

Western Provincial Council - Year 2023

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the Western Provincial Council for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information 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 Councils Act, No. 42 of 1987. The summary report was issued on 18 July 2024 in terms of Section 23(2) of the Provincial Councils Act and Sub-section 11(1) of the National Audit Act, No. 19 of 2018, and the Detailed Annual Management Audit Report in terms of Sub-section 11 (2) of the National Audit Act, was issued on 31 July 2024 . This report will be presented to Parliament in pursuance of provisions in Article 154 (6) of the Constitution and the Sub-section 10(1) of the National Audit Act and the copy of the report is also submitted to the Governor for submission to 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 Paragraph of this report, the financial statements of the Western Provincial Council give a true and fair view of the financial position of the Western Provincial Council as at 31 December 2023, and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) In 05 institutions including Ministries and Departments, the value is Non-financial assets amounting to Rs.516 million were not accounted for in the financial statements of those institutions and accordingly the value of the non-financial assets of the provincial fund and the property, plant and equipment reserve fund were shown less than that value.	Will be accounted in the year 2024.	Action should be taken to accounted.

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| (b) | At the end of the reviewed year, 09 chartered institutions of the Provincial Council have Rs. 5,252 million worth of non-financial assets and Rs. 3,201 million in fixed deposit balances however those values were not disclosed in the financial statements of the Provincial Fund. | The funds are not included in the account because the provincial treasury does not make a imprest issue even though it is an institution of the provincial council. | Action should be taken to accounted. |
| (c) | According to fund account the cost of acquisition of capital assets is Rs. 4,209 million however the value accounted for as non-financial assets is Rs. 918 million out of Rs. 3,291 million assets were under-accounted. | That documents containing details of all assets included under Transfer are maintained by the concerned institutions. | Should be accounted correctly. |
| (d) | There were 210 unresolved cases related to the Ministries and Departments of the Western Provincial Council as at 31 December 2023 and the financial statements of the year under review did not disclose those unresolved cases. | Will be recognized and disclosed in the next year's financial statements. | Should be disclosed in the financial statements. |

1.2.1 General observations

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) 03 vehicles belonging to 03 Ministries of the Western Provincial Council had been released to the Presidential Secretariat for a period of 04 years and the said vehicles had not been taken back to the Ministries by the end of the reviewed year.	The President's Secretariat has informed that it is not able to provide continuous requests.	Arrangements should be made to bring vehicles.
(b) After the dissolution of the Provincial Council, from the vehicles allotted to the ministers and staff, 02 vehicles valued at Rs.62 million were given to Colombo and Gampaha district coordination committee chairmen in March 2021, however action had not been taken to take back the vehicle.	A letter has been issued on 18 May 2022 asking the Colombo District Member of Parliament to provide the vehicle.	- do -

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| (c) | In 19 institutions including ministries and departments, the value of losses at the end of the year under review was Rs. 72 million, however as per Financial Rule 54, the said values were not recovered. Between 5 years and 10 years Rs. 7 million in losses and over 10 years of Rs. 5 million in losses. | Answers have not been submitted. | Actions should be taken to recover damages. |
| (d) | In relation to the year under review, revenues were collected under 30 revenue heads and by 31 December 2023 Out of which, in respect of 18 income heads, Rs. 13,400 million would have been levied | Answers have not been submitted. | Actions should be taken to recover the arrears. |
| (e) | According to Financial Regulation 571, arrangements should be made to lapsed deposits that have expired more than two years, however Rs. 58 million worth of lapsed deposits were not disposed. | The deposits are still there because there are unfinished projects. | Lapsed deposits should be disposed. |
| (f) | At the end of the year under review of 06 charter institutions Rs. 1,781 million, and the value of receivable balances over 5 years was Rs. 1,108 million. | The provincial treasury does not directly regulate the receivable balances of the statutory bodies. | Actions should be taken to recover the balance. |

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

1.3 Responsibilities of the Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with generally accepted 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.

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 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 Institution.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's 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 the management regarding, significant audit findings, any significant deficiencies in internal control and other matters that I identify during my audit.

1.5 Comments on Financial Statements

1.5.1 Head 100 - Governor

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the maximum number of official vehicles allocated for the use of honorable governors is 02 and one security vehicle for security purposes if necessary, according to the Presidential Secretary's Public Expenditure Management Circular No. PS/CSA/11-18 dated 12 October 2016, the Governor of the Western Province 04 official vehicles, including a security vehicle, were allocated and put to use.	Fuel is given only for 03 vehicles.	Action should be taken according to the Circular.
(b) According to the President's Secretary's letter No. PS/PCMD/01/08 dated 29 March 2019, it was asked to get the recommendations of the National Salaries and Employees Commission in deciding the allowances paid in addition to the salary for provincial government officials. However for 03 committees of the governor's office, allowances were approved and paid only on the approval of the governor. However, for the committees held for a maximum period of 1-2 ½ hours per day on duty days, allowances were decided to exceed 1/20 of the official's daily holiday pay.	Paid for work performed in addition to normal duties assigned.	- do -
(c) Although no provision has been made in any circular, during the period from May 2019 to 31 December 2023, the governors who used the governor's official residence have to pay Rs. 2 million electricity bills and Rs.337,647 water bills were paid by the governor's office.	No office-bearers and honorable governors have been charged before.	Water and electricity bills should be charged to officers using quarters.

