

Central Provincial Council - 2013

The audit of financial statements of the Central Provincial Council for the year ended 31 December 2013 comprising the statement of financial position as at 31 December 2013 and statement of financial performance and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, 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 Section 23(1) of the Provincial Councils Act, No.42 of 1987. This report is issued in terms of Section 23(2) of the Provincial Councils Act.

1:2 Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1:3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Central Provincial Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Central Provincial Council's internal control. An audit also includes evaluating the appropriateness of accounting policies

used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial statements

2:1 Qualified Opinion

In my opinion, except for the effect of the matters described in paragraph 2.2 of this report, the financial statement give a true and fair view of the financial position of the Central Provincial Council as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

2:2 Comments on Financial Statements

2.2.1 Provincial Council Fund Account

The Provincial Council Fund Account had been presented to audit on 13 March 2014.

2.2.2 Other Accounts

The progress of presentation of accounts for the year under review as at 31 March 2014 is given below.

Particulars Of Account	Accounts relating to the year 2013		
	Total No. of Accounts	No. Of Accounts Presented	No. Of Accounts Not Presented
(i) Statement of Assets and Liabilities	01	01	-
(ii) Appropriation Accounts	32	31	01
(iii) Revenue Accounts	02	02	-
(iv) Advances to Provincial Public Officers Account	66	65	01
(v) Commercial Advance Accounts	06	02	04
(vi) Fund Accounts	01	01	-
(vii) Statutory Accounts	03	02	01
(viii) Provincial Council Members Advance Accounts	01	01	-
Total	112	105	07

2.2.3 Accounting Policies

The following matters were observed

- (a) Even though the interest income of Rs.74,812,510 had been earned during the year under review, the basis of accounting of interest income and investments had not been disclosed as accounting policies.
- (b) A considerable expenditure had been incurred on fixed assets by the Central Government and the Provincial Council from the inception of the Provincial Council and an expenditure of Rs.10,252,017 had been incurred for the purchase

of fixed assets in the year under review. However, fixed assets had not been disclosed in the financial statements and it had not been disclosed by way of accounting policies.

- (c) In terms of Provisions in Circular No.SS/AS/AA dated 24 January 2013 of the Director General of State Accounts ,the annual accounts should have been prepared on accrual basis since 2013. However the Provincial Council had not complied with that.

2.2.4 Accounting Deficiencies

The following accounting deficiencies were observed in audit.

- (a) The net difference of Rs.291,078,069 between the total assets balances of Rs.469,473,632 and the total liabilities balances of Rs.178,395,563 had been shown in the financial statements by setting off the balances of each other.
- (b) Out of the interest income on investments earned in the year under review, a sum of Rs.13,365,139 had not been brought to accounts.
- (c) Arrears of motor vehicle revenue license fees amounting to Rs.2,650,795 in the Divisional Secretariat, Harispattahuwa had not been included in the arrears of revenue balance stated in the financial statements.
- (d) Arrears of stamp duty income amounting to Rs.43,240,437 relating to the year under review had not been brought to accounts.
- (e) Income of Rs.352,000 received from sale of seed potatos in the Galpalama Farm Advance Account had been posted twice to the balance of Rs.2,463,666 shown under sundry liabilities.It had not been settled and accounted under liabilities.
- (f) Eventhough provisions had been made in the accounts for a sum of Rs.398,952,677 to be sent to the pensions fund relating to the year under review, provision for pension totalling Rs.1,459,875,807 relating to the previous 3 years had not been made.
- (g) The method of comprising the opening and closing balance of cash and cash equivalent had not been disclosed in the cash flow statement as a note.

2.2.5 Un - reconciled Control Accounts

The difference between the balances aggregating Rs.745,164,130 shown in the financial statements relating to 5 accounts balances and the related subsidiary books and records amounted to Rs.464,579,254

2.2.6 Accounts Receivable and Payable

The following matters were observed

(a) Accounts Receivable

- (i) Action had not been taken to settle the approved advance balances totalling Rs.46,892,180 unsettled by 5 institution and brought forward in the accounts for several years.
- (ii) Action had not been taken to settle a sum of Rs.1,677,540 given to the Passenger Transport Authority under the capital contribution accounts for commercial advance accounts even up to the end of the year under review.
- (iii) A sum of Rs.17,824,998 received from sale of textiles made by the Department of Textiles on credit basis during the period of 6 years was still receivables.
- (iv) Instead of releasing the imprest of Rs.200,000 to Zonal Education Office, Matale for the month of October 2003, an imprest of Rs.2,000,000 had been released. As a result, there was a difference of Rs.1,800,000 between the cash and imprest balances. This transaction had not been settled even by the end of the year under review.
- (v) Balance of Provincial Public Officers Advance Accounts as at the end of year under review totalled Rs.1,134,299,984. This balance included unrecoverable balances totalling Rs.140,422,261 from 5,567 officers.
- (vi) The individual loan balances recoverable as at the end of the year under review from officers who had gone on transfer between inter Provincial and Central Government and between public institutions within the province amounted to Rs.5,666,659.

- (b) Action had not been taken to settle loan balances of Rs.588,312 payable to 5 Provincial Councils from which officers transferred from those Provincial Councils.

2.2.7 Non - compliances with Laws, Rules, Regulation and Management Decisions

The following non - compliances were observed in audit.

Reference to Laws, Rules and Regulations	Non- compliance
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(a) Acts	

(i) Public Service Provident Fund Ordinance No.18 of 1942 as amended by Act No.17 of 2003	Contributions totalling Rs.356,430 of 53 labourers in the 3 farms of the Provincial Department of Agriculture and the Department of Animal Products and Health who are not entitled to pension had not been remitted to the fund.
(ii) Section 120 and 132(1) of the Inland Revenue Act No.10 of 2006 as amended by Act No.22 of 2011 and No.18 of 2013	Pay As You Earn tax (PAYE) amounting to Rs.250,680 and Rs.743,847 recoverable from 50 Doctors and 190 Nurses respectively who serve in the two offices of the District Director of Health Services and Hospital in Kandy and Nuwaraeliya District had not been recovered from their salaries and remitted to the Commissioner General of Inland Revenue.
(b) Extra-Ordinary Gazette No.1589/30 dated 20 February 2009 of the Democratic Socialist Republic of Sri Lanka.	Four teachers in the Nuwaraeliya Education Zone had been released to the Navy Cadet service and to the service of a private staff of a Parliamentarian in the years 1991,2009 and 2010 respectively.
(c) Financial Regulations 71 of the Democratic Socialist Republic of Sri Lanka	Thirteen subject Director posts not approved in the cadre plan had been appointed and paid a sum of Rs.6,673,417 as salaries and allowances in the year 2013.

