 622- Provincial Department of Animal Production and Health

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) In the procurement process held to purchase roofing sheets for the Provincial Animal Production and Health Department, the qualified organization that submitted the lowest price was the related roofing sheet manufacturing company and a loss of Rs.386,515 had been incurred due to the lowest price of Rs.2,116,687 being rejected and the tender being offered at the next price of Rs.2,503,202 offered by a representative trading company of that company.	It is the responsibility of the procuring entity to award the bid to the lowest bidder that has responded substantially. Hence, I inform that the bid shown by the audit has been rejected due to even it was the minimum price bid but not responded substantially and no loss has been incurred by the government.	The technical evaluation committee and procurement committee members should be charged damages.
(b) Although charges of Rs.350 per artificial insemination service may be charged as per the approved fee of the Provincial Animal Production and Health Department, in 2,187 cases of 06 Veterinary Divisions sample tests during the year under review, a sum of Rs.857,550 were overcharged from farmers due to charging Rs.500 to Rs.1,000 per artificial insemination.	I inform that the secretary has been referred to the Ministry of Agriculture to appoint a committee to look into this matter. If it is found that the farmers have been charged more for artificial insemination, I will take action to recover the money from the relevant officials to the government.	Relevant services should be provided at the approved rate.
(c) The Department of Animal Production and Health had established a data system including animal farm information at a cost of Rs.6,791,213 in the year 2021 under the provincial specific development grants, but the expected objectives of the project had not been fulfilled due to the lack of data entry and completion in the information system.	The work has slowed down due to the limited staff in the veterinary offices and all these activities have to be done by the veterinary officers themselves.	Projects should be implemented in such a way that the desired objectives are fulfilled.

1.5.9 Head 631- Provincial Health Services Department

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) Almost 5 years have passed since 12 laptops, 12 printers and related devices with a total value of Rs.3,000,000 were given to 12 offices of health and medical officers to establish a special data processing software (LIS) system of the Provincial Health Services Department related to pre-kidney screenings, but the data processing system had not been established.</p>	Not answered	<p>The data processing system should be established and work should be done to make the services efficient.</p>
<p>(b) Out of triposhas valued at Rs.26,065,432 received from the Sri Lanka Triposha Company for distribution to the beneficiaries of the Anuradhapura Regional Health Service Authority, 77 bags containing each about 30 Triposha packets worth Rs.1,094,657 were missing and 1750 bags containing each 30 triposha packets worth Rs.23,497,597 were allowed to be detained in the train wagon of Anuradhapura railway station for more than 02 months without release. In the temperature of 45 degrees Celsius during the time of triposha in the train carriages, there was a risk of deterioration of the quality of triposha. The triposha stock valued at Rs.26,065,432 was close to expiry when the beneficiaries received it. It was observed that the railway department had to pay an amount of Rs.1,080,000 as late fees due to the failure to remove these triposha stocks from the railway wagons within the stipulated time.</p>	<p>After being pointed out by the audit, the existing internal control system was corrected and strengthened.</p>	<p>Follow the guidelines of the Ministry of Health.</p>
<p>(c) Although cervical cancer screening should be done to cover the entire female population between the ages of 35-45 years as per DLI No. 08 under the Primary Health Care System Empowerment Project, according to the sample test conducted in 15 medical officer of health offices in the year 2022, the percentage range of cervical</p>	<p>I would like to inform that the action is being taking on gradually according to the DL index of this project.</p>	<p>The guidelines of the Primary Health Care Empowerment Project should be followed.</p>

cancer screening of the total population between the age of 35-45 years was 05-36 percent. Accordingly, it was observed that the target objectives of the project had not been completed in the fact that the DLI numbers of the project were at a very low level.