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| (d) | A Motor Car / Jeep to the Governor including all taxes with a maximum market value of Rs. 43 million had been approved for the purchase on the basis of disposal of the vehicle, and contrary to the procurement guidelines, Rs. 44 million had been purchased. And a Fix Power Folding Foot Step system was also installed after paying Rs.1 million. However the old vehicle continued to be used without disposal. | Including all taxes That approval has been received from the Director General of the National Budget Department to purchase the vehicle to an amount of Rs.43 million. | Correct recommendations should be made while obtaining Treasury approval. |
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1.5.2 Head 101 – Western Province Provincial council

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the term of office of the Western Provincial Council has ended on 21 April 2019, the special allowance of 1/4 of the officer's basic salary to its officers has not been immediately stopped for more than 04 years, until May 2023, for a number of 45 to 50 officers. Rs. 15 million had been paid as allowances.	The payment has been approved on the approval of the Governor, and that the payment has been stopped from May 2023.	Formal approval should be obtained and payment made.
(b) The personal usage of a Member of Parliament was given Rs. 27 million worth of jeep, although all the maintenance work should be carried out by the concerned member, however the Council Secretariat had paid insurance fees of Rs.729,249.	The Governor has given his approval.	Action should be taken according to the Rules and Regulations.

1.5.3 Head 102 - Provincial Public Service Commission

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Rs. 7.9 million had been paid and Rs. 3.4 million for the 10th floor and elevator of the Rajagiriya Janajaya building where the commission is run, for electricity, water and building maintenance without contracting, to Sri Jayawardenepura Kotte Municipal Council for the year under review.	The necessary arrangements for entering into the agreement are being made.	Building maintenance contracts should be signed promptly.

1.5.4 Head 103 - Co-operative Employees Commission

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The Co-operative Employees Commission is being run on an area of 2019 square feet in the Jana Jaya City Mall belonging to the Sri Jayawardenepura Kotte Municipal Council. Without agreement for maintenance charges Rs. 2 million had been paid to the Urbun Council at the end of the year under review.	As per the Governor's letter dated 13 February 2020, it has been informed that there is no need to pay taxes and rent, and that payments should be made for the bills issued by Sri Jayawardenepura Kotte Municipal Council for water, electricity and building public facilities.	A formal agreement should be reached.
(b) According to the statute of the Cooperative Employees Commission, no employee can be appointed to registered cooperative societies without the approval of the commission, however 79 employees of 03 cooperative societies were appointed without the approval of the commission, but the commission did not take any action in this regard.	The societies are going to continue the regularization activities in the future by contacting the cooperative department regarding the recruitment of casual workers.	Action should be taken according to the Statute.

1.5.5 Head 104 - Ministry of Local Government, Economic Promotion, Power and Energy, Environment Affairs, Water Supply and Drainage and Tourism

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The former Municipal Commissioner of Colombo Municipal Council was granted study leave with pay from 22 June 2022 to 24 December 2023 for studies at a university in Japan. Although the Governor had approved the extension of the leave from 24 September 2023 to 30 September 2024 and provided unpaid study leave, the Ministry of Local Government (WP) approved paid study leave and continued to pay salaries.	Comments will Not be submitted.	Action should be taken according to the Establishment Cord.

1.5.5.1 Economic Development Beuro

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Contrary to the instructions of the President's Secretary's letter No. PS/PCMD/SD/01/08 dated 29 March 2019, from the year 2018, with the approval of the Bureau's Board of Directors, Rs. 12 million had been paid as supervision allowances for 16 officers including the Chief Executive Officer.	15(2) d of the Economic Development Bureau Charter, that the relevant monitoring allowances were paid by the Vespro Office Premises Health Service under general powers.	Action should be taken according to the Circular.
(b) Due to the fact that a formal internal control arrangement has not been established in the Wespro printing press operating under the Bureau of Economic development and the monitoring activities of the printing press are at a very weak level, the stores ledger, job card summary (Job Card) maintained by the institution in relation to the physical stock calculated on 08 August 2023. Based on the Purchase Order Summary, the audit conducted in connection with 38 items of printing materials, a shortage of printing stock worth Rs.42 million was observed and during the purchase of the relevant stock, certain printing materials had not been received by the company, but documents had been submitted, certified and paid to the company.	That the store keeper had fraudulently issued the GRN and had breached the existing internal controls by approving the GRN without verifying that the stock was actually received.	Recovery of damages should be done after a formal investigation.

1.5.5.2 Western Province Tourist Board

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) For the purpose of creating tourist attraction, received from the Ministry of Local Government The sustainable development project had been started by Pilikuttuwa on the allocation of Rs. 14 million and the tourist board had stopped in the middle of the work of the project by identifying the possible problems and not implementing it.	Prior to the implementation of the project, a workshop with the community and responsible government agencies was conducted under the leadership of the Tourist Development Authority and the Ministry of Tourism and the Hon Viharadhipati Thero.	Problems should be identified and projects implemented.

- (b) From the year 2017 to the year 2024, 18 officials of the Ministry of Local Government have been appointed to the positions of monitoring the work of the Tourism Board and by the end of the year reviewed by the Board, Rs. 5 million acting allowances were paid. Answers have not been submitted. Vacancies should be filled as soon as possible.

1.5.6 Head 105 - Ministry of Health, Indigenous Medicine, Social Welfare, Probation and Child Care Services, Women's Affairs and Council Affairs

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
In the year 2017, the Ministry of Health purchased the jeep valued at Rs.35 million was released to a Member of Parliament in 2021 on the approval of the Governor. On 21 September 2022, a private company was paid A bill of Rs.19 million to be paid and the insurance compensation related to the accident was Rs. 14 million was paid by the insurance company on 09 February 2024. The parties responsible for the accident have already been identified and the remaining amount to be paid to the agency is Rs. 5 million had been paid and the repairs of the jeep had not been completed and handed over to the ministry.	That necessary steps have been taken to identify the responsible parties.	The parties responsible for the accident should be identified and compensation should be taken.

