Uva Provincial Council - Year 2025

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Uva Provincial Council for the year ended 31 December 2025 comprising the statement of financial positions at 31 December 2025 and the statement of financial performance and cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 23 (1) of the Provincial Council Act, No.42 of 1987 and provisions of the National Audit Act, No. 19 of 2018. The summary report in terms of Section 23 (2) of the Provincial Council Act and Subsection 11 (1) of the National Audit Act, No. 19 of 2018 was issued on 29 May 2026 and the Detailed Management Audit Report was issued on 27 May 2026 in terms of Sub-section 11 (2) of the National Audit Act, No. 19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Sub-section 10 (1) of the National Audit Act, No.19 of 2018 and the copy thereof will be submitted to the Governor to table in the Provincial Council in terms of Section 23 (2) of the Provincial Council Act, No.42 of 1987.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Uva Provincial Council as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	Even though the financial statements should be prepared on an accrual basis as per Sri Lanka Public Sector Accounting Standards 01, it had been stated that the revenue of the Uva Provincial Council was accounted on a cash basis. However, both the accrual basis and the cash basis had been used in accounting the revenue. As at 31 December of the year under review, outstanding revenue of Rs. 251,172,593 had been disclosed under the disclosures in the financial statements. Further, the revenue of Rs. 15,643,853 earned in respect of 06 commercial advance accounts had been understated and the revenue of Rs. 1,284,040 to be receivable for the provision of services by the Uva Management Development	In accordance with Sri Lanka Public Sector Accounting Standards, Revenue and expenses should be accounted on an accrual basis. Based on the current practical situation, income has been recorded on a cash basis and expenses on an accrual basis.	Action should be taken to prepare financial statements on an accrual basis in accordance with Sri Lanka Public Sector Accounting Standards 01.

	Institute had not been indicated in the financial statement. Accordingly, due to the accounting of revenue on a cash basis, a receivable revenue of Rs. 268,100,486 had not been indicated in the financial statements as at 31 December of the year under review.		
(b)	Even though the damage caused to the property and assets of the Uva Provincial Council due to the cyclone "Ditwah" that hit the island during the year under review had been reported to the Department of National Planning to be approximately Rs. 20,612 million, the damage had not been disclosed in the financial statements for the year ended 31 December 2025.Since this damage constitutes about 24 percent of the total assets of the Provincial Council, it was observed that the exclusion of such a large amount of damage from the financial statements does not reflect the true and fair condition of the property, plant and equipment balances.	Even though the damage caused had been reported to the Department of National Planning to be approximately Rs. 20,612 million, it had not been accurately estimated. Consequently, it was not disclosed in the financial statements and will be adjusted in the financial statements for the year 2026.	The damage relating to the period should be disclosed in the financial statements until they are accurately assessed and adjustments are made.
(c)	Due to the failure to remove the value of 09 vehicles sold by tender during the year under review from the accounts, the value of the vehicles stated in the financial statements as at 31 December had been overstated by Rs. 41,624,210.	Action has been taken to remove the vehicles sold by auction from the Asset Registers.	Action should be taken to make adjustments correctly in the annual accounts.
(d)	As at 31 December of the year under review, the value of 03 vehicles belonging to the Regional Directorate of Health Services, Badulla, amounting to Rs. 61,850,000, had not been adjusted in the financial statements.	It was not possible to include it due to a mistake and action will be taken to include it in the financial statements of the year 2026.	Action should be taken to account all assets owned by the institution.
(e)	The assets worth Rs. 17,347,800 received as donations to the Mahiyanganaya Base Hospital during the year under review had not been accounted under the property, plant and equipment balances in the financial statements.	It was not possible to account the value of that equipment as expected and action will be taken to account it in the year 2026.	Action should be taken to account all assets received as donations in the relevant financial year.

(f)	The vehicles owned by the Uva Provincial Council had been revalued for the last time on 01 January 2017. Although 09 years have passed, due to the non-revaluation, a true and fair view of the net assets had not been reflected in the financial statements.	The vehicles will be revalued in the year 2026.	As per paragraph 47 of Sri Lanka Public Sector Accounting Standards 7, a revaluation should be made when the fair value of an asset differs materially from its carrying amount.
(g)	In accordance with Uva Provincial Council Financial Rule 509.1, the annual depreciation of capital assets belonging to commercial advance accounts should be credited to the Depreciation Reserve Fund and although the depreciation in the year under review in relation to 06 commercial advance accounts under the Uva Provincial Council was Rs. 30,550,812, the credits to the depreciation reserve during the year were Rs. 56,526,895. Consequently, the depreciation reserve in the statement of financial position had been overstated by Rs. 25,976,083.	The profit of commercial advance activities has been erroneously credited to the Depreciation Reserve Fund and this will be rectified in the financial statements of the year 2026.	Action should be taken to correctly account the depreciation related to the year in the Depreciation Reserve Fund

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

1.3 Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standard and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of provincial council's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.5 Opinion on Financial Statements

1.5.1 Head 704 - Uva Provincial Chief Minister and Ministry of Finance and Planning, Law and Order, Education, Local Government, Power and Energy, Construction and Rural Infrastructure and Lands

(a) **Commercial Advance Accounts**

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Even though the Uva Provincial Press had paid a surcharge of Rs. 102,785 for non-payment of 03 percent contribution to the Employees' Trust Fund within the prescribed period, action had not been taken to recover the said amount from the responsible officers in accordance with Provincial Council Financial Rules 210.2.	Since the payment of surcharge was not due to the fault of any officer, the relevant surcharge amount should be considered as an expense of the Press.	Action should be taken in accordance with Provincial Council Financial Rules.