(d) Provincial Financial Rules

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- (i) Financial Rule 30.1 Even though expenditure should not be incurred in excess of the provision a sum of Rs.71,240,580 had been spent under 22 expenditure items in excess of limit of provisions. The approval had been granted subsequently by the financial management of the Central Provincial Council.
- (ii) Financial Rule 54(6) Surcharges of Rs.1,151,803 determined to be recovered from 25 officers attached to the Provincial Department of Education by the inspection reports carried out in 36 instances during the period 2003 to 2011 had not been recovered even by July 2014.
- (iii) Financial Rules 54.1.1,54.1.3,54.1.5,54.3.1,54.4,54.5 and 54.6 No.KG-1326 given for the utilization of the Chairman of the Central Provincial Council had met with an accident on 18 September 2013 at Padiyapelalla, an enquiry had not been held thereon.
- (iv) Financial Rule 138.1 Payments amounting to Rs.1,566,897 had been made for 14 requisitions which had not been signed by 2 officers by the Kotmale Zonal Education Audit.
- (v) Financial Rule 177 Payment of Rs.2,026,491 for 5 vouchers had been made by the Nawalapitiya Hospital without being certified the payment.

- (vi) Financial Rule 282.2 A Bank reconciliation should not contain unreconciled items. Nevertheless, unreconciled items ranging from Rs.1 million to Rs.2.2 million were included in all bank reconciliation statements from January to December in the Textiles Department.
- (vii) Financial Rule 482.2.1 Even though orders for stock should be placed in order to maintain sufficient stock levels, the Chief Ministry had recommended to destroy 4243 units belonging to 24 items due to collection of stock, contrary to the provision.
- (e) Circulars of the Ministry of Education

- (i) Circular No.2006/02 dated 12 January 2006 Although the number of students to be in a classes from grade 1 to 5 and from grade 6 to 11 should be limited to 40 and 45 students respectively, there were excess students of 169 and 68 in grade 2 to 5 and grade 6 to 11 respectively in the St.Anthonys Girls School.
- (ii) Circular No.2007/20 dated 13 December 2007 Even though it was stated that the maximum service period in a popular school and in a more popular school should be 8 years and 6 years respectively in preparing the teachers transfer policy, an sample examination observed that there were teachers who served in the same school for the period from 11 to 34 years.
- (f) Paragraph 6 of the Pensions Circular No.14/2006 of 30 October 2006 Contribution of Rs.4,094,481 recovered during the period from August 2012 to November 2013 by the office of the District Director of Health Service, Kandy to the Public Service Provident Fund had not been remitted to the Department of Pensions.

- (g) Section 5.4.12 of the Procurement Guidelines Particulars of Value Added Tax totalling Rs.1,125,691 paid by the office of the District Director of Health Services, Matale in the year 2013 in 37 instances had not been informed to the Commissioner General of Inland Revenue.
- (h) Circular No.3/ 91 dated 26 March 1991 of the Central Provincial Council Chief Secretary. Monthly advance programs had not been presented relating to 87 months by 17 Subject Directors.
- (i) Paragraph 21.1 and 24.1 of the Circular No. HRD/PPM/2002/30 dated 04 December 2002 of the Secretary to the Ministry of Human Resources Development , Education and Cultural Affairs. Qualitative input provision of Rs.1,631,656 in 39 schools attached to Naula Education Zone and Rs.2,548,662 in 120 schools attached to Matale Zone had remained unspent as at 31 December 2013.
- (j) Budget Circular No. 156 dated 16 February 2012 of the Secretary to the Treasury. A sum of Rs.678,000 had been spent for the printing of 700 diaries and invitation cards for the year 2014, contrary to the Circular Instructions.
- (k) Public Finance Circular No.01/2012 dated 08 January 2012 Contracts for 14 works valued at Rs.7,416,567 had been awarded by the Ministry of Industries without considering the ability, experience and financial viability of Community Based Organization and Societies.
- (l) General Circular No.02-07/2013 dated 07 January 2013 of the Secretary to the Ministry of Health Leisure time, duty interpearance, transport and monthly attendance allowance totalling Rs.1,720,000 had been paid to 10 officers served in the office of the District Director of Health Services, Kandy for the period of 9 month from January to September of the year under review.

2.2.8 Transactions not Support by Adequate Authority

The following matters were observed.

- (a) Without being applied the provisions in Public Enterprises Circular No.PED/58(2) Of 15 September 2011 and Financial Rule 562 of the Provincial Council, Chairman's allowance of Rs.400,000 for 8 months at Rs.50,000 per month had been paid to the Chairman of the Passenger Transport Authority with the approval of the Provincial Governor.
- (b) Three hundred and twenty five liters of petrol valued at Rs.50,016 had been paid to the District Director of Health Service, Kandy for the vehicle No.PE 1938 in excess of the approved limit in terms of Paragraph 1.1 of the Public Administration Circular No 13/2008 (iv) dated 09 February 2011
- (c) In terms of Paragraph vi of the Public Service Commission Circular No.04/03 dated 02 December 2003, appointments for 116 posts of Assistant Director of Education in the 11 Zonal Education offices had been given by the Secretary to the Ministry of Education, Assistant Secretary, Provincial Director of Education, Additional Provincial Director of Education and the Zonal Director of Education.

3. Revenue Management

Revenue Head No.C 10 and C 20 – Chief Secretary

The following matters were observed

- (a) In considering the estimated and collected tax revenue for the year under review and the past 4 years, the collected revenue had decreased ranging from Rs.363 million to Rs.950 million every year except in the year 2011.
- (b) As compared with the previous year, there was a decrease of tax and non-tax revenue by 6.48 per cent, increase the revenue deficit by 17.68 per cent and increase the overall budget deficit by 14.99 per cent in the year under review. In this connection the following observation are made.
 - (i) Decrease of tax and non- tax income totalling Rs.314,739,584 was observed in the year under review as compared with that of the previous year.

- (ii) Deficit of income had increased by Rs.2,324,862,316 in the year under review as compared with that of the year previous year.
- (c) It was observed that the accumulated balance of the Provincial Council Fund amounting to Rs.2,531,311,627 as at the end of the year 2011 had decreased to Rs.1,743,569,275 by Rs.787,742,352 as at the end of the year 2012 whereas that value had decreased to Rs.1,514,217,234 by Rs.229,352,041 as at the end of the year under review.
- (d) Although the arrears of revenue on motor vehicle licenses totalled Rs.86,916,067 as per the final accounts, it included the information of motor vehicles transferred to the 36 Divisional Secretariats.
- (e) Out of a sum of Rs.862,749,670 remitted to the Financial Management Division by the Central Province Department of Revenue in the year 2013 as stamp fees, a sum of Rs.173,311,390 had been retained in hand without being distributed to the relevant Local Authorities.

4. Financial Review

According to the financial statements presented, the operation of the Provincial Council Fund had resulted in a deficit of Rs.18,751,665,970 for the year ended 31 December 2013 as compared with the deficit of Rs.16,306,626,289 for the preceding year .A deterioration of Rs.2,445,039,681 in the financial results was shown as compared with the preceding year.

