

**Central Provincial Council**

1. Financial Statements  
-----

1:1 Opinion  
-----

In view of the comments and observations appearing in this report. I am unable to express an opinion on the financial statements of the Central Provincial Council for the year ended 31 December 2011 presented for audit.

1:2 Comments on Financial Statements  
-----

1:2:1 Presentation of Financial Statements  
-----

The following observations are made.

(a) Provincial Council Fund Account  
-----

The Provincial Council Fund Account had been presented for audit on 28 March 2012.

(b) Other Accounts  
-----

The progress of presentation of other accounts of the Provincial Council as at 31 March 2012 with regard to the year under review appears below.

		<u>For the year 2011</u>		
		Total	Number of	Number of
		Number of	Accounts	Accounts not
		Accounts	Presented	Presented
		-----	-----	-----
(i)	Statements of Assets and Liabilities	01	01	
(ii)	Appropriation Accounts	33	33	--
(iii)	Revenue Accounts	02	02	--
(iv)	Advances to Provincial Council Officers	66	66	--
(v)	Commercial Advance Accounts	06	04	02
(vi)	Fund Accounts	01	01	--
(vii)	Enactment Accounts	01	01	--
(viii)	Provincial Council Members' Advance Accounts	01	01	--
		----	----	----
		111	109	02
		====	====	==

#### 1:2:2 Accounting Policies

-----

Deficiencies such as the value of 213 items of remaining stock not being accounted, cash flow not being prepared and furnished in the form specified and action not being taken to depreciate assets vested with the Authority at the inception according to the correct depreciation policy were observed while preparing the financial statements for the year under review by the Provincial Road Development Authority.

#### 1:2:3 Unreconciled Control Accounts

-----

Balances of 11 items of accounts aggregated Rs.460,051,860 as per control accounts whereas the balances aggregated Rs.453,071,939 as per subsidiary registers/ reports.

#### 1:2:4 Bank Reconciliation Statements

-----

The following deficiencies were observed.

- (a) The preparation of bank reconciliation statement of a bank account of the Department of Textiles had been delayed for over one year.
- (b) Inquiries had not been made and follow up action taken with regard to unrealized deposits of Rs.2,413,290 exceeding 6 months.
- (c) The unidentified debits of 4 bank accounts amounted to Rs.199,632 and the unidentified credits of 10 bank accounts amounted to Rs.748,551.

#### 1:2:5 Accounts Payable

-----

The value of balances of accounts payable exceeding one year amounted to Rs.268,613

#### 1:2:6 Imprest Accounts

-----

The unsettled imprest debit balances as at 31 December 2011 amounted to Rs.4,151,773.

#### 1:2:7 General Deposit Accounts

-----

The value of balances of the General Deposit Account which had lapsed a period of 2 years on which action had not been taken in terms of Financial Regulation 571, amounted to Rs.67,074,965.

1:2:8 Lack of Evidence for Audit  
-----

The following deficiencies were observed.

(a) Unreplied Audit Queries  
-----

Replied for 91 audit queries had not been furnished as at 31 December 2011. The value of computable transactions subjected to those queries were valued at Rs.99,777,048.

(b) Non-rendition of Information to Audit  
-----

Transactions aggregating Rs.1,014,847,430 could not be satisfactorily vouched in audit due to non- rendition of necessary information to audit.

(c) Non-rendition of Paid Vouchers to Audit  
-----

Hundred and twenty five paid vouchers totally valued at Rs.82,957,555 had not been furnished to audit.

1:2:9 Non-compliances  
-----

The following non-compliances were observed in audit.

