

# **Auditor General's Triennial Report**

**2021-2023**

**Provincial Council**

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## **1. Executive Summary**

Nine (09) Provincial Councils namely Western, Central, Southern, North Western, North Central, Uva, Eastern, Northern and Sabaragamuwa were established by the article 154 a (1) of the constitution of the Democratic Socialist Republic of Sri Lanka with 13<sup>th</sup> amendment to the Constitution adopted by Parliament in 1987. The administration of the Provincial Councils is under the Governor and the Chief Secretary acts as the Chief Accounting Officer of the Provincial Councils. The Chief Minister acts as the Head of the Provincial Council and a Provincial Council is comprised with 05 Ministers including the Chief Minister.

The Provincial Councils Act No. 42 of 1987 had been passed by Parliament to make provisions in respect of the procedure to be followed in Provincial Councils, the matters regarding the Provincial Council Public Service and the matters connected therewith or incidental thereto. Also, in accordance with Section 23(1) of the said Act and Article 154(3) of the Constitution, the audit of a Provincial Council should be carried out by the Auditor General.

The revenue of a Provincial Council involves varied sources including government grants, tax revenue and non-tax revenue. As per the recommendations of the Finance Commission, each Provincial Council is given provisions from the Treasury of the Central Government. Those are government grants. Besides, the Provincial Council collects revenue in the form of tax and non-tax revenue. Particularly, the revenue such as stamp duties and revenue from issuing vehicle licenses can be quoted as the major revenue collected by the Provincial Councils. Total revenue of Rs. 458,566 million had been collected by 09 Provincial Councils in the year 2023. The said revenue included a total sum of Rs. 83,544 million from tax, non-tax and other revenues, and a total government grants amounting to Rs. 375,022 million provided by the government to the Provincial Councils. Accordingly, as 82% of the total revenue of the 09 Provincial Councils had been consisted with government grants, it is observed that all the Provincial Councils are further depending on the grants from the Treasury.

As the tenure of the existing 09 Provincial Councils has expired, those Councils have been considered to have been dissolved in accordance with the provisions of Article 154(e) of the Constitution. Accordingly, Sabaragamuwa, Eastern and North Central Provincial Councils have been continued since the year 2017 while North Western, Central and Northern Provincial Councils have been continued since the year 2018, and Western, Uva and Southern Provincial Councils have been continued since the year 2019 by the Governors of each Provincial Council without a Council in accordance with the provisions of Section 2(1) (a) of the Provincial Councils (Consequential Provisions) Act, No. 12 of 1989.

## **2. Opinion of the Auditor General on the Financial Statements**

Provincial Council prepare annual financial statements comprising the statement of financial position as at the end of the year and income statement, a cash flow statement, statement of changes in equity and a summary of significant accounting policies and other explanatory information for the year then ended. The Auditor General provides independent assurance that the financial statements give a true and fair view of the operations of the entities. This assurance is provided by expressing an opinion on the financial statements. The conclusion of the Auditor General as to whether the statement of financial position and the statement of financial performance of the Provincial Council present a true and fair view and as to whether those financial statements comply with Sri Lanka Accounting Standards or Sri Lanka Public Sector Accounting Standards, which are currently compliant with International Public Sector Accounting Standards, and Financial Reporting Standards is expressed by the audit opinion.

Four types of opinions are expressed after considering material misstatements or discrepancies according to the financial statements, and limitations of scope and disagreements between management and the auditor. They are:

### **Unqualified Opinion**

This opinion is expressed when material misstatements or non-compliances are not reported in the financial statements.

### **Qualified Opinion**

This opinion is expressed when material / misstatements or inconsistencies have been reported in the financial statements, but, they have not been extended to the financial statements of entity.

### **Adverse Opinion**

Adverse audit opinion is expressed when material / misstatements, reported in the financial statements have been extended to the financial statements.

### **Disclaimer of Opinion**

This opinion is expressed when the auditor is unable to obtain sufficient and appropriate audit evidence for audit opinion owing to the limitation in the scope and when the auditor decides that there may be undisclosed misstatements in the financial statements.

**Details of Opinions of Independent Commissions.**

Information of audit opinions issued in relation to the financial statements submitted in relation to 09 independent commissions for the years 2021, 2022 and 2023 is mentioned in the following table.

	2021	2022	2023
<b>Unqualifid</b>	-	-	-
<b>Qualified</b>	09	09	09
<b>Adverse</b>	-	-	-
<b>Disclaimer</b>	-	-	-
<b>Opinion has not decided yet</b>	-	-	-
<b>Financial Statements not received</b>	-	-	-

	Name	2021	2022	2023
1.	Eastern Provincial Council	Qualified	Qualified	Qualified
2.	North Central Provincial Council	Qualified	Qualified	Qualified
3.	North Western Provincial Council	Qualified	Qualified	Qualified
4.	Sabaragamuwa Provincial Council	Qualified	Qualified	Qualified
5.	Uva Provincial Council	Qualified	Qualified	Qualified
6.	Central Provincial Council	Qualified	Qualified	Qualified
7.	Southern Provincial Council	Qualified	Qualified	Qualified
8.	Western Provincial Council	Qualified	Qualified	Qualified
9.	Northern Provincial Council	Qualified	Qualified	Qualified

### 3. Independent Observations of Provincial Council

#### 3.1 Eastern Provincial Council

	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Equity</b>	<b>Excess (deficiency)</b>	<b>Opinion</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	
<b>2021</b>	16,802,063,696	853,159,035	15,948,904,661	2,350,483,323	Qualified
<b>2022</b>	18,007,488,752	983,776,019	17,023,712,733	1,074,061,039	Qualified
<b>2023</b>	19,880,864,862	552,939,246	19,327,925,616	2,302,688,524	Qualified

	<b>Audit Observation</b>	<b>Reporting Year</b>	<b>Recommendation of the Auditor General</b>	<b>Action taken by the Auditee Institution</b>	<b>Present Position</b>
(a)	Under the Balanced Regional Development Program (BRDP), the Provincial Chief Ministry has set up 03 garment factories at Eravur, Veeramune and Seethanaveli at a cost of Rs. 191.04 million built at a cost of and given to a private company under a Public Private Partnership Agreement (PPPA) in 2017 at a monthly rent of Rs.440,000. However, the factories located in Weeramuni and Seethanaveli had not been used for the intended purposes for more than 04	2021-1.5.3(b)	Fruitful action should be taken to utilize the garment factories and recover the arrears rental.	Although preliminary work had been done to start the new activities, the process of providing equipment to the trainers in those activities had been suspended due to the unexpected situation in the country. The private company had informed to me that the garment factory will be started from this year. Accordingly, "Seethanaveli" garment factory was started in February 2022 and is running with 36 workers.	Action had not been taken to solve this issue.

years and rent arrears for the period from 01 September 2017 to 31 December 2021, Rs. 20.67 million had also failed to recover.

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| <p>(b) Due to disputes of the construction of 02 bridges (0+360-2+920) on the Malwatta-Suruppodei road located in the Ampara district of the Eastern Province during the period from 2011 to 2013, Arbitration payment of Rs. 150 million was paid from the provincial fund during the year under review. However, Approval was not sought for making this payment from the General Treasury and the Chief Secretary of the Eastern Province had given approval for the same. Further, according to the information received during the audit, the contractor was paid Rs. 11 million due to the loss of the opportunity to resolve these</p> | <p>2021-1.5.4(b)<br/>2022-1.5.3(e)</p> | <p>A formal investigation should be conducted and if the government has suffered a loss through this transaction, it should be recovered from the responsible officials.</p> | <p>This confirms that approval had been given by the General Treasury on the recommendation of the Secretary of the Ministry of Local Government and Provincial Councils prior to payment of the amount. The Adjudicator rendered his decision on 12 February 2014, and the project was nearing completion at the time the decision was announced. And the decision was favorable to the contractor.</p> <p>Therefore, the Eastern Provincial Council initiated an arbitration with the recommendation of the then supervising consultants</p> | <p>Action had not been taken to solve this issue.</p> |
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disputes, thus it was also observed that a settlement payment of Rs. 150 million had to be made. This caused a loss of Rs.139 million to the government. It was pointed out by the Budget Department, in the letter No. BD/GPS/321/02/02 dated 2019 April 09, addressed to the Chief Secretary that if the relevant officers accept the responsibility of the settlement payment, after obtaining the approval of the Cabinet, the Treasury will be made these payments taking into consideration in connection with the existing financial situation of the Treasury. However, it was further observed that these payments were made without proceeding as above. In addition, as legal fees for conducting this arbitration process, Rs. 6.6 million had also been borne.

appointed by the Ministry of Internal and Home Affairs and Provincial Councils and Local Government.

The selection of the arbitrator was made in terms of Section 6 of the Arbitration Act No. 11 of 1995. The settlement process was initiated while the World Bank-assisted road project was underway, and payments were made from the project fund after the World Bank loan expired. A lawyer was also paid from the provincial council fund.

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| (c) | The Revenue Unit of the Provincial Council collected court fines and stamp duty on behalf of the local governments in the Eastern Province amounted to respectively Rs. 274.74 million and Rs. 4.64 million were not disclosed in the annual performance report or in the financial statements confirming the remittance to the respective local authorities. | 2021<br>1.5.5(a)   | Financial statements should work to disclose information about income for the user to understand. | Action will be taken from this year.   | Action had not been taken to solve this issue.                    |
| (d) | Although the total cadre for posts related to various grades is 19,418, out of that 30 percent or 5,827 employee vacancies have been existing for more than 05 years. Despite this, 2,607 officers had been recruited excess for various posts without the approval of the Department of Management Services.   | 2021<br>1.5.7(c)   | Action should be taken to fulfill the vacancies and transfer the excess cadre to needed province. | Deputy Chief Secretary – Personal & Training is only responsible for updating cadre details of all the institutions of the Eastern Provincial Council. | Action had not been taken to solve this issue.                    |
| (e) | A sum of Rs.7.2 million had been spent on establishing a  | 2021-<br>1.5.11(d) | Action should be taken to utilize the building and equipment                                      | Though the equipment purchased 07.09.2020  | the were on for<br>Action had not been taken to solve this issue. |

	<p>traditional food promotion center and providing equipment.</p> <p>Although it was completed and handed over on 12 October 2020, the building and the purchased equipment were not used for those purposes and remained idle until 30 November 2022.</p>	<p>purchased for “Hela Bojun” Traditional Food Promotion Centre.</p> <p>opening.</p> <p>Unfortunately, due to unexpected situation of corona pandemic it was delayed till the normalcy come. Anyhow by the time it was stated to function, warranty period had been lapsed for Mixture blender, Wet grinder and Gas Cooker (Small). This situation was out of our control.</p>	
(f)	<p>There are 17 zonal education offices in the Eastern Province, out of which 1,509 teachers are vacant in 11 zonal education offices, but the secretary of the Eastern Province Ministry of Education had appointed 664 teachers in excess for 06 other zonal education offices. Thus there was a excess of 100 teachers for 18 subjects in schools in Kinniya Education Zone.</p>	<p>2021-1.5.14(h)</p> <p>Action should be taken to balancing the excesses and shortages of teachers within the Province.</p>	<p>No Comments.</p> <p>Action had not been taken to solve this issue.</p>
(g)	<p>A surcharge of Rs.4.64 million was imposed for non-</p>	<p>2021-1.5.19(a)(iii)</p> <p>Action should be taken to adopt the labor rules and</p>	<p>Eastern Provincial Housing Authority (EPHA) negotiated</p> <p>Action had not been taken to solve this issue.</p>

payment of 2022- regulation.  
employee provident 1.5.4(b)(i)  
fund and employee  
trust fund  
contribution on  
behalf of 38  
employees hired on  
contract basis by the  
authority for the  
period from 01  
September 2018 to  
31 May 2021.  
Further, the  
authority had so far  
failed to remit the  
above contributions  
and surcharge to the  
respective funds.

this matter with  
Labor Department  
of Trincomalee to  
pay the contribution  
due over 7 years.  
Accordingly, they  
have requested to  
submit the salary  
paid details for 7  
years to calculate  
the arrears payable.  
EPHA prepared the  
salary particulars  
and sent Labour  
Department,  
Trincomalee on  
04.03.2022. Due  
will be paid once  
the Labor  
Department of  
Trincomalee  
notified the amount  
payable. However,  
contribution for the  
EPF and ETF is  
being paid since  
June 2021.

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| <p>(h) The required staff 2021-<br/>for the, Eastern 1.5.19(a)(iv),<br/>Provincial Housing (b)(iii), (c)<br/>Authority and<br/>Tourism Bureau<br/>were not approved<br/>by the Department<br/>of Management<br/>Services, and<br/>accordingly, 79<br/>officers were<br/>recruited without<br/>the approved<br/>number of<br/>employees and total<br/>of Rs. 26.77<br/>million were paid as</p> | <p>Action should be<br/>taken to approve<br/>the cadre.</p> | <p>A decision has been<br/>taken at the board<br/>of director's<br/>meeting held on<br/>22.02.2022 to re<br/>submit the new<br/>cadre for approval<br/>Eastern Provincial<br/>Housing Authority<br/>and Action is being<br/>taken to obtain the<br/>Management<br/>service department<br/>approval for a cadre<br/>of the Eastern<br/>province Tourism<br/>Bureau</p> | <p>Action had not<br/>been taken to<br/>solve this issue.</p> |
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salaries and allowances in the year under review. Moreover 06 secondary level officers and 35 primary level officers were recruited in excess of the approved number of employees of the Eastern provincial Transport authority and Rs.9.06 million were paid to those officers as personnel emoluments during the year under review.

The Eastern Provincial Road Passenger Transport Authority need more staff requirements due to the increase in the number of services and the positions were recruited on the recommendations of the former Minister of the Chief Ministry and the Governor of (E.P.)

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|-----|--|----------------------|--|---|---|
| (i) | <p>A total of 81 plots of land, 98 vehicles, 71 motorcycles, 97 government quarters, 28 office buildings, 2 rest houses, and 51 irrigation tanks, which were belonging to various Departments, Secretariats, and Ministries in the Eastern Province, were not assessed and included into the financial statements and the title deeds, survey plan of the land where the above quarters and rest</p> | <p>2022-1.5.3(c)</p> | <p>All non-financial assets should be promptly assessed for valuation.</p> | <p>Efforts are underway to assess the value of agricultural vehicles and motorcycles and it will be included in the financial statements in the future. A formal request has been sent to the Valuation Department. We have 34 similar premises under the category of quarters including 20 family quarters, 1 senior staff quarter and 03 houses for both male and female. Among the above</p> | <p>Action had not been taken to solve this issue.</p> |
|-----|--|----------------------|--|---|---|

houses are located  
were not submitted  
for audit.

mentioned  
premises, 10 listed  
quarters have been  
evaluated by the  
department and  
their evaluation  
report has not been  
received so far. In  
addition we have  
sent letters to the  
concerned  
Divisional  
Secretary to have a  
measurement plan  
included in the  
valuation process.

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| <p>(j) Although, an 2022-<br/>amount of 1.5.3(d)<br/>Rs.57,786,846 was<br/>paid to the<br/>respective service<br/>providers as<br/>contributions to the<br/>Employees'<br/>Provident Fund and<br/>Employees' Trust<br/>Fund for the<br/>employees engaged<br/>in sanitary and<br/>security services<br/>during the year<br/>under review no<br/>supporting<br/>documents were<br/>submitted to verify<br/>whether these<br/>contributions were<br/>actually remitted to<br/>the respective<br/>organizations.<br/>Additionally, a<br/>value-added tax of<br/>Rs. 6,304,937<br/>calculated on the</p> | <p>The Provincial<br/>council is<br/>required to<br/>furnish details to<br/>the audit<br/>regarding the<br/>payment of<br/>Employees'<br/>Provident Fund<br/>and Employees'<br/>Trust Fund<br/>contributions and<br/>the value-added<br/>tax paid on these<br/>Employees'<br/>Provident Fund<br/>and Employees'<br/>Trust Fund<br/>contributions<br/>need to be<br/>reclaim from the<br/>contractor.</p> | <p>The value-added tax<br/>has been remitted<br/>on the entire sum of<br/>wages as agreed<br/>upon. The<br/>contractor has made<br/>this payment to the<br/>Inland Revenue<br/>Department.</p> | <p>Action had not<br/>been taken to<br/>solve this issue.</p> |
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above mentioned contributions, was informally paid to the institution, these informal payments have not been recovered up to now.

- (k) Though the process of collecting stamp duty from defaulters from 2018 to 2022 was not conducted efficiently, an amount of Rs.11,188,360 was paid as incentives to the relevant officials of the Provincial Revenue Department.
- 2022-1.5.4(d)
- The objective can be attained since the stamp duty is paid by the asset transferor. Nevertheless, any remaining amounts owed, including penalties and outstanding stamp duty, should be collected by the Revenue Officer. Therefore, it is recommended to increase the collection of revenue
- While there are certain staff shortages/vacancies within the revenue service office, there has been some improvement in their duties and the office has successfully met the following tax collection targets in terms of stamp duty collection and refunds to local authorities.
- | Year | Target (Mn) | Achievement    |
|------|-------------|----------------|
| 2019 | 360         | 469,216,920.35 |
| 2020 | 337.5       | 449,580,571.00 |
| 2021 | 500         | 714,810,468.50 |
| 2022 | 550         | 828,752,253.58 |
- As a result, the staff is entitled to receive their incentives, which will enhance the overall capacity of the entire workforce to achieve the department's objectives in the future.
- Action had not been taken to solve this issue.
- (l) The Ministry of Agriculture procured 60 leaf cutting machines valued at
- 2022-1.5.8(b)
- Efforts should be made to procure and provide the needy equipment necessary to
- As stated before the government's organic agriculture policy was abandoned, the
- Action had not been taken to solve this issue.

Rs.35,348,600 in the year 2021, for the production of organic compost and these machines were subsequently distributed to 60 institutions in the Eastern Province. However, 50 percent of these machines remained unused for their intended purpose as at the audit date on 30 April 2023, due to the absence of four-wheel tractors required to operate them

2022-1.5.8 (b)

maximize the utilization of the acquired assets.

demand for these machines from the farming community decreased.

Therefore, 50 percent of this machinery was utilized. Under such circumstances, unused machinery is being taken back to the Provincial Council and 50 percent of the value of the machinery is being paid to the Eastern Provincial Department of Agriculture and the remaining 50 percent is being given to the farmers on the basis of monthly installments.

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| <p>(m) The Provincial Ministry of Agriculture procured 32 two wheel tractors with rotavators at a cost of Rs. 14,816,000 for the purpose of rewarding successful farming communities in the province.</p> | <p>2022-1.5.8(c)</p> | <p>Efforts should be made to maximize utilization of the allocated funds.</p>   | <p>Initial plans were to support farmers' organizations with these tractors, but by the time the two-wheel tractors became available, the farming season was coming to an end. Therefore, it was not possible to carry out these works as planned.</p> | <p>Action had not been taken to solve this issue.</p> |
| <p>(n) Although, an allocation of Rs.30 million was provided to the Department of</p>   | <p>2022-1.5.9(a)</p> | <p>These funds should be utilized for specific purposes in a timely manner.</p> | <p>Quotations were called for this purchase and a purchase order was also issued.</p>  | <p>Action had not been taken to solve this issue.</p> |

Agriculture during the year 2022, for the purpose of ensuring food security under the Agriculture Development Program, a sum of Rs. 21,934,350 of this allocation remained unutilized for the intended purpose as at 17 April 2023.

However, due to the covid epidemic and the lack of dollars in the country and the huge increase in the price of the goods, the relevant suppliers were unable to import and supply the goods.

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| <p>(o) Although, 51 medical devices worth of Rs.25,461,600 received to the Provincial Biomedical Engineering Unit were sent to the service provider for repair work during the period from 2018 to 2022, the repair work of the equipment has not been completed, and they were not return back to the unit as at the date of this report.</p> | <p>2022-1.5.11(e)</p> | <p>Assets should not be kept idle and they should be used effectively.</p> | <p>This delay is primarily due to a shortage of spare parts and the high cost associated with procuring these spare parts. In some cases, equipment was held until partially damaged equipment arrived so that parts could be exchanged for repairs. However, I would like to clarify that all the repaired equipment has now been returned to the hospital.</p> | <p>Action had not been taken to solve this issue.</p> |
| <p>(p) According to the information provided to the audit, 11 vehicles, including 6 vehicles amounting to Rs. 40,950,000 and 5 vehicles of unspecified value,</p>  | <p>2022-1.5.11(i)</p> | <p>Action should be taken to repair the vehicles and put to use.</p>       | <p>These vehicles are being repaired and put into use.</p>   |   |

were kept in a repairable condition at the Regional Health Services Directorate for more than 5 years. They had not been repaired as at the audit date of 24 April 2023.

(q)	<p>Lease rental 2022 totaling to 1.5.13 Rs.245,513,346 related to Government lands in 13 Divisional Secretariat Divisions remained in arrears for periods ranging from 01 to 16 years. However, the Department of Land Administration had not taken appropriate measures to recover these arrears as at 31 December 2022.</p>	<p>The outstanding balance should be promptly recovered from the respective Divisional Secretariats.</p>	<p>Out of the total amount of Rs. 245.51 million in arrears, the arrears of Rs.19.5 million relating to the period of 1 to 3 years are expected to be recovered in the current year, and instructions have been issued to the Divisional Secretariats to initiate the recovery process for these arrears. Additionally, based on a decision made during the District Coordination Committee meeting, the remaining arrears of Rs. 225.9 million for the period of 3 to 16 years have been submitted to the Land Commissioner General (LCG) for cancellation the lease. As per paragraph 86(1) of the Land</p>	<p>Arrears hand not been recovered.</p>
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Ordinance, it is the responsibility of the Divisional

Secretary to take legal action against unpaid lease arrears. Letters have been sent to lease defaulters to remind them to settle their outstanding amounts.

Accordingly, a sum of Rs. 7,304,439.60 has been recovered up to 18 July 2023.

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| <p>(r) Even though 48 tourist attractive places had been identified in this province, action had not been taken either to perform 10 key functions in terms of Part IV(A) of Extraordinary Gazette No. 1985/73 of 18 March 2016 of the Democratic Socialist Republic of Sri Lanka or to generate its own income during over last 05 years. Thus indicating a sum of Rs. 128.40 million had been paid from provincial fund account for various activities of the Tourism bureau from the year 2019 to 2023.</p> | <p>2023- 2(a)</p> | <p>Action should be taken to perform those key function and to generate own income.</p> | <p>Noted for action.</p> | <p>Action had not been taken to solve this issue.</p> |
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| <p>(s) 04 Lorries and 18 machines valued 2023-1.5.10 aggregating to Rs. 88.06 million had been allowed to idle in various offices of Road Development Department without being utilized for the intended purposes of commercial activities during the period ranging from 02 to 05 years.</p>  | <p>Action Should be taken to utilize for the intended purpose.</p> | <p>Those will be rented out to increase the hire charges in future.</p> | <p>Action had not been taken to solve this issue.</p>   |
| <p>(t) Imprest aggregating Rs. 96.97 million received by the Provincial Department of Education for the Nutritional programme, Provincial Specific Development Grant works, General Education Moderation Project works and UNICEF's project works had been utilized for payment of advances to Public officer and settlement of General deposit balances without being utilized for the intended project works for the year under review and immediate preceding year.</p> | <p>Imprest should be utilized for the intended purpose.</p>        | <p>Considered to not to repeat these lapses in future.</p>              | <p>. Action had not been taken to solve this issue.</p> |

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| (u) | 30 static shredder machines aggregating to Rs.17.67 million had been purchased for the purpose of producing the organic compost by the Provincial Ministry of Agriculture, had not been utilized for the intended purpose due to non-availability of four-wheeler tractor to operate the shredder machine and allowed to be idled over 02 years. | 2023-1.5.5 | Acquisition should be made with the proper plan / feasibility study for utilization. | Action will be taken to transfer these assets to transfer these assets to other institutions. | Action had not been taken to solve this issue. |
|-----|--|------------|--|---|--|

**3.2 North Central Provincial Council**

	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Equity</b>	<b>Excess (deficiency)</b>	<b>Opinion</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	
<b>2021</b>	31,396,165,220	1,738,330,135	29,657,835,085	245,732,609	Qualified
<b>2022</b>	31,996,870,784	1,000,469,385	30,996,401,399	(135,926,957)	Qualified
<b>2023</b>	35,864,257,855	1,118,216,965	34,746,040,890	1,737,902,832	Qualified

	<b>Audit Observation</b>	<b>Reporting Year</b>	<b>Recommendation of the Auditor General</b>	<b>Action taken by the Auditee Institution</b>	<b>Present Position</b>
(a)	North Central Chief Ministry had made double payments for the construction done under the Nearest School Best School project allocation in one occasion on the original copies of documents including measurement sheets, work completion report and bill payment summary and in another occasion on photocopies of said documents. The amount fraudulently obtained through double payments by 26 February 2020 was Rs. 8,608,290 as revealed in the audit sample test,. The recovery of the	Year 2021	The full amount should be recovered and disciplinary action should be taken against the officials who made the double payment.	Transfer of officers who made double payments and providing instructions to new officers.	Although the full amount had been collected, disciplinary action had not been taken against the officers.

entire amount and the disciplinary proceedings against the officials who made the double payment were not completed.