4.2 Analysis of Financial Review

Certain significant ratios in respect of the financial position and the financial performance of the Central Provincial Council are given below.

- (a) Surplus/ (Deficit) to total Income

A continuous increase of income deficit ranging from 322 per cent to 413 per cent during the year under review and the period of 2 preceding years was observed.

(b) Ratio between the Total Income and the Total Expenditure

 The following matters were observed.

- (i) The total expenditure of the year 2011 amounting to Rs.19,540,855,678 had increased to Rs.23,292,216,013 in the year 2013, representing a high value from 422 per cent to 513 percent.
- (ii) Decrease of the total income in the year 2013 amounted to Rs.314,739,584 as compared with the year 2012 and such decrease as compared with the year 2011 amounted to Rs.85,888,069.
- (iii) In comparing the total income with the total expenditure, a considerable improvement of expenditure, more than the improvement of income was indicated.

4.3 Budgeted And Actual Revenue And Expenditure

 The following matters were observed.

- (i) The target of estimated tax income could not be achieved by Rs.950.3 million or 19.8 per cent.
- (ii) The actual expenditure of 4 revenue heads had understated by Rs.934.2 million for more than the estimated limits.
- (iii) The expected government capital grants could not be completed by Rs.1.208 million or by 26.9 per cent.
- (iv) The expected income deficit for the year under review had dropped by Rs.213.8 million.

As the estimates had not been prepared in terms of Financial Regulation 50(11) and the Provincial Financial Rule 7.2.1, considerable variation between the budget and actual revenue and expenditure were indicated.

5 Authority Accounts / Fund Accounts and Commercial Advance Accounts

5.1 Accounts of Authorities / Fund Accounts

Central Provincial Passenger Transport Services Authority and Provincial Road Development Authority.

Main Audit Observations

(a) Accounting Deficiencies

The following accounting deficiencies were observed in audit.

- (i) Eventhough the assets of the Central Provincial Passenger Transport Authority had been fully repreciated, action had not been taken to revalue them and adjust in the accounts.
- (ii) The value of leasing installment payments amounting to Rs.3,964,490 had not been brought to accounts.
- (iii) Revanue of Rs.3,600,132 earned by hiring machinery belonging to the Central Provincial Road Development Authority and the revenue earned by repairing motor vehicles amounting to Rs.3,541,387 had been understated and overstated respectively.
- (iv) A sum of Rs.530,632,193 received under the Provincial Specific Development and Criteria Based Grants and the expenditure amounting to Rs.505,728,896 incurred therefrom in respect of road maintance and development had not been disclosed in the financial statements.

(b) Non- complaine with Laws, Rules, Regulation and Management Decision

The following instances of non- complains were observed in audit.

- (i) The Chairman of the Passenger Transport Services Authority who had been sent on compalsary leave on a bribery charge had been irregularly reinstated, and salaries and allowances of Rs. 1,141,090 had been paid to him in contrary to the Paragraph 31.16 of Chapter XLVIII of Volume II of the Establishments Code.
- (ii) Twenty eight officers had been recruited without obtaining, the approval of the Cabinet of Ministers, in terms of Section 21 of the Central Province Passenger Transport Services Authority Statute No.01 of 2000 and paid salaries and allowances amounting to Rs.2,602,201 to them.

(iii) Action had not been taken in respect of the balance of General Deposit Account totalling Rs.155,592,930 in the Road Development Authority elapsed for more than 2 years, in terms of Financial Regulation 570 and 571.

(c) Legal Cases Initiated against the Passenger Transport Services Authority

Legal action had been taken against the Authority by 2 external individuals asking for compensation of Rs.65,000,000 against the issue and cancellation of licences.

(d) Identified Losses

Eventhough procurement had been called for renting trade stalls a Delthota and Naula in 3 instances since September 2012 by incurring an expenditure of Rs.49,392, the Authority had deprived of income amounting to Rs.1,008,000 from December 2012 to January 2014 as the Authority had failed to select suitable bidders.

(e) Accountability and Good Governance

(i) A corparat plan, an action plan and a procurement plan for the year under review had not been prepared by the Passenger Transport Services Authority.

(ii) Eventhough the Road Development Authority had not prepared an action plan as well as a procurement plan for the year under review road had been constructed by incurring an expenditure of Rs.52,787,935 under limited equations basis in 34 instances.

(f) Accounts Receivable

Action had not been taken to recover a sum of Rs.10,322,448 given for the implementations of 04 external projects and advances by the Central Province Road Development Authority, even during the year under review.

5.2 Commercial Advance Accounts

5.2.1 Commercial Advance Account of the Textiles Department

Financial statements relating to the Commercial Advance Account activities of the Textiles Department for the year 2013 had not been presented to audit even by 31 August 2014.

5.2.2 Commercial Advance Account of the Hatton Resources Centre

(a) Main Audit Observations

(i) Non - compliance with Authorized Limited

Eventhough the minimum limit of receipts authorized by the Appropriation Convanents for the year under review amounted to Rs.1,760,000 the actual limit reached was only Rs.1,580,775 thus showing a decrees of Rs.179,245 more than the estimated limit.

(ii) Eventhough the net surplus for the year 2012 represented 43.73 per cent of the total income, it represented a minus value of 2.81 per cent in the year under review.

(iii) Although the Total Expenditure represented 56 per cent of the Total Income in the previous year, it had increased to 102.8 per cent in the year under review.

5.2.3 Commercial Advance Account of the Mapanawathura Resource Centre

(a) Main Audit Observations

(i) A deterioration of Rs.1,754,824 or 187 per cent in the financial result of the year under review shown as compared with that of the preceding year.

(ii) Net surplus to operating income which had been indicated an improvement of 73 per cent in the previous year had deteriorated to 2513 per cent in the year under review

(iii) Out of a sum of Rs.4,139 million approved for the conducting courses during the year under review, only a sum of Rs.0.67 million or 16 per cent had been received.

(iv) Out of the apprentices enrolled for 14 courses in the previous 2 years and the year under review, 42 per cent 46 per cent and 53 per cent respectively had dropped out from courses.

5.2.4 Commercial Advance Account of the Galpalama Farm

(a) Main Audit Observations

- (i) The balance of the Accumulated Fund as at 31 December 2013 should have been Rs.9,369,914 but that value shown in the balance sheet had become a minus balance of Rs.1,279,183 and as a result, a difference of Rs.10,649,097 was revealed.
- (ii) As the Departmental Accounts were not reconciled monthly with the Provincial Treasury Computer Printouts in terms of Provincial Financial Rule 307.1 a difference of Rs.843,750 was observed between these 2 balances.
- (iii) Seventy Nine per cent of the Gross Profit ratio in the previous year had dropped as low value as 33 per cent.