Reference to Laws, Rules, Regulations and Management Decisions -----	Non-compliance -----
(i) Establishments Code ----- Chapter xix-Sections 6.14 and 7.1	An Assistant Secretary of the Chief Ministry was in occupation of the government quarters belonging to the Provincial Department of Education, Kandy from 16 July 2010 and had gone on retirement in October 2010. He had not handed over the quarters even by the month of December 2011. Action had not been taken in terms of the provisions in the Establishments Code in this connection.
Chapter xii-Section 1.3	Thirty six persons of the staff belonging to the Naula Provincial Education Office and 23 teachers of the Ambana Maha Vidyalaya had obtained 212 days of casual and vacation leave and 79 ½ days of duty leave during the year 2011 without proper approval.
Chapter xix-Section 5	Rent of quarters aggregating Rs.556,052 made up of Rs.101,712 from the government quarters of the District Director of Health Services office of the Nuwara Eliya, Rs.114,331 from 2 unscheduled government quarters and Rs.205,782 from 4 government quarters of the Director of Health Services office of the Central Province and Rs.134,227 from 5 government quarters of Ududumbara Government Hospital had not been recovered.

## (ii) Financial Regulations

-----  
F.R. 104 and 110

The shortage of stock of Rs.11,180,068 revealed through the stock report of the Nuwara-Eliya Drug Stores from 2003 to 2007 had not been entered in a Register of Losses. Action had not even been taken to obtain a preliminary report and to take further action in this regard.

F.R. 156(7)

Stock of dried drugs had been purchased in excess without considering the need at the Pallekele Ayurvedic Herbarium. As a result, dried drugs of 7 varieties at Rs.2,200,876, weighing 1,232 kilogrammes were lying at the stores without being used even as at 23 November 2011.

F.R. 264

Payments of Rs.399,939 had been made on 14 instances at the office of the Nuwaraeliya District Director of Health Services. Receipts from recipients had not been furnished to confirm receipt of money.

## (iii) Central Province Financial Rules

-----  
116(1)

(a) Motor vehicle licence fees should be recovered without arrears. However, the revenue from motor licences amounting to Rs.54,288,621 were in arrears at 26 Divisional Secretariats of Kandy, Nuwaraeliya and Matale Districts as at 30 September 2011.

(b) Action had not been taken to recover the arrears of land tax of Rs.651,853 relating to 5 Divisional Secretariats of the Matale and Nuwaraeliya Districts

- (c) Long terms tax receivable to the Divisional Secretariat Wilgamuwa of the Matale District was amounting to Rs.3,149,420.

142.2

The Housing Development Authority had consented to vest the house No.28 of Janasavi Gama belonging to it and the land together with the agriculture farm bearing No. 02 to the Provincial Department of Agriculture during the year 2004. However, the activities regarding to vesting had not been properly carried out. As a result, the Provincial Department of Agriculture had paid a demurrage of Rs.361,864 to the Housing Development Authority by the year 2011.

(iv) Public Administration  
Circulars

-----  
Section 2 of the Circular No. 24/94 dated 01 July 1994 and Paragraph 2 of the Pension Circular No. 01/2001 dated 15 January 2001.

Contributions collected for the Widows' and Orphans' Pension should be remitted to the Fund before 5<sup>th</sup> of the following month. However, the contributions of Rs.528,726,079 recovered during the year under review had not been remitted to the Fund. Instead, it had been taken as revenue of the Provincial Council under Revenue Code No. 2003-90-01 (Miscellaneous Revenue).

Paragraph 2.1 of the Circular No. 41/90 dated 10 October 1990.

Fuel consumption of vehicles should be tested once in every six months. However, such action had not been taken with regard to 3 vehicles of the Department of Land and 60 vehicles belonging to the District Director of Health Services, Matale.

Circular No. 10/2007 (i) dated  
05 March 2009

Although arrangements had been made to afford houses on rent basis for those Honourable Ministers and Deputy Ministers to whom houses had not been allocated, house rent amounting to Rs.293,150 at the rate of Rs.26,650 per month from 01 July 2010 to August 2011 had been paid to the Deputy Chairman of the Central Provincial Council who was not of equivalent status of a Deputy Minister.

Circular No. 887 dated 05  
January 1987

Economic rent of houses should be assessed annually. However the rent recovered for 17 quarters of Principals belonging to the Matale Education Office till October 2011 had been based on the rate assessed in 1998. Meanwhile, rent recovered from occupants till 2011 had been based on the rate assessed in 2009 with regard to the government quarters of 2 hospitals of the Provincial Department of Health and one government quarter of the Medical Officer of Health.