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|-----|--|---------------|--|---|--|
| (b) | The North Central Chief Ministry has paid an advance of Rs.9,066,775 in the year 2016, for 02 construction contracts with an agreed amount of Rs.21,946,785, which had been implemented using the provisions of the Nearest School Best School project, but the work had not been completed as per the agreement. Even so, legal action was not taken to recover the advance and the contractors who did not complete the work as per the agreement. | 2021<br>වර්ෂය | Legal action should be taken against contractors who have not completed the work as per the contract, to recover the mobilization advance.                                 | Officers have been informed to take appropriate action regarding security.  | A sum of Rs.3,193, 462 was due for one contract, and disciplinary action had not been taken against the officers who allowed the bonds to expire.                |
| (c) | The Chief Secretary had entered into a contract with a private supplier on 23 March 2016 for an amount of Rs.15,797,500 for developing a technical quality documentary video program, creating a   | Year 2021     | Action shall be taken against the officials who made payment before supply the video program, quality book with attractive pictures and website with formal information by | Necessary instructions have been given to all officers at the meeting of the Provincial Council's Main Audit and Management Committee that the projects currently being implemented | Based on the preliminary investigation report conducted regarding the project, it was recommended that charge sheets be issued against several officers assigned |

	quality book with attractive images and creating a wellstructured informative website for the promotion of tourism in the North Central Province. Although a sum of Rs.12,144,500 of the contracted amount had been paid by 26 December 2016, but the supplier had not completed the project and handed it over to the provincial council by 10 May 2021 to be used for the promotion of tourism in the North Central Province.		the supplier.	under the Ministries and Departments of this Provincial Council should be implemented with proper planning and supervision and without any irregularities.	to the relevant duties and disciplinary action be taken.
(d)	Although an amount of Rs.27,606, 176 had been spent on the preparation of the Ten-Year Sustainable Integrated Development Plan, which was scheduled to be implemented from 2018, the said plan had not been prepared by 17 October .2022	Year 2021	This plan should be prepared to achieve the Sustainable Development Goals.	At the Provincial Council's Audit and Management Committee meeting, necessary instructions have been given to all officers to implement projects in a manner that does not result in any irregularities.	The preparation and completion of the Ten-Year Sustainable Integrated Development Plan has not been completed.
(e)	The Agency's Vehicle Repair Division had	Year 2021	Arrangements should be made to purchase spare	Steps have been taken to purchase spare parts and	The proposed procurement methodology had

purchased spare parts worth Rs. 22,702, 451 during the year under review and the purchase of those spare parts had been made without inviting competitive bids in accordance with the procurement guidelines.

parts in lubricants required not been accordance with for the vehicle approved and procurement repair and service implemented. guidelines. sector, following the prescribed procurement procedures and making the relevant purchases.

- (f) 63 no's of Year 2021 Adequate Zonal Education There was no principals and teachers attached to schools in the North Central Province had been released to other institutions for periods ranging from 02 months to 32 years, and the Zonal Education Offices had been paid 61 out of those released teachers total salaries and allowances of Rs.257,490, 892 from the date of release to the end of the year under review without verifying the information on reporting to service, arrival and departure, leave, etc. of the relevant officers and the allowances received from the released institutions.
- Adequate confirmation should be obtained when assigning the relevant teachers to schools and paying their salaries.
- Zonal Education Directors were instructed to issue resignation letters to officers who did not report to the teacher/principal service.
- There was no evidence of any reports of return to duty or of any letters of resignation being issued.

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| <p>(g) Although when an officer's probation period is completed, the Head of Department should ensure that he is confirmed in service, his probation period is extended, or his probationary appointment is terminated, however, 313 teachers who had been appointed to the teaching service in schools located in the North Central Province between 1989 and 2022 had not been dealt with accordingly.</p> | <p>Year 2021</p> | <p>Steps should be taken to permanent the relevant teachers as soon as possible.</p>   | <p>In order to carry out the necessary work to permanent the relevant teachers promptly, a group of officers visited the zonal office and took appropriate steps to resolve the problematic files, and the permanent work was made efficient.</p> | <p>Of the teachers who were appointed to the teaching service, 63 teachers ie 26 of whom submitted false certificates, 14 of whom did not have the minimum qualifications and 23 of whom were retained for various other reasons had been retained in the teaching service without terminating their service.</p> |
| <p>(h) 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</p>                                   | <p>Year 2023</p> | <p>Defects in the construction should be rectified immediately and the amount should be collected from the officials who allowed the bond to expire.</p> | <p>At present, the Audit and Management Committee provides advice to minimize such observations.</p>  | <p>A preliminary investigation committee has been appointed to examine whether the officer responsible for the expiry of the advance security is liable. A five-member committee has been appointed to formally hand over the relevant building to the Polonnaruwa Municipal Council.</p>                         |

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.

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| (i) | 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. 45,171,484 should be recovered from the mobilization advance amount given. The advance security bond taken for the advance had | Year 2023 | Necessary measures should be taken to recover the money owed from the excess money provided and to implement it as a productive project. | At present, the Audit Management Committee provides advice to minimize such observations. | Only discussions and have been held regarding the further completion of this stalled project. |
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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.

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| (j) | 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 | Year 2023 | A formal investigation should be conducted to identify irregularities in the procurement process. | At present, the Audit Management Committee provides advice to minimize such observations. | A committee headed by the Accountant of the Anuradhapura Municipal Council has been appointed on 01 September 2024 to investigate this matter. |
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to the bidder who offered Rs.256,100 more than that.

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| (k) | <p>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 recover the advance amount given.</p> | Year 2023 | <p>Actions should be taken against the officers who were contracted without provisions, and steps should be taken to recover the outstanding advances</p> | <p>At present, the Audit and Management Committee provides advice to minimize such observations.</p> | <p>It has been decided to appoint a preliminary investigation committee.</p>  |
| (l) | <p>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</p>   | Year 2023 | <p>Principal posts should be given to the teachers who have passed the principal service.</p>   | <p>New recruitments were made to the principal service.</p>  | <p>Necessary steps will be taken in the future to appoint surplus principals to schools other than those where acting principals have been in office for a long</p> |

was observed that graded principals of 397 schools were performing the duties of deputy principals in the North Central Province.

time.

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| (m) | 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. | Year 2023 | Procurement guidelines should be followed. | At present, the Audit and Management Committee provides advice to minimize such observations. | The amount due from two sub-projects for the construction of the paddy fields was Rs. 1,268,976, and disciplinary action had not been taken against the officers who had not encashed the mobilization advance bonds and performance advance bonds before the expiry of the term. |
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- (n) 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.
- Year 2023 The data processing system should be established and work should be done to make the services efficient.
- At present, the Audit Management Committee provides advice to minimize such observations.
- The data processing system had been implemented in only 03 health medical offices.
- (o) 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
- Year 2023 Follow the guidelines of the Ministry of Health.
- The officers in charge of the subject have been transferred and the supervision of the distribution of Thriposha has been directly assigned to the Accountant.
- The loss incurred had not been identified and reported through a formal investigation, and the parties responsible for the late fees payable had not been identified.

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.

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| <p>(p) 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</p> | <p>2023<br/>වර්ෂය</p> | <p>The revolving credit program should be implemented continuously.</p> | <p>Loan issuance has been suspended.</p> | <p>Out of the loan amount issued, Rs. 27.65million has not been recovered yet, and Rs. 10.35 millions of the remaining amount is still in the general deposit account</p> |
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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 was to “prevent shortage of rice in the open market and control the price of rice” had not been achieved.

as of September 30, .2024

**3.3 North Western Provincial Council**

	<b>Total Assets</b>	<b>Total Liability</b>	<b>Equity</b>	<b>Excess (deficiency)</b>	<b>Opinion</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	
<b>2021</b>	87,868,899,536	1,112,223,415	86,756,676,121	3,371,051,580	Qualified
<b>2022</b>	96,692,986,297	963,657,130	95,729,329,166	2,644,962,777	Qualified
<b>2023</b>	106,379,572,843	984,335,452	105,395,237,390	3,226,929,640	Qualified

	<b>Audit Observation</b>	<b>Reporting Year</b>	<b>Recommendatio n of the Auditor General</b>	<b>Action taken by the Auditee Institution</b>	<b>Present Position</b>
(a)	Even though the Mercedes Benz car valued at Rs. 13,790,000 held by the governor's office was handed over to the North West Chief Secretary in 2013, the ownership had not formally been transferred, the said vehicle had been parked in the Provincial Council area in an unsafe manner.	2023	Actions should be taken not to maintain assets idle or underutilized.	Although the original ownership of the Mercedes-Benz car belongs to the Office of the Governor, it has been informed that it has been handed over to the Chief Secretariat on 04 January 2013.	This has been prepared for disposal.
(b)	The car used by a former governor had experienced with an accident on 01 July 2020 and even though the Provincial Council had paid Rs.5,286,460 for	2023, 2022, 2021	Actions should be taken to recover losses and damages.	It has been informed that a case has been filed against the driver in the Colombo District Court regarding the collection of that amount, the case is	A case has been filed against the driver in the Colombo District Court regarding the recovery of the said amount. The next hearing is scheduled for

the repair of that car, since only Rs.3,865,731 had been received from the insurance company, and although it had decided to charge the remaining amount of Rs.1,420,729 from the driver, the amount had not been collected even by the date of audit 06 March 2024 .

scheduled to be November 27, called again on 27 2024 November 2024, and future activities will be done according to the judgment of that case.

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| (c) | Despite a vehicle that was given to the use of the North Western Provincial Council Secretariat Office was given to the Deputy Chairperson of the Provincial Council and actions had not been taken even by 19 January 2024 to recover the loss caused by total fire on the vehicle that had been parked insecurely on 11 October 2002 without having a formal approval . | 2023             | Actions should be taken in respect of obtaining a copy of the judgment and recovery of damages. | A copy of the judgment or information about the current situation has not been received even by now.                        | At present, a copy of the judgment has not been received, and the incurred loss has not been recovered. |
| (d) | Even though an expenditure of Rs.209,673,158 had been incurred from the year 2017 to the year 2020 for the construction of the  | 2023, 2022, 2021 | Money should be used economically and effectively.  | The observations have been accepted. It had been informed to audit that, the approval of the Governor has been received for | There has been no change in the current situation..   |

Auditorium in Janakala Kendra, the project had stalled by 31 December 2023. This situation had arisen due to failure of doing proper feasibility studies before commencing the Project.

the construction of the Auditorium proposed by the Public Private Partnership (PPP) and further work is being done accordingly.

(e) **The construction project of the six-storied building to be jointly built by the North-Western Provincial Council and the Kurunegala Municipal Council**

(i) The contract termination notice had been issued on 05 October 2022 on the recommendation of the Attorney General's Department that the contract may be cancelled due to the reasons mentioned in conditions 15 (1) and 15 (2) (a) (b) of the contract agreement of the said Project and the Chief Secretary of North Western Province had informed the banks to release the bank security on 06	2023	Actions should be taken as per the conditions of the agreement.	The contractor has directly filed a case in Colombo District Court on 14 October 2022 and, the contractor's claim has been dismissed by declaring the judgment in that case on 31 May, 2023. It has been informed that on the same day, the Chief Ministry has submitted letters to the bank to make cash the related bonds.	It has been stated that actions will be taken in accordance with the terms of the agreement after the legal proceedings are concluded.
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October 2022. Even though the contractor had obtained a court order on 14 October 2022, suspending the release of bond money, it had been dismissed by the Colombo District Court on 31 May 2023. Accordingly, the responsible parties had not taken actions in the relevant cases, to get released 03 bonds in the name of the Chief Secretary of the North Western Province totalled to Rs.260,618,293.

- (ii) Only a sum of 2023 Rs.24,237,977 had been charged in the eighth (08) bill paid in the amount of Rs.185,124,755 which was the advance amount given to the contractor for the project on 24 December 2020. Accordingly, the amount of advance that was not collected from the contractor from the date of signing the contract to the audit date of 28 November 2023

Actions should be taken to recover the advance amount paid.

The method of charging advance in a contract is clearly stated in the Contract Conditions 14.2 and actions have been done accordingly, and after the termination of the contract, the banks that are supposed to be notified of the recovery of outstanding advances have been notified and the contractor has obtained an interim injunction order from the Colombo

It has not been recovered as the legal proceedings have not yet been concluded.

was  
Rs.160,886,778.

District Court and has temporarily suspended the collection of the advance and performance guarantees and as soon as the process is over, actions will be taken to determine the charges and get the employee's full rights through a final payment certificate. But it has been stated that after paying the advance, settlement to the Provincial Council cannot be done without terminating the contracts.

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| (f) | Relevant actions had not been taken by the responsible parties in respect of 07 surcharge certificates issued by the Auditor General totalled to Rs.3,325,756 regarding the activities of the local government bodies in the North Western Province during the period from 1996 to 2014 . | 2023, 2022, 2021 | Actions should be immediately taken for the recovery of surcharges. | It has been informed that the measures to be taken to charge according to the decisions given regarding these 07 surcharge certificates related to 03 local government bodies will be implemented. | It has still not been recovered             |
| (g) | Although the work for the supply and installation of solar  | 2023             | Necessary steps should be taken to complete the                     | The installation of solar devices in the project was delayed   | The activities of the project have not been |

power sets valued at Rs.8,750,186 should be completed on 11 December 2023 according to the contract agreement entered into for the beneficiaries in the North-Western Province in the year 2023, though the date was extended up to 31 March 2024 according to four extensions since then, actions had not been taken to complete and hand over this project even by 02 April 2024 the date of audit.

project expeditiously without doing unnecessary extensions of dates.

due to import restrictions in the country and the supervision has been assigned to the Divisional Engineer - Puttalam by a mistake when importing and installing electrical equipment and after that, the engineering and technical officers of the relevant regional engineering divisions that are going to implement the solar power proposals are carrying out supervision and as there are number of institutions involved in these projects, the contractual period has been extended again due to insufficient time span and it has been informed that actions will be taken to complete these projects as soon as possible.

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| (h) The outstanding long-term lease receivable from 55 institutions and individuals as at 31 December of the year under review | 2023 | Actions should be taken to recover arrears of lease rent promptly. | It had been mentioned that the balance receivable at the end of the year under review was accurate. | An outstanding balance of Rs. 97,392,829 still needs to be recovered." |
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was

Rs.107,864,841 as per the report of arrears of revenue as at 31 December 2023 submitted for audit by the Land Commissioner's Department North Western Province.

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| <p>(i) Despite sufficient biomedical equipment has been deployed for the needs of the inpatient wards and other units of the 02 Nikaweratiya, Dambadeniya Base Hospitals and Narammala Divisional Hospital in Kurunegala District, 101 units of 15 types of surgical instruments with a gross market value of Rs.10,109,760 in 2023 provided to hospitals from the year 2017 to November 2022 had been stored in surgical stores.</p> | <p>2023</p> | <p>Proper actions should be taken regarding surgical instruments.</p> | <p>There are excess equipment in the hospital in the form of donations by various organizations during the Corona epidemic and in distribution of biomedical equipment by Line Ministry of Health. Several devices remain as backup devices by this and Directors of Regional Health Service have been informed to distribute all other equipment to the hospitals where there is a need and it has been informed that the Regional Health Services Director has informed that further actions will be taken accordingly.</p> |
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| <p>(j) A sum of Rs.1,863,392 for 21 doctors attached to Regional Directorate of Health Services, Kurunegala and a sum of Rs.1,241,141 for 11 doctors attached to Regional Directorate of Health Services Puttalam had been paid as overtime for the year 2022 and 2023 for the one hour period from 12.00 noon to 1.00 p.m including the 30 minutes period for lunch break included in the scheduled daily working hours.</p> | <p>2023</p> | <p>Measures should be taken as per laws, rules and circulars while making payments.</p> | <p>As instructions have been given to the Secretary of Provincial Health Ministry to propose a unified payment system for line and provincial institutions, after having discussions with the Chief Secretary North Western in the Provincial Audit Committee in this regard, it is informed that actions will be taken in the future as per those instructions.</p> | <p>It has not been corrected even at present.</p>   |
| <p>(k) An amount of 4943.4 liters of fuel was given to 02 vehicles in the year under review exceeding the 135 liter monthly fuel limit for officers entitled to attached official vehicles without having the prior approval of the Chief Secretary by the Director of Provincial Health Services as per Section 2 (a) of Public Administration</p>   | <p>2023</p> | <p>Actions should be taken in terms of circulars.</p>                                   | <p>Cabs numbers PJ - 4705 and PG - 9401 are the pool vehicles of the Department Provincial Health and as there are no fuel limits for pool vehicles an approval has not been obtained from the Chief Secretary for supply of fuel. It has been informed that the fuel has been obtained from Polonnaruwa General Hospital for those duties on</p>                    | <p>Actions have not been taken regarding the value of the fuel obtained in excess of the limit.</p> |

Circular No. 13/2008 (vi) dated 29 December 2021. Accordingly, 4943.4 liters of fuel valued at Rs.1,989,376 had been obtained exceeding the monthly fuel limit, without having prior approval during the period from 01 January 2020 to 31 March 2023 .

the approval of the Director General of Health Services to provide additional fuel for the vehicles used for central government duties by the Provincial Director of Health Services.

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| (l) | Even though 3 ½ years and 02 years and 03 months had elapsed since two vehicles belonging to Regional Directorate Health Services, Kurunegala were experienced in an accident, as disciplinary investigations had not been completed after finishing preliminary investigations , total losses of Rs.18,334,550 had not been recovered from the respective responsible parties. | 2023 | It should conduct disciplinary investigations without delay as per Provincial Finance Rules and the recommendations received should be implemented. | It has been informed that the LW-1790 ambulance was experienced in an accident due to the fault of the driver and to recover the total loss of Rs.11,705,790 (including Department fees) from the driver and disciplinary orders have been issued to dismiss the offending driver and also that investigation works are being carried out by a Committee related to the accident of the cab PE-4736. | Disciplinary investigations have been conducted for one vehicle, and preliminary inquiries are ongoing for the other vehicle. The loss has not been recovered from the responsible parties |
| (m) | The equipment including 09 laptops, 07 printers,  | 2022 | The expected objectives of the project should be  | Lack of trained staff with computer knowledge required   | It has not been implemented even at present."  |

	25 barcode readers, given by the Ministry of Health in the year 2019 for the project of networking the outpatient department of Marawila Base Hospital, had been stored in the warehouse up to the end of the year under review without being used.		achieved by obtaining the necessary trained staff.	to implement the project has led to this situation.
(n)	Puttalam Base Hospital had received 33 laptops for networking between medical departments in 2017, out of which only 26 computers had been distributed to 16 departments. All the computers, including distributed computers, remained idle till the end of the year under review and their warranty periods also had expired.	2022	Necessary arrangements should be made to use the relevant equipment.	There has been some delay due to the problem regarding the employment of sufficient number of medical officers and plans have been made to complete the defects and start the programme in the future.
(o)	The activities of the care center for unmarried pregnant mothers built in Meegalewa Amila Sewana Children's Home Premises at a	2023	Actions should be taken to complete the construction work and start.	Since it was informed that the Department of Probation and Child care Services (National) will make provision in
				It remains inactive at present, while construction activities have been resumed.

cost of Rs.4,866,842 under Provincial Specific Development Grants of the Department of Probation and Child Care Services in the year 2022 had remained unused due to the delay in the remaining work of the home and the construction of the wall and gate of the home.

the year 2023, to complete the rest of the care center for unmarried pregnant child mothers built at Amila Sevana Children's Home Premises in Meegalewa, though it was not included to construct, because the provision was delayed by the Department of Probation and Child Care Services (National), it was unable to complete the work and necessary arrangements are being made to complete the work during this year.

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| <p>(p) A sum of Rs.9,727,058 had been spent in the year 2020 for the construction of Walakumbura clay production and training center under the Provincial Specific Development grants, whereas the project had not been completed even as at the end of the year under review.</p> | <p>2022</p> | <p>Action should be taken to complete the project and make use of it for relevant purposes.</p> | <p>Plans have been made to complete the constructions in the year 2023.</p> | <p>Although construction has been resumed, the work has not been completed</p> |
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| (q) | There are five 2022 dilapidated buildings belonging to textile centers at Koshenagara, Mirihanagama, Wennaruwa, Kosgaha Ala and Randenigama, and these centers remain idle and underutilized at present.  | Relevant building should be used for a useful purpose.  | Steps have been taken to report this matter regarding the lands on which these buildings are located to the Divisional Secretary to use them for effective government purposes. | It remains inactive   |
| (r) | Although Rs.3,148,922 had been spent under criteria-based provisions and provincial specific development grants for the modernization of the Godawela wastewater treatment plant during the year under review, the treatment plant remained inactive since the repair work had not been carried out properly. | 2022<br>Action should be taken to use the treatment plant promptly.   | It has been decided at the meeting with the Chief Secretary to carry out the relevant work by initiating the procurement activities once again.                                 | A new contract has been signed with a new contractor, and renovation work is ongoing to complete the project. |
| (s) | A loss of Rs.6,019,533 had incurred in relation to the accident that occurred on 30 December 2014 in the dual purpose cab allocated to the political authority before the   | 2023<br>Actions should be taken to recover the value of damages from the respective parties by conducting formal investigation on damages occurred to public property | A case against the relevant driver is currently pending in the Chilaw District Court to collect the outstanding amount of Rs. 2,059,533 on the vehicle. Likewise, the new       | The ongoing case in court has not been concluded, and the related loss has not been recovered.                |

dissolution of the Provincial Council on 10 October 2018 and an amount of Rs.3,960,000 had been reimbursed by the insurance company.

Necessary arrangements had not been made to recover the balance of Rs. 2,059,533 from the respective responsible parties even by 08 August 2023.

or filing a case.

chassis number has been forwarded to the Government Factory and printed and it has been informed that the future actions will be taken inquiring government factory about the possibility of revising this.

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| (t) | Although Rs.1,128,892 had been spent by 31 December of the year under review on 11 projects with an estimated cost of Rs.7,945,669 implemented during the year under review under provincial specific provisions, those projects had not been completed. | 2021 | Action should be taken to carry out the projects within the prescribed timeframe.                                 | Due to the inundation of the irrigation projects by the heavy rains and due to the Corona epidemic, these projects could not be completed. | Out of 11 projects, 2 projects have been completed |
| (u) | According to the information obtained from the Department of Motor Traffic and the Electronic Revenue Permit Issuance System regarding the registration of 288   | 2023 | Actions should be taken to check in respect of missing vehicles registered in the name of the Provincial Council. | As it was not mentioned in the existing documents of the office, it is unable to confirm.  | Vehicle identification has not been carried out.   |

vehicles, 38  
vehicles registered  
in the name of the  
institutions of the  
North Western  
Provincial Council  
were not in  
possession of the  
institutions of the  
Provincial Council.

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| <p>(v) An arrears of lease rent amounting to Rs. 7,800,774 had to be received as long-term, productive and annual lease rent as at 31 December 2023 in 5 Divisional Secretariat Areas namely Nikaweratiya, Kotawehera, Polpithigama, Ibbagamuwa and Pannala.</p>              | <p>2023</p> | <p>Actions should be taken to recover arrears promptly.</p>                      | <p>Arrangements will be made to inform the respective lessees to recover the arrears.</p>            | <p>The outstanding amount has not been collected</p>  |
| <p>(w) <b>Integrated Breeding Farm – Mawathagama</b><br/>Even though Rs.3,762,207 had been spent for the construction of the Mawathagama Animal Breeding Farm by the year under review with the objective of producing high quality dairy cattle with high production and</p> | <p>2021</p> | <p>Action should be taken to use the animal breeding farm as an active farm.</p> | <p>Plans have been drawn to implement this farm through the Public and Private Partnership (PPP)</p> | <p>Despite the last proposal a decision has taken to handed over to the sri lanka navy by the department of animal production and health on 26th September 2022</p> |

quality characteristics suitable for the North West Province and supplying them to the field, the relevant buildings remained idle without being used for the achievement of the above objectives even by the time of the spot inspection conducted on 03 February 2022.

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|-----|--|-------|------|---|---|--|
| (x) | The onion warehouse of Galgamuwa Government Farm which was completed and handed over on 02 February 2022 valued at Rs. 3,662,756 had remained in idle without being utilized even by the end of the year under review. | 2023, | 2022 | Actions should be taken to put the idle assets to the relevant purpose. | Comments have not been given.   | It remains inactive without being used.                    |
| (y) | Out of the loan amount of Rs.24,286,413 given to 178 people for 08 projects by the Human Resource Development Authority during the period 2006-2017 a sum of Rs.   | 2023  |      | Long term arrears of debts should be recovered promptly.                | The amount of Rs.8,992,220.00 remained as at 31.05.2023 related to the loan balances indicated by the audit was able to reduce to Rs.7,502,349.00 by 31.12.2023 . | The outstanding balance of Rs.7,502,349 remains unchanged. |

7,502,349 had remained to be collected by 31 December 2023.

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|--|-------------|---|---|---|
| <p>(z) Although all pre-schools in the North Western Province should be registered under the North Western Early Childhood Education Development Authority, 910 pre-schools out of 2152 pre-schools operating in the North Western Province had not been registered as at 31 December of the year under review. Accordingly, 42 per cent of the number of pre-schools located in the North-Western Province had not been regulated by the Authority.</p> | <p>2023</p> | <p>Early childhood development institutions should be registered and legal actions should be taken against institutions not complied.</p> | <p>Preschools that are related to international goals and preschools that have been started without obtaining the permission of the Authority and in proper standards are belonging to these 386 pre - schools. Since the legal measures to be taken by these pre-schools have not been mentioned in the Statute, although it is not possible to take action against this, it has been mentioned that appropriate action is expected to be taken through amending of the Statute in the future.</p> | <p>Since the legal steps to be taken against these preschools are not mentioned in the notification, it has not been possible to take action at this time. However, it is hoped that corrective measures will be taken through an amendment to the notification in the future</p> |
| <p>(aa) A sum of Rs.4,525,000 had been paid as executive allowances from 2015 to 31 December 2023 to the executive officers of the North Western Provincial</p>  | <p>2023</p> | <p>Actions should be taken in accordance with the circulars.</p>  | <p>An Investigation Committee has also been appointed to investigate and report the facts for this purpose and the Circular 05/2017 has been made relevant from the statutory date of 25.10.2017 of the</p>   | <p>It has not been collected.</p>   |

Environmental  
Authority without  
having legal  
provisions.

North Western  
Provincial Council  
accordingly. They  
are working to  
recover the money  
that has been paid  
in excess for the  
previous periods  
accordingly, and it  
has been informed  
that the information  
about the charges  
will be reported in  
the future.

