

North Central Provincial Council – 2015

The audit of financial statements of the North Central Provincial Council for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 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. A detailed report to be tabled in the Provincial Council on the observations appear in this report will be issued in due course.

1.2 Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards 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 Auditing 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 judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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 qualified 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 effects of the matters described in paragraph 2:2 of this report, the financial statements give a true and fair view of the financial position of the North Central Provincial Council as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Provincial Council Fund

The Financial statements for the year under review relating to the Provincial Council Fund had been presented to audit on 04 May 2016.

2.2.2 Other Accounts

The progress of presentation of other accounts of the Provincial Council relating to the year under review as at 30 April 2016 is given below.

	Relating to the year 2015			Relating to the previous years
	Total Number of accounts	Number of accounts presented	Number of accounts not presented	Number of accounts not presented
(i) Appropriation Accounts	30	30	-	-
(ii) Revenue Accounts	21	21	-	-
(iii) Advances to Provincial Public Officers Accounts	33	33	-	-
(iv) Commercial Advance Accounts	07	07	-	-
(v) Fund Accounts	05	02	03	16
(vi) Statute Accounts	05	05	-	-
Total	101	98	03	16

2.2.3 Accounting Deficiencies

The following matters were observed.

- (a) The cost of 73 motor vehicles purchased in the year under review on lease basis without custom duty at Rs.216,019,620, had been shown in the financial statements as Rs.509,305,000 and as a result, the value of motor vehicles had been overstated by Rs.293,285,380.
- (b) The value of Rs.293,564,341 recognized as tax grants in the year under review on the purchase of motor vehicles without custom duty had not been brought to accounts as an income of the year under review. Instead, the amount of Rs.43,584,389 calculated on the basis of payment of leasing installments had been stated in the statement of financial performance as income and the balance of Rs.249,979,952 had been adjusted as a prior year income.
- (c) Without being adjusted in the statement of financial performance of the year under review, the profit of Rs.726,282 and the loss of Rs.917,685 identified while writing off advance account balances, imprest account balances, deposit account balances, debtor balances including other dormant account balances in the year under review had been adjusted to the opening balance of the Provincial Council Fund as at 01 January 2015. As such the surplus of the year under review had been overstated by Rs.191,403.
- (d) According to the financial statements and the performance report of the previous year, balances of 6 types of fixed assets amounted to Rs.2,683,284,048. When the assets valued at Rs.999,221,381 acquired during the year under review were added to that value, the value of those assets should have been Rs.3,682,505,429 but it was shown in the financial statements and the performance report as Rs.4,313,542,132. The difference of Rs.631,036,073 between those values had been purchased prior to the year 2015 but it had been adjusted as the value of assets identified in the year 2015. However, the value of assets purchased prior to the year 2015 out of the above 6 type of assets but vehicles identified in the year 2015 and other capital assets amounting to Rs.113,573,799 had been understated in the appropriation account of the year under review. As such the value of assets relevant to the prior years but identified during the year under review had been understated a similar amount in both the financial statements and the performance report of the year under review.

2.2.4 Unreconciled Control Accounts

The following matters were observed.

- (a) Balances relating to 3 advances to Public Officers Accounts of the Provincial Chief Secretariat and the Provincial Industries Development Department as per the Note 15 of the financial statements and the performance report totalled Rs.104,995,161 whereas according to the balance of advances to Public Officers accounts of those institutions amounted to Rs.84,842,446. As such a minus value of Rs.25,386,431 in 2 accounts and a plus value of Rs.4,835,832 in another account had differed.
- (b) According to the note 16 of the financial statements and the performance report, the balances of 2 Commercial Advance Accounts in the Provincial Department of Industrial Development totalled Rs.31,380,298 whereas according to the Commercial Advance Account of the books of that Department it was Rs.18,310,298 thus observing an unreconciled difference of Rs.13,070,000.
- (c) According to the Note 16 of the financial statements and the performance report, balances of deposit accounts in 16 institutions totalled Rs.102,744,118, whereas according to the summary of the advance accounts and control accounts of deposit accounts in Note (III) of the appropriation account it was Rs.107,095,765. As such a plus value of Rs.6,157,569 in 3 deposit accounts and a minus value of Rs.1,805,922 in 3 other accounts had differed.
- (d) According to the summary report in respect of the imprest account in Note (V) of the appropriation account of Local Government Department, the unsettled imprest debit balance as at the end of the year under review amounted to Rs.1,349,628 whereas it was stated as Rs.1,007,628 as per the Note 14 (6) of the financial statements and the performance report thus showing an unreconciled difference of Rs.342,000.’
- (e) The value of liabilities relating to 8 Provincial Ministries/ Departments as per schedules 01 and 02 in the financial statements and the performance report amounted to Rs.345,990,548 whereas according to the D.G.S.A – 8 forms of the Appropriation Accounts of those institutions it was Rs.244,192,834. Accordingly the values had been differed by Rs.203,180,430 of plus values in 5 institutions and Rs.101,382,716 of minus values in the balance 3 institutions.
- (f) The value of non- current assets relating to the Provincial Ministry of Health and the Department of Probation and Child Care Services according to the schedule 06 and 07 existed along with the financial statements and the performance report amounted to Rs.10,060,650 whereas according to the non – current assets movement reports in the appropriation accounts of those institutions it was Rs.11,439,294. As such, an unreconciled difference of Rs.1,378,644 was observed.

2.2.5 Lack of Evidence for Audit

The following matters were observed.

(a) Unreplied Audit Queries

Replies to 20 audit queries issued relating to the year under review and 16 audit queries issued relating to the previous years to the following 04 institutions of the Provincial Council had not be furnished even by 31 August 2016. The computable value of transactions relating to the audit queries issued during the year under review and the previous year amounted to Rs.939,553,497 and Rs.39,876,268 respectively.

Ministry/ Department -----	Year under review -----		Previous year -----	
	No. of queries	Computable value of transactions	No. of queries	Computable value of transactions
		Rs.		Rs.
Provincial Department of Health Services	08	29,448,780	03	99,514
Provincial Road Development Authority	09	328,499,329	-	-
Chief Ministry	06	363,725,313	06	39,776,754
Chief Secretary's Office	02	217,880,075	-	-
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Total	25	939,553,497	09	39,876,268
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(b) Non – maintenance of Books and Records

The following matters were observed.

- (a) Stock of drugs valued at Rs.11,222,599 received to the drugs stores of the Base Hospital, Kebithigollewa in 12 instances in the year 2015 had not been entered in the stock books up to 01 March 2016.
- (b) The Assets Management Software, indicating the particulars of assets valued at Rs.1,440,616,408 purchased during the year under review by 3 institutions of the Provincial Council had not been updated.