(v) Treasury Circulars  
-----

Circular No. ADSECG/M/  
I/SC/4 dated 12 February 2004

Allowances for meetings of Board of Directors cannot be paid for meetings held during office hours. However, allowances amounting to Rs.136,550 had been paid on 11 occasions for meetings held during office hours at the Passenger Transport Authority.

(vi) Other Circulars  
-----

Circular of the Director  
General of Pensions No.  
4/2010 dated 25 May 2010 and  
Paragraphs 3 and 8(1) of the  
Circular of the Chairman,  
Board of Management, of the  
Employees' Provident Fund.

Action had not been taken to recover and remit contributions of Public Service Provident Fund amounting to Rs.151,600 from 10 labourers working on a casual basis at the Galpalama Farm.

Circular relating to revision of revenue licence fees of vehicles issued by the Commissioner of Central Provincial Transport Board No. CPC/CM/TR/31/2/3 dated 18 August 2008.

Paragraph 02 of the Stamp Duty Circular of the Commissioner General of Inland Revenue dated 15 May 2006

Circular of the Secretary to the Ministry of Education and Higher Education No. 2001/28 dated 26 October 2011.

Due to a wrong interpretation of the provisions in the circular, the Divisional Secretariat, Kundasale had recovered vehicle licence fees for 8326 vehicles in excess which amounted to Rs.3,234,446 during 8 October 2008 to 30 December 2009.

The stamp fees recovered should be remitted to the Commissioner General of Inland Revenue on or before 15<sup>th</sup> of the ensuing month following quarter. However, contrary to it, the stamp fees of Rs.370,000 recovered by the Dambulla Divisional Secretariat in August and December 2011 had been retained in the General Deposit Account without being remitted even as at 16 February 2012.

According to the National Teacher Transfer Policy, the period of service in a preferred school is limited to 8 years whereas the period of service is limited to 6 years in better preferred school. However, 524 teachers of 82 schools of the Provincial Council belonging to the Education office, Matale and 32 schools belonging to the schools of Naula Zone had served in one school alone for a period ranging from 10 to 34 years regardless of the above maximum period of services. Similarly, 79 teachers belonging to the Nuwara Eliya Zonal Education Office had served for more than 8 years and 21 teachers of a Hanguranketha Balika Schools had served for a period ranging from 6 to 18 years in the same school.

- Paragraph 43.2 of the Gazette Extra Ordinary No. 93/5 dated 10 January 1974
- All registered Co-operative Societies are required to remit not less than Rs. 5 and not more than 10% of the annual net profit to the Co-operative Fund as annual contribution. However, an arrears of Rs.34,091,800 was due from 431 registered Co-operative Societies of the Central Province.
- (vii) Section 6 and 19(b) of the Enactments of the Central Province Passenger Transport Services Authority No. 01 of 2000
- Road licences should be issued on an approval of the Board of Directors. However, contravening it, 142 road licences had been issued by the Chairman of the Road Passenger Transport Authority during January to October of the year under review.
- (viii) Paragraph 5.4.6 of the Procurement Guidelines of the Democratic Socialist Republic of Sri Lanka
- 50% of the withholding tax of any contract should be released on completion and handing over of the work. However, contravening this the retention money of Rs.22,328,723 had been paid to the contractor on a recommendation of the Director of Engineering Services of the Central Province on 28 December 2011 with regard to units 1,2 and 3 of stage I of the construction of the Main Administrative Complex Building despite the work had not been completed. Even if there was a work completion report, the amount that could have been paid was 5% representing Rs.19,980,000. Withholding tax of Rs.2,348,723 had been overpaid to the contractor by paying Rs.22,328,723

## 2. Financial and Operating Review

-----

### 2:1 Financial Results

-----

According to the financial statements presented, there was a surplus of Rs.1,114,308,965 in the Provincial Council Fund as at 31 December 2011 as compared with the surplus of Rs.79,374,440 of the previous year. Accordingly, there was an improvement in surplus of Rs.1,034,934,525 during the year under review as compared with the previous year.



