

## **Central Provincial Council - 2016**

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The audit of financial statements of the Central Provincial Council for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 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 the Financial Statements**

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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**

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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 Audit Opinion**

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

## 2. Financial Statements

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### 2.1 Qualified Opinion

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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 Central Provincial Council as at 31 December 2016 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

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#### 2.2.1 Provincial Council Fund

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The financial statements of the Provincial Council for the year ended 31 December 2016 had been presented for the audit on 31 March 2017.

#### 2.2.2 Other Accounts

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##### Appropriation Accounts including other Accounts

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The progress of presentation of accounts for the year under review as at 31 March 2017 is given below.

Name of the Accounts	Accounts for the year 2016	
	Total No. of Accounts	No. of Accounts Presented
(i). Appropriation Accounts	34	34
(ii). Advances to Provincial Council Officers' Accounts	66	66
(iii). Loan Facilities Advance Account to Provincial Councilors	01	01
(iv). Commercial Advance Accounts	08	08
(v). Fund and Statute Accounts	04	04
(vi). Revenue Accounts	02	02
Total	115	115

#### 2.2.3 Accounting Policies

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In terms of provision in the Circular No. PED/POL/ CIR/2013-3 dated 02 October 2013, of the Department of Public Enterprises the public sector accounts should be prepared on accrual basis. Nevertheless, the Central Provincial Council had not applied that circular.

#### **2.2.4 Accounting Deficiencies**

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Following observations were made.

- (a) The total expenses made to purchase the capital assets of Rs. 87,802,947 in the year under review and the expenses made to purchase capital assets in previous years had not been disclosed in the financial statements.
- (b) The total sum of Rs. 5,615,966 of fixed assets purchased by 04 institutions in the year under review had not been stated in the statement of movement of the non current assets of those institutions.

#### **2.2.5 Imprest Accounts**

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According to the books of the Provincial Treasury the unsettled imprest balance as at the end of the year under review totalled Rs. 2,217,507 and it consisted of a debit balance of Rs. 1,037,055 and a credit balance of Rs. 1,180,452.

#### **2.2.6 General Deposit Accounts**

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There was a balance of Rs. 386,013,252 in the General Deposit Account of the Provincial Treasury and actions had not been taken in allowance with the Financial Regulation 571 regarding a total balance of Rs. 68,427,525 deposits of 12 institutions which exceeded 02 years.

#### **2.2.7 Unreconciled Control Accounts**

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Following observations were made.

- (a) There was a difference of Rs. 327,779 in the opening and closing balances in between the General Deposit Account of the Provincial Department of Tourism and the Provincial Treasury printouts.
- (b) There was a difference in between the treasury printouts and the debits and credits of the year in the reconciliation statement on the books of advance account of the public employees of the Ministry of Industries, Rs. 374,189 and Rs. 374,200 respectively.
- (c) There was a difference of Rs. 157,995 in between the total expenditure of the year as per the expenditure ledger and the total expenditure of the year stated in the appropriation account relating to 03 objects of the Provincial Department of Handlooms.
- (d) There were difference of Rs. 1,060,000 and Rs. 7,339 respectively in the debits and credits of the year in the Advance B Account of the public employees as per the Treasury Statements and the books of the Provincial Department of Handlooms.
- (e) There were differences of Rs. 270,146 and Rs. 128,582 respectively in between the Treasury books and the Department books relating to the opening balance, total debits during the year and the closing debit balance of the advance account of the Provincial Department of Industrial Development and Business Promotions.

- (f) There was a difference of Rs. 1,217,050 in between the balances stated in the CC 10 register and the individual balance classification register relating to the loan balances of 17 officers stated in the account of the Provincial Department of Industrial Development Business Promotions.

## **2.2.8 Accounts Receivable and Payable**

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### **(a) Accounts Receivables**

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Following observations were made.

- (i). There was a Rs. 75,127,908 balance which had been brought forward continuously since many years without collecting and actions had not been taken in the year under review to settled them, in the balance of Rs. 91,430,201 stated at the end of the year under review under the loans for the Approved Advances to the Institutions of the Central Provincial Council.
- (ii). Actions had not been taken to collect the arrears amount to be collected Rs. 1,206,143 as at the end of the year under review from the housing loan amount provided under the Sanasa Loan System since 1994 to 1999 and the arrears to be collected amounted Rs. 1,959,120 from the Provincial Department of Housing as direct loans since 1994 to 1996.

### **(b) Accounts Payable**

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- (i). The total amount of Rs. 540,670,021 which includes a balance of Rs. 527,534,903 as stamp charges and court fines of Rs. 13,135,118 to be paid to 35 Local Government Authorities had not been disclosed in the Statement of Financial Position as Liabilities.
- (ii). Actions had not been taken to settle the total amount of Rs. 3,975,272 at 15 loan balances to be paid under the Settling Account of the Inter Provincial Transfer of Loan balances.
- (iii). Actions had not been taken in the year under review to settle the balance of Rs. 1,969,736 which had been brought forward since several years without changing in the Advance Account of the Mapanawathura Resource Center.

## **2.2.9 Lack of Written Evidence for Audit**

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Although the Ceylon Electricity Board had informed that the projects to be completed for Rs. 2,729,170 had been paid by the Provincial Ministry of Electricity and power in the years 2009, 2010 and 2011 to Ceylon Electricity Board to supply 09 electricity extensions and those projects had been implemented through other alternative proposals, the information relating to those alternative proposals had not been presented for this audit.

## 2.2.10 Non - compliance with Laws, Rules, Regulations and Management Decisions.

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Following instances of non-compliance were observed in audit.

**Reference to Laws, Rules and Regulations and Management Decisions**

**Non - compliances**

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(a) Statutory Orders

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(i). 269 section of the Public Land Ordinance manual

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Although an action should be taken to handover the attorney power of the lands consumed by government institutions to the said institutions properly, actions had not been taken by the Divisional Secretariats to handover the attorney power of the lands relating to 406 schools and government institutions who consume those lands.

(ii). Public Services Provident Fund Act No. 18 of 1942 as amended by Act No. 17 of 2013

Provident fund contribution of Rs. 209,404 to be paid for 09 employees worked in the personal staff of the Provisional Ministry of Electricity and Power had not been credited to the Provident Fund since January to June in 2016.

(iii). The Co - operative Societies Act No 05 of 1972, approved rule 43 (ii) under section 61

Although a part of profit not exceeding 10 per cent or not decreasing Rs.5 should be contributed to the Co-operative Fund from the annual net profit of registered Co -operative Societies, an amount of Rs. 169,990,340 had not been collected as at 31 December 2016 from 424 registered societies at the Central Provincial Department of Co - operative Development.

(iv). The Provincial Council Act No 42 of 1987 section 19 (c)

The rental income of Rs. 512,502 received from the canteen conducting at the Provincial Council Complex had been credited to account maintained at the People's Bank under the name of Employee Welfare Society without crediting to the Provincial Council Fund.