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| (d) | 42 Serum Creatinine Packs worth Rs. 2,315,250 had been returned on 29 April 2020, to the supply agencies by the Provincial Health Department as they were about to expire. Almost 05 years have passed as of the audited date of 07 March 2024, but the management has not taken steps to get the amount paid to the suppliers for the chemical aids or the amount of 42 new Serum Creatinine Packs. | Serum Creatinine pack 42 which was about to expire was returned due to low level of tests done in Anuradhapura Central Laboratory. After that, the organizations have given a part as required for that pack and the remaining amount is being requested and obtained as per the requirement. | It should be procured promptly and provided for hospital services as per the requirement. |
| (e) | Due to being idle for more than 05 years of total equipment of Rs.8,682,677 as Computer equipment worth Rs.5,574,780 was given to 02 regional hospitals in 2012 and computer equipment worth Rs.3,107,897 given to 03 basic hospitals in 2018, given for implementation of the technical project of networking the outpatient departments of selected hospitals in the provincial health service department in Anuradhapura district, on the guidance of the Sri Lanka Information and Communication Technology Agency, the desired objectives of the project were not fulfilled. | On the request, guidance and provisions of the line ministry, the technical project of networking the outpatient departments of these selected hospitals was implemented in the year 2012 and in the year 2019 in Anuradhapura district and I accept that this project has not achieved the desired objectives due to the various problems that existed in practice due to the implementation of those institutions without proper feasibility study. | Action should be taken to achieve the desired objectives of the project. |
| (f) | Allocations were set aside in 2022 and 2023 for the purchase of a Laparoscopy machine for the Tambutteagama Base Hospital, but due to the purchase of the machine was not done by 30 June 2024, the opportunity to | The price of the machine recommended by the technical committee appointed for the purchase of this machine | Arrangements should be made to provide the relevant machine as soon as possible. |

improve the performance of the patient care service has been missed.

was significantly higher than the price of the bidder who had submitted the lowest bid, so it was decided to suspend the purchase of the machine and carry out re-procurement as per the instructions of the Governor.

1.5.10 Head 632- Provincial Ayurveda Department

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Due to the non-development of the 13 herbal gardens of 30.55 acres of area belonging to the North Central Province Ayurveda Department, 95% of the annual dry drug requirement was procured from external suppliers	The aim is not only to provide raw materials for the production of medicines from the herbal gardens under the North Central Province Ayurveda Department, but also to get the community's contribution in the preservation of rare medicines by providing the necessary educational knowledge to school children about medicines.	Arrangements should be made to achieve the objectives of herbal gardening.
(b) 05 kinds of essential medicines without alternative medicines were issued to the patients only for a period of 05 to 14 days during the year under review due to insufficient purchase of essential finished medicines without alternative medicines for the outpatient treatment of Anuradhapura Provincial Ayurveda Hospital and one drug was not dispensed on any date. Although a sum of Rs. 90 million had been allocated for the purchase of medicines in the year 2023, only Rs. 43 million had been spent on the purchase of finished medicines.	The prices of dry medicines and finished medicines increased very rapidly in the year 2023 and only half of the requirements could be purchased.	Priority should be given to purchasing essential medicines.

1.5.11 Head - 634 Department of Social Services

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
(a) The Kekirawa Olukaranda Care Center for Persons with Special Needs, which is under the supervision of the Provincial Social Services Department with a value of Rs.2,833,013, had not been used from 08 February 2020 until the audit date of 10 February 2024.	A project report called "Savithma" for the Kekirawa Olukaranda Special Training Center has been forwarded to the Secretary of the Ministry of Health and I will focus on it again and make it effective as soon as possible.	The proposed projects should be implemented promptly.
(b) The Atwela Training Center in Giritale, which was established for the training of disabled children under the care of the Provincial Social Services Department, with an estimated value of more than 06 million rupees, remained idle for about 08 years.	I have made proposals to run this institution as an elderly people's home with payment facilities and held discussions with the Secretary of the Ministry of Health and I will take action to implement it very quickly and effectively.	Appropriate programs should be implemented to achieve the desired objectives.

1.5.12 Head - 640 Ministry of Provincial Cooperatives, Trade and Food, Transport, Sports and Youth Affairs and Industrial Development

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
The Food Commissioner's Department had given Rs.43 million to the North Central Provincial Cooperative Department for the government's rice purchase program and out of the amount of Rs.33 million loans given to Anuradhapura District Rice Producers' Cooperative Society pvt ltd. in the year 2021, a sum of Rs.27.65 million had not been recovered by 26 February 2024. Due to non-payment of the loan due from the said society, the Cooperative Development Department stopped the lending activities and retained the remaining amount of Rs.15.35 million in the public deposit account, The objective of the said program	According to the agreement, the said amount should be settled at the specified times, but it has not been done so. Currently, this rice cooperative society is in working condition and the purchase process is being carried out continuously with the money in their hands and the amount not given by the department has no effect on the issues of	The revolving credit program should be implemented continuously.

was to “prevent shortage of rice in the open market and control the price of rice” had not been achieved. overall rice shortage or price control.

1.5.13 Cooperative Employees’ Pension Fund

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) In relation to the Co-operative Employees’ Pension and Social Security Benefit Scheme, the pensions due for the year under review and the previous two years were not paid during the relevant period, and a sum of Rs.27,223,075 should have been paid at the end of the year under review.	Since there is not enough money to pay the pension, it has not been possible to pay the monthly pension systematically.	Payments should be made to the beneficiaries as per the existing agreements in the scheme.
(b) 82 cheques with a value of Rs.1,888,739 deposited between 2011 and 2021 related to the cooperative employee pension account had not been realized and necessary action had not been taken in this regard.	Due to delays in financial statements and accounting, it could not be identified. Action will be taken to rectify it soon.	The cheques deposited in the bank should be constantly monitored and necessary steps should be taken to recover them.