	<b><u>Expenditure</u></b>					
	<b><u>2011</u></b>			<b><u>2010</u></b>		
	<b><u>Budgeted</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>	<b><u>Budgeted</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b><u>Recurrent Expenditure</u></b>						
Personal Emoluments	14,155,870,094	14,127,954,312	27,915,782	12,961,780,572	12,837,315,322	124,465,250
Others	2,870,629,876	2,798,516,870	72,113,006	3,297,583,685	3,008,433,206	289,150,479
	-----	-----	-----	-----	-----	-----
Sub-total	17,026,499,970	16,926,471,182	100,028,788	16,259,364,257	15,845,748,528	413,615,729
Capital Expenditure	4,571,029,864	2,614,384,495	1,956,645,369	3,618,438,759	2,841,356,023	777,082,736
	-----	-----	-----	-----	-----	-----
	21,597,529,834	19,540,855,677	2,056,674,157	19,877,803,016	18,687,104,551	1,190,698,465
	=====	=====	=====	=====	=====	=====

Total Expenditure for the year under review was Rs.19,540,855,677 and 87% of it was recurrent expenditure and 13% was capital expenditure.

2:3 Income Administration  
-----

According to the accounts presented, the information relating to the income collected during the past 03 years appear below.

	<u>For the year ended 31 December</u>		
	2011	2010	2009
	-----	-----	-----
	Rs.	Rs.	Rs.
Tax Income	3,685,121,035	2,668,851,691	2,337,135,037
Non Tax Income	941,317,077	332,880,166	370,343,758
	-----	-----	-----
	4,626,438,112	3,001,731,857	2,707,478,795
	=====	=====	=====

2:4 Human Resources Management  
-----2:4:1 Approved and Actual Cadre  
-----

The information relating to the approved and actual cadre of the Central Provincial Council as at 31 December 2011 appear below.

(a) Ministries/Departments and Institutions of the Provincial Council  
(Except staff of schools)  
-----

	Approved	Actual	Vacancies	Surplus
	-----	-----	-----	-----
Senior Level	1,217	1,270	--	53
Tertiary Level	4,392	3,961	431	--
Secondary Level	3,539	2,700	839	--
Primary Level	4,581	4,292	289	--
Others (Casual, Temporary)	--	524	--	524
	-----	-----	-----	-----
	13,729	12,747	1,559	577
	=====	=====	=====	=====

## (b) School Staff

-----

	Approved	Actual	Vacancies
	-----	-----	-----
Principals	1,753	1,215	538
Teachers	28,653	25,756	2,897
	-----	-----	-----
	30,406	26,971	3,435
	=====	=====	=====

The following observations are made.

- i. There were 62 vacancies for teachers in 37 schools of the Katugastota Zonal Education Office. Meanwhile, there were 86 vacancies for teachers in secondary divisions of 23 schools of Naula Educational Zone while there were 72 vacancies for teachers in the primary division of 36 schools, 20 vacancies for teaching consultants relating to 20 subjects, 102 vacancies for teachers in the Walapane Zonal Education Office, 78 vacancies for teachers in the Kothmale Zonal Education Office and 330 vacancies for teachers in the Hanguranketha Zonal Education Office as at 01 September 2011. Action had not been taken to fill those vacancies.
- ii. The primary schools at Welgahawadiya belonging to the Theldeniya Education Zone had been closed due to lack of children. A sum of Rs.154,098 had been paid as salaries to the acting principal of the school for the period 2 August 2011 to the date of audit, that is, 1 March 2012, without any documentary proof to show that he had performed duties. The primary school at Thalagune belonging to that zone too had been closed from 6 September 2011 due to lack of children. However, a sum of Rs.163,183 had been paid as salaries to the acting female principal of the school from the date of closure of school to February 2012 without any documentary proof to show that she had performed duties.

#### 2:4:2 Human Resources Released to other Institutions

-----

Officers should be appointed considering the need of the staff at the Institution. However, a Road Inspector of the Department of Transport had been released to the Chief Ministry from 2009 and a Programme Assistant and a Cultural Officer of the Department of Culture had been released to Sri Dalada Maligawa and the Ministry of Transport from 2009.

#### 2:5 Assets Management

-----

The following observations are made.

##### 2:5:1 Idle and Underutilized Physical Resources

-----

It was observed at audit inspections that physical resources were idling or being underutilized as analyzed below.