(v). The Co - operative Society amended Act No 04 of 1993 section 59 (7)

Court fines of Rs. 8,672,372 sent by 11 Courts had not been settled to the relevant societies although 1 to 3 years has been elapsed.

(vi). The Inland Revenue Tax Act No 10 of 2006 and Circular

An amount of Rs. 190,085, Rs. 171,781 and Rs. 278,610 of PAYE taxes to be collected as at

No. SEC/2015/05 dated 06  
July 2015 of the  
Commissioner General of  
Inland Revenue

31 December 2016 respectively from 13  
officers of the Provincial Revenue Department,  
22 officers of the Department of Engineering  
Services, and 3 officers of Provincial Road  
Development Authority had not been remitted  
to the Commissioner General of Inland  
Revenue.

(b) Establishment Code of the  
Democratic Socialist Republic  
of Sri Lanka

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Section 5.3.1 of chapter XIX

The house rent of Rs. 81,198 had not been  
collected for 18 months from 3 government  
employees who lived in government quarters,  
although 10 per cent out of their salary to be  
collected as house rent.

(c) Financial Rules of the Central  
Provincial Council

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(i). Financial Rule. 54.5 and 54.6

Although an amount of Rs. 212,761 spent in  
accident taken place 04 occasions for on 18  
September 2013 to a motor vehicle owned by  
the Provincial Secretary's Office and a sum of  
Rs. 3,047,826 spent for the repair of an  
ambulance of the Dambulla Hospital which met  
an accident on 10 April 2015 complete reports  
or Preliminary reports had not been submitted.

(ii). Financial Rule 116.1

Actions had not been taken to collect  
Rs. 3,902,587 to be collected from 5 institutions  
and 5 persons of the Dambulla Divisional  
Secretariat area as lease rentals for a long  
period of time as at 31 December 2016.

(iii). Financial Rule 216.1.3 and  
238.1

Although counterfoil books and other specimen  
documents which had to be kept in safes and  
security boxes, the printed value of Rs.  
1,231,650 worth of vehicle revenue permit  
books and certificate of competence book  
worth of Rs. 3,750,000 sales value had been  
stored without any security.

(iv). Financial Rule 261.2.2

Although the interm imprest to be settled as  
soon as the relative task finished and the  
advances to be paid to a staff officer, the Chief

Ministry had not settled the advances of Rs. 454,869 paid to 4 external persons out of that rule as at 31 December 2016.

- (v). Financial Rule 277.2
- Although any written and signed cheque should not be kept with the officer who issue the cheque. Without a written permission of the relevant staff officer, 261 cheques worth of Rs. 73,564,644 written by 5 institutions had been kept with the cheque issuing officer without issuing them to the payees.
- (vi). Financial Rule 476
- Board of Surveys for the year under review had not been conducted in 133 units including divisional offices and hospitals, 6 departments and institutions, one Ministry of the Provincial Council.
- (vii). Financial Rule 561
- Fixed Assets registers had not been maintained by 7 Institutions of the Central Provincial Council.
- (d) Circulars of the Presidential Secretary's Office
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- (i). Circular No CSA/PI/40 dated 04 January 2006
- Although 07 vehicles can be kept by the Chief Minister and his personal staff, 14 vehicles had been attached to the Chief Minister and his staff of the Central Provincial Council.
- (ii). Paragraph 04 of the Circular No 13/2008 dated 26 June 2008
- 4355 litres worth of Rs. 457,505 fuel had been used in the year 2016 by 03 officers without any permission. Although, the extra fuel provisions spent at the instants where the official vehicles used in special duty except the general duties should be taken only on the permission of the Provincial Chief Secretary / Secretary of the Ministry personal permission.
- (iii). Circular No. CSA/1/3 dated 05 September 2016 and CSA/1/1/83 dated 05 June 2015
- An amount of Rs. 24,917,057 had been spent on foreign tours by 64 members of the Provincial Council and officers for capacity development educational programme although the foreign tours had suspended.
- (e) Public Administration Circulars
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(i). Circular No. HAF/3-ADMIN-02-00 dated 05 July 2013 paragraphs 4 and 5

It had been disclosed that there were 09 non permitted residents during 2016 due to the non functioning of the responsible officers properly with regard to the above matter, although the Grama Niladhari had submitted a report relating to the non permitted constructions to the Divisional Secretary of the Udunuwara.

(ii). The Circular Letter No. 8/2014 dated 26 December 2014.

Although all the government owned vehicles should be insured at the Sri Lanka Insurance Corporation or the National Insurance Trust Fund, 48 vehicles of the Central Province Ministry of Health and the Central Province Director's Office of the Health Services had not been insured.

(f) Other Circulars

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(i). Circular No. 2000/02 dated 30 June 2000 of the Educational Service Committee of the Public Services Commission

Although any appointment could be done to cover the duties or to act for partial positions or appointing to a post relating to Sri Lanka Education Administration Services only by the Educational Services Committee of the Public Services Commission, 16 teachers who were in Sri Lanka Principal's Services and Sri Lanka Teacher's Services and Sri Lanka Principal's Services had been appointed to act on such positions in Nuwara Eliya and Wattagama zones by the Secretary of the Ministry of Chief and Education of the Central Province.

(ii). Paragraphs 2.1 (a), (b) of the Circular No. 2008/37 dated 19 September 2008 of the Secretary of the Ministry of Education

Although the number of students of one class from grade 2 to grade 5 should be limited to 40 students and the number of student of one class from grade 6 to grade 11 should be limited to 45 the Srasavi Uyana Maha Vidyalaya had admitted 278 and 89 student respectively exceeding that limit.

(iii). Circular No. 4/3/1/2001/48 dated 24 May 2012 of the Secretary to the Ministry of Lands and Land Development

Although the tasks related to acquisitions of lands within 72 weeks, there were 323 incompleated files as at 31 December 2016 relating to 6 Divisional Secretariate Offices.



(iv). Circular No. 05/2015 dated 29 January 2015 of the Secretary of the Ministry of Education

A sum of Rs. 3,540,000 and Rs.1,337,000 was collected in 2014 and 2015 and 2016 respectively Rs. 15,000 each from a student when admitted to grade one of Sarasavi Uyana Maha Vidyalaya.

### 3. Revenue Management

- (a) The estimated revenue as compared with the actual revenue of the year under review and preceding year in the Provincial Council under each revenue code is given below.  
 (b) Arrears of revenue as at the end of the year under review and the preceding 2 year are given below.

