

Central Provincial Council - 2012

1. Financial Statements

1.1 Disclaimer of Opinion

Because of the matters described in paragraph 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

1.2 Comments on Financial Statements

1.2.1 Other Accounts

(a) The progress of presentation of other accounts of the Provincial Council as at 30 April 2013 with regard to the year under review appears below.

		<u>For the year 2012</u>		
		Total Number of Accounts	Number of Accounts Presented	Number of Accounts not Presented
		-----	-----	-----
(i)	Appropriation Accounts	32	32	-
(ii)	Revenue Accounts	02	02	-
(iii)	Advances to Provincial Council Officers	65	65	-
(iv)	Commercial Advance Accounts	06	04	02
(v)	Enactment Accounts	02	-	02
(vi)	Provincial Council Members' Advance Accounts	01	01	-
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		108	104	04
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The Zonal Economic Development Institution of the Central Province had not presented accounts up to 30 April 2014 since the date of establishment on 12 August 2008.

- (b) It was shown in terms of paragraph 6 of the Enactment of Institution included in Part iv (a) of the Gazette Extraordinary of the Democratic Socialist Republic of Sri Lanka No.1563/32 dated 22 August 2008 that the accounts relating to the Zonal Economic Development Institution should be maintained, those accounts should be audited by the Auditor General in terms of paragraph 6.5 of the above Enactment and after carrying out the audit of accounts of the Institution all the reports relating to each account should be presented to the Central Provincial Council before 31 March of the ensuing year. However, relevant accounts had not been prepared and presented for audit up to 30 April 2014 since the date of establishment of the Institution.

1.2.2 Accounting Deficiencies

The following observations are made.

- (a) There was a stock of seeds amounting to Rs.426,165 at the beginning of the year under review and seeds amounting to Rs.473,080 had been purchased during the year. Accordingly, the cost of seeds made available for utilization of the Galpalama Farm during the year under review amounted to Rs.899,245. However, the stock of seeds as at end of the year amounted to Rs.966,193 and as such the profit for the year had been overstated by that amount due to non-inclusion of manufacturing cost pointed out in the manufacturing accounts presented for cultivations such as carrot, leeks, potatoes etc. utilized for planting in the field during the year under review.
- (b) According to the registers for orders received from the Government Institutions of the Department of Industrial Development and Enterprise Promotion, a sum of Rs.131,096 should have been recovered for the year 2012 relating to products supplied to the Government Institutions. However, the above value had not been brought to the accounts under the credit sales and debtors of the Commercial Advance Accounts.
- (c) Employees contribution amounting to Rs.2,503,935 for the Employees Provident Fund and employees contribution amounting to Rs.625,988 for the Employees Trust Fund paid for employees of the Department of Textiles had been debited to the salaries and wages account instead of being debited to the relevant accounts and as such the salaries and wages account had been overstated by Rs.3,129,923.
- (d) According to the report of the Board of Survey of 05 textile centers of the Department of Textiles, the value of fuel and firewood amounted to Rs.72,600. However, it had been recorded as Rs.159,656 and as such the profit for the year had been overstated by Rs.87,056.

- (e) An expenditure in advance nature amounting to Rs.8,261,699 spent by the Provincial Road Development Authority on behalf of the Disaster Rehabilitation Project on the basis of Memorandum of Understanding entered into with the Project by the Authority had not been recovered from the Project and as such a sum of Rs.6,481,393, out of that amount had been brought to account considering it as expenditure for the year under review. It was decided to write off the balance amount of Rs.1,780,306 in the ensuing years against the profit.
- (f) Provision had not been made in the accounts in respect of fees for special tour income amounting to Rs.454,538 payable for the year under review to the Sri Lanka National Transport Commission by the Passenger Transport Authority.

1.2.3 Bank Reconciliation Statements

The following observations are made.

- (a) Two Provincial Departments and Institutions had delayed the preparation of bank reconciliation statements relating to 02 bank accounts.
- (b) Inquiries from the Bank had not been made and follow up action taken with regard to unrealized deposits of Rs.1,288,904 exceeding 06 months.
- (c) Action in terms of provision of the Financial Regulations had not been taken with regard to 26 dishonoured cheques valued at Rs.426,191.
- (d) The unidentified debits and the unidentified credits of 7 bank accounts amounted to Rs.162,405 and Rs.2,643,703 respectively.

1.2.4 Accounts Receivable and Payable

The following observations are made.

