

Head 282 – Department of Irrigation

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Irrigation for the year ended 31 December 2021 comprising the Statement of Financial Position as at 31 December 2021 and the Statement of Financial Performance, and Cash Flow Statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. The Summary Report containing my comments and observations on the financial statements of the Department of Irrigation was issued to the Accounting Officer on 20 June 2022 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Department was issued to the Accounting Officer on 15 July 2022 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a true and fair view of the Department of Irrigation as at 31 December 2021 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1) (c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

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

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's 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 on economic decisions taken by users on the basis of these financial statements.

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

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.5 Report on Other Legal Requirements

I express the following matters in terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Advance Payments

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>An amount of Rs.192,164 that should be charged including an amount of Rs.74,070 of salary paid wrongly to a driver who worked in Matale Regional Office and left service on 02 August 2021 had been disclosed in Advance 'B' Account as debt balances that should be charged from officers who got no pay leave and went abroad. Action had not been taken to recover from those who had done wrongly salary payment.</p>	<p>Action will be done to recover the overpaid salary of Rs.74,070 in future. Further, the total debt balance of Rs.192,164 as Rs.188,414 of distress loan balance and Rs.3,750 of festival advance had to be charged to Advance 'B' Account and, that debt balance was mistakenly stated as a debt balance that should be charged from officers who got no pay leave and went abroad in the Reconciliation Statement. That note will be rectified.</p>	<p>Payment of salaries should be done correctly and, it should be entered entries correctly in to the advance account.</p>

1.6.2 Statement of Financial Position

1.6.2.1 Non-financial Assets

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) According to the instructions given by the Department of State Accounts in relation to the accounting of fixed assets, though it should be accounted by identifying the non-financial assets such as tanks, reservoirs, canals and dams under Code No: 61414, it had not been accounted as non-financial assets by precisely identifying the tanks, reservoirs, canals, dams and so on that developed spending Rs.661,112,174 during the year 2021.</p>	<p>The instructions given through the Circular of Department of State Accounts were only permitted to make inventories as fixed assets only for the expenses incurred for lands and land enhancements under Object 2105. But, the mentioned amount of Rs.661,112,175 had been utilized under the other Objects. Actions will be taken to account by obtaining instructions from the Department of State Accounts.</p>	<p>The actions should be taken to identify precisely and account the capital nature expenditures incurred for tanks, reservoirs, dams, canals and so on.</p>

- (b) New office building of Galgamuwa Irrigation Training Institute with contract value of Rs.185,043,180 that commenced constructions in year 2015 and completed in year 2017 had not been accounted as fixed assets. Currently, our Department has accounted only the buildings that confirmed the ownership and given assessing by Department of Valuation. Actions will be taken to identify the cost of this building and account in year 2022. The properties owned to the Department should be accounted by assessing.
- (c) Although an expense of Rs.5,597,916,828 was incurred for the acquisition of non-financial assets during the year under review, that value was Rs.3,684,007,764 as per treasury Notes (SA-82). Accordingly, a difference of Rs.1,913,909,064 was observed. A difference observed was the amount of Rs.1,024,867,733 that incurred until the month of April 2021 in Yan Oya Project and the amount of Rs.38,199,520.67 that incurred until the month of February 2021 in Kalu Gal Oya Project. Two Accounting Units of those projects were closed in year 2021. Thus, it was acted by taking the incurred expenses in year 2021 as opening balance as per instructions of department of Public Finance. It should be stated correct value by comparing the data in the financial statement and treasury Notes.
- (d) Lands with 4,735 acres 23 perches in Zonal Director Offices and Regional Engineers' Offices of the Department and 392 buildings located in Irrigation Director Offices in Bandarawela, Galle, Kandy, Polonnaruwa, Monaragala and Hambantota as at the end of the year under review had not been accounted as fixed assets by assessing. The letters were referred to the Department of Valuation to assess these lands and buildings promptly and, the Department of Valuation has been informed to assess the relevant property even by the letter of Department of State Accounts No: SA/GFS/01/01/01- volume xi dated on 26 May 2022. These lands and buildings are scheduled to account as soon as that department assesses this property. The lands and buildings owned to the Department should be accounted by assessing.