(c) Non – rendition of Information

The following matters were observed.

- (i) A sum of Rs.4,848,931 had been spent in respect of training and awareness programs conducted under the Second Health Development Project of the office of the Provincial Director of Health Services during the year under review. Particulars such as an approved program details program time frame, resource persons participated and the summaries of their lecturers were not made available for audit.
- (ii) A sum of Rs.2,780,142 had been paid as incentives to the officers of the Provincial Land Commissioner’s Department and to the officers in the Divisional Secretariats who had dealt with land duties during the year 2015. However, an incentive scheme thereon had not been get approved.
- (iii) All the institutions of the North Central Provincial Council had not furnished important letters, documents and reports such as copies of agreements relating to the Provincial Council, Provincial Cabinet Decisions, Secretarial Committee Decisions, Decisions of Board of Directors of Statutory Institutions, interdicted letters of officers, letters of re – instatements and retirement letters of officers, to the Auditor General. Accordingly, it was ensured at audit test check that copies of agreements relating to 455 construction projects, the contractual value of which was Rs.960,918,658 implemented by 3 institutions of the Provincial Council during the year 2015 had not been presented to the Auditor General at the time of entering into agreements it self. As a result, the audit had been deprived of checking those project activities at the time of being implemented those projects.

(d) Non – rendition of Payment Vouchers

One hundred and fifty seven payment vouchers valued at Rs.16,908,440 and 31 payment vouchers valued at Rs.23,987,757 relating to the year under review and the previous year respectively had not been presented to audit by the following Ministries and Departments of the Provincial Council.

Institution -----	Year under review -----		Previous year -----	
	No.of vouchers -----	Value -----	No.of vouchers -----	Value -----
1. Provincial Department of Education (Anuradhapura Zone)	-	-	23	495,947
2. Provincial Department of Health Services (office of the Anuradhapura Divisional Director of Health Services)	157	16,908,440	-	-
3. Chief Ministry (Tourist Centre)	-	-	08	23,491,810
Total	157	16,908,440	31	23,987,757

2.2.6 Non – compliance with Laws, Rules, Regulations and Management Decisions

Instances of non-compliance with the provisions of Laws, Rules, Regulations and Management Decisions observed at audit test checks are given below.

Reference to Laws, Rules and Regulations -----	Value -----	Non-compliances -----
(a) Acts of Parliament -----	Rs.	
- Section 51 (1) of Chapter 31 of the Children and Youth Ordinance No.48 of 1939.	-	Action had not been taken to formulate and approve the standing orders in respect of the standard quality to be in a certified school relating to the Madatugama Certified School of the Department of Probation and Child Care Services.
- Section 47 of the Employees Provident	2,935,330	In addition to the total earnings to be considered in the calculation of EPF

Fund Act No.15 of 1958		contributions stated in the Act, the Provincial Road Development Authority had considered other earnings as well. As such a sum of Rs.7,404,611 had been paid to the Fund, exceeding by sum of Rs.2,935,330 than the amount of Rs.4,469,281 that should have been paid.
- Provincial Councils Act, No.42 of 1987	6,893,798	Contravening the provisions in the Act, 4 posts VIZ, Leader of the House, Leader of the Opposition, Chief Organizer of the Government Wing Chief Organizer of the Opposition Wing had been created and given advantages improperly, exceeding the privileges entitled to a Provincial Counciller. A sum of Rs.6,893,798 had been paid to them in the year 2015 in respect of these privileges and a sum of Rs.17,517,886 had also been paid to them as such privileges in the past 3 years.
- Section 44 of the Employees Trust Fund Board Act No.46 of 1980 as amended by Act No.18 of 1993, Act No.47 of 1988 and Act No.3 of 1982	733,836	In addition to the total earnings to be considered in calculating the contributions to the ETF as stated in the Act, other earnings had also been considered in calculation contributions by the Provincial Road Development Authority. As a sum of Rs.1,851,156 had been paid to that Fund in the year under review, exceeding a sum of Rs.733,836 than the amount of Rs.1,117,320 that should have been paid.
- Payment of Gratuities Act No.12 of 1983		
- Section 5(4)(b)	68,445	Even though the pensions gratuity of a retired officer gone on pension in the year under review paid with a delay of 2 months and 18 days, the surcharge that should be payable to this officer had not been paid.
- Section 20	7,852,651	As the Provincial Road Development Authority had considered the other earnings in addition to the total earnings stated in the

Act in calculating provision for gratuities, a sum of Rs.18,291,529 had been made exceeding by Rs.7,852,650 than the provision of Rs.10,438,879 which had to be made. As a result of this over provision an over payment of Rs.33,412 had been made to an officer who had retired in the year under review.

(b) Statutes

Section 15(3) of the Provincial Road Development Authority Statute No.01 of 1998 of the North Central Province, Scheme of recruitment of the North Central Road Development Authority and Procedural Rule 412 of the Public Service Commission 2,197,350

Non- compliance with the statute, scheme of recruitment and rules of the Public Service Commission, an officer in the Supra Class of the Provincial Management Assistants Service had been appointed to the Post of Administrative Officer of the Provincial Road Development Authority. As high salaries, more than his entitlement, allowances and privileges had been given to him and over payment of Rs.2,197,350 for the period from 08 December 2011 to 30 June 2016 had been made.

(c) Establishments Code

- Section 13 of Chapter II 1,267,493

Instead of paying an acting allowance or covering up of duties allowance after making a formal acting appointment, overtime allowances for 4 hours in addition to the extra duty (overtime) allowance of 4 hours to which they are entitled per day had been paid daily to 05 Medical Officers who had covered up the duties in 2 offices of the Director of Health Services, Office of the Provincial Director of Health Services and in a Hospital.

- Sections 2 and 3 Chapter XIV 16,020

Despite the Royal College of Polonnaruwa was situated near the service station, combined allowances and travelling expenses had been made to go to Polonnaruwa Royal College for Board of Survey from his residence by the Zonal Education Office, Polonnaruwa on 2 payment vouchers.