5.2.5 Manufacturing and Sales Advance Account bearing item No.582202 of the Central Provincial Department of Industrial Development and Enterprises Promotion

(a) Main Audit Observations

(i) Unreconciled Control Accounts

According to the statement of Financial Performance, a balance of Rs.284,459,055 had been shown under the Equity and Liabilities in the name of Central Provincial Fund. Nevertheless, that balance was shown as Rs.35,856,384 in the Statement of Financial Position of the Central Province thus showing a difference of Rs.248,602,671.

(ii) Non- compliance with the estimated limits

Eventhough stict instructions had been given to the Department to take action to prevent increase/ decrease in the limits of advance account activities, contrary to that the minimum credit limit had reduced from Rs.9,000,000 to Rs.6,500,000 on 31 December 2013 in the year under review as in the previous years.

(iii) Drop Outs of Apprentices from Courses

Out of the 365 apprentices enrolled in the year under review 128 had dropped out from courses and that number in the previous year was 100.However, a procedure to minimize the drop outs from courses had not been formulated and implemented.

6. Operating Review

6.1 Performance

The following matters were observed

- (a) Although a provision of Rs.21 million for the passenger transport under the Provincial Specific Development Programme was made ,only the project valued at Rs.7.95 million had been implemented. Out of the provisions made, the provision of Rs.13.05 million or 62.14 per cent had been underutilized.
- (b) In making Provisions for the year 2013 under the Road Programme, a lesser provision of 9.4 percentage had been made for the kandy D istrict which had a road distance of 1269 Km.wereas more provision as high as 27.2 percentage had been made to Matale District which had lesser road Km.of 480 as compared with the Kandy District.
- (c) Eventhough a provision of Rs.1,247 million had been made for the implementation of 15 projects by the Provincial Road Development Authority under the JICA project, non of the projects had been completed by the end of the year under review.
- (d) Eventhough all the construction work under the ENDRP project should have been completed by the Provincial Road Development Authority by the end of the year under review, 15 projects commenced from the provision of Rs.730 million had not been completed by the end of the year under review.
- (e) The Bio gas unit at Kundasale expected to be completed by incurring an expenditure of Rs.2 million for the alternate energy program during the year under review had not been completed even by the end of the year under review.
- (f) The Department Transport statute in order to improve the efficiency of the Transport Department had not got approved even by the end of the year 2013.

- (g) Eventhough it was planned by the Provincial Public Service Commission to call for applications, holding examinations and issuing result for 11 examinations including recruitments/ promotions/ confirmations and efficiency bar examinations in the year 2013, the Commission had failed to achieve those objectives.
- (h) Forty Five types of drugs estimated to be manufactured after being identified the drugs requirement relating to the year 2013 of the Ayurvedic and Central Dispensaries, had not been manufactured.

(i) Examination Result of Schools

A test check carried out in respect of students education results under the central province Department of Education observed the following matters.

(i) Year 5 Scholarship Examination

- Of the 1,516 schools attached to 15 Zonal education offices in the Central Province 43192 students had applied for the year 5 scholarship examination held in 2013 out of them 2947 students had obtained marks in exces of cut of marks. It represented less than 7 per cent of the students who sat for the examination.
- The total number of students who scored 70 marks for 2 question papers, 35 marks for each paper and passed the examination amounted to 27,973.
- Out of the overall result of the Island, the Central Province became the 7th place and if considered the passed number, as per the cut - off marks, the Central Province had come to the last place in the Island.
- In considering overall results at district level, Kandy, Matale and Nuwaraeliya had come to the 22nd, 24th and 25th places respectively.

(ii) GCE (Ordinary Level) Examination

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- 34,455 students from 919 schools in the Central Province had applied for the GCE (O/L) examination in the year 2013 and 21,878 students had qualified for GCE (A/L) classes. It represented 63.5 per cent of the students who sat for the examination. Out of the overall result of the island the Central Province had come to the 7th place
 - Out of the students sat for the examination, 712 students had obtained 'A' passes for all the subjects but it represented only 2 per cent of the students sat for the examination.
 - Out of the students sat for the examination, 1,361 students had failed all subjects, representing 3.95 per cent.
 - Out of the students sat for the GCE (O/L) examination, failures in compulsory subject such as English, Mathematics and Science had been at a high level.

Subject	No of students sat	No of failures	Percentage of failures
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			%
English	34,380	18,527	53.88
Mathematics	34,373	16,431	47.80
Science	34,390	12,912	37.54

(iii) GCE (Advanced Level) Examination

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- 26,697 Students from 428 schools in the Central Province were present at the GCE (A/L) Examination in the year 2013. Out of them 15,148 students, representing 56.74 per cent of the students sat for the examination had passed all 3 subjects. In comparing with the overall result in 9 Provinces, the Central Province had become the 7th place.
 - 424 Students had obtained 'A' passes for all 3 subjects, representing as low as 1.59 per cent of the total students sat for the examination.

- 3053 Students had failed all subjects and it represented 11.44 per cent of the students sat for the examination.
- Out of the students who sat for the GCE (A/L) Examination in the year 2013,15148 students had qualified for university entrance under various stream, a summary of which is given below.

Stream	No of students sat	No of students qualified for university entrance	No of failure
Bio science	4,117	1,879	2,238
Physical science	2,891	1,330	1,561
Commerce	7,401	4,013	3,388
Arts	12,112	7,822	4,290
Others	179	104	72
Total	26,697	15,148	11,549

- In considering the number of students who qualified for university entrance it was revealed that the results of the Bio Science and Physical Science Stream had been at a low level as less than 50 per cent.

6.2 Management Inefficiencies

The following matters were observed.

- (a) A sum of Rs.11,250,000 deposited in the Regional Development Bank in the year 2009 by the Department of Housing for a building up a loan fund had renewed underutilised up to 2012 without being used for the intended purpose As a result, an interest income of Rs.3,150,000 had deprived of.

(b) According to the new agreement entered into with the Regional Development Bank by the Commissioner of Housing on 20 March 2013 the Bank had agreed to grant loans to 300 beneficiaries within 6 months since that date. However, loans of Rs. 4,480,000 had been given only to beneficiaries by 31 December 2013.

(c) Particulars of granting direct loans by the Department of Housing and the outstanding balance are given below.

Loans scheme	No of borrowers	No of years outstanding	Outstanding as at 31 December of the year under review
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			Rs.
Housing loans	-	17	3,198,741
Co- Operative loan societies	179	20	952,643
Multi-purpose co-operative societies	347	21	1,979,849

(d) Losses and damages totalling Rs.31,834,853 caused to properties of Chief Ministry, Ministry of Agriculture and 3 Departments in 15 instance had been brought forward since several years without taking action. Steps had not been taken to finalise them by holding enquiries even in the year under review.