Revenue Code No	Particulars of Revenue	2016		2015	
		Revised Estimated Revenue	Actual Revenue	Estimated Revenue	Actual Revenue
		Rs(Mn)	Rs(Mn)	Rs(Mn)	Rs(Mn)
M - 10	Taxes on Production and Expenditure	6,030.66	6,173.57	5,217.95	5,339.45
M - 20	Sales and charges	735.34	806.87	427.05	775.60
	Total	6,766.00	6,980.44	5,645.00	6,115.05

	As at 31 December		
	2016 Rs.	2015 Rs.	2014 Rs.
Stamp duty on transfer of properties	22,875,550	24,129,826	28,082,495
Charges on Crown Land Act.	9,824,999	2,771,801	1,555,845
Taxes on Mineral right	400,143	202,842	-
Turnover Taxes	33,920,901	45,381,205	64,656,881
Liquor fine and Interest	1,725,000	1,725,000	2,325,000
Charges recover from pawn brokers	21,000	21,000	21,000
Total	68,767,593	74,231,674	96,641,221

Following observations were made.

- (i). Although it had been advised that the revenue estimates should be prepared in realistic and accurate way in accordance with the P.F.R. 41.1.4, to Akurana Divisional Secretariat office had been received a revenue sum of Rs. 20,607,819 from 8 revenue heads during the year 2015, but revenue estimates had not been prepared for

that and actions had not been taken to collect a total balance of Rs. 1,930,858 which was to be collected from 2 long term lesseers for the year 2015.

- (ii). Actions had not been taken to collect the rent income or to get the attorney power of those lands again which had to be collected from the Swiss Training Center, Rangiri Dambulu Multi Purpose Co-operative Society and the Ireland Cultural Center in Etawara Hena to the Dambulla Divisional Secretariat Office and the rental income of Rs. 1,930,250 which had to be collected from the Water Supply and Drainage Board to the Akurana Divisional Secretariat Office.
- (iii). There was an areas rental of Rs. 3,003,921 due to wrongly assessing of the lease rental of the rented land for 50 years since 31 August 2001 to the C I C Fertilizer (pvt) Ltd.
- (iv). Actions had not been taken to collect Rs. 3,913,000 from 19 persons under the Bim Saviya Programme until January 2017 and huge loss had been there due to the non collection of taxes to the government as a result of the delay in the process of making long term agreements in the Matale Divisional Secretary Office.
- (v). A sum of Rs. 8,672,379 was suspense court fines and a Rs. 2,032,456 was non called appeal amount out of the total decisory amount of Rs. 54,599,722 decided of the Department of Co - operative Development and the balance of Rs. 43,894,887 was not identified. Accordingly the settlement of the court fines to be settled and the non called appeals were in an improper situation.

#### **04. Financial Review**

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##### **4.1 Financial Results**

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According to the financial statements presented, there was a deficit of Rs. 27,415,737,187 in the Provincial Council fund for the year ended 31 December 2016 as compared with the corresponding deficit of Rs. 25,670,888,447 in the preceding year.

##### **4.2 Analytical Financial Review**

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###### **Revenue and Expenditure**

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According to the financial statements presented, a summary of the revenue and expenditure for the year under review and the preceding year is given below.

Revenue	2016			2015		
	Budgeted	Actual	variance	Budgeted	Actual	variance
	Rs(Mn)	Rs(Mn)	Rs(Mn)	Rs(Mn)	Rs(Mn)	Rs(Mn)
Tax Revenue	6,030.65	6,173.57	(142.92)	5,217.95	5,339.45	(121.5)
Non Tax Revenue	735.34	806.87	(71.53)	427.04	775.59	(348.55)
Government Grants	23,374.86	23,374.86	-	24,678.11	23,542.11	1,136.00
Non Grants other Revenue	12,988.52	3,221.87	9,766.65	4,414.48	3,927.45	487.03
<b>Total</b>	<b>43,129.37</b>	<b>33,577.17</b>	<b>9,552.2</b>	<b>34,737.58</b>	<b>33,584.6</b>	<b>1,152.98</b>
<b>Recurrent Expenditure</b>						
Personnel emoluments	23,783.93	23,651.28	132.65	23,254.55	23,076.32	178.23
Other Expenditure	6,245.99	5,648.21	597.78	5,393.84	4,921.69	472.15
<b>Total</b>	<b>30,029.92</b>	<b>29,299.49</b>	<b>730.43</b>	<b>28,648.39</b>	<b>27,998.01</b>	<b>650.38</b>
Capital Expenditure	12,989.01	5,096.68	7,892.33	4,799.64	3,787.92	1,011.72
<b>Total</b>	<b>43,018.93</b>	<b>34,396.17</b>	<b>8,622.76</b>	<b>33,448.03</b>	<b>31,785.93</b>	<b>1,662.1</b>

## 05. Statutory Accounts/ Commercial Advance Accounts and Other Advance Accounts.

An opinion had not been stated relating to 02 Accounts of Established Statutory and 02 Commercial Advance Accounts and a qualified opinion had been made in relation to 03 Commercial Advance Accounts.

### 5.1 Statutory Accounts

#### 5.1.1 Central Provincial Passenger Transportation Service Authority

Following observations were made.

- (a) A sum of Rs. 1,208,900 worth of arrears school season ticket charges billed since before 03 years back and Surcharges had been cut off during the year under review and balance of Rs. 2,326,400 had been shown as arrears revenue as at the end of the year under review for the 2014, 2015 and 2016 years.
- (b) Fixed Assets Registers relating to 06 accounts items totaling to Rs. 9,827,330 survey reports, supporting documents and schedules of how the balance be made had not been presented for the audit.

- (c) Although an amount of Rs. 837,825 had been paid in the month of February 2017 for the computer data system by the authority, the system was not in the functioning level. A general ledger system had not been established as per the project report.
- (d) A sum of Rs. 16,434,074 paid as contributions to the Employee Provident Fund and Rs. 8,000,000 had been invested in a Fixed Deposit out of the amount a sum of Rs. 25,000,000 given through a Supplementary Estimates to implement the Sahasara Project. Accordingly, a sum of Rs. 24,434,074 had been utilized against the objective.
- (e) A fund had not been established as at 31 December 2016 by allocating gratuity in accordance with the accepted accounting principles and the provisions of the Employee Gratuity Act No 12 of 1983 and the gratuity provision amount which should be allocated until the year under review was Rs. 49,736,853.

### **5.1.2 Central Provincial Road Development Authority**

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Following observations were made.

- (a) The vehicle repair charges of Rs. 3,403,023 to be collected from 55 government institutions relating to period of 01 year to 06 years had not been collected as at 31 December of the year under review.
- (b) 04 people had sued against the authority stating that their property get damaged in the road development and they had requested a compensation of Rs. 6,221,688 cases including those 04 cases had been examined in the court.
- (c) Even though provisions of Rs. 190,000,000 received by the Provincial Road Development Authority during the year under review for the maintenance of the roads, only a 39 per cent that is Rs. 73,943,031 out of that money had been spent for road maintenance and the balance of 61 per cent is Rs. 116,056,969 had been used to pay employee salaries.

