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2022 ൂலை 25
25th July 2022



2018 අංක 19 දරණ ජාතික විගණන පනතේ
14 වන වගන්තිය ප්‍රකාරව පාර්ලිමේන්තුව වෙත
ඉදිරිපත් කරනු ලබන විගණකාධිපති ත්‍රෛවාර්ෂික වාර්තාව

2018 இன் 19 ஆம் இலக்க தேசிய கணக்காய்வு அதிகாரச்சட்டத்தின்
14 ஆவது பிரிவின் பிரகாரம் பாராளுமன்றத்திற்கு சமர்ப்பிக்கப்படுகின்ற
கணக்காய்வாளர் தலைமை அதிபதியின் மூன்றாண்டு அறிக்கை

**Triennial Report of the Auditor General presented in
parliament in terms of Section 14 of
the National Audit Act, No. 19 of 2018**

එකලොස් වන කාණ්ඩය - 01
பதினோராவது தொகுதி - 01
Eleventh Volume - 01

අමාත්‍යාංශ සහ රාජ්‍ය අමාත්‍යාංශ
அமைச்சுக்கள் மற்றும் இராஜாங்க அமைச்சுக்கள்
Ministries & State Ministries

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



Content

| Serial No. | Head | Name of the Ministry | Page No. |
|-------------------|------|---|----------|
| Executive Summary | | | 01 |
| 1. | 101 | Ministry of Buddhasasana, Religious and Cultural Affairs. | 02-15 |
| 2. | 103 | Ministry of Defense | 16-21 |
| 3. | 105 | Ministry of Mass Media | 22-24 |
| 4. | 110 | Ministry of Justice | 25-31 |
| 5. | 111 | Ministry of Health | 32-105 |
| 6. | 112 | Ministry of Foreign Affiars | 106-112 |
| 7. | 114 | Ministry of Transport | 112-118 |
| 8. | 115 | Ministry of Energy | 119-129 |
| 9. | 116 | Ministry of Trade | 130-131 |
| 10. | 117 | Ministry of Highways | 132-149 |
| 11. | 118 | Ministry of Agriculture | 150-169 |
| 12. | 119 | Ministry of Power | 170-173 |
| 13. | 122 | Ministry of Land | 174-182 |
| 14. | 123 | Ministry of Urban Development and Housing | 183-184 |
| 15. | 126 | Ministry of Education | 185-198 |
| 16. | 130 | Ministry of Public Services, Provincial Councils and Local Government | 199-205 |
| 17. | 135 | Ministry of Plantation | 206-209 |
| 18. | 149 | Ministry of Industries | 210-221 |
| 19. | 151 | Ministry of Fisheries | 221-226 |
| 20. | 159 | Ministry of Tourism | 227-229 |
| 21. | 160 | Ministry of Environment | 229-237 |
| 22. | 161 | Ministry of Wildlife and Forest Conservation | 238-241 |
| 23. | 166 | Ministry of Water Supply | 241-248 |
| 24. | 176 | Ministry of Ports and Shipping | 249-256 |

| | | | |
|-----|-----|---|----------|
| 25. | 192 | Ministry of Law and Order and Southern Development | 256-257 |
| 26. | 193 | Ministry of Labour | 258-267 |
| 27. | 194 | Ministry of Youth and Sports | 268-279 |
| 28. | 198 | Ministry of Irrigation | 280-297 |
| 29. | 121 | State Ministry of Home Affairs | 298--300 |
| 30. | 401 | State Ministry of National Heritage, Performing Arts and Rural Arts Promotion | 301 |
| 31. | 402 | State Ministry of Rural and School Sports Infrastructure Development | 302 |
| 32. | 403 | State Ministry of Women and Child development, Pre-school and primary Education, School infrastructure and Education Services | 303-305 |
| 33. | 404 | State Ministry of Education Reforms, Open Universities and Distance Education Promotion | 306-308 |
| 34. | 405 | State Ministry of Ornamental Fish, Inland Fish and prawn Farming, Fishery Harbor Development and, multiday Fishing and Fish exports | 309-311 |
| 35. | 406 | State Ministry of Solar, Wind and Hydro Power Development Project | 312 |
| 36. | 408 | State Ministry of Cane, brass, Clay, Furniture and Rural Industries | 313 |
| 37. | 409 | State ministry of Internal Security, Home Affairs and Disaster management (Disaster Management Division) | 314-318 |
| 38. | 410 | State Ministry of Companies Estate Reforms, Tea and Rubber Estate crops and Factories modernization and Tea and Rubber Promotion | 319 |
| 39. | 411 | State Ministry of Urban Development, Coast Conservation, Waste Disposal and Community Sanitation | 32-330 |
| 40. | 412 | Ministry of Foreign Employment Promotion and Market Diversification | 331 |

| | | | |
|-----|-----|---|---------|
| 41. | 414 | State Ministry of Samurdhi, Home Economic Micro Finance and Self Employment and Business Development | 332-340 |
| 42. | 415 | State Ministry of Rural Housing and Construction and Building Material Industry Promotion | 340-348 |
| 43. | 416 | State Ministry of Indigenous Medicine Promotion, Rural and Ayurvedic Hospital Development Community Health | 349-353 |
| 44. | 417 | State Ministry of Estate Housing and Community Infrastructure | 354-366 |
| 45. | 418 | State Ministry of Prison Management and Prisoner Rehabilitation | 367-370 |
| 46. | 419 | State Ministry of Regional Corporation | 370-371 |
| 47. | 420 | State Ministry of Provincial Councils and Local Government | 371-384 |
| 48. | 421 | State Ministry of Skills Development, Vocational Education, Research and Innovation | 385-398 |
| 49. | 422 | State Ministry of Dhamma schools, Pirivenas and Bhikku Education | 398-399 |
| 50. | 423 | State Ministry of Production, Supply and Regulation of Pharmaceuticals | 399 |
| 51. | 424 | State Ministry of Wildlife Protection, Adoption of Safety Measures Including the Construction of Electrical Fences and Trenches and Re-Forestation and Forest Resources Development | 400-401 |
| 52. | 425 | State Ministry of Promoting the Production & Regulating the Supply of Organic Fertilizer, and Paddy and Grain, Organic Food, Vegetables, Fruits, Chilies, Onion and Potato Cultivation Promotion, Seed Production and Advanced Technology Agriculture | 402 |
| 53. | 426 | State Ministry of Production and Supply of Fertilizer and Regulation of Chemical Fertilizer and Insecticide Use | 403 |

| | | | |
|-----|------|--|---------|
| 54. | 427 | State Ministry of Livestock, Farm Promotion and Dairy and Egg Related Industries | 404-412 |
| 55. | 428. | State Ministry of Mahaweli Zones, Canals, and Settlement Infrastructure Development | 413-414 |
| 56. | 429 | State Ministry of Tanks, Reservations and Irrigation Development related to Rural paddy Fields. | 415-418 |
| 57. | 430 | State Ministry of Land Management, Public Enterprises, Land and Property Development | 419-420 |
| 58. | 431 | State Ministry of Coconut, Kithul and Palmyra Cultivation Promotion and Related Industrial Product Manufacturing and Export Diversification | 421-422 |
| 59. | 432 | State Ministry of Development of Minor Crops Plantation Including Sugar Cane Maize, Cashew, Pepper, Cinnamon, Cloves, Betel, Related Industries and Export Promotion | 422-423 |
| 60. | 433 | State Ministry of Rural and Regional Drinking Water Supply project Development | 424-432 |
| 61. | 434 | State Ministry of Warehouse facilities, Container Yards, Ports Supply Facilities and Boats and Shipping Industry Development | 433-435 |
| 62. | 435 | State Ministry of Rural Roads and Residual Infrastructure | 436-438 |
| 63. | 436 | State Ministry of Vehicle Regulation, Bus Transport Services and Train Compartments and Motor Car Industry | 439 |
| 64. | 437 | State Ministry of Aviation and Export Zone Development | 440-442 |
| 65. | 438 | State Ministry of Cooperative Services, Marketing Development and Consumer Protection | 442 |
| 66. | 439 | State Ministry of Bathik Handloom Textiles and Local Apparel Production | 443 |
| 67. | 440 | State Ministry of Gem and Jewellery Related Industries | 444-450 |

Executive Summary

Triennial Status Report of the Auditor General for the period 2018-2020 in terms of Section 14 of the National Audit Act No. 19 of 2018 regarding the Ministries and State Ministries of the democratic Socialist Republic of Sri Lanka.

This triennial status report of the Auditor General is issued for the period from 2018 to 2020 in terms of Section 14 of the National Audit Act No. 19 of 2018 regarding the Ministries and State Ministries of the Democratic Socialist Republic of Sri Lanka. This report summarizes the Audit Observations tabled in the Parliament after the issuance to Government Ministries and State Ministries during this period. This report is included with the Auditor General's Recommendations, the shortcomings pointed out in the observations by each auditee institution, the preventive actions taken by the institute and current situation of those observations.

According to the approved estimates for the year 2020, the total number of Ministries were 68 as 28 Government Ministries and 40 State Ministries. The Ministry of Law and Order and Southern Development, which was a Ministry in 2018, did not exist in 2019 and 2020. This report does not contain the quarterly report of the Auditor General for the Ministry of Finance and the State ministry of Finance and Capital Markets and Public Enterprise Reforms. It will be tabled in Parliament separately. Although 03 out of 40 State Ministries have been in place since 2018, the remaining 37 Ministries have been established in the year 2020. It was not possible to submit adequate audit observations due to the introduction of many of these State Ministries in late 2020. However, the report also provides information on the allocations made in the year 2020 for the State Ministries which have submitted their financial statements and their utilization.

Government Ministries and State Ministries are constantly changing audit entities. The Ministries have been merged and re-merged, the existence of audit has been difficult to identify precisely in accordance with the provisions of the National Audit Act and the Constitution of the Democratic Socialist Republic of Sri Lanka due to their scope has changed from time to time. There were also instances where it was difficult to identify the Accounting Officers and Chief Accounting Officers in such Ministries.

Furthermore, as the Ministries are constantly changing audit entities, it is not possible to make a satisfactory assessment of the estimated allocations, net allocations, actual utilization and savings allocated to all Ministries during the above period. It was also not possible to elaborate on the adverse impact of these savings on the national budget.

01. Ministry of Buddhasasana, Religious and Cultural Affairs

Head - 101

Auditor General’s Opinion for the Financial Statements 2018 - Unqualified Opinion
 2019 - Unqualified Opinion
 2020 - Unqualified Opinion

| Audit Observation | Auditor General’s Recommendation | Preventive actions taken by the institution | Current Situation |
|---|--|---|--|
| ----- | ----- | ----- | ----- |
| <p>01. A health assistance programme called “Buduputh Suraksha” was launched as a health care programme for the monks during the year under review and 8,515 monks were registered under that. Although Rs. 22.3 million had been spent to ceremonies related to this programme covering 09 provinces as at 31 December of the year under review, Rs. 376,108 had been paid for only 5 out of the 30 monks recommended for assistance as at the audited dated of December 2020.</p> | <p>Funds should be properly managed and payments should be made expeditiously.</p> | <p>Payment of this programmer will be implemented through a proper mechanism and the payment of financial assistance will be done correctly from 01 October 2020.</p> | <p>There will be 8,634 registered monks by the end of year 2020. Payments will begin by the end of year 2020. Accordingly, Rs. 4,012,562 had been paid for 111 claims by the end of year 2021.</p> |

02. Although the building constructed at a cost of Rs.312.49 million which is maintained by the Department of Muslim Religious and Cultural Affairs remained idle without using the large area of 33547 square feet, the Department of Christian Religious Affairs and the Department of Hindu Religious and Cultural Affairs under the Ministry were maintained in private buildings at an annual rent of Rs. 4,200,000 and Rs. 6,816,000 respectively.
- The existing idle assets should be utilized maximally.
- It is planned to move the Ministry and the Departments under the Ministry to the building which is located Department of Muslim Religious and Cultural Affairs.
- Necessary arrangements are being made to carry out the remaining work on the building and to make internal allocations. When the work is completed, the Ministry and the Departments under the Ministry will be taken to the building.
- A cabinet paper has been submitted for this purpose and the allocations have been approved and the necessary arrangements are being done to make the remaining work and internal allocations for the building.
03. The two parties had entered into a Memorandum of Understanding (MoU) on 30 March 2017 for the initiating a project to reconstruct the Sakya Colony from funds given by a private company on land owned by the Ministry in Piliyandala area. The following observations are made in this regard.

- (a) Cabinet approval was granted on 03 November 2020 to transfer the land to the Department of Zoology due to the failure of the relevant project. The Ministry has allocated Rs. 11,784,405 and according to the information available to the audit, Rs. 51,815,514 was incurred by the private sector and it was observed that those expenses were inactive expenses.
- Should have a good plan when starting and maintaining projects.
- Action will be taken to transfer the land in accordance with the cabinet approval as not to adversely affect the Government.
- According to a Memorandum of Understanding signed in the year 2017, the relevant Memorandum of Understanding has been terminated due to the failure of the project even though the work on this project has commenced. Approval has been given by the Cabinet of Ministers to retain 05 acres of the land under this Ministry and to transfer the excess to the Department of National Zoological Gardens and accordingly the Ministry has received the ownership of 05 acres.
- (b) Although Article 10 of the Memorandum of Understanding between the two parties requires
- Maintaining a well-planned start-up and maintenance of the project and regular
- Although the Memorandum of Understanding and the deed of trust for the year
- That the existing agreement is void and those steps will be taken to prevent

the Secretary to the monitoring Ministry of compliance. Buddhasasana or a representative authorized by him to open an account in a State Bank for fundraising and expenditure and to sign the account, it had not been done accordingly. Further, although it has been stated in the deed of trust 7A (iii) that the accounts should be maintained about funds raised by the private institution and should be submitted monthly project quality reports and audited financial statements as per 7A (V), it had not been done. Also, the Ministry had not carried out a formal investigation into the funds raised by private companies and their utilization.

of 2017 have been signed, such deficiencies in the work required to be done in accordance with that agreement and the deed has not been done properly.

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| <p>04. No action had been taken to recover the outstanding debt balance of Rs. 127,522 due for more than 05 years from two retired officers of the Cultural Division, Rs. 101,300 outstanding balance due from a deceased officer and debt balance of Rs. 167,055 owed by a retired officer of the Buddhasasana Division for more than 02 years under sub-sections 4.2.5, 4.5 and 4.6 of Chapter XXIV of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.</p> | <p>Action should be taken in accordance with the provisions of the Establishments Code.</p> | <p>That action is being taken to settle the relevant debt balances.</p> | <p>Out of the two retired officers in the Cultural Division, the debt balance of one officer has been settled and action is being taken to recover the debt balance of the other officer from the pension.</p> <p>Action is being taken to recover the loan balance of the retired officer of the Buddhasasana Division from his pension.</p> |
| <p>05. Action had not been taken to recover the total outstanding balance of Rs. 623,090 out of 08 suspended officers in the Cultural Division and outstanding debt balance of Rs. 32,155 from the suspended officer in the Buddhasasana Division in accordance with sub-section 4.2.3 of the Establishments Code of the Democratic Socialist Republic of Sri</p> | <p>-Do-</p> | <p>-Do-</p> | <p>Legal action is being taken against two of the 8 suspended officers in the Cultural Division and also taking action to recover the loan balances of four persons from the guarantors. Debt of one officer has been recovered in</p> |

Lanka and paragraph 4.3 (e) of the Circular No. PED/RED/2015/08 General (i) dated 09 October 2015 issued by the Director General of Public Finance.

installments and information is being sought regarding one of the suspended officers.

The Legal Division has been instructed to take legal action to recover the loan balances of the suspended officers of the Buddhasasana Division.

06. Although Rs. 3,500,000 and Rs. 28,000,000 had been estimated for the activities related to the Public Service Design Competition related activities and the construction of the Jaffna Cultural Center, which were included in the Action Plan prepared by the Cultural Division for the year 2020, the relevant work had not been completed during the year. The physical and financial progress of the activities related to the Public Service Design Relevant activities should be completed as planned within the stipulated time. Preliminary work for the Public Service Design Competition and related activities – 2020 programme had commenced, but it was postponed until 2021 due to Covid 19 epidemic. Construction work on the 2021 Design Competition and the Jaffna Cultural Center is nearing completion. The 2020 tournament which could not be held due to the Covid 19 epidemic situation will be held in 2021. The winners of the 2021 tournament have been selected and arrangements are being made to hold the 2021 Awards ceremony. The construction work of Jaffna

Competition was recorded as 37 percent and out of the Rs. 28,000,000 allocated for the construction of the Jaffna Cultural Center; Rs. 27,960,000 was handed over to the Ministry of Rural Housing and Building Materials Industrial Development. Due to that, financial progress was 100 percent and physical progress was 0 percent.

Cultural Center is to be completed and handed over by the Government of India to the Government of Sri Lanka and then to the Jaffna Municipal Council. The Memorandum of Understanding will be signed in near future.

07. Construction work on the Pallekele Performing Training Institute attached to the Sri Dalada Maligawa, which was supposed to commence work on 16 September 2016 and to be completed by 30 September 2020 on a total estimate of Rs. 145.7 Million and it has not been completed the audited date of 11 August 2021. It was taken nearly a year for the work to be completed, but its financial progress was 41 percent and physical progress was 56 percent.
- That project should be completed as planned.
- The contractor has been informed to submit a specific date and expected work plan for the completion of the project and as the MoU was signed by the High Commission of India, the Ministry could not intervene directly with the contractor.
- Expenditure on this project as at 31 December 2021 is Rs. 5.3 million VAT expenditure and Government of India has spent Rs. 34.33 million. Physical progress on that date is 83 percent.
- Also, the Chartered architect has agreed to extend the date until 31 October 2021.

08. Although the research activities project on indigenous knowledge and cultural values implemented by the Cultural Division had planned to print a research book on folk art in the Puttalam District and printed 1000 copies of the relevant books, only 17 copies had been handed over to various sections of the Ministry as at 31 May 2021 and the remaining copies had not been used for the intended purpose and that were stored in the warehouse.

-Do-

Arrangements have been made to publish a research book on folklore in the Puttalam District and a book on socio-cultural heritage of exploration and research based on that data. The first book from that has been printed in 1000 copies and taken to the Ministry's stores and the research book on folklore in the Puttalam District is being made available in future. Arrangements were made to publish 02 books on folklore in the Puttalam District and it has been reported that only the first book has been printed 1000 copies and handed over to the Ministry's store and the rest of the books could not be made public due to Covid epidemic situation and arrangements have been made to held the programme in the last week of March 2022.

09. Provisions of Rs. 21,850,000 were made to the Ampara District Secretary from time to time from 2015 to 2018 for the construction of the Uhana cultural center at an estimated cost of Rs. 21,383,325. The Ministry had not followed up on the construction progress and the

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Provisions have been released by the Ministry after the District Secretary informed the Ministry about the progress of the project; Its progress has been monitored by the monthly progress report of the Ministry of Finance and by the ministry trough field The Ampara District Secretary has informed that due to the deficit of imprest in the district, the payments made in respect of the project could not be made in late December 2021 and they were reported

construction of the building had not been completed by the end of the year under review.

inspections by the to the General Ampara District Treasury under the Secretariat and the bills in hand in the Uhana Divisional CIGAS Secretariat. At present, Programme. the Ministry conducts a bi-weekly progress Accordingly, Rs. 2,381,536.00 has review of construction been released to the projects. Ampara District Secretary on 15 February 2022.

10. The construction work of Relevant Construction of Phase V According to the the Vidyalankara constructions should of this project will be decisions of the International Buddhist be completed and completed in the year Cabinet of Conference Hall, which was used as planned. 2019 and a request has Ministers for the begin in the year 2005 in relation to the Buddhasasana Division was completed only up to 05 stages at a cost of Rs. 1,204.33 million in the year 2019 and no action has been taken to commence the construction work of the 6th phase.
- Secretary to the Ministry 48.076 million of Finance to provide allocations has been funds for the received for the construction of Phase construction of VI, The Ministry of Phase V. Among Finance has instructed to that, Rs. 15.67 million and Rs. 23.28 million for accordingly the Central the variance order Bureu of Engineering No. 2 has been paid Affairs is currently now. Relevant preparing the estimate. work is being done to take over the project to the Ministry. The inventory of the 3rd,

4th and 5th floors of the conference hall building has been inspected and handed over to the Vidyalankara Trust and the Central Engineering Consultancy Bureau has been informed to rectify the deficiencies identified during that inspections.

11. Out of the 25 officers of the Government Cultural Division who were identified as having to be released on bail, 22 officers and 35 officers of the Buddhasasana Division had not been released on bail. Government officials who are required post bail under FR 880 should fulfill the requirement to post bail according to the provisions of the Financial Regulations. It is reported that the relevant documents for obtaining membership already submitted to the Association in respect of the officers who are required to post bail were given to the Department of Public Accounts and further action will be taken as soon as receive the membership, Preliminary steps have been taken to open accounts in the National Savings Bank for non-staff officers who are Relevant documents have already been submitted to the Department of Public Accounts to obtain the membership of the Mutual Guarantee Association on behalf of the officers who have to deposit bail in the Cultural Division and further actions are being done in this regard.

required to post bail.