(e) Stemp fees, Agrahara Contributions, and Welfare Society deductions totalling Rs.379,639 recovered from the salaries of employees during the period of 8 months from March to October 2013 had not been remitted to the relevant institutions and utilized for the financial requirements of the Department of Health.

(f) The District Director of Health Services and the office of the Medical Officer of Health had been set up in a land belonging to the Divisional Secretariat Matale. Action had not been taken to aquire the land to the Department of Health even by November 2013.

- (g) Eventhough Sri Lanka police had made a complain to the Criminal Investigation Department in respect of two unauthorized constructions within the premisses of the Dambulla Weera Dencil Kobbekaduwa Base Hospital, the Health Authorities had not taken legal action in this regard.
- (h) As there was a shortage of 34 varieties of drugs within the periods ranging from 2 months to 19 months, reliable and satisfactory Ayurvedic Service could not be given to the patients who come daily for treatments.
- (i) Spectacles, hearing aids, hand supports, crutches and weel chairs valued at Rs.5,913,550 purchased in November 2013 for the distribution among the poor, distritute and handcapped persons had not been issued to the required person even up to the date of audit on 07 February 2014 by the Department of Social Services and renamed in the stores.

6.3 Operating Inefficiencies

The following matters were observed.

- (a) There were 358 items of expired drugs valued at Rs.10,198,295 in 3 drug stores and 15 varities of drugs and a type of vaccine, the value of which could not be identified.
- (b) Led glasses valued at Rs.151,200 purchased on 31 December 2012 for the X-Ray machine at Nawalapitiya Hospital had renamed unutilised and iddle even by 18 March 2014.
- (c) 685 varieties of drugs purchased by the office of the District Director of Health Services, NuwaraEliya at Rs.1,159,443 under the Health System Strengthening Project had renamed utilized and idling in the stores.
- (d) Nine Varities of drugs and 9465 rolls of ECG recoring papers valued at Rs.2,504,363 included in the annual estimates of 2013 of the Medical Suppliers Division Controled Under the Office of the District Director of Health Services, Matale had not been received by the stores even as at 31 December 2013.

- (e) Seventy Eight teachers in the Nugawela Girls Schools had been attached to the Nugawela Central College until they will be transferred after the establishment of a strong National and Mixed School by integrating the Nugawela Central College, Nugawela Boys School and Nugawela Girls Schools. A sum of Rs.16,951,279 had been paid as salaries to those teachers from January to August 2013 under the Central Provincial Council expenditure Head. Action had not been taken to give appointments to them under the Central Government.
- (f) A building, 4000 square feet in capacity had been constructed by the Kothmale Zonal Education Office in a land belonging to the Mahaweli Authority without being acquired the land.
- (g) Arreas of salaries totalling Rs.15,019,016 for the period from 2009 to 2011 had not been paid to 279 teachers, comprising 229 Provincial Council teachers, 28 National School teachers and 22 Pirivena Layman Clergyman teachers served under the Katugasthota Zonal Education Office.
- (h) A deputy principal in a school at Hatton Zone had been released for a long period to the Hatton SIDA Education Development Centre to the post of Cordinator by Letter No. CPC/ME/DE/6/SIDA/1 dated 08 July 2004 of the Central Provincial Council Cheaf Secretary by stating service requirement and a sum of Rs.3,584,140 had been paid as salaries and allowances up to the end of the year under review.
- (i) Out of a sum of Rs.5,650,500 received by the Hatton Education Office for the qualitative input in the 3rd quarter of the year 2013, only a sum of Rs.1,613,985 or 28 per cent had been spent. The balance of Rs.3,708,128 had remained idle and unutilized as at 31 December 2013.
- (j) Action had not been taken to vest the legal ownership of lands in which schools belonging to Hatton Education Zone were located, in the Department of Education even by the end of the year under review. Files and related information in respect of lands in 143 schools which had been assessed had been sent to the Provincial Department of Education on 22 March 2013 for the legal transfers, follows up action had not been taken thereon even by the end of the year under review.

- (k) Eight officers served in 8 Zonal Education Offices of the Central Province had been released to the Service of Staff Members of Parliament. A sum of Rs.766,429 had been paid as salaries and allowances in the year 2013 to 6 of them by the Department of Education. Action had not been taken get it reimbursed from the Ministry of Parliamentary Affairs even by 13 August 2014.
- (l) A sum of Rs.20,000,000 paid on 31 December 2010 for the purchase of properties owned by Broadway Apperal Institute for the commencement of Ududumbara Siddhartha Primary School had been retained in the general deposit account of the Divisional Secretariat, Ududumbara. The texuer of this land had been taken over by the Thaldeniya Zonal Education Director on 26 June 2012 but the purchasing of this land had not been completed even by 31 December 2013.
- (m) There was a minus balance of Rs.1,969,736 brought forward since previous years in the Financial Position of the Forest Resources Centre Advance Account in plemented under the Chief Ministry. The settlement of this balance had delayed even by the end of the year under review.
- (n) Action had not been taken to settle the following balances continuously brought forward since previous years in the general deposit account even in the year under review.

Particulars	Amount
-----	-----
	Rs.
Provincial Treasury	(162,086,816)
Regional Economic Promotion Project	1,178,613
Provincial Road Development Department	(54,878,270)

6.4 Provincial Road Development and Improvements

The following matters were observed.

- (a) Out of the 1,197 kilometers of roads identified as maintaining by the Provincial Road Development Authority during the year under review, only 39 kilometers had been maintained on direct labour basis. It represented 3.25 per cent of the expected kilometers.

- (b) According to the statute of the establishment of the Authority, only the road Gazetted by the Authority should be maintained. Nevertheless, an expenditure of Rs.34,115,083 had been incurred for the maintenance of 9 roads of the Pradeshiya Sabha, not belonging to the Authority during the year under review.
- (c) The Tiberton ,Murathanna Hangarapitiya Road work had been completed during the year under review by spending a sum of Rs.11,010,745. However, work had been commenced after 2 months from the closure of contract period and as such it was observed that a reasonable attempt had not been made to complete the contract within the specified period.
- (d) Certain officers who had been appointed to the Technical Evaluation Committes of the Provincial Road Development Authority, it was established that they had not participated in such committes. As such it could not be agreed upon in audit on evaluation reports of works totalling Rs.85,072,917 awarded in 10 instances.
- (e) Eventhough the thicknes after being pressed by laying asphalt in the Koswana Gansarapola Road constructed by the Provincial Road Development Authority should have been 40mm, thickness of 9 places inspected had been between 18mm,and 25 mm, and as such it was observed that the road had not been constructed in according with the specification.
- (f) As the asphalt had been used on the surface of the road only 2780 cubic meters on which 3230 cubic meters should have been used, it was observed that 450 cubic meters of asphalet valued at Rs.631,588 had not been used for the road.

6.5 Transactions of Contentious Nature

The following matters were observed.