1.5.14 North Central Provinces Road Passenger Transport Services Authority

Audit Observation	Comments of the Chairman of the Institute	Recommendation
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Although the monthly rent of 12 shops at Kekirawa Bus Station has been assessed and given by the Valuation Department in June 2023, the authority had lost an income of Rs.774,000 from those 12 shops by the end of the year under review as Rs.129,000 per month, due to non-payment of monthly rent based on the assessed value.	9 shopkeepers have refused to accept the new assessment amount presented by the valuation department as lease. In this regard, they have requested the Honorable Governor to revise the lease amount and give relief. Action will be taken in the future to determine a common price when giving new lease agreements.	A program should be set up urgently to confirm the rental income of the shops belonging to the authority.

1.5.15 Head 641- Department of Provincial Co-operative Development

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) According to Section 58 (3) of the Cooperative Charter No. 05 of 2009, out of the 61 appeals submitted by some parties who were dissatisfied with the decision of the arbitrators at the end of the year under review, only 07 appeals had been completed and no action had been taken on 54 appeals. In connection with these appeals, the appellants had deposited money of Rs.1,703,482.	The appeals will be heard in the order in which they are presented and I hope to complete the hearing of these appeals by 31.12.2024.	Action should be taken according to the Cooperative Development Charter.
(b) Out of 723 registered cooperative societies in North Central Province, 373 cooperative societies were inactive and Action had not been taken as per the provisions set forth in Chapter XI of the North Central Provinces Cooperative Charter No. 05 of 2009 in respect of inactive co-operative societies.	Arrangements have been made to appoint trustees for inactive societies as per Section 50 of the Co-operative Societies Act. This office has received information related to 120 societies. Then further action will be taken regarding these societies as per the Cooperative Societies Charter.	The proceedings should be completed promptly as per the statute,.
(c) Although in terms of Section 44 of the North Central Province Co-operative Charter No. 05 of 2009 every registered society must submit its financial statements to the Registrar or any other person authorized by him within 03 months after the end of the financial year, 105 accounts of 62 cooperative societies in Anuradhapura district had not been submitted to the Cooperative Development Department for audit even by 29 February 2024.	Out of these cooperative societies, 66 accounts from 45 Sanasa societies in Anuradhapura district and 39 accounts related to 17 Sanasa cooperative societies in Polonnaruwa district have been forwarded to the development officers in charge of the respective societies and one account has been informed to be submitted to the department as soon as possible.	Action should be taken as per the statute.

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| (d) | 25 accounts of 22 cooperative societies submitted for audit to the Registrar of Co-operative Societies had not been audited by 29 February 2024 and audits of 57 accounts of 49 societies had not been completed and reports had not been submitted. | The related accounts are being checked at present, and I will make arrangements to notify the related societies of the deficiencies and correct them. | The audit should be completed promptly and reports should be submitted. |
| (e) | 71 cheques amounting to Rs. 1,468,669 deposited between 1997 and 2022 related to the Cooperative Development Fund were not realized. | As the bank reconciliation statements of this fund were prepared late, it was not possible to identify the cheques that were deposited but not realized. Action will be taken to identify such cheques in the future. | Attention should be made on the cheques deposited in the bank and take necessary measures to recover them. |
| (f) | 05 buildings belonging to 05 cooperative societies, which were constructed at a cost of Rs.6,550,843 under the special development project of the year 2021 and handed over to the respective cooperative societies, were allowed to remain idle for more than 02 years without any use even on the audit date of 2023.02.14. | Not answered. | Desired goals should be achieved. |

1.5.16 Head 642- Provincial Industrial Development Department

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) An outstanding rent balance of Rs.1,760,861 which had been older than one year as of 31 December of the year under review remained uncollected from 27 shops and stalls owned by the Provincial Industrial Development Department. By the end of the year under review, the contract period of 10 shops had expired.	The shopkeepers have appealed to the Honorable Governor stating that it is difficult to pay the rent.	Agreements should be updated and arrangements should be made to collect rent arrears promptly.
(b) 11 shops and stalls owned by the Provincial Industrial Development Department's sales complex had been closed for a period of 02 to 05 years as of 31 December 2023.	Action is being taking to give the stalls that are currently idle to other lessees through tenders.	Shops should be provided to interested entrepreneurs.