	- Section 4.1.1 of Chapter XIV	722,722	Eventhough the maximum period of paying combined allowances during the training period is 2 weeks combined allowances had been paid to 2 officers for more than 2 weeks who had participated in the training courses by the Provincial Department of Health Services.
(d)	Provincial Financial Rules -----		
	54	-	Inquiries in respect of 12 accidents caused to motor vehicles belonging to the office of the Divisional Director of Health Services, Polonnaruwa during the period from 04 January 2013 to 17 July 2015.
	146.3.4	157,402,084	Eventhough the documents had been presented for payments after being completed the construction work, by producing false information stating that the Departmental duties had not performed as at 31 December 2014, a sum of Rs.162,545,141 had been transferred to the Deposit Account by the Chief Secretariat Office. Of this sum, the amount saved without making payment even as at 31 December 2015 was Rs.157,402,084.
	283.4	8,502,901	The Provincial Road Development Authority had not taken action in respect of 16 cheques elapsed for more than 6 months issued but not presented to the Bank for payment in terms of Provincial Financial Rules.
(e)	Guideline 5.4.12 of Procurement Guidelines	65,379,447	Eventhough the value Added Tax amounting Rs.65,379,447 paid on construction works and the supply of goods and services obtained by 3 institutions of the North Central Provincial Council valued at Rs.555,582,407, it had not been reported monthly to the Commissioner General of Inland Revenue with a copy to the Auditor General in terms of procurement guidelines.

Institution	Value of works, goods and services	VAT paid
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	Rs.	Rs.
Chief	87,698,804	9,511,679
Ministry		
Provincial		
Road		
Development		
Authority	450,891,376	53,998,623
Department		
of Probation		
and Child		
Care	16,992,227	1,869,145
Services		

(f) Others

Circular
No.ED/1/27/1/5/1/2007
dated 13 December 2007 of
the Secretary to the Ministry
of Education

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It was observed that 663 teachers in the Provincial Council Schools belonging to the Polonnaruwa and Hingurakgoda Education Zones had been working in the same school for periods ranging from 06 to 25 years.

2.2.7 Transactions not Supported by Adequate Authority

The following matters were observed.

- (a) Out of the 3750 Agriculture Water Pumps purchased by the Chief Ministry of the North Central Province for Rs.279,300,000 in the year 2012 to be distributed among the farmers who cultivated soya beans in the North Central Province on 50 per cent of beneficiary contribution, 210 water pumps valued at Rs.15,640,800 had remained in the stores of the supplier even by the end of the year 2015 without being distributed.
- (b) In terms of Provincial Financial Rules 259.2 and 259.3, imprest balances as at 31 December of each year should be returned to the Provincial Treasury before 10 of January of the ensuing year or a date determined by the Provincial Treasury. However, in terms of Note 14(b) of the financial statements for the year under review, the unsettled debit balances in imprest accounts of 9 Ministries/ Departments as at 31 December 2015

totalled Rs.37,525,737. Of this amount, 70 per cent or Rs.26,405,861 had to be settled by the Chief Ministry.

- (c) In terms of Note 15 along with the financial statements and the performance report there had been credit balance totalling Rs.1,634,162 in 05 advances to Provincial Public Officers Account and credit balances totalling Rs.1,497,081 in 2 Commercial Advance Accounts as at 31 December of the year under review.
- (d) Salaries and allowances amounting Rs.4,450,980 and Rs.999,480 relating to the Private Staff of the Chairman and the Vice Chairman respectively had been paid. However, in addition to that, salaries and allowances had been paid in respect of their personnel staff entitled as Provincial Councillors and the salaries and allowances so paid to those 2 persons totalled Rs.1,515,120.

03. Revenue Management

The following matters were observed.

- (a) The Provincial Council had collected a revenue of Rs.2,817,577,088 in the year under review under 21 Revenue Heads. When it is compared with that of the preceding year's revenue of Rs.2,751,657,246 an improvement of Rs.65,919,842 or 2 per cent was shown. However, its improvement in the preceding year amounted to Rs.424,886,828 or 18 per cent. Similarly, such revenue under 21 Revenue Heads in the year under review represented 17 per cent of the total revenue of the Provincial Council and that percentage in the preceding year was 21 per cent.
- (b) Eventhough the commencement of the Provincial Council had lapsed for more than 26 years, a statute in relation to the regularization of registration of Pawning Centres situated within the Province by issuing annual licenses and recover charges had not been approved. The opinion of the Divisional Secretaries were that as instructions in respect of registration of Pawning Centres issue of annual licenses and charging fees thereon had not been given by the Provincial Council and as such functions could not be carried out.
- (c) Eventhough the Form NC-100 had been issued to the courts of the North Central Province for the recovery of courts fines by the Provincial Revenue Department and examination in respect of fines recovered from those forms had not been carried out and as such the accuracy of the amount of fines remitted by courts could not be ensured. Similarly, without taking over the used receipt books, new books had been issued again.
- (d) As the Provincial Land Commissioner's Department had not maintained including the particulars such as the extent of lands on which taxes were to be recovered, revenue on

land taxes could not be specifically estimated and as a result, the arrears of revenue as at the end of the year could not be calculated.

4. Financial Review

4.1 Financial Results

According to the financial statements presented the surplus of the Provincial Council Fund for the year ended 31 December 2015 amounted to Rs.1,704,796,896 as against the deficit of Rs.63,101,757 for the preceding year.

4.2 Analytical Financial Review

As compared with the preceding year, the recurrent expenditure of the year under review had increased by Rs.3,230,767,070 but the financial results had improved by Rs.1,767,898,656. Increase of government grants, tax revenue and tax grants by Rs.4,253,557,363, Rs.80,425,794 and Rs.31,825,390 respectively and decrease of Provincial Investments (Capital Transition) by Rs.634,205,290 had mainly attributed to this improvement.

5. Authority Accounts/ Fund Accounts and Commercial Advance Accounts

5.1 Authority Accounts/ Fund Accounts

Five Authorities under statutes approved by the North Central Provincial Council had been established and 5 funds had been commenced. Particulars are given below.

5.1.1 North Central Province Road Development Authority

The following matters were observed.

- (a) Action had not been taken even in the year under review to recover an employee loan balance of Rs.158,082 in the Department of Highways which had been brought forward from several years in the financial statements as receivable and loan balances of Rs.627,718 due from 16 officers served in the Provincial Road Development Authority who had retired and vacated of posts.
- (b) Eventhough the settlement of bills relating to the reconstruction of roads, damaged by flood in the year 2011 should have been done by getting money from the General Treasury, those bills had been settled by the Provincial Road Development Authority by withdrawing Rs.93 million which had been invested by the Authority in fixed deposits. As a result, an interest income of Rs.1,976,690 had been deprived of by the Authority which would have been earned thereby. Further, the retention money retained on contractors' bills could also not be released.

- (c) The Authority had not set up an Internal Audit Division. Even the Provincial Department of Internal Audit and Investigations had not carried out a sufficient internal audit so as to perform the functions of the Authority efficiently.
- (d) Although the Audit and Management Committee should be held at least one meeting a quarter, any meeting whatsoever had not been held during the year under review by the Authority.