Officers of the Buddhasasana Division who are required to post bail are getting action.

12. Although the buildings mentioned under the buildings and constructions in the financial statements as assessed valued at Rs. 2,893,409,044 were mentioned as belonging to the Cultural Division of the Ministry, the ownership of the land on which they were built had not been taken over by the Ministry. Action should be taken to get ownership of the land. At present, the ownership of 70 lands out of the lands where the cultural centers are located has been transferred to the Ministry and steps are being taken to take over the ownership of other lands. Necessary steps are being taken to take over the ownership of other lands.
13. Although 12 vehicles belonging to the Cultural Division of the Ministry had been released to other Ministries and Departments, no action had been taken to transfer the right and ownership of those vehicles by the end of the year under review. Action should be taken to transfer the right and ownership of the released vehicles to other Ministries. 09 out of 12 vehicles have been temporarily released and 02 vehicles have been handed over. It has been reported 09 vehicles have been temporarily released to the Ministry of National Heritage, Department of Cultural Affairs and the Department of Archeology considering the need for service and action had been taken to hand over 02 vehicles to the Department of

Archeology. No action had been taken to recover or transfer them yet.

14. 04 vehicles valued at Rs. 16,300,000 and 11 vehicles which are not marked cost belonging to the Cultural Division which had been identified as to be disposed had not been disposed in accordance with paragraph 13.2 (b) of Public Finance Circular No.01/2020 dated 28 August 2020.
- Action should be taken to dispose of vehicles which were identified as being disposed in accordance with the circular.
- Transfer usable vehicles to other government institutions and the disposal of unusable vehicles.
- Prior to complying with paragraph 6 of Finance Circular 2/2015, the Ministry of Coastal Conservation, the State Ministry of Pharmaceuticals and Regulatory Affairs and the Sri Lanka Navy were requested to obtain 03,01 and 05 vehicles respectively as per cabinet decisions and action have been taken to transfer the ownership of 09 vehicles.
- Although, the Department of Motor Traffic has been informed by a letter to cancel the registration of the remaining 06

vehicles, due to that institution had agreed to release only 02 vehicles out of that, the Department of Motor Traffic has been informed to cancel the registration of that pair of vehicles. The remaining 04 three-wheelers are being disposed as they cannot be used for transportation.

15. No action had been taken to fill the vacancy for the post of Internal Auditor of the Cultural Affairs Division which has been vacant since the year 2018 and to prepare an Internal Audit Plan for the proper functioning of the Internal Audit function in according to the terms of Section 40 of the National Audit Act No. 19 of 2018. There was not done an internal audit for that division.
- Action should be taken in accordance with the National Audit Act.
- The two approved posts of Accountant for the Ministry were not sufficient for the existing duties and due to that, another post of Accountant has been approved. After an officer is attached to it, that is expected to be attached to the position of Internal Auditor.
- With the change in the scope of the Ministry, only one officer will be attached to the relevant division and officers will be attached to the internal Audit Division after the vacancies in the post of internal Auditor are filled. As there is a vacancy in the post of Sri Lanka Accountant Service

Division under a Chief in the Cultural Internal Auditor Affairs Division at established within the present, a request Buddhasasana Division has been made to of the Ministry. provide a suitable officer to be attached to the post of internal Auditor and an Accountant of the Department of Buddhist Affairs has been appointed to carry out the duties of the post of Internal Auditor.

16. Utilization of Provisions

| <u>Description</u> | <u>2018</u> <u>Rs.</u> | <u>2019</u> <u>Rs.</u> | <u>2020</u> <u>Rs.</u> | <u>Total</u> <u>Rs.</u> |
|----------------------------|---------------------------|---------------------------|---------------------------|----------------------------|
| <u>Estimated Provision</u> | | | | |
| Recurrent Expenditures | 207,360,000 | 273,000,000 | 1,111,200,000 | 1,591,560,000 |
| Capital Expenditures | <u>696,610,000</u> | <u>1,465,500,000</u> | <u>605,400,000</u> | <u>2,767,510,000</u> |
| Total Expenditures | <u>903,970,000</u> | <u>1,738,500,000</u> | <u>1,716,600,000</u> | <u>4,359,070,000</u> |
| <u>Net Provisions</u> | | | | |
| Recurrent Expenditures | 245,194,736 | 299,932,500 | 1,095,861,000 | 1,640,988,236 |
| Capital Expenditures | 1,078,512,264 | 1,837,682,846 | 633,938,000 | 3,550,133,110 |
| Total Expenditures | <u>1,323,707,000</u> | <u>2,137,615,346</u> | <u>1,729,799,000</u> | <u>5,191,121,346</u> |
| <u>Actual Expenditures</u> | | | | |
| Recurrent Expenditures | 217,265,438 | 287,873,339 | 1,029,457,686 | 1,534,596,463 |
| Capital Expenditures | 867,786,547 | 887,053,912 | 578,292,863 | 2,333,133,322 |
| Total Expenditures | <u>1,085,051,985</u> | <u>1,174,927,251</u> | <u>1,607,750,549</u> | <u>3,867,729,785</u> |
| <u>Year-end Savings</u> | | | | |
| Recurrent Expenditures | 27,929,298 | 12,059,161 | 66,403,314 | 106,391,773 |
| Capital Expenditures | 210,725,717 | 950,628,934 | 55,645,134 | 1,216,999,788 |
| Total Expenditures | <u>238,655,015</u> | <u>962,688,095</u> | <u>122,048,451</u> | <u>1,323,391,561</u> |

02. Ministry of Defense

Head - 103

Auditor General's Opinion for the Financial Statements 2018 - Qualified Opinion
 2019 - Qualified Opinion
 2020 - Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the institution | Current Situation |
|--|---|--|---|
| <p>01. The Chief Accounting Officer should ensure that a proper internal control system is in place for the financial control of the Ministry in accordance with the provisions of Section 38 of the National Audit Act No. 19 of 2018 and the effectiveness of the system should be reviewed from time to time and necessary changes should be made to ensure that the system is going efficiently. The reviews should have been made in writing and a copy submitted to the Auditor General, but no statement had been submitted to the Auditor General stating that such reviews had been made.</p> | <p>Should act in accordance with the provisions of Section 38 of the National Audit Act No. 19 of 2018.</p> | <p>Relevant officers have been instructed to submit properly form the year 2021 onwards.</p> | <p>It will be properly submitted from the year 2021 onwards.</p> |
| <p>02. It was observed that the Ministry of Defense observed a delay in recovering revenue under the Revenue Head 103-2003-06-00 due for significant United Nations Peacekeeping operations duties.</p> | <p>Action should be taken to recover the arrears and follow up.</p> | <p>The Permanent Mission to the United Nations has been informed and the Ministry of</p> | <p>All arrears except US\$ 2,092,446 due to the Sri Lankan Air force have been recovered.</p> |

Defense is conducting follow-up and monitoring activities to recover the arrears.

03. The gun license fees charged under the Firearms Act No. 22 of 1996 (Amended) have not been amended in accordance with the provisions of Public Finance Circular No. 01/2015 dated 20/06/2015 and Financial Regulations 128(2)(i). Action should be taken to revise the fees as per the circular. The bills have Not reported. been referred to the Department of Legal Draftsman for amendments to the Firearms Act No. 22 of 1996.
04. There were savings of 2.7 percent or Rs. 1,131.7 million recurrent allocations to the Ministry and 17.7 percent or Rs. 4,402.34 million capital provisions during the period under review. Accordingly, out of the total allocation made during the period under review, Rs. 8.3 percent or Rs. 5534 million was remained. Needs should be properly identified and prepared estimates. That the officers in charge of the FR 66 and 69, expenditure subject have been informed. When submitting FR 66 and 69, informed to consider the achievable goals and submit accurate estimates in future.
05. Although allocation more than four times as much as Rs. 6,476,000 provided for three expenditure subjects or Rs. 26,025,465 have been transferred to that expenditure subjects under FR 66, from that 48 percent or Rs. 15,503,187 Needs should be properly identified and prepared estimates. That the officers in charge of the expenditure subject have been informed. -Do-

provisions were remained. The sum Rs. 27,575,000 provided for 09 capital expenditure subjects remained outstanding. Although Rs. 11,761,800 has been transferred under FR 66 for the Rs. 10,504,800 provision allocated 03 capital expenditure subjects, Rs. 13,719,362 provisions were remained.

06. In accordance with the decision of the Cabinet of Ministers dated 11 May 2016, 320 officers had been trained to establish a Special Task Forces brigade in State of Mali and equipment worth Rs. 880.73 million had been purchased during the period 2017-2019, but the forces of the State of Mali had not been established during the period under review. Further, the purchased equipment remained inactive.
- Should be act expeditiously to achieve those objectives in accordance with the basic agreements reached to involve the Special Task Force in United Nations Peacekeeping missions.
- Delays in obtaining relevant approvals, non-receipt of funds and delays in procurement activities have affected the procurement process.
07. The Navy had not been a formal system to processing and reporting of credit the revenue earned from service to external parties to the consolidated fund.
- Action should be taken to ensure that the decisions taken at the Audit and Management Committee meeting held on 26 October 2016.
- The Sri Lanka Navy had been informed about this.
- It has not been reported whether such revenue earned by the Sri Lanka Navy will be credited to the consolidated fund.

08. It was observed that significant delays in the construction of the security forces headquarters complex, which was expected to be completed in 2014. The overall progress of the construction work on this project was 74 percent at the end of the review period.
- Contract work should be carried out as planned.
- As only a portion of the requested provisions have been received, the contract will be awarded on the priority of service requirement.
- Future work will be planned according to the progress of the construction, the priority and the received financial allocations.
09. The strategic security communication network project, which was implemented to establish a common communication mechanism between the security services, was scheduled to be completed between the year 2014-2016 and the period was extended to 31 December 2020 with the approval of the cabinet. According to the 2020 Action Plan, Rs. 882.75 million will be spent on the construction of communication towers, installation and operating of microwave radio transmission systems, fiber optics up to Akuregoda and completion of the Colombo city defense communication network, but the project period was further extended due to procurement delays related to this construction. Therefore, the objectives of the project could not
- Action should be taken to complete the project as planned.
- Measures have been taken to obtain cabinet approval to extend the duration of the project until 31.12.2022 for resumption of procurement activities.
- Procurement for the installation of a microwave radio reflector system is currently in the bidder's appeal process.

be achieved in a timely manner. Also, use of equipment including completed towers, compartments and 22 generators purchased in 2016 and 2017 was further delayed.

- | | | | | |
|-----|--|--|---|---|
| 10 | There were 24 claims for EOT worth Rs. 1,008,548,800 and US\$ 4,445,076 submitted by five suppliers for 07 extended contracts due to failure of complete the contract within the expected time and out of this Rs. 8,640,502 was paid to two contractors. | Action should be taken to minimize additional claims due to unnecessary delays and to avoid financial expenses.. | Implement a formal study prior to awarding concurrent contracts to minimize EOTs. | The extension of claims submitted by 05 suppliers in respect of 07 contracts remains unchanged. |
| 11 | There were a significant number of vacancies in the staff of Ministry during the period under review and it was observed that out of the total staff of 481 approved in the year 2020, a deficit of 74 posts. Out of that, 13 vacancies were senior level posts. | Should be maintained adequate staff. | Vacancies will be filled in future. | Not reported. |
| 12. | Although the establishment of the National Institute of Defense Studies in Sri Lanka has been approved and still in operation, an act pertaining to the institute had not been approved until the end of year 2020. | Action should be taken to pass the relevant Act to establish the institution. | That bill submitted to the Legal Draftsman on 29 December 2021. | The Act has not been passed as at 28.02.2022. |
| 13. | An investigation audit of three District offices found that the explosives issuance information/ | Efforts should be made to ensure the safety of the | Discussion about the computer software | The database has not been established as at |

documents were not properly explosives used in prepared in this 28.02.2022
maintained to establish optimal accordance with regard on
control over the explosives in the the provisions of 07.12.2021
District Assistant Explosives the explosives
Control offices. Although the audit (Amendment) Act
pointed out the need to install an No. 18 of 2005.
updated computer database in the
Civil Defense Division, that
requirement was not met during the
review period.

14. Utilization of Provisions

| <u>Description</u> | <u>2018</u> Rs. | <u>2019</u> Rs. | <u>2020</u> Rs. | <u>Total</u> Rs. |
|----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| <u>Net Provisions</u> | | | | |
| Recurrent Expenditures | 6,964,605,292 | 22,285,043,900 | 12,326,540,335 | 41,576,189,527 |
| Capital Expenditures | 11,633,099,708 | 7,178,694,100 | 6,051,480,665 | 24,863,274,473 |
| Total Expenditures | <u>18,597,705,000</u> | <u>29,463,738,000</u> | <u>18,378,021,000</u> | <u>66,439,464,000</u> |
| <u>Actual Expenditures</u> | | | | |
| Recurrent Expenditures | 6,663,755,322 | 21,670,844,472 | 12,109,818,499 | 40,444,418,293 |
| Capital Expenditures | 9,741,188,940 | 5,916,077,922 | 4,803,663,767 | 20,460,930,629 |
| Total Expenditures | <u>16,404,944,262</u> | <u>27,586,922,394</u> | <u>16,913,482,266</u> | <u>60,905,348,922</u> |
| <u>Year End Savings</u> | | | | |
| Recurrent | 300,849,970 | 614,199,428 | 216,721,836 | 1,131,771,234 |
| Capital | 1,891,910,768 | 1,262,616,178 | 1,247,816,898 | 4,402,343,844 |
| Total | <u>2,192,760,738</u> | <u>1,876,815,606</u> | <u>1,464,538,734</u> | <u>5,534,115,078</u> |

03. Ministry of Mass Media

Head - 105

Auditor General's Opinion in relation to Financial Statements 2018

2019 - Qualified Opinion

2020 - Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the institution | Current Situation |
|--|---|--|--|
| ----- | ----- | ----- | ----- |
| 01. The value of 28 vehicles owned by the Ministry was not included in the financial statements. | Steps should be taken to include the value of vehicles owned by the Ministry in the financial statements. | Arrangements will be made to update the account in the coming years. | Not yet corrected. |
| 02. The procurement plan should have been updated regularly within a period not exceeding 06 months according to 4.2.1 (e) of the Procurement Guidelines, but the procurement plan had not been updated. | Proceed with the Procurement Guidelines. | Relevant officers were informed to act in accordance with 4.2.1 (e) of the Procurement Guidelines. | Not implemented as per guidelines. |
| 03. The Ministry had not prepared a detailed procurement plan for the year 2020 which should systematically outline the steps of each procurement to the completion of the procurement process | -Do- | Relevant officers were informed to act in accordance with 4.2.2 (a) of the Procurement Guidelines. | The detailed procurement plan for the year 2021 has not been prepared in accordance with the guidelines. |

according to Procurement Guidelines 4.2.2 (a).

04. The Chief Accounting Officer should ensure that an effective internal control system is set up and maintained for the financial control of the Ministry and the efficiency of the system should be reviewed from time to time and necessary changes should be made to ensure that the system operates efficiently. The statement that the system should be reviewed from time to time and that changes needed to be made in order for the system to effective function should have been made in writing and a copy should have been submitted to the Auditor General, but no such statements submitted stating that such reviews had been made.
05. Rs. 53,157,130 including tax revenue and fines due from 02 private media institutions had not been recovered during the period
- | | | |
|---|---|---|
| Should comply with the provisions of Section 38 of the National Audit Act No. 19 of 2018. | Steps will be taken to implement these recommendations in future. | No cation has been taken yet under the Act. |
|---|---|---|
- | | | |
|---|--|---|
| Arrears of taxes should be recovered as soon as possible. | Steps will be taken to recover this arrears. | Relevant arrears have not yet been recovered. |
|---|--|---|

from 2007 to 2013.

06. Bill of Act to regulate the issuance of radio and television broadcasting licenses was scheduled to be passed in 2019, but that target had not been achieved by the end of year 2019.
- Action should be carried out as planned.
- The work of reviewing the draft prepared after the appointment of an expert committee with experience in the field is being carried out as per the decisions given by the Cabinet on 04 March 2020.
- This bill has not been passed.

07. Utilization of Provisions

| <u>Description</u> | <u>2019</u> Rs. | <u>2020</u> Rs. | <u>Total</u> Rs. |
|----------------------------|----------------------|----------------------|----------------------|
| <u>Estimated Provision</u> | | | |
| Recurrent Expenditures | 612,350,000 | 1,400,174,000 | 2,012,524,000 |
| Capital Expenditures | <u>788,450,000</u> | <u>546,293,000</u> | <u>1,337,743,000</u> |
| Total Expenditures | <u>1,400,800,000</u> | <u>1,946,467,000</u> | <u>3,347,267,000</u> |
| <u>Net Provision</u> | | | |
| Recurrent Expenditures | 642,950,000 | 1,391,122,000 | 2,034,072,000 |
| Capital Expenditures | <u>793,510,000</u> | <u>555,345,000</u> | <u>1,348,855,000</u> |
| Total Expenditures | <u>1,436,460,000</u> | <u>1,946,467,000</u> | <u>3,382,927,000</u> |
| <u>Actual Expenditures</u> | | | |
| Recurrent Expenditures | 598,174,133 | 1,368,803,921 | 1,966,978,054 |
| Capital Expenditures | <u>346,257,644</u> | <u>379,031,479</u> | <u>725,289,123</u> |
| Total Expenditure | <u>944,431,777</u> | <u>1,747,835,400</u> | <u>2,692,267,177</u> |

*Due to combination of this Ministry with the Ministry of Finance as the “Ministry of Finance and Mass Media” during the year 2018, the Ministry of Mass Media did not submit separate financial statements for audit.

04. Ministry of Justice

Head - 110

Auditor General's Opinion for the Financial Statements 2018 -Qualified Opinion
 2019 - Qualified Opinion
 2020 - Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the institution | Current Situation |
|---|--|--|---|
| 01. The damage of 04 motor vehicle accidents in 2017, 2018, 2019 and 2020 had not been assessed as at 31 December 2020 according to 104(1) of the Financial Regulations Code of the Democratic Socialist Republic of Sri Lanka. | Should act in accordance with Financial Regulations. | FR 104 investigations related to accidents will be conducted and steps will be taken to recover from the responsible parties for those losses. | FR 104 investigations have not yet been carried out in relation to the 04 road accidents that occurred in the years 2017, 2018,2019 and 2020. |
| 02. Action had not been taken to losses and damages that occurred on 10 occasions from 2012 to 2020 in according to the 109(1) and (2) of the Financial Regulations Code as at 31 December 2020. | Should act in accordance with Financial Regulations. | FR 104 investigation related to accidents was carried out and According to the FR 104(3) final investigation report; action will be taken to recover the relevant deductions from the statement of loss and damages. | Acting in accordance with FR 104 about accidents after 2020. FR 104 tests not performed in the years before 2020. |
| 03. The total balance of Rs. 624,602 of the suspended officers/ | Action should be taken to recover the | Two loan balances of two officers who have | At present, loan balance of Rs. 63,010/- have |

- employees and 07 officers loan arrears. been suspended for been cut off.
 who left the service more than 05 years have
 remained as unpaid for a been cut off with the
 period from 06 to 23 years. approval of the
 Treasury.
04. Rs. 1,316,041 received The received money Relevant officials have The relevant
 from UNDP in 2017 to should be used for been instructed to use amount is
 settle the settlement day the relevant purpose the deposits for the retained in the
 expenses for the year 2016 and if not, it should relevant purpose or deposit account.
 was retained in the deposit be dealt with in otherwise to make
 account without being used accordance with effective use of the
 for the relevant purpose. Financial money for another
 Regulations 571. purpose with consent of
 the payer.
05. A 2000 sq.ft floor of a Should be followed The ground floor of the It is noted to
 building was leased for 02 procurement “Dawasa” building has work correctly in
 years at a monthly rent of guidelines. been leased in order to future.
 Rs. 265,000 to maintain an expedite the acquisition
 office without following of a suitable location for
 the provisions related to the office of the special
 urgent procurement unit. Henceforth
 according to Section 3.8 of instructed to act in
 the Procurement Guidelines accordance with the
 2006 and paid the annual Code of Procurement
 rent of Rs. 3,180,000 and Guidelines.
 the security deposit of
 Rs. 795,000.
06. A cab with a market value Investigations FR 104 the board of FR 104 board of
 of Rs. 5,000,000 was should be completed investigation has investigation has
 involved in an accident in expeditiously. submitted an interim submitted an
 2017 and it was brought to report stating that interim report in

the Ministry of Justice in 2019. The party that used the vehicle without formally handing over the vehicle to the Ministry had resigned in 2018. The report of the Board of Inquiry appointed on 07 June 2017 regarding the accident, the copy of the police complaint and the statement of the driver were not in the file and no action had been taken to repair the vehicle or to identify the responsible party for the accident and recover the loss to the government as at February 2021.

further action will be taken to recover damages and take legal action after receiving the FR 104(3) final report with recommendations. this regard. The government has not yet recovered the loss caused by identifying the responsible party for the accident.