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| <p>(e) Although the value of non-financial assets was Rs.92,494,173,747 as per prior year financial statements, Rs.95,644,387,556 had been stated as opening balance as per financial statements in the year under review. Accordingly, a difference of Rs.3,150,213,809 had been observed. The details of the adjustments made to the opening balance had not been presented to the audit.</p> | <p>The overstated opening balance was occurred due to stating the error corrections made for some expenses incurred and included in the expenses of Rs.1,063,672,253 incurred on behalf of the Department of Irrigation for the other departments as opening balances. It was inquired by us from the Department of State Accounts regarding these differences in balances between treasury accounts and department books and, it was informed that these differences in balances are done correctly after the year 2022.</p> | <p>Entries should be kept correctly between department accounts and treasury accounts.</p> |
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1.6.3 Imprest Balance

Audit Observation

The amount of Rs.3,608,100 that was charged from the Director General of Irrigation in relation to two court decisions regarding an accident done by an engineer in the Department in year 2003 had been brought forward in the financial statement as at 31 December 2021 as unsettled imprest balance from the amount of Rs.3,908,000 that should be charged from the relevant retired officer. The amount that could be charged from the retirement gratuity of that officer during the period of 03 years from 2018 to 2021 had not been charged and, as the decision of the Department to charge of an amount of Rs.10,000 per month from his pension salary, the amount that

Comments of the Accounting Officer

The approval had been requested from the Secretary to the Ministry of Irrigation through a letter dated on 09 June 2022 to write off the relevant loss as per the instructions given by Additional Director General of Treasury Operations Department.

Recommendation

The money to be charged to the government should be charged as scheduled and, legal actions should be taken against the officers who do not do so. Further, actions should be done to find the capacity of recovering from the pension.

charged during that period was only Rs.300,000. The above unsettled imprest balance could not be charged as the relevant officer was died in the month of August 2021 and, the approval had been requested by the Department from the secretary to the Ministry of Irrigation to write off that balance.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>Out of the net provisions of Rs.14,668,500,000, Rs.2,930,772,857 had been saved due to making provisions without identifying the requirements when preparing estimates and not doing works as planned. The development works had not been implemented as planned due to transfer of more than 50 per cent of fully unutilized provisions that made for 05 development programs under the Objects of lands and land enhancements, infrastructure developments by Budget to another development programs.</p>	<p>As the works related to the provision of Rs.200 million made for the Minimizing Risks of Flooding Project that planned for the year 2021 could not be completed due to various reasons, the provision of Rs.1000 million had been transferred. The delay in doing preliminary works of Kumbukkan Oya Reservoir Project, Project of Provision of Water in Wadamarachchi Lagoon and Dematagala Tank Rehabilitation Projects, inability to complete procurement activities for the construction of proposed Pethiyagoda pumping station in year 2021 were reasoned.</p>	<p>Actions should be done to implement projects as planned.</p>

2.2 Incurring of Liabilities and Commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>The payments relevant for the financial year should be released in that financial year as per Paragraph</p>	<p>A liability of Rs.1,689,409,606 stated in the Financial Report as at 31 December 2021 was stated</p>	<p>Actions should be done in respect of liabilities in compliance with the</p>

02 (d) of State Accounts Circular No: 255/2017 and, when it was instructed that the treasury was not acting furthermore to settle liabilities made in contrary to the instructions given on that any liability should not be carried forward with the aim of settling in next year, the liabilities of Rs.1,689,409,606 as at 31 December 2021 was observed.

State Accounts Circular No: 255/2017.