- (a) Even though a sum of Rs.983,658 had been over recovered from the sale of cloths made on credit basis by the Department of Textiles during 05 years, action had not been taken to identify the persons and settle this amount.
- (b) A sum of Rs.360,779 receivable with regard to every advance accounts activity of the Department of Industrial Development and Enterprises Promotion had remained outstanding for more than one year.
- (c) A sum of Rs.7,278,881 had to be received by the Department from the sale of textiles on credit basis and this balance had included the balances existing for period from 1 year to 5 years.

- (d) Action had not been taken to recover a sum of Rs.1,852,299 receivable from the year 2010 with regard to repairing of private vehicles by the Office of the Mechanical Engineering.
- (e) The revenue licence and lease income for government lands of 26 Divisional Secretariats amounting to Rs.22,367,404 had remained arrears as at 31 December 2012 and the recovery was at a weak level.
- (f) Although rent income on trade stalls remained receivable by the Passenger Transport Authority for the year under review amounted to Rs.644,400, only a sum of Rs.26,450, out of this amount had been recovered. The progress of recovery of rentals was at very low level of 4 per cent. The total arrears of trade stall rent receivable as at the end of the year under review amounted to Rs.2,097,650 and it had remained for period ranging from 01 year to 07 years.
- (g) Although clothes amounting to Rs.1,489,853 had been sold on credit basis by the Department of Textiles to the officers attached to 67 institutions during the years from 2007 to 2011, out of this, even a single installment had not been recovered. Out of the sales made on credit basis during the last 05 years, a sum of Rs.14,349,569 had to be recovered. However, adequate measures had not been taken to recover them.

1.2.5 General Deposit Accounts

The value of balances of the General Deposit Account which had lapsed a period of 2 years as at 31 December 2012 on which action had not been taken in terms of Financial Regulation 571, totalled Rs.94,599,726.

1.2.6 Lack of Evidence for Audit

(a) Unanswered Audit Queries

Answers for 110 audit queries had not been furnished as at 31 December 2012 and the value of computable transactions subjected to those queries amounted to Rs.400,800,407.

(b) Non-remittance of Information to Audit

Transactions aggregating Rs.1,040,242,689 could not be satisfactorily vouched in audit due to non-remittance of necessary information such as register of fixed assets, title deeds, report of the Board of Survey, register of vehicles, letter of confirmation of balances, loan files etc. to audit.

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

Hundred and seventy one paid vouchers at the total value of Rs.102,275,768 had not been furnished to audit.

1.2.7 Non-compliances

The following non-compliances with the provisions of laws, rules and regulations were observed in audit.

Reference to Laws, Rules and Regulations	Non-compliance
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(a) Enactment of the Central Province Transport Service Authority No.01 of 2000 ----- Sections 6 and 19(b)	Route permits should have been issued only with the approval of the Board of Directors of the Central Province Transport Service Authority. However, 142 route permits had been issued by the Chairman of the Authority without such approval.
(b) Financial Regulations -----	
(i) F.R 103(1) (b), 104(1), 104(3) and 104(4)	Police complaints were not made available with regard to accidents occurred for 19 vehicles belonging to the Office of the Director of Health Services, Kandy, Matale and Nuwara Eliya . Preliminary inquiries with regard to accidents relating to 04 vehicles, preliminary reports with regard to accidents occurred to 09 vehicles and full report with regard to accidents occurred to 16 vehicles had not been prepared.
(ii) F.R 1645(a)	Even though vehicle log books should have been maintained in an updated manner, particulars relating to vehicles and monthly summaries relating to journeys had not been prepared in the log books of 02 vehicles belonging to the Office of the Medical Officer of Health, Panwila and Uduwela.

- (iii) F.R 1646
- Running Charts of 9 vehicles belonging to the Department of Engineering Services had not been furnished continuously and the Daily Running Charts of a vehicle belonging to the Department of Transport had not been presented.
- (c) Central Province Financial Rules

- (i) P.F.R 64 and 64(2) (2)(a)
- Certificates had not been presented for lapsed payments of Rs.1,571,486 made by the Department of Health in the year 2012 relating to the year 2011.
- (ii) P.F.R 169.1
- Vouchers valued at Rs.5,663,197 relating to 21 instances had been paid by 03 Divisional Secretariats without certification.
- (iii) P.F.R 471(1)
- Sixty eight types of drugs received in 5 instances at the Narampanawa Hospital, 20 items of utility materials received in 7 instances and 14 types of drugs received in 4 instances at the Thittapadjala Peripheral Hospital had not been included in the stock registers.
- (d) Establishments Code