07. Sri Lanka has established an International Arbitration Center as a regional center for the settlement of disputes arising out of international agreements and has maintained a leasehold location since 2013 until it is established in a permanent location. It was established as a limited liability company in 2016, but remained inactive due This administrative problem should be resolved expeditiously and action should be resolved expeditiously and action should be taken to achieve the objective of the establishment. The Cabinet of Ministers has been informed by the Cabinet Memorandum dated 06.04.2021 to maintain this center in a more effective manner and accordingly, a five member committee headed by the Additional Secretary (Reforms) of the Ministry of Justice was The purpose had not been achieved. Rent for the center will continue to be paid.

to the Company's failure to make the decision to provide the required capital and non-appointment of a Board of Directors. Although it was paid a total of Rs. 42,040,238 as Rs. 41,702,018 as rent, Rs. 64,800 as administrative expenses and Rs. 273,420 as refundable security deposit from July 2019 to December 2020 for that place during the year under review, the purpose of establishing the center had not been achieved.

appointed to propose an appropriate management system.

08. (a) Puttalam legal aid and community correction building construction industry with 02 storied was awarded to an outsider on 15 September 2010 at a contract value of Rs. 5,583,770 and the work to be completed by 27 March 2011. But the work had not been completed and construction was halted by 04 October 2019.
- Work should be completed in accordance with the agreement.
- Under the procurement process, a suitable contractor will be selected to complete the construction work as a new project due to the contract with the contractor for the project, which was halted, could no longer carry out construction work.
- Construction is underway as a new project.

Although Rs. 5 million had been allocated from the annual estimate for the completion of construction in 2014, no provision had been made for that yet. Due to this, the purpose of establishing a separate office for the counseling and office work of community correctional offenders had not been achieved.

- (b) A total of Rs. 594,286 had not been recovered. Rs. 254,691 for the payment of advance to a contractor for the above project and Rs. 339,595 for the performance guarantee dated 21 October 2010. The legal division had been consulted on 4 occasions from 28 June 2017 to 15 February 2018 regarding the recovery of the money, but the necessary instructions had not been
- Action should be taken to recover the amount.
- Officers have been instructed to maintain a record of the expiration dates of advance guarantees and performance guarantees submitted by the contractor as that they can be clearly identified and to extend the dates of one month prior to the expiration of such guarantees to the contractors.
- The relevant amount had not been recovered.

received by 04 October
2019.

09. The Ministry had started translating law cases into Sinhala and Tamil languages on 01 August 2004, but the translation unit was not operational by 29 October 2019. Also, at that time, Rs. 4,064,441 had been spent to translate and edit legal reports from volume I of year 2004 to volume I of year 2011, but printing had not been completed. 03 volumes of volume I of year 2004 had been handed over to the government press to obtain a copy of the second proofreading, but they had not been taken back by 29 October 2019.
- The need should be identified and implemented.
- Officials have been instructed to print regular reports only according to necessities.
- The translation unit is not operational. No action has been taken to complete the printing and obtain copies.

10. Utilization of Provisions

| Description | 2018 | 2019 | 2020 | Total |
|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| ----- | ----- | ----- | ----- | ----- |
| | Rs.. | Rs.. | Rs.. | Rs.. |
| <u>Estimated Provision</u> | | | | |
| Recurrent | 922,600,000 | 973,805,000 | 1,568,963,000 | 3,465,368,000 |
| Capital | <u>144,350,000</u> | <u>161,110,000</u> | <u>1,428,522,000</u> | <u>1,733,982,000</u> |
| Total | <u>1,066,950,000</u> | <u>1,134,915,000</u> | <u>2,997,485,000</u> | <u>5,199,350,000</u> |
| <u>Net Provision</u> | | | | |
| Recurrent | 922,600,000 | 1,022,108,837 | 1,573,623,000 | 3,518,331,837 |
| Capital | <u>166,010,500</u> | <u>181,606,163</u> | <u>1,439,522,000</u> | <u>1,787,138,663</u> |
| Total | <u>1,088,610,500</u> | <u>1,203,715,000</u> | <u>3,013,145,000</u> | <u>5,305,470,500</u> |
| <u>Actula Expense</u> | | | | |
| Recurrent | 902,427,390 | 935,869,959 | 1,450,471,714 | 3,288,769,063 |
| Capital | <u>80,142,191</u> | <u>104,343,313</u> | <u>1,084,093,233</u> | <u>1,268,578,737</u> |
| Total | <u>982,569,581</u> | <u>1,040,213,272</u> | <u>2,534,564,947</u> | <u>4,557,347,800</u> |
| <u>Year-end savings</u> | | | | |
| Recurrent | 20,172,610 | 86,238,878 | 123,151,286 | 229,562,774 |
| Capital | <u>85,868,309</u> | <u>77,262,850</u> | <u>355,428,767</u> | <u>518,559,926</u> |
| Total | <u>106,040,919</u> | <u>163,501,728</u> | <u>478,580,053</u> | <u>748,122,700</u> |

05. Ministry of Health

Head -111

| | |
|--|----------------------------|
| Auditor General’s Opinion for the Financial Statements | 2018 - Unqualified Opinion |
| | 2019 - Unqualified Opinion |
| | 2020 - Unqualified Opinion |

| Audit Observation | Auditor General’s Recommendation | Preventive actions taken by the institution | Current Situation |
|---|--|--|---|
| ----- | ----- | ----- | ----- |
| <p>01. In addition to the number of right to vehicles in accordance with paragraph 4.1 of the Public Expenditure Management circular No. CA/1/17/1 dated 14 May 2010 of the Secretary to the President, 16 vehicles were allocated to the Minister and his staff and the office of the Minister and 08 vehicles were allocated to the Deputy Minister and his staff and the Deputy Minister’s office. In addition to beyond the granted fuel allowance of the Minister and Deputy Minister, the Ministry had provided Rs. 2 million and Rs. 4 million</p> | <p>Act in accordance with paragraph 4.1 of the Public Expenditure Management Circular of the Secretary to the President.</p> | <p>Vehicles will be issued to the Hon. Ministers only in accordance with the relevant circular provisions now.</p> | <p>An investigation had not been carried out and no action had been taken to recover the excess payment of the fuel allowance till 31 January 2022.</p> |

respectively in the year 2017.

02. The procurement of the lease of canteen of the Kurunegala General Hospital was to be done by the hospital, but it was instead leased from 20 April 2015 to a person who had agreed to pay a monthly rent of Rs. 621,000 by the hospital employees' welfare association. The rental income of Rs. 7.45 million received during that year up to 20 April 2016 was credited to an account of the Employees' Welfare Association without being credited to government revenue. The rental of Rs. 1.86 million had not been paid to the welfare society for 03 months of the year 2016 or to the government revenue by the lessee. According to a request made by the lessee to reduce the monthly rent, the government had taken steps to reduce the receivable revenue to the government by Rs. 7.94 million during the period of 16 months from June 2017 to September 2018, but the Action should be taken in accordance with sections 8.1 and 8.2 of chapter XLVII of the Establishments Code against the officials responsible for allowing the receipt of revenue from government property to an outsider and the officials responsible for deducting arrears of revenue without proper approval. Hospital Staff Welfare Association is registered with the Department of Co-operatives as a Co-operative society and a contractor has been selected to maintain the restaurant by renting a hospital building accordance with the Co-operative Ordinances. The amount due to the government was calculated as Rs. 25,579,440, but it had not been recovered by 31 January 2022.

approval of the Secretary to the Ministry had not been obtained.

03. Cabinet approved was granted Immediate steps Dr. Neville The integrated on 05 July 2017 to reach an should be taken to Fernando teaching lease agreement agreement to transfer the reach an integrated hospital, Bank of had not been physical possession of the lease agreement as Ceylon and the reached by 31 property including the per the decision of Ministry of Health January 2022 buildings of the Malabe Dr. the first cabinet. have entered into a and by that time Nelville Fernando Sri Lanka- tripartite agreement the total amount Russian friendship hospital to on 31 October spent by the the government of Sri Lanka the 2019, the case filed Ministry to on a lease basis for a period of in the Court of cover the 10 years, to maintain the Appeal against the expenses of this ownership and legitimacy of non-performance of hospital was Rs. the property of SAITAM until the Memorandum 2,177 million. the repayment of the loan of of Understanding reached by the relevant parties is being examined and further action is being taken in accordance with the judgment of the case.
- Cabinet Memorandum submitted to the government of Sri Lanka proposing to transfer the ownership of the hospital and all the value of the property to the government of Sri Lanka at the end of the loan period. Although more than two years have passed since the cabinet approved the agreement, the government has

not entered into a lease agreement to take over the physical possession of the property including the hospital buildings. The Ministry had spent Rs. 583 million to cover the overhead expenses of this hospital during the period from 01 August 2017 to 31 December 2018 without reaching such an agreement.

04. Contrary to the provisions of paragraph 1.1 of chapter XXVIII of the Establishments Code of the Democratic Socialist Republic of Sri Lanka and the provisions of Public Administration Circular No. 09/2006 dated 30 May 2006, the Secretary to the Ministry had issued a general circular stating the office hours of the medical officers.
- | | | |
|---|---|---|
| Should be complied with the Establishments Code of the Democratic Socialist Republic of Sri Lanka and the provisions of the Public Administration Circular. | That the payment of these overtime allowances has been suspended temporarily from May 2019. | Overtime payments have been suspended, but no action has been taken to recover the amount by 31 January 2022. |
|---|---|---|

Based on that circular, overtime allowances which could only be paid to doctors who performed clinical services were paid for one or two hours a day to doctors who are engaged in public administration works related to health services in various

departments of ministry head office, but do not perform clinical services directly. The allowances paid for 06 months of 2018 alone were Rs. 6 million. The medical officers who received this allowance had not used the fingerprint machines for the arrival and departure of the public officers mentioned in Public Administration Circular No. 03/2017 dated 19 April 2017, which should be read in accordance with Section 1.3 of Chapter XXVIII of the Establishments Code. Instead, overtime payment was paid based on attendance records recorded in a diary signed by a supervisor only once a month.

05. A total of Rs. 5 million, including Rs. 3 million from 04 government institutions had been deposited in a bank account under the name of the Director General of Health Services and Rs. 7 million had been spent for a ceremony in honor of the Minister of Health, Nutrition and Indigenous medicine without Fund raising and spending should not be done without authority and should be in accordance with the procurement process in purchasing and procuring services. That money and donations received from other institutions were also deposited in the general deposit account and used to settle the relevant expenses due to the World Health Organization No formal inquiry had been conducted into the unauthorized collection of funds and spending contrary to the procurement guidelines as at 31 January 2022.

any authority. The event was organized on the basis of forged documents submitted by the lowest bidder of Rs. 6 million, targeting a predetermined entity outside the government's procurement guidelines for event management.

(WHO) has stated that financial assistance for this programme can only be made to an account in the Ministry of Health.

06. The Ministry had spent Rs. 487,500 for air tickets and Rs. 685,545 as casual allowances and compound allowances and Rs. 1.17 million for a person who presented to be the media secretary, event organizer, and a pretended event coordinator and not appointed as an official of the ministerial staff to a conference held in New York, USA on 26 and 27 September 2018 and to attend a conference held in Switzerland from 01 to 06 October 2018.
- Should be act in accordance with Sections 8.1 and 8.2 of chapter XLVII of the Establishments Code regarding the responsible officers.
- After the investigation, Rs. 98,444 was recovered and steps will be taken to recover the balance in future.
- No action had been taken to recover the balance until 31 January 2022.
07. The Technical Evaluation Committee appointed by the Sri Lanka National Hospital for the procurement of food items prepared for the year 2016/2017 had not appointed a
- Do-
- A preliminary inquiry has been commenced by a committee comprising officials of the Ministry of
- The investigation had not been finished by 31 January 2022.

nutritionist with knowledge of nutritional supplements. Rs. 25.91 million had been overpaid to the supplier who had submitted a bid of Rs. 1,390 for a tin containing 05 small sachets of “Impact” nutritional supplement 74 g due to the payment of Rs. 1,390 each for 23,304 sachet packets. The average market retail price of a 74 g small “Impact” nutritional supplement sachet was Rs. 365. But, for the 23,304 packets being paid at Rs. 1,390 per packet and the average retail price was Rs. 23.89 million. An additional Rs. 280,833 had been paid due to payment of Rs. 1,390 and Rs. 1,100 each instead the suppliers’ agreed price of Rs. 1,060 and Rs. 839 respectively for providing Pentasure 2.0 and Penta sure Renal supplements as high energy high protein nutritional supplements.

Public Administration, A nutritionist with the knowledge of nutritional supplements has been appointed to the Technical Evaluation Committee and based on the experience of previous years, and nutritional supplements are being procured specifically in cans and packets.

08. The Director of the Jaffna Teaching Hospital and the Hospital Development Association had corresponded

-Do-

Preliminary work The land had not has been initiated to been taken over acquire the land for by the hospital the name of the and the

with the Jaffna district secretary regarding the purchase of land to establish an eye unit for the hospital. According to that letters, it was confirmed that the Jaffna Teaching Hospital Development Association which is Non-Government Organization (NGO) was hoping to purchase the land. Despite this, the District Secretary had released Rs. 12.5 million to the hospital and then it had handed over Hospital Development Association by the hospital Director to purchase the land without any other authority or approval beyond the powers of the district secretary and the hospital Director. The Hospital Development Association had bought the land under the name of the association for Rs. 12.5 million. Instead of paying the land directly to the owner and buying the land, the indirect payment was used to cover up the irregularity of the transaction. Although it should be satisfied with the fairness

Director of the recommendation Jaffna hospital and of the Auditor the land is currently General had not being used by the been complied hospital. with as at 31 January 2022.

and transparency of the transaction by obtaining information such as the history of the land, the plan of the land and the appraised value of the land to be confirmed by the proposed forms of purchase before releasing the money to purchase the land from the District Secretariat, action had not been done accordingly. The appraisal report was issued on 02 August 2011 after the purchase of the land on 19 September 2011 with the intention of giving the expected value of the land to the owner with the appraised value of Rs. 14 million for the land. Further, the land was assessed as having commercial value, but it was not a commercial value due to the location of the land.

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| 09. | 310 Contracts worth less than Rs. 2 million were awarded with a total contract value of Rs. 170 million to the Jaffna hospital development association which is registered as a NGO with only 06 specialist physicians in Jaffna | Action should be taken against the regional procurement committee and the responsible officers of the Jaffna teaching hospital in | Work not exceeding Rs. 2 million assigned to the hospital development society according to government | not | No action had been taken to investigate the matter and to comply with the Auditor General's recommendation |
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teaching hospital, which is not considered as a NGO and is not registered in the Institute of Construction, Training and Development (ICTAD) grade M8 or above from the period of 2016 to 2018 contrary to guidelines 3.9.1 and 3.9.2 of the Government Procurement Guidelines. Contrary to 3.9.1 of the Government Procurement manual, 310 contracts awarded to the Jaffna Hospital Development Association and sub contracted to the hospital welfare association chaired by the Director of the Jaffna teaching hospital. As such, the hospital welfare association, which was sub contracted was not registered with the Institute of Construction, Training and Development (ICTAD) , as it was a non-contracted, inexperienced and professionally skilled staff and 310 subcontractors were employed on a personal level by professionals. Payments should have been made on a measure and pay basis, but instead the bills were prepared

accordance with procurement sections 8.1 and 8.2 of chapter XLVII of the Establishment Code regarding the misinterpretation of guideline 3.9.1 of the government procurement guidelines and the failure to comply with the provisions of that guidelines with regard to the regional procurement committee and responsible officers of the Jaffna teaching hospital.

as at 31 January 2022.

3.9.1 and 3.9.2 for the only purpose of developing the hospital and this process was stopped after the audit.

in accordance with the estimated amounts and rates and the bills were submitted through the Hospital Development Association and money received by the Hospital Welfare Association.

There were instances where the dimensions determined without preparing the drawings for the relevant work could not be clearly identified and the accuracy of some of the dimensions could not be confirmed. Quantities prepared using other rates without using building department rates were inaccurate and unrealistic. The Director of hospitals, who chairs the Procurement Committee confirmed that he had indirectly obtained hospital contracts from the Hospitals Welfare Association of which he chairs due to all the contracts awarded by the Procurement Committee to the Jaffna hospital development association under the community based direct contract scheme have been subcontracted to the Jaffna hospital welfare association

without any dividend.

10. 08 buildings of the Jaffna teaching hospital had been handed over to the welfare society without following the procurement process mentioned in the Government Procurement Guidelines. 05 of these places were leased to the private sector by the welfare society and earned revenue. The government had lost a total of Rs. 4.21 million in revenue due to allowing the welfare society to collect tax revenue due to the hospital. Although the monthly income from the business activities carried out by the welfare association in the remaining 03 building sites was between Rs. 30,000 to Rs. 300,000, the government had not received any revenue. 02 more buildings were handed over to the Jaffna hospital development association and the Jaffna branch of the Government Medical Officers' Association. Those associations had earned revenue from sub-leases, but Action should be taken in relation to the responsible officers under sections 8.1 and 8.2 of chapter XLVII of the Establishment Code. The income from the 03 main restaurants is credited to the government revenue and other small business activities are maintained by the welfare association for the benefit of the employees and the patients as well as other persons now.
- Do-

the government had not received any revenue.

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| <p>11. It had been purchased 05 air conditioned luxury buses with 54 air conditioned seats for 05 nursing colleges during the year under review at a cost of Rs. 53 million with Rs. 10.6 million per each exceeding the financial limit of Rs. 40 million approved by the National Budget Department. These buses, which were purchased without a feasibility study, were parked in the nursing schools' underprivileged areas due to the inconvenience of driving in the roads, the inability to enter the nursing school premises and various technical faults.</p> | <p>-Do-</p> | <p>All vehicles will be physically inspected and a quality report obtained in near future.</p> | <p>-Do-</p> |
| <p>12. There are 5,556 vehicles registered under the names of the Secretary to the Ministry, the Director General of Health Services and various designations in the health sector according to the data of the Department of Motor Traffic. But, according to the</p> | <p>Formal steps should be taken to locate vehicles that are owned by the Ministry but considered as missing due to non-identification of existence and legal</p> | <p>The issuance of revenue licenses for vehicles and motorcycles which were required to be verified has been temporarily suspended and the Sri Lanka Police</p> | <p>It had failed to identify all the motor vehicles and motorcycles whose physical existence had not been proven until 31 January 2022.</p> |

ministry's vehicle register, that number was 5,792. From that, the physical existence of 1,794 vehicles had not been confirmed. Although 202 vehicles which were not included in the list of vehicles submitted by the Ministry according to the Department of Motor Traffic, the number of vehicles and motorcycles which did not have physical existence were 171. The vehicles submitted by the Ministry were included in the list, but motor vehicles and 177 motor cycles confirmed by the Department of Motor Traffic had been transferred to external parties and it had not been confirmed the transfer basis. The Secretary to the Ministry had requested from the Department of Public Finance to remove 584 vehicles from the fixed assets register on 24 March 2017 which could not verify their physical existence, but the request was not granted.

13. Although the medical supplies division did not purchase The agreements Annual notice to Rs. 83 million reached between collect the had been only

emergency purchases from the local market in 2018, the State Pharmaceutical Corporation had not taken action to recover the additional cost of Rs. 5,358 million incurred on local purchases from 2007 to 2017.

two parties regarding medical supplies should be acted upon.

additional cost from the relevant suppliers and send it to the Medical Supplies Division, Details of local purchases will be sent to the State Pharmaceutical Corporation on a monthly basis before the supplier's performance warranty expires from September 2016.

recovered out of the additional cost of Rs. 5,358 million and out of the additional expenditure of Rs. 678.9 million during the period from 2018 to 2020, only Rs. 94.9 million was recovered. Medical supplies were being procured from the local market at high additional cost as at 31 January 2022.

14. The cost of 08 warehouses in the medical supplies division will be Rs. 31 million and 50 hospitals and 50 institutions under the ministry at a cost of Rs. 95 million with a total cost of Rs. 126 million in the year 2018 were expired in according to the information from the Pronto computer system.
- Realistic estimates should be prepared to minimize variances and orders should be placed based on them, regular studies should be done to reduce the demand for slow moving items and minimize expiration
- Realistic estimates are being prepared.
- The expirations could not be minimized until 31 January 2022.

as much as possible. Purchases of items with short life period should be limited as much as possible and losses should be recovered from the responsible parties for expiration.

15. The total requirement of high value medical equipment for all government hospitals and institutions had not been estimated and procured and had not been prepared priority lists in accordance with the received provisions to get benefits such as discounts and cost reductions.
- Instead, allocations were made to the respective hospitals to allow the purchase of medical equipment by the local procurement committees.
- The total provision made by the Ministry to the Biomedical Engineering Services Division was Rs. 20,163.29 million during the 05 years from the year 2014 to the year 2018 and Rs. 9,885.18 million which
- The total need for high value medical equipment for all government hospitals and institutions should be estimated and prepared according to the received allocations and the need procured at once. Instead, allocations should be made to the respective hospitals and the purchase of medical equipment by the local procurement committees should be stopped. Provisions should
- Due to some hospitals should be done very quickly and emergencies, epidemics or emergency purchases and medical equipment needed to hospitals in timely manner could not be included to the procurement plan, allocating funds to those hospitals is in a normal procedure.
- The entire hospital needs have not been identified and procurement is not being made until 31 January 2022 and relevant procurement is done by various institutions and projects.

was 49 percent from that had be made for been distributed to hospitals by hospitals to the Biomedical Engineering purchase low-cost Services Division without any equipment only on authority. an urgent basis.