2.3 Deposits

Following observations were made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The amount of Rs.4,194,430 that received to the Department for the implementation of various projects had been retained in the deposit account since many years without utilizing for the relevant tasks.	The stamp charges of Rs.47,900 that belonged to the period from January to September 2021 was related to the Trincomalee zone and, it was remitted to the Department of Inland Revenue by now.	It should be acted in accordance with the financial regulations.
(b) An amount of Rs.155,207 that paid in the month of December 2020 by an employee in Nuwara Eliya Regional Office to settle the distress loan balance had been stated in the deposit account instead of crediting to advance 'B' account.	Not comment.	It should be acted to state in the correct account.

2.4 Certifications done by the Accounting Officer

Audit Observation	Comments of the Accounting Officer	Recommendation
The Accounting Officer should ensure that an effective internal control system for the financial control of the Department is being	The comments stated were not related to the matters in	The copies of relevant review meeting reports should be presented to

carried out in terms of Section 38 of the National Audit Act No. 19 of 2018 and to conduct periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out and even though such reviews should be made in writing and submit a copy to the Auditor General, the statements that such reviews were made had not been presented to audit.

the paragraph.
the Auditor General as per provisions in Section 38 of National Audit Act No. 19 of 2018

2.5 Non-compliance with Laws, Rules and Regulations

Instances of non-compliances with laws, rules and regulations observed in the sample audit were explained below.

Reference to the Laws, Rules and Regulations	Observation ----- Non-compliances -----	Comments of Accounting Officer -----	Recommendation -----
(a) Section 64 in Paragraph 285 of Irrigation Ordinance No. 32 of 1946	The required criteria had not been issued to carry out a proper monitoring regarding the security of major and medium sized water schemes, main river basins, watershed and reserves controlled under the Department of Irrigation, control of illegal constructions and cultivations, prevention of water pollution, control of illegal water use and maintenance of irrigation schemes.	The collection of data on the structure of the river by measuring the rivers and collection of data by examining reserves and declaration, removal of solid waste such as plastic, polythene that caused to pollute the rivers, awareness of the relevant institutions to rectify by finding reasons for the pollution of rivers, awareness of the relevant community, officers and political authority by making short films to disclose the real situations of the water polluted rivers and explain the way of rectifying had been done by the Riverine Management Division for	It should be acted in accordance with the provisions in the Ordinance.

the security of major and medium sized water schemes, main river basins, watershed and reserves controlled under the Department of Irrigation.

- (b) Cabinet Decision No. CP/17/1456/72 9/017 dated on 18 July 2017
- Although the approval had been obtained in the year 2017 to conduct the international level training courses and workshops in Galgamuwa Irrigation Training Institute, any international level training courses had not been conducted during last 05 years.
- An international training course had been held on the month of June 2019 in collaboration with University of Rajamangala in Thailand. International programs had not been conducted due to the stoppage of seminars/workshops incurring local funds by Budget Circular No. 04/2019 dated on 17 June 2019.
- It should be acted in accordance with the cabinet decision.
- (c) Sections 4.4 and 4.5 of Chapter XXIV of Establishment Code of the Democratic Socialist Republic of Sri Lanka
- Actions had not been taken to recover the amount of Rs.2,751,438 that should be recovered from 23 deceased officers, Rs. 9,013,134 to be recovered from 83 retired officers, Rs.2,522,087 to be recovered from interdicted officers, officers who left the service and suspended officers as per the provisions of Establishment Code. There were a debt balance of Rs.2,521,332 that was over 03 years and a debt balance of Rs.1,294,985 that was over 05 years in these balances.
- Actions are being taken to recover the balances to be recovered further.
- It should be acted in accordance with the provisions of Establishment Code.