1.5.7 Head 106 – Ministry of Agriculture, Land, Irrigation, Fisheries, animal Production and Health and Agrarian Development

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Establishment of an Agricultural Garden at Homagama District Agriculture Training Center by the Ministry of Agriculture, - For Phase III Project Rs. 1.2 million in capital allocation, but as at 31 December 2023, recurring expenses of Rs.1.2 million were also spent on this project.	The expenses were incurred under the project by employing employees on a daily basis for the maintenance of the park.	Project allocations should not be earmarked for incurring recurrent expenditure.

1.5.8 Head 107 - Ministry of Roads, Transport, Co-operative Development and Trade, Housing and Construction, Estate Infrastructure Facilities, Industry and Rural Development

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although local outlets and coop cities run by various service cooperative societies for the purpose of expanding their profits are not considered as public assets. For the renovation work that was being done in them, the provincial treasury provided Rs. 17 million had been allocated and grant had been released.	Contribution of Co-operative Societies is a priority task of the Co-operative Department and that the Ministry has released the allocations from the Provincial Treasury for modernization activities.	Co-operative society members should not use public funds for projects implemented to expand profits.

1.5.8.1 Western Province Road Passenger Transport Authority

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Among 361 officers whose education certificates were verified, 49 officers had obtained appointments in various positions of the authority by submitting fake certificates. According to the authority's recruitment and promotion procedure, the minimum qualification for hiring timekeepers is to pass mathematics, however more than 90 percent of the officers who joined the service of the authority by submitting fake certificates were timekeepers.	It is agreed that 52 percent of the total staff are schedulers and fake certificates have been detected in respect of those posts.	Should have minimum qualifications as per recruitment procedure.
(b) In the year 2014 The solar energy system with 15 solar lights installed at the Gunasinghapura bus station at a cost of Rs. 2 million remained inactive since 2016, and 09 light poles were removed and remained inactive at the bus station for over 7 years. This solar energy system had not been restored and the cost of The expenditure of Rs. 2 million had been an idle expenditure.	Batteries and other equipment are completely dead and cannot be updated again.	Underutilized resources should be utilized.

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| (c) | In accordance with the order 3.1 mentioned in the Gazette No. 1488/32 dated 16 March 2007 under the Road Passenger Service Charter of the Provincial Council of the Western Province No. 01 of 1992, when selecting the driver to fill the vacancies, in order to deploy buses for the transportation of passengers in the Western Province, Passenger Services Although it is stated that the permits will be issued only to the bus owners selected through the tender system, on the contrary, the authority has issued 6047 passenger service permits for 505 routes under normal services, luxury services and express services at 31 December 2023. Among them, 5454 licenses or 90 percent of the number of licenses issued were given without following a formal tender procedure. | The licenses were issued before the introduction of the tender system in 2007. | A formal tendering procedure should be used. |
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**1.5.8.2 Provincial Road Development Authority
Audit Observation**

	Comments of the Chief Accounting Officer	Recommendation	
(a)	Estimated value is Rs. 23 million for the Minuwangoda bus stand development project, the contractor was paid Rs. 4 million in advance. As the contract was not completed on 02 March 2022, which was the date of completion of the project, it had been decided to be stopped contract payment after completion of 10 percent of the contract Rs. 2 million had been completed. The balance of advance paid to the contractor is Rs. 2 million was held by the contractor for a period of 14 months. However, the new revised estimate of the bus stand development project is Rs. 50 million. The sum of the first contract estimate and the value of completed works is Rs. 52 million, A variance of Rs. 29 million had occurred in the entire project.	Unexpected time taken to remove power line poles, Municipal Council not agreeing to provide Septick tank, Sokage pit as per UDA plan, lack of fuel, lack of cement were the reasons.	Projects should not be delayed.
(b)	In the year 2012, under provincial development grants The Western	There was a delay due to non-availability of provisions	Projects should be completed within

Provincial Road Development Authority had been assigned to construct the swimming pool of Regi Ranatunga Junior College, Minuwangoda at an estimated value of Rs.156 million. It was planned to build 03 floors with swimming pool, parking lot, changing rooms, toilets, business places and by the end of the year under review Rs. 187 million had been spent. The swimming pool project had failed to be completed within one year as planned and even after 12 years since the project was started in 2012, it was not possible to make it operational. Also, due to the inability to complete the project within the expected time, the project, which had been estimated at Rs. 156 million, will be repaid Rs. 277 million had been estimated, and due to the non-completion of the project within the stipulated time, the provincial council had to pay an additional cost of Rs.31 million.

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| (c) | 15 parts of 02 barges, 04 vehicles and 02 machines, which had been informally placed in the Divulapitiya concrete yard for many years, were decaying and parked in the yard without formal documentation, and the Premix Plant machine was used for road development work from the year 2020. Remained idle due to non use for road construction. | Accepting and proposing to carry out several projects with these machines in the year 2024. | Proper utilization of resources should be done. |
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1.5.8.3 Industrial Development Authority

Audit Observation

The Ministry of Agriculture had taken steps to start a Minuwangoda Walpita canned fish processing project in the year 2020 without paying attention to it and without a formal feasibility study/project plan, despite the fact that the government

Comments of the Chief Accounting Officer

It had started before the circular was issued. That the packaging warehouse is currently being used and several test runs have been done, the machine formulas did not remain idle and the

Recommendation

Projects should be properly planned and managed to achieve objectives.

had told to completely suspend the start of new businesses and capital expenditure. The factory for the processing of canned fish had been purchased when there was no factory built for the processing of canned fish, and the Ministry had invested Rs. 94 million had been spent. Then a few years later, by the time the factory was built and production started in 2023, the warranty period of the purchased machines had also passed. Further for recruitment of workers in the new factory and new construction of packaging warehouse and waste water disposal system in the plant, was Rs. 213 million including the total cost of Rs. 307 million.

warranty period for some machine formulas lasted until September 2023.