## **5.2 Commercial Advance Accounts**

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### **5.2.1 Commercial Advance Account on the Control and the Establishment of the Handloom Work Shop of the item No. 581202 of the Central Provincial Department of Textiles.**

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Following observations were made.

- (a) A balance of Rs. 11,688,914 brought forward from previous years to be collected from Credit Sales had not been collected even at the end of the year under review.
- (b) Actions had not been taken in the year under review to recover the receivable balance of Rs. 16,712,065 carried forward since many years in the name of Chief Secretary and the Stock Selling balance of Rs. 1,589,283 carried forward since 2015 and before that, the deficit balance to be collected Rs. 5,225,818.

- (c) There was a stock of thread worth of Rs.23,456,086 as at the beginning of the year under review and Rs. 29,757,276 cost of thread had been purchased during the year. But only Rs. 22,135,004 cost of thread had been used during the year.
- (d) There was a stock of dye and chemicals worth of Rs. 2,451,042 as at the beginning of the year under review and a Rs. 4,018,679 cost of stocks had been purchased during the year. But only Rs. 2,360,282 cost of stocks had been used during the year.
- (e) 12 centers had been closed down during the year due to the loss of enough employees and other reasons meanwhile the basic facilities had not been in 69 centres including electricity and water in 36 centers, water in 20 centers, electricity in 13 centers out of the 145 centers owned by the department.

**5.2.2. No. 552202 Commercial Advance Account of Gurudeniya Educational Development Center**

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There was a dormant generator in the training center in an inactive level for a long period without repairing and a Sky Observation Center built by spending Rs. 1,299,300 and a Rs. 341,000 worth of 10 items of Sky Observation equipments had been in an inactive level for more than 02 years.

**5.2.3 No. 550202 - Advance Account of the Mapanawathura Resource Center**

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Raw materials had been used only for the repairs due to the stopping of the new manufacturing of school furniture since several years. But, without estimating the required material amount correctly, Rs. 2,329,273 spent to purchase 05 items exceeding the requirement and due to that, there was a stock of materials worth of Rs. 2,493,621 in an inactive level.

**5.2.4 No. 550203 Advance Account of Hatton Resource Center**

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Following observations were made.

- (a) Although a loss incurred to the Provincial Council due to a delay of any officer, non-awareness offense, fraud, should be collected from the relevant officer, actions had not been taken to collect the non billed amount of cash of Rs. 2,631,800 by the officer in charge according to his discretion.
- (b) Any action had not been taken by the management for the deficit of Rs. 25,064 in the year under review financial result in the year 2012 that had been decreased regularly from the surplus of Rs.11,209,653.

**5.3 Other Advance Accounts**

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**5.3.1 Provincial Public Officer's Advance Accounts**

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Following observations were made.

- (a) 07 institutions had not been reached to the minimum receipt limit imposed with regard to the advance tasks of public employees and 02 institutions had exceeded the maximum expenditure limit.

- (b) 100 per cent had not been utilized from the allocated amount of Rs. 1,925,050 to be provided the advances to the provincial employees of 13 institutions of the Chief Secretary's Office.
- (c) There was a total sum of Rs. 3,268,152 in the arrears balances to be collected in 06 reconciliation statements prepared on the Advances of Provincial Public Officers as at 31 December 2016 and the feed back actions relating to the recovering of those arrears balance were in a weaker stage.
- (d) Distress loans amounting to Rs. 2,045,424 distress loans had been paid to 27 persons by the Provincial Department of Engineering Services without following the provisions when paying the loans.
- (e) A sum of Rs.352,855 excessly recovered from 06 officers of the Provincial Handloom Department as at the end of the year had not been settled.

### 5.3.2 Advance Accounts for the Members of the Provincial Council

Following observations were made.

- (a) Actions had been taken to collect the loans of Rs. 1,653,678 relating to 06 members of provincial council who lose their posts as installments without collecting the loan advances in accordance with the paragraph 06 of the Provincial Council and Local Government Circular No. 01/2001 dated 28 March 2001 relating to the establishment of loan scheme system for the Members of the Provincial Council.
- (b) Action had not been taken to collect a loan balance of Rs. 157,114 which had not been collected for over 10 years since 04 September 2006 to 31 December 2016 from Former Provincial Member who had vacated the post.

## 06. Operational Review

### 6.1 Performance

- (a) Following is the comparison in between several information relating to Health & Nutrition of the Central Provincial with the National Average Data.

Matter	Year	Districts			Central Province	National
		Kandy	Matale	N.Eliya		
Maternal Mortality Ratio (MMR) ( in 100,000 live births )	2014	30.5	10.6	62.7	37.6	32.0
Child Deaths Ratio less than 5 years ( in 1000 live births)	2014	10.0	13.0	11.8	11.1	9.9
Infant Mortality Ratio (IMR)(in 1000 live births )	2014	8.6	11.8	10.1	9.7	8.6
Neonatal Mortality Ratio	2014	8.7	8.9	6.1	7.9	6.2

(NNMR) (in 1000 live births )						
Medical Officers to 100,000 of the population	2015	100	55	33	73	77 (2014)
Nurses to 100,000 of the population	2015	239	115	62	166	189 (2014)
Number of hospital beds to 1000 of the population	2015	4.5	3.2	2.4	3.7	3.9 (2014)

- (b) It had been observed that 50 per cent 14,733 out of 24,866 births which took place in 8 hospitals in Central Province in 2015 were low weighted births.
- (c) Any drug had not been received to the hospitals in Matale District from the Colombo main medical supply division which had been requested 50 types of drugs for their usage in the year under review but only less than 35 per cent had been received from the requested drugs of 26 types. This made a difficulty in maintaining the patient care services in a better way.
- (d) Although the main mission of the Central Provincial Board of Library Services is to render an efficient and effective performance to the human resources through giving maximum instance to use the knowledge and information freely and continuously, there were 145 registered readers and only 20 external readers in the provincial library which comprised of 14928 books worth of Rs. 7,000,000.
- (e) When considering the exam results of the Central Province in the year under review, 11,996 i.e. 27 per cent out of the students who faced for the grade 5 scholarship examination had obtained lesser than 70 marks and 11,733 students had failed out of 37,665 who faced for the G.C.E. (O/L) examination. 1225 students that is 3.25 per cent out of those students had been failed all the subjects and 44.8 per cent from the students who faced for Mathematics, 41 per cent from the students who faced for Science and 60 percent from the students who faced for English had been failed. Also 16,524 students that is 62 per cent had been qualified for the university entrance out of 26,654 students who faced for G.C.E. (A/L) examination and although there was a growth in the passing percentage of Physics, Arts, Other, Bio and Engineering Technology in the year under review compared to the year 2015, but the passing percentage of Bio science and Commerce streams had been declined, It was 1.16 per cent and 0.74 per cent respectively.
- (f) Even though the training programmes had been conducted with the aim of Uplifting the Social and Economical Level, introducing Revenue Generation Projects for the women in Central Province by spending Rs. 5,088,992 in the years 2014, 2015 and till 30 September 2016 by the Women Development Section of the Provincial Ministry of Industries, the feedback process had not been done to check whether those women had get the actual benefits.