- (ab) Although Rs.4,925,000 had been spent in the year 2022 for the construction of the fish tank on the land where the North Western Provincial Resources Development Authority premises is located, the constructions of the project had been discontinued halfway, and the said construction has become unusable at present.
- Projects should be initiated after proper feasibility studies and maintained as planned.
- As it is not suitable to carry out a construction again on the foundation of this fish tank, the parts of the tanks have been filled with soil and that land area has been prepared for the use of the Authority.
- The expected objectives have not been achieved
- (ac) Although the "PCR" laboratory had been commenced at a cost of Rs.7,511,710 for the control of white spot virus disease affecting shrimp, 2022
- Action should be taken to maintain the projects as planned and the achieve desired objectives.
- Due to the obstacles and limitations of shrimp farming, competition between the laboratories, etc., the expected targets from the laboratory activities could not
- Based on the decision of the Board of Directors, the P.C.R. Laboratory has been closed since the year 2018.

the laboratory activities had been stopped since 2018.

be reached.

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| <p>(ad) <b>North Western Industrial Service Bureau</b> - A sum of Rs.3,299,488 receivable to Industrial Development Fund (IPF) by the currently operating and non-operating institutions in Heraliawala Industrial Park relating to the period from 2006 to 2016 had not been recovered in accordance with Paragraph No. 05 of the Board of Directors Paper dated 24 August 2023 .</p> | <p>2023</p> | <p>Arrangements should be made to recover the amount receivable promptly.</p>  | <p>I would like to mention that relevant measures will be taken in the future. In addition to that, it has been informed that the instructions given by the Board of Directors will be implemented in the future.</p>   | <p>It has not been collected</p>  |
| <p>(ae) When leasing out the building belonging to the North Western Development Authority for 02 years to run hotel school, it had been leased out the building with the goods and equipment on 27 December 2021 without having an assessment report for a Rs. 200,000 per month without</p>  | <p>2023</p> | <p>Actions should be taken to enter into an agreement so that the institution does not incur any loss after obtaining a government assessment while transferring the relevant assets to a third party.</p> | <p>Even though an amount of Rs. 360,000 has been assessed, by running 25 per cent courses by them considering the services rendered by Sri Lanka Tourism and Hotel Management Institutions, students in other provinces including the North-West Province have got a great opportunity to</p> | <p>It has been informed that the necessary actions will be taken for the agreements for the year 2025</p> |

taking an assessment report, and the monthly rent of the building with goods and equipment had been assessed at Rs.360,000 by the Valuation Department on 10 January 2022. Therefore, the total loss incurred by the North Western Development Authority for the years 2022 and 2023 was Rs.3,840,000 due to entered into contracts for the years 2022 and 2023 less than assessed lease rent.

develop their professional skills. Further, as they maintain the security expenses related to this premises, electrical and other minor maintenance works it has been informed to pay a sum of Rs.280,000 as lease rent.

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|---|-------------|---|---|---|
| <p>(af) The tourism center which was built by the North Western Development Authority at a cost of Rs.53.3 million in the year 2014 with the objective of creating a conducive environment for local and foreign tourists in the North West Province remained underutilized for more than a period of 05 years without generating any income.</p> | <p>2021</p> | <p>Action should be taken to user the assets effectively.</p> | <p>Although action was taken to lease this center to the 'Colombo Sanctuary Resort' private company for a period of 10 years, due to the water problem, the commencement of operations has been delayed until a new water supply is obtained and the rest of the construction is completed.</p> | <p>This location was granted on a lease basis in the year 2018. However, due to the necessary construction and renovations required to commence operations, it is at a level where business activities cannot be initiated.</p> |
|---|-------------|---|---|---|

(ag)	<p>The debtors' balance of Rs. 66,166,834 of the The debtors' balance of Rs. 66,166,834 of the North Western Provincial Machinery &amp; Equipment Authority as at the end of the year under review included an outstanding operating income of Rs.7,049,985 continued to exist from the year 2004 and outstanding repair income of Rs. 739,755 relating to the period 2009-2012. as at the end of the year under review included an outstanding operating income of Rs. 7,049,985 continued to exist from the year 2004 and outstanding repair income of Rs. 739,755 relating to the period 2009-2012.</p>	2021	<p>Action should be taken to recover the outstanding balances.</p>	<p>As the outstanding amounts continuously remain as unrecovered loan balances in the accounts, action will be taken to deduct them from the accounts on the approval of the Provincial Treasury.</p>	<p>It has not been clarified so far</p>
(ah)	<p>Necessary actions had not been taken to recover the monthly log sheet fees of Rs.13,490,500 and late fees of</p>	<p>2023, 2022</p>	<p>Actions should be taken to recover the monthly log sheet fees receivable.</p>	<p>A Committee has been appointed by the Chief Ministry Western Province to take the necessary steps to remove this money</p>	<p>Furthermore monthly operating charge of Rs.13,223,000 and penalty fees of Rs.2,628,100 remain to be</p>

Rs.2,706,150  
receivable to the  
Road Passenger  
Transport  
Authority from the  
year 2013 to 31  
December 2023.

from the accounts collected.  
and the necessary  
activities will be  
carried out to  
implement its  
recommendations  
after receiving the  
report of the  
Committee.

**3.4 Sabaragamuwa Provincial Council**

	<b>Total Assets</b>	<b>Total</b>	<b>Equity</b>	<b>Excess</b>	<b>Opinion</b>
	<b>Rs.</b>	<b>Liabilities</b>	<b>Rs.</b>	<b>(deficiency)</b>	
		<b>Rs.</b>		<b>Rs.</b>	
<b>2021</b>	14,625,000,000	1,276,400,000	13,348,600,000	2,234,800,000	Qualified
<b>2022</b>	16,436,400,000	1,256,900,000	15,179,500,000	273,300,000	Qualified
<b>2023</b>	38,992,200,000	1,020,900,000	37,971,300,000	1,573,800,000	Qualified

	<b>Audit Observation</b>	<b>Reporting Year</b>	<b>Recommendation of the Auditor General</b>	<b>Action taken by the Auditee Institution</b>	<b>Present Position</b>
(a)	Although it had been proposed to review and suspend distribution of various goods and equipment by utilizing provision made under capital development programmes, under the Cabinet Decision No.CP/21/1596/304 /134 of 07 September 2021, a sum of Rs. 11.6 million has been spent through supplementary provision for purchase of plastic chairs, generators and kitchen appliances etc. for distribution among volunteer organizations.	2021	As action has not been taken in terms of Cabinet Decisions, disciplinary action should be taken against relevant officers.	Preventive measures were not taken.	Action against the responsible officers had not been taken.

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|-----|---|--------------|--|---|--|
| (b) | Provisions were not given to transfer the fuel allowance of one person to another person by the Presidential Secretariat Circular No. PS/CSA/00/1/4/2 dated 12 October 2018. However, the fuel allowance of Rs. 0.7 million fixed for the Hon. Governor was paid to the private secretary when he was in outside from the island. | 2022         | Action should be taken as per the circular.                            | Chief Secretary was informed by the President's Secretary to recover the amount paid and Chief Secretary had informed the Secretary to the Governor for the same. | Amount incurred had not been recovered.  |
| (c) | Although a vehicle belonging to the Governor's Secretariat had an accident and it was repaired in the year 2020, the compensation of Rs. 6 million related to the repair was not received from the insurance company.   | 2022         | Compensation amount should be recovered immediately.                   | Legal action had been commenced by the Attorney General's Department & Legal Division of the Provincial Council to recover the balance claim.                     | Insurance claim of Rs. 1 million was received.   |
| (d) | The insurance company had agreed to pay an insurance compensation of Rs. 25 million considering the damage to a vehicle belonging to the Chief Ministry in  | 2022<br>2021 | Action should be taken to recover the loss incurred to the government. | Sri Lanka Insurance Regulatory Commission was informed about the refusal of paying insurance claim by the Sri Lanka Insurance Corporation though the vehicle was  | Insurance claim had not been recovered and the vehicle was not returned to the Provincial Council. |

the year 2017 as a whole loss. However, the then Chief Secretary denying the said compensation and contrary to government procurement guidelines, handed it over to a private garage in the year 2018 for repairs and an advance of Rs. 3 million was given to the private garage from the relevant insurance agency in February 2019. But even though 04 years have passed, the motor vehicle has not been brought to the Provincial Council and the full insurance compensation has not been received.

repaired.

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| (e) | The recommendations for 03 damages of Rs. 54.4 million identified in the initial investigation report issued in Janaury 2022 regarding the Development, Construction and Machinery Authority by the Secretary of the Provincial Chief | 2022 | Action should be taken according to financial rules regarding the losses and damages. | Committees for identifying responsible parties had been appointed in two instances. | The loss incurred by the government had not been recovered. |
|-----|---|------|---|---|---|

Ministry had not been implemented.

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| (f) | An outstanding sub imprest balance of Rs. 0.9 million coming from the year 2007 in the Ministry of Rural Industries was not settled during the year under review.          | 2022         | Action should be taken to recover the loss to the Government.                    | Action had been taken to get the legal assistance for arbitration.  | The loss incurred by the government had not been recovered.     |
| (g) | 24 Constructions worth Rs. 500.98 million had been abandoned in the project of "Nearest School is the best school".  | 2022<br>2021 | These buildings should be made as usable condition.                              | Imprest had been applied for.   | Construction activities had been commenced in 4 projects.       |
| (h) | The arrears of water taxes with a total value of Rs. 2.5 million were not recovered in relation to 06 water projects of 02 Divisional Secretariats in Rathnapura District. | 2022         | Arrangements should be made to recover the arrears of water tax.                 | Letters have been sent requesting tax payments.   | Tax in arrears was not recovered.                               |
| (i) | An outstanding land tax balance of Rs. 90.2 million was not recovered as at 31 December 2022 and Rs. 31 million out of that was more than 02 years old.                    | 2022         | Action should be taken to recover the tax in arrears as per the Financial Rules. | Steps such as providing awareness through letters and discussions and offering the opportunity to pay in installments were taken. | An outstanding tax amount of Rs. 79 million is to be recovered. |

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| (j) | The sum of Rs.7.6 million out of the revenue arrears of Rs.90.8 million prevailed as at 31 December 2023, had been in arrears between 10 to 22 years, and Rs.2.5 million had been in arrears between 05 to 10 years and Rs. 80.7 million had been in arrears between 01 to 05 years. There had been 174 cases that had not been completed by 31 December 2023 after taking legal action in this regard. | 2023 | Arrears of revenue should be charged.                                 | Action is being taken for recovering default taxes and getting legal action. | Default income amounting to Rs.48.1 million was remained unrecovered as at 30 June 2024 and 130 legal cases were incomplete. |
| (k) | Thirty-Two (32) construction industries with an estimated value of Rs. 165.3 million in the year 2023 had been awarded to the Development Construction and Machinery Authority on the recommendation of the Chief Secretary and the approval of the Governor without following any procurement method.  | 2023 | Action should be taken in accordance with the Procurement Guidelines. | Preventive measures were not taken.  | Projects are still awarded to the Authority without adhering to the procurement procedure.                                   |

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| (l) | Debtor balance amounting to Rs. 23 million which had been older for more than 05 years, represented 38 percent, out of the total debtors of Development Construction and Machinery Authority.  | 2023 | Action should be taken to collect the amounts to be recovered. | Requests had been made to Chief Secretary to appoint an Arbitrator. Legal action had been commenced regarding balances of outside institutions. | Debtor balances were not recovered.   |
| (m) | Three hundred (300) litres of fuel per month had been provided to the Chairman from November 2023 on the approval of the Governor, which had been obtained in contrary to the Presidential Circular No. PS/SP/Circu/01/02/2020 dated 03 January 2022, which had stipulated 150 litres of fuel for the Chairmen of the government institutions. | 2023 | Action should be taken in accordance with the Circulars.       | Steps were taken to obtain instructions from newly appointed Governor.  | Over payments had not been recovered and the Chairman had resigned from his post. |
| (n) | Although a passenger service license cannot be transferred according to Section 17 of the Road Passenger Transport Service Statute No. 01 of 1994 in the   | 2023 | Action should be taken in terms of the Statute.                | A new statute has been drafted making amendments to relevant clauses.   | Even at present, the transfer of Passenger Service licenses takes place.          |

Sabaragamuwa  
Provincial Council,  
passenger service  
licenses worth  
Rs.19.5 million had  
been transferred to  
other persons in  
197 cases only in  
Ratnapura district  
in the year 2023.

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| (o) | According to Sections 09 and 19 of the Road Passenger Transport Service Statute No. 01 of 1994 in the Sabaragamuwa Provincial Council, a sum of Rs. 3.5 million had to be collected as license fees and surcharges from 192 buses, which had no passenger service licenses.                                | 2023         | Action should be taken in terms of the Statute. | Measures were taken to recover penalties and surcharges.   | Only Rs. 0.6 million was recovered.  |
| (p) | Fines amounting to Rs. 1 million which had been in arrears and old for 03 years, had not been collected from 168 buses. Moreover, a log sheet income of Rs.6.4 million had to be collected from 119 buses, and inter-provincial entrance fees of Rs.1.1 million had to be collected from 86 buses as at 31 | 2023<br>2022 | Arrears should be collected promptly.           | While Arrears are being collected, cancellations and exemptions were granted considering the reasons for defaults. | Sum of Rs. 0.7 million as fines and surcharges, Rs. 5.4 million as log sheet income and Rs. 3.1 million as inter-provincial entrance fees remained outstanding as at 31 July 2024. |

December 2023.

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| (q) | The X-ray room, of which constructions had been completed in the year 2021 at a cost of Rs.3.4 million in Godakawela Regional Hospital remained idle from the date of constructing the room, and from the date of receiving 02 X-ray machines from other hospitals in the year 2019 and from the date of receiving a generator in the year 2021. | 2023 | Assets should not be left unused.                   | An estimate has been taken for the generator unit.                                     | Assets are still being idling.                                    |
| (r) | The building with paying wards belonged to Kegalle Ayurveda Hospital, of which construction had been completed in the year 2020 at a cost of Rs. 67 million remained unused even by January 2024.  | 2023 | Assets should not be left unused.                   | Several repairs have been completed and a certain no: of equipment has been purchased. | Assets are still being idling.                                    |
| (s) | A Loan amounting to Rs.11.4 million out of the loans given to 12 cooperative societies by the Cooperative Development Fund during the period of  | 2023 | Prompt action should be taken to recover the loans. | Action was taken to recover the loans.   | Loan amount of Rs.3.7 million was recovered as at 30 August 2024. |

2000 to 2018,  
remained  
outstanding as at 31  
December 2023.

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|-----|---|------|--|--|---|
| (t) | A quantity of 6,001,815 kg of fertilizers had been kept in warehouses in 08 local government institutions in Rathnapura District by November 2023 as the quantities could not be sold. Even though registration should be made at the Fertilizer Secretariat to obtain a quality certificate in order to establish a market for organic fertilizers as a solution to this issue, none of the local government institutions had taken necessary action to register with the Fertilizer Secretariat and sell the fertilizers. | 2023 | Arrangements should be made to obtain a quality certificate and to sell organic fertilizers. | All the heads of local government authorities were informed to get the registration with the Fertilizer Secretariat. | None of the institutions was registered and stocks are remained at the warehouses at present. |
| (u) | There had been loan balances in relation to Balawinna precast concrete yard amounting to Rs.3 million which had been prevailing for more than 01 year and had not been  | 2023 | Loans in arrears should be collected promptly.   | Measures were taken to recover.  | Only Rs.0.1 million out of the loan balance was collected.                                    |

settled even by 31  
December 2023.

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|---|-------------|--|---|---|
| <p>(v) One hundred and forty-three (143) hearing aids worth Rs. 2 million obtained in 2021 and 44 crutches worth Rs. 5.6 million purchased in the year 2023, 98 commode wheelchairs, 04 wheelchairs, 22 commode chairs, 84 walking frames, 63 support of the hands and 72 air mattresses had been idle in the warehouse of Department of Probation, Childcare &amp; Social Services even by March 2024.</p> | <p>2023</p> | <p>Arrangements should be made to provide those goods promptly to those who need them.</p> | <p>Applicants were informed.</p>  | <p>More than 50 percent of the equipment is remained undistributed.</p> |
| <p>(w) Even though 20 complaints, out of the 68 disciplinary complaints received to Provincial Education Department on corruption and frauds in the last 3 years, had been delayed for more than a year, they had not been completed.</p>   | <p>2023</p> | <p>Disciplinary complaints should be finalized promptly.</p>                               | <p>Complaints were referred to respective Zonal Offices for inspection and reporting.</p> | <p>Disciplinary activities were not completed.</p>                      |

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| (x) | Although the registration of pre-schools is a major function of the Early Childhood Education Development Authority, the registration of 495 pre-schools, out of 1481 pre-schools, had not been made for the year 2023. | 2023<br>2022 | Unregistered preschools should be looked in to and updated.   | Instruction has been given to update after completing the criteria. | No. of unregistered Preschools up to August 2024 amounted to 577. |
| (y) | Advances of Rs. 4.8 million given under Road Development in the years of 2006 and 2007 were not settled even though they had exceeded 15 years at the end of the year under review.                                     | 2022<br>2021 | Action should be taken to recover the loss to the government. | It was referred to the Attorney General for arbitration.            | Advances were remained unrecovered.                               |

**3.5 Uva Provincial Council**

	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Equity</b>	<b>Surplus (Deficit)</b>	<b>Opinion</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	
<b>2021</b>	91,842,613,965	1,608,270,777	90,217,571,820	(2,205,982,794)	Qualified
<b>2022</b>	88,219,947,816	1,046,809,389	87,167,999,819	(3,328,737,257)	Qualified
<b>2023</b>	85,386,842,340	867,319,641	84,519,522,699	(2,943,894,498)	Qualified

	<b>Audit Observation</b>	<b>Reporting Year</b>	<b>Recommendatio n of the Auditor General</b>	<b>Action taken by the Auditee Institution</b>	<b>Present Position</b>
(a)	When a relevant allowance for a maximum fuel quota has been given for the Governor and the Coordinator of the Governor, additional sums of Rs.909,322 and Rs.426,100 had been paid in respect of 5,247.37 liters and 3,420 liters respectively for the period from September 2020 to 31 December 2021.	2021 (1.5.1)	The proceedings should be made as per the Circular No. PS/CSA/11-18 dated 12 October 2018.	When the Honorable Governor participated in the official duties outside the province, additional fuel bills have been reimbursed considering it as a special case and as per the orders given by the Honorable Governor, the fuel bills submitted for discharging duties by the Coordinating Secretary outside the province have been reimbursed.	Money paid in excess for the fuel had not been reimbursed.
(b)	A total sum of Rs.8,867,895 had been paid in gratuity in the year under review to 187	2021 1.5.2c i)	The allowances paid informally should be recovered.	Government Departments and Ministries cannot be considered as an Employer of the	Although the payments made incompatibly with the legal

officers who were serving in the personal staff of the Members of 6th Uva Provincial Council, on the basis of 12 percent of the paid monthly allowance in respect of the period they had served, stating it as a last payment made and such payment had been made on account of the termination their service in October 2019. No legal provision was for this payment.

Payment of provisions Gratuity Act should be No.12 of 1983. recovered, This Act is such recovery effective for the had not been Statutory made. Institutions of the Government and Co-operations. These payments have not been made as per the provision of that Act.

- (c) A retention wall with a height of 05 meters and a length of 12 meters had been constructed at Vijaya College, Welimada incurring a sum of Rs. 2,257,872 out of the provision granted by the Uva Provincial Ministry of Education for the emergency disaster management at schools. However, a danger was observed as upper end of the said wall had protruded 100 millimeters towards the Welimada - Badulla road.
- 2021  
)1.5.11a(
- The proceedings should be made to take steps to minimize the risky situation.
- The area above the retention wall had been constructed so that water would not be leaked, and the contractor was informed to take corrective measures on the protrude area of the wall.
- The steps had not been taken to rectify even by the present.

- (d) The salaries and allowances amounting to a sum of Rs. 14,034,374 had been paid to 11 officers of the private staff of the Chairman whose post had become nominal after the termination of the official tenure of the 6th Uva Provincial Council and such payment had been made for the period from 08 October 2019 to 31 December 2021 without obtaining any service to the Uva Provincial Council. An amount of Rs. 4,170,265 had been paid from 01 January 2022 to 31 July 2022.
- 2021 1.5.2c).ii) As the legal provisions have not been made to make payments for the private staff of the Chairman, money paid should be recovered.
- As per section 7(2) of the Provincial Council Act No 42 of 1987, the post of Chairman of the Provincial Council is not terminated and there is no legal provisions to reduce the benefits entitled to the Chairman.
- Even if the amount paid without a legal provision should be recovered, such recovery had not been made.
- 2022 )1.5.2b(
- (e) The Official Residence of the Chief Minister had been provided as an additional residence to the Uva Provincial Governor and the said residence had been provided for the use of Governor's staff without charging rentals. Moreover, expenditure on water and
- 2022 1.5.1 The house rents should be collected for the use of the Chief Minister's official residence and the expenses incurred from the provincial council fund to settle the electricity and water bills should be recovered from the staff that used the house.
- The Official Residence reserved for the Chief Minister has been reserved temporarily for the use the Governor considering matters such as no other person with same position is available to reserve the said residence and maintenance thereof as well
- The water and electricity bills incurred from the provincial council fund had not been recovered.

electricity bills totaling Rs.314,761 payable by the said staff relating to the period from January 2021 to October 2022 had been paid by the Uva Provincial Council Fund.

should be duly carried out.

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|-----|--|--|--|--|---|
| (f) | A special allowance amounting to Rs.13,222,231 had been paid to 30 officers of the Council Secretariat of the Uva Provincial Council for the period from August 2017 to June 2022 equating to 25 percent of their basic salary while it had been stated to prevent from deciding the allowances paid to the staff of their institutions without prior approval of the Department of Management Services of the General Treasury. | 2021<br>)1.5.2a ( and<br><br>2022<br>) 1.5.2a( | The legal situation should be clarified as per the recommendation of the Committee on Public Accounts. | This allowance had been paid as per the Statute No. 03 of 2017 of the Uva Provincial Council. As the Provincial Council is not functioning actively, the payment of this allowance has been suspended by now. However, the said Statute is effective further. The Committee on Public Accounts has directed at its meeting held on 09.05.2023 to the Ministry of Provincial Councils and Local Government to examine the legal powers prevailed thereon. | The clarification on the legal situation had not been obtained to date. |
| (g) | Constructions of the five storeyed housing complex for the officers of Uva Provincial Council had been   | 2022<br>.1.5.14(ii)                            | The remaining works related to the contract should be accomplished immediately and                     | This construction commenced in the year 2016 and it was discontinued by a court procedure as the   | The work had not been accomplished even to date.                        |

estimated at Rs.131.2 million in the year 2016 and the contract had been awarded for Rs.88.1 million. Even though a sum of Rs.49.7 million had been paid to contractors for this construction of which works were due to be completed on 09 May 2018, the works have not been completed so far. An estimate of Rs.155.2 million had been submitted for completion of delayed works of the remaining 45 percent of the works. A delay of 04 years is observed in these constructions due to deficiencies in contract administration and a sum of Rs.204.9 million had to be incurred for the constructions which could have been completed for Rs.88.1 million due to revisions of the estimate from time to time. Accordingly, an additional sum of Rs.73.7 million exceeding the

the steps should be taken to handover the official residence to the officers immediately.

awarding of bids was not accepted. Accordingly, the second procurement was commenced on 14.09.2017 and the constructions were carried out successfully until the start of the year 2019. A third procurement was commenced in the year 2020 due to the serious illness of the contractor and bankruptcy in his business by the year 2019 and the said agreement was cancelled exparte by him according to the situation that prevailed in the country then. The procurement activities have been executed again in the year 2022. The future activities have been planned to be accomplished in part according to the prevailing financial situation. The Parliamentary Committee on Public Accounts held on 09.05.2023 was informed on the said situation.

original estimate had to be incurred to complete the works which should be further executed.

- (H) Although the 2022 calculation should be done based on the normal petrol and diesel prices declared by the Ceylon Petroleum Corporation on the first day of the relevant month in the payment of fuel allowance to public officers, the fuel allowances had been paid in excess of Rs.7,842,436 during the period from January 2009 to July 2022 to 72 officers who are entitled to official vehicles calculating the monthly fuel allowance based on the prices of super petrol and diesel prevailed as at the first day of the month.
- 1.5.18(II) The amounts paid in excess should be recovered as per the paragraph 2.1.3(ii) of the Circular No. 01/2014 dated 01 January 2014.
- Even though a specific quantity of fuel liters has been mentioned in regard to payment of fuel allowances to the officers who are entitled to official vehicles, no specific type of fuel has been mentioned. Accordingly, in instances where a specific type of fuel has been prescribed for new vehicles of the Government according to technical recommendations, such specific type of fuel is used. However, it has been decided to pay for normal fuel from June 2022 considering the increase in fuel prices and the shortage of fuel during the past period, and the fuel types being lack accordingly in the market and the limited provision.
- The amount paid in excess had not been recovered from the officers.

- (i) The expenses of Rs.808,334 which had to be borne personally had been paid from the provincial council fund incompatibly with the circular about the facilities to be enjoyed by the Governor of the Provincial Council and his personal staff.
- 2023  
(1.5.1a)  
(i)
- The expenditures should be managed by proceedings as per the Circular issued by the Secretary to the President.
- Although gas was provided for the use of the Uva Provincial Governor's official residence, these will not be provided to the Honorable Governor for his personal use.
- As the expenses to be borne personally have been incurred from the government fund, the said amounts should be recovered. However, the respective amounts had not been recovered.
- (j) Even if the allowances should be decided based on the normal fuel price of the Petroleum Corporation prevailing in the local market on the first day of the respective month when the monthly fuel allowances are paid, a sum of Rs.2,439,475 had been paid in terms of super diesel for the Governor of Uva Province, his Coordinating Secretary, Private Secretary, Media Secretary and Public Relations Officer as well as a sum of Rs.344,800 had been paid in
- 2023  
(1.5.1a) (ii)  
(1.5.2a)
- The management of fuel use is a responsibility of the officers who use vehicles and the proceedings should be made as per the Circulars.
- As the Local authorities have informed in writing to use super diesel for modern vehicles manufactured in Europe and Japan allocated to the Honorable Governor of Uva Province and his staff, super diesel has been supplied on the requirement of minimizing the cost of maintenance and service. Although the normal diesel are used for all other vehicles from April 2023 as per the Circular you pointed out, it is noted that the
- The normal market prices should be taken as a basis when the payments are done for the fuel bills and if super fuels are used, the additional amounts should be borne by the party that use such fuel. Accordingly, the amount paid in excess had not been recovered even if the said amount should be recovered.

excess for the Chairman from August 2022 to June 2023 contrary to the said requirement.

defects appeared in the fuel combustion system (injector system) of those vehicles and the annual emission test was also failed and consequently a situation of increased maintenance expenses are seen.