1.5.8.4 Co-operative Fund

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) During the period from 2018-2023, 23 cooperative societies that had defaulted on the loan amount given to the cooperative societies by the cooperative fund, the outstanding loan balance that should be paid to the cooperative fund from 1 year to 5 years at 31 December 2023 is Rs. 92 million. Out of which 9 cooperative societies have An amount of Rs. 40 million had not been recovered for more than 03 years.	Answers have not been submitted.	Arrangements should be made to recover the outstanding loan balance.
(b) A loan amount of Rs.25 million had been given to the cooperative societies without any formal arrangement for recovery. Also, loans were given to cooperative societies in cases where the contributions of the cooperative fund were in arrears. Also, in the period from 2002-2023, for 155 cooperative	answers have not been submitted.	Internal control procedures should be developed for disbursement of credit to co-operative societies.

societies without obtaining any collateral security, Rs. 1,220 million in loans and as on 31 December 2023, the total outstanding loan balance was Rs. 701 million.

1.5.8.5 Western Provincial Housing Development Fund

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
In accordance with the Charter of the Establishment of the Housing Development Fund in Western Province No. 03 of 1990, the Housing Development Fund had only provided housing assistance to low-income earners and had not focused on providing housing loans.	It is accepted and that no rule has been imposed in this regard so far.	Action should be taken in accordance with the circular.

1.5.9 Head 108 - Ministry of Education, Cultural and the Arts, Sports and Youth Affairs and Information Technology

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) A car belonging to the Ministry of Education caught fire at 16 April 2016 at the Kottawa entrance of the Southern Expressway and its total loss was Rs. 2.7 million to be collected from the assistant secretary who drove the car, Rs. 2.6 million had not been recovered.	A letter has been sent to the Secretary of the Ministry of Public Administration with copies to the Auditor General asking for the recovery of this value.	The loss should be recovered promptly from the concerned parties.
(b) The Gampaha Sirimavo Bandaranayake Sports Complex maintained by the Ministry was still owned by the Gampaha Divisional Secretariat at the end of the year under review and the land had not been handed over to the Ministry.	arrangements have been made for the takeover For many years,	Arrangements should be made to take over the land to the Ministry.
(c) The clear enjoyment of the land belonging to the BAP/Meega/Davisamara College owned by the Ministry of Education of the Western Province was handed over	Action will be taken to evict the squatters.	Appropriate action should be taken immediately to evict the squatters.

to the Department of Education on 07 July 1979 and it was observed that 50 perches of the land had been occupied by unauthorized persons for some time without a specific date. The Ministry had not taken proper measures to evict these squatters.

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| (d) | For the renovation of the 70 feet X 25 feet two storied building of St. Mary's Maha Vidyalaya School, Matugama, An estimate of Rs.13 million had been prepared. Due to non-availability of funds, only part of the building was renovated at a cost of Rs. 8 million and the project was stopped in the middle. It was said that this premises is unsafe for school students, and for 05 grades from 06th grade to 10th grade, students had to be given leave without doing teaching activities for one day a week. As the laboratory and home science room were also used for conducting classes, the students were not able to carry out practical experiments. | Will be accepted. | Projects should be completed and utilized so that education is not hindered. |
| (e) | In the three districts of Colombo, Kalutara and Gampaha of the Western Provincial Council, while there were insufficient funds to improve the facilities and deficiencies of the schools, through the Ministry of Education, for the temporary booths, loudspeakers and decorations built for the Kadawata, Mahara Vesak Kalapaya in the year 2023, Rs. 10 million had been spent through the Provincial Road Development Authority. | Western Province was organized as Vesak Festival and the Mahara Divisional Secretary, Mahara Divisional Council as well as the State Ministry of Transport have provided support and coordination and that the President's Secretary has submitted a letter to the Governor to provide support for the Vesak Kalapaya. | Government money should be used for essential activities. |

1.5.10 Head 109 - Chief Secretary's Office

Audit Observation	Comments of the Chief Accounting Officer	Comments of the Chief Accounting Officer
(a)	National Salary Commission's letter No. Managing a complex set of	Action should