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| (d) | Public Finance Circular No. 03/2015 dated on 14 July 2015 | An accounting officer can give an ad hoc sub imprest up to maximum of Rs.100,000 at once to only officers in staff level for the specific task. It had been given advances of Rs.100,000 each at 12 instances within the period of January to July 2021 and, it had been spent Rs.118,838 by exceeding the advance at all those instances. | According to FR 135 My No. CFO/FIN/001/2021 dated on 24 February 2021, the powers to provide advance of Rs.100,000 had been delegated to the irrigation directors. | It should be acted as per the provisions of the Circular. |
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2.6 Improper Transactions

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) The provision of Rs.1,000,000 had been released on 29 January 2021 for the payment of salaries in the year 2021 for 02 casual labourers that recruited for the post of cook in the kitchen of Galgamuwa Training Institute. Though the salaries were paid from that, the money had been taken by entering the salaries based on the dates of programs conducted for 02 cooks as daily wage of Rs.1,850 each per a cook when preparing the estimates related to training courses and, that money were also spent. When the Department has paid staff salaries and over time allowances, the values for the over time of officers, drivers, helpers, kitchen staff and office assistants that joined for the workshops had been included to the estimate and obtained money.	As the post of cook was not included in the approved cadre, casual unskilled labourers and been recruited for that task when providing breakfast, lunch and dinner for training program that hold continuously for 05 days or more, the additional skilled labourers are deployed for the duties in cook on the basis of paying daily wages only for the period that program hold and, as the provisions were not made for paying those labour wages, overtime of officers worked, drivers, helpers, kitchen staff, office assistants, it was included in the estimate of training program.	Accounting Officer should be acted as per the provisions of Finance Regulations 128.

- (b) The approval had been given by the Director General on 04 January 2011 for the payment of 20 per cent allowance from the monthly salary without allowances for the engineers and assistant engineers in the permanent academic staff who work attached to the training institute on the basis of not paying any allowance under the recommendation of National Salaries and Cadre Commission. the academic allowances of Rs.5,273,189 had been paid during the period of 05 years from year 2017 to 2021 by the Department without approval of National Salaries and Cadre Commission.
- Accepted. the relevant payments were stopped since month of February 2022 and, actions are being taken to obtain cabinet approval.
- The payment of allowances should not be made without approval of Director General – Establishments. Actions should be taken to charge the allowances paid without approval.

3. Operational Review

3.1 Performance

3.1.1 Non-achievement of Expected Outcomes

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) An amount of Rs.12,000,000 had been given to Anuradhapura District Forest Office for the reforestation for the lost forests due to the construction of Yan Oya Reservoir. Though it was reported that 200,000 plants in 209.1 hectares had been planted in Anuradhapura District accordingly, only 100,000 plants were cultivated. More than 90 per cent of the plants that were planted had been destroyed due to the submerging that areas from the water when filling the reservoir as	110,000 plants were produced by allocating a land closer to the Yan Oya Reservoir for the production of plants for forest cultivation and establishing plant nurseries by Department of Forest Conservation from the funds given to the Anuradhapura District Forest Office. Submerging the area that planted the 100,000 plants in the plant nursery closer to the Yan Oya Reservoir from water due to heavy rainfall, retention of water more than	disciplinary actions should be taken regarding the officers who acted carelessly without considering the criteria in the Environmental Impact Assessment report.

planting without evaluating on the fitness of the lands that located between FSI and HFL levels of the reservior and not doing cultivation works in comply with the requirements of impact assessment of project environmental report. 02 weeks, directing cattles to these areas frequently for eating grass, inability to provide provisions from the project for the necessary maintainance of 03 years to make the forestry successful and so on were caused for that.

3.1.2 Abandoning of Projects without Completion

Audit Observation	Comments of the Accounting Officer	Recommendation
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Although it was scheduled to commence the provision of drinking water for people in Jaffna Peninsula from the development of water resources in Wadamarachchi lagoon under the estimated cost of Rs.2,000 million of local funds in year 2019 and to complete on the same year, Rs.28 million had been spent by 31 December 2021 and, the project had been abandoned.	The approval for this project had not been received yet. As this kind of project had not been implemented in Sri Lanka before, a report including all these issues had been informed by the Director General of Irrigation on the Letter No: C&D/DI (RD)/PWSPJP-1 dated on 07 June 2021 to the Secretary to the Ministry of Irrigation and, it was informed that the Department of Irrigation could not be carried out this project further.	The required approvals should be taken from the relevant line institutions by conducting Environmental Impact assessments and feasibility studies before commencing the project.