- (i) Sections 14.2 and 14.4 of Chapter XII
- Although a person deployed in the service on temporary basis is not eligible for full pay study leave, full pay study leave had been granted and also a sum of Rs.50,000 had been paid as contract management training course fees to a person deployed in the service of the Provincial Road Development Authority on contract basis for a period of one year
- (ii) Section 8 of Chapter XIV
- A sum of Rs.72,000 had been paid for a 9 days as transport charges to a person participated as resource person in 9 instances relating to a Project implemented by the Ministry of Industries without considering the payment of mileage.
- (iii) Section 5 of Chapter XIX
- House rent amounting to Rs.35,656 recoverable from 05 officers occupied the Government Quarters belonging to the Ministry of Agriculture had not been recovered by the Provincial Council.
- (iv) Section 5.8 of Chapter XIX
- The charges for water and electricity utilized by the officers occupying the Government Quarters should be paid only by the officers occupying

therein. However, electricity bill of the Nurses Quarters of the Dolosbage Hospital amounting to Rs.160,548 for the period from January 2010 to October 2012 had been paid by the Department of Health without recovering from the occupants.

- (v) Sub section 5.2.1 of Chapter XIX

A sum of Rs.198,467 less than the specified rent had been recovered being 10 per cent from the salaries of the married officers and 5 per cent from the salaries of the unmarried officers from 7 Government Quarters belonging to the Office of the Director of Health Services, Nuwara Eliya for which documentary evidence stating as scheduled quarters had not been presented.

- (e) Circulars

- (i) Public Administration Circulars

* Paragraph 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 5th of the following month. However, the contributions of Rs.1,459,872,806 recovered from the year 2010 up to end of the year 2012 had not been remitted accordingly.

*Circular No.13/2008 dated 26 June 2008 and No.13/2008(iv) dated 09 February 2011.

Fuel limit for official vehicles had been given so as to accomplish the official necessities. However, the Secretary of the Ministry of Agriculture, the Secretary of the Ministry of Health and the Director of Health Services, Kandy had obtained 4410 liters of fuel valued at Rs.585,602, fuel valued at Rs.118,806 in 23 instances and 1399 liters of fuel valued at Rs.144,934 respectively exceeding the above limit without the approval.

* Circular No.22/99 dated 08 October 1999.

The Accountant (Grade –III) of the Office of the Director of District Health Services, Kandy is not eligible for an assigned vehicle. However, he had obtained 2957 liters of fuel valued at Rs.434,584 from January to August 2012 by utilizing a Government vehicle.

(ii) Circulars of the Secretary to the President

* Circular No.CSA/1/1/2006 dated 10 February 2006.

Even though it was shown that any advantage should accrue to the country from all the official foreign travel made by persons in connection with the Government and according to this fundamental policy it is compulsory that there should be a justifiable reason for any type of official foreign travel, contrary to this a sum of Rs.17,083,778 had been spent for 62 members including the Council Secretary with regard to the visit to China during the year 2012 in 3 instances at the rate of 7 days per visit in the same manner of visits made by the members of the Central Provincial Council to the countries such as India and Vietnam during the years 2010 and 2011.

* Circular No.PPA/6/1/1 dated 31 December 1993 and No. CA/1/1/16/1 dated 09 July 2010

A report consisting of matters in detail relating to foreign trip should be submitted within 07 days from the date of arrival to the country after official foreign trip to the officer who had approved the foreign trip. However, such a report had not been presented even a period of around 04 months had elapsed on 30 April 2013 after completion of the trip to China.

(iii) National Budget Circulars

* Circular No.156 dated 16 February 2012

Even though it was instructed that incurring expenditure for unnecessary activities such as invitations, diaries, greeting cards etc. should be limited, contrary to this, greeting cards and diaries had been printed by the Council Secretariat in 04 instances by spending Rs.427,500.

(iv) Other Circulars

* Letter dated 30 October 2009 of the Chief Minister of Central Province

While making claims by the supervising members for own transport expenses, the relevant report in specific format should be prepared and handed over to the Ministry. However, transport expenses and allowances amounting to Rs.655,567 had been obtained by 5 supervising members of the Ministry of Health in the year 2012 without doing

so. A sum of Rs.102,718 had been excessively obtained by another 4 supervising members by showing incorrect distance for travelling expenses obtained relating to supervising activities of the hospital.