- NSCC/10/79/GE/AL dated 07 March 2022, President's Secretary's Circular No. PS/PCMD/SD/01/08 dated 29 March 2019 and No. 03/2018 Management circular dated 18 July 2018 Contrary to the circulars, 06 officers of the Budget Division including the Chief Secretary, Deputy Chief Secretary (Finance), Director (Budget) for preparing the budget, which is the normal duty of the officers of the Budget Division, contrary to the circulars. In addition to their salary from the year 2020 to the year 2023, as 1/3 of the salary, An allowance of Rs. 3.6 million was paid for a period of 05 months. tasks. be taken in accordance with the circular.
- (b) National Salary Commission's letter No. NSCC/10/79/GE/AL dated 07 March 2022, President's Secretary's Circular No. PS/PCMD/SD/01/08 dated 29 March 2019 and Management Servise circular No. 03/2018 dated 18 July 2018 Contrary to the circulars, a Human Resource Development and Training Institute had been established employing 13 officers to implement the training programmes. In addition to the salary from January to July of the year under review, those officers during normal working hours will be paid Rs. 404,000 as a training allowance. Only the officials who participate in the program will be paid on the days of the programme. Action should be taken in accordance with the circular.
- (c) According to State Administrative Circular No. 05/2016 dated 9 March 2016, when working in more than one position with official vehicle ownership, only the fuel allowance for the regular position should be given to the Deputy Chief Secretary (Admin) in December 2023 and January 2024 An allowance of Rs.125,504 was paid for additional fuel. Acknowledgment that fuel allowance has been paid. Action should be taken in accordance with the circular.
- (d) According to the Provincial Financial Rules 416.1 and the Procurement Guidelines Code of 2006, the sanitation service and security service to the Western Provincial Council and affiliated institutions will be obtained without the It was done according to the Cabinet Memorandum. Action should be taken in accordance with the Procurement Gudeline.

relevant procurement procedures and for the year 2023, Rs. 101 million had been paid.

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| (e) | According to Financial Regulation 571 of the Democratic Socialist Republic of Sri Lanka, arrangements should be made to regulate lapsed deposits, however the amount received from the Ministry of Roads on 26 June 2020 for Tikiri Kumara Vidyalaya in Ambatala. Rs.26.1 million had been retained in the deposit account till 31 December 2023 for a period of 3 ½ years. | The Deputy Chief Secretary (Engineering) has requested to withhold the amount. | Action should be taken in accordance with the Finance Regulation. |
| (f) | According to the information obtained by the audit from a company supplying drinking water bottles, when more than 100, 19 liter drinking water bottles are purchased monthly at Rs. 220 (with transportation) without following the procurement guidelines, a bottle of drinking water at Rs. 384 each, due to procurement from Vespro, one bottle of water costs Rs. 164 each for the year 2023 and an additional Rs. 2 million was paid to a middleman. | Will be done in the future. | Procurement guidelines should be followed. |
| (g) | In relation to 10 institutions of the Western Provincial Council, 39 officers belonging to 14 positions have exceeded the limits mentioned in the Public Administrative Circular and increased the monthly fuel limit on the approval of the Provincial Governor, in relation to the period from 2012 to 31 December 2023. Rs.16 million in excess fuel allowances had been paid. Furthermore, even though the officials in the relevant circular have the possibility to get additional fuel according to the distance traveled only if they are engaged in additional work journeys on a monthly basis, payments were made contrary to the circular without taking into account the provisions of that circular. | The recommendation of the Chief Secretary and the approval of the Governor have been received. | Fuel Allowance shall be paid as per the circular. |

(h)	A total of 17 assets amounting to Rs.5 million remained idle or underutilized for a period ranging from 03 to 05 years.	Will be acceptd.	Assets should be utilized.
(i)	It was not possible to verify the existence of 13 vehicles registered in the Motor Transport Department in the name of the Chief Secretary.	Will be done in the future.	Physical presence should be confirmed.
(j)	According to the provisions of Chapter XIX of the Establishment Code of the Democratic Socialist Republic of Sri Lanka, although it is possible to provide a government house to the government officials, there is no possibility to pay a monthly housing allowance. However, without paying attention to it, Denoting it as a temporary payment until the quarters are constructed, 14 officers holding the highest positions of the Western Provincial Council, from November 2017 to the end of the year under review, Rs. 25 million house rent allowance was paid.	That is paid on the approval of the Governor.	Action should be taken in accordance with the Establishment Cord

1.5.11 Head 110 - Engineering Organization

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	In spite of spending restrictions as per National Budget Circular No. 03/2022 dated 26 April 2022, 02 drones value Rs.14 million had been purchased and the Organization had not used them.	The 02 drones have been handed over to the Ministry of Health.	Action should be taken in accordance with the Circular
(b)	In the year 2023, under the supervision of Matugama Divisional Engineering Office, the total implemented in schools was Rs. 120 million, 50 of the 59 projects or about 85 percent of the implementation was awarded to School Development Societies and other community-based organizations without calling for competitive bids.	That the Ministry of Education will notify the procurement method to implement the project.	Procurement guidelines should be followed.

1.5.12 Head 111 – Department of Revenue

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to the finance Statute No. 6 of 1990 of the Western Provincial Council, outstanding stamp duty and fines should be collected for the second copies of the deeds which are written and certified by lawyers, however from 16 land registrar offices, related to the years from 2019 to 2023, the value is Rs.7,303 million . Although the Provincial Revenue Department had received the information of 4896 deeds in the year 2023, files had not been opened and further action had not been taken regarding 4,693 deeds.	All offices have been informed to complete all the deeds received on 31 December 2023 by 30 May 2024.	Bringing information and taking necessary action should be expedited.
(b) In the year 2021, although 1171 deeds worth Rs.2,716 million were exchanged, stamp duty was collected for only 99 certificates from Avissawella, Kalutara, Gampaha, Attanagalla land registrar offices.	All offices have been informed to complete all the deeds received on 31 December 2023 by 30 May 2024.	- do -
(c) Due to the weakness of the control systems established by the Western Provincial Revenue Department in collecting stamp duty for the transfer of land titles, the notary concerned did not pay the stamp duty of Rs.4 million due to the transfer of deed number 738 on 30 November 2017 to the Western Provincial Revenue Department. had been used. Along with this amount and the related penalty amount of Rs. 8 million had been filed in Colombo Magistrate's Court No. 47142/5 for recovery. Due to the death of the concerned notary during this period, Rs. 4 million in stamp duty could not be collected.	A case has been filed in Colombo Magistrate Court.	Revenue should be collected.