## 6.2 Management Inefficiencies

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Following observations were made.

- (a) Action had not been taken up to now in relating to the shortage of stored materials worth of Rs. 1,217,482 which was disclosed at the store survey held in 2001 at the Kandy Divisional Drugs Store.
- (b) Any action had not been taken against a person who has been carried out a business without permission/ illegally since 16 years at the address of 108/1 near the Kalalpitiya Handloom Institution of the Ukuwela Divisional Secretariat area.
- (c) A sum of Rs.2,937,547 had been spent by the Provincial Department of Tourism in 2016 to pay the electricity, water, telephone, sanitary services security services and payment of salaries of the Matale Hotel School and the auditorium given to the Regional Economics Development Agency without an agreement or written permission.
- (d) Loans of Rs. 4,165,291 issued for 17 societies from the Co - operative fund by the Department of Co - operative Development could not been recovered from 09 years to 25 years.
- (e) Even though 10 to 12 years had been passed after depositing Rs. 6,088,816 amount which was in the Trust Fund of the Department of Co - operative Development relating to 77 societies in which the registration had been cancelled, actions had not been taken to finish the activities of the societies and to settle the liabilities.
- (f) Although a sum of Rs. 834,243 had been paid to the National Housing Development Authority to get the attorney power of the land where the Central Provincial Administration Complex situated, the tasks of takeover had not been finished yet.
- (g) 10 land plots for Telephone transmission towers had been given by the Dambulla Divisional Secretariat Office without a proper approval according to the circular of Land Commissioner No.2014/06 of 24 October 2014 and Section 19(4) of the Land Ordinance Also actions had not been taken to take over of those land plots to the government by a long term tax basis. Part of a land that cannot be distributed had been distributed to a Private Telephone company to sub – by breaking the regulations of the deed Mathale Secretariat Office.
- (h) A part of the building where Central Provincial Department of Income had been situated had been rented out to maintain People's Bank branch Provincial Fund had deprive of Rs. 662,500 amount due to non collection of rentals according to the government assessment.
- (i) A sum of Rs. 604,538 which had to be received as at 30 September 2015 for the renting out of a part of the building where the Library Services Board situated to the E - Wis institution, had not been collected as at the ending date of the year under review.



- (j) Actions had not been taken to collect the court charges of Rs. 82,488 from the responsible persons which had to be paid based on the non payment of the amount on the due date for a vehicle engine repair done in the year 2005 by the Department of Education.

### 6.3 Operational Inefficiencies

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Following observations were made.

- (a) Although there were 32 non permitted residents who caught government owned lands/ in the Medadumbara Divisional Secretariat since the year 1950 to the year 2014, the required actions had not been taken for that.
- (b) The balanced amount of Rs. 2,936,794 which was deposited at a instances relating to the constructions by 05 schools and a zonal educational office, a Rs. 1,967,500 given for the printing of Madarata Wansha Kathawa and a Rs. 1,138,000 money allocated to take over the lands for Walgama and Degampathana Lakes had been kept in the General Deposit Account without using to any task.
- (c) The flood reliefs of Rs. 43,697 and Rs. 173,520 deducted consecutively from the salaries of Wattegama Zonal Educational Office and the Cultural Department had been kept in the General Deposit Account without giving them to the relevant activity.
- (d) An amount of Rs. 459,037 of Nawula Divisional Secretariat Office received from the Provincial Commissioner of Lands, a sum of Rs. 2,252,500 deposited at 04 instances by the Kothmale Divisional Secretariat Office during the time period of 2011 to 2013, a sum of Rs. 3,857,000 amount of the Walapane Divisional Secretariat Office area and sum of Rs. 1,886,011 amount received to the Chief Ministry from World Vision Organization had been held in the General Deposit Account without using them for the relevant activities.
- (e) 18 auditory instruments worth of Rs. 162,000 purchased in the year 2015 had been kept in the stores without issuing to the auditory persons.
- (f) A sum of Rs. 4,180,000 worth of fines and water turning taxes to be collected from 02 small scale power stations to the Provincial Commissioner Department of Lands had not been collected and actions had not been taken by the Divisional Secretary of the Uda palatha to collect the taxes for the turning of water and the taxes based on the water power units sold to the Electricity Board by a private company since the year 2008.
- (g) The Provincial Commissioner Department of Lands had responded in the month of September 2016 for the requests made by the relevant company to calculate the water taxes for the small scale Barcaple Power Projects I and II in July 2008 and September 2012 and this had been resulted for the delay in collecting the water turning taxes by the relevant authorizes without proper responsibility. Also, there was a loss of Rs. 275,000 due to the calculation of the water turning taxes and fines by deducting the capacity as 04 mega watt, although the capacity of the Barcaple water Power Station II was 4.5 mega watt.

- (h) A sum of Rs. 1,740,000 minimum worth of water turning taxes had been lose relating only to the period of 2014 to 2016 due to the non issuing of the water turning permits for the small scale power stations carrying out in the Nuwara Eliya Divisional Secretariat area.
- (i) 6 government land plots had been under a long term lease process a delay of 3 – 21 years in the Pallepola Divisional Secretariat territory due to not paying the tax up to date, loss of income had been caused for the government and also without approval a Land of 20 perches had been given to a private Telephone Company.
- (j) A 198 properly signed deeds during the period of 1985 - 2010 Divisional Secretariat Office without distributing them and 128 out of them had not been registered at the land register office as at 31 December 2016. It has been identified that 47 persons whose names are there were not consuming the relevant lands but the relevant actions had not been taken. Although 70 properly signed deeds during that period and 38 deeds sent during 2015 - 2016 had been registered, those deeds had not been distributed to the relevant persons.
- (k) 6 numbers of Swarnaboomi deeds, 58 numbers of Jayabhumi deeds and one Isurubhumi deed written with in the period of 1982 to 2009 to 65 persons in the Walapane Divisional Secretariat Office and 112 persons in the Ambagamuwa Divisional Secretariat Office had not been given to the relevant persons until February 2017.

#### **6.4 Provincial Road Development and Improvement**

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The following observations were made.

- (a) A total sum of Rs. 12,772,355 paid by the Ministry of Agriculture as Rs. 4,653,567 for in completed estate roads and Rs. 8,118,788 for the incompleted agricultural roads as at 31 December in the year under review.
- (b) An expenditure of Rs. 1,674,054 made by the Provincial Agricultural Ministry for the development of 02 non agricultural roads and a estate road against the objective under the expenditure object of estate Road Development.
- (c) A total sum of Rs. 9,035,041 had been paid for the development of the Enhills Estate Road, the Upper Divisional Road in Labukele, I and II stages of Small Tredonwatta Yanthernset Estate Road, agricultural road in Wedamulla Lease Land, Madakumbura South estate Road and Dikoya Tamil School road without completing the work.