	Nature of Asset	Number/ Type/ Qty.	Value	Idle Period
	-----	-----	-----	-----
			Rs.	
(a)	Land	17 Acres, 3 Rood and 29 Perches	Cannot be found	Nearly 5 years
(b)	Buildings (Quarters of Teachers)	111	- do -	3-5 years
(c)	Vehicles	01	225,000	Nearly 5 years
(d)	Machinery	136	Cannot be found	3-5 years
(e)	Office Equipment	01	29,400	Nearly 2 years
(f)	Others	2,250	242,736	3-5 years

2:5:2 Assets not Verified

-----

Boards of survey had not been conducted in terms of F.R. 756 at 271 schools during the year under review.

2:5:3 Current Assets

-----

Assets valued at Rs.368,492, exceeding 1 year, as at 31 December 2011 had been shown as current assets.

2:5:4 Accounts Receivable

-----

The balances of accounts receivable as at 31 December 2011 were valued at Rs.1,608,851. Of these, the balances of accounts exceeding 1 year aggregated Rs.326,801.

2:5:5 Employees' Loans Recoverable

-----

The balances of employees' loan advances as at 31 December 2011 aggregated Rs.688,582,335. Of these, the arrears of balances exceeding 1 year aggregated Rs.122,187,987.

2:6 Identified Losses and Damages

-----

The following losses and damages were revealed at audit test checks and as per information maintained at the institutions.

- (a) Action had not been taken in terms of FR 103,104 and 109 with regard to the loss of Rs.2,833,167 caused by accidents to 11 vehicles of the Provincial Council and damages of Rs.31,584,693 caused to 16 properties of 4 Ministries and Departments of the Provincial Council.

- (b) An agreement had been entered into with a private institution for a period of 3 years to conduct computer classes in two floors of the building where the Library Services Board functions under the Chief Ministry ,with a view to get a profit of 50%. At the commencement of the agreement a sum of Rs.4,469,596 had been paid to the institution. However, the Ministry had earned and accumulated profit of Rs.1,929,988 alone from the implementation of the project in November 2010 to the date of audit, that is, 22 August 2012. Accordingly, adequate benefit had not been obtained compared to the expenditure incurred even after an approximate completion of 2/3 of the agreed period.
- (c) The validity period of five categories of finished pharmaceuticals valued at Rs.8,629 at the Pallekelle Ayurvedic Manufactory, 187 categories of pharmaceuticals valued at Rs.869,056 at 9 divisional and district hospitals and 242 items of pharmaceuticals valued at Rs.2,777,124 at the office of the Nuwaraeliya District Director of Health services had expired.
- (d) A case had been filed against the authority for recruiting employees contrary to the Enactments of the Passenger Transport Services Authority and for activities performed by the Authority without responsibility. As a result, the Authority had lost Rs.626,400 during the year under review by paying compensation to employees.
- (e) The initial contractor for constructing the Nuwara Eliya Integrated Rural Development Project Office and the hostel building of the management Development Training Institute of the Central Province had neglected the work and the mobilization advance paid to them and the legal fees of Rs.10,349,184 had not been recovered by the Provincial Council.

## 2:7 Uneconomic Transactions

-----

The following observations are made.

- (a) The Passenger Transport Services Authority had spent Rs.163,296 for the year 2011 for newspaper advertisements for registration of printers. However, during the year those registered suppliers had not done printing work valued at Rs.416,050.

- (b) The circuit bungalow of the Nuwara Eliya Zonal Education Office with 5 rooms had been allocated to the KKS of the Zone along with his family from 2000 without recovering rent. The electricity bill of Rs.150,721 for the period 2005 to 2011 had been paid from the funds of the Provincial Council.

## 2:8 Irregular Transactions

-----

The office of the District Director of Health Services, Nuwara Eliya had purchased 12,192 of thriposha bags from the Sri Lanka Thriposha Company for the year 2010. However, evidence to show that the office had distributed 1893 bags valued at Rs.5,962,950 had not been furnished to audit.

## 2:9 Transactions of a Contentious Nature

-----

Transactions of a contentious or arbitrary nature revealed at audit test checks appear below.