3.1.3 Projects that not Achieved the Progress though Funds have been Released

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) According to the initial plan of the project of prevention of brine drainage of right bank of Benthara River, it was scheduled to commence in the year 2015 from Rs.298 million of local funds and	It was not possible to obtain soil at the prevailed prices at the time of preparing estimates for these constructions and, issues were raised on transport. As these dams	The required approvals should be taken from the relevant line institutions by conducting Environmental Impact

complete in the year 2017 and, later the duration had been extended to complete in the year 2021. It was incurred Rs.95,194 million for the project from 2015 to 31 December 2020 and, Rs.100 million was received in the year 2021. Rs.69.95 million had been spent out of that funds and, Rs.30.05 million had been saved. Accordingly, Rs.165,144 had been spent on this project from 2015 to 2021. Though the financial progress of the project was 55 per cent, the physical progress was only 35 per cent.

should be constructed on peat lands, It was also a problem to obtain the criteria for necessary standards of post pounding. Thus, the payments also were delayed. Due to the illegal encroachment of on the main canals of the farmlands for plantations, the construction work had to be halted until the issues were resolved.

assessments and feasibility studies before commencing the project and, actions should be done to complete works within the planned period.

(b) A Memorandum of Understanding was entered into by the Director General of Irrigation on 21 March 2016 for the construction of Basnagoda Reservoir at Rs.3,800 million for Gampaha Aththanagalla and Minuwangoda consolidated water supply project that was implemented under National Water Supply and Drainage Board. Accordingly, though it was elapsed more than 05 years after signing the agreement, the construction works of the project had not been commenced. Only 33 percent had been completed from the water pipe wrapping and other works of the project by spending Rs.560 million by 31 December 2020. Due to the delay in the construction of water sources, the expected benefits of the project could not be achieved until 31 December 2021. 27 staff had been approved for the project and 18 had been recruited. Although the construction work of the reservoir was assigned to a Chinese company in the month of June

An agreement under the EPC (Engineering, Procurement and Constructions) contract method was signed on 13 June 2019 between the Secretary of the Ministry of Irrigation and Sinohydro Corporation Limited for this project based on the concurrence of the Ministry of Irrigation and National Water Supply and Drainage Board. Accordingly, Sinohydro Corporation Limited has completed the investigation work, planning work, system planning work for this project and the construction work of the foundation of the reservoir and construction work of access roads are being carried out. Like all other projects, this project has also been affected by the effects of the Covid-19 pandemic, shortage of fuel and raw materials. The changes in the plans, delays in the staff hiring, delays in the land, delays in the assessment reports and public protests

According to the agreements reached, the project should be completed within the stipulated time and, required actions should be taken by reviewing on the cadre.

2019, the project office was carried out without reviewing the staff requirement.

were caused. Staff has taken measurements, marked control point discharge levels, supervised construction and coordinated.

3.2 Locally Funded Projects

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
<p>(a) Improvements of Tanks under Irrigation Prosperity Project - 2021</p>		
<p>i. Though silt was removed in 16 tanks, silt in some tanks was piled up at the bottom of the tank and, it was added to the tanks again as not removal of the silt before rain. Accordingly, the money spent had been a fruitless expenditure. Actions had not been taken to auction the removed silt and soil as per Line Ministry Circular No. 01/2021.</p>	<p>As the rain came before completing this task, it could not be removed due to the inability of bringing the machineries there. It was informed arrangements are done to remove it in next months of July and August. Some small amount of soil piled up was washed away due to the rain.</p>	<p>The procedures to be followed in removing silt from the tanks should be prepared and royalty fee and land use fees should be charged when selling soil.</p>
<p>ii. The sand and granite required for the project were purchased for Rs.18,201,825 and, there was a difference between Rs.1,500 to Rs.7,500 in the prices that had been purchased over the Kurunegala District standard approved prices. Thus, Rs.7,830,200 had been spent more than the standard prices. Further, if the purchase was made at the normal market price, Rs.2,480,205 could have been saved by purchasing sand and granite.</p>	<p>The North West Provincial Road Development Authority has approved the prices of Rs.9,100 and Rs.8,100 for 20 mm, 40 mm respectively without transport charges. The Nikaveratiya Irrigation Engineering Office has been acquired for Rs.13,000 including the supply fee to the work site. Since there was a huge shortage of the above mentioned materials, the cost of transporting one cube to the relevant field from the place where the metal quarries and sand are stored should be added to the prices provided.</p>	<p>The accuracy of the prices should be verified before approving the estimates. A formal investigation should be conducted and arrangements should be made to recover the overpayments.</p>