## 6.5 Transactions of Contentious Nature

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Following observations were made.

- (a) Although the total estimated expenditure for the construction of jogging walking tracks and for the development of Janasavigama Sports Ground situated in the Kundasale Divisional Council was Rs. 6,447,600, an amount of Rs. 10,415,911 had been spent for that as at the end of the year 2015 and the materials worth of Rs. 242,318 supplied to the site had not been used for the relevant constructions. Also this had been in an inactive situation and become a jungle since the date of opening September 2014.
- (b) Even though Rs. 6.75 millions had been paid to the Regional Economic Development institute by the Chief and Educational Ministry to conduct a 04 months training programme on Hotel Hospital Care for 300 School leavers in the Central Province, a sum of Rs. 2.25 millions had been over paid due to the ministry contribution for one student was Rs. 15,000.
- (c) A sum of Rs. 1,299,040 had been spent for 02 Hindu Cultural Tasks which had not been approved as Immediate Development Requirements out of the provisions of Rs. 1,500,000 made for immediate development requirements of the Ministry of Agriculture.
- (d) A sum of Rs. 6,388,522 worth cheques had been written and recorded in the accounts as at 31 December 2016 as expenses for 3 industries of the Agricultural Ministry in which the work had not been completed.

## 6.6 Apparent Irregularities

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Eventhough the maximum amount of money which could be collected through one receipt book was Rs. 6,000, an amount of Rs. 164,840 had been collected from one receipt book in between the numbers 526901 to 527000 of Sarasavi Uyana Maha Vidyalaya when collecting facility and services charges.

## 6.7 Under Utilization of Funds

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Following observations were made.

- (a) Although an amount of Rs. 380,000 and a Rs. 10,100,000 had been given to the Regional Economic Development Institute for 02 projects respectively for the school leavers to be addressed for employment opportunities, any expenditure had not been spent as at 31 December 2016 relating to those projects.
- (b) Any amount had not been spent as at 31 December 2016 out of Rs. 680,000 given for the bee honey production expanded by keeping project.

- (c) Eventhough an amount of Rs. 1,000,000,000 had been provided in 2016 for 8 programmes under the Consolidate Educational Development Project/ programme, an amount of Rs. 513,558,845 out of that provision had not been utilized.
- (d) The Chief Ministry had made agreements with World Vision Organization for 03 programmes worth of Rs. 7,413,273 at 03 occasions in the year 2016. It had not been observed the physical progress or extending of the agreement dates of those relevant programmes although the agreed period had been expired as at 30 September 2016. An amount of Rs. 2,296,753 amount had been received in the year 2016 for those projects and a sum of Rs. 410,742 paid as at 14 February 2017 and the balance of Rs. 1,886,011 had been retained in the General Deposit Account.
- (e) An amount of Rs. 431.9 million provisions had been allocated for the Central Provincial Education under the Transformation System of Education Programme (TSEP) as the Human Capital Foundation for the Knowledge Economy and there was a balance of Rs. 41.4 million as at the end of the year under review out of the provisions allocated for the Zonal Educational Offices. Rs. 10.7 millions for the purchases of which are not taken under the theme of the programme and Rs. 6.9 millions for conducting training sessions had been spent and the physical progress of 56 tasks out of 89 tasks was 20 per cent Also, 26 tasks had not been started as at the end of the year under review and there was a balance of Rs. 119.3 million, that is 81 per cent out of the provisions made for the works.
- (f) An amount of Rs. 4,500,000 given to 03 school in Galewela Zone for the year 2016 under the “Closest School is the Best School” programme had been deposited in the School Development Account without utilizing them.
- (g) An amount of Rs. 2,263,049 out of Rs. 2,817,160 given during the previous years for the Quality Development inputs for 59 schools in Nuwara Eliya Educational Zone had not been utilized as at August in the year under review.
- (h) Eventhough an amount of Rs. 18,000,000 provisions including a Rs. 17,000,000 Supplementary estimate had been given for the repairs of the Governor’s official residence in the year under review there was a balance of Rs. 12,048,375 that is 67 per cent as at 31 December due to the incompletion of the expected work.
- (i) Due to the non issuing of loans in the years 2013, 2014 and 2016 to the proposed beneficiaries under the Relief Housing Programmes of the Provincial Department of Housing, a sum of Rs. 5,975,920, Rs. 1,290,828 and Rs. 3,755,136 totalling Rs. 11,021,884 had been withheld respectively by the Rural Development Bank. Any interest on those withholding amount had not been received by the department.

## 6.8 Idle / Under Utilized Assets

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 Following observations were made.

- (a) The Blood Gas Analyser Machine purchase in 2013 through Provincial Specific Development Grants for Rs. 1,200,000 which had been handed over to the Nawalapitiya District Hospital on 8 January 2014 had been idled for 3 years period as at 31 December 2016 subjected to non functioning.

- (b) The Defibrillator Machine worth of Rs. 642,000 given to the Akurana Hospital in November 2015 had been under utilized due to the loss of enough patients.
- (c) 36 varieties of surgical medical instruments worth of Rs. 21,926,650 purchased in the month of March 2016 with out recognizing the requirements of the hospitals had been kept in the hospital stores and wards without using for any purpose.
- (d) 254 blood pressure measures purchased in 2014 paying Rs. 1,524,000 by Rs. 6,000 each under the Second Health Development Programme had been taken back to the stores again due to the non-appearing the measures correctly.
- (e) Although number of 20 Defibrillator Monitors purchased in the final quarter of 2015 by paying Rs. 1,990,000 for each under the Second Health Development Programme had been distributed to the hospitals, out of them machines had been kept idle in the stores and wards of those hospitals due to the non availability of experienced officers and non establishment of emergency treatment units.
- (f) An amount of Rs. 1,700,000 cost of diesel generator and the water motor fixed when constructing the building of the Library Services Board in 2008 had being non functioning for nearly 9 years from the date of fixing.
- (g) The 02 floors of 3755 square feet in the Provincial Library Services Board had been inactive for more than one year and the 02 air conditioners worth of nearly Rs. 170,000 fixed in the ground floor were idled. An amount of Rs. 1,158,119 expenses had been spent during 2016 for the repair of this 02 floors.
- (h) The building constructed through Rs. 18,318,444 expenses by the Chief Secretary's Office for giving quarters to the government employees had been converted to a holiday bungalow for the members, after handing over that to the Council Secretary. Eventhough a amount of Rs. 2,640,165 had been spent for the supply of furniture and curtains to that building and only 101 days had been used for accommodation during the period of 1277 days since 2014 to June 2017.
- (i) The old coalition chamber of 2048 square feet and the furniture and equipments in the Old Council Secretary's Office since 04 years period and 14 rooms of total 2358.5 square feet of the Management Development and Training Centre constructed in 2011 spending Rs. 39,881,670 had been idled since 02 years period.
- (j) Out of the 53 vehicles in the Provincial Department of Education there were vacancies for the drivers for 38 vehicles and temporary substitute drivers had been appointed for 25 vehicles out of them. Accordingly 13 vehicles had been under utilized due to the non availability of drivers.
- (k) Although 05 years had been passed by constructing the Observation Compartment and developing the road entrance of Huluganga Waterfall by spending Rs. 1,190,406 by the Central Provincial Department of Trade, Commerce and Tourism, they had not been utilized for any effective activity or any revenue generating activity and the road entrance also closed by pad locks. Accordingly the expenses spent had been idled.