1.5.13 Head 112 - Department of Local Government

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The balance of the control account and single balance classification summary of the Local Government Department as at 01 January 2023. There was a difference of Rs.6 million, and a committee informed that this difference was due to a payment made to the Chief Ministry through the advance account of government officials on 31 December 2002, however the details of this payment and related approvals were not submitted to the audit.	It was a change since 1990 and the committee appointed for this purpose had settled an amount of Rs. 5 million through 'Journal entries' and since it was a transaction that took place 21 years ago, no other documents could be found.	Relevant evidence should be submitted to the audit.

1.5.14 Head 113 - Department of Health Services

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	At the end of the year under review, the total imprest outstanding balances of the Provincial Health Services Department stood at Rs. 107 million.	That the balances related to unreimbursed intern/post-intern doctor salaries and contact lens purchases from the Ministry of Health and Medical Supplies Division and that the same is being settled.	The outstanding imprest balance should be settled.
(b)	In the vehicle pool of the Department of Health, there were 42 unused and unfueled vehicles from the years 2017-2022. Out of those vehicles, 21 vehicles have been rotting in the garages and office premises for a long time, being exposed to rain and sun since the year 2019.	That it has been referred for repair and that it has been referred for disposed.	Arrangements should be made to repair and reuse, or disposed.
(c)	The existence of 87 vehicles and motorcycles registered in the Motor Traffic Department under the name of Health Services Department could not be confirmed.	The answer will be presented later.	The presence of vehicles should be confirmed.

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| (d) | As at 31 December 2023 in 7 health institutions belonging to the Provincial Health Services Directorate, Rs. 2 million worth of expired medicines and Rs. 19 million worth of defective medicines and due to the losses incurred by the government due to the expired and defective medicines, appropriate measures were not taken through a formal investigation to promptly dispose of the medicines. | During the period 2020-2022, the arrival of patients was limited due to the Covid epidemic, and due to excess in other hospitals, no transfer took place, but the Medical Supply Division was informed to dispose of them. | Medicines should be used before they expire. |
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1.5.15 Head 114 – Department of Ayurveda

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Lunawa Ayurvedic Hospital has not produced any of the 21 drugs estimated to be produced in the first half of 2023 and 07 drugs have not reached the estimated drug production capacity in the first half of 2023.	Has been produced since July.	Production activities should be carried out as planned.
(b) A medical official house belonging to the Western Province Ayurveda Department had been spent Rs.17 million from 2019 to the year under review for the modernization of a Naboda Ayurvedic tourist bungalow, however the tourist bungalow remained idle without being utilized.	The decisions taken on the agreement and approval of the Governor are being implemented.	The building and wooden equipment should be used immediately.

1.5.16 Head 115 – Department of Social Services

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the cabinet had taken a decision to locate the Gangodawila Meth Sevana Tropical Home in Kolonnawa Sunflower Village premises, due to the non-fulfilment of the decision, the necessary repairs of the premises where the inmates of the tropical home are currently staying, had become an unsuitable environment for the inmates to live in.	Renovations have been done in the hostels.	Arrangements should be made to hand over to the department as per the decision of the Cabinet of Ministers.

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| (b) | Contrary to Tropical House Ordinance No. 05 of 1907, the socialization of the inmates of Gangodawila Meth Sevana Tropical House was very minimal and out of the total 138 inmates in the institution, 6 inmates have been staying in the institution for more than 30 years and 18 inmates have been staying in the institution for 20-30 years. It was observed that 56 inmates stay for 10-20 years and 58 inmates stay for less than 10 years. | About 120 inmates are receiving treatment for mental illness, and most of them are unable to socialize normally. | Tropical Housing should be done according to the Ordinance. |
| (c) | The title certificates to be obtained in relation to confirming the right to the land in Rood 03 Par. 31 received through a donation, where the Bellantara Mitsewana Special Children's Rehabilitation Center is located, had not been taken care of. | It has been verbally informed that since the Urumaya program, which is a state policy, is in operation, the related activities will be carried out by the Ministry of Lands to be handed over after the completion of the activities. | Arrangements should be made to obtain title certificates. |

1.5.17 Head 116 – Department of Probation and Child Care Services

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Rammuthugala Certified Girls' School had no teacher employed till now for the approved staff. Furthermore, among the children in the certified school, the number of children going to school had decreased by 17, 12 and 07 in the years 2021, 2022 and 2023 respectively.	Further action will be done for recruitment.	Departmental Standing Orders should be followed.
(b) When the department was established, the computer unit, the Tissa hostel and the minor miner staff quarters, which were provided by the central government, remained idle for many years.	There is a possibility to use this section in the future	These buildings should be used for the relevant functions as soon as possible,

1.5.18 Head 120 - Department of Animal Production and Health

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
On 28 January 2003, the department had taken over 16 hectares of land from the Land Reform Commission for Kotadeniya Animal Husbandry Center and Grassland Centre. The compensation to be paid for that was Rs. 26 million, further payable Rs. 24 million due to delay of 18 years in payment of Rs. 32 million interest amount was actually paid by the department.	It cannot be ascertained whether the delay in payment of compensation was due to the deficiency of any officer.	Government money should be spent sparingly and efficiently.