- (a) Out of the provision of Rs.128,000,000 made in the annual estimates for the year 2013 under the Consolidated Fund for the Development of Education under Provincial Specific Development Work, a sum of Rs.4,489,930 had been spent in 58 instances for activities not related to such objective.
- (b) Test examinations carried out in February and March 2014 in respect of irrigation works done by the Ministry of Agriculture observed the following matters.

- (i) Still water leaking and wasting through the old Construction of Walapane, Watarakgoda channel which had been rehabilitated by incurring an expenditure of Rs.542,050 was reported.
 - (ii) Eventhough a concerte channel of 245 feet had been constracted by incurring a sum of Rs.401,201 for the supply of water to the Reniddeniya Paddy Stretch from Kotmale Kadupuloya Dam, the field inspection observed that water was not reached to the fields located at the end of the stretch therefrom.
 - (iii) Eventhough the Kumbaloluwa channel had been improved by incurring an expenditure of Rs.612,466 with the objective of supplying water to 24 acres of paddy fields, as sufficient water was not supplied to the Channel, the paddy field had not been cultivated in the Maha Season of 2013/14.
 - (iv) Eventhough 3 irregation works had been developed by incurring an expenditure of Rs.1,779,502 under the Provincial Specific Development Grants in the year 2013, 79 acres of paddy lands by which water was obtained from those chanals had not been cultivated in the Maha season of the year 2013/14.
- (c) Out of the provisions of the year 2012, made for the supply and installation of 2 electrict generators for the Central Provincial Council Administration Complex, a sum of Rs.31,297,567 had been retained in the General Deposit Account and paid to the Ceylon Electricity Board on 28 January 2013. However, Jenerators had not been supplied and installed even by 31 December 2014.
- (d) Sum of Rs.685,302,150 in the year 2012 and Rs.862,749,671 in the year 2013 had been collected as stamp duty income. Eventhough the income on stamp duty had been considered for the computation of incentive payments, provisions in the Finance Ordinance No 17 of 1990 or ammended Ordinance No 01 of 1992 had not been made to base the stamp duty income for the calculation of incentives. Taxes amounting to Rs.34,050,469 and stamp fees income amounting to Rs.421,165,921 charged on the assessment of the first half year of 2012 by the Provincial Revenue Department had been based for the payments of incentives of the second half year.

- (e) The reduction of death rate due to mothers and childrens Health related deceases in the areas of less facilities, vaxination and immunization and strengthening health system had been the objectives of the project, a sum of Rs.2,880,141 had been spent for constructions and purchases in 3 instances, extraneous to such objectives.
- (f) The Department of Education had performed activities extraneous to the objectives of the Department in the following instances.
- (i) As the payment of Rs.744,473 relating to the month of June 2013 and Rs.2,535,646 relating to July had not been made to the food suppliers for 14 schools and 71 schools respectively under the control of Wattegama Zonal Education Office, they had departed from supplying foods.
- (ii) Fifteen teachers had been attached to the Beddegama Junior School for 151 students and two out of them had been attached to an another school. From the balance teachers, 4 to 12 teachers had taken leave in one school day and such education activities of the school had hindered.
- (g) Action had not been taken by The Provincial Council in respect of contribution to Widows and Ophens Pensions Fund (W&OP) in terms of Provisions in Public Administration Circular No.24/94 dated 01 July 1994 and No.01/2001 dated 15 January 2001.
- (i) According to the letter No.SA/GES/27 dated 26 December 2013 of the Director General of State Accounts, all arrears including the unsettled W&OP contributions relating to the year 2013 should be settled to the Department Pensions on or before 31 December 2013. Nevertheless, the arrears of contribution to be further setteled totalled Rs.1,859,547,432 as at 31 December 2013.
- (ii) Eventhough action had not been taken to settle the arrears stated in the above paragraph, the amount of investments in fixed deposits and the interest earned thereon in 2 state banks as at the end of the year under review totaled Rs.940,220,286.
- (h) Out of 6900 additional leters of petrol given to the official vehicle of an officer in the Ministry of Agriculture during the period from January 2011 to September 2013, information to ensure the use of 4131 leters of petrol valued at Rs.592,659 was not made available for audit. Even the running chart for the motor vehicle had also not been properly maintained.

- (i) Contrary to the Central Province Financial Rule 164 (a) a sum of Rs.6,363,616 had been paid on 31 December 2013 before the receipt of materials in 14 instances having been certified the payment vouchers.
- (j) As a formal agreement had not been entered into in terms Section 8.9 of the Procurement Guidelines in printing 3 months Govi Saviya Special Magazine by the Ministry of Agriculture, an overpayment of Rs.274,200 had to be paid in excess of the agreed price of Rs.712,500.

6.6 Apparent Discrepancies

The following matters were observed.

- (a) Out of a sum of Rs.400,000 received under the National Program for the reconstruction of 1000 Secondary Schools and 5000 Primary Schools, a sum of Rs.174,395 had been credited unlawfully to the private bank account of the Principal, Laxapana Central College maintained in the Laxapana Co-Operative Rural Bank.
- (b) The Divisional Secretary, Ambagamuwa had given a sum of Rs.366,231 in the year 2012 to the Laxapana Central College for the construction of toilet and urinal system. Of this money, two cheques totalling Rs.360,231 consisting of Rs.330,231 and Rs.30,000 and been written by placing the first and the second signatures by the then principal and the deputy principal respectively and credited to the private account of the former principal maintained in the peoples bank branch of Ginigathhena.

6.7 Idle and Under - utilized Resources

Lands, building, motor vehicle, machinery and office equipment totalling 811 belonging to the offices of the Education, Health and the Governor had remained idle for periods ranging from 1 to 15 years.

6.8 Uneconomic Transactions

The following matters were observed.

- (a) Eventhough expenditure of Rs.153,240 and Rs.92,129 had been incurred during the period from 9 October 2013 to 09 January 2014 for giving official quarters to the Chairman and the Vice - Chairman of the Central Provincial Council respectively it was not established that they had commenced occupancy.
- (b) Despite the existing mace used in the Provincial Council sessions was in a good condition, a new mace had been made by incurring an expenditure of Rs.580,000 on 31 May 2013.
- (c) Out of the stock of drugs supplied to the office of the District Director of Health Services, Matale by the Medical Supplies Division in Colombo in the year 2013, it was decided that drugs valued at Rs.1,322,973 were not conformity with the standards and as such those drugs had been retained in the Regional Medical Division in Matale. In addition, another 7 varieties of drugs issued to the Regional Offices had been determined sub standard after the lapse of 17 to 23 days. It was revealed that those drugs had issued to the hospitals even by that time.
- (d) Eventhough a sum of Rs.2,300,000 had been paid to the Sri Lanaka Sabaragamuwa University for the preparation of a Central Province Overall Tourist Plan and got the necessary plan prepared it had not been implemented in the year 2013 as well.