(b) **Non-Documentation of Assets**

The Ministry of Education, Uva Province purchased and distributed computers and other equipment worth Rs. 224,657,527 to schools through the GEM project from 2019 to 2024, but these assets had not been recorded and distributed using a code number system so that they could be identified. As a result, the physical existence of these assets as stated in the statement of financial position as at 31 December of the year under review could not be satisfactorily inspected.	Instructions have been given to the Storekeeper and the Principals of all schools receiving the relevant goods to introduce a sticker and affix it to identify the goods.	Action should be taken to follow a formal methodology.

(c) **Idle / Underutilized Assets**

Even though Hakurugolla Arawa Textile Industry Promotion Building had been constructed at a cost of Rs. 3,546,397 under the provisions of the year 2024 of the Department of Rural Development, Uva Province, the building had not been used for the intended purpose even by 25 November 2025.	. Since only the construction of the building has been carried out under the provisions of the year 2024, the center can be utilized after providing other infrastructure facilities and solving the existing issues.	Necessary measures should be taken to efficiently utilize the assets for the intended purpose.

1.5.2 Head 705 - Uva Provincial Ministry of Sports and Youth Affairs, Tourism, Transport, Culture and Textile Industries and Small Industries

Operational Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Uva Provincial Road Passenger Transport Authority had not taken action to recover the permit fees of Rs. 6,195,065 from 77 buses whose route permits were not renewed from the year 2021 to the year 2025.	The unearned income stated is the non-renewed route permits related to 77 buses that are not currently running, and that a route permit is issued on the basis of annual renewal by paying a fee, and the relevant licensee is responsible for renewing the route permit annually. In this regard, , it was decided at the Board of Directors meeting held on 06/04/2026, to cancel the route permits that have exceeded their validity period and have not been renewed within a month and have not been handed over the license book and label in a proper manner.	Necessary steps should be taken to renew the permits within the stipulated time and to cancel the route permits that have not been renewed within the stipulated time.

1.5.3 Head 706 - Ministry of Agriculture, Irrigation, Animal Production, Freshwater Fisheries

(a) **Non-fulfillment of Tasks**

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
In the Uva Province Medium-Term Sectoral Sustainable Development Plan (2024 – 2026), which was prepared with the aim of strengthening the national and provincial community economy through the fisheries industry and ornamental fish farming industry in accordance with national and provincial policies, projects worth Rs. 20,270,000 planned to be implemented in the years 2024 and 2025 had not been implemented.	The activities pointed out by the audit in giving priority to fish production activities in the freshwater fisheries program in the year 2025 could not be implemented and it has been planned to be implemented in the year 2026.	Action should be taken to carry out activities in a timely manner according to the approved development plan.

(b) **Commercial Advance Accounts**

As at 31 December of the year under review, the outstanding loan balance of the Seed Potato Account of the Ministry of Agriculture was Rs. 7,612,833 and had been shown as assets in the financial statements of the Provincial Council for over 11 years and the loan installments had not been recovered systematically on a monthly basis.	Officers have been assigned to recover the loans and the loan recovery is underway.	Action should be taken to recover the loan within the stipulated time.

1.5.4 Head 709 - the Deputy Chief Secretary's (Personnel and Training) Office.

(a) **Non-Compliance with Laws, Rules and Regulations**

Reference to Laws, Rules and Regulations	Non-Compliance	Comments of the Chief Accounting Officer	Recommendation
Ministry of Disaster Management Circular No. 2011/1 dated 10 February 2011, Gazette Extraordinary No. 1467/15 dated 17 October 2006	The legal requirements of obtaining the approval of the relevant local government institution, obtaining the clearance certificate of the National Building Research Organization, obtaining the Environmental Impact Assessment Report and providing access facilities for persons with disabilities had not been fulfilled during the construction of the new building of the Ohiya Training Center belonging to the Office of the Deputy Chief Secretary (Personnel and Training).	The NBRO report and the Environmental Impact Assessment Report have not been obtained for this building, and a request has been made to obtain those reports by letter dated 01 July 2026, and the need for disabled access arrangements will be considered in the future.	Action should be taken to obtain the relevant approval before commencing constructions and to fulfil the requirements of Circular 1467/15 in planning of constructions.