5.1.2 North, Central Province Pre – childhood Education Development Authority

The following matters were observed.

- (a) Although the advance limit to be issued at a time is Rs.100,000 in terms of Provincial Financial Rule 261.2.2, a sum of Rs.433,200 had been given as advances in 3 instances by exceeding that limit by the Pre-childhood Education Development Authority.
- (b) In terms of provisions in Public Administration Circular No.09/2007 (1) dated 24 August 2007, the Competent Authority can appoint retired officers, only for essential posts, subject to a maximum period of 12 months on the personal recommendation of the relevant Secretary to the Ministry in re-employment of retired public officers. However, the Managing Director of the Pre-childhood Education Development Authority had appointed two officers for the posts of the Administration Officer and the Finance Assistant had appointed on contract basis. Those 2 officers had performed duties during the period of 2 years and 6 months by 31 December 2015 and obtained a sum of Rs.2,338,500 as salaries.
- (c) Action had not been taken to pay the Teachers Allowances of Rs.3,000,000 shown in the accounts of the Pre-childhood Education Development Authority, payable for the last 3 months of the year 2014, even in the year 2015.

5.1.3 North Central Province Development, Construction and Machinery Agency

The following matters were observed.

- (a) Goods and Services Tax amounting to Rs.11,744,400 collected from the year 1999 to 2002 by the Provincial Development Construction Machinery Agency in terms of provisions in the Goods and Services Tax Act No.34 of 1996 had not been remitted to the Commissioner General of Inland Revenue.
- (b) Although a sum of Rs.3,068,170 had been paid as salaries to the 18 employees recruited on casual/ contract basis by the Provincial Development Construction and Machinery Agency for the period from January 2014 to July 2015, Contributions in terms of

Employees Trust Fund Board Act No.46 of 1980 and Employees Provident Fund Act No.15 of 1958 had not been remitted to those funds even by July 2016.

- (c) As the Provincial Development Construction and Machinery Agency had not remitted the contributions to the Employees Trust Fund on due dates relating to the years 2005 and 2006, a surcharge of Rs.206,873 had been imposed but action had not been taken to settle it.
- (d) Despite there were no balances in 2 bank accounts of the Provincial Development Construction and Machinery Agency, 7 cheques valued at Rs.84,236 had been issued in January 2015.
- (e) Pensions Gratuities of Rs.941,319 payable to 9 officers who had retired or left the service within the period ranging from 8 months to 7 years had not been paid to the relevant officers by the Provincial Development Construction and Machinery Agency.

5.1.4 North Central Province Road Passenger Transport Authority

The following matters were observed.

- (a) In terms of Public Administration Circular No.14/2008 dated 26 June 2008, a monthly transport allowance of Rs.30,000 can be paid to officers who are authorised to use official vehicles for private purposes for the supply of official vehicles. However, the Chairman of the North Central Province Road Passenger Transport Authority had obtained a monthly transport allowance of Rs.40,000 and as such an over payment of Rs.120,000 had been made during the year under review.
- (b) A sum of Rs.47,005 had been paid as surcharges comprising a sum of Rs.28,765 and Rs.18,240 to the Employees Provident Fund and the Employees Trust Fund respectively due to delay in paying contributions by the North Central Province Road Passenger Transport Authority. However, those surcharges had not been recovered from the officers who had delayed the payments.
- (c) Ten Time Keepers, 7 Labourers and 8 Management Assistants had been employed in excess of the approved cadre and a sum of Rs.6,307,862 had been paid as their salaries and allowances in the year under review.

5.1.5 North Central Province Chief Minister's Fund

Financial statements of the Fund for the year under review and the previous 3 years had not been presented to audit. The balance of the Fund as at 31 December of the preceding year amounting to Rs.5,185,974 had become a balance of Rs.47,537 as at 31 December of the year under review.

5.1.6 North Central Province Incentives Fund

The surplus of the previous year amounting to Rs.3,764,973 which should have been added to the capital of the statement of assets and liabilities had been stated as its cash balance and that balance had been shown as the opening balance of the income and expenditure account of the year under review. As a result, the deficit of the year under review which should have been Rs.3,082,335 had become a surplus of Rs.697,638.

5.1.7 North Central Province Rural Development Fund

In terms of the Section 26 of the North Central Rural Development Ordinance No.03 of 2011, this Fund had been established in January 2012. The provisions in respect of the preparation of financial statements of this Fund and the audit should be carried by the Auditor General had not been included in that Ordinance. However, according to the Section 26 (2) of the Ordinance this Fund shall comply with the provisions in part 3 of the Provincial Councils Act No.42 of 1987 and therefore the audit of the Fund should be carried out by the Auditor General. As such, the financial statements should be prepared and presented to the Auditor General. Nevertheless, the financial statements of the Fund had not been presented to the Auditor General since the year of establishment of the Fund to the year under review. The balance of the Fund amounting to Rs.2,047,235 as at 31 December of the preceding year had become a balance of Rs.217,613 as at 31 December of the year under review.

5.1.8 North Central Province Education Development Fund

The financial statements for the last 10 years and the year under review in respect of this Fund which was established in the year January 2005 had not been presented to the Auditor General. The balance of this Fund as at 31 December of the previous year amounting to Rs.8,331,893 had become a balance of Rs.32,679 as at 31 December of the year under review.

5.2 Commercial Advance Accounts

Rajarata FM Service Advance Account

Despite the agreement for the allocation of air time of the Rajarata FM Service signed between the Sri Lanka Broadcasting Corporation and the North Central Provincial Council had terminated since 31 March 2014, the provision of Rs.3 million which could have been used for any other effective economic activity, had been allocated on this dormant advance account activity.

6. Operating Review

6.1 Performance

6.1.1 Eventhough the North Central Province Revenue Department had collected a revenue of Rs.373,036,638 in excess of the estimated revenue of Rs.301,150,000 under 7 revenue Heads by Rs.71,886,638, it was observed that the collection of 7 per cent or Rs.26,700,843 thereof had only been directly contributed by the Provincial Revenue Department. The collection of the balance revenue of Rs.346,335,795 from liquor licenses, stamp duties on judiciary documents and court fines had been done by other institutions and remitted to the Provincial Revenue Department. There was no evidence to ensure that the Provincial Revenue Department had supervised and followed up the process of revenue collection of those institutions adequately. The Provincial Revenue Department had directly collected the revenue of Rs.26,700,843 during the year under review and the expenditure incurred on the collection of such revenue amounted to Rs.28,448,857. Accordingly, to earn Rs.100 a sum of Rs.106.55 had been spent.