- (k) The Ministry of Sports and Youth Affairs, Tourism, Transport, Culture & Textile Industry and Small Industry of Uva Province had planned to build an observation platform and a rest house in 03 phases near the Bandarawela Railway Station to increase the tourist attraction in Uva Province. Under its first phase, only the observation platform had been built at a cost of Rs.2,232,537. Even if the flight of stairs leading to the observation platform had been partially completed and in unusable status even by 20 November 2023,
- 2023 ) 1.5.4a( The attention should be given to the fulfillment of the expected objective.
- This project has been implemented in the year 2022 under the coordination of Provincial Council Ministry of Tourism with the aim of fulfilling the project through the Bandarawela Divisional Secretariat under the financial allocation of the Line Ministry of Tourism. Accordingly, part of the project was completed in the year 2022 with the money received for the first phase and the imprest for this year is due to be given by the Line Ministry of Tourism to complete the remaining works.
- The project had not been implemented even to date.

the total value of Rs.552,543 had been paid for the stairs according to estimates, and the project premises had been weedy later as the further works of the project had been stopped. Consequently, the sum of Rs.2,232,537 that was spent had become an uneconomical expenditure.

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| <p>(1) The medicines at a value of Rs.6,737,293 expired as at 11 October 2023 and the medicines failed in quality at a value of Rs.1,168,303 had been kept in the drugstores of the Diyathalawa, Mahiyanganaya and Welimada Hospitals.</p> | <p>2021<br/>)1.5.5a) (i)<br/><br/>2023<br/>) 1.5.9a (i)</p> | <p>The steps should be taken to systematically dispose the medicines expired and failed in quality, and a method should be prepared to use the medicines before the expiry.</p> | <p>During the Covid epidemic situation that lasted until the beginning of 2019, 2020, 2021 and 2022, many people received treatment for Covid disease, but the use of medicines in the general outpatient department and for other diseases decreased. This condition affects the entire island and the medicine expired without being used. Also some medicines are absolutely essential for life saving service and they have to be kept in the hospital till their expiry date.</p> | <p>The required measures had not been taken by examining the reasons for the expiry.</p> |
|--|---|---|--|--|

Also the drugs  
namely

- Atrophinsulphate
- Aminophilin

are sent to another  
hospital and new  
stocks are brought  
in instead, and  
most of these  
drugs are life-  
saving drugs.

The steps have  
been taken to deal  
with the drugs that  
have been  
identified and  
reported as failed  
in quality and set  
them aside.

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| <p>(m) Even if a period of 1 ½ years had passed as at 31 July 2023 after providing the financial provision of Rs.44,000,000 under the Secondary Education Sector Improvement Program (SESIP) with the aim of "exploring new ways of increasing the productivity of the existing industries in their area and making appropriate equipment accordingly to provide space at the student stage to</p> | <p>2023<br/>( 1.5.10a )<br/>(ii)</p> | <p>The steps should be taken to utilize the provision according to the project objectives.</p> | <p>An awareness program was held on 18 and 19 December 2023 for the principal and teachers in charge of innovation. It has been mentioned that the students of Mo/Kataragama National School have prepared a device to collect invasive plants in water and the students of Mo/Mallattawala National School have made a color light device and the students of B/Dharmapala College are</p> | <p>The steps had not been taken to expend the provision only on the project objectives.</p> |
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contribute to the enhancement of the area and the gross domestic production" as well as expecting to develop the school students' creative skills, logical thinking, teamwork, good communication skills and the ability to face challenges, the expected objectives had not been achieved.

conducting experiments related to agricultural products. Schoolchildren's interest lies in robotics and new computer technology and there is a reluctance to focus on finding solutions to local problems. Accordingly, designs have been prepared in relation to the robotic technology and new computer technology.

- (n) There was a shortage of 2214 teachers in 382 rural schools and an excess of 583 teachers in 165 urban schools as the teachers were appointed exceeding the approved cadre of teachers and an excessive teaching staff was maintained since a formal teacher balancing was not done in 06 Zones belonging to the Uva Provincial Department of Education. An
- 2023 ) 1.5.10d ( )i)
- 2022 ) 1.5.5b(
- The actions should be taken to maintain a formal teacher balancing within the Province.
- All Zonal Education Offices have already implemented the annual transfers. The proceedings have been made to do the teacher balance thereby.
- The measured required for rectification are being taken.

amount of Rs. 549,754,310 had been paid for redundant teachers from 01 January 2022 to 31 December 2023.

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| (o) | While there was a shortage in the posts of Deputy and Assistant Principal in some schools belonging to 02 Education Zones of Bandarawela and Welimada, 26 Deputy and Assistant Principals had been appointed to some schools exceeding the approved limit in the same zones and a sum of Rs. 43,762,329 had been paid as salaries only during the period from 01 May 2021 to 31 October 2023. | 2023<br>) 1.5.10d ( )ii)  | The arrangements should be made to attach them to the schools with vacancies and employ them in the service therein so that an effective and efficient service can be obtained from those principals through a formal staff balancing. | The arrangements have been made to transfer the Deputy and Assistant Principals who have been appointed exceeding the approved limit of the school.   | The measured required for rectification are being taken.                            |
| (p) | As per the Cabinet Decision No. CP/12/1101/530/03 5 dated 8 August 2012 regarding the recruitment of the officers of the Sri Lanka Teachers' Service who covered the duties in the posts of Principal, 120 teachers who were  | 2023<br>) 1.5.10d ( )iii) | As the appointment letters have been issued after the circular, the proceedings should be made as per the terms of the appointment letter.   | The awareness on the provision of a special allowance for principals has been made by the Letter No. ED/4/60/01/13 dated 26 February 2009 of the Secretary to the Ministry of Education. Accordingly, | The actions had not been taken to recover the principal's allowance paid in excess. |

serving in 118 schools belonging to the 10 education zones of Uva Province had been appointed to the Grade II in Class 2 of the Sri Lanka Principals' Service, and despite the fact that they are not entitled to receive any rights other than the right to receive salary according to the conditions of the appointment letter, a sum of Rs.22,972,094 had been paid as principal allowances for 110 principals from the year 2013 to 31 October 2023 without complying with the conditions.

monthly payments have been made for the graded principals serving as the principals and teachers who are not graded persons but are acting in the principals' service. The special allowance given to principals has been amended through the letter No. ED/04/60/01/ ඩී.දීම්බා /2017 dated 14 March 2017 of the Secretary to the Ministry of Education and the Circular No. 16/2017. The said revised allowance has been paid from March 2017 to the officers serving as principals and acting in those positions. The approval to pay the special allowance for acting principals has been granted by the Letter No. 1/3/7-ix dated 29 September 2018 referred to the Chief Secretary of Uva Province with the signature of Secretary to the Governor of Uva

## Province

The approval for the payment of the special allowance for the acting principals has also been granted by the letter No. 9/B/8 dated 03 October 2018 directed to the Uva Provincial Director of Education with copies to all Zonal Directors of Education under the signature of the Secretary to the Uva Provincial Ministry of Education. The Principal Allowance has been paid to the Principals as per the above mentioned circulars and letters.

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| <p>(q) Rs.28,621,714 had been paid as salaries by appointing 32 Laboratory Assistants for 27 schools without a laboratory and 17 Library Assistants for 14 schools without a library in Uva province, without fulfilling the objectives of appointing those</p> | <p>2023 ) 1.5.10c ( )iv)</p> | <p>The Laboratory Assistants and Library Assistants should be employed in schools where these facilities are available.</p> | <p>The actions have been taken to direct Laboratory Assistants and Library Assistants to the schools where laboratories and libraries are functioning.</p> | <p>The measured required for rectification are being taken.</p> |
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employees and maintaining an idle work force during the period from 01 January 2022 to 31 December 2023.

- (r) An arrear of rentals amounting to Rs.139,242,705 as at 31 December 2023 had not been recovered from 122 lessees belonging to 122 licenses of long-term leases that had been given as lease bonds on a commercial basis by the Land Commissioner General for long-term leasing of land.
- ,2021 and 2022  
) 1.5.14a(
- The arrears should be recovered.
- 122 lessees have been notified separately to pay rentals and since this department does not have the powers to take regular action against rental defaulters, the Commissioner General of Lands has been informed to take further actions.
- The legal actions that should be taken to recover the overdue amounts had not been taken.
- (s) The proceedings had not been done according to the provisions of Chapter XXIV of the Establishments Code and 03(a)(b)(e) of the Public Finance Circular No. 05/2019 dated 27 June 2019 regarding the loan balance of Rs.36,203,255 to be recovered from the officers who have been transferred away from the Ministries,
- 2023  
) 1.5.19c(
- The proceedings had not been done as per the provisions of the Chapter XXIV of the Establishments Code.
- Inter-provincial councils and central government agencies have been informed and the discussions have been held to recover the loan balances, and those balances are being settled gradually. Also, all the institutions have been informed to collect the entire loan balance at the same time when the provincial

Departments and Offices of the Uva Provincial Council and the loan balance of Rs. 22,378,751 to be recovered from the other officers who died and retired, interdicted and left the service.

council officers are transferred. The arrangements have been made to settle the loan balances due from retired officers through the Pension Department, but the settlement of the loan has been delayed due to liquidity problems in that department. The respective institutions have been instructed to settle the loan balances of the deceased and retired officers.

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| (t) The loan balances amounting to Rs. 31,104,029 from Officials who came with transfers from 07 Ministries, Departments and Offices of Uva Provincial Council had not been settled. | 2023 ) 1.5.19d ( (i) | The loan balances should be settled.   | This includes the loan balances of officials who came from other provincial councils, central government and local government institutions. These balances are now being settled gradually. | The required measures for the rectification are being taken.                   |
| (U) The physical presence could not be verified regarding 12 vehicles and 04 motorcycles registered in the Motor Traffic Department in the name of 04                                | 2023 1.5.20 )c(      | The relevant evidence to prove the physical presence or disposal details of the concerned vehicles and motorcycles should be reported to the | <b>The vehicles bearing Nos. 80-9282 , 36-0136, 71-4458, 42-0319, 42-2182, 42-4236 and GB 4823</b> Since the revenue license has not been obtained, this vehicle has not                    | The measures that should be taken regarding these vehicles had not been taken. |

institutions  
belonging to the  
Uva Provincial  
Council.

audit.

been used and according to the manufacturing years, this vehicle may have been disposed in the past 10 years and the information of the Motor Traffic Department may not have been updated.

**Vehicles bearing Nos. 53-5063**

All vehicles from 53-5060 to 53-5080 have been delivered to local government bodies in 1993. Apart from this vehicle, all the other vehicles have been disposed on several occasions since 2012. The Sri Lanka Army has used these vehicles in the provincial councils for the military activities in the past period and since the vehicles were in a dilapidated condition when they were returned, they have been sold. Although the registration certificate of this vehicle remains in the office, the

vehicle has not been returned. Therefore, it is observed that the vehicle has been destroyed during that period.

**Vehicles bearing Nos. GG- 3905, XZ-9423 and XZ-9439**

It has been informed to enter data on fixed assets into the computer system.

**Vehicles bearing Nos. HK-5808, RW 0501 and SP 1349**

It has been recorded to inform to change the transfer.

**17-1012, 16-7667**

These vehicles have been disposed since a period of more than 10 years and the information from the Department of Motor Traffic may not be up to date.

**3.6 Central Provincial Council**

	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Equity</b>	<b>Excess (deficiency)</b>	<b>Opinion</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	
<b>2021</b>	11,293,518,648	6,822,755,407	4,470,763,241	(40,297,646,972)	Qualified
<b>2022</b>	9,257,890,058	7,664,707,228	1,593,182,829	(45,730,819,954)	Qualified
<b>2023</b>	13,755,650,851	12,093,224,677	1,662,426,174	(45,340,002,526)	Qualified

	<b>Audit Observation</b>	<b>Reporting Year</b>	<b>Recommendatio n of the Auditor General</b>	<b>Action taken by the Auditee Institution</b>	<b>Present Position</b>
(a)	Salaries and wages of Rs. 1,990,147 were paid to 09 employees of the Governor's personal staff during the year under review without written confirmations of employees' arrival and departure from work, leave taken, etc as per paragraph 07 of Public Administration Circular No. 09/2009(i) dated 17 June 2009 and Public Administration Circular No. 02/2021(v) dated 01 October 2021.	2021	Should be act as per the circulars.	It is informed that records are maintained regarding arrival and departure, leaves etc. and salaries are paid accordingly.	Written confirmation of attendance, departure and leave has been submitted in relation to paid salary. At presesnt, an attendance register is maintained now and the the fingerprint machine is not used.
(b)	Without verifying that they are actually in the service according	2022	Should be act as per the Establishment Code and the	The driver of the official vehicle and the driver of the security vehicle are	Overtime payments has been made inaccurately and

to section 2.1 of chapter VIII of the Establishment Code of the Democratic Socialist Republic of Sri Lanka and paragraph XIII of National Budget Circular No. 03/202, Rs. 1,206,215 had been paid to the drivers of the Governor's personal staff as overtime allowances and bata allowance without proper supervision of the running chart summaries submitted by the drivers of the Governor's official vehicles and security vehicle with stating that was tarveled with the Governor for duties in areas far away from Kandy city such as Galle, Colombo, Nuwara Eliya on the days when the Governor had participated in various official meetings and discussions at the office premises.

circular.

employed for the scheduled duties and emergency duties of the Hon. Governor and their duties have been recommended by the Hon. Governor's Coordinating Secretary and submitted for payment. Although the official vehicle had been gone to areas far away from Kandy city such as Galle, Colombo, Nuwara Eliya for special tasks by the Hon. Governor where he participates various official meetings and discussion in the office premises, it is informed that those are very limited and henceforth the Secretaries of the Hon. Governor have been informed to pay attention about the payment of overtime allowances and travel expenses of the drivers. bata allowances have not been recovered from the responsible parties.

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| <p>(c) According to the instructions in paragraph 7.3 of the Secretary to the President's Public Expenditure Management Circular No. CS/CSA/11-18 dated 12 October 2018, Rs. 930,020 had been paid by the Governors' Secretary office in relation to 6720.21 liters of additional fuel for 02 official vehicles used by the Governor in addition to the fuel allowance for the period of 24 months from May 2020 to April 2022.</p> | <p>2022<br/>2023</p> | <p>Should be act as per the circular.</p>                                  | <p>According to the decision of the Governor's forum held on 22 September 2021, the Hon. Governor of the Central Province has been reimbursed for the amount of additional fuel spent when travelling for duty outside the province.</p>   | <p>Additional fuel allowances of Rs. 930,020 spent not in accordance with the circular have not been recovered from the relevant responsible parties.</p>                                       |
| <p>(d) Salaries and wages of Rs. 7,260,274 had been paid to 13 employees of the Central Provincial Council Chairman's personal staff during the year under review without written confirmations of employees' arrival and departure from work, leave taken, etc as per paragraph 07 of Public Administration</p>  | <p>2021</p>          | <p>Arrival and departure records should be maintained as per circular.</p> | <p>The salary and wages of the personal staff have been made according to the certificates given by the Hon. Chairman regarding the attendance of the personal staff for each month in previous years as well as in the year under review and it has been directed to maintain an attendance register with effect from 01 August 2022 to</p> | <p>Written confirmation of attendance, departure and leave has been submitted in relation to the paid salary. An attendance register is maintained and fingerprint machine is not used now.</p> |

Circular No.  
09/2009(i) dated  
17 June 2009 and  
Public  
Administration  
Circular No.  
02/2021(v) dated  
01 October 2021.

record the arrival  
and departure of the  
Chairman's  
personal staff as per  
General format 18.

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| (e) | The arrears of Rs.135,833,299 had not been collected as at 31 December 2023 in relation to 04 subjects in the Provincial Council revenue account. The unrecovered arrears of income for more than 05 years was Rs.28,513,534. It was 21 percent from the total revenue.                                | 2021<br>2023 | Action should be taken to recover the arrears of income immediately.                     | Actions are being taken to recover the arrears of revenue immediately.   | Outstanding land tax of Rs. 93,068,441, outstanding stamp duty, mineral tax and turnover tax of Rs. 81,647,146 have not been collected as at 30 June 2024. |
| (f) | Direct purchases (Dry food items) of Rs. 1,587,200 had been made by the Central provincial Regional Economical Development Agency in the year 2021 in excess of the approved purchase limit of the head of the department contrary to section 3.5.1 of the provincial financial rule 422 (Amendment of | 2021<br>2023 | Action should be taken as per the Financial Rules and provisions of the relevant letter. | According to the provincial financial rules 457(a), purchased dry food from Provincial multi services cooperative society in the year 2021 and prices were called from 02 government affiliated institutions of Sathosa and C/S Multi Services Cooperative society association and related purchases | Purchases were made in non-compliance with provincial financial rules and procurement guidelines.  |

procurement committee limits) dated 11 November 2020 and the code of procurement guidelines and although price quotations should be called from at least 05 institutions in the procurement of the year 2023, quotations had been called only from 02 institutions and purchased as Rs. 1,339,380.

were made in the year 2023.

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| (g) | The total of Rs.9,704,687 of 15 audit surcharges issued in relation to 06 local government institutions during the period from 2013 to 2022 had not been collected or taken legal action by the last date of the year under review. | 2021<br>2022<br>2023 | Surcharges should be recovered.                                     | The amount to be charged is Rs. 9,704,687.32 according to the charging progress.   | The surcharge money was not recovered from the respective responsible parties.   |
| (h) | Rs.3,816,590 related to the financial irregularity of Rs.14,239,938 in the salary payment of the Hanguranketha Zonal Education Office had to be further recovered until 31 December   | 2021<br>2022<br>2023 | Action should be taken as per provisions of the Establishment Code. | Charge sheets have been formally handed over to the two teachers and school workers and tribunals have been appointed for disciplinary investigations and the investigation have been delayed due to the | Out of the Rs. 3,789,300.84 that was to be recovered from the responsible persons, an amount of Rs.767,215.75 will be recovered from a deceased employee. Arrangements |

2022. Disciplinary actions were not taken related to the relevant officers until 31 December 2023 as per the chapter XLVIII of the II volume of the Establishment Code.

deficiencies in the documents. were been made to refer the matter to the Secretary of the Ministry of Chief and Education for further advice regarding the payment of the loan. As per section 25 of Chapter XLVIII of Part II of the Establishment Code, three officers have been punished under log discipline and one officer has been given a stern warning. There has been a delay in conducting investigations against three persons due to deficiencies in the documentation.

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| (i) When a cheque can be cashed and paid directly to the relevant payee in accordance with Financial Rules 179.1, the Principal of Galewela Central College had written cheques from the | 2023 | Action should be taken as per the Financial Rules. | 104(4) investigation is being done. That will be reported to the audit in future. | An investigation in this regard has been conducted in accordance with F.R. 104(4) and the said report has been submitted to the Secretary of the Ministry of Education for |
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school development account in the name of the day watchman of the school on 23 occasions from the year 2021 to the year 2023 for the total remuneration of Rs. 1,843,850 related to the persons holding the positions of day watchman, night watchman and sanitation worker.

approval.

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| <p>(j) According to section 1.4 of chapter XXX of the Establishment Code of the Democratic Socialist Republic of Sri Lanka, 12 officers working in the Central Provincial Department of Education participated to the board meeting of Central Provincial Education Service Savings and Credit Transactions Cooperative Society Ltd. between the year 2019 and January 2023 without obtaining approval and received a total of Rs.3,674,354 allowances during</p> | <p>2023</p> | <p>Action should be taken as per provisions of the Establishment Code.</p> | <p>Further action will be taken as soon as the investigations are completed.</p> | <p>An amount of Rs. 219,000 has been surcharged from one officer and the investigations have not been completed regarding the remaining 11 officers.</p> |
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their duty.

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| (k) | Although 27 teachers and other employees who worked in schools belonging to Gampola and Hatton regions in Central Provincial Education Department had gone abroad and left their posts on foreign leave, the salaries of Rs.854,912 were overpaid.   | 2023 | The overpaid salary should be recovered from the relevant responsible party.  | Further action will be taken regarding the recovery of money.   | Only an amount of Rs. 89,443 had been recovered from two officers.   |
| (l) | Fake bills were prepared as payments for the purchase of building materials from a private institute in Galewela Central College in the year under review and last 02 years and 07 cheques totaling to Rs.710,533 from the school development fund were credited to the bank accounts of then Principal of the college and his wife. | 2023 | The department should be conducted investigations and take appropriate legal action regarding financial irregularities. | An investigation of 104(4) will be held in this regard. It will be act accordingly and reported to the audit. | The F.R. 104(4) investigation report has been forwarded to the Principal and the Secretary of the Ministry of Education. |
| (m) | The former Principal of MH/ St. Anthony Girls' College used the van owned by the   | 2023 | Action should be done in accordance with the provisions of the Financial  | F.R. 104(3) investigation is being held. Accordingly, further action will                                     | According to the investigation conducted as per F.R. 104(3), recommendation  |

school to travel and a total of nearly Rs.1,283,037 had been spent on fuel for traveling to school 04 times a day at a distance of 112 km per day from 15 January 2018 to 16 June 2023 without approval by the school development society.

Rules and the be done. Establishment Code regarding irregularities.

s have been made for conducting an F.R. 104(4) investigation. Accordingly, a board of investigation has been appointed for the investigation of F.R. 104(4)

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| <p>(n) According to the results of the Central Provincial students who appears for G.C.E. (O/L) examination in the period from 2018 to 2022 of the Central Provincial Education Department, the provincial wide skill level of the province was ranked between 5 and 8. Also, according to those results, the results of 10 out of the 15 zones of the Central Province had exceeded the 50<sup>th</sup> place according to the regional level of the island.</p> | <p>2023</p> | <p>Action should be taken to improve the results of the students.</p> | <p>It is informed that the result level of 72.73 percent obtained by the Central Province is not a low value. Accepted the 50<sup>th</sup> position. It is agreed with the Zonal Education Director to pass students at failing level.</p> | <p>Attention is given in developing the results of the upcoming examinations and increases the level of skill in all islands.</p> |
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| (o) | According to the percentage of students who appeared in the Central Province for the Grade five scholarship examination conducted in the period from 2018 to 2022 by the Central Provincial Department of Education, the Central Province was ranked seventh and eighth above 70 marks around the province. Also, according to those results, the results of 11 out of the 15 zones of the Central Province had exceeded the 50 <sup>th</sup> place according to the zonal level of the island. | 2021<br>2023 | Action should be taken to raise the skill level of island wide and zonal level. | The percentage of decrease to 70 points is between 19 and 25 percent per year. Various activities are organized annually to reduce this percentage. A minimum level of 2.1 compared to the national level cannot be considered a significant decrease. | It is focused on developing the results of the upcoming examinations and raising the level of skill in all islands.   |
| (p) | A total of Rs.64,263,189 has been allocated to Divisional Secretariats from 2010 to 2023 for the purpose of acquiring school lands of 50 selected schools in 22 Divisional Secretariat divisions and although it has been taken 01 to 13 years, that land could not be  | 2021<br>2023 | Action should be taken to get the land acquisition properly.                    | Land acquisition of 42 schools is being done.  | The process of acquisition of school land in 42 schools has not been finished and as there are land disputes in schools, due to the problems in 08 schools, the money deposited for land acquisition has been returned to the department. |

acquired.

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| (q) | According to the land tax revenue reports maintained by the Provincial Department of Land, a total of Rs.68,561,923 was not collected from the land tax tenants from 36 Divisional Secretariat divisions located in the Central Province   | 2022<br>2023 | Action should be taken to recover tax arrears.                 | The Divisional Secretary will do the recovery of land tax arrears and a follow-up process will be carried out. | Information on recovery of tax arrears is not formally available in the department. |
| (r) | Although 03 hydropower plants located in 02 Divisional Secretariats have produced electricity for a period from 03 to 20 years and released electricity to the national system. The Provincial Department of Land had lost a tax income of Rs.4,668,164 by not issuing water diversion permits and collecting taxes for those power plants by the last date of the year under review | 2023         | Tax permits should be formally issued and collected tax.       | Tax was not charged.   | Action was not taken to charge tax.   |
| (s) | Out of the loan amount of Rs.3,695,813 given to 09 societies from  | 2021<br>2022 | Action should be made to collect outstanding loan installments | Surcharge orders have been issued for 2 cooperative societies and  | The loan balance of Rs.1,306,950 in societies out of the above 09                   |

the Cooperative development fund of the Cooperative development department during the period from 1991 to 2016, the loan balance of Rs. 2,972,188, which had been 31 years since 06 years, had not been collected as at the last day of the year 2022.

immediately.

handed over for societies will be court proceedings, further recovered 02 more societies until 30 are paying monthly September 2024. loan installments of Rs. 10,000 and Rs. 5,000 each, another society will recover future loan installments through court fines.