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| (c) | The hostel of the Celestimaduwa Carpenter Training School under the Provincial Industrial Development Department was built in the year 2021 at a cost of Rs. 2,941,275, and it was observed that it was an idle expenditure since no one has received the hostel facilities since that year. | Although arrangements were made for the recruitment of apprentice trainers in the year 2023, apprentice trainers did not come due to the economic crisis in the country that year, and currently awareness has been done at the village level through the divisional secretariats and arrangements have been made to recruit new trainers. | Desired goals should be achieved. |
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1.5.17 Provincial Road Development Authority

Audit Observation	Comments of the Chairman of the Institute	Recommendation
(a) The expenditure of Rs.6,041,838 incurred for construction and purchase of equipment had been rendered ineffective due to the work of the mechanical yard built in the premises of the Executive Engineer's office in Maradankada being stopped without starting.	According to a decision of a discussion with the Governor, could not be implemented.	It should be used for the intended purpose.
(b) Raw materials valued at Rs. 5,782,812 purchased for road maintenance in the reviewed year and in the previous years, were stored unsafely for a period between 01-03 years in connection with the work sites and out of that raw materials amounting to Rs.274,403 were missing and raw materials of Rs.1,758,951 were being destroyed as they could not be used.	It is difficult to give answers as the information presented in this regard is not specific and sufficient.	A strong internal control system should be established on the purchase, use and accounting of raw materials for road maintenance.

1.5.18 Head - 651 Provincial Irrigation Department

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) Due to payment as additional work during the reconstruction of the tanks of the Provincial Irrigation Department, the related work site and soil collection points for the transportation of soil and gravel required, the distances included in the estimate were increased during the payment and a sum of Rs.612,620 was overpaid for 02 tanks which were subjected to sample testing.	The technical officer and engineer recommended in the price analysis report that gravel pits could not be found near the work site during the construction period and that gravel was provided at a distance of 30-60 km.	In the preliminary estimation, the provincial council fund should get the advantage of accurately identifying where the gravel will be obtained and getting competitive prices.
(b) During the payment related to 03 tanks and other constructions of the Provincial Irrigation Department, Rs. 1,143,636 was overpaid for the works that had not been completed for various reasons.	The values of the final bill are paid according to the measurements taken.	Excess payments made on the basis of incorrect measurements should be charged from the officials who gave the relevant recommendations.
(c) Although trees of timber value obstructing existing constructions on the embankment and construction sites during tank restoration should be handed over to the Timber Corporation with formal approval, There was no evidence that 168 valuable trees that were removed during the reconstruction of 04 tanks were formally given to the timber corporation or that they were used for other purposes that could be used legally.	It has been informed that approval will be sought for the trees to be removed.	The relevant officials should be informed by the necessary instructions and circulars for proper disposal of the removed trees and should be corrected in the future.

1.5.19 Head - 652 Provincial Land Commissioners Department

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
(a) A sum of Rs.398,069,896 has been in arrears as at 31 December of the year under review as the long-term land permit fees from 2,474 long-term permit holders of the 24 Regional Secretariat Divisions of the North Central Province and only 18 people have been prosecuted for tax defaulters in	A swift action has been taken to recover the arrears.	It should be done according to the Land Code.

2022 and 2023. It was observed that the Department of Provincial Land Commissioners does not have a formal program to recover the arrears income.

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| <p>(b) Due to the inefficiency and delay in giving the government land to the long-term lease base for residential and business purposes, the provincial council had lost the revenue it should have received. In this regard, according to a sample audit conducted in 11 divisional secretariat divisions of Anuradhapura district, 621 letter files sent to Valuation Department to get valuation reports, 4 files sent to Surveyor General to get survey reports and 568 files sent to Land Commissioner General for final approval for 1193 files had been delayed from 2 years to 20 years.</p> | <p>An expeditious arrangement is being made to update long-standing lease files</p> | <p>Sufficient attention should be paid to regularize land and increase lease revenue.</p> |
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1.5.20 Head - 660 Chief Secretariat

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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<p>(a) Although an authority ordering the conduct of a preliminary investigation shall, taking into account the nature of each incident, inform the appointing officer for the investigation as to the time within which the investigation should be completed, due to the fact that no specific time has been given for 117 preliminary investigations which are being conducted in a ministry and 07 departments of the provincial council, the preliminary investigations will take between 06 months and 08 years from the start, but they have not been completed.</p>	<p>A circular letter has been addressed to all the Ministry Secretaries/ Heads of Departments advising them to complete the preliminary investigation at the earliest.</p>	<p>According to Section 13.2 of Chapter XLVIII of part II of the Establishment Code, the investigation should be completed within the stipulated time.</p>
<p>(b) According to the registration certificate of the Motor Traffic Department, 19 vehicles and 10 motorcycles belonging to the North Central Provincial Council had been missing.</p>	<p>That concerned institutions are informed about vehicles whose existence cannot be confirmed and after reply, will be informed to audit.</p>	<p>A formal investigation should be conducted regarding the vehicles registered in the name of the Provincial Council but not physically present and</p>

necessary measures should be taken to identify the missing vehicles.