* Circular No.4/2010 dated 25 May 2010 of the Director General of Pensions.

Although a sum of Rs.1,257,250 had been paid as salaries from January 2012 to December 2012 relating to 10 employees working in the Farm, action had not been taken to remit a sum of Rs.251,450 to the Fund as employees contribution of the Public Service Provident Fund.

* Letter No.IRD/PAYB/RAGE/01 dated 27 March 2011 of the Commissioner of the Inland Revenue

Pay As You Earn Tax amounting to Rs.1,009,432 had not been remitted to the Commissioner General of Inland Revenue for period from July to December 2011 from 154 Doctors attached to the Department of Health obtaining salaries over Rs.50,000 per month.

2. Revenue Management

The following observations are made.

(a) Revenue Administration

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

Particulars	<u>For the year ended 31 December</u>		
	2010	2011	2012
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	Rs.	Rs.	Rs.
Tax Income	2,668,851,691	3,685,121,035	3,852,936,300
Non Tax Income	332,880,166	941,317,077	1,002,353,327
Total	3,001,731,857	4,626,438,112	4,855,289,627
	=====	=====	=====

(b) A sum of Rs.316,800 to be recovered as Water Turning Tax had not been recovered for 3 years such as 2011, 2012 and 2013 in terms of agreement relating to small scale hydropower plant with the capacity of 960 kilowatt erected by a private company at the Grama Niladhari Division of Dikoya in the Divisional Secretariat, Ambagamuwa.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, there was a deficit of Rs.774,945,578 in the Provincial Council Fund as at 31 December 2012 as against the surplus of Rs.1,114,308,964 of the previous year. Accordingly, a deterioration of Rs.1,889,254,542 was observed in the financial results. Increase of recurrent expenditure by Rs.1,073,516,625 and increase of capital expenditure by Rs.547,543,613 during the year under review as compared with the preceding year had mainly attributed for the above deterioration.

3.2 **Income and Expenditure**

According to the financial statements presented, a summary of the income and expenditure of the year under review and the previous year appears below.

Income relating to items of the Provincial Council	<u>2012</u>			<u>2011</u>		
	Budgeted Rs. Mn.	Actual Rs. Mn.	Variance Rs. Mn.	Budgeted Rs. Mn.	Actual Rs. Mn.	Variance Rs. Mn.
Tax Revenue	4,612	3,853	759	3,325	3,685	(360)
Non-tax Revenue	428	1,002	(574)	325	941	(616)
	5,040	4,855	185	3,650	4,626	(976)
Government Grants	17,311	15,532	1,779	17,948	16,029	1,919
Total	22,351	20,387	1,964	21,598	20,655	943

	<u>Expenditure as at 31 December</u>					
	<u>2012</u>			<u>2011</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
<u>Recurrent Expenditure</u>						
Personal Emoluments	15,157	14,752	405	14,156	14,128	28
Others	3,982	3,248	734	2,871	2,799	72
	-----	-----	-----	-----	-----	-----
Sub-total	19,139	18,000	1,139	17,027	16,927	100
Capital Expenditure	3,764	3,162	602	4,571	2,614	1,957
	-----	-----	-----	-----	-----	-----
	22,903	21,162	1,741	21,598	19,541	2,057
	=====	=====	=====	=====	=====	=====

Out of the total expenditure for the year under review, 85 per cent was the recurrent expenditure and 15 per cent was the capital expenditure.

3.3 Non-compliance with the Limits of the Advance Accounts

Contrary to the instructions of the Financial Regulation 503 of the Republic of Sri Lanka and Central Province Financial Rule 367.1 the maximum limit of expenditure for 02 items of the Advance to Public Officers Account had exceeded by Rs.556,418 and the minimum limit of receipts of one item had not reached by Rs.954,338. Similarly, the maximum limit of expenditure of the Commercial Advance Accounts of the Department of Textiles had exceeded by Rs.32,416,556.

4. Operating Review

4.1 Government Grants

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

Source	Receipts of Government Grant	Actual Expenditure
	Rs. Mn.	Rs. Mn.
(i) Criteria Based Grant	218	313
(ii) Provincial Specific Development Grant	1,729	2,416
(iii) Collective Grant	13,049	18,000
(iv) Other Grants	536	433
	15,532	21,162

4.2 Operating Inefficiencies

The following observations are made.