16. The Biomedical Engineering Services Division had not prepared specific technical specifications for each biomedical device. Instead, the technical specifications of the equipment available in the market were used or the specifications were prepared on the recommendation of doctors. The Biomedical Engineering Services Division and the Kaluthara District hospital had to pay Rs. 3.07 million and Rs. 6.10 million per unit respectively for the purchase of the Anaesthetic machine with ventilators. Specifications for a neuro navigator system and O-arm purchased by the biomedical engineering services division in 2016 and the specifications for 04 anaesthetic machines with ventilator purchased by the Kaluthara base hospital in
- Specific technical specifications should be prepared for each biomedical device.
- The standard technical specification approved by the Director General of Health Services on the biomedical engineering division website will be available from 2019 to use for technical evaluation committees.
- The technical specifications of all medical equipment had not been prepared and approved or the use of the approved technical specifications had not been mandatory until 31 January 2022.

2018 had been completed by one bidder only due to bidding using the technical specifications of the equipment available in the market.

17. No action had been taken to obtain a manufacturer certificate for biomedical equipment purchased by the biomedical engineering services division or by hospitals. As a result, the purchased equipment was cleared from the port without verification that it was manufactured in the relevant country by the relevant manufacturer. Failure to get a manufacturer certificate for Rs. 192.33 million Pet CT scanner was purchased for Maharagama Apeksha hospital and 4 biomedical equipment purchased for the National Epilepsy Unit at the National Hospital at a cost of Rs. 732.76 million can be mentioned as an example.
17. No action had been taken to obtain a manufacturer certificate for biomedical equipment purchased by the biomedical engineering services division or by hospitals. As a result, the purchased equipment was cleared from the port without verification that it was manufactured in the relevant country by the relevant manufacturer. Failure to get a manufacturer certificate for Rs. 192.33 million Pet CT scanner was purchased for Maharagama Apeksha hospital and 4 biomedical equipment purchased for the National Epilepsy Unit at the National Hospital at a cost of Rs. 732.76 million can be mentioned as an example.
- Action should be taken to obtain the manufacturer certificate for each biomedical equipment because, ITB 11.1 (e) requested manufacturer authorization and did not request manufacturer certificate.
- This certificate is a primary criterion to be considered in the tender evaluation process and that ITB 11.1 (e) advises on the issuance of manufacturer certification.
- ITB 11.1 (e) had requested manufacturer authorization, but had not requested the manufacturer certificate until 31 January 2022.
18. In terms of Section 83 (4) (b) of the National Regulatory Authority Act No. 05 of 2015, the NMRA certificate issued by the National Drug
- Although the bidding data sheet clearly states in ITB 4.1 that it was not considered in the
- NMRA certification is mainly about the model of the equipment and the validity of the
- The responsible parties for the financial loss of Rs. 3.05 million had not been

Regulatory Authority is an essential document to consider that evaluating whether the proposed biomedical equipment are suitable for use in Sri Lanka during the procedure for procurement of biomedical equipment. In some cases, only the validity of the certificate was evaluated on the day of the bidding and the model of equipment to be included was not considered. In other some cases, the certificate was validated along with the type of equipment that should be included. For example, in 2014, the biomedical engineering services division did not specify the equipment model in the NMRA certificate submitted for the procurement of an ultra sound scanner, but the contract was awarded to the relevant bidder despite that, rejected the relevant bid as it did not specify the NMRA certification model in the procurement of an ultra sound scanner in the year 2018. Due to the non-specification of the model of the NMRA bidding process, the certificate validity of the bidding. NMRA certificate should be considered in the bid evaluation along with the equipment model. when identified and action had not been taken to recover the loss as at 31 January 2022.

certificate, the bid was rejected and there was a financial loss of Rs. 3.05 million.

19. The procurement of 64 ICU ventilators commenced by the Biomedical Engineering Services Division in 2012 was canceled on 05 July 2017 and 76 ICU ventilators were purchased in 2017 and 2018 at a cost of Rs. 211.69 million. When all the technical specifications have been completed and the instructions to Bidders/ ITB clauses have not been violated for the first lowest bid of Rs. 1.55 million per each for the procurement of 64 ICU ventilators, which was launched in 2012 was bid by the bidder prior to the procurement of ICU ventilators, the bid was rejected with stated that it was a “model” without a reasonable and acceptable basis. The entire procurement was cancelled on 05 July 2017 after the recommendation and approval of the bidder was awarded 76 to the second lowest bidder. Accordingly, the opportunity to purchase 64
- Since the recommendation of the Technical Evaluation Committee and the approval of the Procurement Committee are not correct, an independent formal inquiry should be conducted into the cancellation of the procurement of 64 ICU ventilators and the responsible officials should be identified and the financial loss of Rs. 92.88 million should be recovered.
- The standard technical specification for ICU ventilators has been developed by the Department of Biomedical engineering and published on the website. These problems will be avoided in future by taking steps to use those specifications when purchasing these equipment
- An independent formal inquiry had not been conducted and the responsible officials had not been identified and action had not been taken to recover the financial loss of Rs. 92.88 million as at 31 January 2022.

ICU ventilators for Rs. 99.46 million had been lost. Subsequently, the specifications were changed and re-bid. The government had to bear a financial loss of Rs. 78.80 million due to the purchase of Rs. 2.78 million each for the bid of 76 ICU ventilators in same model from the the second lowest bidder in the cancelled procurement.

It was observed that, the diagonal of the display screen of the ICU ventilators was increased by only 3 inches due to the change in the specifications and it would not be reasonable to pay more than Rs. 1.23 million for each.

Also, the lowest bidder for 64 ICU ventilators offered with 12 inch diagonal display screen according to the requirements. An additional 15 inch diagonal display screen can be provided for Rs. 40,000 if required. But regardless of that, the first procurement was cancelled and the display screen of the equipment, which was purchased for Rs. 1.23 million more at the time of the

procurement, had a diagonal of 5.5 inches.

The first lowest bidder was rejected and the second lowest bidder was recommended and approved for procurement based on a report submitted by the then President and Secretary to the Association of Anaesthesiologists who were two members of the Technical Evaluation Committee of 64 ICU ventilators. The recommendation and approval were given on the basis of an illegitimate and non-based report due to the members of the Anaesthesiologists' Association who were involved to the preparation of the report did not sign the report and the report was prepared by comparing two models which were completely contrary to the model of the equipment presented by the two bidders.

The supplier of 76 ICU ventilators had taken legal action by the Biomedical Engineering Services Division over the submission of forged documents in the previous

procurement. But. Even though the legal process had not been completed, the contract had been awarded after bidding.

20. A cost estimate of Rs. 186.15 million had been prepared for the establishment of Dengue Intensive Care Units in Batticaloa, Karapitiya, Colombo South and Colombo North teaching hospitals, Trincomalee, Matara and Hambanthota general hospitals and Panadura base hospital before 20 April 2017 to deal with the dengue epidemic. According to the advice of the Director General of Biomedical Engineering Services Division, it was decided to purchase 300 multipara monitors, with giving priority to Ex-stock bidders on an emergency basis. According to the technical evaluation report, only one bidder (Ex-stock) had submitted a ninth bid of Rs. 324,000 for a multipara monitor and the first minimum bid was Rs. 116,750. Although the technical specifications of
- Since the recommendation of the Technical Evaluation Committee and the approval of the Procurement Committee are not correct, an independent formal inquiry should be conducted into the purchase of 100 multipara monitors and the responsible officials should be identified and the financial loss of Rs. 20.72 million should be recovered.
- Due to the high dengue epidemic at this time and Nextagen Health Care was the only supplier of stocks that fulfilled the specifications, it had to purchase multipara monitors from the company.
- An independent formal inquiry had not been conducted and no action had been taken to identify the responsible officials and recover the financial loss of Rs. 20.72 million as at 31 January 2022.

the multipara monitors submitted by the 09th bidder have not been completed, the evaluation committee had recommended the purchase of 100 each at Rs. 324,000. The loss was Rs. 20.72 million due to although evaluations should not be done when it is clear that there is no effective competition, the bidder evaluated the existing stock and awarded the contract at 173 percent higher than the minimum bud of Rs. 116,750, but

21. The contract to network the Kandy National Hospital premises and install the Health Information Management System was awarded at a cost of Rs. 59.49 million including VAT. The work was completed on 25 January 2019 after a delay of 230 days contrary to the contract agreement, but the final bill of the contract had been paid as at 07 November 2016 and delay charges of Rs. 6.49 million had not been charged for 230 days. During the on-site inspections carried out on 11 November 2019 and
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| Should be conducted a formal inquiry into the payment of the final bill and the non-payment of delay charges before the completion of the contract work. The purpose of setting up the system and the desired output should be achieved. | Rs. 2,825,901 with a retention amount of 5 percent of the contract amount was credited to the government revenue on 07 August 2019 and the health information management system is implemented by step. | No investigation had been carried out and the retention money had only been credited to the government revenue until 31 January 2022. It was observed that 04 units except dermatology clinic and diabetes clinic are inactive. |
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27 November 2019 at the Chemotherapist's laboratory, outpatient laboratory, outpatient unit, drug dispensary dermatology clinic and diabetes clinic, the health information management system was not operational and it was also observed that the purpose of setting up the system and the desired output had not been achieved.

125 bar coding machines and 03 bar coding printers purchased from the hospital and provided by the Ministry for the health information management system were inactive in the hospital warehouse and 02 bar code printers and 07 laptops issued to 04 divisions also inactive.

22. The medical laboratory tests were based on a very old circular on the payment of specimen allowances for medical examinations out of normally working period done by paramedical officers such as technicians, radiologists, physiotherapists and electroconvulsive technicians. Further, During the
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| Action should be taken to establish permanent common criteria for overtime and specimen payments and to revise the circular accordingly with considering the current technological | If the Ministry will be approved a programmatic and equitable overtime allowance payment on basis for paramedical service officers and informed to the hospitals, it can be | The audit recommendation had not yet been implemented as at 31 January 2022. |
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investigation of the samples of changes and other implemented. Matarara, Polonnaruwa, relevant factors. Badulla and Jaffna General Overpayments Hospitals it was observed that, should be refunded. measures have not been taken to reduce overtime and specimen allowances by implementing the shift system considering the present expansion of laboratories, radiology and physiotherapy units, testing with modern equipment and overstaffing of paramedical staff in the relevant departments. Several compounds/ constituents of the test written by the doctor were mentioned as separate tests and it had been overpaid due to the payment of specimen allowances, no separate records were maintained for inspections carried out in the normal working hours and outside the normal working hours, specimen allowances are paid more by maintaining forged notes and records in various methods, specimen allowances were obtained for the specimen tests done after the working hours which can

be done about three times in the normal working hours, and no document containing information about some of the tests had been maintained, but specimen allowances had been paid.

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| 23. | The Fellowship Information System database, which was set up by the Ministry at a cost of Rs. 4.75 million in the International Health Service to maintain an updated centralized information system for official overseas travel, as part of the Human Resources Information System was not updated properly. As a result, the expected objectives of the Ministry have not been achieved. | The database should be updated properly. | The audit observation is correct. Preventive measures are not mentioned. | Action had not been complied with the audit recommendation as at 31 January 2022. |
| 24. | Subject to the approval of the permanent technical evaluation committee of the Ministry of Housing and Construction, the project to construct a six storied building with operating theaters at the Horana Base Hospital at an estimated cost of Rs. 1,330.40 million was awarded to the State Engineering Corporation on 27 November 2017 in accordance | Proper supervision should be done to complete the work in accordance with the contract agreement. | -Do- | No satisfactory progress had been maintained in construction as at 31 January 2022 and the project had not been completed to the extent that even the advance payment was |

with the decision of the Cabinet of Ministers dated 24 November 2017. According to the letter of award, the project was to start work within 14 days from the date of awarding the contract and complete the project on 27 November 2019, within 24 months from the date of commencement. But, after a 10 month delay, the site was properly handed over. Although cabinet approval has not been granted to complete the project in phases, the estimated cost of Rs. 1,330.40 million is only for the first phase of the proposed building, the State Engineering Corporation had proposed that the total cost of the building be approximately Rs. 2,400 million and that the cabinet approval be obtained for the second phase as well. The Ministry had yet taken action to resolve the issues by the audited date of 31 May 2020 and the physical progress of the project was about 10 percent as at 31 December 2019.

sufficient.
Accordingly, the uncovered advance on that day was Rs. 187,482,549.

25. Maharagama Apeksha hospital had spent Rs. 5.44 million in 2018 to purchase a cold container with specialized specific anti-cancer drugs and keep it idle for more than a year without following the provisions of Guidelines 2.6.1 (iv) and 5.3.1 (d) of the Government Procurement Guidelines and 2.11.3,2.12 and 6.3.6 of the Government Procurement Code and its warrenty period had also expired. The retention amount of Rs. 0.27 million which is 5 percent of the contract value was to be released after one year of satisfactory service in accordance with 5.4.6 (a) of the Government Procurement Guidelines Code and paragraph 2.8.2 of the bidding documents, but the full amount had been paid without doing like that. Due to non-inclusion of a clause in the agreement regarding late fees, a delay of 09 months could not be charged.
- Action should be taken in accordance with paragraphs 8.1 and 8.2 of chapter XLVII of paet 2 of the Establishments Code against violating the guidelines of the Government Procurement Guidelines.
- Do-
- The drug storage cold container was not in use as at 31 January 2022 and no action had been taken in accordance with paragraphs 8.1 and 8.2 of chapter XLVII of part 2 of the Establishments Code.

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| 26. | Due to the inconvenience of using the electric rollers purchased at a cost of Rs. 2.98 million on 23 May 2018 to the electric laundry which provides the laundry service in the Colombo National Hospital, it was kept idle and not used. | Steps should be taken to use electric iron rollers. | -Do- | The electric iron rollers were still idle by 31 January 2022. |
| 27. | Although Kanthale Base Hospital had purchased 30 medical equipment at a cost of Rs. 110.22 million and 49 medical equipment had been purchased by the Biomedical Engineering Services Division and given to the Intensive Care Unit of the hospital, the unit was closed from time to time during the period from December 2016 to July 2018 due to the lack of anesthesiologists. The unit was maintained as an intensive care unit after August 2018. | Arrangements should be made to provide anesthesiologists to the hospital and to use the intensive care unit for patient care. | -Do- | The intensive care unit was not operational as at 31 January 2022. |
| 28. | With the objective of solution for the increasing trend of the number of kidney patients, in order to provide the kidney patient care service locally, a blood transfusion unit was set up at the Kanthale base hospital at a cost of Rs. 3.78 | Arrangements should be made to start a kidney care service with the assistance of a specialist doctor and action should be taken to utilize | -Do- | The blood filter unit had not been activated as at 31 January 2022. |

million in the year 2015. 44 units of equipment were purchased at a cost of Rs. 11.94 million in 2017, including 03 dialysis machines and 03 multi-para monitors. The unit was completed with all the necessary equipment and staff, but the unit had not commenced patient care by December 2020. The unit was inactive during the two years and it had lost the ability to dialysis approximately 6,570 times.

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| 29. | Due to non-compliance with the procurement decisions when making payments for the supply of raw food to Angoda National Institute of Mental Health and Maharagama Apeksha Hospital for the period from February 2018 to January 2018, Rs. 8.14 million had been overpaid. Out of that, Rs. 1.32 million had been recovered, but Rs. 6.81 million had not been recovered by 31 August 2020. It was problematic to recover the money as the decision of the Procurement Committee was not duly included in the terms | Payments should be made in accordance with procurement decisions and the terms of the agreement should be duly adjusted. Action should be taken in accordance with paragraphs 8.1 and 8.2 of chapter XLVII of part 2 of the Establishments Code regarding officers who have not fulfilled their responsibilities properly. | -Do- | The audit recommendation had not yet been implemented as at 31 January 2022. |
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of the agreement.

30. The amount to be charged to the government was Rs. 81.91 million from 95 doctors who violated the bonds signed with the government due to failure to return to work after leaving the country for postgraduate studies, failure to report for service to the government during the period of compulsory service and non-return to work after leaving the country on nopay leave for employment. Letters of resignation were issued after a delay of between 1 and 57 months from the date of departure of the doctors. As the current addresses of the doctors who left the service as at 31 December 2018 could not be identified, further legal action could not be taken against the Rs. 53 million charged to them.
- Action should be taken to establish an appropriate and adequate internal control system to recover the money due to the government, to explore the possibility of preparing agreements by including conditions that discourage breach of contract and action should be taken against officials who neglect those responsibilities.
- Do-
- There were still significant delays in the issuance of leave letters and the progress of recovering the arrears had not been submitted for audit as at 31 January 2022.
31. According to information obtained from 16 nursing training schools under the Ministry, the number of students who were left from the service among the recruited students during the 18 years
- Do-
- The audit observations are correct. No preventive measures had been taken.
- Adequate measures had not been taken to accurately identify the full amount due and recover it

from 1999 to 2017 was 861 and out of that the total of Rs. 281.99 million had to be recovered from 706 students. However, according to the information submitted to the audit on time to time, more than 1,000 nursing students were left from the training and it was also confirmed that the amount due from them was Rs. 325.33 million. Accordingly, it was observed that the Ministry did not have complete and accurate information about the number of students who left from the training and the amount to be recovered.

expeditiously as at 31 January 2022.

32. Although the cabinet had decided not to purchase any medical supplies without the recommendation of the medical supplies prescription review committee, out of the 20,698 medical supplies in use as at 31 December 2019, a total of 7,137 items or 34 percent were being used without a recommendation from the medical supplies prescription review committee including 483 pharmaceutical items, 4,611 surgical items and 2,043
- In accordance with the Cabinet decision No. AMP/12/1602/509/005/-11 dated 13 December 2012; no medical supplies should be purchased without the recommendation of the medical supplies prescription review
- Recommended that it is appropriate to hold recipe review committees by every 03 years and submit it to the Secretary to the State Ministry for the cabinet approval. Necessary steps have been taken to purchase drugs without a
- The recipe review committees had not been annually as at 31 January 2022 and the revised new cabinet paper had not been submitted to the cabinet by 17 November 2021 as per the orders of Committee

laboratory items. committee. from the on Public prescription review Accounts dated 06 June 2019. Also, drugs were still being purchased without a prescription from the prescription review committee as at 31 January 2022.

190 medical supplies used without a recommendation from the medical supplies prescription review committee had been ordered for the year 2019 and Rs. 1,711.21 million had been paid on 09 July 2020. Orders of Rs. 3,507.28 million and Rs. 564.79 million were issued respectively for the purchase of medicines used without the recommendation of the medical supplies review committee for the years of 2020 and 2021 as ay 29 June 2020.

33. Although there was a policy of the medical supplies division to issue orders to the State Pharmaceuticals Corporation with a supply period of 11 months for the purchase of the estimated items, the State Pharmaceuticals Corporation had failed to provide medical supplies without delay. 474 Medical supplies items at a cost of Rs. 4,059.06 million and 1,884 medical items at a cost of Rs. 13,620.14 million respectively ordered by the Action should be taken to review the reasons for delay and take immediate action to minimize delays, Accordingly action should be taken to draw the attention of State pharmaceuticals Corporation and to identify and implement strategies as required. The Medical Supplies Division issues orders to the State Pharmaceuticals Corporation without delay, but there are some instances of non-supply on time, delay in technical evaluation committee reports, as challenging procurement Although orders at the Ministry procurement committee level could take between the time periods of 11-12 months, it was taken 15-49 months for the inspection of 11 items. Also it was taken 06-13 months for the process of

Medical Supplies Division from the State Pharmaceuticals Corporation for the needs of 2017 and 2018 years were supplied by the State Pharmaceuticals Corporation during the year 2019 after a delay of between 1 and 2 years. Furthermore, the State Pharmaceuticals Corporation had not provided 2,377 medical supplies worth Rs. 7,075.48 million and 4,158 medical supplies worth Rs. 11,978.19 million of standard cost ordered for the years of 2017 and 2018 respectively as at 31 December 2019.

decisions, receiving technical appeals and committees and supplier shortages procurement and procurement committee. As a process get a long result, medical time. Measures supplies at a cost have been taken to of Rs. 5,241 avoid this situation million in 2018, as much as possible Rs. 8,220 by appointing million in 2019 separate standing and Rs. 6,265 procurement million in 2020 committees for had to be drugs and surgical procured from materials and the local market. regularly reviewing the progress.

34. Medical supplies issued to hospitals without a quality checking and subsequently only the problematic supplies were sent to the quality testing laboratory and it was identified that a significant number of medical supplies had failed the condition. The cost of disused medical supplies during the year 2019 was Rs. 1,209.7 million. The medical supplies division to be charged a total of Rs. 2,105.41 million from the State Pharmaceuticals
- A system should be introduced and implemented as the condition of a sample can be checked as soon as medical supplies are received and adequate facilities should be provided for this purpose and staff should be recruited. All medical supplies should be stored in
- Sample testing commenced on 25 June 2020 by the laboratory of the State Pharmaceuticals Corporation, there are facilities for only 316 types of drugs in those laboratories, as there are no facilities for all the testing parameters, plans are being
- A proper and adequate methodology had not been introduced to reduce the number of failed drugs from year to year as on 31 January 2022.