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| (t) | <p>While preparing salary during the period from 2016 to 2021 in the Kandy Regional Health Services Director office, which is under the Provincial Health Services Department, two officers who were done salary duties had wrongly remitted an total amount of Rs.53,038,638 to 14 personal bank accounts of themselves and their relatives. as Rs.51,961,088 and Rs.1,077,550 which is not confirmed by the bank account numbers. The relevant authorities had not conducted a formal investigation in this regard</p> | <p>2021<br/>2022</p> | <p>Action should be taken to full amount of the loss incurred and taken disciplinary actions against the chaeaters.</p> | <p>The services of some officers who were currently on payroll duty have been suspended in connection with the salary fraud of the Kandy Deputy Regional Director of Health Services. It is done by the Criminal investigation Department, and the Ministry of Health of the Central Province. I informed that the arrnagements have been made as per F.R. 104(4). In response to the letters sent by registered mail on 05 January 2022 and 10 January 2022 to the relevant officers to arrange for the immediate</p> | <p>The Chief Secretary of the Central Province has requested the Attorney General's Department through the letter dated 05 June 2024 to file a civil case and take legal action to collect the loss from the responsible parties. Rs.3,920,781 has been recovered from the respective responsible parties yet now. Further, Rs.50,442,089 should be recovered.</p> |
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according to Financial Regulations 104(4) and had not identified the relevant responsible parties to cover the defrauded money and taken disciplinary action against them.

payment of the amount revealed as per the emergency inspection conducted by the Internal Audit division of Central Provincial Ministry of Health, an amount of Rs. 200,000 has been credited to the account of Kandy Regional Health Services Director Office by only one officer.

- (u) A total of Rs.18,665,522 medicines had expired in the years 2021 and 2023 in Kandy Medical Supplies Division, Kandy Chest hospital, Matale General hospital and 03 regional hospitals operating under the Department of Health Services and a period of 03 months to 14 years had passed since some of the medicines had expired from that. There were 72,206 units of quality failure medicines worth Rs.398,280 in Galagedara regional hospital.
- 2021  
2023
- Regular processing of drugs distribution and maintenance of stocks at optimum level to avoid drug expiry and quality failures.
- The Medical Supplies Division intervene and dispose the expired medicines.
- All hospitals have given attention to exchanging drugs from institutions that have drugs to institutions that do not have drugs through the drugs management system regarding expired medicines and drugs that are about to expire.

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| (v) | According to the police report and the motor vehicle inspector's report regarding the ambulance attached to the Theldeniya base hospital which was faced an accident on 19 November 2018, when it was mentioned that the accident occurred because the driver was unable to control the vehicle due to high speed without any mechanical fault in the vehicle, irrespective of those reports, the amount of Rs. 7,409,132 incurred by the government due to the accident was recommended by the Secretary of the ministry to cut off from the book by the Financial Regulation 104 (4) inspection report and after submitting to the Chief Secretary, it was approved on 13 August 2020 and the loss was cut off. | 2021         | The police report and the motor vehicle inspector's report should be taken into consideration for the F.R. investigation. | The report recommended that the loss of Rs.5,727,869 related to the accident of the ambulance No. WP LW-1134 belonging to Theldeniya District basic hospital on 19 November 2018 was due to the delay, negligence or careless driving of the driver of this ambulance and it is submitted to the Central Provincial Health Secretary for approval by the letter dated 20 October 2022. | The reasons for the difference between the value included in the general 284 report and the repair expenses have been asked from the Kandy Regional Health Services Director. |
| (w) | Rs.64,787,183 had been spent in the years 2021 and 2022 for 33 tasks  | 2021<br>2022 | Provisions should be used to fulfill that objectives of the project to  | Expenses incurred for the factors such as purchase of furniture for the  | Provisions have not been used as that fulfills the objectives of the  |

contrary to the purpose under the project to strengthen the primary health care system implemented by the Provincial Health Department.

strengthen the primary health care system.

institutions of project. Central Provincial Health Department (Digana Rehabilitation hospital) and purchase of a dining table and 06 chairs for Digana hospital, repair works and purchase of equipment at Kadugannawa Regional Health Center, renovation of office auditorium in Nuwara Eliya Regional Health Service office, renovation of Provincial Health Services Director office and purchase of equipment, repair of Kandy Regional Health Services Director Office, Renovation of Rikillagaskada Base hospital specialist office, printing of training programmes and 2021 Esala Perahera volunteer passes/ book covers of Regional Health Services Director offices. It is informed that this is not an action contrary to the purpose as the aforementioned expenses are for the

provision of the necessary facilities to maintain the first aid and disease control activities related to primary health.

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| (x) | Although Chief Secretary of the Central Province recommended that the amount of Rs.3,114,905 wrongly paid by the Director office of Kandy District Health Services for the painting of health equipment to be collected from 14 relevant responsible officers on 09 May 2019, a total of Rs. 1,618,191 out of that had not been recovered from 08 officers by the last day of the year under review. | 2021<br>2022<br>2023 | Action should be taken to recover the surcharged amount and take disciplinary action against the relevant officers. | The additional amount to be surcharged from 08 officers is Rs.1,594,455.                   | Rs.1,464,072 has to be recovered from 06 officers and disciplinary action has not been taken against the relevant officers. |
| (y) | There was a total drug shortage of Rs.6,075,049 in the years 2022 and 2023 in the hospitals operating under the Department of Health Services.   | 2022<br>2023         | Action should be taken as per the financial rules regrading the shortage.   | Action will be taken as per the Financial Regulations regarding the reported deficiencies. | Financial rules have not been followed.   |
| (z) | Although a medical officer who worked at Theldeniya Basic  | 2023                 | Action should be taken to proceed as per the  | The relevant officer has been informed about the refund.                                   | Informed to the foreign and local addresses of the  |

Hospital had been approved for no pay leaves between 02 May 2016 and 01 May 2021 and gone abroad, but since he had not reported to work by October 2023, the amount of Rs.1,175,222 to be charged according to the agreement had not been recovered.	agreement	Legal action will be taken if payment is defaulted.	officer to pay the payment of Rs.1,175,220 to be paid as per the agreement.
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(aa) When the Department of Ayurveda had recruited 26 employees who worked as internal workers in the department in the years 2014 and 2015 in Grade III of the post of Attendant, due to establish them in the opening salary scale of Grade ii of the post of Attendant as non-compliance with section 05.03.01 of chapter vii of the Establishment Code, 26 officers were paid Rs.4,259,877 more than overtime allowances and other allowances for a period of 10 years from 2014 to	2023	Overpaid salary should be recovered.	The salary conversions made at that time were revised based on the fixed salary. That overpayments will be charged through installments.	The Secretary of the Ministry has approved to recover the overpaid amount in installments and Rs.93,133 from the salary of September 2024 and Rs.240,760 from pension gratuity have been collected as the first installment amount. Accordingly, Rs.3,925,984 will be further recovered.
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2023 due to that the salary has been established further by 10 increments.

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| (ab) | The arrears rent for 196 out of 219 shops belonging to the authority located in Kandy, Matale and Nuwara Eliya districts for the period from the year 2001 to 31 December 2022 was Rs.15,565,370 and the amount had not been recovered till the audited date. Agreements were not signed for 13 shops. | 2022 | Arrears of rent should be recovered.                  | Shop tenants have been informed the pay the arrears and out of the 13 shops that had not entered in to agreements, only 03 shops have entered into new agreements. Cases are pending for 02 shops and contracts have not been concluded for remaining 08 shops. Arrangements have been made to enter into new agreements regarding agreements. | The further amount to be collected from the shop tenants was Rs.13,137,781.   |
| (ac) | 71 Percent of the total staff of the authority had been paid an additional allowance as KMTT allowance by utilizing the remaining project money of Rs. 24,228,128 in the project of Kandy multipurpose transport terminal development as at 31 December 2021.  | 2022 | Staff allowances should be paid as per the agreement. | The agreement with the Central Provincial Transport Service Authority related to the Kandy bus control programme of Kandy multimodal transport development project ended on 31.12.2021. The Kandy multimodal institute also entered into a new agreement for the year 2022 and as it was terminated on   | An amount of Rs.24,228,128 was received in the year 2021 from the project as additional allowance, exceeding the actual expenditure incurred through the project in the year 2021. That amount was used to pay employee incentives. |

31.12.2021, new agreement has not been made. As per the agreement of the initial phase of this project, the staff allowances have been used to pay the employee incentive allowances in the year 2022.

(ad) According to facts mentioned in the running charts of 04 lorries attached to the mechanical engineering unit, although it should be minimally run 4km from fuel liter from 03 lorries mentioned earlier and 3km from fuel liter from other lorry, it was considered as the mileage per liter of fuel in those vehicles are 03 and 02 km respectively and adjusted. Under this situation, the amount of fuel that has been procured for those vehicles was 169,229 liters from the beginning and its procurement value was Rs.13,572,166. Although the Committee on Accounts had given	2021	Should be act as per the decision of Committee on Accounts.	Internal procedures related to the use of all vehicles and machineries have been strengthened.	The order of the Committee on Accounts had not been implemented.
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orders to recover the excess fuel, it has not been recovered yet.

(ae) Work subject 2.10 (b) of the revised estimate of Gatanethenna Medagammedda road laying carpet and development project, Rs.3,396,594 estimate was made by the unit price of Rs.13,892 for 244.5 MT of Asphalt Binder and the authority had calculated the core thickness as an average of 62.5 mm for this. According to the measurement sheet of the bill submitted by the contractor, Asphalt Binder paid for 244.5 MT. But, according to the ABB laboratory test reports conducted in 05 cases, as the average value of core thickness was 30.8 mm, the amount of Asphalt Binder of 123.5 MT was exceeded and the contractor was paid an extra amount of Rs.1,680,932 for 121 MT.	2022	Overpayments should be recovered.	All Engineers have been made aware that while applying Asphalt Binder, they should follow the methods of Standard Construction Manual (S.S.C.M.)	Action was not taken to recover the overpaid amount.
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(af)	After the dissolution of the Central Provincial Council on 18 October 2018, while 61 vehicles used by the Minister and personal staff of 05 Ministries were handed over to the Chief Secretary and other institutions, without considering the availability of such vehicles to the Road Development Authority as per the requirement, 12 dual purpose vehicles for its Chief/Executive Engineers to attend the divisional road inspection activities and various meetings on hire basis during the period from 2018 to August 2023 and a total of Rs.75,092,077 had been paid to private parties as rent.	2023	When incurring an expense, the alternative measures that can be followed for it should be evaluated and the most effective option should be taken.	Vehicles attached to another institutions are used as pool vehicles.	The vehicles will not be used on hire basis after August 2023.
(ag)	The Central Provincial Council Housing Department was not taken action to collect the loan amount of Rs.5,682,579 given to 880 housing loan beneficiaries during	2022 2023	Action should be taken to recover the outstanding housing loans.	Approval for F.R. 104 (4) investigations is given by the Chief Secretary by the letter No. CPC/RM/6/5/13 and 03.11.2023 and given approval to cut off outstanding	Referred to chief Secretary for cut off outstanding loan balances.

the period from  
1994 to 2001.

loan balances.

Act accordingly  
and 109 reports has  
been sent for the  
approval of the  
Chief Secretary to  
take action to cut  
off outstanding loan  
balances.

(ah) Using the allocation of Rs.2,000,000 received by the ministry of School Infrastructure in the year 2021 to purchase necessary equipment for the Sports Academy of the Central Provincial Sports Department, the Chief and Education Ministry of the Central Province had purchased 1,332 sports equipment for Rs.2,049,192 under the project of establishing multi-sports centers. As multi-sports centers were not established, the sports equipment was given to the local authorities of the Central Province and those were kept in warehouses without any use by the end of the year under review.	2022 2023	The provisions should be used to achieve the respective specific objectives and that the sport equipment should be utilized effectively.	Although goods are purchased for the allocation of Rs. 03 million allocated for multi-sports centers in the year 2021, this money was used due to the non-availability of funds in that year and the non-officials with relevant professional active participation in the local authorities. Even though there are officers related to the Provincial Sports Department in the divisional secretariats who can appear professional active participation, the desired objective has not been achieved.	Attention has been paid to operate under the supervision of the Sports Officers attached to the Provincial Sports Department in the Divisional Secretariat offices as 20 multi sports training centers covering Kandy district, 11 multi sports training centers covering Matale district and 5 multi sports training centers covering Nuwara Eliya district.
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| (ai) | <p>A total of Rs.17,518,059 was spent as Rs.3,000,000 and Rs.14,518,059 respectively for the renovation of the soil laboratory and testing equipment of Nawayalathenna District Agriculture Research and Training Center belonging to the Department of Agriculture under the allocation for the organic fertilizer production project in the year 2021, but although it had been passed more than a year by the end of the year under review, the provided equipment for that purpose was kept in its packaging and remained idle without starting soil testing.</p> | 2023 | <p>Action should be taken to utilize capital grants effectively.</p> | <p>Soil testing will be started properly until the month of August 2024.</p>  | <p>Soil testing has not been started yet.</p>  |
| (aj) | <p>According to the President Secretariat letter No. PS/PCMD/SD/01/08 dated 29 March 2012, the allowances paid to the field officers in the provincial public service, in addition to the</p>   | 2022 | <p>Should be followed rules and regulations.</p>                     | <p>As the powers of the Provincial Council are not in force now, it is informed that the amount of Rs. 700 charged from the farmers for one artificial insemination to the Animal Development Consultants will be</p> | <p>The committee report has been recommended by the Director General to take a decision at the national level and forwarded to the Secretary of the Ministry of Agriculture and Livestock.</p> |

salary, without obtaining the recommendations of the National Salary and Cadre Commission and the Finance Commission, with the approval of the provincial Governor, the Livestock Development Instructors of the Department of Animal Production and Health, who are entitled to a commuted travel allowance, were paid a transport allowance of Rs. 7,106,823 from January to November of the year under review for providing artificial insemination service.

reimbursed 90 percent of the deposit amount after depositing it in the general deposit account of the department under the approval of the Hon. Governor of Central Province.

(ak)	17,586 units of buildings, machineries, equipment and vehicle assets with a total of Rs. 830,611,345 belonging to 08 institutions of the Central Provincial Council in the years 2021, 2022 and 2023 were remained idle.	2021 2022 2023	Action should be taken to utilize assets efficiently	Arranagements are being made to transfer the inactive lecture halls to external institutions under a regular fee system and transfer the Ayurveda wellness center to the Dambulla Municipal Council or an Ayurvedia Center and I am informed that the	Assets were not utilized efficiently.
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educational  
buildings are done  
under the annual  
allocation.

Due to the inability  
to provide three-  
phase electricity,  
lack of awareness of  
the laboratory staff,  
inability to hire  
trained workers and  
the need to use a lot  
of human labor for  
some machines, the  
machines remain  
idle and repairs and  
repairs are being  
made to dispose of  
the machines.

I also inform that  
the equipment  
listed as inactive  
has been kept for  
distribution when  
the need arises and  
due to the non-  
completion of some  
projects, the related  
equipment could  
not be released.

Arrangements are  
being made for the  
disposal of non-  
repairable vehicles  
to repair and use idle  
vehicles or give  
them to institutions  
in need.

(al) According to Central Provincial Financial Rules 54.1.2, 54.1.3 and 54.1.6, the amount of Rs.1,798,533	2023	Proofs of the recovered damages should be submitted in order to recover the unrecovered	Actions were taken to recover the unpaid value from the driver to initiate lawsuits regarding non-payments and	Action has not been taken to recover the unrecovered loss and damages and to confirm that
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	related to 09 vehicles of 02 institutions of Central Provincial Council had not been recovered.		loss and damages.	to recover the unreimbursed portion from the insurance from the relevant responsible parties.	the recovered damages have been recovered.
(am)	According to 54.5 and 54.6 of the Code of Central Provincial Financial Rules, 10 vehicles loss and damaged amounting to Rs.3,720,072 in relation to 04 institutions of the Central Provincial Council, but primary investigation or final investigation had not been done in this regard until 30 June 2023.	2023	Financial rules should be followed and test reports should be submitted for audit.	Action will be taken to conduct the unheld F.R. 104(6) inspections and bring the unreceived inspection reports. A F.R. 104(4) inspection report has been received.	Action had not been done according to Provincial financial rules regarding losses and damages.
(an)	Without following the circular instructions issued by the Ministry of Finance and Mass Media no. 1/2018 dated 19 March 2018 regarding "Disposal of Non-financial Assets of the government-Misuse of Motor vehicles in non-running condition, 23 vehicles which had been taken out of running from a period of 1 to 10 years in 04	2023	Vehicles should be utilized actively.	Arrangements have been made to give the vehicles that are not required for use by the institution to other institutions and to refer the vehicles that need to be disposed for disposal and to auction the 02 vehicles.	Arrangements were not made to actively utilize the vehicles and carry out the disposals immediately.

institutions of the Central Provincial Council had not been disposed.

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| (ao) | An ambulance of unrecognizable value used by the Nuwara Eliya Regional Health Services Directorate office was registered under the name of a private plantation company and the registration rights of a motor vehicle of Rs.8,000,000 included in the financial statements of the Ministry of Chief and Education were in the name of a private party. | 2023 | The reasons related to the difference in registration rights should be investigated.  | Arrangements have been made to remove the motor vehicle from the financial statements and the ambulance have been referred for disposal.  | The information related to the change of registration rights has not been disclosed and the ambulance has not been disposed.   |
| (ap) | After 08 vehicles belonging to the Nuwara Eliya Regional Health Services Director Office and 07 maternity offices were involved in an accident, 07 vehicles were parked in the relevant maternity offices without repair and it was identified that the repair expenditure of one vehicle was Rs. 16,500,000.   | 2023 | The recommendations of the disposal committee should be implemented regarding repairable and useable vehicles and other vehicles as well. | Action has been taken to implement the recommendations of the F.R. 104 (4) inspection report, to repair the vehicles that can be repaired and used and to release the vehicles that are not needed by the institution to other institutions that need them. | Action has not been taken to repair vehicles that can be repaired and used and to implement the recommendations of disposal committee in relation to other vehicles. |

**3.7 Southern Provincial Council**

	<b>Total Assests</b>	<b>Total Liabilities</b>	<b>Equity</b>	<b>Excess (deficiency)</b>	<b>Audit Opinion</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	
<b>2021</b>	55,372,283,976	1,711,798,447	53,660,485,529	558,915,389	Qualified
<b>2022</b>	58,357,835,649	1,627,103,945	56,730,731,704	(777,611,692)	Qualified
<b>2023</b>	60,745,155,722	2,211,653,348	58,533,502,374	(850,674,421)	Qualified

  

	<b>Audit Observation</b>	<b>Reporting Year</b>	<b>Recommendatio n of the Auditor General</b>	<b>Action taken by the Auditee Institution</b>	<b>Present Position</b>
<b>01. Non-compliance with Laws, Rules, Regulations and Management Decisions</b>					
(a)	Sections 172 (8), (9) of the Pradeshiya Sabha Act No. 15 of 1987 Within 14 days from the date of notification of the Auditor General's decision regarding surcharges, the surcharge recipient shall pay the relevant amount to the Local Government Commissioner. If such money has not been paid or no appeal has been made, the Local Government Commissioner should apply to the	2023	Action should be taken in accordance with Pradeshiya Sabha Act.	A summary report regarding the current status and the measures taken in relation to the 11 surcharge certificates will be submitted.	In respect of 7 surcharge certificates with the value of Rs.7,249,098 have not been given orders to recover from the surcharge recipients by the Secretary of the Ministry of Provincial Councils and Local Government.

district court having jurisdiction in the area where the relevant person resides and take measures to recover the relevant amount. However, no action had been taken according to those terms regarding 11 surcharge certificates with a value of Rs.8,649,112 issued by the Auditor General on various occasions, even by the end of the year under review.

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| (b) | Para 4.1 of the Scheme of Recruitment for the post of Senior Management Service Category Even though in making recruitments to a post in the senior management service category as per the aforementioned paragraph, the qualifications to be filled by external applicants had been mentioned as a postgraduate degree along with a recognized degree, the officer currently | 2023 | Action should be taken in accordance with the scheme of recruitment. | Court proceedings are ongoing, and the case has been called seven times to date. Consequently, recruitment for the position of Director General has been temporarily suspended. Therefore, on 23 September 2019, the current Acting Director General was appointed with the approval of the Board of Directors, based on the recommendations of the Honorable Governor. | Director General of the Southern Province Development Authority appointed on the approved of the Board of Directors of the Authority as per the recommendation s of the Governor without following the recruitment procedures. |
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serving as the Director General of the Southern Province Development Authority had not met these qualifications.

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| <p>(c) Letter No. G/SP/1/57 Volume 01 of the Secretary to the Governor of Southern Province dated 09 August 2010 Contrary to the referenced letter, the Council Secretariat paid an allowance of Rs.1,350,000 for renting a house to the Chairman of the Southern Provincial Council from August 2020 to October 2022.</p> | <p>2023</p> | <p>Action should be taken in accordance with circular provisions.</p> | <p>Payment of this allowance has been stopped from October 2022 according to PS/CSA/11-18(1) and PS/CSA/11-18 (11) issued in the year 2022.</p>   | <p>Although the payment of this allowance has been stopped from October 2022 according to the circular provisions, necessary actions have not been taken regarding the paid allowances.</p>                       |
| <p>(d) Public Administration Circular No. 13/2008 (IV) dated 09 February 2011 as amended by Public Administration Circular No. 13/2008(V) dated 31 May 2019 and Paragraph 2.1.3 (ii) of National Budget Circular No. 01/2014 dated 02 January 2014 Despite informing</p>   | <p>2023</p> | <p>Action should be taken in accordance with circular provisions.</p> | <p>Fuel allowance was not paid on two different bases by categorizing officers. Instead, two categories have been identified according to the types of fuel used in the vehicles by the officers. Accordingly, allowances have been paid based on the actual fuel type used for the vehicles.</p> | <p>Although the instructions were given to pay fuel allowances for normal petrol and normal diesel from 01<sup>st</sup> April 2023, necessary actions have not been taken regarding the paid fuel allowances.</p> |

the Chief Secretaries of Provincial Councils about the approved limit and type of fuel in the referred circulars, and regardless of the recommendations therein, the Chief Secretary's Circular (Finance) No. 02-2019 dated 16 May 2019 was issued upon the approval of the Governor's Letter No. G/SP/1/6/1/19 dated 13 May 2019, overriding circular provisions regarding the national policies on public expenditure management. Accordingly, 73 officers belonging to 44 positions at the Southern Provincial Planning Secretariat were overpaid Rs. 22,135,624 as a fuel allowance due to exceeding the approved limit, and Rs. 8,801,977 was paid for using Super Petrol/Super Diesel for the period from May 2019 to June 2023.

- (e) Circular of the Secretary to the President
- (i) Section 1 of 2023  
Circular No. PS/CSA/11-18 dated 12 October 2018 Even though the office allowances could not be paid after the dissolution of the Provincial Council as outlined in the referenced circular, Rs.1,850,000 had been paid as office allowance to the Chairman of the Southern Provincial Council from October 2019 to October 2022 by the Provincial Secretariat.
- Action should be taken in accordance with circular provisions.
- There is no indication in relation to the office allowance as per the Circulars No. PS/CSA/11-18 dated 12 October 2018 and no is there any indication for preventing from paying the other allowances not included in the said Circular. This allowance has been paid as per the approval received from the Letter No. CSS/7/1/2 dated 31 May 2019 and the payment of this allowance has been stopped from October 2022 according to Circulars issued in 2022.
- Though the payment of this allowance has been stopped from October 2022 according to the circular provisions, necessary actions have not been taken regarding the paid allowances.
- (ii) Section 4.1 of the Circular No. PS/CSA/11-18 dated 12 October 2018 Despite the information that the Chairman of the Provincial Council is entitled to 600 liters of fuel for a diesel vehicle and 500 liters of fuel for a diesel vehicle as
- 2023
- Action should be taken in accordance with circular provisions.
- According to the Secretary to the Governor's Letter No. G/SP/1/2/1/3/19 dated 09 August 2019, approval had been granted to provide a fuel allowance of 600 liters of diesel per vehicle for the two official vehicles
- Necessary actions have not been taken so far for the excess amount of fuel paid on the approval of the Governor overriding the circular provisions.

per the referenced circular, a sum of Rs.708,000 had been paid by the Provincial Secretariat for 3,900 liters of diesel obtained at 600 liters of fuel as per the Letter No. G/SP/1/2/1 /3/19 dated 09 July 2019 of the Governor of Southern Province from July 2019 to September 2022 overriding the above provisions. Furthermore, an excess amount of Rs. 682,525 had been paid due to making payments based on super diesel rates without complying with the instructions of the Circular.

allocated to the Honorable Chairman starting from April 2019. The Public Expenditure Management Circular does not specify the type of fuel to be given in the payment fuel allowance. Although National Budget Circular 2014/1 stipulates that fuel allowances should be paid at normal fuel rates, these instructions were only applicable for the period 2014-2016.

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| (iii) | <p>Section 4.2 of Circular No. PS/CSA/11-18 dated 12 October 2018 Contrary to the referenced Circular, Coordinating Secretary and the Public Relations Secretary to the Chairman of the Southern Provincial Council had been provided with a vehicle allowance</p> | 2023 | <p>Action should be taken in accordance with circular provisions.</p> | <p>According to Section 3.4 of the Secretary to the President's Public Expenditure Management Circular PS/CSA/11-18, the officials numbered 1, 2, and 4 of the support staff for the Hon. Provincial Council Chairmen—namely, the Private Secretary,</p> | <p>The payment of this allowance has been discontinued from October 2022 only the personal secretary of the chairman has been given an official vehicle from October 2022 and fuel allowance is given for 150 liters based on</p> |
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of Rs.3,700,000 at Rs.50,000 each per month from October 2019 to October 2022 and a fuel allowance of Rs.2,516,680 had also been paid from August 2019 to October 2022 although they were not provided with official vehicles.

Coordinating Secretary, and Public Relations Officer—are entitled to one official vehicle each. However, due to a lack of additional vehicles at that time, a vehicle allowance was provided instead. Payments for this allowance were discontinued from October 2022, as per Circulars PS/CSA/11-18(1) and PS/CS A/11-18(11) issued in 2022.