6.1.2 In analysing the G.C.E (O/L) examination results of the past 3 years in the North Central Province the percentage of failures of the subjects of Science, Mathematics and English who sat for the examination in the first time had shown a high value. It can not be ruled out that it would create social problematic issues by leaving those failures from higher education activities.

Subject	2015			2014			2013		
	No.of Students sat	No.of failures	Percentage	No.of Students sat	No.of failures	Percentage	No.of Students sat	No.of failures	Percentage
Science	16,473	5680	34	16,193	7309	45	16,692	6010	36
Mathematics	16,455	8358	51	16,159	7732	48	16,677	8237	49
English	16,454	10,553	64	16,112	10,565	66	16,674	10,453	63

6.1.3 Three projects valued at Rs.2,743,308, specially stated that they should not be continued to the year 2016 and 214 projects the estimated value of which was Rs.49,411,384 planned to be completed during the year under review had not been completed and continued to the year 2016.

6.1.4 Eventhough the Kekirawa District Hospital had existed a Labour Room with all facilities, number of child births had dropped from 324 to 62 by August 2015 as compared with previous years and it was observed that patients had been transferred to Dambulla and Anuradhapura Hospitals.

6.1.5 An expired drug stock of 33,845 units of 70 varieties value at Rs.290,549 in 06 hospitals and 02 offices of the Medical Officer of Health in the Anuradhapura District of the Provincial

Department of Health Services had been kept along with the stock in good condition. As a result, there would be a risk of issuing expired drugs to the patients.

6.2 Management Inefficiencies

The following matters were observed.

- (a) Despite the Managing Director of the Sri Lanka Tourist Promotion Bureau had agreed to provide facilities and guidance such as tourist information leaflets, CDs, notice boards to places with tourists attraction, training of officers attached to the Tourist Information Centre and regular guidance to operate the centre etc., the Secretary of the Chief Ministry had not taken action to operate the Tourist Information Centre by obtaining such facilities and guidance. Instead, the North Central Provincial Council had given this Tourist Information Centre which had been constructed at a cost of Rs.23,491,810 to operate it by earning income to a Private Party on a freehold lease without charging any monthly or yearly lease rental.
- (b) Action had not been taken to recover a sum of Rs.9,653,017 due from 331 officers who had gone on transfer from 4 institutions of the North Central Provincial Council to another institution of the same Provincial Council and the officers who had been transferred out of the Provincial Council, a sum of Rs.3,699,528 recoverable from 64 officers who had been working in 6 institutions and deceased, retired and vacated their service, a sum of Rs.5,371,202 recoverable from 197 officers who had come on transfer to 5 institutions. It was observed that those loan balances had been disclosed in the accounts for more than 3 years. particulars are given below.

Account No.	Officers who had transferred out		Officers who had transferred in		Deceased, retired vacated posts officers	
	No. of officers	Amount	No. of officers	Amount	No. of officers	Amount
		Rs.		Rs.		Rs.
66001	47	2,596,214	48	2,235,771	4	292,360
66201	-	-	02	270,814	1	-
66501	-	-	-	-	1	160,380
61001	41	1,013,864	85	2,514,402	7	121,890
61201	232	5,703,310	55	198,025	-	-
62001	11	339,629	07	152,190	1	52,159
60111	-	-	-	-	2	240,000
63101	-	-	-	-	48	2,832,739

- (c) Land and buildings in which 41 Provincial Schools were operated in the North Western Province and closed down due to non-availability of students in the previous years had

not been handed over to the Divisional Secretaries and 17 of them had been given to other institutions without proper approval of the relevant Divisional Secretaries.

- (d) In the revision of salaries of the Industrial Extension Officers of the North Central Province Department of Industrial Development in terms of Circular No. NSCC/3/1/2/iv dated 11 June 2007 of the Secretary of the National Salaries Cadre Commission and the Public Administration Circular No.6/2006, applying the MN – 7 salary scale had been incorrect. In rectifying the salaries as per the 2nd step of MN – 04 salary scale, an overpayment of Rs.3,262,447 had been made to 5 Industrial Extension Officers during the period from January 2006 to September 2013. Action had not been taken to recover this overpayment even by instalments even by 30 June 2015.
- (e) In calling for quotations for the insurance of 73 motor vehicles imported without customs duty, in the year 2015, the invoice value of which was Rs.216,019,620, the CIF value had been given to the insurance companies by the Chief Secretary without getting confirmation from the vehicle suppliers. Thus, the insurance companies had presented their quotations by stating various market prices. Those vehicles had been insured at the market value of Rs.509,350,000, exceeding the invoice values by Rs.58,844,671 and customs duties of these vehicles totalling Rs.450,505,329.
- (f) An advance of Rs.7,921,800 had been paid to an organisation which organised foreign travels for the preparation of Thailand and Korean Tours Planned for 45 officers including Provincial Councillors without obtaining the sanction of H.E the President. As those tours had been suspended by H.E the President a sum of Rs.3,921,800 out of the above advance could not be recovered. This loss had been written off on 31 December 2014 stating that the officers were not obliged for this loss as there was no need to get the sanction of H.E. the president for this Tour.

6.3 Transactions and Activities Contrary to the Central Government Policies

Eventhough in the implementation of establishment matters of Provincial Public Officers, procedures adopted in respect of parallel posts in the Public Service should be complied with as much as possible, instances of non- compliance of such procedures are given below.

- (a) Contrary to the provisions in Paragraph 5.4 of Chapter XIX of the Establishments Code, house rent, subject to a monthly maximum amount of Rs.500 had been recovered from the Chief Secretary, Ministry Secretaries and from other similar officers. House rent of Rs.831,695 had been under recovered from 17 such officers during the year 2015.
- (b) Contrary to the provisions in Paragraph 5.8 of Chapter XIX of the Establishments Code, 70 per cent of the Water and Electricity Bills of government quarters in which the Chief Secretary, Secretaries of Ministries and 17 similar officers had resided had been paid by debiting the Expenditure Heads of their institutions. Such payments made during the year

under review amounted to Rs.367,643. Similarly, there was a deficiency in the amount spent by the Provincial Council on Water and Electricity on behalf of each of these officers.

6.4 Transactions of Contentious Nature

Eventhough all allowances of the Provincial Council Chief Minister, Provincial Council Ministers and their Personal Staff had been paid out of the Provisions made under the heads of each Ministry, a sum of Rs.4,877,400 had been paid as drivers allowances and Personal Staff allowances of the Chief Minister and the other Ministers in the year 2015 under the Provincial Council and Council Secretariat's Expenditure Head, in addition to those payments. The total allowances so paid during the past 3 years amounted to Rs.12,933,600.

6.5 Irregular Transactions

The following matters were observed.