- Several types of 04 medical equipment valued at Rs.3,832,375 purchased by the Department of Health Services of the Central Province in the year 2012 had been given to the Hospitals at Dambulla, Matale and Digana. However, those could not be utilized as those remained idle from the date of purchase.
- Drugs valued at Rs.127,324 at the Hospitals Morayaya, Sigiriya, Thittapajjala and Dolosbage had expired.

- (c) Due to recommendation made by the Medical Supplies Division, Colombo that the Stores of the Office of the Director of District Health Services, Matale had received 12 types of quality failed drugs valued at Rs.1,346,155 in the years 2009 and 2012, those drugs had remained at the Stores without returning them or without following a suitable method.
- (d) Even though a sum of Rs.500,000 had been spent during the year under review for improvement of upper floor of the building of the Hasalaka Multi Purposes Co-operative Society Limited so as to provide accommodation facilities for Government officers, that building had not been utilized for the relevant purposes up to the date of audit on 18 February 2013.

4.3 Transaction of Contentious Nature

The following observations are made.

- (a) A sum of Rs.300,000 had been paid by the National Co-operative Development Institute, Polgolla as course fees on behalf of 106 applicants of the job oriented Vocational Management Skills Development Certificate Course which was commenced from 22 December 2012 for officers deployed in the services of the Co-operative Societies. However, only 46 officers had participated for the relevant course. A sum of Rs.156,250 had been overpaid from the Co-operative Funds for 60 officers who were not participated.
- (b) A sum of Rs.373,000 had been paid by the Chief Ministry to an unregistered supplier for printing 225 copies of magazine namely Arising of Hill Country consisting of 11 papers at the rate of Rs.1,658 per copy. According to the quotation obtained by the audit for printing this magazine under the above mentioned specification from the same institution, it was revealed that a magazine could have been printed at the rate of Rs.394 per magazine and as such it was observed that a sum of Rs.284,250 had been overpaid.
- (c) Equipment such as hospital beds, trollies, saline supports and lockers had been considered as same type without identifying the nature of repairs for equipment of 06 hospitals to be repaired and a sum of Rs.6,053,310 had been paid without considering the areas to be painted. According to the report submitted to audit by the District Engineer in this regard, it was revealed that a financial loss of Rs.6,053,310 had been incurred in this regard.

4.4 Apparent Irregularities

A sum of Rs.225,000 had been paid to the personal name of the Chairman of the Central Province Passengers Transport Service Authority as transport hire at the rate of Rs.5,000 per day for 45 days period in which the official vehicle of the Chairman was under repair. However, the distance travelled during that period in 07 instances was 18296 kilometres only. Nevertheless, quotations or running charts had not been submitted to prove that such a vehicle had been utilised.

4.5 Uneconomic Transactions

The following observations are made.

- (a) Even though a period of 06 years had elapsed after making payment of Rs.350,000 by the Central Province Passengers Transport Service Authority in the year 2007 without entering into an agreement with regard to supply of private legal service for making amendment to the Statute of the Authority, it was unable to make amendment to that Statute. A sum of Rs.46,696 had been paid in this regard.
- (b) Even though a Paralysis Unit had not been established at the District Hospital, Walapone, 04 surgical instrument valued at Rs.1,549,221 provided in the year 2011 to the Physiotherapy Unit had remained at the stores up to the date of audit on 17 May 2013 and its warranty period had also expired.
- (c) An additional charges amounting to Rs.1,934,711 had to be paid during the year under review to the Consultancy Firm whist carrying out the construction of administrative complex of the Central Province due to non-completion of construction works within the contract period.
- (d) Even though the M/G/Bambawa Primary School attached to the Zonal Education Office, Galewala had remained without attending any student for studies to from 05 February 2010, salaries amounting to Rs.712,303 being Rs.682,893 as salaries to the Principal who worked from 05 February 2010 to 31 May 2012, up to his retirement and Rs.29,410 as salary for the month of March 2013 to the new Principal assumed duty on 28 February 2013.

4.6 Identified Losses and Damage

The following losses and damage were revealed according to the audit test check and information maintained at the Institute.