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| <p>(f) Paragraph 03 (vii) of the Circular Ministry of Finance bearing No. 03/2022 dated 26 April 2022</p> <p>Although the preliminary work for the recruitment of employees has been done according to the Circular and although the recruitment for the positions that have not yet been appointed should be postponed, a total of Rs.2,896,161 had been paid as salaries and allowances until 31</p> | <p>2022</p> <p>1.5.5.1 (b)</p> | <p>Action should be taken by following the government policies and provisions of the Circulars.</p> | <p>That the Conditions mentioned in the Circular have been violated through the recruitments made, but arrangements have been made to make the 05th point mentioned in the Circular a reality without harming its main objective.</p> | <p>The member board of the authority has been named as the appointing authority according to the recruitment procedure, although it has been informed that the relevant recruitments have been made subject to the approval of the Board of Directors, actions have not been taken regarding the recruitments made against to</p> |
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December 2022 by recruiting 12 employees on 24, 27 and 28 June 2022 in contrary to that.

the circulars.

(g) Treasury Secretary's Circular No. 03/2022 dated 26 April 2022, National Budget Circular No. 08/2022 dated 25 November 2022 and Presidential Secretary's Circular No. PC/SB/Circular/10/2022-2 dated 15 August 2022 Contrary to the referred circulars, Southern Provincial Ministry of Education had conducted the programme of evaluating the results of Aesthetic subject of the G.C.E. (Ordinary Level) Examination for the year 2020 by spending Rs.4,864,268 on 29 November 2022. Funds from the General Education Modernization Project had been used for this programme contrary to its objectives.	2023	Action should be taken in accordance with circular provisions.	The programme was held on 29 November 2022 on the approval of the Honorable Governor for the overall programme of evaluation of G.E.C./Text 2020 results, and the total cost, including gift vouchers for nearly 1500 teachers and education officers was Rs. 4,864,268.	Necessary actions have not been taken till now.
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## 02. Other Advance Accounts

<p>The total balance in the advance accounts of provincial public servants was Rs.1,577,211,969 as on 31 December of the year under review. It included loan balances of Rs.53,726,173 further remained receivable from 3,609 transferred/retired, deceases, interdicted officers and the officers who vacated the service.</p>	2023	<p>Arrangements are being made to correct this in the future.</p>	<p>Arrangements should be made to recover the outstanding loan balance expeditiously.</p>	<p>A further sum of Rs.48,125,278 remains to be recovered by September 2024.</p>
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## 03. Management Inefficiencies

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| <p>(a) A total of Rs.23,695,696, out of the total loans amounting to Rs.45,418,396 provided for various tasks for 18 cooperative societies for the period of 1994 to 2020, should be further recovered by 30 November 2021.</p> | 2021 | <p>The follow-up process should be done in a timely manner and with proper supervision to collect the outstanding balance or take legal action.</p> | <p>That they are trying to recover the loans by providing interest concessions after consulting the Governor or they are taking action to write off it.</p> | <p>A further sum of Rs.68,699,013 remains to be recovered by 15<sup>th</sup> August 2024.</p> |
| <p>(b) An amount of Rs.1,204,139 had been paid in the year 2021, comprised of Rs.326,000 paid to</p>  | 2021 | <p>Action should be taken in compliance with the Directives of the Co-operative Employees'</p>  | <p>Provisions are not allocated according to the Directives. However, the payments have been made as per</p>  | <p>These allowances are being paid up to now.</p>   |

	06 members including the Chairman of the Advisory Committee of the Cooperative Employees' Pension Fund on the approval of the Governor and Rs.878,139 paid for 08 officers of the staff when it had not been possible to pay allowances from the Pensions Fund.		Pension Fund.	Section 27 of the Directives and as per the letter of the Governor dated 27.10.2020 and on the approval of the Advisory Committee and the Public Service Commission.	
(c)	There had been an outstanding balance of Rs. 16,011,413 as at 31 December 2021, as loan and interest, out of the loan amounts granted by the Rural Development Fund from the year 1999 to the year 2021.	2021	Arrangements should be made to recover the loan arrears promptly.	Furthermore, the loan and interest balance related to the years 1999-2019 has become Rs.16,011,413.	A further sum of Rs.7,601,941 remains to be recovered by 15 <sup>th</sup> August 2024.
(d)	Although the money held in the deposit account had been released and payments had been made after receiving 04 machines purchased for Rs. 13,681,000 in December 2022 on the basis of Supply Installation and Commission for Kamburupitiya	2022	Needs must be identified, procurement should be done and the conditions of purchasing should be fulfilled and payments should be made.	That the money was released after obtaining the supply in the year 2022 by keeping money in general deposits as it is more advantageous to get the equipment from the provision allocated for the year 2021.	Necessary actions have not been taken to deploy this machine effectively.

and Tangalle Hospitals under the rural health development programme of 2021, the machines remained idle without being implemented owing to the lack of holding equipment and accessories for the machines even by the end of the year under review.

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| (e) | When a separate unit has been set up for the repair of vehicles in the Road Development Authority, Rs.7,400,200 had been spent on the repair of the vehicles owned by the Authority from external agencies during the year under review. | 2022 | Efforts should be made to reduce the maintenance done by external institutions by increasing the efficiency and productivity of the unit set up for vehicle repair. | The limited human resources of the unit will be used for this purpose and the vehicles to be fully repaired will be carried out by external institutions in accordance with the formal tender procedure as recommended by the mechanical engineer. | An investigation has not been carried out in this regard to identify the responsible parties. |
| (f) | There had been a balance of court fines totaling to Rs.40,215,178 charged as court fines in Galle, Matara and Hambantota Offices of Assistant Commissioners of Cooperative Development as at 31 December 2022, and action had not        | 2022 | Action should be taken to identify the beneficiary societies and to immediately settle the amounts charged as court fines.  | Since the settlement process of court fines takes considerable time, software has been introduced for it.  | A further sum of Rs.16,781,525 remains to be settled by 31 <sup>st</sup> July 2024.           |

been taken to identify the relevant beneficiary societies and to settle this amount promptly.

Moreover, there had been an unidentified balance of Rs.27,837,307 within this balance related to the period prior to the year 2022.

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| <p>(g) A loan balance of Rs.4,750,269 had to be repaid due to non-payment of installments as at 31 December of the year under review, out of the total loan balance of Rs.7,298,697 pertaining to 41 cooperative societies, for which judgments had been provided by the Court to the debtors to pay loans as installment payments in repaying the loans.</p> | <p>2022</p> | <p>Arrangements should be made to recover the respective loan balances promptly.</p> | <p>That further steps are expected to be taken regarding the unsettled loans.</p> | <p>A further sum of Rs.4,020,763 remains to be charged by 26<sup>th</sup> August 2024.</p> |
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- (h) In accordance with the decisions of the Cabinet dated 02 May 2019 and 15 January 2020, a monthly allowance of Rs.75,000, along with the facilities

applicable to a position of Senior Assistant Secretary in a line ministry and an official vehicle, had been provided to the Governor's Advisor starting from 25 June 2019. Accordingly, sums totaling Rs.3,203,409 had been paid to this officer as the Governor's Advisor from 25 June 2019 to 31 August 2023 in the form of fuel allowances. The following matters were observed in this connection.

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| (i) | <p>While performing the duty as a Governor's Advisor, this officer had been appointed as a member of the Public Service Commission from 18 March 2020. After assuming the duty on 19 March 2020, he had obtained allowances totaling Rs. 1,166,838 until 31 August 2023.</p> | 2023 | <p>Action should be taken in accordance with Cabinet decisions.</p> | <p>By virtue of the powers vested in the Governor under Section 33 of the Provincial Council Act No. 42 of 1987, the relevant officer has been appointed as a member of the Southern Province Public Service Commission by Letter No. G/SP/Legal/108 dated 18 March 2020. The allowances and other payments entitled to the relevant post are made by the Public</p> | <p>Actions have not been taken till now.</p> |
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Service  
Commission.

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| (ii)  | Furthermore, whilst performing his duties in the capacity of the Governor's Advisor and a member of the Public Service Commission, he was appointed as a Director of the Galle Heritage Foundation starting from 22 June 2020. Upon assuming the duty on 22 August 2020, he received allowances totaling Rs.2,354,639 up to 31 August 2023.   | 2023 | Action should be taken in accordance with Cabinet decisions. | The Galle Heritage Foundation is not an institution functioning under the Hon. Governor or the Southern Provincial Council.   | An investigation has been conducted for this and further actions have not been taken so far. |
| (iii) | While using the official vehicle, the Governor's Advisor had obtained fuel allowances. Despite being obtained approval for parking the vehicle at his personal residence, a car belonging to the Galle Heritage Foundation was also used and driven for a distance of 2,450 kilometers. Additionally, 410 liters of fuel valued at Rs.142,280 were obtained from the Galle Heritage | 2023 | Action should be taken in accordance with Cabinet decisions. | It is kindly informed that the Galle Heritage Foundation is not an institution functioning under the Hon. Governor or the Southern Provincial Council. That institution operates in accordance with the regulations and provisions of that institution and it is responsible for the conduct of relevant inspections. | An investigation has been conducted for this and further actions have not been taken so far. |

Foundation for the vehicle provided by the Governor's Secretariat from July 2022 to 31 December of the year under review. Furthermore, he was required to perform his duties on a full-time basis as the Director of the Galle Heritage Foundation; however, this had not been done.

(iv) **Inspection of Official Vehicles of Governor's Secretariat;**

Although it was stated in Section 4.2 of the Presidential Secretary's Circular No. PC/CSA/11-18 dated 12 October 2018 and the Amended Public Administration Circular No. 13/2008(VI) dated 29 December 2021 that the monthly fuel allowance can be paid, a sum of Rs.601,512 was paid as a fuel allowance for 1,704 liters at 213 liters per month for the vehicle assigned to the Public Relations Officer of the

2023

Action should be taken in accordance with circulars.

A monthly fuel allowance for the official vehicle used by the Public Relations Officer has been paid according to the provisions of the Presidential Circular issued by the Presidential Secretary under public expenditure management. Similarly, as per the same circular, a monthly fuel allowance has been paid to the Hon. Governor for the specified number of liters of fuel for the Governor's security vehicles.

Actions have not been taken till now.

Southern Provincial Governor's Secretariat. This was despite using the Governor's official vehicle or the Governor's security car for duties during the period from January to August 2023, instead of the official vehicle assigned to the Public Relations Officer.

Furthermore, an amount of Rs.1,397,880 was paid for the Governor's security car for the same period, covering 3,960 liters of fuel at 495 liters per month.

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| (i) | The current Chairman of the Southern Provincial Public Service Commission, which consists of six members, is 78 years old and one member is 54 years old. The ages of the remaining members range from 65 to 77 and their service periods vary from 03 to 29 years. Furthermore, two members, aged 77 and 78, have been | 2023 | Arrangements should be made to appoint suitable individuals as Commission members, subject to a specified age limit. | The members of the Southern Provincial Public Service Commission are members appointed by the various Governors who have served in the Southern Provincial Council during their respective tenures. The powers of the Provincial Governor to appoint a new member as well as to re-appoint a person who has | Actions have not been taken till now. |
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continuously re-appointed to the Commission since 1994 and 1997, respectively and their service periods in the Public Service Commission are 29 and 26 years. Although no age limit is specified for the appointment of Commission members by the Governor, it is observed that appointing the most suitable officers is essential for making timely and effective decisions. Additionally, continuous long-term service by members can lead to the formation of personal dominance within the Commission.

been appointed to the Commission under the above provisions are not limited by any legal provision and it is a matter of discretion of the Provincial Governor.

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| <p>(j) A total of 51 laptops, 54 tabs and a computer had been given to the ministers and the council members on 25 August 2015 at a cost of Rs.10,484,810. Although the Provincial Council had been dissolved from 10 April 2019, they had not been</p> | <p>2023</p> | <p>Action should be taken to retrieve the relevant laptops, tabs and computers.</p> | <p>It has been communicated that appropriate measures should be followed for future work and that no further action can be taken until a provincial council is reestablished.</p> | <p>Actions have not been taken by 30<sup>th</sup> September 2024.</p> |
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returned to the Council Secretariat even by 31 December of the year under review. Nevertheless, no necessary action has been taken in this regard up to date.

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| <p>(k) An interest income of Rs.34,023,029 had been received for the fixed deposit of Rs.626,355,000 which was started by the Road Passenger Transport Authority from the year 2019. For that interest, the bank had deducted 05 percent withholding tax (WHT) value of Rs.1,790,685 and sent directly to the Inland Revenue Department. However, no steps had been taken to recover the amount from the Inland Revenue Department or to request the relevant bank to refrain from deducting the withholding tax on the clearance certificate obtained from the Inland Revenue Department, as the</p> | <p>2023</p> | <p>Relevant provisions should be followed in respect of the Withholding Tax (WHT) paid by the Authority.</p> | <p>Inland Revenue Department has been notified regarding withholding tax. Further action will be taken according to the instructions given by the Inland Revenue Department.</p> | <p>Actions have not been taken by 30<sup>th</sup> September 2024.</p> |
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Authority has no tax liability.

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| <p>(1) Since the accident involving the ambulance belonging to Imadua District Hospital on 21 May 2015 had been informed to the insurance company a year after the accident, insurance compensation was not received. According to the report of the three-member committee dated 14 December 2016, the vehicle was handed over to the Ministry of Health on 10 January 2017 for disposal as scrap material as the repair was not effective. The report of the preliminary investigation committee appointed in this regard on 23 November 2015 was not submitted for audit and the loss was not recovered as per the recommendations of the investigation report till 31 December of the year under review.</p> | <p>2023</p> | <p>Action should be taken in accordance with Financial Rules and recommendations in the investigation report should be implemented.</p> | <p>On perusal of the files regarding the ambulance accident on 21 May 2015, a discrepancy was observed between the referred preliminary investigation reports and the F.R. reports. Therefore, it was directed on 13 March 2024 to have a discussion with the Secretary to the Chief Ministry before taking further action on this matter.</p> | <p>Preliminary investigations have been carried out and no actions have been taken to recover the related losses.</p> |
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<p>(m) Due to the lack of space in the office, a sum of Rs.2,711,538 had been estimated for renovations including, relocation of the Matara Local Government Assistant Commissioner's office room to the front of the office and an agreement had been signed on 27 October 2023. Despite spending an amount of Rs.5,249,116 for the modernization of the Local Government Assistant Commissioner's Office in the year 2018, indicating that the office premises which were modernized at a cost of Rs.5,249,116 four years ago are not adequate, action had been taken to renovate it once again in the year 2023 after contracting for Rs.2,711,538 without complying with the National Budget Circular No. BD/CBP/01/01/04-</p>	<p>2023</p>	<p>Public expenditure should be managed with proper plan in accordance with circular provisions.</p>	<p>The prime objectives of this renovation were to establish a front office for the convenience of clients who visit to the institution for submitting public complaints which were unsolved from local government agencies, obtaining information related to the Right to Information Act and getting the construction materials tested from the testing laboratory. The previous Assistant Commissioner's office had to be relocated to a different location as it was difficult to stay there due to the lack of light or ventilation during power outages. Further, it can be verified during the inspection of the bills that all the fixing parts which were removed in carrying out these renovation works have been re-fitted.</p>	<p>An investigation has not been conducted regarding the ineffective spending of Provincial Council Funds.</p>
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2022 dated 26 April  
2022.

- (n) With the objective of generating renewable solar energy and adding 50 MW of electricity capacity to the national grid, and identifying a new source of income for the Provincial Council, the Southern Provincial Council selected a private company and entered into an agreement on 22 April 2022 for generating electricity by leasing the roofs of schools, hospitals, and government buildings within the Provincial Council on a long-term basis for 20 years. The following matters were observed in this regard.

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| <p>(i) Guideline 2.7.4 and 2.8.1 (b) of the Government Procurement Guidelines had not been followed.</p> | <p>2023</p> | <p>Since it is a service supply under a public and private partnership, the procurement guidelines should be followed.</p> | <p>According to Guideline 2.8.1, as the Technical Evaluation Committee makes recommendations to the Procurement Committee for taking the procurement</p> | <p>Actions have not been taken regarding the contrary to the procurement guidelines.</p> |
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decision on the selection of the relevant agency, Mr. J.G Janath, an experienced electrical engineer from the Southern Province Engineering Services Institute and a senior engineer in the field of electrical engineering has been appointed as a committee member.

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| (ii) | <p>Allowances should be paid to the relevant committees according to Guideline 2.9.1 of the Procurement Guidelines.</p> <p>However, based on the scale of the procurement and the contributions made, a total of Rs. 640,000 had been paid to the procurement and technical committees with the Governor's approval.</p> | 2023 | <p>Action should be taken in accordance with Procurement Guidelines.</p> | <p>In the letter submitted to obtain the Governor's approval for the payment, there was an omission regarding the scale of the procurement, the contributions made, and their monetary value. Measures will be taken to ensure such errors do not occur in future approval requests for such payments.</p> | <p>Actions have not been taken regarding the contrary to the procurement guidelines.</p> |
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#### 04. Operating Inefficiencies

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| (a) | <p>Although Abhimansala building of Hikkaduwa, which had been built by Ruhunu Tourism</p> | 2021 | <p>Arrangements should be made to collect arrears of taxes and fines.</p> | <p>According to the decision of the Governor, if the arrears are paid in full by 31.03.2022, the fines will be</p> | <p>The related arrears of taxes and fines amounting to Rs.11,450,000 have not been</p> |
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Bureau at a cost of Rs.31,609,408 had been leased to an external party on 15 April 2016, a total of Rs.11,450,000 comprised of an arrears tax of Rs.10,100,000 and related fines amounting to Rs.1,350,000 remained outstanding owing to non-charging of the lease monthly.

waived and recovered till activities of taking 30<sup>th</sup> September over are being 2024. carried out.

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| (b) | Action had not been taken by the Cooperative Department of Southern Province to recover the loan balance totaling to Rs.6,383,765 granted to 07 cooperative societies through the surplus fund which had been maintained under the name of Cooperative Trust Fund even before the year 2005. Even though the loan balances of the other 06 societies, except one society, remained outstanding since 2005, action had not been taken to recover the said loan balances or to | 2021 | Necessary steps should be taken to recover the outstanding loan balances promptly. | The recovery is difficult as the amounts had not been recovered within the contractual period and the necessary measures had not been taken within that period. Action will be taken to recover loans by entering in to the contracts again. | A further sum of Rs.4,482,680 to be charged. |
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take legal action in relation to that.

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| (c) | Since a fixed deposit invested by the Road Passenger Transport Authority at an interest rate of 15 percent on 05 December 2022 was released 66 days before its maturity, it resulted in a loss of Rs.1,125,000.  | 2023 | Optimum financial management should be ensured.                       | The relevant amount was invested for a period of 11 months and was not invested for 25 days for the relevant settlement to be made on 31 December 2022. Therefore, it was not held until its automatic maturity. | An Investigation has been carried out in this to identify responsible parties and necessary actions have not been taken. |
| (d) | Although the Ruhunu Ransalu outlets belonging to the Industrial Development Department sold items on credit basis to settle the payment in 06 months in carrying its sales, a credit balance of Rs.25,822,756 remained receivable as on 31 December of the year under review from the sales on credit made in Matara, Galle and Hambantota districts from the year 2017 to 31 December 2023. | 2023 | Action should be taken to recover the credit balances.                | Action has been taken to recover credit balance of Rs. 1,969,264 during the period from 01 January to 31 March 2024.   | A further sum of Rs.18,401,852 remains to be recovered by 31 <sup>st</sup> July 2024.                                    |
| (e) | In accordance with Provincial Finance Rule 116.1, the revenue collection   | 2023 | Actions should be taken to recover arrears and legal action should be | In order to collect the arrears of revenue, legal actions and other  | Further outstanding tax balance as at 30 <sup>th</sup> September 2024  |

officers should be attentive and very careful about the recovery of arrears of revenue and should take measures to recover the arrears through legal or other means.

Nevertheless, the total outstanding amount to be recovered relating to 04 revenue codes was Rs.375.6 million at the end of the reviewed year and there was an outstanding revenue of Rs.203.96 million older than 03 years in the above amount.

taken for uncollectible revenues.

actions are being taken in accordance with the Southern Province Finance Statute No. 07 of 1990. is Rs.267.90 Million.

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| <p>(f) Issuance of opinion certificates on transfer of property</p> <p>In the transfer of property belonging to a private institution to another private entity, after classifying the tea factory (including land with buildings and plantations) worth Rs.104,000,000 as immovable property and machinery and fixtures worth</p> | <p>2023</p> | <p>Action should be taken in accordance with Finance Statute 07 of 1990.</p> | <p>The property to be assigned by the draft deed submitted by the applicant together with the application is specified as the tea factory, other buildings, trees and plantations and everything connected therewith as specified in the schedule.</p> <p>Accordingly, we consider the property mentioned in the schedule in granting the</p> | <p>This Matter has been referred to the review board in terms of Southern Province's Finance Statute.</p> |
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Rs.232,000,000 as movable property, vehicles worth Rs.16,000,000 and Rs.12,000,000 as trading profit and submitting a draft agreement, an application had been submitted to the Provincial Revenue Department on 09 January 2023 to obtain opinion certificates. Accordingly, the committee appointed by the Provincial Revenue Commissioner to give a statement of opinion had given a certificate of opinion stating that the value of all the properties was Rs.243,000,000 and the stamp duty to be paid was Rs.9,719,000 according to the valuation report given on 31 January 2023. However, disagreeing with that opinion, the applicant had submitted an appeal on 09 February 2023. Accordingly, although an appeal hearing had been held, sine the agreement had not

opinion certificate and we shall issue the opinion certificate only for the property described in the schedule in the draft submitted with the application. Nevertheless, the property specified in the schedule is also included in the agreement of the draft deed prepared for sale and purchase.

been expressed thereon, notification had been made to complete the stamp duty to be paid as per Section 79 (11) of the above statute within 07 days. The applicant had not complied with it. Accordingly, the unpaid stamp duty amounting to Rs.9,719,000 was observed as defaulted stamp duty as per the Finance Statute.

**05. Transactions of Contentious Nature**

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| (a) | The Akuressa Divisional Secretariat had provided a government land to the Akuressa Multi-Purpose Cooperative Society from the year 1965 up to 11 January 1995, under the long-term lease bearing No. L/2940, the land had been further enjoyed illegally without a long-term lease agreement and without paying the rent for 26 years, after the year 1995 until 09 | 2021 | Action should be taken in accordance with the long-term lease and the provisions of the Code of Practice on Government Lands. | Further action will be taken regarding the tax activity and that a case has been filed under the State Lands (Recovery of Possession) Act in the Magistrate's Court, Matara. | It has been directed to the Commissioner General of Lands for further actions. |
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March 2022, the date of audit. The total of the long-term rent due from 1995 to 2009 had been Rs. 5,230,000 and the rent, based on the new assessment reports from 2010 to 2021, had not been collected.

Moreover, anyone should not be allowed to settle in the reserved lands according to the Code of Practice on Government Lands and as per Section 4 of Regulation 229 of Chapter 454 of the Land Ordinance. The Divisional Secretary of Akuressa had not taken action in terms of the State Lands (Recovery of Possession) Act No. 7 of 1979 pertaining to the illegal construction of a building, in which work had been completed up to the laying of the concrete floor (Slab) on the first floor in the Nilwala Ganga Reserve by the Cooperative Society.

(b) In relation to the transfer of the land, where the Talgasaya Tea Factory is located, to another party, the first assessment value was Rs.354,150,000, and after the appeal was made for that, the assessment value given was Rs. 276,000,000. As a result, there had been a discrepancy of Rs.78,150,000 between the estimated values given by two officials of the same rank in the Provincial Revenue Department on two occasions. After the audit query related to this, the Special Committee appointed by the Commissioner of Provincial Revenue had reassessed the property value as Rs. 248,000,000 and the estimated values had been given at the discretion of each official without preparing formal criteria for the property valuation work.	2022	Asset valuation should be carried out consistently based on the specific criteria.	A Committee was appointed on 16 December 2022 to review the existing methods within the Department and prepare formal criteria as it was accepted that there was a difference in the two estimated values given by the opinion statement as pointed out by the audit. The criteria and procedures of the Committee have been implemented in the Department from January 2023. Accordingly, the variability in assessments will be minimized in the future.	An investigation is underway by the Bribery or Corruption Commission.
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| (c) | For the Mitsubishi Jeep and the Toyota Land Cruiser, which belonged to the Southern Province Health Services Department and were sold for scrap on 28 August 2008, due to their unroadworthy condition, revenue licenses had been obtained in private names from 2009 to 2024.                              | 2022 | The officials responsible for the incident should be identified and the damage to government should be recovered. | This will be further examined and reported to the audit. | An Inquiry Committee has been appointed on 27 <sup>th</sup> June 2024 and it has been reported that further actions will be done according to the recommendation s of committee. |
| (d) | Although 02 vehicles registered under the name of Southern Provincial Health Service Director had not been listed under vehicle disposals by the institute, those two vehicles had been registered under private names in the year 2018 respectively and had obtained revenue licenses up to the year 2023. | 2022 | The officials responsible for the incident should be identified and the damage to government should be recovered. | This will be further examined and reported to the audit. | An Inquiry Committee has been appointed on 27 <sup>th</sup> June 2024 and it has been reported that further actions will be done according to the recommendation s of committee. |

## 06. Apparent Irregularities

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|-----|--|------|--|---|---|
| (a) | Despite the appointment of an investigation committee on 16 November 2023 regarding the change in engine | 2021 | Recommendation s of the investigation should be implemented expeditiously. | Action will be taken in accordance with the recommendations of the investigation committee in the future. | It has been reported that further actions will be done after receiving the recommendation |
|-----|--|------|--|---|---|

numbers of 03 ambulances belonging to the Hambantota District Health Services Directorate, the persons responsible had not been identified till the date of the audit.

s of the Inquiry Committee appointed in this regard.

- (b) Although it had been stated in the circular of the Secretary to the Ministry of Health No. 01/2021 dated 08 December 2021 that after identifying the expired medicines within a year through the Medical Supplies Information Management System (MSMIS) operational since 2016 and taking action for their disposal, the matter should be referred to the Secretary, Ministry of Health for writing off it from books in terms of Finance Regulations 102 to 109, action had not been taken accordingly. Similarly, expired drugs worth approximately 23.6
- 2021
- Action should be taken according to the recommendations of the preliminary investigation regarding the elimination of drugs from the system.
- Although the request was made from the Ministry of Health in this regard by the letter dated 27 September 2023, no instructions were given for this purpose.
- It has been reported that the information has been forwarded to the secretary of the Health Ministry to conduct a formal investigation in this regard as recommended by the investigation committee appointed to search the information related to the elimination of drugs through the PRONTO System.

million rupees and revealed by the committee reports had been deleted by PRONTO system without formal permission using the passwords given for the verification of stores.