(a) Diviation from the Procurement Guidelines

- (i) In purchasing 400 spraying machines for Rs.2,138,000 by the Provincial Ministry of Agriculture in the year 2015, 400 spraying machines had been purchased by paying Rs.690 per machine in excess of the quotation submitted for a machine by the 1st qualified supplier for Rs.10,000 on the written request made by the Minister in charge of the subject. As such an over payment of Rs.276,000 had to be made. Of this overpayment, a sum of Rs.138,000 had been recovered from beneficiaries and the Minister was responsible for the balance loss of Rs.138,000 but it had not been recovered from him.
- (ii) In terms of Guideline 8.9.1 of the Procurement Guideline of 2006, there should be a written and formal contract agreement in respect of work over Rs.250,000 with the signature of relevant parties. Contrary to that setting up of plaques valued at Rs.3,250,000 had been given to a private entity without a formal contract agreement by the Govenor's Secretariat.

(b) Transactions without Authority

- (i) Two minor employees had been recruited from 01 November 2014, with the approval of the Chief Secretary in his staff for two posts as the Chief Alliance Officer and the Deputy Alliance Officer that were not even in the staff of Sri Lanka Parliament or any other Provincial Council Secretariats or without in the approved cadre of the North Central Provincial Council Secretariat. Before being recruited to those posts, the Provincial Council and Council Secretary had appointed those 2 employees to perform the duties of these posts from 10 April 2012. An overpayment totalling Rs.187,893 had been made to those 2 officers as

salaries and covering up duties for the period from 10 April 2012 to 31 December 2015.

- (ii) It was observed that the Chairman of the North Central Province Road Development Authority had obtained 1502 litres of fuel valued at Rs.142,690 in excess of the approved fuel limit of 1530 litres which could be taken in terms of Paragraph 3.1 of the Public Enterprises Circular No.1/2015 dated 25 May 2015 for his assigned vehicle in the year 2015. It was further observed that 5 officers of the North Central Province Road Development Authority who were not entitled for the approved fuel allowance had obtained 8,593 litres of fuel valued at Rs.816,335 in the year 2015. Particulars are given below.

Name of Officer	Post	Fuel obtained	Full Limit as per circular	Excess fuel obtained	Value of fuel obtained in excess of Limit
-----	-----	-----	-----	-----	-----
		litres	litres	litres	Rs.
1. Mr.I.G.Wijitha Kumara	Chairman	3032	1530	1502	142,690
2. Mr.S.W.T.C.Suneth	Accountant (Atg.)	2271	-	2271	215,745
3. Mr.R.H.Ekanayake	Admin.officer	2705	-	2705	256,975
4. Mr.W.M.A.B.Walisundara	Engineer	1580	-	1580	150,100
5. Mr.B.B.Kumarasiri	Engineer	1359	-	1359	129,105
6. Mr.C.K.Kulawardana	Engineer	678	-	678	64,410

					959,025
					=====

6.6 Apparent Malpractices

The following matters were observed.

- (a) In terms of Annexure 1(iii) along with the Circular even number dated 18 March 2006 issued in addition to the Circular No.CSA/P1/40 dated 04 January 2006 of H.E the President, the Chief Minister had been given fuel allowance in excess of the fuel limit entitled to the Chief Minister Apart from that super fuel had been supplied to the two vehicles and to the vehicle obtained on rent basis to which normal fuel had been supplied before giving those vehicles to the Present Chief Minister. As a result, a sum of Rs.2,412,000 had been paid to the Chief Minister for the period from February to December 2015 for 2 diesel vehicles and one petrol vehicle, exceeding a sum of Rs.665,000 than the fuel allowance of Rs.1,747,000 which had entitled for the Chief Minister.

- (b) In terms of Paragraph 1.1 of the Circular No.PSA/P1/40 dated 04 January 2016 the personal staff of a Chief Minister should consist of 15 persons. Nevertheless, the personal staff of the Chief Minister of North Central Province had been 28. Accordingly, there was an excess cadre of 13 persons of the Chief Minister and a sum of Rs.4,254,412 had been paid to them in the year under review as salaries, allowances and overtime.
- (c) The approval of the Cabinet of Ministers had been granted to rent a suitable vehicle at Rs.95,000 stating that one official vehicle out of 2 vehicles used by the former Chief Minister for official purpose, which had been manufactured in the year 2012 was insufficient to perform the duties of the Present Chief Minister and there was no other suitable vehicle in the Ministry. On that approval, a motor car had been taken in March 2015 irrespective of the procurement guidelines. However it was observed that this vehicle had been a reconditioned one manufactured in the year 2001. However, the lease instalment of a motor car purchased by the North Central Provincial Council in March 2015 which had been manufactured in the year 2015 and the duty free price amounting to Rs.3,000,000 was Rs.63,922. Under this circumstance if the motor vehicle had been purchased on leasing basis, instead of the above hired vehicle a monthly economic benefit of Rs.31,008 and the ownership a new motor car could have been obtained.
- (d) In terms of Paragraph 2.1 of the Circular even No. dated 04 January 2006 of H.E the President as amended by Circular Letter No.CSA/P1/40 dated 19 November 2007, issued in respect of Public Expenditure Management, only 3 official vehicles can be allocated for a Minister/ Deputy Minister's use and Security purposes. However, 4 motor vehicles had been used by the Provincial Minister of Transport, Sport and Youth Affairs, Co-operative, Trade and Foods and Industrial Development during the year 2015. One vehicle of them had been obtained in September 2015 at a monthly rental of Rs.75,000 and a sum of Rs.300,000 had been paid as rent in the year under review.
- (e) In terms of the Letter No.CA/1/1/47 dated 17 July 2009 of the President Secretary on the instructions of H.E the President in participating for the Cabinet meetings by Chief Ministers reimbursement of additional fuel, deviating the approved fuel limit was allowed. Contrary to that the Provincial Minister of Corporative, fuel expenses of Rs.150,200 had been reimbursed, stating as duties outside the province.
- (f) In terms of Paragraphs 3.4 and 3.2 of the Circular Letter even No. and dated 04 January 2006 of HE the President as amended by Circular Letter No. CSA/P1/40 dated 18 March 2006 on Public Expenditure Management, one mobile telephone can be used by a Minister and a member of Minister's supporting staff respectively and their bills can be settled by the government. Nevertheless, the Provincial Minister of Transport and Co-operative and his Personal Secretary had used another mobile phone each in excess of that limit and their bills had also been settled from the Ministry Vote. The value of those mobile phone bills settled during the year under review in respect of the Minister and his Private Secretary amounted to Rs.61,857 and Rs.68,713 respectively and only one mobile phone, out of the two mobile phones for which bills were settled had been registered in

the name of the Minister. It was further observed that all 2 mobile phones for which bills were settled in respect of the Private Secretary had been registered in the name of the Minister.