1.5.19 Head 121 – Department of Motor Traffic

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Regarding revenue collection and distribution, since all the provincial chief secretaries have come to an agreement and decided to block the eRL-2-0 system until legal arrangements are made, Rs.24 million incurred for the eRL-2-0 project and Rs.30.91 million from other provinces had become idle expenditure. This project, which was supposed to be implemented in the year 2020, could not be implemented until 21 March 2024.	It will be implemented in the Western Province after implementation in other provinces.	Efforts should be made to effectively utilize the expenditure incurred for the project.
(b) Although more than 60,000 revenue permits have been issued in the island on certain days, the number of permits that can be issued per day from the new eRL-2-0 system is only 36,000. Due to the fact that a proper study of the capacity of the system (System Capacity) was not carried out during the preparation of plans, the system could have been disrupted.	As the capacity of the currently used eRL1.0 system is not sufficient, the Sri Lanka Information and Communication Technology Agency has been informed to take necessary steps to increase the capacity of the new system sufficiently.	Action should be made to effectively utilize the expenditure incurred on the project and the system should be maintained with sufficient capacity.

1.5.20 Head 122 – Department of Co-operative Development

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to Provincial Finance Rule 51, due to the failure to obtain full insurance for the vehicles of the department within the stipulated period, the amount of Rs. 2 million was not fully recovered from the responsible officials.	All pool vehicles are insured as per the circular.	Action should be taken in accordance with the Financial Ruls.
(b) According to the preliminary investigation report conducted in relation to an official who has gone abroad in 49 cases in the period from 2003 to 2018, contrary to Article 10.8 of Chapter XV of the Establishment Code of the Democratic Socialist Republic of Sri Lanka, proper approval was received in 16 cases without formal approval in 09 cases. There were cases outside the approved limit, and in 07 cases there were no evidences that were submitted to the governor for approval.	According to investigation officers and internal audit reports, 96 days of unpaid leave related to foreign travel and 23 days of unapproved sick leave for 119 unpaid leaves of Rs. 113,349 has been recovered and a further amount of Rs.38,364 should be recovered.	Action should be taken in accordance with the Establishment Code
(c) A cooperative development officer was suspended from work due to the fact that he had been imprisoned for personally using the funds of the Henarathgoda Sanasa Society in projects, giving loans without keeping collateral, and obtaining money by selling the society's assets, however no formal disciplinary action was taken in this regard.	A preliminary investigation will be conducted by the Ministry of Cooperatives.	Action should be taken in accordance with the Establishment Code.
(d) In Gampaha District, 25 Sanasa Societies have invested and given loans to GDC Company without the approval of the Cooperative Commissioner contrary to the Cooperative Charter and Rules, and 61,393 member and non-member depositors have received financial crises due to financial irregularities, financial fraud and corruption in the societies. The Gampaha District Sanasa Society movement had collapsed due to the inability to repay the deposits of Rs. 6,761	In order to recover from those responsible for the financial damages, the societies are being informed and advised to take necessary legal action to get the invested money immediately and if it is necessary to ban the property of the company.	Should be done according to the cooperative charter and rules.

million. Although the GDC had failed to provide this unplanned amount and the interest income due, the Cooperative Development Commissioner had not taken any action in this regard.

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| (e) | The amount of money fraud and lack of money committed by the officers of 5 cooperative societies in Colombo and Gampaha districts is Rs. 338 million, but the assistant cooperative commissioners of those districts had not taken necessary measures to recover the financial losses. | That complaints will be made to the Criminal Investigation Department, investigations will be carried out and legal action will be taken and instructions given by Parliament will be implemented. | Actions should be taken to recover financial losses. |
| (f) | Gampaha Co-operative Sanasa Samiti Union Limited Rs. 3,024 million financial fraud due to delay of more than 03 years until 20 July 2023 to investigate and report according to court orders, financial losses were not recovered and related legal measures were not taken. | The Criminal Investigation Division informed that it is not legally possible to provide copies of the relevant books as they are related to the trial of the Criminal Unit. | As per the court orders, the investigation should be done and the financial losses should be recovered. |
| (g) | Investing Rs.9 million as fixed deposit contrary to the cooperative charter, buying two rooms in the Nuwara Eliya resort for Rs. 3 million, and for a restaurant project Rs. 700,000 including payment of Rs. 13 million regarding financial irregularities, a co-operative development officer who is the chairman of Henarathgoda Society and 11 committee members have been charged, However by the end of the year under review 3 ½ years had passed since the investigation, the financial loss had not been recovered. | Prohibitory orders for 07 years have been issued and the society has been informed to take appropriate steps to recover financial losses. | Action should be taken in accordance with the statute. |
| (h) | 18 societies which have suffered financial crisis in Colombo district and 24 societies which have suffered financial crisis in Gampaha district have issued loans of Rs. 3,586 million and Rs. 3,545 million, totaling Rs. 7,131 million and as at the year under review, the entire amount of debt was uncollected and the societies were in acute financial crisis due to the outstanding debt. | The answer will be presented later. | Action should be taken in accordance with the statute. |

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| (i) | Gampaha District Sanasa Society Limited and 11 Sanasa Societies, including the land where the office of the Sanasa Society is run, and other lands were secured/not secured and loans were taken. The outstanding loan balance is Rs. 70 million. | The answer will be presented later. | Action should be taken in accordance with the rules. |
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1.5.21 Head 123 – Department of Registrar Of Bussiness Names

Audit Observation	Comments of the Chief Accounting Officer	Recommendation	
(a)	Without contracting with the IT Resource Authority, Rs. 9 million had been spent and a computer software had been installed, however without using that software, 61,351 business name registration certificates had been issued from the year 2020 to the year 2023 through the Manual System. Also, in the year 2023, 7064 new business name registrations in 23 Divisional Secretariat Divisions were done by Manual System instead of using computer software.	Before 01 November 2022, the department has used the manual system of business name registrations and after providing solutions to the problems, most of the organizations were directed for online registration.	Actions should be taken to fulfill the objectives of the project.
(b)	For the implementation of the online program for registering business names in the years 2022 and 2023, Rs. 14 million were spent and 20 computers, 22 scanners and 04 dongles were purchased and they were given to 18 regional secretariats, however the online system for registering business names was not operational.	Even now these machines are being used to issue certificates through the online system The bills of the dongles provided free of charge by Dialog are paid by the Divisional Secretariats.	Actions should be taken to fulfill the purpose of purchasing assets.