Corporation, State a standard manner. made to carry out
Pharmaceuticals Measures should be the tests in future
Manufacturing Corporation taken to procure by sending the
and other suppliers for failed high quality samples to the
medical supplies. Among the medicines, release National Drugs
medical supplies that were them to hospitals Regulatory
removed from use in 2019 only after checking Authority and
were antibiotics, those items the quality and accredited
had already been issued to eliminate the risk of laboratories. The
patients at the time of order to dispensing State
dispose the failed medical substandard drugs Pharmaceuticals
supplies. After releasing a to patients. A Corporation
significant percentage of these system should be charge 25 percent
medical supplies to patients, it implemented to of the cost and
was determined that these expedite the testing administrative cost
medical supplies were failing of drugs that have of the defective
in quality. Due to delays in been suspended due items and the State
further investigations into 10 to failure of the Pharmaceuticals
medical supplies items condition. Corporation will
amounting to Rs. 33.73 million be charged from
which were not in used due to the relevant
standard failure, it was supplier.
expired those 10 items before
the removal.

35. If the demand for a drug, Action should be The audit The audit
surgical item or other medical taken to change the observation is recommendation
supply changes or becomes specifications from correct. Preventive had not yet been
non-moving/ slow moving time to time, to set measures have not implemented as
item in accordance with the up an independent been reported. at 31 January
cabinet decision on drugs specification 2022.
procurement in 2012, submit it control unit and to

to the formulary revision convene the recipe committee and decide whether review committees or not to remove that item in a timely manner. from use. Also, there was an ability to change the specifications from time to time due to changes in demand according to new technology, set up an independent specification control unit, convene recipe review committees in a timely manner, prevent bulk redundancies and stock expiration due to change in specifications, thereby increasing or decreasing demand in modern technology and although it is possible to quickly identify and avoid placing relevant orders, as a result of act in accordingly, a sample audit revealed that coronary stent bare metal surgical items used for heart surgery at a cost of Rs. 44.83 million had expired in the first quarter of 2019 and 2020.

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| 36. | The medical supplies division issued a purchase appeal to the State Pharmaceuticals Corporation on 30 March 2011 | A full investigation should be carried out to identify the responsible officials | -Do- | Investigations had not yet been completed by 31 January 2022. |
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for the purchase of 1.2 million units of Depogestin I (Depot Medroxy Progesterone Acetate) as a contraceptive. The Technical Evaluation Committee has been informed that there have been individual deaths and complications from the use of this drug, which was previously supplied by suppliers, but the approval was given to award the order worth Rs. 87.03 million to the bidder who presented the lowest bid by the Ministry Procurement Committee which met on 21 November 2011 without regard to the terms of the order.

The first 600,000 units were delivered on 13 March 2012 and severe anaphylactic reactions were reported during the first week of use. As a result, the Director of Maternal and Child health of Family Health Bureau had recommended to the Secretary of Health to be disposed the products from use, to be repaired the remaining 600,000 units and to be provided an internationally recognized product.

and take action to recover the financial loss.

Despite the recommendation of the Technical Advisory Committee on the Good Manufacturing Product report of the Technical Evaluation Committee which met on 12 December 2012, instead, decided to award the remaining 600,000 units to the same supplier with considering that all matters by the Procurement B Committee which met on 02 April 2013. The Ministry Procurement Committee had decided to dispense this drug to hospitals with resuscitation facilities and to maintain close monitoring on 02 April 2013 without considering the quality, safety and efficacy of the vaccine, which is the primary purpose of drug procurement of the technical assessment that endangering the lives of patients. The second batch of 600,000 units was received by the Family Health Bureau on 05 August 2013. But, about the confusion existed in this drug it was reported to be discontinued by the GMP inspection report on 18 and 19

September 2012, the 16th meeting of the national committee on family health on 09 September 2014 and the third Safety and Risk Assessment subcommittee of the National Drug Regulatory Authority dated 22 January 2016 and the 25th Drugs Evaluation Committee meeting of the National Drugs Regulatory Authority dated 24 April 2018. Relevant responsible officials had failed to issue a circular stating that the consignment had failed in quality before it expired. This stock was not distributed within the Family Health Bureau and with a delay of 14 months from the expiration of this stock; the Director of Medical Supplies had issued a circular dated 17 June 2019 removing the entire product from use. As a result, the State Pharmaceuticals Corporation lost the ability to recover the loss from the supplier. It was observed that the loss to the government due to this purchase exceeded Rs. 91 million. Although the loss of

Rs. 96.4 million from the discarded 1,131,800 units due to quality failure in relation to this order and a previous order has been recovered by the Medical Supplies Division from the State Pharmaceuticals Corporation, Rs. 60.4 million out of that, the State Pharmaceuticals Corporation could not recover from the supplier till 01 September 2020.

37. Although the warehouses on the medical supplies division had large stocks of drugs, surgeries and chemicals, their air-conditioning system had been inactive for many years. According to the agreement reached to upgrade the air-conditioning system, the repairs should have been completed by October 2016, but the upgrading of the air conditioners had not been completed by 30 September 2020. A sample audit revealed that 09 items drugs items worth Rs. 32.21 million were stored in warehouses with temperature above 25 degrees Celsius. The non-temperature
- Storage of medical supplies should be done in accordance with the prescribed standards.
- The contract for the construction of a centralized air conditioning system was awarded on 14 June 2021 and the contract period is 60 days.
- Installing a centralized air conditioning system had not been completed by 31 January 2022 and local warehouses had not received adequate attention to the required air conditioning systems.

range of these items from 12 days to 190 days. It was observed that, among these drugs were antibiotics as well as drugs used for cardiovascular diseases, these stocks were transported by the State Pharmaceuticals Corporation at normal temperature and the Medical Supplies Division noted that there was insufficient space in cold storage No. 06 and stored in normal warehouses. Also, the cost of storage at a temperature below 25 degrees Celsius is Rest. 15.58 million of 87 types medicines were stored in the warehouses of Anuradhapura teaching hospital, Anuradhapura regional medical supplies division, Nochchiyagama regional hospital and Rajanganaya yaya 11 regional hospital at temperatures above the prescribed temperature. The opinion of the medical supplies division, which supplies medical supplies to all government hospitals as well as the regional medical supplies centers and hospitals

that drug stocks are not at the prescribed temperature and use of these drugs may not produce the desired results cannot be removed at the audit.

38. There was a shortage of 26 essential drugs and vaccines issued to cancer patients at the Maharagama Apeksha hospital between 06 and 316 days in 2019. Also, 07 types of drugs and vaccines imported in the name of certain cancer patients were in short supply for a period of 2 days to 180 days during the last 06 months of 2019. Also, due to the shortage of certain medicines which had to be given continuously for 06 consecutive months as prescribed by the doctor, it was not possible to act as prescribed by the doctor.
- Efforts should be made to ensure that there is no shortage of essential medicines provided to patients.
- The audit observation is correct. Preventive actions have not been reported.
- The audit recommendation had not been implemented until 31 January 2022.
39. Due to failure to take steps to settle debt balances at the time of transfer of officers and employees, Rs. 12.83 million was to be charged from 2018 officers and employees who were transferred from the Ministry to other Ministries, Departments, hospitals and
- According to the circular provisions, the officer should take action to settle the loan balance within 03 months of the transfer.
- Agree with the audit observation and the relevant officials have not yet been able to settle these loan balances due to reasons such as difficulty in finding
- The audit recommendation had not yet been implemented as at 31 January 2022.

other institutions under the Ministry and other Provincial Councils due to inability to adjust loan balances between transfer institutions, lack of information including credit cards and loan files on loan repayments. Out of that, Rs. 9.29 million or 72 percent was outstanding from 170 officers over 05 years.

proper information about the transfers and non-compliance with the loan balance.

40. Rest. 17.29 million was to be charged from 713 officers and employees who died, retired, suspended and left from the service due to delays in issuing leave orders to retiring officers and employees, inability to locate current addresses of officers, delay in submission of loan files, non-guarantors over 10 years of service period and non-expeditious legal proceedings and out of that, 290 had outstanding balances of Rest. 9.58 million or 55 percent over 05 years.
- Action should be taken to recover the loan balance as per the provisions of the Establishments Code.
- The police, the Grama Niladhari and the Department of Pensions will be informed and action will be taken to recover the loan.
- The audit recommendation had not yet been implemented.
41. Based on a written request of the Director of the Polonnaruwa District General Hospital, a Mine Portable Digital X-Ray machine was
- A formal inquiry should be conducted in this regard and necessary action
- The Ministry of Health is conducting an internal
- The corpses to be examined were given to the morgue for X-rays. It had

purchased for Rs. 9.95 million on 05 November 2020 for the Covid-19 Polonnaruwa special treatment center, following a limited bidding process. A radiology technician had not been appointed for the technical evaluation and the governments' association of radiology technologists had stated that the machine could not be used because there was a risk to users and patients and it was also reported that the purchase was a waste of money. Confirming this, the medicine was still idle by 19 February 2019.

should be taken investigation. against the responsible parties.

not been used by 31 January 2022 and no action had been taken to provide training for it.

42. Accepting a project proposal submitted voluntarily by CETC International Com Ltd, China, the Hong Kong and Shanghai Banking Corporation Ltd had obtained a loan of US \$ 72.25 million and US \$12.75 million from US \$ 85 million for this purpose and implemented a project to improve the health facilities of selected hospitals. Although the contractor will be required
- The government should always take steps to select projects that are not detrimental to the government. ?A formal investigation should be held in this regard. Should be act to get maximum benefits to the government in future purchases.
- Agree with the No formal investigation had been conducted until 31 January 2022.

to carry out market surveys on each of the equipment to be procured under the project and agreed on a pre-compliant technical specification and a proper assessment of the current market price in accordance with the contract agreement, it was observed that the losses described below had occurred as no such agreement had been reached. Under the project.

(i) 29 high pressure sterilisers were purchased in October 2019 for US \$88,445.56 each. However, a bid of US \$67,685.79 was made for this type of high pressure steriliser in a procurement made by the Biomedical Engineering Services Division in the year 2020. The loss to the government from the purchase of 29 high pressure sterilisers from the project was US \$602,033.33 or Rs. 109 million.

(ii) 154 ECG recorder were purchased in November 2019 for US \$ 955.79 each under this project. However, in the

Formal approval should be obtained to make changes to the project.

Service and maintenance agreements with authorized local agents in Sri Lanka should be entered expeditiously.

Equipment issued by the National Drugs Regulatory Authority should not be used to purchase equipment without a certificate of registration and import license. Arrangements

should be made to obtain equipment installation certificates expeditiously and to issue receipt orders for all issues after issuing issuance orders. This should be investigated and taken immediate

year 2020, a bid of US \$ 620.64 was made for this type of ECG recorder in a procurement done by the Department of Biomedical Engineering Services. The loss to the government from the project was US \$ 51,613.10 or Rs. 9.36 million.

According to the contract, in addition to the types and sizes of medical equipment agreed to be purchased, 36 units of 6 medical equipment items were purchased at an additional cost of US \$ 1,713,017, but the requirement and authority were not established and 732 units of 11 medical equipment items were purchased at a cost of US \$ 10,341,390.57 with a technical specification that did not match the technical specifications of the medical equipment to be procured. Further, service and maintenance agreements have not been entered into with the manufactures and their authorized local agents in Sri Lanka for 07 years after the warranty period for 18 medical

equipment and for 01 year from the date of issuance of installation certificates for other medical equipment as per the agreement. Also, it was purchased 25 Mortuary coolers at a cost of US \$ 448,957.25 from a contractor who has not obtained the registration certificate and the import license issued by the National Drugs Regulatory Authority and 436 pulse oximeters at a cost of US \$ 414,173.84 from an expiring contractor. It has not been confirmed that 1,681 units of 22 medical equipment that distributed to hospitals during the period from 01 November 2019 to 28 December 2020 were properly installed at a cost of US \$ 20,858,277.81 and receipt orders did not confirm that 517 units of 17 medical items amounting to US \$ 3,653,709.83 had been delivered to hospitals during the period from 09 January 2020 to 18 January 2021. Also, 155 units of medical equipment at a cost of US \$ 9,244,757.86 were distributed

to hospitals without issuing issuance orders.

The management of the Kurunegala teaching hospital had confirmed that they could not be satisfied with the standard of the Echo Cardiographs machine which given to the cardiology unit of the hospital at a cost of US \$ 75,027.91

Sample audit revealed that the equipment valued at Us \$ 1,211,948.14, which had been purchased and issued to hospitals under the project had not been used until 31 May 2021.

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| 43. | The project of implementation of electronic medical records in government hospitals in Sri Lanka at an estimated cost of Rs. 1,805 million submitted by the Information and Communication Technology Agency of Sri Lanka (ICTA) in 2016 was approved by the Cabinet on 05 October 2016. It was planned to improve the quality and efficiency of the health service by implementing | Action should be taken to identify the total expenditure incurred, transfer all assets to the Ministries and accounted the assets. | -Do- | The audit recommendation had not yet been implemented as on 31 January 2022. |
| | All parties involved in this project should be worked together to | | | |

this project in 300 government complete the hospitals covering all types of project hospitals in the country by 31 successfully. December 2018. While the Necessary action Hospital Health Management should be taken to System (HHIMS) software was use all the being installed in 41 out of 300 equipment purchased under the hospitals as at 31 December 2017, the Ministry of Finance project. had taken steps to hand over the future of the project to the Ministry of Health from 2018. The government should conduct a

The Ministry of formal inquiry into Telecommunication and this matter and Digital Infrastructure had recover the loss provided Rs. 355 million to from the responsible parties ICTA in 2016 for this project. and take immediate According to the submitted action against the information, Rs. 147.61 contractor. million was spent on hardware, but no information was spent on software, human resources, maintenance and services.

No agreement was reached between the Ministry of Health and the Ministry of Telecommunication and Digital Infrastructure on how to proceed with the project and the maintenance and the established systems after the transfer of future activities to

the Ministry of Health and the responsibilities of each ministry were not defined. Due to the Ministry of Health not taking action to obtain the source code and system administrator rights to the HHIMS software established by ICTA, it was taken time to develop and install the Health Information Management System (HIMS) software in hospitals where the hospitals HHIMS software was planned to be installed. Although HIMS software has been installed in 63 selected hospitals since 2018, the project has not been completed as planned.

The Ministry of Health had spent a total of Rs. 245.21 million for this project in 2018,2019 and 2020. 384 laptops at a cost of Rs. 23.68 million, 32 printers (Brother printer) at a cost of Rs. 1.25 million, 80 bixelon POS printers and bixelon sticker printers at a cost of Rs. 4.52 million, and 395 barcode readers at a cost of Rs. 1.57 million distributed to the 15

selected hospitals which were included in this expenditure were not used and they were inactive as at 10 May 2021. In addition, 900 laptops which were given to 43 hospitals at a cost of Rs. 55.51 million, 86 colour printers (Brother) at a cost of Rs. 3.36 million, and 215 Bixolon POS printers and Bixolon sticker printers at a cost of Rs. 6.20 million and 1,045 barcode readers at a cost of Rs. 4.17 million purchased under this project and distributed to the hospitals were underutilized due to non-completion of required server facilities. The procurement committee of the Ministry had invited bids on 06 September 2018 for the supply, delivery and installation of servers and accessories under this project and it had taken 47 days to inform the procurement committee decision of awarding the contract at a contract value of Rs. 147.94 million dated 28 November 2018 to relevant division .As a result, the contract was awarded 172 days late on 25

February 2019. According to the agreement, the goods should have been delivered before 30 July 2019, but the goods had not been delivered by the time of the performance bond expiring on 25 December 2019 and no action was taken to extend the term of the performance bond or to cash it before maturity. The Ministry procurement committee had decided to finalize the procurement and take action against the contractor on 10 September 2020, but no action had been taken by 15 September 2021.

44. Sum of Rs. 19.39 million Consumer goods and materials were purchased for the Kurunegala teaching hospital following the market price quotation system on 04 occasions during the year under review. In all 04 cases, due to only 10 out of the 24 registered suppliers for consumer goods and goods received bids, depriving all registered suppliers of the
- A formal investigation should be conducted in this regard and necessary action should be taken against the responsible parties.
- Action was taken to call for bids from the registered suppliers around the hospital with the consideration of the convenience of obtaining goods for the urgent needs of the hospital, due to the epidemic prevailing at the time of all bids
- Investigations had not yet been completed by 31 January 2022.

opportunity to participate for the procurement fairly and equitably. It was observed that, opportunities to obtain a competitive minimum price had been lost due to the bid was made by two companies belonging to the same family according to the certificate of business registration and only the bid of one other supplier was evaluated and the consumer goods were purchased from only two companies belonging to the same family and this procurement was not carried out in accordance with the guidelines 2.12, 2.11.2, 3.4.2 (a)(i),4.2,6.1,6.3,6.3.6 and 8.9.1(b) of the Government procurement guidelines for purchasing consumer goods, it was also observed that the credibility and transparency of the procurement process was not protected. The auditors had paid Rs. 1.94 million more to two suppliers compared to the prices obtained from the State Trading (General) Corporation Ltd and that two suppliers had paid Rs. 1.47 million more

from the second call to the next and inactivity of the post office in several areas in the country, only suppliers around Kurunegala had to be selected and bids had to be sent. Purchase of goods at the lowest possible price or on the recommendation of the evaluation board report to get maximum advantage for the government.

compared to the maximum retail prices available in the market.

45. It was revealed that the Kurunegala teaching hospital had registered suppliers of computers and accessories which were not relevant to the stationery sector, suppliers who could not get hospital requirements and counterfeit suppliers during the inspection of document supplier registration register and field inspection. Accordingly, bids were invited from registered suppliers and stationery with a total cost of Rs. 9.10 million was purchased from a single supplier on 02 occasions during the year under review. Also, it was observed that, due to 02 out of 03 bids received in the first procurement and 01 out of 03 bids received in the second procurement were received from suppliers of computers and accessories not related to the stationery sector and another bid was confirmed to be a fake bid, due to this procurement is not in accordance to the 2.12, 2.11.2,

-Do-

Purchasing of Investigations various goods will had not yet been be done on the completed by 31 basis of bids January 2022. received at the time of tendering, procurement of goods at the lowest possible price or on the recommendation of the evaluation board report to get the maximum advantage to the government.

3.4.2 (a)(i), 3.4.3 (c), 4.2,5.6.1(a), 6.1, 6.3, 6.3.6 and 8.9.1 (b), it had lost the ability to obtain a competitive minimum price. It was also observed that the credibility and transparency of the procurement process was not protected.

It was observed that the auditors had paid Rs. 3.60 million more to the supplier as compared to the prices obtained from the State Trading (General) Corporation Ltd. And the supplier had paid Rs. 2.71 million more compared to the prices obtained from another private institution and Rs. 778,417 had been paid to the supplier as compared to the maximum retail prices available in the market.

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| 46. | It was observed that the report states the US \$ 0.71 million metamizer machine donated to the Kurunegala teaching hospital in 2018 by the clinical waste management project of government hospitals, implemented by the Ministry | Action should be taken to resolve any issues that may arise regarding the use of equipment purchased under this project. | Agree with the audit observation. Preventive measures have not been reported. | The machine was still inactive as at 31 January 2022. |
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of Health with Australian loan assistance was inactive to date on this report after use.

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| 47. | It was observed that 18 vehicles, machinery, equipment and quarters at a cost of Rs. 22.27 million and 13 vehicles, machinery and equipment without specifying the cost were inactive without being utilized efficiently and effectively according to the information provided by the Ministry and only 16 institutions under it. Information on non-performing assets, which had not been utilized efficiently and effectively by 38 institutions, had not been submitted for audit until 15 May 2021. | Efforts should be made to identify inactive and underutilized assets in the overall hospital system and to utilize those assets effectively. | -Do- | Adequate measures had not been taken to identify and utilize inactive assets efficiently until 31 January 2022. |
| 48. | The Ministry does not submit all complete information to the audit about desktop and laptop computers, notebooks, mobile phones and cameras which have been provided to Hon. Ministers, Deputy and State Ministers, Supervising members, advisers, ministerial staff and government officials | This information should be submitted promptly and formal action should be taken regarding equipment that has not been returned as required. | -Do- | The equipment had failed to be got back until 31 January 2022. |

since 2010. Rs. 1.09 million cost for 10 items belonging to 09 types of equipment issued to a State Minister who held the post from August 2015 and resigned in November 2019 had failed to be recovered.