#### 07. Uneconomic Transactions

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| <p>(a) As of 30 June 2023, an amount of Rs.5,703,750 remained receivable by the Ruhunu Tourism Bureau from the company that had obtained the Hikkaduwa Abhimansala building on lease. Despite an expenditure of Rs.47,722,156 on the building, it was taken over by the Hikkaduwa Divisional Secretariat due to its inability to meet the intended objectives and contribute to the promotion of the tourism sector.</p> | <p>2023</p> | <p>Necessary steps should be taken to recover the due arrears and to use the relevant assets for productive purposes.</p> | <p>A written notice regarding the recovery of outstanding lease payments has been issued. Legal proceedings are currently underway at present.</p> | <p>Actions have not been taken so far to fulfill the desired objectives.</p>        |
| <p>(b) For the installation of a central air conditioning system at Kamburupitiya Base Hospital at a</p>   | <p>2023</p> | <p>Those responsible for the damage caused to the government should be</p>  | <p>The further activities will be reported according to the instructions of the committee</p>  | <p>The committee appointed to conduct a formal investigation in this regard has</p> |

tax-free value of Rs.14,416,500, the Chief Ministry had entered into an agreement with a private company on 28 September 2015 and the work was to be completed by 28 December 2015. However, the project had not been completed and formally handed over on or after the scheduled date. Although a total of Rs.13,727,482 had been spent on correcting defects to the relevant company and Rs.938,940 had been spent on other organizations for electricity supply and servicing as at the date of audit on 15 September 2023, the central air conditioning system was not in working condition from its installation. Furthermore, procurement guidelines had not been followed for this project from preparation of estimates to completion of the project.

identified, and appointed by the appropriate Chief Ministry. actions should be taken against them.

handed over the relevant report to the Secretary of the Ministry on 5<sup>th</sup> August 2024 and it has been informed that the actions will be taken as per the recommendations made in the said report.

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|---|-------------|--|--|---|
| <p>(c) Although a central air conditioning system was installed at Balapitiya Base Hospital on 20 June 2016, at a cost of Rs.7,678,179, it has had defects since the date of installation and was completely out of order by 03 December 2017. Accordingly, 22 Split AC machines had been installed at a cost of Rs.4,365,980 to maintain the operating theaters in the two hospitals and the parties responsible for the failure of these projects had not been identified and the loss to the government had not been recovered even up to the date of audit.</p> | <p>2023</p> | <p>Those responsible for the damage caused to the government should be identified, and appropriate actions should be taken against them.</p> | <p>The further activities will be reported according to the instructions of the committee appointed by the Chief Ministry.</p>   | <p>It has been informed that further actions will be taken after receiving the report of the committee.</p> |
| <p>(d) Even though the Southern Provincial Department of Agriculture had established an information management system at a cost of Rs. 14,955,094 from the year 2016 to October 2022, due to the</p>  | <p>2023</p> | <p>Necessary steps should be taken to achieve the objectives for which expenses were incurred.</p>   | <p>Although payments were made only for the SIM cards of the staff officers from May 2019, the relevant institutions were notified to disconnect all the SIM cards from 01 April 2024. Accordingly, no payment is made</p> | <p>The desired objectives of this system have not been achieved so far.</p>                                 |

withdrawal of the Agricultural Instructors of the Department from the work, expected objectives could not be achieved. A sum of Rs.2,614,541 had been paid for the SIM cards obtained to get internet facilities for the information management system from 2017 to October 2023. All these SIM cards had been disconnected on 29 July 2018 and provided only to the staff officers since May 2019 and paid Rs.842,326 for them. Nevertheless, it was not observed that these SIM cards were used for related duties. Furthermore, the Department had not maintained sufficient information about the current ownership and operation of the 225 tab computers that were provided at a cost of Rs.8,780,450 for the implementation of the information management system.

for internet facilities by now.

**08. Identified losses**

<p>The supplier had filed a case against the Director of Education at Southern Provincial Department of Education on 15 November 2002 stating that the Southern Provincial Department of Education had not made payments as per the agreement reached with a private company to print the examination papers in the year 2001. Although it had been ordered to pay an amount of Rs.2,448,734 and an interest amount of 34 percent per annum on the above amount to the supplier from 21 December 2021 up to the date of the judgment according to the judgment of the Court of Appeal dated 23 May 2019, a total of Rs.4,677,061 had been paid comprised of Rs.2,448,734 as the relevant amount and Rs.2,228,327 as the interest on 14 December in the</p>	2022	<p>Action should be taken according to the provisions of the Establishments Code.</p>	<p>That future work will be carried out based on the recommendations of the preliminary investigation report.</p>	<p>An investigation report has not been submitted with an acceptable recommendation. Although it was referred to the secretary of Ministry of Education on 12<sup>th</sup> June 2024, the necessary actions have not been taken so far.</p>
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year 2022 due to not paying as per the court decision on the due date.

**09. Deficiencies in the Contract Administration**

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|------|--|------|---|---|--|
| (a)  | Although the technological laboratory constructed in G/Rohana Maha Vidyalaya, Dodanduwa had been opened in the year 2016, the laboratory building had remained inactive due to non-provision of necessary laboratory equipment.  | 2021 | Action should be taken to make the maximum use of the resources.    | Although the Line Ministry has been notified in writing on 02 occasions to provide the necessary wood products and equipment, the goods have not yet been received. Therefore, the premises are being used for other purposes.  | The desired objectives from the project of technological laboratories have not been achieved so far. |
| <br> |  |      |   |   |  |
| (b)  | <b>Construction of side wall of Chief Secretariat</b>  |      |   |   |  |
| (i)  | The contract for the construction of the front side wall of the Chief Secretariat had been awarded to a private firm at a tax-free price of Rs.37,362,532, which consisted of an amount of Rs.44,087,000, including tax of Rs.2,989,002 and contingency provisions of Rs.3,735,465. Even | 2023 | Necessary steps should be taken to conduct a special investigation. | Due to hyperinflation, market shortages, the oil crisis, and the economic crisis in the country, the contract for the construction of the side wall, initially signed for a total cost estimate of Rs.37,362,532 excluding VAT, was terminated based on a procurement decision. The Chief | Arrangements are being made to appoint a special investigation committee in this regard.             |

though the first phase of the work was to be completed on 31 March 2022 starting from 03 August 2021, in a period of 240 days, dates had been extended on two occasions.

However, while the construction was ongoing, it had been stopped from 02 August 2022, and considering the remaining works of the industry as the second phase, it had been assigned to the same private company as a new contract at a tax-free price of Rs.34,368,110. Its total cost was Rs.45,365,499, including Rs.4,124,173 for taxes, Rs.3,436,811 for contingent provision (10 per cent) and Rs.3,436,405 for price increase (10 per cent). Although the work was scheduled start on 10 September 2022 and complete by 20 December 2022, it had been completed by 31 March 2023 with extensions on

Secretary (Finance) Circular No. 03/2022, issued on 24th May 2022, provided the necessary authority to terminate the contract and proceed with re-procurement activities.

Accordingly, after re-procuring the construction of the side wall (remaining work) and starting the work, the second contract was completed on 31st March 2023.

03 occasions.

(ii) Total payment of Rs.59,816,537, including Rs.30,060,799 in 08 bills including advance money for the first phase and Rs.29,755,738 in 04 bills including advance money for the second phase of the industry had been paid to the contractor. It is observed that an amount of Rs.16,326,201 (Rs.7,135,820 and Rs.9,190,319 in case of second) has been overpaid to the contractor (excluding final bill of phase two) which is observed to be Rs.18,775,131 (16,326,201*1.15) inclusive of taxes. Furthermore, it is observed that advance of Rs.11,398,346 payable to the contractor had been paid before the due date and Rs.10,507,510 of which has flown due to not incorrect preparation of estimates.	2023	Necessary steps should be taken to conduct a special investigation.	As stated in the second paragraph, the contractor had been paid Rs.30,060,798 in 08 bills for the first contract and Rs.29,755,737 in 04 bills for the second contract. Nevertheless, a comparative report of a committee consisting of three officers, including two engineers and a technical officer prepared by formally examining the original estimate of the side wall and the estimate prepared according to the final plan prepared in accordance with the observations of the National Building Research Organization has been obtained to the effect that no overpayment of Rs.16,326,201 has been made in relation to the contract 01 and 02. Accordingly, it has been revealed that the cost of completing this industry according to the revised plan	Arrangements are being made to appoint a special investigation committee in this regard.
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is Rs.56,195,179. Since this amount exceeds the total of Rs.55,584,432 paid across both the first and second contracts, there has been no loss to the government.

(iii) Although there was an amount of Rs.5,264,418 as liabilities for the construction of the side wall, liabilities of Rs. 25,581,761 had been identified according to the answer. Nevertheless, according to the final bill, instead of paying to the contractor, a sum of Rs. 1,811,259 had been stated as recoverable from the contractor, so it is observed that Rs.25,587,761, which was created based on wrong estimates, is an uncreatable liability.	2023	Necessary steps should be taken to conduct a special investigation.	In recognition of liabilities, inclusion of an additional amount of Rs.5,264,418 in liabilities has been accepted. As the final bill of the contract had not been submitted at the time of identifying the liabilities, there was no confirmation that there was a charge from the contractor. That the estimate here is not a wrong estimate, but the work parts in the estimate could not be carried out due to the construction of a part of the side wall along with the access road of the land by an adjacent private land owner, and the existence of a recovery in the final bill due to the remaining part of the work, was not based on a wrong	Arrangements are being made to appoint a special investigation committee in this regard.
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estimate. A charge in the final bill occurred due to the adjustment of price variations in the final bill and the construction of an adjacent portion of the side wall by a private landowner.

**10. Idle and Underutilized Assets**

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|-----|--|------|---|---|---|
| (a) | The Ambalangoda Information Centre belonging to the Ruhunu Tourism Bureau valued at Rs.1,391,298 as at 31 December 2022 had remained underutilized since 2018.   | 2022 | Action should be taken to transfer this land to the Bureau.   | That action will be taken to discuss with the Board of Directors and to take immediate action in this regard.   | The activities related to acquisition of land have not been made till now.  |
| (b) | A jeep with an assessed value of Rs.7,945,730, owned by the Department of Industrial Development, had been parked at the Dakshinpaya premises without use since May 2022 due to worn tires and insufficient departmental funds for repairs, and the jeep was decaying at the premises. | 2023 | Action should be taken either to repair or put to use or, otherwise, hand over to an institution that can use it. | Due to the vehicle's frequent need for repairs and high maintenance costs, coupled with the Department's limited provisions, requests have been made to the Chief Secretary to get the vehicle to the Chief Secretary's office. | It has been informed that this Jeep remains without running as it undergoes constant repairs, the maintenance costs are high the department has limited provisions. |
| (c) | The Southern Provincial Department of Irrigation had   | 2023 | The machine should be utilized effectively.   | This machine was purchased following the intervention of a  | This machine has not been used effectively.   |

purchased a machine worth Rs.84 million to remove invasive aquatic plants from 905 gazetted tanks and restore them. Although 587 days had passed on 14 September 2023, the machine had been used for only 414 hours in 353 days from 02 February 2022 to 14 September 2023. Furthermore, although the machine was intended for the renovation of 06 tanks, only 03 were renovated, leaving the machine idle for 234 days. Of these, 199 days were spent on repairs, confirming that the importing company was not providing adequate services and repairs. Conducting a feasibility study and identifying needs before purchase could have prevented this kind of idle expenditure.

group of experts who studied the practical performance of an equivalent machine in Sri Lanka. Considering the future allocations to the Southern Provincial Irrigation Department and local needs, invasive aquatic plants are to be removed from a large number of lakes.

## 11. Vehicle Usage

- (a) According to the estimate of Rs.363,192 on 11 April 2022 for the ambulance of Elpitiya Base Hospital, the ambulance had been submitted to a private institution for repairing and a bill of Rs.362,753 had been submitted on 19 May 2022, the vehicle had been handed over to the relevant institution for repairing due to a defect occurred again in the vehicle on an estimate of Rs.651,019 on 25 May 2022. However, even after that repair, the defects of the vehicle had not been resolved, and as a result, it was delivered again on 28 November 2022 at an estimate of Rs.1,679,877. As the recommendations of the mechanical engineering unit had been changed from time to time and not formally received, the ambulance
- 2022 It should be promptly repaired and put into effective use and the reasons for this should be investigated.
- The audit observations are accepted and after the two repairs a third repair had been submitted due to a recurring defect. As the Medical Superintendent of Elpitiya Hospital has been informed that the mechanical engineer of the department cannot give recommendations for this, action has been taken to obtain a recommendation for this by a committee of technical officers on a decision made at the Elpitiya Hospital Development Management Committee meeting.
- In this regard, the formal investigation has not been done to identify the responsible parties.

remained in the relevant institution without repair even by 23 February 2023.

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|-----|---|------|---|---|--|
| (b) | <p>Recommendations had been made to the effect that the repair cost amounting to Rs.1,438,168 of an ambulance belonging to Agunukolapalassa Hospital which had met with an accident on 14 October 2017 should be recovered from the driver. As the driver had died on 19 January 2019, the opportunity to recover the relevant damages from the driver by taking action in accordance with the Financial Rules within the prescribed time was missed due to the delay of the officials.</p> | 2023 | <p>Proper measures should be taken timely on the vehicle accidents.</p> | <p>Further steps will be taken in accordance with the recommendations of the investigation committee appointed on 25 November 2023.</p> | <p>Although an initial investigation committee has been appointed by the Provincial Health Service Director's letter No SPH/ADM/GC/eq/H/49 and dated 25 November 2023 to conduct an investigation if there are officials who have not taken steps to formally recover the loss related to the vehicle accident, the committee report has not been handed over till 30<sup>th</sup> September 2024.</p> |
| (c) | <p>A vehicle belonging to Walasmulla Base Hospital had met with an accident on 25 June 2021 and no further action had been taken</p>  | 2023 | <p>Proper measures should be taken timely on the vehicle accidents.</p> | <p>Steps will be taken in accordance with the recommendations of the preliminary investigation committee appointed on 10</p>            | <p>Although a three member committee was appointed on 6<sup>th</sup> December 2023, the relevant report has not been handed</p>  |

according to the preliminary investigation report dated 10 February 2022. Although the National Insurance Trustee Fund had informed that the payment could be made subject to a maximum of Rs.9,000,000, an amount of Rs.6,312,568 was reimbursed out of the repair cost of Rs.8,890,620 done by a private company. Although the government had to bear the difference of Rs.2,578,052, no further action had been taken in this regard.

August 2023.

over till 30<sup>th</sup> September 2024.

## 12. Irregular transactions

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|---|-------------|--|--|---|
| <p>(a) Even though the biogas unit built in Labuduwa farm investing a total of Rs.2,467,718 comprised of Rs.700,000 from the Southern Provincial Development Authority in 2018 under the criteria-based development plan, and Rs.1,767,718 of Department of</p> | <p>2022</p> | <p>Initiated projects should be properly controlled and maintained and action should be taken to achieve the desired objectives.</p> | <p>It is accepted that this unit is currently not in working condition, and that this unit has been in operation for about a year since June 2019, and according to the request of the Deputy Director of Agriculture, the Engineering Research Institute should carry out a physical inspection</p> | <p>This Bio – gas unit has not been used effectively till September 2024.</p> |
|---|-------------|--|--|---|

Agriculture of the Southern Province in the year 2019, had been completed and handed over on 12 June 2019, and although the Deputy Director of Agriculture (Projects) had been informed by the farm manager about the problems in the functioning of this biogas unit from June 2019, action had not been taken to restore the functioning of the unit until December 2022.

after removing the solid waste there. It can be cleaned and a report can be given after paying money to Nerd Institute and accordingly, the selected institute has agreed to contract for the removal of the decomposed faecal waste for an amount of Rs.392,000.

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|--|-------------|--|--|--|
| <p>(b) There had been a difference of Rs.2,347,414 as per the cash book receipts and computer programme as at 31 October 2022 under the Southern Provincial Entrepreneurship Development Loan Project of the Southern Provincial Development Authority. Action had not been taken in accordance with the first schedule of the second volume of the Establishments Code in relation to</p> | <p>2022</p> | <p>Receipts should be reconciled according to the cash book and the computer programme and the difference should be identified. Action should be taken in relation to the financial irregularities according to the provisions of the Establishments Code.</p> | <p>That the Board of Directors will give a decision to carry out preliminary investigations related to the subject officer and carry out further work accordingly.</p> | <p>Although the preliminary investigation committee was appointed on 09<sup>th</sup> June 2023, the relevant report has not been provided till September 2024.</p> |
|--|-------------|--|--|--|

misappropriation of  
loan receipts  
totaling to  
Rs.149,000 by  
altering the order of  
serial numbers of  
13 receipts.

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|---|-------------|--|---|--|
| <p>(c) On 03 January 2022, the Southern Provincial Road Passenger Transport Authority had deposited a surplus amount of Rs.59,080,000 in a savings account as a fixed deposit with an annual interest rate of 7.5 percent, set to mature on 03 January 2023. However, according to letter No. SPRTA/ACC/F1/01 dated 30 December 2022, from the Director of Admin and Development Finance of the Southern Provincial Road Passenger Transport Authority, the deposit was released 4 days before its maturity, under an interest income of Rs.846,398</p> | <p>2023</p> | <p>Further action should be taken following an investigation in this regard.</p> | <p>The Authority has earned a higher interest rate than this amount by reinvesting the money subsequently</p> | <p>Although an investigation has been conducted in this regard, the relevant report has not been provided till September 2024.</p> |
| <p>(d) An amount of Rs.1,330,000 had been collected from</p>  | <p>2023</p> | <p>Funds should be collected on a formal approval.</p>                           | <p>Due to the covid epidemic and the fuel crisis, the</p>   | <p>An investigation has not been conducted until</p>   |

female students admitted to the first grade of G/President's Girls College during March, April, and May 2022 for the construction of a new building, without the approval of the Zonal Director of Education and proposal approval from the School Development Committee.

school was not held continuously in the year 2022 and the approval of the school development society has been obtained through zoom technology. With the knowledge of the Principal of the G/President's College this matter has been informed by the letter of the Galle Zonal Director of Education under the new construction and requirements. September 2024 regarding working without formal approval and contrary to the circulars.

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| (e) | In the admission of students to the Grade 12 in 2023, 62 female students had been admitted and between Rs.25,000 and Rs.30,000 had been taken from each student. Relevant money had not been credited to the School Development Account, and as per the instructions of the principal, the money had been credited to another account. | 2023 | All funds collected with formal approval should be credited to the School Development Fund. | In the year 2022, the parents of female students admitted to grade 12 from other schools had credited Rs.1,710,000 to the account of the Old Girls Association. It has been informed that this amount includes the facility and service charges for 2 years, the materials required for the school uniform and the expenses of printing and providing all the question papers in the future. Accordingly, Rs. | Although the relevant information was informed to the Secretary of the Ministry of Education, Isurupaya undated letter on April 2024 for further investigation, the further actions have not been taken until now. |
|-----|--|------|---|---|--|

200,000 out of the money deposited in the Old Girls Account has been credited to the school development society account and 2 years of facility and service fees have been credited to the school's Facility and Service Fee Account and the receipts have been given to the students.

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| <p>(f) After preparing estimates of Rs.8,188,000 and Rs.11,016,000 for the construction of gabion wall at Mulatiyana Gamagewatta Dam and the construction of Ratmalawa Dam in the jurisdiction of Southern Provincial Irrigation Department Matara District Office, the procurement notices had been published in newspapers on 05 March 2024. Although the issuance of bid documents was scheduled to occur from the district office and head office of the</p> | <p>2023</p> | <p>Action should be taken in accordance with Procurement Guidelines.</p> | <p>On 17 March 2024, we learned through a phone call that stones had been brought to and piled at the intended construction site, of which we were previously unaware. The raw materials had been stockpiled on paddy lands belonging to the personal rights of the farmers in the area near the work site and it was not possible to take legal action since it was not part of the irrigation reserve.</p> | <p>The formal investigation has not been conducted regarding the contrary to the procurement guidelines.</p> |
|--|-------------|--|--|--|

Irrigation Department between 05 March and 25, 2024, construction materials, including 355 cubic meters of stones and 34 cubic meters of ABC, had been transported and stockpiled at the work site before the publication of the procurement notice. Despite the management's awareness of this, necessary measures had not been taken to deal with the incident legally. Further, the audit could not be satisfied with the transparency of the procurement for the project due to this reason.

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| <p>(g) The spray machine operator of the Middeniya Regional Hospital had been issued vacation of the post notice on 13th February 2023 due to his not reporting to work without notice since 07th April 2018. Nevertheless, even after leaving the service, he had been paid salaries</p> | <p>2023</p> | <p>Action should be taken to recover the loss suffered by the Government expeditiously.</p> | <p>Further steps will be taken in accordance with the recommendations of the preliminary investigation.</p> | <p>A preliminary investigation committee has been appointed by the Chief Ministry on 28<sup>th</sup> March 2023. It has been reported that further actions will be done according to the recommendation s of the report.</p> |
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of Rs. 2,131,001  
from 24 April 2018  
to September 2022.

### 13. Payments without Proper Authority

An income of Rs.5,154,700 had been earned by conducting programme in the year under review and in the previous 02 years in Kalegana Non-Formal Education Resource Centre and the amount had not been accounted as revenue of Provincial Council as per Rule 39 of Financial Statute of the Southern Provincial Council, and had been retained in the general deposit account. An amount of Rs.2,197,214, out of that amount, had been spent illegally. The Centre had no details on the income earned before the year 2019. There had been Rs.2,957,486 in the general deposit account as at 31 December 2021.

2021

Action should be taken in terms of the Financial Statute of the Southern Provincial Council.

That a formal framework has been prepared for the process of collecting money with effect from 15 July 2019 and a formal framework for collecting money has not been prepared prior to that.

In this regard, formal investigation has not been conducted to identify the responsible parties until September 2024.

#### 14. Unresolved Audit Paragraphs

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| (a) | <p>The loss of Rs.18,034,507 directly incurred by the government in relation to the supply of 25 lakh tea plants by the Southern Provincial Development Authority had not been recovered from the relevant parties even by December 31 of the year under review.</p>   | 2023 | <p>Action should be taken to settle mattes by drawing attention on the unresolved audit paragraphs.</p>                        | <p>A case is pending in the Galle District Court to recover the loss related to the tea plants. So far, the case has been called for 19 times.</p>                           | <p>The recommendation s of the COPA held on 21<sup>st</sup> March 2023 have not been acted upon.</p>                                    |
| (b) | <p>Although the report of the three-member committee appointed in connection with vehicle No. 13 Sri 9506 had been given on 18 July 2022 by the Chief Ministry Secretary's Letter No. SPC/CM/F10/50 and dated 06 April 2021, the 04 recommendations specified in that report had not been implemented even at the time of the audit.</p> | 2023 | <p>Arrangements should be made to complete further actions in accordance with the recommendations of the committee report.</p> | <p>According to the recommendation 4 of the three-member committee report, the Ministry of Health Secretary has been notified to cancel the registration of the vehicle.</p> | <p>The recommendation s of the three member committee report given in the year 2022 have not been implemented until September 2024.</p> |
| (c) | <p>During the auction of the asphalt machine installed in Galagoda work yard at the Southern Provincial Road</p>   | 2023 | <p>Assets should be properly assessed, and their disposal should be conducted in a manner that</p>                             | <p>The government has not incurred any loss in auctioning this machine and the appraised value of</p>  | <p>According to the decisions made in the COPA held on 21<sup>st</sup> March 2023, the necessary actions</p>                            |

Development Authority, the valuation given by the committee appointed for the valuation task had been Rs.10,400,000, and the machine had been sold for a sum of Rs.21,100,000 at the auction. Accordingly, it was observed that the assessed value was not accurate. Furthermore, the Authority had incurred a loss of Rs.3,274,784 by assessing without taking in to account that 21,782 litres of tar and 4,028 litres of diesel remained in the inside of the machine at the time of the valuation.

prevents losses to the machine is have not been the Government. Rs.10.5 million taken until September 2024.

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| <p>(d) Without preparing a project report and based on a proposal by the Honorable Governor, a contract had been signed with a company 07 on October 2020, for Rs.14,008,176 to develop a mail management computer programme integrating all government</p> | <p>2022</p> | <p>Before implementing projects, feasibility study should be conducted and action should be taken accordingly. Similarly, necessary measures should be taken to develop information system</p> | <p>In order to develop the system appropriately for the provincial council, the codes related to the system have been requested in writing from the relevant institution, and after receiving the codes, action will be taken to improve the system.</p> | <p>This system has not been effectively improved and used it for the mail management activities of the Provincial Council by acting as recommended in the COPA held on 21<sup>st</sup> March 2023.</p> |
|---|-------------|--|--|--|

agencies in the Southern Province. Despite spending Rs.27,984,663 on this project in 2021, the work was not completed within the agreed timeline. Additionally, 86 scanners had been purchased for Rs.21,140,000, and 70 of them were distributed to the institutions expected to implement the project on December 22 and 23, 2022. However, the project was not implemented by the end of the review year. As a result, the machines could not be used effectively, and the project objectives were not achieved.