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- iii. An overestimation of Rs.13,120,788 had been made due to the preparation of estimates based on the human labour related to the filling of soil in the tank walls done by machineries. Although the work description states that the cutting of piles and filling of soil in the tank walls should be done by human labor, in relation to that, the prices of Rs.16.31 for a cubic meter have been prepared for cutting a cubic meter by human labor and crushing that cubic meter through machines by putting water. This is confirmed in the price details prepared by the designer.
- iv. It was observed the deficiencies such as non-standard materials required for concreting of anicuts related to tanks, construction of bathing stairs, exits, bridges, lack of sufficient planning of vehicles, mechanical staff and workers of the Irrigation Department for the construction, doing development activities during heavy rains, failure to perform quality control checks, the wires on the work site were unsafe due to the non-construction of 02 bridges to be constructed under the Abogama Reservoir development at a cost of Rs.7,674,975, water flowing into the work site due to not setting of Ugurassawa tank walls properly and, not carrying out proper quality control checks though Rs.2,078,088 have been allocated for quality control. It is normal matter to face for the prevailing weather conditions during construction works. It is informed that the standard has been followed under any circumstances. This has been confirmed by the quality reports of the civil engineering quality inspector. One of the 02 bridges related to Abogama river has been completed, while the work on the other bridge is in progress. This was an inquiry made by the auditors during the construction of the Ugurassawa tank wall and now it has been completed. Quality inspection and quality control records should be maintained regarding raw material, labor etc. and, procedures should be developed for contract administration so as to cover areas.

- v. It was observed deficiencies such as execution after completion of work though taking horizontal measurements for tank rehabilitation should be done before starting the work, non-supervision of Irrigation Engineer of taking measurements related to the tanks and planning, only taking that service for one tank out of 16 tanks though the service of civil engineer material surveyor whenever possible for all construction to be done as per department approved standards, the same is not done for the 16 tanks though it should be mentioned that the adherence to the procedure to check a test section and see if it is related to the approved standards, failure to carry out field inspections, not checking the standard of construction materials, not checked for compliance with prescribed standards and the related Technical Evaluation Committee reports though Rs.2,375,000 and Rs.8,895,00 were spent for the purchase of anicut gates and gravel respectively
- Although instructions were given by doing checks by engineer soil inspectors for tanks such as Ugurassawa tank, Abogama tank, Moragaswewa tank/ Nagollagama, Kinipitiya tank, the experience of irrigation engineer and assistant engineers was sufficient to make decisions for such small scale tank though the presence of these officers for the rest of the tanks was not done properly due to the corona pandemic. Accordingly, the rehabilitation works have been carried out as per the instructions of the Divisional Irrigation Engineer on these soils. After the corona pandemic, the quality of these constructions has been checked by the soil inspectors and a quality survey report has been given.
- The rehabilitation of the tank should be done as planned.

3.3. Procurements

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>Only 31 regional irrigation engineering offices belonging to 09 zonal offices had submitted information for the information called for the audit regarding the industrial and maintenance work implemented in the year 2021 by 52 engineering offices. According to the information submitted, 1421 industries valued at</p>	<p>The following of some Sections in the Government Procurement Guideline had been missed in the Regional Irrigation Engineering Office due to various practical issues. Accordingly, it is informed that actions will be done to aware all zonal irrigation directors that</p>	<p>එයට should be acted as per the provisions of Procurement Guideline.</p>

Rs.6,839 million had been implemented by 31 Regional Irrigation Offices. Out of those industries, 755 industries valued at Rs.4,077.49 had been implemented under Force Account method. The following observations were made regarding those procurements.