6.7 Assets Management

The following matters were observed.

- (a) The Chief Secretary to whom the custodian of all assets of the Provincial Council is vested had not taken over the custodian of all official quarters of all institutions under the North Central Provincial Council and essential information relating thereto had not been documented. As such, it was observed that the selection of occupants, recovery of rents etc. had been carried out by those institutional level and beyond the control of the Chief Secretary. As a result, it was observed improper and inappropriate acts at the time of selection of occupants signing of agreements, leaving from houses, recovery of rent etc.
- (b) Eventhough the ownership of 14 official quarters out of 33 quarters for which the Chief Secretary's office now controls them rests with the District Secretary. But action had not been taken to take over those quarters by the Chief Secretary. Similarly, the documents to prove the ownership of the balance official quarters were not available with the Chief Secretary. Action had not been taken to identify those official quarters as an asset of the Chief Secretary's Office and to account.
- (c) According to the Board Paper No.2011/12/01/04, except for the Chairman and the General Manager of the Provincial Road Development Authority, other officers are not allocated vehicles and it is illegal. Except the vehicles allocated for the Chairman and the General Manager, all other vehicles should be parked in the Head Office premises. Contrary to that it was observed in audit that the vehicles of the Authority had been parked in the residents at night by the Administrative Officer and Engineers who had been attached to the Authority.
- (d) Eight computers and accessories given to the 4 schools belonging to the Zonal Education Office, Anuradhapura for direct learning purposes had been used for the official purposes of the Zonal Education Office, Anuradhapura since 2013. Under this circumstance such resources had become misusable position without being used for intended purposes.

6.8 Uneconomic Transactions

A book written on behalf of the Southern Provincial Council containing information such as Historical Cultural, Social Life and Economy of the Southern Province including photographs had been purchased by the Ministry of Agriculture by paying a sum of Rs.12,000 but the requirement of this purchase was not revealed. it was further revealed that this book had been purchased by all other Provincial Ministries and main Institutions.

6.9 Identified Losses

The following matters were observed.

- (a) As 13 electricity bills valued at Rs.11,377,390 relating to the Chief Secretariat Office had not been settled on due days, a surcharge of Rs.106,946 had to be paid to the Ceylon Electricity Board in the year under review.
- (b) The following observations are made in respect of a payment of Rs.13,350,000 by the Provincial Ministry of Agriculture for the purchase of 15,000 Kg. of imported maize seeds in the year 2015.
 - (i) The newspaper advertisement published by the Provincial Ministry of Agriculture for the selection of suppliers to purchase 5000 Kg. of maize seeds had stated that quotations would be called for “imported maize seeds” contrary to the procurement guideline 5.6 and as such the local seed manufacturers were discouraged. Similarly, the purchases had been made by rejecting the lowest quotation submitted for the seed variety requested by farmers and purchased from a supplier submitted a high price. As a result the Provincial Council sustained a financial loss of Rs.112,500. Had the farmers requested high price seeds the additional cost would have been covered from the beneficiary farmers’ contribution.
 - (ii) In terms of Guideline 3.6 of the Procurement Guidelines approved by the Cabinet of Ministers of the Central Government purchases can be made outside the procurement procedure less than the half of the quantity purchased first. However, the Provincial Board of Ministers had approved to purchase 10,000 Kg. of imported maize seeds deviating from procurement procedure which was two times of the first purchase of 5000 Kg.

6.10 Deficiencies in Contract Administration

The following matters were observed.

- (a) An overpayment of Rs.1,760,015 had been made by the Road Development Authority for asphalt to the contractor, as a result of deficiencies such as a sum of Rs.805,040 due to the use of asphalt more than the standard thickness for the Pandukabhayapura Maliyadewa Mawatha which was a Municipal Council Road and use of asphalt to fill the areas which could be filled with ABC and a sum of Rs.954,975 due to overstatement of the quantity of asphalt transported.

- (b) It was stated in the Procurement Register maintained by the Chief Ministry that 115 contracts had been awarded by the Chief Ministry by calling for quotations from the contractors registered in the North Central Provincial Council and selected suppliers from them by following Spot Market method in terms of Provincial Financial Rule 422.2. However, the following matters were observed in the examination of that register and the contract files.
- (i) Had the contractor been selected by calling for quotations from the registered contractor in the North Central Provincial Council, an appropriate methodology should have been followed to call for quotations from the first contractor to the last contractor from the registered contractors list of the North Central Provincial Council in order to give equal opportunities to all registered contractor. However action had not been taken accordingly.
- (ii) Out of the 115 contracts awarded in the year 2015, it was observed in the examination of files relating to 80 contracts presented to audit that out of the 169 registered contractors in the Provincial Council quotations had been called for in 05-14 instances from 41 contractors whereas quotations had not been called for from 68 contractors at least once.
- (iii) Similarly, 17 construction contracts contractual value of which was Rs.38,402,027 had been awarded to 09 contractors who had not registered in the North Central Provincial Council.
- (c) Eventhough a motor vehicle garage, the estimated value of which was Rs.3,289,580 was being constructed even by 20 March 2015 at the Provincial Council premises, having being completed the procurement process before entering into agreement and without a legal authority, the relevant contract file had not been presented to the Auditor General even by 31 July 2016.

6.11 Personnel Administration

6.11.1 Approved and Actual Cadre

Provincial Council, Ministries, Department and Other Institutions

The information of the approved and actual cadre of the North Central Provincial Council as at 31 December 2015 is shown below.

	Approved	Actual	Excess	(Vacancies)
	-----	-----	-----	-----
(i) Senior	749	715	-	(34)
(ii) Tertiary	248	137	-	(111)
(iii) Secondary	4,207	2,997	-	(1,210)

(iv) Primary	3,008	2,571	-	(437)
(v) Others	11	05	-	(06)
(Casual/Temporary)	-----	-----	-----	-----
	8,223	6,425	-	1,798
	=====	=====	=====	=====

The following matters were observed.