(b) **Staff Administration**

(i) **Staff of Provincial Council Institutions (Except Education and Health)**

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
174 other (casual/temporary/ contract-based) staff were employed in excess at the end of the year under review. The number of vacancies at the senior, tertiary, secondary and primary levels was 965	The recruitment activities for the vacancies have been submitted for the approval of the Prime Minister's Committee, the information on the vacancies in the island-wide service has been forwarded to the relevant Line Ministries, most of the posts of the understaffed under the Uva Provincial Council belong to the Teacher Service and the approval of the Prime Minister's Committee has been obtained to recruit 1606 of them, and Gazette notifications have been issued to carry out the said recruitment activities.	Necessary action should be taken to maintain the approved cadre.

(ii) **School staff**

By the end of the year under review, 1223 support staff and 07 other (casual/temporary/contract based) employees had been employed in excess. 241 posts in the Principals' Service and 2905 posts in the Teachers' Service remained vacant.	The number of vacancies in the Principal and Teacher Service has been informed to the Ministry of Education and necessary actions should have taken to maintain the approved cadre and instructions have been given to place Principals and Teachers in the schools where vacancies exist following the Scheme of Recruitment.	- Do -

(iii) **Health Staff**

08 other (casual/temporary/ contract-based) staff were employed in excess at the end of the year under review. The number of vacancies at the senior, tertiary, secondary and primary levels was 572.	The recruitments have been made on contract basis until permanent recruitments are made based on service requirement, and the vacancies will be filled after obtaining the approval of the Department of Management Services.	- Do -

(c) **Procurement - Supplies and Services**

In the construction of the new building of the Ohiya Training Centre belonging to the Office of the Deputy Chief Secretary (Personnel and Training), in accordance with 5.4.6 of the Procurement Guidelines (2006), Rs. 792,120, which should have been retained for payments of Rs. 15,842,404 in excess of the initial contract amount, had not been recovered as retention money.	Since it is stated in the contract agreement that 5% of the initial contract value should be recovered for retention money, actions have been taken to retain the retention money accordingly.	Since the agreement is amended with variations, action should be taken to retain the retention money.

1.5.5 Head 710 - Department of Health Services

(a) **Non-Compliance with Laws, Rules and Regulations**

Reference to Laws, Rules and Regulations	Non-Compliance	Comments of the Chief Accounting Officer	Recommendation
Public Administration Circular No. 09/2009 dated 16 April 2009	Even though the Regional Directorate of Health Services, Monaragala and its 42 affiliated institutions had purchased 46 fingerprint scanners from a private company at a cost of Rs. 2,622,000 during the period from 2017 to 2024, the arrival and departure of the 42 affiliated institutions, except the Regional Directorate of Health Services, Monaragala, were not recorded using fingerprint scanners, and Rs. 2,363 million had been paid to the staff as salaries, allowances, overtime and holiday pay during the year under review.	Fingerprint scanners are not used due to the influence of trade unions, and further steps would be decided after discussing with the higher management.	Action should be taken in accordance with the provisions of the Circular.

(b) **Management Inefficiencies**

	An ambulance belonging to the Siyambalanduwa Base Hospital was involved in an accident on 12 April 2025 and had been repaired by a private institution at a cost of Rs. 313,500. Although more than 09 months have passed since the accident, the final report has not been prepared in accordance with Provincial Financial Rules 104(4) and actions had not been taken to recover Rs. 110,000 from the responsible parties that were not reimbursed from the Insurance Trust Fund and the repairs had not been completed properly.	A case has been filed in court regarding the accident and the repair cost is Rs. 269,500 and an insurance of Rs. 203,500 has been paid and the amount not covered by the insurance will be recovered from the responsible parties as per the insurance report.	The answer cannot be accepted. The loss should be recovered from the responsible parties according to the Provincial Financial Rules.

(c) **Operational Inefficiencies**

(i)	Health system of the Badulla Regional Medical Supplies Division showed a drug stock balance of Rs. 71,318,323 in 05 inactive warehouses as at 02 September 2025. However, the stock was not physically present in the Medical Supplies Division and in two inactive warehouses, although no physical stock balance was observed on the audit date, the system had issued medicines worth Rs. 56,978,393 as "Order" and "Distribution”. Since those medicines had not been received by hospitals and warehouses, the physical existence of those stocks could not be verified during the audit.	It was a warehouse that was set up during the data exchange from the previous system and an inquiry board has been appointed to conduct a formal investigation into these issues in the Medical Supplies Division.	Action should be taken to conclude the inquiry immediately and report to the audit.
(ii)	Even though the system had issued stocks for orders given to the Badulla Regional Medical Supplies Division by various hospitals to obtain medicines through the health system in the active warehouses of the Badulla Regional Medical Supplies Division, the system had not recorded that the stocks worth Rs. 30,697,312 had already been received by the hospitals even by 02 September 2025 and the hospital system had not confirmed that the stocks worth Rs. 29,924,707 distributed to the hospitals by the Regional Medical Supplies Division through the system without receiving orders through the health system had already been received by the relevant hospitals even by 02 September 2025, so the	The relevant STV cards have now been accepted by the institutions and an inquiry board has been appointed to conduct inquiries in this regard.	Action should be taken to control the stocks with good coordination and supervision and action should also be taken to conclude inquires immediately and report to the audit.

physical existence of those stocks could not be verified.		