6.9 Identified Losses

The following matters were observed.

- (a) Eventhough a sum of Rs. 334,433 had been spent for the repair of 2 motor vehicles met with accidents in the year under review, only a sum of Rs.232,123 had been covered by the insurance cover and as such a loss of Rs.102,310 was incurred. Action had not been taken in terms of financial rule in this loss.
- (b) Out Of the losses incurred by the Department of Provincial Animal Products and Health, there was a balance of losses amounting to Rs.1,915,518 to be further recovered or to write off as at 31 December of the year under review. It was revealed that the balances totalling Rs.1,832,157 included in the above balances was being carried forward prior to the year 2004.

- (c) A loss of Rs.1,442,665 was incurred due to defraud or steal of thread, die drab and chemical stocks given to the textiles centres for the manufacturing process. Action in that connection had not been taken in terms of financial rule 54 although 8 years had elapsed after incurring such losses.
- (d) The total value of losses, including the unsettled losses relating to 3 instances in respect of motor vehicle accidents in the Ministries and Departments of the Central Provincial Council amounting to Rs.304,862 and the loss of properties valued at Rs.31,834,853 relating to 11 instances, amounting to Rs.32,139,715. The value of loss of properties relating to another 4 instances had not been computed. Action had not been taken to settle these motor vehicles and property losses even during the year under review though several years had lapsed.

6.10 Weaknesses in Contract Administration

The following matters were observed.

- (a) Repair of Decide Tamil School - Rs.654,617
-

The building- 60 feet in length and 20 feet in width

- (i) Although a sum of Rs.22,444 had been paid for painting in the class rooms,172.65 square feet in extent, they were not painted in accordance with specification.
- (ii) Although a sum of Rs.38,764 had been paid to fix 3 doors for 8.81 square feet, locks of all doors were broken.

The building -40 feet in length and 20 feet in width

Eventhough a sum of Rs.17,979 had been paid for the painting of 138.30 square meters ,painting had not been properly done.

(b) Indeewari Tamil School-Rs.547,268

-
- (i) A sum of Rs.55,385 had been paid for 5.83 square meters of fixing 03 steel doors which were less than the specified thickness.
 - (ii) An over payment of Rs.37,800 had been made for concreting 35 square meters of floor in excess of the estimated limit.

(c) Construction of Hadley Tamil School-Rs.547,268

A sum of Rs.39,330 had been paid for fixing 2 steel doors with 4.4 square meters, less than the specified thickness.

(d) Welioya Tamil School-Rs.537,369

-
- (i) Eventhough a sum of Rs.89,170 had been paid for embedding the ground floor in concrete, 156.44 square meters in extend, 69.6 square meters of floor had become hollow and being broken, as the floor had been cemented without specified mixture.
 - (ii) Eventhough a sum of Rs.106,931 had been paid for the fixing of sliding window with 12.96 square meters, iron grill had not been fixed inside the window for the protection.
 - (iii) Although a sum of Rs.51,131 had been paid for concreting 4.9 cubs in the access stare case to the building, only 2.32 cubs of concrete had been used thereon and as a result, an over payment of Rs.24,209 had been made for 2.58 cubes of concrete.

(e) Construction of stage II of the Namagal Tamil School- 90 feet in length and 25 feet in width.

-
- (i) A sum of Rs.54,145 had been paid for a defunct switch fixed to the electricity system.
 - (ii) Although a sum of Rs.97,843 had been paid for the cementing of floor areas of 201.74 square meters by using 1:3 mixture, 77.2 square meter of them had become fully hollow and cracked.

- (f) Repair Of Tamil School Peradeniya- Rs.547,268

Eventhough a sum of Rs.15,209 had been paid for embending the drain at teachers quarters in concrete with 1:2:5:5 mixture 1.13 cubic meters in extend, only 0.232 cubic meters had been utilized and as such an over payment of Rs.12,081 had been made for 12.081 cubic meters.

6.11 Delayed Projects -----

The following matters were observed

- (a) According to the agreement entered into with a farmers organization by the Irrigation Engineer on 03 july 2013 for the repair of Kothmale Koholdeniya Boot anicut, the work should have been completed by 05 November 2013. However, work had not been completed as agreed and only 26 per cent of the work had been completed as at 31 march 2014.
- (b) Dancinan Pundaluoya Road

- (i) The work costing Rs.4,485,940 to be completed as at 17 February 2013 had been competed after a delay of 7 months.
- (ii) Eventhough the second coat of asphalt should be applied within 28 days of the application of asphalt, it had not been carried out even after the 3 months and as such the road surface had damaged in serval places.
- (c) Eventhough the period of completion of the construction of mahaoya devahandiya bridge had exceeded for more than 6 moths by the end of the year under review.construction works had not been completed. Eventhough the construction of a bridge across the road under which a small canal with little water flow is not under the preview and control of the Authority, the authority had incurred an expenditure of Rs.12,157,885 thereon.
- (d) The construction work of the Norton- Homagama road, the estimated cost of which was Rs.3,003,001 had delayed for more than 10 months. Although 7 months had elapsed after the application of the first tar coat, the second coat had not been applied and as such the road surface had completely become defective.

6.12 Personnel Administration

The following matters were observed.

(a) The Approval and Actual Cadre

Approved cadre and actual cadre position of the Central Provincial Council as at 31 December 2013 (except teachers and principles services) is given below.

Staff category	Approved cadre	Actual cadre	No of vacancies	Excess cadre
Senior level	2,036	1,610	426	-
Tertiary level	913	726	187	-
Secondary level	8,676	6,200	2,476	-
Primary level	4,678	3,358	1,320	-
Others (Casual Temporary)	23	701	-	678
Total	16,326	12,595	4,409	678

The following observation are made in that connection

- (i) By the end of the year under review, 678 other employees in excess of the approved cadre had been deployed and action had not been taken to fill 4,409 vacancies.
- (ii) Action had not been taken to fill 76 vacancies in the Textiles Department existed by the end of the year under review.

- (iii) Action had not been taken to get the formal approval for 96 excess cadre recruited by the Textiles Department.
- (iv) Out of the 47 advisory posts in the Department of Industries, 15 posts and the administrative posts had been in vacant position and as such it directly affected to the performance of the department.

(b) School Staff

 Cadre position in the Principals Service and the Teachers Service as at 31 December 2013 is given below.