49. According to the contract agreement of disposal and burial of unclaimed corpses, inanimate organs, stillbirths and infant corpses at the Kandy National Hospital, although the removal and burial of the material shall be carried out by the contractor under the full supervision of the hospital Public Health Inspector, that Public Health Inspector was not presented at any time.
- Although the average weight of the placenta in the mother's placenta, which was frozen on 14 September 2020, was 979 grams according to the related number of mothers. The average weight of the contractor ranged from 1.7 to 4.7 kg, depending on the size of the load and the number of mothers during the period from
- This work should be done under the full supervision of the Public Health Inspector.
- A full investigation should be carried out in this regard and the overpaid amount should be recovered from the responsible parties and necessary action should be taken against the responsible officials.
- It is being supervised by the supervision of the Public Health Inspector and the ward nurses and a full investigation is being carried out by the Investigation Division of the Ministry of Health.
- The responsible parties had not been identified and the overpayment had not been recovered until 31 January 2022.

01 January 2019 to 30 April 2020.

According to information and medical records available on the internet, the possible placental weight of a mother ranged from 500g to 800g. Based on these statistics, the average weight 979 grams of the material mixed with ice was a maximum of 01 kilogram as at 14 September 2020, considering the number of mothers in the period from 01 January 2019 to 30 April 2020, 24,877 kilograms more of that material had been documented and it was also observed that Rs. 9.36 million had been overpaid for 22,246 kilograms of the material by that time.

50. Laboratory Information Management System (LIMS) was purchased at Rs. 3.5 million in 2018 as a sub module of the hospital Health Information Management System (HHIMS) which was in operation at the Ampara General Hospital. It was already confirmed that
- All procurement should begin after the need has been clearly identified and due approval has been obtained. Follow the guidelines of the government procurement
- There was no financial loss in awarding the procurement to the first bidder and that the bids were awarded in accordance with the bids submitted by the bidder and the
- A full investigation had not been conducted and the responsible parties had not been identified and action had not been taken until 31 January

the HHIMS system included LIMS software, so it was observed that the decision was made to purchase the software without the need.

This procurement advertisement was not published on the relevant websites and no subject matter expert was appointed to the Technical Evaluation Committee of this procurement in accordance with guidelines 3.2.2 (a) and 2.8.1 (b) of the Government Procurement Guidelines.

The bid was made by two bidders and the bid should be evaluated by adding the net present value of the maintenance cost to the price of the software for the next 04 years, but instead, the first lowest bidder bid Rs. 3.50 million for the software, while the second lowest bidder bid was evaluated at Rs. 4.07 million for the next 04 years, adding Rs. 1.74 million maintenance cost to the bid value of Rs. 2.33 million. Accordingly, the Technical Evaluation Committee

guidelines.

A full investigation should be conducted in this regard and the responsible parties should be identified and necessary action should be taken.

decisions of the 2022.

procurement committee and the Technical Evaluation Committee relating to the supply obtained.

recommended that the bid submitted by the first lowest bidder be awarded the procurement to the first bidder with forged notes that it was a lower bid than the second lowest bidder. The financial loss to the government was Rs. 1.17 million as the recommendation was confirmed by the Regional Procurement Committee and the procurement was awarded to the first bidder.

Due to the fact that the goods order did not include any conditions regarding the delay charges to be charged for the delay period of 07 months.

It was observed that, the supplier had contracted to install the LIMS software, but only HHIMS had installed in Middle Ware software and it could be installed at a approximately cost of Rs. 500,000 and approximately Rs. 3 million had been extra paid to the supplier.

It was also observed that, the installed software was not affiliated with the hospital's OPD, wards and clinic at the

time of the audit. As a result, the test reports expected to be obtained through the software are prepared manually. This can lead to duplication of data, increased file usage, translation errors, prolonged exposure, sample misplacement, difficulty in obtaining samples, inability to perform research activities on existing data and difficulties in generating statistical data.

It was reported that, the transfer process including the electronic transfer of laboratory reports to physicians through the system established by the Information and Communication Technology Agency (ICTA) in April 2017 after installation of the new software has been inactive since 20 October 2018, the FBC has lost access to reports and the system has become more sophisticated. Accordingly the sum of Rs. 3.5 million spent on the purchase of the new software had been wasted and the existing system had malfunctioned.

According to Guideline 5.4.10

(c) of the government Procurement Guidelines, the performance security of Rs. 50,000 obtained from the supplier had expired on 02 October 2018, but no action had been taken to extend its term.

There was no report from an expert on the subject that the installed software was installed according to the specified specifications and Rs. 3.44 million had been paid to the supplier on 31 December 2018 without verifying that the software could be used properly and in violation of Financial Regulations 136,137,138 and 139.

51. The bids were made on 24 January 2021 on an estimate of Rs. 1.580 million and Rs. 699,290 (Tax free) respectively for renovation of the road from near the specialist medical offices Villa to the building constructed for the contact and security forces which was completed as a donation before the visit of the Director General of Health Services to the Polonnaruwa
- A full investigation should be conducted in this regard and should be identified responsible parties and made necessary action.
- The Ministry of Health is conducting an investigation.
- A full investigation had not been conducted and the responsible parties had not been identified and action had not been taken by 31 January 2022.

General Hospital on 02 January 2021 and to renovate the interconnected concrete stone and demolish the old building which was maintained by the Dilapidated Electrical and Security Divisions. A physical inspection on 10 February 2021 revealed that the work on the two projects had been completed before the bids were opened on 11 February 2021.

52. The procurement committee held on 05 August 2016 was decided to increase the salaries of employees engaged in the cleaning service industry from 24 March 2016 onwards as per the requests of the companies providing the cleaning services, prior to payment, it should be ascertained that the increased salary has been paid to the employees and the contributions in respect of the increased salary have been paid to the Employees Provident Fund and the Employees Trust Fund. However, the Colombo National Hospital had paid a total of Rs. 26.57 million in
- A full investigation should be carried out in this regard and the overpaid amount should be recovered from the responsible parties and necessary action should be taken against the responsible officials.
- Agreed with the audit observations. Preventive measures have not been reported.
- Investigations had not yet been completed by 31 January 2022.

arrears of salary and overtime to 04 institutions for the period from January 2016 to September 2016 without confirming those conditions.

It was observed that, Rs. 879,660 had been paid to the contractor for 1,254 work shifts and 375 days for the wages of 63 workers and the contractor had not paid it to the workers, an additional Rs. 131,949 had been paid to the contractor for the Employees' Provident Fund and Employees' Trust Fund. According to the new overtime rates for this period, a total of Rs.. 25.31 million had been paid to the contractor as overtime allowances, but Rs.. 7.15 million had not been paid to the workers by the contractor.

Also, it was observed that, an additional Rs. 1.92 million had been paid to the contractor as salaries and overtime allowances of 24 work inspectors for this period and three contractors were overpaid with value added tax

of Rs.. 714,983 and one contractor was paid an extra Rs. 81,320 for non-authentic cleaning material according to the new rates.

53. The Ministry Procurement Committee had decided to pay the salary to cleaning service employees on 17 December 2018 in accordance with the increased salaries of employees engaged in cleaning service industry by the government from 01 August 2018 and requests of the companies providing the cleaning services , prior to the payment, to ascertain the fact that the increased salaries had been paid to the employees and the contributions to the Employees' Provident Fund and Employees' Trust Fund had been paid in accordance with the increased salaries. However, the Maharagama Apeksha Hospital had paid Rs. 8.40 million as increased salary to the cleaning service provider without confirming those conditions. Furthermore, the contractor had not paid Rs.
- A full investigation should be carried out in this regard and the overpaid amount should be recovered from the responsible parties and necessary action should be taken against the responsible officials.
- That does not agree with the audit observation, The increase in salaries by the government to the institution that provided the cleaning services of this hospital was made in accordance with the decision taken by the Ministry Procurement Committee C1 on 17 December 2018 and at the request of the relevant institution.
- Investigations had not yet been completed by 31 January 2022.

3.21 million and Rs. 2.96 million respectively to the workers for 4,342 work shifts and 4,002 days' wages. It was observed that, overpayment had been made to the contractor as Rs. 926,184 for Employees' Provident Fund and Employees' Trust Fund, Rs. 6.39 million as overtime allowances for that workers and Rs. 373,287 as salaries and overtime of 06 work inspectors according to the new overtime rates.

54. Action should be taken to keep records of the arrival and departure of officers into the office using fingerprint machines of all government Institutions under the terms of Public Administration Circular No. 03/2017 dated 19 April 2017. According to the letter No. DMS/0016 dated 12 May 2017 issued by the Secretary to the Treasury to the Secretary to the Ministry of Health, if the fingerprint machines that confirm the arrival and departure of the health staff are not activated from 01 July 2017, overtime allowances will
- Arrangements should be made to keep records of the arrival and departure of the officers in accordance with the circular provisions and to maintain the necessary internal controls regarding the payment of additional duty allowances of the officers accordingly.
- Although all Fingerprint machines had not been used until 31 January 2022. The Ministry to inform all Divisional Heads that the use of fingerprint machines is mandatory to confirm the arrival and departure with effect from 01 September 2017, it has not been able to implemented due to the trade union protests that have

not be paid according to the current salary. However, 213 fingerprint machines installed by the Ministry at a cost of Rs. 31.08 million to the Ministry and its affiliated hospitals and institutions remained inactive and the total payment of Rs. 62,571.62 million was paid as Rs. 34,868.54 million for the salary in the year under review based on the current salary, Rs. 27,703.08 million for overtime and holiday pay. Also, overtime and holiday pay spent for about 79 percent of the total salary.

arisen in this regard.

55. A General Circular No. 02/19/2009 dated 27 March 2009 had been issued without the approval of the Cabinet, in excess of the provisions contained in various circular provisions and Establishment Code regarding the deployment and payment of duty hours, overtime shifts and weekend duties. After the implementation of this circular for more than two years without proper approval, the Minister of Health had
- Prior approval of the relevant authorities should be obtained before issuing circulars regarding various payments and the approvals given by the relevant authorities should be implemented immediately. Further, steps should be taken to regularize this
- The Nurses' Unions have removed clause 4(x) and requested that the Nursing officers on duty be allowed to receive additional allowances in the same manner as other nurses. A special committee has been appointed to look about the request and make recommendations
- The Cabinet decision had not been acted upon as at 31 January 2022.

submitted a Cabinet irregularity. to rectify the Memorandum on 05 April Payments made deficiencies in 2011 seeking the approval of illegally should be Circular No. the Cabinet for this circular. recovered from the 02/19/2009. This Cabinet Memorandum responsible parties. was forwarded to the Director General of Management Services, the Director General of Institutions and the Public Service Commission and the cabinet approved on 14 September 2011 to implement the circular subject to 05 amendments after obtaining the recommendations of those institutions. The Secretary to the Ministry of Health had issued General Circular No. 02/19/2009 (1) dated 02 January 2012 with the approval of the above cabinet, but it was temporarily suspended by the letter No. 01(11)/16/20 issued on 13 January 2012 issued by the Secretary of Health.

Accordingly, additional allowances were paid to the nursing staff for more than 12 years from 01 April 2009 to 15 August 2021 without formal approval, allowing for such informal and illegal payments

to be made.

56. There were vacancies as 2,454 Officers and Agree with the There were still vacancies for 33 senior employees should audit observation. staff vacancies executive level posts and an be attached to each Preventive and excess of 49 for 03 posts, 446 hospital and measures have not redundancies vacancies for 67 tertiary level institution not been reported. until 31 January posts and 02 excess for one exceeding the 2022. post, 6,010 vacancies for 78 approved staff.
- posts at the secondary level and an additional 134 vacancies for 14 posts and 8,899 vacancies for 45 primary level posts and an additional 3,371 vacancies for 06 posts. The vacancies of 2,268 medical officers, 44 dental surgeons, 2,668 nurses, 626 female nurses, 129 pharmacists, 249 radiologists, 526 family health workers and also 150 vacancies for locksmiths were in those vacancies. In addition, the number of employees recruited on casual basis to the post of Health Assistant outside the formal recruitment scheme for non-technical posts in the Primary grade was 663.
57. It was observed during the The overpaid -Do- The inspection of the personal files salaries should be overpayment

of out of the 45 checked and
Electromechanical officers recovered from the
employed in the Biomedical relevant officials or
Engineering Services Division, the parties
09 officers had been absorbed responsible for it in
and converted the relevant this regard.

had not been
recovered until
31 January 2022.

salary steps contrary to the
Public Administration Circular
No. 06/2006 dated 25 April
2006 and the provisions of the
relevant circular issued
thereafter and it was also
observed that for a long time
those officers were being paid
salary more than they were
entitled and overtime and other
allowances and holiday pay
based on that. Although the
request was made by the Chief
Accounting Officer on 29 July
2020 to report the
overpayments to the relevant
payees or the responsible
parties and to conduct an
internal audit and submit a
report on the recruitment,
absorption and pay
conversions of all other
officers. There were no
responses for that until 22
April 2021.

58. The Public Service Commission approved a new recruitment procedure on 20 December 2013 in accordance with the new service minute approved for the post of Biomedical Engineer in the Executive Officer category of the Biomedical Engineering Services Division.

Proper action should be taken in this regard.

-Do-

Necessary corrections had not been made until 31 January 2022.

Unsatisfactory service period confirmed for an officer who was recruited for the post of Assistant Biomedical Engineer (Electrical) on 02 December 1998 was considered as satisfactory service period and he was incorporated into Grade II on 20 December 2013 and the officer who had not obtained the postgraduate qualification in the relevant field to be promoted to Grade I had been recommended to the Public Service Commission for promotion to Grade I from 11 December 2016 with considering that his Bachelor of Science degree is equivalent to a Postgraduate degree in that field as a fraud.

An officer who was recruited to the post of Assistant

Biomedical Engineer (Electrical) on 16 May 1997 has completed 10 years of satisfactory service despite a 7 year salary arrears and submission of incomplete performance reports for the last 12 years and based on the incomplete performance records of an officer who had been recruited to the post of Assistant Biomedical engineer (Electrical) from 07 December 1998 and those two officers were absorbed into Grade II

According to paragraph 10.1.1.1 (iii) of the Recruitment Procedure, two officers who did not fulfill the performance qualifications were recommended to the Public Service Commission for promotion from Grade III to Grade II and they were promoted to Grade II.

59. Utilization of Provisions

| Description | 2018 | 2019 | 2020 | Total |
|---------------------|------------------------|------------------------|------------------------|------------------------|
| ----- | ----- | ----- | ----- | |
| Net Provision | | | | |
| Recurrent (Rs.) | 137,592,550,000 | 158,567,140,000 | 127,606,000,000 | 423,765,690,000 |
| Capital (Rs.) | 46,998,688,000 | 39,913,400,000 | 43,190,820,000 | 130,102,908,000 |
| | ----- | ----- | ----- | ----- |
| Total (Rs.) | 184,591,238,000 | 198,480,540,000 | 170,796,820,000 | 553,868,598,000 |
| | ===== | ===== | ===== | ===== |
| Actual Expenditures | | | | |
| Recurrent (Rs.) | 134,448,816,751 | 159,355,689,597 | 126,567,719,791 | 420,372,226,139 |
| Capital (Rs.) | 32,534,934,022 | 28,575,250,101 | 42,520,518,649 | 103,630,702,772 |
| | ----- | ----- | ----- | ----- |
| Total (Rs.) | 166,983,750,773 | 187,930,939,698 | 169,088,238,440 | 524,002,928,911 |
| | ===== | ===== | ===== | ===== |
| Year End Savings | | | | |
| Recurrent (Rs.) | 3,143,733,249 | (788,549,597) | 1,038,280,209 | 3,393,463,861 |
| Capital (Rs.) | 14,463,753,978 | 11,338,149,899 | 670,301,351 | 26,472,205,228 |
| | ----- | ----- | ----- | ----- |
| Total (Rs.) | 17,607,487,227 | 10,549,600,302 | 1,708,581,560 | 29,865,669,089 |
| | ===== | ===== | ===== | ===== |

06. Ministry of Foreign Affairs

Head - 112

Auditor General's Opinion for the Financial 2018 - Qualified Opinion
Statements

2019 - Qualified Opinion

2020 - Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the institution | Current Situation |
|--|--|---|-----------------------------|
| ----- | ----- | ----- | ----- |
| 01. The advance of Rs. 39,550,728 given by the imprest account No. 7002-0-0-035/13 in 179 occasions had not been identified the purpose. | Action should be taken to identify exactly about the purpose of the given advance. | It is being taken action to identify the purpose. | This matter is not settled. |
| 02. The balance of the Imprest Account No. 7002-0-0-035/13 as at 31 December 2020 was Rs. 91,530,099 and out of that Rs. 51,979,371 consisted of 173 secured deposits for housing provided to staff who went foreign service. Out of that value, Rs. 4,285,061 was over 20 years and Rs. 44,284,956 over a period of 10 to 20 years and the balance of the deposit was Rs. 3,409,354 had exceeded 07 years. 165 of these deposits amounted to Rs. 47,954,750 had been secured by the Foreign | Action should be taken to recover the unpaid advances expeditiously or cut off with formal approval. | Appropriate steps are being taken in future to recover. | This matter is not settled. |

Mission Staff for unused housing. Although instructions were given by the Director General of the Diplomatic Administration Division regarding those deposits through Internal Circular No. 250 dated 01 September 2009, the money had not been withdrawn.

03. Unpaid advances in the balance of imprest Account No. 7002-0-0-035/20 was Rs. 355,085,724 and the security deposit for housing provided to the expatriate staff included in that value was Rs. 20,464,959 w over 10 years and Rs. 49,112,123 were valued over a period of 05 years to 10 years. Also, out of these security deposits, the value of 56 deposits kept by the staff of the mission for non-residential houses was Rs. 21,275,938.
- Need to prepare a methodology to recover the security deposits placed on the houses at the end of the service of the Foreign Mission Staff.
- It hopes to formulate a formal programme in future to recover.
- No formal procedure had been prepared.
04. Unpaid advances of missions amounting to Rs. 23,293,715 were interim imprest and Rs. 9,168,655 related to the pre- 2018, Rs. 813,741 for the year 2018 and Rs. 3,912,255 for the year 2019 were included in that advances. Accordingly, the adjournment must be settled immediately upon completion of the
- Action should be taken to settle the advance as soon as the work is completed.
- Steps have been taken to settle the matter.
- No action had been taken to settle the unpaid advances of the missions.

work in accordance with the Financial Regulations 371, but it had not been compiled in accordance with those regulations.

05. There was a difference of Rs. 4,521,094 between the opening balance of 5 deposit accounts according to the Statement of Deposit Accounts as at 31 December 2020 and the opening balance of Ministry books. There should be no difference between the balance of Treasury books and the books of Ministry. Action will be taken to identify the difference and resolve it in future.
06. According to the Financial Regulations 104 of the Financial Regulations Code of the Democratic Socialist Republic of Sri Lanka, 13 vehicle accidents worth Rs. 3,990,669 with a period of time ranging from 01 year to 09 years and the theft of Rs. 1,991,695 vehicles in the year 2010 had not been act in accordance with the regulations. Should be act in accordance with Financial Regulations. A programme is being prepared to recover damages/ cut off from the book. No action had been taken regarding damages and losses.
07. Rs. 1,017,626 lost in relation to 3 missions had not been acted upon in accordance with Financial Regulations 106. Action should be taken to reimburse the lost money immediately as per the regulations. Information will be obtained from the missions and steps will be taken to expedite the necessary activities. Necessary steps had not been taken to recover.
08. Although the Los Angeles Mission found the theft US \$ 1583 and US \$ Action should be taken to settle Measures have been taken to No action had been taken to

- 155 deposited in the Moscow existing balances in inform the rectify the Mission in 2002 and 2003 were the bank statement. missions to take situation. included in the bank statement, no necessary action action had been taken to settle. to rectify the situation.
09. According to the time analysis for Action should be Recorded to No action had the losses of Rs. 27,545,100 have to taken to investigate inform the been taken to be further charged, deducted or and settle in relevant sections settle losses and abandoned in relation to 50 events in accordance with to take necessary omissions. the missions as at 31 December Financial action on priority 2020, Rs. 1,334,669 out of that value Regulations 104. basis as per the time analysis. had exceeded 10 years and Rs. 21,626,285 remained in balances for a period of 05 to 10 years.
10. Although the Ministry had paid Rs. Action should be It has been Title deeds had 70,638,545 to the National housing taken to obtain title reported that not been Development Authority for the deeds. requests have received. purchase of 20 housing units at 117 waththa Apartment complex, been made to the National housing Elvitigala Mawatha, Colombo 08, Development Authority, but no out of that, title deeds for 17 housing successful response has been units had not been obtained. received yet.
11. Due to non-compliance with the Relevant amount Noted to be A responsible agreement reached with the should be investigating and party had not agreement reached with the tenant recovered from the report. been identified. regarding the rental house, An responsible officer. embassy office had paid Rs. 724,482 (US \$ 4622) to the tenant on 05 March 2018.

12. Fees charged for consular functions performed by missions were amended with effect from 01 March 2018 and published in the gazette. However, due to the lack of common methodology for converting the currencies mentioned in the gazette notification into the relevant currencies where they are not used, conversion rates were determined based on various criteria.

The conversion rate should be determined according to a common methodology. Efforts are being made to formulate a common methodology for the fees. The conversion rate had not been setermind according to a common methodology.

13. The following building rents were paid in the year 2020 due to the failure to renovate or rebuild the buildings belonging to the Ministry.