(d) **Apparent Irregularities**

A lot of about 02 acres in the Inginiyagala Regional Hospital land belonging to the Regional Directorate of Health Services, Monaragala had been leased to an outside person from 01 September 2023, without formal approval, by the Medical Officer in Charge of the institution, under a letter containing 06 conditions.	An inquiry will be conducted in this regard and reported in the future.	Action should be taken to conduct inquiries expeditiously.

(e) **Identified Losses**

The payment of the electricity bill of Rs. 1.8 million due in December 2023 for the electricity meter bearing account number 3970600219 of Bibila Base Hospital was credited to the account number 396675508 of the Nurses’ quarters due to the delay in payment of the bills, action had not been taken to recover the late fee of Rs. 406,067 paid for the period from 31 July 2023 to 30 June 2025 or to recover it from the responsible officers.	The Electricity Board is currently taking steps to remove the late fees charged by them after being informed action will be taken according to the response received from the Electricity Board.	The accounts should be identified correctly and payments should be made and action should be taken in accordance with the Financial Rules regarding overpayments.

(f) **Uneconomic Transactions**

In constructing the wire fence around the Koslanda District Hospital grounds, a wall had been constructed on the section facing the Koslanda-Wellawaya main road, and an unproductive expenditure of Rs. 392,812 had been incurred to construct a new wire fence in front of that wall.	The fence had been constructed to prevent the front sections of the protective wall from being used for other purposes by outside parties.	An investigation should be conducted and action should be taken as per its recommendations.

(g) **Idle / underutilized Assets**

(i)	09 air conditioners worth Rs. 5,143,000 purchased and installed on 25 June 2024 for the new operating theatre of the Bandarawela District Hospital had been remained idle for more than 15 months even by 02 September 2025. About one year of the 03-year warranty period given for this equipment had expired.	After inspecting the hospital operating theatre by a team of Consultants, recommendations have been made regarding the changes that need to be made there. Renovation work on it has been initiated accordingly and it will be ready for use after the renovation work is completed.	Necessary measures should be taken to ensure that assets do not remain idle.
(ii)	Under the provisions of the Primary Health Systems Strengthening Project (PSSP), an expenditure of Rs. 2,701,875 was incurred in the year 2019 for networking the outpatient departments of the Passara District Hospital and the outpatient department had not been networked even by 14 October 2025. The expenditure of Rs. 1,002,500 incurred for installing the equipment related to networking had also become an idle expense. Similarly, networking equipment worth Rs. 3,593,655 remained idle, consisting of equipment worth Rs. 755,455 at Passara District Hospital, equipment worth Rs. 1,431,450 at Bandarawela Hospital and equipment worth Rs. 1,406,750 at Giradurukotte Hospital.	This equipment is lying idle due to the lack of the software system required to connect it to the network.	Assets should be used to achieve the desired objectives.
(iii)	The mobile laboratory bus, which was donated by the Chinese Government and given to the Girandurukotte Kidney Disease Prevention and Research Hospital on October 28, 2022, had a market value of about Rs. 8,500,000 and had not been used for the benefit of kidney patients in the Uva Province by 14 November 2025, and had been remained idle for about 03 years and returned to the Ministry. Although the Chinese Government had provided training to three officers on the use of the bus and the laboratory equipment included in it, their services had not been obtained.	Due to the economic crisis in the country and the shortage of Laboratory Technicians, it could not be utilized and it has already been handed over to the Line Ministry.	Attention should be paid to the proper utilization of the donations received.

(iv)	Even though a water filtration system was installed at the Bandarawela District Hospital premises at a cost of Rs. 1,934,076, it had not been put into use even by 22 July 2025 due to lack of action to connect the required water supply to this water filtration system, and the water filtration system installed at the Girandurukotte Hospital on 22 December 2023 at a cost of Rs. 1,273,000 remained unused and idle.	Provisions of this year have been allocated to provide water supply to the water filtration system at the Bandarawela Base Hospital and necessary actions are being taken to use the water filtration system. The water filtration system at the Girandurukotte Hospital was not used due to a technical issue and the relevant institution has been informed to solve it.	After conducting the feasibility study, projects should be initiated and action should be taken to utilize the assets.