Staff category	Approved cadre	Actual cadre	No of vacancies	Excess cadre
-----	-----	-----	-----	-----
Principals	1,717	1,570	147	-
Teachers service	25,084	26,941	-	1,857
Minor staff	2,046	607	1,439	-
Other	249	28	221	-
	-----	-----	-----	-----
Total	29,096	29,146	1,807	1,857
	=====	=====	=====	=====

The following observations are made in that connection

- (i) Despite 147 vacancies existed in the principals grade, the existing principal grade officers had been deployed outside the principals duties.
- (iii) Action had not been taken to fill 1807 vacancies in the minor grades and other services existed as at the end of the year under review.
- (iii) Action had not been taken to get a proper approval for 1857 teachers recruited
- (iv) In comparison the approved cadre of teachers at Zonal education offices level in 1499 schools relating to 15 Zonal education offices with the actual cadre, there were 1312 teachers vacancies in 9 zonal education offices and 3169 teachers had been employed in 6 zonal education officers in excess of the approved cadre.

The following observations are made in that connection

- * It was observed that there were excess teachers in the 6 Education zones nearly 3 time more than the teachers vacancies in the other 9 Zonal Education Offices. Eventhough it was possible to resolve the problem by setting off the vacancies against the excess teachers within the 15 Zonal Education Offices attention had not been paid in this regard.

(c) Idle Human Resources

- (i) Eight teachers had been attached to the Niyangoda Junior School belonging to the Katugasthota Education Zone in which 19 students studied. Students had not been admitted to the grade 1 and 2 classes.
- (ii) Fifteen teachers had been attached to the Harankahawa Maha Vidyalaya in which 22 students studied. Students to grades 1,2,4 and 5 had not been admitted to this school.
Steps had not been taken to attach those excess teachers to the other schools.
- (iii) Salaries and allowances are being paid to 4 teachers in the St.Anthony Girls School without getting any service.

(d) Others

The principal of the Abhiram Tamil School in the Wattegama Education Zone had taken leave for 117 days,76 days, and 101 days in the years 2010, 2011 and 2012 respectively. The Zonal Director of Education had reported this matter to the Provincial Director of Education. Without taking any disciplinary action in this regard he had been attached to the Tamil Division of the Provincial Department of Education since 03 June 2013 as the Cordinating Officer of the subjects of Technology.

7. Accountability and Good Governance

7.1 Corporate Plan

Activities expected to be implemented during the year under review, according to the strategic plan prepared by the Department of Social Welfare, Probation and Child Care had not been implamented. Even the primary activities such as the identification of places for construction allocation of lands etc. had not been carried out.

7.2 Action Plan

According to the paragraph 1.4.1 of the letter No.PF/R/2/2/3/5(4) of the Director General of Public Finance dated 10 March 2010, an action plan should be prepared. However action plans for the year under review had not been prepared by 3 Departments and the Passenger Transport Authority, even by 31 December 2013.

7.3 Internal Audit

The following matters were observed.

- (a) Internal Audit units had not been set up by one Ministry and 11 Departments.
- (b) A sufficient internal audit functions had not been carried out by the Ministry of Industries and 2 Departments in the year under review.

7.4 Audit and Management Committees

The following matters were observed

- (a) Audit And Management Committees had not been established by 6 departments and institutions for the year 2013.
- (b) Although audit and management committee meetings for a year should be held at least 4 meetings on a quarterly basis, the Provincial Ministry of Agriculture had held only 3 meetings for the year under review.

7.5 Procurement Plan

The following matters were observed

- (a) The Annual Procurement Plan had not been prepared by 2 institutions even by 31 December 2013 in terms of National Budget Circular No 128 of 24 March 2006
- (b) The Zonal Education Office, Nuwaraeliya had purchased 5 computers and 3 printers valued Rs.344,250 outside the suppliers registered by the Chief Secretary of the Central Provincial Council for the year 2013. An over payment of Rs.26,250 had to be made as purchase had been made by rejecting the lowest quotation.

7.6 Budgetary Control

The following matters were observed

- (a) Expenditure totalling Rs.1,004,290 had been accounted under 09 some other expenditure items without being accounted under relevanted expenditure items by 2 Ministries and one Department.
- (b) An expenditure of Rs.640,434 in one expenditure item had been incurred by the Textiles Department, contrary to the provision in Financial Rule 30.1
- (c) Fixed Asset valued at Rs.209,124 had been purchased by the Ministry of Power by utilizing the provisions made under recurrent expenditure items

7.7 Tabling the Annual Reports

The position of tabling the Auditor General's reports in the Central Provincial Council for the last few years in terms of Section 23(2) of the Provincial Councils Act. No. 42 of 1987 is given below.

Year	Date Of Report	Date Of Tabling
-----	-----	-----
2009	17.08.2010	07.09.2010
2010	30.12.2011	06.02.2012
2011	28.03.2013	23.04.2013
2012	04.07.2014	19.08.2014

8. Systems and Controls

Special attention is needed in respect of the following areas of control

- (a) Accounting
- (b) Revenue Management
- (c) Internal Audit
- (d) Provincial Council Development Plan
- (e) Personnel Management

Revenue (Rs.Million)

	2013			2012			2011			2010			2009		
	Budgeted	Actual	Variance	Budgeted	Actual	Variance	Budgeted	Actual	Variance	Budgeted	Actual	Variance	Budgeted	Actual	Variance
	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.
Revenue relating to															
Provincial Council															
Functionas															
Tax Revenue	4,790	3,840	950	4,612	3,853	759	3,325	3,685	(360)	3,032	2,669	363	3,076	2,337	739
Non – Tax Revenue	471	701	(230)	428	1,002	(574)	325	941	(616)	348	323	25	458	370	88
	5,261	4,541	720	5,040	4,855	185	3,650	4,626	(976)	3,380	2,992	388	3,534	2,707	827
Government Grants	19,832	18,522	1,310	17,311	15,532	1,779	17,948	16,029	1,919	16,087	15,775	312	15,332	15,775	(443)
	25,093	23,063	2,030	22,351	20,387	1,964	21,598	20,655	943	19,467	18,767	700	18,866	18,487	384
Total	25,093	23,063	2,030	22,351	20,387	1,964	21,598	20,655	943	19,467	18,767	700	18,866	18,487	384

Expenditure (Rs.Million)

	2013			2012			2011			2010			2009		
	Budgeted	Actual	Variance	Budgeted	Actual	Variance	Budgeted	Actual	Variance	Budgeted	Actual	Variance	Budgeted	Actual	Variance
	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.	Rs. Mi.
Recurrent Expenditure															
Personal															
Emoluments	416,693	16,020	691	15,157	14,752	405	14,156	14,128	28	12,962	12,837	125	12,271	11,967	304
Others	4,251	4,008	243	3,982	3,248	734	2,871	2,799	72	3,298	3,008	290	3,513	2,819	694
Sub - Total	20,944	20,010	934	19,139	18,000	1,139	17,027	16,927	100	16,260	15,845	415	15,784	14,786	998
Capital Expenditure	4,490	3,282	1,208	3,764	3,162	602	4,571	2,614	1,957	3,618	2,841	777	4,565	3,896	669
Total	25,434	23,292	2,142	22,903	21,162	1,741	21,598	19,541	2,057	19,878	18,686	1,192	20,349	18,682	1,667