- (a) A sum of Rs.20,000,000 had been paid to the Udadumbara Divisional Secretary on 31 December 2010 to purchase properties belonging to the Broadway Apparel Organization in order to commence the Udadumbara Siddhartha Primary Vidyalaya. However, the money had been retained in the General Deposit Account without the purchase concerned even as at 20 November 2012 although nearly 2 years had elapsed.
- (b) The arrears of lease recoverable as at end of 2011 on behalf of the land given on long term lease to the Udunuwara Multipurpose Co-operative Societies Ltd., of the Davulagala Grama Niladhari Area of the Udunuwara Divisional Secretary's Division amounted to Rs.314,300.

## 2:10 Operating Inefficiencies

-----

The following matters were revealed.

- (a) A land situated in the Doluwa Divisional Secretary's authoritative area which belongs to the Department of Land had been given to a private organization from 1998 at an annual lease of Rs.120,000 and at an instalment of Rs.360,000. The amount due from that organization by 31 December 2011 on behalf of lease, instalment and penalty amounted to Rs.930,490. Although nearly 14 years had elapsed since offering the land for usage by 16 October 2012, that is, at the time of audit inspection, the amount concerned could not be recovered as there was not lease agreement.
- (b) Four types of expired drugs existed at the dispensary of the Regional Hospital, Udunuwara were being issued to the patients of the OPD and the patients of the indoor patients at the date of audit inspection on 19 July 2011 whereas the Medical Supplies division of the office of the Director of the District Health Services had issued 18 types of quality failed drugs valued at Rs.529,056 to the patients in the year 2011.

## 2:11 Performance

-----

### 2:11:1 Government Grant

-----

The details of provision granted for work proposals of the Provincial Council and the expenditure thereon appear below.

Source	Receipts of Government Grant	Expenditure
-----	-----	-----
	Rs.	Rs.
i. Criteria Based	337,300,000	400,419,141
ii. Provincial Specific Development Grant	1,172,150,000	1,879,875,142
iii. Collective Grant	13,696,516,000	13,696,516,000
iv. Other Grants	822,760,530	294,800,950
	-----	-----
	16,028,726,530	16,271,611,233
	=====	=====

## 2:11:2 Provincial Development Plan

-----

Five thousand six hundred and fifty three work proposals valued at Rs.1,712,566,290 had been approved under the new work and continued work under the Provincial Development Plan for the year under review. The progress of work proposals, as per progress reports of the Provincial Council is shown in the following table.

	New Work	Continued Work	Total Number of proposals
	-----	-----	-----
i. Completely done	5,052	345	5,397
ii. Less than 50% completed	112	09	121
iii. More than 50% completed	20	12	32
iv. Not commenced	67	--	67
v. Of contentious/ Questionable nature	36	--	36
	-----	-----	-----
Total	5,287	366	5,653
	=====	=====	=====

## 2:12 Contract Administration

-----

### 2:12:1 Delay in Implementation of Project and Schemes

Delays in Implementation of the following projects/ schemes were observed.

Project / Scheme	Estimated Cost	Date of Commencement	Date Target for Completion	Expenditure Incurred up to 31 December 2011	Reason for Delay
-----	-----	-----	-----	-----	-----
	Rs.			Rs.	
Construction of main Administrative Complex of the Central Province (Stage I and II)	621,866,055	02.11.2006	31.12.2011	966,202,533	Construction work not properly carried out, weak supervision of the Provincial Council
Electricity connection for Harispattuwa Mapamadulla Talgaskotuwa	126,000	26.12.2011	31.12.2011	126,000	Electricity connection not given

Construction of Digana Playground	338,837,588	03.09.2009	28.02.2011	175,759,432	Proper consultancy services not given to the contractor and inadequacy of employees for construction.
-----------------------------------	-------------	------------	------------	-------------	---

## 2:12:2 Completely Abandoned Projects / Schemes

---

The following projects/ schemes had been completely abandoned.