1.5.22 Head 124 – Department of Housing Commissioner

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the House Rent Act, 46 out of 74 house rent complaints remained unsolved due to the absence of the Chairman of the Board, lack of quorum in resolving house rent issues, the intended objectives of the Board were not fulfilled.	That excuses have been sought from the Chairman and that 46 complaints are to be investigated by the end of the first quarter of 2024.	Arrangemrnt should be made to achieve the objectives.

1.5.23 Head 126 – Department of Education

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Among the schools belonging to the Sri Jayawardenepura Zonal Office, there were 18 schools with a total number of students less than 200 and there was a risk of closing those schools in the future.	The fact that popular schools are located close to these schools and the tendency to attract students to international schools causes the number of students to decrease.	Actions should be taken to prevent school closures.
(b) The personal files of 166 teachers who had transferred to the Kelani Zonal Education Office had not been received by the Zonal Office. Instead, temporary files are being maintained and some temporary files were more than 06 years old.	It is accepted and that reminder letters have been issued to the relevant institutions to bring the files and that the files of 38 teachers have been received.	Arrangements should be made to bring the files as soon as possible.
(c) According to the survey of physical resources of schools conducted in the year 2000, the playground belonging to Neelammahara Vidyalaya affiliated to Maharagama Vidyakara Girls' school with an area of 02 acres and 02 roods was being used by a private sports club.	Further work is in progress.	Legal proceedings should be taken and the acquisition of the playground to the school should be expedited.

1.5.24 Head 127 – Department of Rural Development

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Deficiencies in the rural development data system were not updated, active societies and inactive societies were not kept up to date.	That the work has been delayed due to duplication of data.	Data should be updated so that active and inactive society can be identified.

2. Financial Review

2.1 Financial Result

According to the financial statements presented, there was a surplus amounting to Rs. 9,334 million of the Provincial Council Fund for the year ended 31 December 2032 as compared with surplus of Rs.15,216 million in the preceding year. Accordingly, in the financial result of the fund had deteriorated by Rs. 5,882 million. The reason for the deterioration was the capital expenditure compared to the previous year increased by Rs. 4,798 million and recurring expenditure increase by Rs. 4,675 million.

3 Staff Administration

3.1 Provincial Council Ministries, Departments and others

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
02 posts of Cooperative Development Deputy Commissioner have been vacant since 23 years, 04 posts of Cooperative Development Assistant have been vacant since 21 years and 80 posts of Cooperative Development Officer and Development Officer have been vacant.	That all vacancies are reported at the time of occurrence and quarterly through staff quarterly reports to the Deputy Chief Secretary Personnel and Training.	Vacancies should be filled promptly.

3.2 Local Authorities

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
There were 5722 employee vacancies in local government authorities	That the vacancy notices have been referred to the appropriate ranks for approval and no recruitment has been done so far as per the Cabinet decisions and circular provisions.	Vacancies should be filled promptly.

3.3 School staff

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	There were 463 principal vacancies and 3,920 teacher vacancies in the approved staff of the provincial education department as at 27 May 2024,	As the public service recruitment has been suspended, all the vacancies in the Sri Lanka Education Administration Service will be covered by the regional level officials and the recruitment will be done by the Provincial Public Service Commission for teacher vacancies.	Vacancies should be filled promptly.
(b)	There are 183 development officer posts, 07 management assistant posts, 36 lab assistant posts, 88 watchman posts, 265 library assistant posts, 68 lab assistant posts and sanitary worker posts in the approved staff of schools belonging to the Western Province. 14 were vacant, 42 school work assistant posts and 243 school labor posts were redundant.	That the existing carder in the posts of Library Worker and Laboratory Worker are covered by School Work Assistants and School Workers.	Vacancies should be filled promptly.

3.4 Health staff

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	48 senior level posts, 16 tertiary level posts, 244 secondary level posts and 9 primary level posts were redundant in the institutions belonging to the Provincial Health Services Department and that officers had not been assigned to the vacant institutions.	Answers had not been submitted.	Surplus officers should be posted to the institute where there are vacancies.
(a)	In the year 2023, the Colombo District Health Services Directorate had incurred a net expenditure of Rs.7 million due to the recruitment of 51 pensioners on contract basis despite the excess staff in the posts.	Answers had not been submitted.	Surplus officers should be posted to the institute where there are vacancies.

4. Accountability and Good Governance

4.1 Planning Action Plan

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the Public Finance Circular No. 02/2020 dated 28 August 2020, each institution must prepare an annual action plan for the implementation of the approved budget estimates for each year on behalf of its institution, and the annual action plan for the coming year should have been prepared before 31 December of the transition year, However, the Western Provincial Chief Secretariat had not been done accordingly.	Answers had not been submitted.	Should be submitted by the due date, and numerical data should be entered and processed so that it can be evaluated.