- (a) Action had not been taken for several years to carry out examinations relating to damage amounting to Rs.31,927,853 occurred in 16 instances to the properties existed under the Ministries and Departments belonging to the Provincial Council.
- (b) Action had not been taken to carry out checking with regard to losses and damage amounting to Rs.18,122,102 occurred in 175 instances for 3 Programmes of the Department of Education and to recover properly or to write off from the books. Similarly, the value of losses and damage with regard to 73 instances exceeding over 5 years amounted to Rs.9,449,194 and the value of losses and damage with regard to 102 instances for the period from 1 year to 5 years amounted to Rs.8,672,909. However, action had not been taken to recover those losses and damage or to write off from the books.

(c) There were shortage of 16 items of expired agro chemicals valued at Rs.69,612 and 03 tons of seed potatoes valued at Rs.23,250 as at 31 December 2012 at Galpalama Farm.

(d) Action had not been taken to recover losses amounting to Rs.4,907,337 relating to accidents occurred in 23 instances to the vehicles belonging to the Office of the Director of Health Services, Kandy, Matale and Nuwara Eliya.

4.7 Contract Administration

An agreement amounting to Rs.24,873,483 had been entered into with regard to improvement of Madakumbura Methagama Road (Stage II) of the Provincial Road Development Authority. However, physical inspection carried out in this regard revealed that a sum of Rs.22,399,722 had been paid even though the construction of road had not been done on due standard.

4.8 Delayed Projects

Action had been taken by the Department of Culture to launch a book in the name of History of the Upcountry with the purpose of writing a book by collecting information with regard to economic, social and cultural inheritance scattered within the Central Province and going to be tarnished and protect it for future generation. Accordingly, sums totalling Rs.1,328,546 consisting of Rs.760,858 in the year 2011 and Rs.567,688 in the year 2012 for editing of 58 articles had been spent. However, the relevant purpose had not been achieved even up to the end of the year under review.

4.9 Commencement of Projects on Lands/ Properties not vested properly

Action had not been taken to obtain title deeds so as to confirm the legal ownership of lands belonging to 69 schools of the Educational Zone, Hanguranketha.

4.10 Resources given to other Government Institutions / Resources belonging to External Parties

4.10.1 Physical Resources Released to other Institutions

Instances observed at the test check where physical resources existed for the utilisation of the Institution had been given to private parties. Details are given below.

(a) A period of one year had elapsed after releasing 05 vehicles to the Department of Tourism, Pradeshiya Sabha, Thumpane, Urban Council, Dambulle, Zonal Economic Development Institute and the Department of Education by the Chief Ministry.

- (b) The Circuit Bungalow, Nuwara Eliya belonging to the Department of Education had been given for the Office of the Ministry of Transport since year 2006 and the Government Quarters situated on uplands at the Dhamashoka Mawatha, Kandy had been given to the Coordinating Secretary of the Ministry of Transport since year 2010.

4.10.2 Human Resources Released to other Institutions

As revealed at the audit test checks, particulars of human resources obtained from other institutions and released to them are given below.

- (a) Salaries amounting to Rs.1,071,271 had been paid to three officers of the Provincial Department of Housing attached to the Provincial Road Development Authority by the Department from August 2011 to September 2012.
- (b) A watcher of the Department of Textiles had been deployed during the year 2012 for the services of the Department of Rural Development without properly releasing him and salaries amounting to Rs.345,680 had been paid by the Department of Textiles.
- (c) A Programme Assistant obtaining salaries under the Central Provincial Department of Culture had been attached to the Diyawadhana Nilame of the Dalada Maligawa for assisting his duties from 24 December 2009. Even though the Department had not obtained any services from him, sums aggregating Rs.575,416 had been paid to him as salaries during the years 2011 and 2012.

4.10.3 Human Resources obtained from other Institutions

Examination of approved cadre and actual cadre of the Chief Ministry for the year 2012 revealed that the services of 08 officers other than the approved cadre had been obtained by paying salaries under various Departments and Institutions for period from 2 years to 8 years.

4.11 Approved and Actual Cadre

Information relating to approved and actual cadre of the Central Province as at 31 December 2012 appear below.

(a) Ministries/Departments and Institutions of the Provincial Council

	Approved	Actual	Vacancies
Senior Level	1,484	1,458	26
Tertiary Level	2,180	1,507	673
Secondary Level	35,495	32,385	3,110
Primary Level	4,396	3,865	531
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	43,555	39,215	4,340
	=====	=====	=====

(b) School Staff

	Approved	Actual	Vacancies	Excesses
Principals	1,638	1,232	406	-
Teachers	23,754	26,956	-	3,202
Minor Employees	2,057	523	1,534	-
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	27,449	28,711	1,940	3,202
	=====	=====	=====	=====

The following observations are made.