Project Scheme	Estimated Cost	Date of Commencement	Expenditure Incurred upto 31 December 2011	Reason for Abandoning
	Rs.		Rs.	
Divisional Secretariat, Udunuwara				
Development of Watadeniya Road	35,000	Not commenced	Not commenced	Estimate not prepared
Completion of the remaining work at the Vihara Mandiraya, Muthgamuwa Raja Maha Viharaya	25,000	- do -	- do -	Party forwarding the application had not come, although informed.
Construction of road from Palle Aludeniya Kalukundakumbura to Ramma Kade	25,000	- do -	- do -	- do -
Construction of remaining work of the Name board of Welamboda Muslim Maha Vidyalaya	30,000	- do -	- do -	Applicants informed. but not implemented.
Repairs to Samagi Mawatha of the Geliyoa Pahiyangamuwa Road	30,000	- do -	- do -	Estimate prepared. But work not commenced.

Yatinuwara Divisional Secretariat					
-----					
Providing equipment to registered welfare societies and womens societies of the Yatinuwara Divisional Secretariat Area	60,000	- do -	- do -	Inadequacy of time as the proposal had arrived on 28.12.2011.	
Providing 04 sewing machines to 4 persons for self employment at the Divisional Secretariat Area, Yatinuwara	40,000	Not commenced	Expenditure not incurred	Beneficiaries had not come forward	
Concreting the approach road to the Udathmeewala Village	50,000	- do -	- do -	- do -	
Tarring and developing the road from Malgammana Junction to Giragama Gorakanga – Stage II	100,000	- do -	- do -	Cancellation	
- do – Stage III	100,000	- do -	- do -	- do -	
Refurbishing a portion of the bye road at Eastern Edanduwawa Area	100,000	- do -	- do -	- do -	
Tarring and developing the road from Malgammana Junction to Giragama Gorakanga - do – Stage I	100,000	- do -	- do -	- do -	
Preparation of the canal way leading to Pilimathalawa Giragama Narianga Welyaya – Stage II	50,000	- do -	- do -	- do -	
Preparation of the canal way leading to Giragama Narifanga Welyaya	30,000	Not commenced	Expenditure not incurred	Cancellation	

Gangawata Korale  
Divisional Secretariat

-----					
Concreting the road leading to Mr. Nawusad's residence at Pahalatenna Kumbura	50,000	- do -	- do -		The Pradeshiya Sabha had informed that this would not be implemented.
-----					
Ambagamuwa Divisional Secretariat					
-----					
Providing electricity to the Nonkow portion of the Loinoth Watta of the Ambaganuwa Divisional Secretariat	50,000	- do -	- do -		A request had been made by the Ginigathena Electrical Engineer to prepare and estimate, But not sent.
-----					
Construction of the milk bar of the Provincial Department of Animal Production and Health Services	Rs.100,000 for one sales centre	- do -	- do -		Expenditure of over Rs.100,000 for the sales centre.

## 2:12:3 Construction

Deficiencies observed at field inspections relating to construction activities appear below.

- (a) The value of the contractual contract of Stage I and Stage II of the Central Province Main Administrative Complex being constructed at Pallekele, Kandy was Rs.621,866,055. However, a sum of Rs.892,564,571 had been paid to the contractual company by 30 September 2012 although the related work had not been completed. As a result, a sum of Rs.270,698,516 had been paid in excesses of the contractual amount. Meanwhile, demurrage amounting to Rs.29,675,000 made up of Rs.16,310,000 for stage I and Rs.13,365,000 for State II was recoverable. However, a sum of Rs.4,850,000 alone had been recovered by 30 September 2012.

- (b) Nine hundred and five metric tons of asphalt were required by the Provincial Road Development Authority for constructing the Rasinggolla. Theripehera Road. However, the Technical Officer had prepared a report mentioning that 1015.76 metric tons of asphalt had been utilized for this road as per bills prepared by the Authority. As a result, a sum of Rs.1,157,244 had been overpaid.

## 2:13 Audit and Management Committees

-----

Audit and Management Committees had not been established to improve the financial prudence and financial management of the Provincial Council.

## 3. Systems and Controls

-----

Special attention is needed in respect of the following areas of systems and controls.

- (a) Construction work
- (b) Stores Control
- (c) Vehicle Utilization