## 6.9 Uneconomic Transactions

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Following observations were made.

- (a) Eventhough an Early Childhood Development Unit had been established under the Chief Ministry, an extra administration and supervision expenditure of Rs. 695,110 had been spent due to the conducting of training programs from the Regional Economic Development Institute.
- (b) An amount of Rs. 3,159,550 paid by the Provincial Chief Secretary's Office had been become a uneconomic expense due to the suspend of the foreign tour of a group of 29 persons however the tickets had been purchased.
- (c) An amount of Rs. 336,550 spent ( Air ticket charges and ground tour cost) had been in the uneconomic stage due to the non participation of a Provincial Council member for the tour who was nominated for the Russian foreign Tour.
- (d) The vehicle park at Nalanda Gedige and The Centre for Tourism Facilities Constructed in 2014 and 2015 years by an expense of Rs. 2,442,842 the Department of Tourism , had not been used due to the shortcomings of the constructions and their plans.

## 6.10 Identified Losses

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Following observations were made.

- (a) Actions had not been taken to collect from the responsible parties or to write off from the books relating to the loss of Rs. 13,756,326 of 116 vehicles met with accidents. Out of them more than 05 years had been passed after facing the accidents relating to 34 vehicles loss of Rs. 6,563,500.
- (b) Only Rs. 4,279,296 out of the total loss of Rs. 6,378,323 had been covered from insurance due the 09 vehicle accidents occurred during 04 years time period since 2013 to 2016 of the Chief Ministry and the final reports had not been presented relating to the accidents as per the Provincial Finance Rule 54.6.
- (c) Out of the losses to be collected at the Provincial Department of Education, 68 incidents worth of Rs. 7,147,687 were more than 05 years and 19 incidents worth of Rs. 4,008,944 were more than 10 years.
- (d) In accordance with the Financial Regulations 104, 105 and 106 there was a need of collecting the losses and damages immediately as much as possible there were 28 number of damages and losses with a delay of 1 to 7 years in relation to 15 Zonal Educational Office without any preliminary investigation has not been done.
- (e) 200 mg Ferres Sulphate drug not expired pills 6,370,700 worth of Rs. 3,028,815 which were in the stores of the Central Provincial Department of Health had been

removed from using in the year under review due to the noticing that they were not in good standard although the Colombo Medical Supply Division supplied them.

- (f) A sum of Rs. 5,089,215 had been deprived to the Government due to the non following of the Procurement Guideline when purchasing the Compactor vehicles under the Central Provincial Solid Waste Management Programme.
- (g) A loss of Rs. 1,027,200 had been occurred due to the purchase of air tickets from a private firm without complied to the Public Finance Circular No 431 dated 24 April 2008 of the Treasury Secretary's.

#### **6.11 Deficiencies in Contract Administration**

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Following observations were made.

- (a) An amount of Rs. 2,314,000 had been obtained through a Supplementary Estimate in 2016 for the repair of the road entrance and the building in which the Central Provincial Department of Revenue situated and an amount of Rs. 1,191,785 had been saved only after repairing the road entrance. But the building had become to non secured situation due to the non repairment of the essential part.
- (b) An amount of Rs. 17,754,284 had been spent out of the money Rs. 24,000,000 allocated for 08 Hela Bojun Stalls and an amount of Rs. 6,242,716 had been saved out of the allocated provisions due to the relinquish of 02 proposed constructions.
- (c) A total sum of Rs. 3,358,212 had been paid for construction of a garage at Galpalama Farm, construction of a roof dual management quarters, and construction of 02 dual labour houses Rs.1,034,242, Rs.1,034,505 and Rs.1,289,465 respectively when at the work done non certified.

#### **6.12 Delayed Projects**

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Following observations were made.

- (a) Eventhough a sum of Rs. 128.7 million had been paid to the Department of Buildings in the year under review for the Development of Provincial Health sector, a progress in constructions of those sub projects couldn't been found even as at 22 March 2017.
- (b) Only 105 projects had been completed out of 649 targeted projects relating to 08 programmes and 421 projects worth of Rs. 220,073,616 out of 544 balance projects were in lesser physical progress Continuously 118 projects worth of Rs. 48,247,000 had not been enter in to agreement or commenced.
- (c) 02 projects had not been implemented in the year under review and one project had been cancelled out of 03 projects. Projects worth of Rs. 955,000 to be implemented under the Community Water Supply and Sanitary Programmes on Provincial Specific Development Grants (PSDG).
- (d) Eventhough an amount of Rs. 210,265 cash had been paid to the Board of Water Resources for 03 water extentions of the Dambulla Divisional Secretariat area under

the Provincial Council Provisions in 2016, those projects had not been implemented even as at May 2017.

- (e) Eventhough the Electronic Revenue License (ERL) established at the Department of Transport in the month of December 2015 had been implemented aiming at recovering the arrears income in the Central Province, the arrears vehicle licenses and the income to be collected as at 10 March 2017 couldn't been obtained correctly.

### 6.13 Lands not Vested Regularly

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Actions had not been taken up to now to remove the non permitted residents in the quarters No 54, 56, 58, 60 and 64 in Single Tree Road and the No 32 quarters situated in Bambarakele handed over to the Central Provincial Council on 13 June 1991.

### 6.14 Personnel Administration

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Approved and actual cadre position of the Provincial Council as at 31 December 2016 is as follows.

#### 6.14.1 Cadre of the Provincial Council Ministries, Departments Local Authorities and Institutions Established by statutes (except for school and health staff)

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	Approved cadre	Actual cadre	No. of Vacancies	Excess cadre
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Senior Level	1010	642	371	03
Tertiary Level	586	763	50	227
Secondary Level	7345	4370	3008	33
Primary Level	5578	5734	776	932
Contract basis	13	1	12	-
Others	-	293	-	293
	-----	-----	-----	-----
Total	14532	11803	4217	1488
	=====	=====	=====	=====

Following observations were made.

- (a) There were 56 vacancies in the Provincial Engineering Service Department as at the end of the year under review.
- (b) The actual number of development officers was 46 although the approved amount of posts were 76 at the Provincial Ministry of Electricity and Power. Out of that amount 20 officers had been released to four institutions in an unregularly manner.