(a) Although the Procurement Plan should be prepared and updated as per Section 4.1 and 4.2 of Government Procurement Guideline and, the procurement method should be determined in it and, the procurement timetable should be approved by the Procurement Committee as per Section 4.2.3(c), the procurement method of 1421 construction and maintenance industries valued at Rs.6,839.87 million that done in the year 2021 through 31 regional irrigation offices had been determined by the regional Irrigation Engineer.

(b) The over estimated value of supervisory and administration cost done in 1421 constructions and maintenance works valued at Rs.6,838.87 million done in the year 2021 was Rs.154.88 million due to the preparation of estimated in contrary to the Section 4.3.2 of Procurement Guideline.

it is mandatory to follow the government procurement guidelines in the construction and maintenance work carried out in all regional irrigation engineering offices from now on. All the operations and maintenances of the Irrigation Department were done by the Regional Irrigation Engineering Office. The construction works were done using the machinery and manpower available in each of those offices and the additional labor and machinery needed for that were procured from external parties following the procurement guidelines. So, as it was used the Department owned machinery and human labor, the required work can be done in less time and at a lower cost than it would take contractors to perform these tasks.

- (c) Although 755 industries valued at Rs.4,077.49 million under Force Account method had been implemented without paying attention on the provisions of Paragraph 3.7 of Procurement Guideline, the materials, labour and machineries required for most industries out of them were obtained from the external parties including farmer associations.

3.4 Asset Management

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
45 vehicles that could not be measured the value and registered under the Department had been given to external parties for many years, i.e. 11 vehicles to Mahaweli Authority and 34 vehicles to Irrigation Management Division and, actions had not been taken to get back those vehicles to the Department or hand them over to the relevant agencies legally.	The required actions were done to hand over 11 vehicles owned to the Department of Irrigation based on the request of Sri Lanka Mahaweli Authority and, they have been informed in writing that necessary arrangements were made to take over these vehicles. 34 vehicles had been provided for the official duties of the Irrigation Management Division as per their request and, later, as the Division was attached to the Ministry, they were also informed in writing to take necessary actions to take over these vehicles in the name of the Secretary of the "Ministry of Irrigation".	Timely arrangements should be made to transfer the legal ownership of the assets along with transfer of the possession of assets.

3.5 Management Inefficiencies

Following observations were made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Removal of slit in Tissa Tank		
<p>i. Irrigation Director Hambantota had entered into that agreement in 2021 with Gaja Holding (Private) Limited Company. Despite of the deficiencies such as using 17 per cent from 120 acres of tank area for illegal cultivations, not taking required actions though it had been identified that 50 hotels, houses around the tank were used illegally, commencement without identifying tank boundaries, not determining the level of bottom of the tank during the period of 10 years, not taking actions for the request of water drilling unit to be done using electronic equipment for the level of the bottom, the project had been commenced. Further, a commercial license had not been obtained from the Geological Survey and Mining Bureau as per the Section of environmental recommendation No. 7.1 given by Central Environment Authority. Although it is possible to sell the sand obtained by extracting the silt, if it was done as a commercial activity as per condition No. 33 of the agreement, though the royalty should have been charged, it had not been done so.</p>	<p>Unauthorized residents have already been identified in this reserve and part of it has been removed and, legal action will be taken against other persons.</p>	<p>The criteria on the decision of removing silt in the tanks and the way of removing silt should be prepared.</p>
<p>ii. Although it was included in the Section 10 of the contract agreement that silt taken from the tank with the help of machines should not be washed in the tank in any way and, the water of the tank or the main canal should not be polluted, in contrary to that, the Tissamaharama Divisional Engineer had</p>	<p>Although the agreement states that this sand washing should not be done in the tank, it was difficult to find a suitable location for sand washing practically. It will be</p>	<p>Officials who have been given permission to act beyond the terms of the agreement should be dealt with according to the provisions of the</p>

agreed to continue the extraction of sand till the completion of the project in the temporary work site.

checked whether there has been any damage to the tank in connection with this process, and necessary action will be taken.