(i). The Sri Lankan Embassy building in Sweden has been out of use since the year 2011 and as a result, the building rent of Rs. 20,826,523 had been paid.

Assets should be utilized optimally. The building should be completely rebuilt according to expert advices and the relevant cabinet paper has not been approved yet. No renovations or construction of a new building had been done.

(ii). 02 Buildings belonging to the Sri Lankan High Commission in Canberra,

-Do- It was not possible to prepare an The buildings had not been renovated.

Australia have been disposed since 2007 and 2012 and as a result, the building rent of Rs. 6,609,300 had been paid.

essential observation tour for the renovation work due to Covid epidemic.

(iii). The building used as the official residence of the Sri Lankan High Commissioner to Kenya has been out of use since 2014. As a result, the building rent of Rs. 3,361,960 had to be paid.

-Do-

Construction of the official residence has not been able to take further steps due to Covid epidemic and the current economic difficulties. The Commissioner's official residence had not been renovated.

14. Utilization of Provisions

| Description | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>Total</u> |
|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net Provision | | | | |
| Recurrent | 11,178,063,500 | 12,130,766,400 | 11,912,680,000 | 35,221,509,900 |
| Capital | 1,650,521,000 | 854,072,600 | 259,890,000 | 2,764,483,600 |
| Total | 12,828,584,500 | 12,984,839,000 | 12,172,570,000 | 37,985,993,500 |
| Actual Expenditure | | | | |
| Recurrent | 11,140,655,725 | 12,062,914,233 | 10,372,292,229 | 33,575,862,187 |
| Capital | 1,294,952,540 | 415,776,929 | 203,743,135 | 1,914,472,604 |
| Total | 12,435,608,265 | 12,478,691,162 | 10,576,035,364 | 35,490,334,791 |

Year-end Savings

| | | | | |
|-----------|--------------------|--------------------|----------------------|----------------------|
| Recurrent | 37,407,775 | 67,852,167 | 1,540,387,771 | 1,645,647,713 |
| | 355,568,460 | 438,295,671 | 56,146,865 | 850,010,996 |
| Capital | ----- | ----- | ----- | ----- |
| | 392,976,235 | 506,147,838 | 1,596,534,636 | 2,495,658,709 |
| Total | ----- | ----- | ----- | ----- |

07. Ministry of Transport

Head - 114

Auditor General's Opinion for the Financial 2018 - Qualified Opinion
 Statements
 2019 - Qualified Opinion
 2020 - Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the institution | Current Situation |
|---|---|--|---|
| ----- | ----- | ----- | ----- |
| 01. Rs. 67.52 billion of provision had been provided as Rs. 27.85 billion for recurrent expenditure subjects and Rs. 39.67 billion for capital expenditure subjects under the Transport expenditure head for the year 2020 and the last two years and out of that, Rs. 13.41 billion remained unspent as Rs. 1.08 billion from recurrent expenditures and Rs. 12.33 billion from capital expenditures. This was 4 percent of the total recurrent provision | Need to properly identify the requirements and prepare budget estimates and follow the provisions of Financial Regulations 50 when preparing estimates. | According the control of capital expenditure as per the policy decision implemented by the government, such provisions were made due to the savings in the provisions of those expenditure subjects and the none of expenditure as expected. | Provisions remain outstanding for the year 2020 as in previous years. |

and 32 percent of the total capital provision.

- | | | | | |
|------------|--|---|---|--|
| 02. | Although no liabilities reported to the treasury have not been settled in recent years, in contrast, the value of unreported liabilities in 2020 was Rs. 25.8 million. | Act in accordance with the circular instructions. | All liabilities could not be included in the CIGAS due to non-provisioning and omissions. | Non-disclosure of liabilities are observed in every year |
| 03. | The unpaid loan balance of Rs. 398,702 from above 05 years out of 03 officers who have left the service and Rs. 121,945 unpaid loan balance from an officer who was suspended in 2012 had not been recovered. | Taking action to recover the outstanding balance. | Steps have been taken to recover the outstanding debt expeditiously. | Steps have been taken to recover the outstanding debt balance. It had not been charged as at 31.12.2020. |
| 04. | Due to non-completion of investigations in accordance with Financial Regulations 104(3) in respect of 06 vehicle accident, those details were not mentioned in the 2020 financial statements. Rs. 368,819 to be charged for 8 vehicles during the last seven years has been deducted from the financial statements while the balance was being recovered from the responsible parties for the damage. Also, further action on losses and damages from 2016 | Should be act in accordance with Financial Regulations and received approval. | The work had not been carried out in accordance with the prescribed regulations from 2011 ti 2016 due to the reasons of the Ministry of Transport was merging with other ministries on several occasions and again separation. Due to this, there have been obstacles | Further action was delayed. |

to the year under review was delayed due to non-issuance of relevant reports on time.

in complying with the regulations regarding vehicle accidents that have occurred in the coming years from 2016 onwards.

- 05.** Although allocations of Rs. 1,332,757,000 have been made from the annual estimates under the local fund financing under the Kurunegala-Habarana Railway project from 2010 to 2020, Rs. 144,433,309 or only 13.08 percent of the total allocation had been spent during the period.
- Efficient execution of the project and minimization of estimated underutilization.
- Although provisions are made for hydrological studies and soil testing, provisions were saved due to that work is being done by a foreign company without any obligation and not to be a burden to the government. The land acquisition had commenced in 2018 and that compensation inspections for compensation could not be carried out due to the Covid epidemic in 2020.
- The estimates for the year 2021 had not been made and the provisions for the year 2021 had been made.

- 06.** In addition to the lands formally acquired under the Matara-
- Action should be taken to carry out the
- Land Department officers and
- Further investigations

- Katharagama railway project, 4 acres and 31.37 perches of land worth Rs. 57,580,854 had been acquired from intermediate buyers and they were not used for project work and kept idle. work immediately by the contractor that effect to the reasons for land acquisition. investigators will be deployed to conduct and immediate investigation. are underway.
- 07.** Although this project should be carried out in such a way as to add maximum value to the local economy in the implementation of the Matara-Katharagama railway project, it was observed that the raw materials used for the project were imported from foreign countries. Should be working in a way that is more advantageous to the government from implementing the project. The contractor could not be influenced as there was no identification of which raw material should be procured locally in procuring the raw materials required for the project. There was no focus on the advantages that could have been obtained.
- 08.** According to the loan agreement entered into for the Matara-katharagama railway project, the loan has to be taken and completed during the period from April 2013 to 2017, but failure to act in accordingly, it was resulted in a foreign exchange loss of Rs. 2,207.6 million. Measures should be taken to minimize the possible losses to the government by complying with the agreements. The duration of the project has been changed from 2017 as the original plan did not include the signals and electrical systems. There was a loss because, failure to comply with the agreement.
- 09.** The responsible officials had not clarified the deficiencies and Comply with the Financial Inquiries regarding deficiencies and Action was taken to

- surpluses in the Board of Survey and had not taken any further action and no action was taken on non-consumable goods. Regulations and need approval as well as take necessary steps to protect assets. redundancies have been made and answers have been obtained and payments were done accordingly. dispose of part of it on January 2022. Although the auction will be delayed due to the Covid 19 situation, the auction will be held immediately.
- 10.** Although an estimate of Rs. 1,300,000 has been submitted for the vehicle that was involved in an accident on the Saarigama road in Kurunegala on 28 February 2019, deficit insurance penalty of Rs. 366,666 had been rejected to be reimbursed due to that the insured value is less than the market value. Should be act in accordance with Financial Regulations. Acting as not disadvantage to the government. Arrangements have taken to give repair works to Lakdiva Engineering Company (Pvt) Ltd. As per the letter dated 13.10.2021.
- 11.** Although it is essential for the Ministry to have an accurate database to identify the relevant targets and the criteria needed to measure them in order to achieve the Sustainable Development Goals, it was observed that the agency had not taken steps to generate an accurate database to Identify the Sustainable Development Goals and identify the relevant criteria and implement development plans and establish a relevant database. The Ministry does not implement development projects, regulates, supervises and review progress programmes carried out by affiliated institutions, the Steps have been taken to include performance indicators in the preparation of the 2021 Action Plan

measure the achievement of the Sustainable Development Goals.

Sustainable and the Development Goals budget are not stated in the estimates. action plan prepared for the Ministry, relevant Sustainable Development Goals are stated in the action plan prepared by the affiliated institutions of the Ministry of project implementation and the project offices implementing the projects and 2021- in formulating the action plan, the above shortcomings have been rectified and key performance indicators have been included.

12 Utilization of Provisions

| Description | | 2018 | 2019 | 2020 | Total |
|----------------|-----------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | Rs. | Rs. | Rs. | Rs. |
| Net Provision | Recurrent | 12,342,887,000 | 14,563,700,000 | 942,878,000 | 27,849,465,000 |
| | Capital | <u>9,872,513,000</u> | <u>13,770,800,000</u> | <u>16,026,292,000</u> | <u>39,669,605,000</u> |
| | Total | <u>22,215,400,000</u> | <u>28,334,500,000</u> | <u>16,969,170,000</u> | <u>67,519,070,000</u> |
| Actual expense | Recurrent | 11,899,221,864 | 14,176,254,523 | 692,237,491 | 26,767,713,878 |
| | Capital | <u>7,345,671,653</u> | <u>6,794,354,855</u> | <u>13,195,619,979</u> | <u>27,335,646,487</u> |
| | Total | <u>19,244,893,517</u> | <u>20,970,609,378</u> | <u>13,887,857,470</u> | <u>54,103,360,365</u> |
| Year-end | Recurrent | 443,665,136 | 387,445,477 | 250,640,509 | 1,081,751,122 |
| Savings | Capital | <u>2,526,841,347</u> | <u>6,976,445,145</u> | <u>2,830,672,021</u> | <u>12,333,958,513</u> |
| | Total | <u>2,970,506,483</u> | <u>7,363,890,622</u> | <u>3,081,312,530</u> | <u>13,415,709,635</u> |

08. Ministry of Energy

Head - 115

| | |
|--|--------------------------|
| Auditor General's Opinion for the Financial Statements | 2018 - Qualified Opinion |
| | 2019 - Qualified Opinion |
| | 2020 - Qualified Opinion |

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the institution | Current Situation |
|--|---|---|---|
| ----- | ----- | ----- | ----- |
| 01. Without obtaining special approval from the General Treasury for non-eligible officers as per paragraph 5.2 of Management Services Circular No. 33 dated 05 April 2022, Rs. 3,419,246 had been spent on transport allowances from January 2017 to the end of October 2018. | Should be act in accordance with government circulars and guidelines. | Cabinet approval was given to Establishment of the Petroleum Resources Development Secretariat (PRDS) as the Petroleum Resources Development Authority (PDASL) on 08.10.2021 in accordance with the Petroleum Resources Act No. 21 of 2021 and an agreement will be reached with the Management Services Department and the Pay Commission regarding the salaries | Although steps have been taken to address the potential issues shown by the observations, the findings have not yet been corrected. |

of the staff
immediately.

02. The Petroleum Resources Development Division has an arrears income of Rs. 2,000,000 in the year 2018 and it was abandoned. It had not obtained permission from the Secretary to the Treasury in accordance with Financial Regulations 113 (3) (b) and (d)
- Approval should be obtained in accordance with financial Regulations 113 (3) (b) and (d) for arrears of income
- A letter has been sent to the Secretary to the Treasury on 03.12.2019 to obtain approval to abandon the arrears of Rs. 2,000,000 in the year 2018.
- The permission of the Secretary to the Treasury had not yet been obtained in accordance with Financial Regulations 113 (3) (b) and (d).
03. Although it is the responsibility of the Ministry to formulate, monitor and evaluate policy programmes and projects to ensure the quality and reliability of fuel supply, it has not been established that the Ministry will introduce and implement a formal programme covering both the CPC and the LIOC.
- Should be carried out sufficient monitoring to achieve the objectives of the Ministry.
- It is reported that the following measures have been taken to improve the quality and reliability of fuel supply.
- 1) When supplying fuel to filling stations, obtain samples before filling them into the underground tanks installed there and keep those samples safety until the fuel stock is sold out. If any consumer complaint is
- It is observed that most of the steps taken are aimed only at monitoring the activities of the Ceylon Petroleum Corporation and not at the fuel supply of the whole country.

received regarding the fuel, refer the previously obtained fuel samples to the laboratory for testing.

2) Monitoring of filling stations on a monthly basis by the regional administrators affiliated to the Corporation.

3) Annual inspection of fuel measuring machines used at fuel stations by the officers of the Weights and Measures Department.

4) Random inspection of filling stations and filling machines by the Internal Audit Department of the Corporation.

5) Fuel samples

obtained from the local administrators affiliated to the Corporation are subjected to laboratory tests and the quality of the fuel.

04. The oil tank system established since the year 1930 is consists of 102 tanks with a capacity of 12,500 cubic meters and other related facilities in the Trincomalee Port which is the second deepest port in the world in terms of geographical location. Out of the total 99 existing tanks, 14 tanks in the lower section are used by the Ceylon Indian Oil Company. Although preliminary decision making for the modernization of the abandoned 84 tanks in the upper section had commenced on 29 April 2015, necessary arrangements have not been made for the development and rehabilitation of the tank complex.
- Should be carried out sufficient monitoring to achieve the objectives of the Ministry.
- Trincomalee oila tank development project published by the cabinet memorandum dated 10.01.2022. Accordingly, the Ceylon Petroleum Corporation (CPC) has jointly formed Trinco Petroleum Terminal (Pvt) Ltd. With Lanka Indian Oil Company (Lanka IOC PLC.). The government of Sri Lanka has signed a four-party agreement with the Ceylon Petroleum Corporation (CPC), Ceylon Indian Oil Company (Lanka IOC PLC) and Trinco Petroleum Terminal (Pvt) Ltd on 06.01.2022 to proceed with further
- Although the Trincomalee oil tank development project has been announced by the cabinet memorandum, a proposed development plan has not yet been prepared.

- | | | | |
|-----|---|--|--|
| | | development activities. | |
| 05. | Although an expert committee has been appointed to modernize and expand the Sapugaskanda oil refinery as well as to establish a new refinery considering the local demand, it has not been possible to modernize and expand the oil refinery or to set up a new one. | Policies, programmes and projects to achieve the objectives of the Ministry should be implemented without delay. | Feasibility study for setting up a new refinery at Sapugaskanda with 100,000 barrels per day was carried out with the financial assistance of the Ceylon Petroleum Corporation (CPC). Accordingly, it is planned to develop the existing refinery in parallel with the new refinery to be constructed. |
| 06. | Since the Ceylon Petroleum Corporation (CPC) informed the Ceylon Petroleum Storage Terminal Company in 2011 to remove the fuel depot at Kankasanthurei, it has not been able to set up depot in the Northern Province. Further, as per the decision of the Cabinet of Ministers dated 19 October 2016, approval has been granted to modernize and expand the existing warehouse until a suitable land is found, but the project | Relevant action should be done expeditiously and settled the arrears. | Due to the remoteness of the fuel tanks and distribution pumps during the boundary marking process and the inability to include all facilities at present in the 06 acres land, the Cement Corporation has to pay Rs. 142.98 million has not been paid. Approval has been granted by the Commissioner |
| | | | It has not been possible to modernize and expand the oil refinery or to set up a new one. |
| | | | The project has not been completed yet. |

has not been completed yet.

General of Lands to transfer a portion of land to the Ceylon Petroleum Storage Terminal Company on a long term lease basis.

07. The sum of Rs. 1,064,226 of 17 vehicles accidents were reported as unpaid bringing forward non-cut off losses and damages that have exceeded a minimum of 3 years as at 31 December 2020. No action had been taken to recover the loss or cut off from the books in accordance with Financial Regulations 104. Action should be taken to cover damages and losses in a timely manner or to remove them from the books. 12 incidents worth less than Rs. 25,000 have been reported under the Statement of Losses and Damages in the financial statements prepared for the year 2020. It has been informed that action will be taken to investigate and take appropriate action in future for 05 cases involving more than 25,000 damages and if it is possible, check these 12 incidents and cut off them from the books with the approval of the Chief Accounting Officer. No action has been taken to recover the loss or cut off from the books yet in accordance with Financial Regulations 104.
08. The agreement between the Petroleum Resources Necessary steps should be taken to Negotiations are underway to enter into It is not yet possible to set

Development Secretariat and NARA was entered into the agreement on 30.09.2015 to launch an island wide marine ecological data collection research project targeting the maritime areas of Sri Lanka and the total contract price of the project amounting to Rs. 37,165,283 had been paid to NARA on 28.09.2018. However, due to the lack of trained persons and the necessary infrastructure to operate the information system with a proper understanding of the data, it has not yet been possible to set up a web server that contains this data.

set up the relevant web server machine.

a sub-agreement with the National Aquatic Resources Research Agency to maintain the relevant database and maintain the web server in line with the agreement reached for the launch of an island-wide marine environmental data collection research project targeting the maritime areas of Sri Lanka.

09. Cairn Lanka (Pvt) Ltd., which was selected for petroleum exploration in the M2 exploration area of the Mannar Basin following an international bid in 2007, was excavated in 2011 and discovered two natural gas deposits. This company had terminated its research activities ongoing in Mannar Basin and terminated the agreement on 15.10.2015. In addition, international
- The importance of prioritizing petroleum exploration should be made known to the relevant sectors and should be done with a plan based on the recommendation of a person with proper evaluation and expertise on the expected outcome
- A small bid for 2019 was announced for the M2 plot and the only company that submitted a bid was not selected by the relevant committees as a suitable investor as it did not fulfill the relevant eligibility criteria. A programme is being prepared for the exploration and commercial
- The Ministry has failed to carry out exploration work in this area or to formulate a formal programme for the commercial production of natural gas from the two identified

competitive bidding in 2016 to implement exploration activities and marketing campaigns for the commercial production of natural gas and IHG Global has been selected to launch a marketing campaign from December 2016 to August 2018 at a cost of US \$ 300,000 (Rs. 46,640,853) had been spent. Since then, the Ministry has failed to explore this area or formulate a formal programme for the commercial production of natural gas from the two identified deposits.

before spending.

production of natural gas in the M2 area in accordance with the provisions of the Petroleum Resources Act No. 21 of 2021. An expert in the field has been hired as a consultant under a 03 months agreement to prepare an alternative proposal and report on the development of the M2 plot, which will be finalized by him. This will enable the systematic exploration and production of the M2 plot.

The agreement for marketing promotion with IHS global expired in August 2018 and since then; the company has not been used for any promotional activities.

10. The Ministry had failed to expedite the completion of the gravity and magnetic surveillance data collection
- Immediate action should be taken to identify the relevant resources.
- Bell Geospace Company commenced data collection on 23 August 2021 in the
- Gravity and magnetic surveys have not confirmed

- project in the Coalition Basin, which was launched in 2012 and the work should have been completed by the year 2020 in accordance to the agreement reached by Bell Geospace Company on 15 August 2019, but it has not yet been confirmed that the work has been completed.
- Cauvery and Mannar Basins in accordance with the agreements on the data collection project for gravitational and magnetic field surveys on 15 August 2019 and Noe, the data is being interpreted and processed.
- the completion of data collection until now.
11. Although “Affordable Clean Energy” has been identified as the objective of sustainable development directly relevant to the Ministry, it has not been confirmed that any project has been planned or implemented to achieve that sustainable development objective.
- Action should be taken to identify the sustainable development goals, objectives and milestones for achieving those goals and indicators for measuring target achievement and interested parties should be made aware of this through internal circulars/ guidelines and a data collection system should be established.
- The sustainable development goals were identified in the year 2019 and the projects included in the Action Plan prepared by the Ministry in the years 2020 and 2021 were included and implemented. The projects will be included in the Action Plan for the year 2022 and those are being implemented.
- It has not been confirmed that any project has been planned or implemented to achieve the Sustainable Development Goals.
12. The Ministry did not identified the necessary financial allocations for the above
- Should be identify the financial resources and
- Although the Ministry has prepared budget estimates for the year
- The financial provisions have not been

purpose and the existing human and physical 2019 for the projects identified and physical resources and staff of resources required identified as the Ministry has the Ministry had not been to achieve the Sustainable not identified identified and implemented as Sustainable Development Goals, and a methodology for utilizing it Development Goals no provision has been implemented a and regulating the activities and a system for made for that. system for related to achieving the utilizing those utilizing the Sustainable Development resources should be existing physical Goals. established. resources and staff and regulating the activities related to achieving the Sustainable Development Goals.

13. Due to the inability to maintain a realistic level of service and to conduct a timely review of the number of employees, there were continuous vacancies in all levels of the Ministry, including Senior staff senior, territory and secondary levels.
- If the shortage of staff adversely affects the performance of the Ministry, action should be taken to fill those vacancies or revise the number of staff.
- The staff of 87 officials is an essential staff and the vacancies could not be filled due to lack of adequate space. The Ministry is looking for a suitable place to move to another location with space.
- Vacancies at all levels still exist.