(h) **Procurement - Supplies and Services**

(i)	In the procurement for the construction of 51 name boards in health institutions of the Regional Directorate of Health Services, Badulla, a total cost estimate had not been prepared and approval had not been obtained for the same in accordance with paragraph 4.3 of the Procurement Guidelines 2006 and formal contract agreements had not been signed in accordance with paragraph 8.9.1.	It is admitted that a total cost estimate had not been prepared and a cost estimate had been prepared for one name board and used for other name boards. An inquiry board has been appointed to conduct a formal inquiry in this regard.	Action should be taken in accordance with the Procurement Guidelines.
(ii)	Regional prices were not obtained in accordance with the prescribed procedure to prepare specifications for the provision of raw/cooked food in hospitals from 2022 to 2025, and although the bidder should not assign or sub-lease after the bid is submitted as per section 18 of the bid document, the contracts of the Athimale, Thanamalwila and Hingurukaduwa Regional Hospitals were assigned to other parties.	Specifications and estimates for the provision of raw/cooked food are prepared based on regional prices and a committee has been appointed to conduct an investigation into whether sub-leases have been made by the contracted suppliers.	Action should be taken as per the Procurement Guidelines and conditions of the contract.

1.5.6 Head 711 - Department of Education

(a) Non-Compliance with Laws, Rules, and Regulations

	Reference to Laws, Rules and Regulations	Non-Compliance	Comments of the Chief Accounting Officer	Recommendation
(i)	Paragraph (II) of the Management Services Circular No. 03/2018 dated 18 July 2018	Without obtaining the prior approval of the Department of Management Services, allowances of Rs. 2,189,269	Action has been taken subject to the instructions and restrictions contained	Action should be taken in accordance with the provisions of

		had been paid in the year 2024 based on the internal circular No. 06/2018 dated 24 July 2018 of the Secretary of Uva Provincial Ministry of Education.	in the internal circular No. 06/2018 dated 24.07.2018 issued by the Secretary of Uva Provincial Ministry of Education with the approval of the Hon. Governor of Uva Province.	the Circular.
(ii)	Paragraph 02 of the Circular No. 2010/16 dated 23 April 2010 of the Secretary of the Ministry of Education	Without implementing a formal program at the school level to prepare question papers of proper standard and quality, 274 schools belonging to 06 Zonal Education Offices in Badulla District had purchased question papers worth Rs. 13,235,644 prepared by private institutions.	It has been instructed not to repeat such situations in the future and an arrangement is being prepared to prepare question papers related to the relevant Division by appointing a committee comprising Teacher Advisors and Subject Experts and getting them printed by the Press of the Uva Provincial Council .	- Do -

(b) **Operational Inefficiencies**

(i)	During the 2020/2024 period, out of the Rs. 38,019,969 that was credited to the School Development Societies to implement the School Based Learning Empowerment Program for 144 schools belonging to the Bibila, Thanamalwila and Wellawaya Zonal Education Offices, Rs. 2,309,174 remained idle in 06 schools and Rs. 3,088,461 in 16 schools had been spent outside the approved programs.	It has been informed that the money that remained idle should be used to implement the relevant programs immediately. Since it costs a lot of money to photocopy the handbooks etc. required for the implementation of the “Delisa” program outside the school, it has been decided to purchase stationery using the photocopy machine available in the school.	Action should be taken to spend provisions in a way that enables the relevant objectives to be achieved.

(ii)	Even though the main objective of the General Education Modernization Project (GEMP) was to improve the quality of the general education system and to empower learning, the two main objectives described in the Loan Agreement through the Disbursement Linked Indicator (DLI), were to improve the learning outcomes in English and Mathematic. However, during the 05-year period since the project was implemented, a continuous decline was observed in the pass percentage in English and Mathematics subjects at the G.C.E. (O/L) examination of 37 schools out of 271 selected sample schools in 06 education zones in the Badulla District.	Action has been taken to make the relevant parties aware to take steps to improve the results in English and Mathematics subjects.	Action should be taken to achieve the expected objectives of the project.
(c)	**Apparent Irregularities**		
(i)	Contrary to paragraph 2.1 of the Public Finance Circular No. 01/2021 dated 29 September 2021, the Technical Officer of the Badulla Zonal Education Office had awarded 03 construction contracts totaling Rs. 3,546,084 to the School Development Society belonging to the Badulla Education Zone. The relevant cheques had not been received by the institutions named in the vouchers for which the School Development Societies made payments for these industries and 09 cheques worth Rs. 3,131,885 related to these industries had been credited to the bank accounts of the Technical Officer who supervised the construction and another businessman named as carpenters and masons residing at the same address in the cheque rolls.	This matter has been referred to the Ministry of Education to conduct an investigation and further action will be taken as per the recommendations of the said investigation report.	The investigations should be completed expeditiously and action should be taken according to its recommendations.
(ii)	A misappropriation of Rs. 1,107,676 had taken place by preparing forged documents indicating that the contracts for the renovation of buildings of 03 schools in the Monaragala District under various projects were being carried out by the School Development Society.	An investigation will be conducted and necessary future decisions will be taken.	Action should be taken as per the recommendations of the investigation