- (a) In addition to the approval cadre of 153 by the Department of Management Services, III Labourers and Management Assistants had been recruited on Ad-hoc basis and a sum of Rs.28,136,783 had been paid to them as salaries in the year under review and debited to the Road Maintenance Expenditure Object.
- (b) Action had not been taken to recruit the Post of Accountant and 23 Internal Audit Officers approved by the Department of Management Services in the year 2012 and June 2015 respectively in order to update the activities of the Department even in the year under review. Thus there was an interruption to develop audit functions improvement of productivity in respect of investigations, institutional capacity building and good governance, enabling to report to the top management to take suitable measures in order to prevent weaknesses identified in systems and controls introduced for the prevention of errors and frauds and ensuring the protection of assets of the Ministries, Departments and Other Institutions of the North Central Provincial Council. Which were the key functions of the Provincial Department of Audit and Investigations.
- (c) Eight six persons for 5 posts which had been not included in the approval cadre of the Provincial Department of Education and 35 persons for 6 posts not included in the approved cadre of schools were in service. Despite 3 excess Karyala Karya Sahayaka's were in service a sum of Rs.296,375 had been paid as overtime allowances in the year 2015.
- (d) Eventhough only one Administrative Officer post was in the approved cadre, there were 2 Administrative Officers in actual cadre of the Chief Ministry and one of them had been attached to the Provincial Road Development Authority. Eventhough a sum of Rs.1,634,315 had been paid to him as salaries and allowances during the period from 05 December 2012 to 30 June 2016, it had not been reimbursed from the relevant Authority.

6.11.2 School Staff

	Approved	Actual	Excess	No.of Vacancies
	-----	-----	-----	-----
(i) Principals	1,017	732	-	285
(ii) Teachers	15,981	15,456	-	525
(iii) Teaching Assistants	-	55	55	-
(iv) Planning and Finance Assistants/ Development Assistants/ Program Assistants/ Management Assistants/ Laboratory Assistants/ Warden	936	107	-	829
(v) Minor Employees	1,317	1,364	47	-
(vi) Others	-	05	05	-
	-----	-----	-----	-----
	19,251	17,719	107	1,639
	=====	=====	=====	=====

- (a) Seven teachers in the Galenbindunuwewa Education Zone had been released to the duties of others institutions during the period from 2008 to 2015. Similarly, salaries and allowances totalling Rs.2,707,408 had been paid to those teachers in the year 2015 but action had not been taken to reimburse this money from the institutions to which they were attached.
- (b) There were shortages of 1050 persons and 828 persons in the academic and non-academic staff of 805 schools in the North Central Province as at 31 December 2015 respectively. These shortages had been hindrance to reach the expected levels of learning and teaching affairs in schools. In the mean time there was an excess cadre of 110 persons in the non-academic staff as at 31 March 2016. Monthly salaries paid to this excess cadre had become an uneconomic transaction.

6.1.13 Hospital Staff

	Approved	Actual	Excess	Shortage
	-----	-----	-----	-----
(i) Specialist Medical Officers	21	17	-	04
(ii) Graded Medical Officers	356	365	09	-
(iii) Other Medical Officers	85	89	4	-
(iv) Nurses (Hospitals)	590	589	-	1
(v) Nurses (Public Health)	31	13	-	18
(vi) Middle Level Technology Officers	1,100	812	-	288

(vii)	Technology/ Insulators/ Ward Clerk/ Food Keeper and Others	177	111	-	66
(viii)	Labourers (General)	363	221	-	142
(ix)	Labourers (sanitary)	394	694	300	-
(x)	Attendance	444	403	-	41
		-----	-----	-----	-----
		3,561	3,314	313	560
		=====	=====	=====	=====

6.12 Vehicles Utilisation

The following matters were observed.

- (a) It was revealed that officers and drivers of the Provincial Ministry of Agriculture colludedly presenting false information in completing the daily running charts of vehicles such as details of travel, distance of each visit, in and out times and the relevant officers had signed those running charts falsely prepared by drivers.
- (b) The Chief Secretary of the North Central Province had given a double cab for the temporary use, the market price of which was Rs.7,100,000 to a Provincial Councillor of the North Central Provincial Council who had been appointed to the Post of Head of opposition for which no provision is made in the Provincial Councils Act No.42 of 1987 for such a post. Eventhough this vehicle had met with an accident on 01 July 2015 while it was driven by an outside person, the Chief Secretary had appointed an investigating officer to conduct a preliminary inquiry only on 26 December 2015 after 6 months of the accident. Eventhough that inquiry report had been handed over on 14 March 2016, the said vehicle had been handed over to a private garage for repairs on 31 December 2015 without being identified the responsible person for the accident and the value of loss even without considering the Procurement Guidelines. This vehicle had not been taken back even by 30 July 2016.

6.13 Bank Reconciliation

Unidentified payments in 3 bank accounts of the Provincial Department of Education as at 31 December 2015 amounted to Rs.2,407,670 and that value by May 2016 had become Rs.2,384,370.

7. Accountability and Good Governance

7.1 Action Plan

The Provincial Council and its Ministries, Departments and Institutions had not prepared action plans for the year under review in terms of Circular No.PF/R/2/2/3/5/(4) dated 10 March 2010 of the Director General of Public Finance.

7.2 Internal Audit

The Key Functions of the Provincial Internal Audit and Investigation Department include that reporting to top management about the measures to taken in respect of prevention of frauds and errors in the Ministries, Departments and Other Institutions of the Provincial Council ensuring the safeguard of assets identification of weaknesses in the systems and controls introduced and the measures to be taken to prevent them. In assigning audit and investigation functions of each year it should be carried out in order to identify internal control weaknesses of all Ministries, Departments, Authorities including other institutions. Nevertheless, it was observed that action had not been taken accordingly in respect of Ministries, Departments, Authorities and Other Institutions as per the internal audit queries issued during the year under review.

7.3 Audit and Management Committees

In terms of Paragraph 6 of the Management Audit Circular No.DMA/2009(1) dated 09 June 2009, Audit and Management Committees should meet at least once in quarter. Nevertheless, each Ministry, Departments, Authorities and Other Institute of the Provincial Council had not called for such committee in the year under review.

7.4 Procurement Plan

Any of the Ministries, Departments, Authorities and Other Institute of the Provincial Council had not prepared a Procurement Plan for the year 2015 terms of National Budget Circular No.128 of 24 March 2006.

8. Systems and Controls

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

Key Areas	Observations
-----	-----
(a) Accounting	Adequate accounting methods not introduced.
(b) Revenue Administration	Proper estimates not prepared.
(c) Contract Administration	Not complied with procurement guidelines regarding contracts.
(d) Fixed Assets	All assets not included in the register of fixed assets.
(e) Human Resources Management	Preparation of recruitment procedures contrary to guidelines and not recruited approved cadre.

- (f) Planning and Implementation Projects not implemented as planned.
Projects
- (g) Procurement Procedure Non-compliance with procurement procedure
- (h) Stores control Stock book not properly maintained in an updated manner.
- (i) Attendance and Overtime control Finger print machines not subjected to proper supervision.