- (c) Actions had not been taken to fill 14 vacancies as at the end of the year under review by the Provincial Department of Housing but one development officer who has not included in to the approved staff had been get attached from the Provincial Ministry of Electricity and Power.
- (d) There were 48 vacancies in the Provincial Ministry of Industries as at the end of the year under review.
- (e) There were 31 secondary level vacancies in the Provincial Department of Textiles as at the end of the year under review.
- (f) There were 27 vacancies in approved 10 posts at the employee no plan in the Department of Industrial Development and Business Promotion as at the end of the year under review, and 21 watchers had been excessively assigned to the duties.
- (g) Action had not been taken to fill 23 vacancies at the Provincial Department of Sports as at the end of the year under review and the Provincial Sports Director post for 3 ½ years and the Senior Sports Officer post for nearly 03 years had been vacant.
- (h) Actions had not been taken to fill 15 vacancies by the Provincial Department of Rural Development as at the end of the year under review and a Casual driver had been appointed without a proper approval.
- (i) The approved staff cadre had been exceeded due to the attachments of 09 officers to the Chief and Educational Ministry from various departments as at 31 December 2016. Also 02 officers of the Chief Ministry had been attached to other departments and enterprises for duties.
- (j) The actual amount of employees in the Provincial Road Development Authority as at the end of the year under review was 426 although the approved number of employees were 212 and there were 14 vacancies in 10 approved posts in the employee plan. An amount of Rs. 13,654,995 salaries had been paid to the employees who had been appointed on contract basis and included in the excess employees.

#### 6.14.2 School Staff

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Category of Staff	Approved Cadre	Actual Cadre	No. of vacancies	Excess Cadre	
-----	-----	-----	-----	-----	
Principals	1491	1059	432	-	
Deputy Principals	196	198	-	02	
Teachers	24818	31272	-	6454	
Minor Staff and Assistant staff	2472	1702	1,056	286	There
	-----	-----	-----	-----	were
Total	28977	34231	1488	6742	710
	=====	=====	=====	=====	

teacher vacancies in the schools of Nuwara Eliya and Kotmale zones and 157 teachers vacancies in 108 schools of the Galewela zone for various subjects although there were an excess of 6454 teachers as at the end of the year under review. It had been observed that there were 45 teachers in the Wattedegama zone exceeding 8 years against the National Teacher Transforming Policy.

### 6.14.3 Health Sector Staff

Category of staff	Approved Cadre	Actual Cadre	No. of vacancies	Excess Cadre
Senior level	1232	922	321	11
Tertiary level	384	305	84	05
Secondary level	4581	3448	1138	05
Primary level	3253	2300	1442	489
Other(casual, Temporary)	-	252	-	252
<b>Total</b>	<b>9450</b>	<b>7227</b>	<b>2985</b>	<b>762</b>

The vacancies of the Health staff cadre were Specialized doctors 37, Doctors 266, Nursing Services 355, Midwives 155 and health office assistance 552.

### 6.15 Bank Reconciliations

Following observations were made.

- Bank reconciliations had been prepared only till August 2016 relating to the bank account A/C 295886 of the Kandy District Health Services Director's Office as at 31 December 2016 and actions had not been taken in accordance with the Provincial Financial Rule 283 in relation with 34 unrepresented cheques total amounted Rs. 238,808 eventhough 06 months had been elapsed after issuing.
- Actions had not been taken to record by identifying the payments of Rs. 11,420 debited to the bank account at 2 occasions and the deposit total sum of Rs. 45,535 credited directly to the bank current account at 05 occasions by the customers of the Department of Ayurvedic.
- Actions had not been taken to record by identifying the non identified payments of Rs. 261,145 and 02 deposits amounted Rs. 1,259,750 directly credited by the customers to the bank current account of the Provincial Department of Probation and Child Protection.

## **07. Accountability and Good Governance**

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### **7.1 Action Plans**

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An annual action plan had not been prepared by the Provincial Department of Engineering Services.

### **7.2 Procurement Plan**

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The following observations were made.

- (a) Eventhough an amount of Rs. 52,975,167 had been spent out of provisions of Rs. 65,200,000 made for the capital expenses of the Governor's Office, a procurement plan had been prepared only for Rs. 2,600,000.
- (b) The annual procurement plan to be prepared in accordance with the National Budget Circular No. 128 dated 24 March 2006 had not been prepared by 04 departments as at 31 December 2016.

### **7.3 Budgetary Control**

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Following observations were made.

- (a) Due to the purchasing of assets worth of Rs. 199,540,714 had been done through development expenses objects which are not relevant to purchasing of furniture and office equipments by 05 Departments of the Chief Ministry, those values couldn't be entered in to the Non Current Asset Movement Report.
- (b) An amount of Rs. 15,833,685 relating to 06 written and with held cheques on the alternative values by the Chief Ministry and 02 relevant departments for the incomplete works and services as at 31 December 2016 and a total amount of Rs. 42,841,328 paid at 02 occasions as Rs. 27,007,643 where a specific task had not been done had been recorded under 03 expenditure objects of appropriation accounts as expenses in the year under review.
- (c) There was a balance of Rs. 6,614,084,487 out of Rs. 7,436,978,924 provisions allocated through Supplementary estimates proposed to implement in provincial council ministries and departments relating to 15 special projects.

### **7.4 Tabling of the Annual Reports**

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According to the provisions of Section 23(2) of the Provincial Council Act No.42 of 1987 the position of tabling the Reports of the Auditor General on the financial statements of the Central Provincial Council for the previous years in the Provincial Council is given below.

<b>Year</b>	<b>Date of the Report issued</b>	<b>Date of Tabling the Report</b>
-----	-----	-----
2011	2013.03.28	2015.09.08
2012	2014.07.04	2016.02.16
2013	2015.01.07	2015.05.05
2014	2015.10.08	2015.11.03
2015	2016.11.16	2017.07.18

#### **7.5 Unsolved Audit Paragraphs**

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There were 134 paragraphs relating to 10 institutes in which the feed back activities had not been completed in the audit paragraphs included in relating to previous years the auditor general's reports after investigating by the provincial COPE.

#### **7.6 Fulfillment of Environmental and Social Responsibilities**

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A total amount of Rs. 1,362,627,575 had been invested in fixed deposits in 02 state banks without compliance to the main objectives of the Provincial Council.

#### **8. Systems and Controls**

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

<b>System</b>	<b>Weaknesses in the System</b>
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(a) Revenue Control	(i). Non realistic of the revenue estimates (ii). Non collecting the revenue and arrears revenue. (iii). Non feed back of the revenue generation projects.
(b) Assets management	(i). Under utilization of fixed assets (ii). Non conduct of annual Board of Surveys.
(c) Human Resource Management	The required steps had not been taken in relation with the excess and vacant staff.
(d) Contract Administration	(i). Non implementation of approved projects. (ii). Non investigation of the progress of the implementing contracts.