- (i) There were 242 and 84 excess teachers in the Zonal Education Offices such as Hanguranketha and Matale respectively and there were 208 and 89 vacancies for teachers in the Zonal Offices such as Kotmale and Matale respectively.
- (ii) Teachers belonging to the Sri Lanka Teachers Service consisting of 32 persons from Kandy, 51 persons from Nuwara Eliya, 24 persons from Hanguranketha, 48 persons from Hatton and 13 persons from Kotmale had performed as Principals for more than 07 years for vacancies existed in 168 schools attached to the Zonal Offices. However, action had not been taken to fill those vacancies.

4.12 Utilization of Vehicles

According to the verdict given by the court for a case filed at the District Court with regard to an accident occurred while driving a vehicle belonging to the Central Provincial Council by the Driver working at the Zonal Education Office, Polonaruwa of the North Central Province, a sum of Rs.375,000 had been paid by the Chief Secretariat on 12 October 2012 to the affected party and action had not been taken to recover the above amount by the Provincial Council.

4.13 Staff Loans Recoverable

The balances of staff loan advances as at 31 December 2012 aggregated Rs.1,144,304,889. Of these, the arrears of account balances exceeding 1 year aggregated Rs.242,015,572.

4.14 Provincial Development Plan

Six thousand six hundred and eighty four work proposals valued at Rs.3,764,479,867 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 the progress reports of the Provincial Council is shown in the following table.

	New Work	Continued Work	Total Number of proposals
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(i) Completely done	6,143	28	6,171
(ii) Less than 50% completed	21	-	21
(iii) More than 50% completed	491	-	491
(iv) Of contentious nature	01	-	01
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Total	6,656	28	6,684
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4.15 Purposes not achieved adequately

Even though 51 computers had been given to 04 schools under the SEMP Project for learning computer subject, the expected purposes had not been accomplished through the relevant Project due to non-appointment of teachers to those schools for teaching computer subject.

4.16 Transactions not Supported by Adequate Authority

The following observations are made.

- (a) A sum of Rs.419,250 had been paid during the period from October to December 2012 as Chairman Allowance on temporary basis to the Chairman of the Passenger Transport Service Authority who was accused under the Bribery Act and sent on compulsory leave without properly reappointing to the service.
- (b) Professional allowances amounting to Rs.1,702,500 had been paid to 08 officers at the rate of Rs.15,000 per month for 5 Chartered Engineers deployed in the service of the Provincial Road Development Authority and at the rate of Rs.7,500 per month for 3 Engineer and Accountants possessing degrees and equal qualifications without obtaining proper approval of the Institution.

4.17 Irregular Transactions

Various expenditure aggregating Rs.227,440 which could not be considered as institutional activities had been paid relating to 23 instances where provision had not been made through the Annual Budget Estimate of the year 2012.

4.18 Activities Contrary to the Objectives

The following observations are made.

- (a) According to the Gazette Extraordinary No.1480/16 dated 18 January 2007, the Provincial Specific Development Fund aggregating Rs.89,106,711 received for road development activities of the Central Provincial Road Development Authority had been utilized for repairing the road system of the Local Government Institutions (Pradeshya Sabhas).
- (b) Even though objectives of the Project of Strengthening Health System under the Global Organization for Vaccination and Energy is to reduce the number of deaths happening in the areas of less service facilities due to diseases associated with the health of mother and infant through upgrading the quality of health services of mothers and infants. However, contrary to the said objective a sum aggregated to Rs. 1,952,892 had been spent in 06 instances for constructions and purchasing.

5. Accountability and Good Governance

Corporate Plan

Even though a Corporate Plan should have been prepared at the beginning of the year at least for 3 ensuing years commencing from the year 2010 in terms of Letter of the Director General of Public Finance No. PF/R/2/2/3/5(4) dated 10 March 2010 referred to all Secretaries of Ministries, Chief Secretaries of Provincial Councils, Heads of Departments, District

Secretaries and the Heads of Local Authorities, such a Plan had not been prepared by the Provincial Department of Revenue.

6. Systems and Controls

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

- (a) Preparation of accounts
- (b) Revenue administration
- (c) Stock control
- (d) Debtors and Creditors Control
- (e) Contract Administration
- (f) Utilization of Vehicles
- (g) Staff management