**3.8 Western Provincial Council**

	<b>Total assets Rs..</b>	<b>Total liabilities Rs.</b>	<b>Equity Rs.</b>	<b>Excess (deficiency) Rs.</b>	<b>Opinion</b>
<b>2021</b>	40,361,446,404	541,564,448	39,819,881,956	11,649,854,163	Qulified
<b>2022</b>	64,964,923,662	520,070,210	64,444,853,453	15,215,880,246	Qulified
<b>2023</b>	98,356,324,917	644,880,336	97,711,444,581	9,333,696,025	Qulified

	<b>Audit Observation</b>	<b>Reporting Year</b>	<b>Recommendatio n of the Auditor General</b>	<b>Action taken by the Auditee Institution</b>	<b>Present Position</b>
(a)	In 2021, the Medical Supply Division of the Central Government informed the Regional Health Services Director through 96 circulars to stop the distribution of the drugs to the patients after confirming that the quality of the drugs has failed. At the time of these notifications, 473,341 units of 27 types of defective medicines valued at Rs.2,395,212 had been distributed to hospitals and Medical Officers' offices in Kalutara district. After the circulars were issued, 282,088 units of quality failed medicines	2021	A formal program should be introduced to stop giving quality failed medicines to patients.	As soon as the drugs received by the local medical supply department are distributed to hospitals and other health institutions, many of the defective drugs have been issued by the time the circular informs.	A formal program had not been introduced.

valued at Rs.1,451,106 had been removed from the hospital, however by then 189,155 quality failed medicines units valued at Rs.944,106 had been issued to the patients.

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| (b) | <p>46 medicines valued at Rs.1,955,745 in Vatupitivala Hospital, 06 medicines valued at Rs.69,945 in Meerigama Hospital, 14 medicines valued at Rs.130,021 in Horana Base Hospital, a total of 66 medicines valued at Rs.2,155,711 had expired in the year under review. There was not system in place to utilize these drugs before their expiry date or to transfer them to hospitals where they could be used.</p> | 2021         | <p>Arrangements should be made to transfer these medicines to hospitals where they can be used before expiry.</p> | <p>The number of patients who came to hospitals for treatment decreased due to the Covid-19 epidemic situation. And due to this condition existing in all hospitals across the island, it was difficult to transfer most of the medicines to other hospitals.</p> | <p>There was no mechanism to utilize before it expired.</p> |
| (c) | <p>Although it is possible to provide a government quarters to government officials, there is no</p>  | 2022<br>2023 | <p>The action should be done as per Chapter xix of the Establishment Code.</p>                                    | <p>Allowances are paid in accordance with the powers assigned to the Honorable Governor under the</p>   | <p>Payments were being made until the year 2024.</p>        |

possibility to pay an allowance as monthly housing rent according to the Establishment Code, however without paying attention to it, 11 officials holding the highest positions in the Western Provincial Council have been given temporary payment until the construction of official residences for more than 05 years. Even though a monthly rent allowance of Rs.20,054,032 had been paid since then, no plan had been approved for the construction of quarters in those 05 years.

Cabinet Decision No. Vi/100/11-2017-01(iii) and under 19(5) of the Provincial Council Act No. 42 of 1987.

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| <p>(d) According to paragraph 2.1.3(II) of the National Budget Circular No. 01/2014 dated 01 January 2014, the fuel allowance for government officials shall be calculated based on the average petrol and diesel prices published by the Sri Lanka Petroleum Corporation on the first day of the</p> | <p>2022</p> | <p>Action should be taken according to the circular.</p> | <p>The payment of fuel allowances has been made in accordance with Public Administrative Circular 13/2008 (IV) dated 09 February 2011, which has been given instructions regarding giving fuel allowances to officers owning official vehicles of the Chief</p> | <p>Two officers continue to receive the allowance based on the price of super diesel and super petrol.</p> |
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relevant month. Irrespective of the said instructions, as per the Public Administrative Circular No. 13/2008(IV) dated 09 February 2011 and the amended Public Administrative Circular No. 13/2008(V) dated 31 May 2019, on the first day of the month for 52 officials who are entitled to official vehicles. The monthly fuel allowance was calculated based on the price of super petrol and super diesel as the price of one liter of available fuel and during the period from 2011 to October 2022 Rs.6,183,569 was overpaid.

Secretariat. Kindly inform that the information given in the circular regarding fuel does not mention any type of fuel.

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| (e) | The Makola certified school's computer unit, minor staff quarters and the sports hall built at a cost of Rs.11,222,740 in the year 2021 remained idle even by June 2023. | 2022<br>2023 | Should be put in to use immediately. | The stadium is being used and the Tissa dormitory is in a condition of use and the quarters of minor staff is unusable. | The computer unit and the minor staff quarts had not been used until September 2024. |
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| <p>(f) Pursuant to 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, in selecting the bus owner to fill the vacancies, in order to deploy buses for existing or arising vacancies or needs on the routes where buses can run for passenger transport within the Western Province. Although it is stated that passenger service permits will be issued only to bus owners selected through tender process, on the contrary, the authority had issued 6161 passenger service licenses under normal services, luxury services and high-speed services as at 31 December 2022, of which 5064 licenses or 82 percent of the number of licenses issued had been given without following a formal</p> | <p>2022<br/>2023</p> | <p>The action should be taken in accordance with the charter and tender procedure.</p> | <p>Except in the special case of violation of the terms and conditions of the permit, the permit has been extended annually without cancellation during the effective use of the authority.</p> | <p>The tender procedure had not been followed.</p> |
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tender procedure.

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| (g) | Without obtaining the prior approval of the Public Service Commission, only with the approval of the Provincial Governor, 50 officers were illegally re-employed on contract basis to the Western Provincial Council and the Western Province's local government institutions for state-wide positions, and arrangements were made to extend the contract period of the said officers in the same manner. | 2022<br>2023 | The approval of the Public Service Commission should be obtained for redeployment of retired officers on contract basis. | At present, the Ministry of Public Administration is working to get the approval of the Public Service Commission. | The approval of the Public Service Commission had not been obtained. |
| (h) | 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  | 2022<br>2023 | Fuel Allowance shall be paid as per the circular.  | The recommendation of the Chief Secretary and the approval of the Governor have been received.                     | Payments were still being made as at September 2024.                 |

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.

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| <p>(i) A cab owned by Sri Jayawardenepura Kotte Municipal Council with an assessed value of Rs.7,000,000 was completely destroyed by fire on 31 August 2017 while it was parked at the private residence of the Governor's Secretary. According to the Financial Regulation 104(4) report, the driver in charge of the vehicle and the</p> | <p>2022</p> | <p>Action should be taken according to the Financial Regulation 104 report.</p> | <p>The Secretary to the Governor of Western Province has appealed against further action regarding the 104(4) report.</p> | <p>The inquiry as per Financial Regulation 104 had not been completed and further action had not been taken.</p> |
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officer who used the vehicle were the responsible parties, and the responsible vehicle related to the failure to cause or prevent the aforementioned loss to the government by misusing or allowing the misappropriation of government assets. Although the employed officer had retired from the provincial government service, arrangements had been made to retain him on contract basis.

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| <p>(j) A cab with a current valuation of Rs.18,500,000, reserved for the official duties of the Chairman of the Road Passenger Transport Authority, was set on fire in the Moratuwa area by the protesters on 09 May 2021 under the tense atmosphere in the country and the cab was completely destroyed by the fire. According to the statement given by the chairman</p> | <p>2022</p> | <p>Action should be taken according to the Financial Rules.</p> | <p>Answers had not been submitted.</p> | <p>Out of the total value to be recovered of Rs.23,125,000, Rs.10,000,000 had been received as insurance compensation and Rs.13,125,000 had not been recovered from the responsible parties.</p> |
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during the audit, when the cab was attacked and set on fire, the cab was driven by an outside person who was not the driver attached to the official vehicle. It was revealed that the vehicle had met with an accident while returning from attending a political discussion/meeting and not an official business trip.

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| (k) | The Authority had purchased 02 concrete placing machines value Rs.158,000,000 in the year 2012. One of the machines had become an idle asset without being used for any purpose from the date of purchase and the other machine had become an underutilized machine as it had been used only for 420 hours of construction on 15 roads during the 10 years from the date of purchase to the end of the year under review. | 2022 | Assets should be purchased as needed and utilized. | Several projects have been completed by the concrete mixer in the year 2022 and 2023. | It remained inactive and underutilized until September 2024. |
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| (l) | The curb machine, which was purchased for Rs.6,000,000 in the year 2012, had been parked in the Divulapitiya default yard without being used in any project since the date of purchase, and the machine had become an idle asset.  | 2022 | Assets should be purchased as needed and utilized.               | The instructions have been given in the year 2023 to construct the Curb Wall at the Executive Engineering Division level and it is currently being carried out.                    | By September 2024, it was parked in the Divulapitiya default yard as an idle asset. |
| (m) | 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 | 2023 | Recovery of damages should be done after a formal investigation. | 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. | The action had not been taken to recover the losses until September 2024.           |

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.

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| (n) | 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. | 2023 | Problems should be identified and projects implemented.  | 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. | The activities of the project had been terminated.    |
| (o) | In the year 2012, under provincial development grants The Western Provincial Road Development Authority had been assigned to   | 2023 | Projects should be completed within the stipulated time. | There was a delay due to non-availability of provisions and that the work is to be completed and handed over for use within the next 04  | The project had not been completed by September 2024. |

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 months.

additional cost of  
Rs.31 million.

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| <p>(p) 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 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</p> | <p>2023</p> | <p>Projects should be properly planned and managed to achieve objectives.</p> | <p>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 warranty period for some machine formulas lasted until September 2023.</p> | <p>The objectives of the project had not been achieved.</p> |
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construction of packaging warehouse and waste water disposal system in the plant, was Rs.213 million including the total cost of Rs.307 million.

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| (q) | 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.  | 2023 | The loss should be recovered promptly from the concerned parties. | 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 amount of Rs.2.6 million had not been collected as at September 2024, |
| (r) | 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 | 2023 | Government money should be used for essential activities.         | 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 | Funds were also provided for the Mahara Poson Kalapaya in the year 2024.  |

Kalapaya in the year 2023, Rs.10 million had been spent through the Provincial Road Development Authority.

the Vesak Kalapaya.

- (s) National Salary Commission's letter No. NSCC/10/79/GE/A L 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 2023
- Action should be taken in accordance with the circular.
- Managing complex tasks.
- a set of Payments are being continued in the year 2024.

a period of 05 months.

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| (t) | 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 relevant procurement procedures and for the year 2023, Rs.101 million had been paid. | 2023 | Action should be taken in accordance with the Procurement Guideline. | It was done according to the Cabinet Memorandum.   | The procurement guidelines had not been followed for obtaining services in the year 2024 as well. |
| (u) | A total of 17 assets amounting to Rs.5 million remained idle or underutilized for a period ranging from 03 to 05 years.  | 2023 | Assets should be utilized.   | Will be accepted.                                  | It was still underutilized as at September 2024.  |
| (v) | It was not possible to verify the existence of 13 vehicles registered in the Motor Transport Department in the name of the Chief Secretary.  | 2023 | Physical presence should be confirmed.                               | Will be done in the future.                        | The existence had not been confirmed as at September 2024.  |
| (w) | Due to the weakness of the control systems established by the  | 2023 | Revenue should be collected.   | A case has been filed in Colombo Magistrate Court. | The action had not been taken to recover the amount as at   |

September 2024.

## 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.

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| (x) | 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 | 2023 | Arrangements should be made to repair and reuse, or disposed. | That it has been referred for repair and that it has been referred for disposed. | The arrangements had not been made to repair and utilize vehicles that could be repaired and utilized. |
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time, being exposed to rain and sun since the year 2019.

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| (y)  | The existence of 87 vehicles and motorcycles registered in the Motor Traffic Department under the name of Health Services Department could not be confirmed.   | 2023 | The presence of vehicles should be confirmed.                  | The answer will be presented later.   | The existence had not been confirmed as at September 2024.   |
| (z)  | 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. | 2023 | Government money should be spent sparingly and efficiently.    | It cannot be ascertained whether the delay in payment of compensation was due to the deficiency of any officer. | The reason for the delay in the payment of compensation had not been identified by September 2024. |
| (aa) | In Gampaha District, 25 Sanasa Societies have invested and given loans to GDC Company without  | 2023 | Should be done according to the cooperative charter and rules. | In order to recover from those responsible for the financial damages, the societies are being informed and      | The losses incurred had not been recovered from those responsible by September 2024.               |

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 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.

advised to take necessary legal action to get the invested money immediately and if it is necessary to ban the property of the company.

(ab) 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	2023	Actions should be taken to recover financial losses.	Those complaints will be made to the Criminal Investigation Department, investigations will be carried out and legal action will be taken and instructions given	The financial loss had not been recovered as at September 2024.
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the assistant cooperative commissioners of those districts had not taken necessary measures to recover the financial losses.

by Parliament will be implemented.

(ac) 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.	2023	Action should be taken in accordance with the statute.	The answer will be presented later.	The outstanding debt balance had not been recovered by September 2024.
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**3.9 Northern Provincial Council**

	<b>Total assets Rs..</b>	<b>Total liabilities Rs.</b>	<b>Equity Rs.</b>	<b>Excess (deficiency) Rs.</b>	<b>Opinion</b>
<b>2021</b>	24,930,395,055	2,295,244,982	22,635,150,073	1,962,945,042	Qulified
<b>2022</b>	25,762,571,206	2,605,405,884	23,157,165,322	2,179,700,169	Qulified
<b>2023</b>	57,686,289,955	3,179,292,062	54,506,997,893	2,640,356,377	Qulified

	<b>Audit Observation</b>	<b>Reporting Year</b>	<b>Recommendation of the Auditor General</b>	<b>Action taken by the Auditee Institution</b>	<b>Present Position</b>
(a)	Payment of Rs.3,599,640 had been made from November 2015 to July 2020 for the monthly transport and fuel allowance given to a Medical Officer Grade – 01 holding the post of Medical Superintendent which is categorized under Deputy Medical Administrative Grade contrary to the provisions of Public Administrative Circular No. 22/99.	2021	Appropriate action should be taken regarding irregular payments made.	A letter has been sent by the Secretary to Ministry to the Provincial Health Director to recover irregular monthly travel allowance of Rs.3,599,640 paid from the concerned officer. It will be notified once recovered.	Necessary actions has not been taken
(b)	An incinerator valued at Rs.8 million installed at Point Pedro Hospital in October 2016 had become inoperable due to	2021	Formal feasibility studies should be done before implementing the projects.	Efforts were made to shift the incinerator to another location, but due to public protests, no other location has been	It Was Failure without any usage.

lack of adequate safeguards, improper maintenance after warranty period and installation without proper feasibility study.

found so far. However, measures have been taken to protect the machine.

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| (c) | Contrary to Guideline 8.9.1 (b) of the Procurement Guidelines 2006, 08 procurements totaling Rs.43,436,553 had been executed without signing the contract.  | 2021 | -do-  | In future, it has been advised to sign contracts for the purchase of goods as per guideline 8.9.1 (b) of the Procurement Manual and Guidelines.  | Procurement had been made without agreement             |
| (d) | Stamp duties totaling Rs.80,855,814 belonging to the local government institutions had been transferred to the income of the provincial council by the provincial treasury in the year under review due to the non- submission of requests by the relevant local government institutions for over 02 years. | 2021 | Actions should be taken to prepare a methodology in details from which the amount due to the local government institutions can be identified and issued to the relevant institutions. | There had been delays in obtaining land registrations from details from the Northern Province. Actions are being taken by local government institutions to submit reimbursement requests and recover these stamp duties. | It has not been fully claimed by the local authorities. |
| (e) | Investigations related to the financial frauds of Rs.20.44 million which had been revealed under the  | 2022 | The loss should be recovered immediately.   | Actions have been taken to recover the provincial council fund.  | It has not been recovered yet.                          |

losses and omissions of the Northern Provincial Council's financial statement had not been completed and action had not been taken to collect the money.

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| (f) | From the year 2016 to the year 2019, the stamp duty received by the Northern Provincial Treasury amounting to Rs.266 million had been credited to the provincial revenue due to non-application by the relevant local authorities. | 2022 | Actions should be taken to comply with all applicable laws and regulations. | In terms of sub-section 2 of the Northern Province Stamp Duty Act No. 02 of 2014, the unclaimed stamp duty for more than 02 years was transferred to miscellaneous revenue. | It has not been released fully.          |
| (g) | Since the year 2000 till now, action had not been taken for the last 22 years regarding the total loss of Rs.55 million because of war and theft in 69 schools in 06 education zones.  | 2022 | Appropriate actions should be taken.  | The concerned zones have been advised in this regard and follow-up activities have been initiated. Actions will be taken to write off the above losses as soon as possible. | Follow-up action has not been completed. |
| (h) | Even though a period of time had passed between 01 and 07, the appointments of 639 principals had not been confirmed.  | 2022 | Administrative tasks should be done efficiently.                            | Appropriate actions will be taken in future.  | It has not been settled in fully         |

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| <p>(i) The total amount of Rs.43.84 million of machinery given in the year 2019 to improve the operations of 04 cooperative societies in Kilinochichi district had been remained unused for a period of 03 years without being used for the relevant purposes.</p>  | <p>2022</p> | <p>Assets should not be remained as idle.</p>                                     | <p>Appropriate actions are being taken.</p>   | <p>It has not been used now also</p> |
| <p>(j) Three (03) Provincial Ministries and 05 Departments had eliminated 56 motor vehicles amounting to Rs.16,970,739 from the financial statements of the relevant institutions and transferred to the Provincial Treasury during the year under review for selling them at auction. These motor vehicles had not been auctioned even by the reporting date and the cost of these assets physically available had not been included in the non-financial assets of the statement of financial position of the Provincial Council.</p> | <p>2023</p> | <p>Action should be taken to disclose in the statement of financial position.</p> | <p>The value of these unused motor vehicles had not been included as a non-financial asset in the financial statements for the year 2023 as the activities pertaining to sell the assets in the auction were being carried out.</p> | <p>It has not been resolved.</p>     |

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| <p>(k) Government Procurement Guidelines 2006 Guideline 8.9.1 (b) Rs.33,026,498</p> <p>The services had been obtained for 18 supplies of cooked food and dry rations without signing the agreements by Mulathivu Regional Health Services Director's Office and Department of Indigenous Medicines.</p>    | <p>2023</p> | <p>The action should be taken in compliance with the Procurement guidelines.</p>     | <p>The instructions had been given not to occur these types of faults in due course.</p>         | <p>It has not been resolved.</p>              |
| <p>(l) Northern Provincial Council Financial Rules Rule 131.3 Rs.20,168,905</p> <p>The Farm Manager of the activities of Commercial Advance Account of Department of Agriculture had obtained the receipts without signing and setting the official frank in the collection of money in 2022 and 2023.</p> | <p>2023</p> | <p>The action should be taken in compliance with the Provincial Financial Rules.</p> | <p>Presently, all the receipts are signed and set the official frank and filed.</p>              | <p>It had not been complied at that time.</p> |
| <p>(m) 2.4 paragraph of Public Finance Circular No.01/2021 dated 29 September 2021 Rs.6,725,000</p> <p>The approval of</p>   | <p>2023</p> | <p>The action should be taken as per the provisions of Public Finance Circulars.</p> | <p>In due course, more than 03 contract activities will be avoided to give only one society.</p> | <p>It has not been resolved.</p>              |

Regional Secretary had not been obtained when giving 06 direct contracts for community based organizations of the Department of Agriculture to Manthai South Multi Services Co-operative Society.

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| (n) | Sections 2.4 and 2.5 of circular of Ministry of Finance No.01/2021 dated 29 September 2021 Rs.2,588,463 The contracts had been awarded to one organization in same community based level by Vauniya Regional Health Services Director's office within same period of time under 06 agreements on which there was no due authority and contrary to the relevant provisions. | 2023 | The action should be taken as per the provisions of the circular.                               | The instructions had been given to award the contracts in compliance with the circular in the future.  | It has not been resolved. |
| (o) | Northern Province Financial Circular No.PF/06/2015 dated 14 July 2015 Rs.35,955,165 The goods had been procured for the laboratory by Kilinochchi District Hospital without  | 2023 | The action should be taken in accordance with the provisions of Provincial Financial Circulars. | Since 2024, these procurements will be performed as per the reports of technical Evaluation Committee and decisions of the Procurement committees. | It has not been resolved. |

establishing the Technical Evaluation Committees for 15 procurements more than Rs.0.5 million.

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|--|-------------|---|---|--|
| <p>(p) Even though 16 machineries purchased in 2013 for processing of milk allied products in Aninjayankulama Breeding Farm had been revalued to an amount of Rs.2,550,504 again in 2018, these machineries which had elapsed 10 years presently had rusted in unusable condition. Similarly, a building of Rs.3,000,000 had been idle since 10 years.</p> | <p>2023</p> | <p>The steps should be taken to use the resources belonging to the farm in optimum level.</p> | <p>The measures are being taken to lease these machines to Animal Breeding Cooperatives for a specified period of time owing to non-availability of milk products and other resources in Aninjayankulama Breeding Farm.</p> | <p>It is idle now</p>                    |
| <p>(q) The Provincial Department of Education had recovered a sum of Rs.18,950,100 in the year 2023 from students of the grades 06-11 in respect of final term test conducted for the year 2022. Of that, a sum of Rs.13,926,892 had been spent in that connection, and hence, the excess</p>  | <p>2023</p> | <p>Necessary action should be taken.</p>  | <p>Lesser amount of fees will be charged from the students for the next examination.</p>  | <p>Prompt action has not been taken.</p> |

amount of  
Rs.5,023,208 so  
recovered had  
become an  
unnecessary burden  
on the students.  
Furthermore, that  
amount had been  
retained in the  
General Deposit  
Account.

- (r) A sum of 2023 Suitable action Once appointments It has not been  
Rs.5,520,753 had should be taken. are given formally resolved.  
been recovered for to the relevant  
contribution to the officers, W&OP  
W&OP for the numbers will be  
period April 2015- registered under the  
February 2024 from officers mentioned  
04 officers of the by you  
Department of Road  
Development and  
39 officers  
employed at the  
Department of  
Buildings as  
supervisors on 24  
October 2014.  
However, payments  
had not been made  
by mentioning the  
pensions number in  
a manner that  
contribution to the  
pensions would be  
identified against  
the names of the  
officers.
- (s) Even if it had been 2023 The actions have Loss has not  
informed that the been taken in been recovered.  
compensations respect of 06  
cannot be paid by vehicles that met  
the Insurance with accidents.  
company for 06

vehicles of the Department of Health Services of the Northern Province that met with accidents, no actions had been taken to repair those vehicles or get the compensations. Consequently, it had caused a loss of Rs.22,573,727.

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| <p>(t) The sub-meters had been fixed separately for two telephone communication towers of the Government Hospital of Vavuniya. The Electricity Tariffs had not been charged from each communication institutions within the due period and the electricity tariffs had been paid by the District Hospital of Vavuniya itself. Also, as the revenue of the telephone communication towers was transferred to the Vavunia District Patients Welfare Association within the period from 01 February 2016 to 31 January 2022, the tower rental revenue</p> | <p>2023</p> | <p>Action has to been taken recover revenue.</p> | <p>The instructions have been given to renew the government agreements by the hospital administration in future and to collect the revenues.</p> | <p>It has not been transferred to the government revenue</p> |
|--|-------------|--|--|--|

of Rs. 4,538,106  
had also been lost.

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|--|-------------|--|--|-----------------------------------|
| <p>(u) The allowances of Rs.10,230,397 paid in excess to the teachers of the Islands Education Zone from the year 2019 up to the year under review without amending the allowances as per the school classification circular had not been recovered to date.</p>                                   | <p>2023</p> | <p>The steps should be taken to recover the allowances paid in excess.</p> | <p>The steps are being taken to recover the allowances paid in excess to teachers.</p>   | <p>It has not been recovered.</p> |
| <p>(v) An amount totaled Rs.1,384,407 as overtime and combined allowance of the drivers had been given by the Governor's Office without any details such as running charts of the year under review, and annexure 01 as per the Public Administration Circular No. 13/2008 dated 26 June 2008.</p> | <p>2023</p> | <p>The appropriate measures should be taken according to the circular.</p> | <p>The running charts of the vehicles are not submitted at any time considering the security of the Hon. Governor and his Private Secretary.</p> | <p>It has not been resolved</p>   |
| <p>(w) Even if no indication had been made about the allowances related to the foods to the Governor as per the Circular No. PS/CSA/11-18</p>  | <p>2023</p> | <p>-Do -</p>   | <p>As per the orders of the Governor, the payment for the foods had been made to the person mentioned by him through the expenditure head</p>    | <p>It had not been resolved</p>   |

dated 12 October 2018 issued by the Presidential Secretariat, a sum amounting to a total of Rs.4,037,299 for the foods had been paid from December 2021 to May 2023.

approved by the Hon. Governor.

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| <p>(x) Although the officers such as Coordinating Secretary, Additional Secretary, Public Relations Officer of the Governor's Secretariat within the period from December 2021 to May 2023 stating that they are using their owned vehicles, the salaries to the Drivers amounting Rs. 1,344,644 and the overtime allowances and combined allowances had been paid for a period of more than 33 months in addition thereto.</p> | <p>2023</p> | <p>The appropriate measures should be taken.</p> | <p>The drivers had been appointed according to the number of vehicles existed for the use of the Governor who served during the period from December 2021 to May 2023. The applications related to the appointment of Drivers perused by the Hon. Governor himself and the appointments had been given as per the instructions of the Hon. Governor considering the security of the Governor.</p> | <p>It had not been resolved</p> |
| <p>(y) Although the chief Assessor had stated that the monthly rent for the Colombo sub-office building on behalf of the governor was Rs.100,000 contrary</p>   | <p>2023</p> | <p>- Do -</p>                                    | <p>Although Rs.100,000 had been mentioned by the Chief Assessor, the payment had been made with the approval of the Governor.</p>   | <p>It had not been resolved</p> |

to this valuation, the provincial fund had incurred a financial loss of Rs.1,240,000 due to monthly overpayments of Rs.80,000.

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|---|-------------|---|---------------------------------------|---------------------------------------|
| <p>(z) A sum of imprest worth Rs.3,299,000 had been given from the provincial treasury for the training course for providing national professional certificates under the International Labor Conference program on 10 April 2023. 59 percent of those funds or Rs. 1,950,000 had been kept in the Northern Province Agriculture Department's general deposit account even after 11 months.</p> | <p>2023</p> | <p>Necessary actions should be taken.</p> | <p>Answers have not been provided</p> | <p>It had not been utilized fully</p> |
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