(iii)	Even though a sum of Rs. 234,000 had been paid to a private timber shop by voucher No. 24/12/02 dated 26 December 2024 in relation to the renovation of the 80'x20' building of B/Wewelhinna Vidyalaya, it was confirmed that a forged seal and signature had been placed on the voucher and the cheque acceptance document and that the relevant cheques had been obtained and the relevant amount had not been obtained by the owner of the private timber shop.	This matter has been referred to the Ministry of Education to conduct an investigation and further action will be taken as per the recommendations of the said investigation report.	The investigations should be completed expeditiously and action should be taken according to its recommendations.
(d)	**Defects in Contracts Administration**		
	An agreement had been signed between the Udawela Rural Development Society and the Director of the Badulla Zonal Education Office on 22 September 2025 for the renovation of the Meththa Building of the B/Udawela Central College for an estimated amount of Rs. 1,969,023 and the Society had subcontracted the contract related to the renovation of this building. Although the estimated cost of Rs. 946,545 for concreting the corridor with the drain outside the classrooms and concreting the inside of the classrooms, which are the work items 2.1 and 3.1 related to the renovation of the building, is Rs. 946,545, the thickness of the floor concreting should have been 75 mm, during the field inspection, it was observed that the thickness of the concrete used for the classrooms was 50 mm, the thickness of the concrete in the corridor with the drain outside was 37.5 mm, and that expansion joints had not been used.	Instructions have been given to conduct an investigation.	An investigation should be conducted promptly and action should be taken as per its recommendations.
(e)	**Implementation of Projects-Delays in Projects**		
	Mo/Hingurukaduwa Maha Vidyalaya had been provided Rs. 846,832 on three occasions by a private institution to implement a water project in the 2019/2021 period, and an expenditure of Rs. 1,009,719 had been incurred for the construction of the water project, including Rs. 162,887 from the School Development Society Fund. Although the initial work of the project had been completed in December 2021, the project had	An investigation will be conducted and necessary future decisions will be taken.	Before commencing future project works, a feasibility study should be conducted and alternative evaluations should be carried out urgently to solve

	not been implemented even by 16 October 2025 due to a problem in water supply.		the existing problem.
(f)	**Staff Administration**		
(i)	Even though the approved cadre of Management Assistant posts for the Welimada Education Zonal Office and 02 Divisional Offices is 30, as at 22 September 2025, 37 Management Assistant Officers were engaged, resulting in an excess of 07 Management Assistant Officers and a sum of Rs. 8,121,797 had been paid as salaries from 01 January 2024 to 31August 2025 to maintain the excess staff.	Action has been taken to transfer the relevant officers in the annual transfer process.	Necessary action should be taken to maintain a staff balance between the Zonal Offices so as not to create excess staff.
(ii)	There is a shortage of 1050 teachers in 217 schools belonging to 03 education zones in the Badulla District and an excess of 212 teachers in 82 schools. Due to the fact that teachers were attached to the schools in the city area in excess of the approved cadre of teachers in those education zones, an excess of teachers had arisen in the schools in the city area. In a context where there is an excess of teachers in the schools in the city area, through a formal teacher balance, those excess of teachers were not transferred to the schools with shortages or employed, but an excess teaching staff was maintained and a sum of Rs. 97,516,803 had been paid as salaries to 199 of them as of the date of the audit of those education zones.	Action will be taken to balance this excess and shortage in the transfer process.	Action should be taken to balance the teachers appropriately.
(iii)	In schools belonging to 03 education zones in Badulla District, 88 Officers in Principals' Service were employed in excess of the approved cadre and a sum of Rs. 133,842,443 had been paid as salaries and allowances from 01 January 2024 to 30 September 2025. However, there were vacancies for 106 Officers in Principals' Service in 106 schools in the said 03 education zones, for which 83 Officers in Teachers' Service were employed and Rs. 4,767,600 had been paid as Principal Allowances for 35 teachers in Bandarawela and 02 Education Zones in Passara until 30 September 2025. The above situation had	There is a problematic situation regarding transfers due to the lack of a policy in the Uva Province regarding the transfer of Principals, and after recruiting Principals, action will be taken to attach them to schools where the vacancies are available, and action will be taken to appoint acting Principals.	Action should be taken to balance the officers among schools appropriately.