Establishment Code.

iii. According to the charges published by the Special Gazette Notification No. 1600/18 dated on 06 May 2009 under Section 20 of Forest Ordinance, though it is possible to charge land use fee for Rs.1,120 each for 01 cube of topsoil that removed, As that condition was not included in the agreement, the value that could have been recovered for the 2400 cubes expected to be removed monthly at 100 cubes per day as per the project reports was Rs.2,688,000. Accordingly, the lost amount to the government within the agreed period of 12 months was Rs.32,265,000.

This project was started as a pilot project. This project removes the silt deposited in the tank. Since this soil is located in the forest conservation area, the soil cannot be obtained and utilized in the same way and it is informed that if the removal of this silt is done by the Department, it will incur a high cost. Accordingly, the charging a fee for soil was not included in the conditions.

(b) Water had leaked inside the building due to not using appropriate methods to remove the rainwater from the roof of the main office building of the Irrigation Department, not maintaining the concrete slab properly and not making the necessary repairs up to date since year 2010. Due to the water leakage, all the sections of the first part of the building were affected. Office equipment, computer systems, files and books in all sections of the building were damaged.

Due to the water leakage occurred through concrete floor in roof top since before the year 2020, a roof was established to cover that part and a drain and water pipes were installed around it. Later, as a basic step to prevent this from happening again in the first month of 2021, estimates were made to increase the size of water pipes and waterproof the drain around the roof and, contracts were given for the installation of water

In the supervision of the work related to the procurement contracts prepared for specific works, an investigation should be conducted to see if there has been any professional negligence and act accordingly.

pipes. Accordingly, the drain should have been tested for a period of 14 days after waterproofing works of drain out of those works. Due to the unexpected and heavy rain that occurred on a day during the inspection, this water leak occurred, so it is inform that this incident cannot be considered as negligence on the part of the contractor.

- (c) It has been accepted to obtain a certificate by following the Diploma in Irrigation Engineering from the Galgamuwa Irrigation Training Institute as a professional qualification for direct recruitment in Grade III as per Section 7.2.1.2 (b) I of the Service Minute of Assistant Engineer Service of the Irrigation Department and, it was stated that the course should be NVQ Level 6. Although 05 years have passed since the Service Minute was approved, actions had not been taken so far to approve the NVQ Level 6 for the engineering diploma conducted by Galgamuwa Irrigation Training Institute.
- The required actions have been done to obtain the NVQ Level 6 from Tertiary and Vocational Education Commission for the Diploma in Irrigation Engineering Science conducted by Galgamuwa Irrigation Training Institute and, the Tertiary and Vocational Education Commission has informed that it was a basic requirement to have a group following the course in the institution for other necessary evaluation activities. As the recruitment of Engineering Assistants has been temporarily suspended, it has not been possible to obtain the relevant NVQ 6 level for the course.
- NVQ Level 6 should be approved.

4. Human Resource Management

4.1 Approved Cadre, Actual Cadre and Expenditure for Personal Emoluments

Audit Observation	Comments of the Accounting Officer	Recommendation
It was approved of assigning the cadre to 26 projects that implemented under the Department of Irrigation by Large Construction Division and, that post had not been approved by the Department of Management Services. 13 employees had been assigned under the acting basis for 1 - 5 years.	According to the instructions given by the current government to start the projects by deploying as many officials as possible without setting up project management units for cost management of the projects, one management unit for all the projects and only the posts where there are no experienced officers in the Department were recruited from outside and all the other posts were filled with the officials of the Irrigation Department and the projects were started according to the instructions given.	Arrangements should be made to approve that position by Department of Management Services.