1.5.21 Head - 661 Provincial Treasury

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>-----</p> <p>As per Provincial Finance Rules 259.2 and 259.3, the outstanding balances of Ministries/ Departments as on 31 December shall be settled back on 10 January of the following year or on such date as may be fixed by the Provincial Treasury, the total outstanding imprest balances as of 31 December of the year under review from 10-16 years that had not been settled by 02 Ministries amounted to Rs.27,478,709.</p>	<p>-----</p> <p>Regarding the amount of Rs. 26,405,861 belonging to the Chief Ministry, it has been informed to the concerned institution to take action under the Public Property Act and the balance of Rs.1,072,848 belonging to the Provincial Ministry of Agriculture has not been recovered as the contractor was unable to continue the work and abandoned the work.</p>	<p>-----</p> <p>Provincial financial rules should be followed.</p>

1.5.22 Head - 663 Provincial Engineering Department

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>-----</p> <p>Although under the provisions of the Procurement Guidelines, payment for price variations should not be allowed for construction contracts of less than Rs.05 million and contract duration of less than 03 months, price variations of Rs. 835,581 had been paid for the contract value of Rs. 4,705,162 for the construction project of the Horivila Veda House hostel, the contract period of which is less than 03 months, and during the payment for that project, a sum of Rs.403,629 was overpaid on the basis of inaccurate measurement reports for work not performed.</p>	<p>-----</p> <p>Due to an error in the technical officer's measurement, payments have been made twice for the laying of cement. Kekirawa Divisional Engineer has advised that it should be deducted from the retention money payable to the contractor,</p>	<p>-----</p> <p>Procurement guidelines should be followed.</p>

1.5.23 Head - 665 Provincial Revenue Department

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The Provincial Revenue Department had only 90 active tax files in the years 2022 and 2023 for the recovery of mineral taxes payable by those who extract minerals from land located within the North Central Province, the Bureau of Geological Survey and Mines, which has the right to issue licenses for mineral mining, had issued 813 mining licenses for black stone mining in the North Central Province for the years 2022 and 2023.	Information has been called but no information has been received till now. I will get that information in the future and take action as per.	Mineral tax should be based on the data of mineral regulatory bodies.
(b) Out of 78 active mineral tax files in Anuradhapura district, a 25 percent sample was tested and from those files, the provincial revenue department had collected mineral tax only for less than 20 percent of the cube quantity that the Bureau of Geological Survey and Mines collected from the state half.	I inform that there is some discrepancy between the quantity contained in the information provided in the year 2022 in the registration of the Bureau of Geology and Mines. According to the information of the Bureau of Geology and Mines, 70% of the amount due from the files collected by the state has been recovered. I expect to complete the recovery of the remaining 30% by 30.06.2024.	Mineral tax should be based on the data of mineral regulatory bodies.
(c) The Bureau of Geological Survey and Mines had issued 159 permits for sand mining in the years 2022 and 2023 in Polonnaruwa district, and only one company that obtained permit for sand mining had paid mineral taxes for sand mining to the Provincial Revenue Department. Accordingly, the Provincial Revenue Department had not taken steps to recover Rs.8,324,612 from 158 permit holders who obtained permits for sand mining in the years 2022 and 2023.	189 permits for sand mining have been granted for the year 2022 and 152 permits for the year 2023. All those permits are to GSMB Technical Services (Pvt) Company and the Department has a file for that company. Taxation is done by it.	Taxes should be levied to the extent specified in the permits issued by the Bureau of Geological Survey and Mining.

- (d) While the Department of Management Services has approved the post of assessor and Senior assessor in the Provincial Revenue Service of the Provincial Revenue Department as Executive Grade III/II, on the contrary due to approving and implementing the Provincial Revenue Service Constitution by including the assessor and senior assessor positions as II/I, A sum of Rs.2,639,652 had been overpaid as salary and allowances to 04 assessor officials from April 2015 to September 2022.
- An appeal has been submitted to the Department of Management Services in this regard.
- The recommendations of the Department of Management Services should be followed.