	arisen due to the failure to balance the Officers in Principals' Service in a formal manner.		
(iv)	In 07 schools belonging to 02 education zones in Badulla District, 07 Laboratory Assistants were employed without laboratories and a sum of Rs. 4,598,568 was paid from 01 January 2024 to 30 September 2025, and two Laboratory Assistants were employed in 02 schools with only one laboratory and a sum of Rs. 2,024,636 was paid as salaries to two excess employees.	Such problematic situations have arisen due to the failure to implement a proper procedure regarding the transfer of non-academic staff working in schools, and action will be taken to place them appropriately after a transfer policy is formulated.	Action should be taken to employee the officers as per the service requirement.
(v)	14 Library Assistants were employed in 14 schools belonging to 02 education zones in Badulla District without libraries and a sum of Rs. 8,583,832 was paid as salaries from 01 January 2024 to 30 September 2025.	Such problematic situations have arisen due to the failure to implement a proper procedure regarding the transfer of non-academic staff working in schools, and action will be taken to place them appropriately after a transfer policy is formulated.	- Do -
(vi)	At B/Diyathalawa Central College, Rs. 11,531,405 had been paid to 17 excess teachers from 01 January 2025 to 31 July 2025 and Rs. 10,114,017 had been paid as salaries and allowances to excess of 06 Deputy Principals from 01 January 2025 to 31 July 2025.	In the annual transfer process, action has been taken to transfer excess teachers to schools with teacher shortages, and action will be taken to place Deputy Principals in schools with principal vacancies.	Necessary action should be taken to balance the officers appropriately.
(vii)	It was revealed that 11 teachers at B/Diyathalawa Central College were engaged in teaching for less than 20 periods a week, and two teachers had not been given time tables for 06 months and a year stating that they were released from the school to transfer.	Teachers have been assigned additional duties and responsibilities so that no underutilization is created and provided teaching timetables due to medical leave on medical recommendations, which may affect the teaching process of children, one female teacher and another female teacher attached have been assigned external tasks such as library work, covering relief periods, drama and performing arts training without providing time sheets.	Action should be taken to provide time tables to teachers who are engaged to cover the prescribed period.

1.5.7 Head 712 - Department of Local Government

(a) **Supervision of Local Government Bodies - Revenue in arrears**

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(i)	As at 31 December of the year under review, the assessment tax and other revenues due to the Local Government Institutions in the Uva Province for the year under review and the previous year amounting to Rs. 708,742,329 had not been recovered.	Action has been taken to inform the Local Government Institutions regarding the recovery of the relevant arrears of assessment tax and other revenues and a formal arrangement will be prepared in this regard and action will be taken to recover the relevant arrears.	Action should be taken to recover the arrears of revenues in accordance with the provisions of the Acts.
(ii)	The Local Government Institutions had not received the court fines of Rs. 172,741,560 and stamp duty of Rs. 401,422,249 due to the Local Government Institutions in terms of the provisions of the Municipal Councils and Urban Councils (Amendment) Act, No. 42 of 1979 and Section 129(2) of the Pradeshiya Sabha Act, No. 15 of 1987.	The stamp duty not claimed in terms of the provisions of the Stamp Duty Transfer Statute will not be released again.	Since the powers of the Local Government Institutions cannot be reduced according to the Constitution, the relevant amounts should be transferred.

(b) **Amounts due from surcharge certificates issued**

As at 31 December of the year under review, Rs. 4,081,641 should have been recovered as surcharges imposed on officers and representatives of the Local Government Bodies in the Uva Province for 04 incidents.	The separate comments had been submitted on each surcharge to be recovered.	Action should be taken to recover the surcharges promptly.

1.5.8 Head 714 – Department of Agriculture

(a) **Apparent Irregularities**

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Two warehouses constructed in Monaragala District under the World Bank assistance at a cost of Rs. 16.5 million had been handed over to the Uva Provincial Council by the Ministry	The warehouse was temporarily handed over to the Seed Producers' Association with the aim of preventing the seed warehouse from	Action should be taken to utilize the warehouses properly.

of Lands and Irrigation on 06 September 2025, due to the Covid-19 emergency situation. The warehouse with a capacity of 50MT located at the Bibila District Agricultural Training Center had been given to a member of a farmers' organization on 02 October 2024, outside the formal procedure, without charging fees and without an agreement, and various types of seeds had been purchased from farmers and sold at a profit.	remaining an idle asset and popularizing the warehouse in the area, and the warehouse has already been handed over to the Seed Producers' Association for use through a formal agreement, and the money was paid in accordance with the agreement during the last Maha season.	

(b) **Assets Management**

Idle/ Underutilized Assets

Audit Observation	**Comments of the Chief Accounting Officer**	**Recommendation**
During the Covid-19 emergency situation, 02 onion seed warehouses, a seed potato warehouse and a supplementary food crop seed warehouse were constructed at the Bindunuwewa In-Service Training Institute and Boralanda Animal Farm in 2023 at a cost of Rs. 35,307,661 from the World Bank assistance funds received, and handed over to the Department of Agriculture. Although almost 03 years have passed since the construction of these buildings, those buildings had not been used for the intended purposes and had remained idle.	Action will be taken to utilize these warehouses for projects expected to be implemented in the year 2026.	Necessary measures should be taken to ensure that assets are not remained idle.

1.5.9 Head 715 - Department of Animal Production and Health

(a) **Assets Management - Idle/ Underutilized Assets**

Audit Observation	**Comments of the Chief Accounting Officer**	**Recommendation**
Even though a sum of Rs. 771,366 had been paid to the National Water Supply and Drainage Board on 17 December 2024 for the construction of a tube well at the Boralanda Animal Farm premises, action had not been taken to use the well even by 29 January 2026.	The National Water Supply and Drainage Board had informed that the access road to the well should be prepared before the relevant construction was carried out and accordingly, after preparing the road, the construction work of the relevant industry was commenced.	Action should be taken to use it for the intended purposes.

	The necessary work is being carried out within the existing procurement process and the necessary further action will be taken promptly.	

(b) **Procurement- Supplies and Services**

A 7KVA diesel generator worth Rs. 1,877,144 had been ordered from a private company for a special project implemented at the Boralanda Animal Farm. However, the animal farm had not received the generator even by 05 February 2026. Although the performance security of Rs. 159,080 submitted by the relevant company from a private commercial bank regarding the supply of the generator had expired on 31 March 2025, the performance security had not been encashed.	The delay in supplying electricity and the delay in checking the first generator purchased and due to the delay in its payments, it had been agreed to deliver the second generator within the expected time frame. The failure to provide it unexpectedly led to these problems.	Attention should be paid to take action in accordance with the agreements.

1.5.10 Head 721 -Department of Ayurveda

Implementation of Projects-Delays in Projects

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Based on the provisions of the year 2024, a provision of Rs. 1,890,000 had been allocated for the preparation of a warehouse management and statistical information database system for the Uva Provincial Ayurveda Department and Rs. 1,134,000 had been paid in the years 2024 and 2025. The contract had been awarded to the relevant institution on 04 December 2024 for the completion of this work and although the development of the relevant software should have been completed before 30 December 2024, the work had not been completed by 07 November 2025.	Since many issues have arisen in the practical implementation of the system, it is expected to carry out further work after receiving the full technical report of the Information Technology Unit and the Provincial Ayurveda Commissioner has been informed to carry out the necessary work in the future to correct the functioning of the system according to the needs of the Department after correcting the existing shortcomings.	Action should be taken to fulfill the task within the stipulated time and achieve the desired objectives.

1.5.11 Head 736 - Office of the Deputy Chief Secretary (Financial Management)

(a) Advance "B" Account of Public Officers - Outstanding Loan Balances

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
	Even though a debtor balance of Rs. 1,160,621 relating to 05 institutions of the Uva Provincial Council had been indicated in the financial statements, action had not been taken to settle it even by the end of the year under review.	Action will be taken to settle the loan balances gradually.	Action should be taken to settle all the loan balances.

(b) Loan Balances of Transferred Officers

(i)	The loan balances of Rs. 33,752,233 of the officers who transferred to 07 Ministries, Departments and Offices of the Uva Provincial Council had not been settled.	- Do -	- Do -
(ii)	There was a creditor balance of Rs. 5,769,710 relating to 05 institutions in Advance "B" Account of Public Officers as at 31 December of the year under review and action had not been taken to settle the same even at the end of the year under review.	- Do -	- Do -

(c) Procurement- Supplies and Services

(i)	Even though the solar power system project, which is being implemented under a contract between the Uva Provincial Council and a private company, was to be completed within 12 months from the date of the contract, as per paragraph 6(xvi) of the agreement, solar panels with a capacity of 46.35 MW were to be installed and completed, by 31 December 2025, only 480 out of 879 contracted rooftops had been installed. Although a period of 04 years had passed, the project had not been completed.	Even though the contract was signed for a period of one year, the contract period was extended due to the inability to complete the project within the relevant period due to COVID pandemic and economic crisis prevailing in the country at that time, and the clearances for the 608 building rooftop units mentioned in the list had not been given to the Ceylon Electricity Board and the solar panels could not be installed for the relevant units due to the problem of obtaining clearances.	Action should be taken as per the agreement.

(ii)	In the audit test checks related to the funds established under the Uva Provincial Council, a sum of Rs. 4,056,300 had been utilized in relation to 03 funds for the purpose of fulfilling the objectives of the fund during the year under review, which was a low percentage of about 6 percent of the value held by the 03 funds during the year. It was observed that as at 31 December of the year under review, a fixed deposit and cash balance of Rs. 60,432,549 had been held in the funds without being utilized for the purpose for which these funds were established.	The action is being taken for the utilization of the funds.	Action should be taken according to the relevant objectives.

1.5.12 Head 738 - Office of the Deputy Chief Secretary (Administration)

Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Non-Compliance	Comments of the Chief Accounting Officer	Recommendation
Section 5.8 of Chapter XIX of the Establishments Code.	The Fund of the Uva Provincial Council paid Rs. 1,080,150 for electricity and water bills of the Uva Provincial Chief Secretary's official residence from September 2017 to October 2025 and Rs. 37,746 for Peo TV (Silver) connection from January to September 2025.	Action has been taken to inquire in writing from the Ministry of Provincial Councils and after receiving a reply to that inquiry, a decision will be taken by a committee regarding the payment of these bills and the decision will be submitted to the Hon. Governor and further action will be taken regarding these payments with his approval.	Action should be taken in accordance with the provisions of the Establishments Code.