14. Utilization of Provisions

| Description | 2018 | 2019 | 2020 | එකතුව |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Estimated Provision - | | | | |
| Recurrent | 243,930,000 | 190,600,000 | 165,700,000 | 600,230,000 |
| Capital | 84,100,000 | 62,600,000 | 4,200,000 | 150,900,000 |
| Total | 328,030,000 | 253,200,000 | 169,900,000 | 751,130,000 |
| Actual Expenditure | | | | |
| Recurrent | 217,103,227 | 156,927,715 | 163,661,308 | 443,364,535 |
| Capital | 59,856,631 | 12,470,038 | 2,627,403 | 74,954,072 |
| Total Expenditure | 276,959,858 | 169,397,753 | 166,288,712 | 518,318,608 |
| Year-end savings | | | | |
| Recurrent Expenditure | 26,826,773 | 33,672,284 | 2,038,691 | 62,537,748 |
| Capital Expenditure | 24,243,369 | 50,129,961 | 1,572,596 | 75,945,926 |
| Total Expenditure | 51,070,142 | 83,802,245 | 3,611,287 | 138,483,674 |
| Quantitative income | | | | |
| Estimated Income | 100,700,000 | 92,000,000 | 115,800,000 | 308,500,000 |
| Actual income | 124,000,069 | 123,418,859 | 113,595,168 | 361,014,096 |

09. Ministry of Trade

Head – 116

Auditor General's Opinion for the Financial Statements 2020 – Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the institution | Current Situation |
|--|--|--|---|
| 01. Although it was stated that there were no obligations and liabilities in the statement of obligations and liabilities of the financial statements, the amount of Rs. 4,416,559 were observed to have been paid in January and February of the year 2021. | Obligations and liabilities should be correctly identified and stated in the statement of obligations and liabilities of the financial statements. | No preventive measures have been taken. | Obligations and liabilities were not identified in the year 2021. |
| 02. Although the Chief Accounting Officer and the Accounting Officer should ensure that all audit queries are answered within the specified periods as required by the Auditor General, audit queries in the year 2020 had not been answered. | Should be complied with the provisions of Section 38 of the National Audit Act No. 19 of 2018. | Preventive measures have not been taken. | Audit queries have not yet been answered. |

03. The ownership of 19 Vehicles used by Action is being taken The ownership of vehicles had not been the Ministry to takeover. 17 vehicles has transferred to the Ministry should be taken not yet been as at 31 December 2020. over by the transferred to the Ministry.

04. Utilization of Provisions

| | 2020 | Total |
|------------------|----------------------|----------------------|
| | ----- | |
| | Rs. | Rs. |
| Net Provision | | |
| - Recurrent | 682,220,000 | 682,220,000 |
| - Capital | <u>2,837,880,000</u> | <u>2,837,880,000</u> |
| Total | <u>3,520,100,000</u> | <u>3,520,100,000</u> |
| Actual Expense | | |
| - Recurrent | 588,475,069 | 588,475,069 |
| - Capital | <u>2,225,656,938</u> | <u>2,225,656,938</u> |
| Total | <u>2,814,132,007</u> | <u>2,814,132,007</u> |
| Year-end Savings | | |
| - Recurrent | 93,744,931 | 93,744,931 |
| - Capital | <u>612,223,062</u> | <u>612,223,062</u> |
| Total | <u>705,967,993</u> | <u>705,967,993</u> |

10. Ministry of Highways

Head 117

| | | |
|-----------------------------------|------|-----------------------|
| Auditor General's Opinion for the | 2018 | - Qualified Opinion |
| Financial Statements | | |
| | 2019 | - Qualified Opinion |
| | 2020 | - Unqualified Opinion |

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the institution | Current Situation | |
|--|---|--|---|-----------------------|
| ----- | ----- | ----- | ----- | ----- |
| 01. The variance between the original expenditure estimates and the revised expenditure estimates had increased as follow in 3 years due to the weaknesses in the preparation of estimates by the Ministry. It was in the range of 25 percent to 1750 percent. | Expenditure estimates for the year should be prepared with a proper forecast that they are not subject to regular revision. | Inform all sections to prepare estimates based on accurate information and data whenever possible. | The overall annual variability in 2021 has been kept in minimum as follows compared to other years. | |
| | | | <u>Year</u> | <u>Total Variance</u> |
| | | | 2018 | 53.50 |
| | | | 2019 | 57.22 |
| | | | 2020 | 18.93 |
| | | | 2021 | 12.96 |

02. Allocations remained in the expenditure ranged from 25 percent to 99 percent for 57 and 72 subjects respectively in 2018 and 2019 and 25 percent to 72 percent for 17 subjects in 2020 due to the preparation of estimates by the Ministry without proper forecasting. Expenditure estimates should be prepared with proper forecasting. The estimated work of some expenditure items could not be completed due to the inability to carry out the work as planned due to non-receipt of updates and Taking action to manage the limited provisions to the maximum by adjusting the provisions under Financial Regulations 66 for the tasks which should be reconsidered and given priority during the year. Limited imprests are made on the basis of the tasks to be given priority.
03. The Ministry has provided budget allocations of Rs. 3,174.50 million for 15 subjects and Rs. 9,166.70 million for 11 subjects in 2018 and 2019. Budget estimates should be prepared only for accurately identified expenditure requirements. Failure to carry out the planned activities due to insufficient funds for the work services and supplies identified in the Budget estimates should be prepared only for accurately identified expenditure requirements. The expenditure on most of the allocations estimated for 2021 for other expenditure has decreased compared to other years. Only five expenditure items were fully allocated to other expenditure subjects in

respectively and from those expenditure subjects, the expenditure was fully transferred to other Expenditure Subjects by Financial Regulation 66/69 without any expenditure.

Also, the expenditure of Rs. 45,388.06 million allocated through the allocation of Rs. 51,575.99 million allocated for 20 expenditure items in the year 2020, which is 88 percent were transferred to another expenditure subjects by the Financial Regulations 66/69.

04. Rs. 5,076.6 million which was transferred for 12 expenditure subjects under the Financial

-Do-

Annual Estimates 2021 and its values is Rs. and the inability 51 million. Also, to 100 percent considering that more than perform the 60 percent of the allocated previously funds are spent on other identified work/ expenditure, it is only Rs. services and 604 million in 12 The necessary expenditure subjects. action and units have been instructed to estimate only for the unavoidable payments and supplies.

All accounts Although estimated to be as units have been accurate as possible, some informed to expenditure savings are prepare budget incurred due to non-receipt estimates only of adequate funds and non-for correctly accounting of foreign

Regulations 66/69 in the year 2019 was fully saved due to non-utilization of provisions. Out of the additional allocation of Rs. 22,838.64 million for 17 expenditure subjects in the year 2020, allocations of Rs. 19,296.68 million or 84 percent was saved..

identified expenditure requirements.

expenditure bills submitted for payment as well as epidemiological matters beyond the control of the Ministry.

05. According to Section 8.33 of the feasibility report of the Southern Expressway Project, several service areas have been identified, but no plan or financial allocation has been made for the construction of a service area. Accordingly, there was a problem in providing services to the passengers travelling 176 km
- Provision should be made for the preparation of service areas for the Southern Expressway Extension Project.
- As a service area is a major item on an expressway, the Road Development Authority has been informed to make arrangements to allocate the necessary funds for the construction of the new service area.
- The expressway system is being considered and a special study is being carried out to find out where the services are required.

form the Welipenna service center to Hambanthota at the 46th kilometer of the Southern Expressway.

06. The International Roughness Index of the Southern Expressway Projects phases 03 and 04 should be in the range of 1.5-2.3 meters per kilometer and although those indicators have been achieved according to technical tests, smoothness of the road in some parts of the highway was not in well condition for maintain the running conditions of the motor vehicles.
- Necessary arrangements should be made to ensure the running condition of vehicles plying on the roads while preparing the technical specifications.
- Southern Expressway Extension Project Phases 03 and 04 are within the limits specified in the International Roughness Index (IRI), which is a technical specification of a road quality inspection.
07. Although the fault notice period under Southern
- All requirements should be considered in future project
- The Road Development Authority will be
- The extra cost was incurred due to payments to the Contracting Agency

Expressway planning. Extension Phase 01 expire on 08 November 2020, a semi-interchange in the Kapuduwa area, which has not been identified as a construction site for an interchange in the feasibility study report was constructed started at a cost of Rs. 459.8 million in according to the decision taken on 10 November 2020. If this exchange been identified at the planning stage, the cost of this could have been minimized.

informed that the were based on the rates scope should be mentioned in the original identified at the agreement. initial stage of project planning and the need for allocation should be made.

08. Due to the change in the scope of construction of the new interchange, even after the warranty period related to the above project, additional Rs. 21.38 million Provide the necessary financial resources to complete the construction within the expected time. The consulting firm and the project office should be active for the essential work to be done after the warranty period and since this interchange Although the warranty period of project expires on 02 November 2020, there are still a number of steps to be taken to complete the project. Kapuduwa interchange was completed in the first week of April 2021 and all these activities

and Rs, 17.05 million for project management had to be spent for the consultancy services.

was built during that time, there was no additional cost for consulting and common work expenses. It is also additional provisions have been made for such needs. were adversely affected by the Covid 19 situation which severely affected the project activities from the last week of March 2021 and the construction of this interchange was completed by the consulting firm and the project office without the deployment of additional staff.

09. Although the facility buildings were constructed on a permanent basis at a cost of Rs. 185 million, neither a basic plan for the intended use of those buildings or a proper plan for their intended use at the end of the project had been prepared. When constructing permanent buildings for the project activities, there should be a basic plan of the intended use of those buildings at the end of the project. Establishment of a skilled staff in the preparation of contract specifications and identifying and preparing specifications for existing projects. The building complex which belonged to Southern Expressway Extension Project* Phase 01 has been handed over to the expressway operations and maintenance division and that division has fully utilized these assets.
10. Due to ambiguous interpretations in the contract documents and the engineering instructions provided to the Project management and supervision should be done properly. These payments are made according to the procedures mentioned in the contract agreement. That will be prepared the technical specifications correctly.

instructor, the specifications of the concrete class used for piling and non-jamb structural work may change and due to that, according to the decision of the Board of Disputes Tribunal, that the contractor had to pay an additional Rs. 129.11 million as an increase in cost and interest on late payment or default.

However, in the preparation of technical specifications, they are further checked and notified as all errors should be rectified.

11. When the All requirements As the Carry out relevant expressway was should be considered construction of activities in the initial opened to the public in future project the new Bedigama proposal in the inter phase II of the planning. Interchange will construction of Southern take more time, interchanges for future Expressway the approval of projects. Extension, Rs. the Secretary to the Ministry of Roads and Highways was obtained for the construction of a temporary interchange in the Bedigama area, which was not interchange at

identified as an interchange construction site in the feasibility study report.

Bedigama to serve the road users, Cabinet approval has been granted to construct an interchange in Bedigama using contract savings subject to the agreement of EXIM Bank. As the construction of the new Bedigama Interchange and land acquisition will take more time, a temporary interchange has been constructed in the existing corridor area for the convenience of the highway users.

12. US \$ 10,363,385 worth of equipment imported by the third phase of Southern Expressway extension Project and to be exported
- Action should be taken to complete the re-export process or to pay the relevant taxes.
- After the completion of Southern Expressway extension Project- Phase 02, the contractor has taken steps to re-
- The Director General of Sri Lanka Customs has informed to expedite the tax collection process. Further, it is called for a special discussion to streamline the process.

at the end of the project by re-exporting or withholding by the contractor without paying taxes and due to that, the contractor had abnormal advantages.

export 12 machines related to two invoices and pays the relevant taxes and in addition, the contractor has requested permission to keep the remaining machinery in the country after payment of the relevant taxes with the recommendation of the consulting firm. The request was approved by the Department of public Finance and the Department of Trade and Investment Policy and accordingly, the relevant tax has been paid by the contractor for 14 pieces of machinery per invoice.

13. Although the When constructing Establishment of At present, the process of buildings valued at permanent buildings the above setting up a capacity Rs. 106 million for for the project mentioned development center for the Southern activities, there building capacity the Road development Expressway should be a basic development Authority is being Extension Project – plan of the intended center by the Road facilitated on the Phase 04 have been use of those buildings Development Authority instructions of the Board constructed on a at the end of the Authority. of Directors of the permanent basis, an project. Director General.
- initial plan for the use of those buildings had not been prepared at the end of the project. A proposal was made to use the premises in 2019 as a capacity building center for the Road Development Authority, but it was not implemented until the end of year 2020.
14. Three dispute After issuing a notice Payment should The contractor has not claims amounting to of dissatisfaction, a be made within 56 yet been notified that it Rs. 509 million specific time limit days on contract will begin the arbitration under the above should be included in terms and action process. project are still the specific time should be taken to pending for frame for the minimize the

settlement and the commencement of possibility.
 contractor's claim the settlement. All projects were
 could not be informed to
 terminated even include specific
 though the time frames for
 obligation period to the
 rectify the commencement of
 deficiencies in the arbitration in
 project had expired. future contracts.

15. Although two Steps should be taken This will be used That will be used by the
 additional bridge to utilize all as required for the Highway Maintenance
 scales for toll gates constructions. entry of heavy unit as needed in future.
 at Maththala and vehicles by
 Magampura developing the
 interchanges have roads accordingly
 been constructed as in future.
 a cost of Rs.
 1,873,300 under a
 variance order
 pertaining to the
 above project, it had
 not been used by
 the end of year
 2020.
16. An Australian Arrangements should In line with the Environmental impact
 company was paid be made to obtain policy decisions assessment report and
 Rs. 1,759 million to reports on feasibility taken by the final feasibility study on
 conduct a feasibility studies without delay. government in changes made have been
 study on the 04 If the feasibility study 2015, the received.
 phase Central is to be subjected to a feasibility study
 Expressway. The revision, action conducted by

relevant feasibility study should be taken by SMEC Company was carried out by that company and a final feasibility study report was not obtained and a contract worth Rs. 97 million was entered into several local institutions for a related feasibility study.

should be taken by SMEC Company on a change in the first section of the road had to be revised. At that time, SMEC Company had left the island after completing its contract and the amendment did not relevant within the scope of the contract with SMEC Company and the project had to be outsourced by other government agencies as it was an additional work that needed to be done.

17. Civil work contracts had not been awarded from 2013 to the end of 2020 under Phase 03 of the Southern Expressway extension and Rs. 833.33 million was spent on the project
- Every step should be taken to expedite construction.
- Construction of part 3 from 0+840km to 12+890 km will commence from December 2020 and procurement work has been done under the DBFOMT scheme
- Construction work on the section from 0+840 km to 12+ 890 km is being carried out with about 5 percent progress and Procurement work on the section 12+890 km to 32+500 km is in the final stages and construction is expected to commence

management unit.

to expedite the as soon as it is construction of completed.

the remaining section 12+890 km to 32+500 km.

18. Although it was stated that every step should be taken to prevent wastage of resources given to the expenditure units as per the Budget Circular No. 07/2019 dated 04 December 2019 on maintaining fiscal discipline and maintaining financial discipline, out of the vehicles owned by the Ministry, 07 usable vehicles were parked unsafely in the year 2019 and 11 vehicles in the year 2020.
- Action should be taken to strengthen the internal control system related to Property, plant and equipment.
- 03 vehicles decided to be repaired and used to the Road Development Authority under the Ministry for repairs as there are no officers with technical knowledge in the Ministry. Although bids have been called for repairs to the procurement process. The repairs may be delayed due to the lack of spare parts from the relevant local institutions. Until then, the vehicles and been safely parked in the parking lot of
- 06 vehicles belonging to the Ministry had been identified for misuse and were not used for driving. Out of them, 03 vehicles were misused, but since new vehicles will not be imported for a long time, it has been decided to repair and use them for future needs. However, under the Covid 19 epidemic in the country by 2020, the use of vehicles has been at in pow level than previously. All vehicles which were not in operation at that time were safely parked in the parking lots of the Road Development Authority under the supervision of the security personnel deployed by the Road Development Authority.

the Road Development Authority under the supervision of the security of the

All other vehicles owned by the Ministry are used for official purposes as per requirements.

Road Development Authority.

Action has been taken to dispose of the vehicle bearing number WP KG-5555 on 10.01.2021 and the vehicle bearing number WP KO-8807 has been released to the State Ministry of Community Police Services for repair and use.

Also, arrangements are being made to hand over one vehicle to a government institution for use and that several institutions have already come to inspect the

- vehicle.
19. Although the annual programmes for the 2019 and 2020 did not include the programmes that need to be implemented to achieve Sustainable development objectives, the Annual Performance Report mention goals and indicators for only 03 sustainable development objectives, but does not specify progress on those indicators.
- In order to achieve the sustainable development objectives of the annual programme, the programmes that need to be implemented should be specified and properly evaluated to achieve them.
- Programmes to be implemented to achieve sustainable development goals have been included in the Annual Plan for the year 2021 and it will continue to do in future annual programmes.
- Arrangements have been made to clearly include the progress reported for the year 2021 of the above programmes in the Annual Performance Report being prepared for the year 2021.
20. Although there were vacancies for the post of Development Officer which is a secondary level post for the last 3 years, Development Officers recruited to the Ministry for the duties of Regional
- Action should be taken to revise the approved number of employees and fill the relevant vacancies as per the actual requirement of the Ministry.
- 365 Development Officers have been attached to this Ministry in the year 2013 as per a policy decision of the Government and approval has also obtained for that staff. All these
- At present, there are only 77 Development Officers left for the Regional Offices of the Road development Authority. Further, due to several requests from the Department of Management Services, the number has now been reduced to 210.

Offices of the Road
Development
Authority who have
no direct connection
to the role of the
Ministry have been
released as 158
officers in 2018, 87
officers in 2019 and
79 officers in 2020.

officers could not
be retained in the
Ministry and their
residences have
been attached to
the Regional
Offices of the
Road
Development
Authority and the
Development
Officers who have
been attached to
the Regional
Offices of the
Road
Development
Authority have
been released
from the service
of the Ministry
without a
successor to be
attached to other
government
offices. Requests
have been made
from time to time
from the
Department of
Management
Services to reduce
the number of

Development Officer posts approved to the Ministry and based on those requests, the number of approved Development Officer have now been reduced to 210.

21. Utilization of Provisions

| Description | | 2018 | 2019 | 2020 | Total |
|--------------------|-----------|-------------|-------------|-------------|-------------|
| | | Rs. million | Rs. million | Rs. million | Rs. million |
| ----- | | ----- | ----- | ----- | ----- |
| Net Provision | Recurrent | 2,118.11 | 469.00 | 196.38 | 2,783.49 |
| | Capital | 210,353.18 | 256,115.00 | 254,826.85 | 721,295.03 |
| | Total | 212,471.29 | 256,584.00 | 255,023.23 | 724,078.52 |
| Actual Expenditure | Recurrent | 1,735.24 | 411.27 | 195.89 | 2,342.40 |
| | Capital | 176,785.92 | 156,432.33 | 226,070.21 | 559,288.46 |
| | Total | 178,521.16 | 156,843.60 | 226,266.10 | 561,630.86 |
| Year-end Savings | Recurrent | 382.87 | 57.73 | 0.49 | 441.09 |
| | Capital | 33,567.26 | 99,682.67 | 28,756.64 | 162,006.57 |
| | Total | 33,950.13 | 99,740.40 | 28,757.13 | 162,447.66 |

11. Ministry of Agriculture

Head - 118

| | | |
|--|--------|---------------------|
| Auditor General's Opinion for the Financial Statements | - 2018 | Qualified Opinion |
| | - 2019 | Qualified Opinion |
| | - 2020 | Unqualified Opinion |

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|---|--|--|---|
| ----- | ----- | ----- | ----- |
| 01. Quality assurance tests of imported fertilizers should be obtained only from the Laboratory of the Institute of Sri Lanka Standards or the Institute of industrial Technology, but the samples were taken from 04 private laboratories. | Action should be taken to obtain approval from the institutions. | No preventive action was taken. | Sample testing is further carried out in 4 private Laboratories |
| 02. A committee should be appointed to provide fertilizer subsidy rations to each company for importing fertilizer for other crops, but no such committee has been appointed. | Should be followed the cabinet paper. | -Do- | It had not acted as recommended. |
| 03. The Ministry had set up a computer database to pay the subsidy and spent Rs. 800,000 to develop it, but there were mistakes in the payment of the | Should be complied with existing systems and agreements. | -Do- | The computer database had not been upgraded. |

- fertilizer subsidy. No action had been taken to rectify the mistakes of the system.
04. Since subsidies to public and private companies for the importation of fertilizers involve payments of large financial value, steps had to be taken to formalize the division of labour and to fill the post of Accountant in order to strengthen its internal control system.
- The existing system needs to be improved.
- Do-
- The post of Accountant has not been filled yet.
05. The value of 25 residential offices, 10 official quarters and a circuit bungalow belonging to the Irrigation Management Division were not assessed and those values were not included in the Statement of non-financial assets.
- The value of non-financial assets should be calculated and included in the financial statements.
- The irrigation Management Division had been instructed to assess these residential offices, 10 official quarters and the circuit bungalow.
- Not included in the financial Statements.
06. Official buildings worth Rs. 21,959,713 in the financial statements of the Fisheries and Aquatic Resources Division were listed as transferable items in 2019, but the details of disposed buildings were not submitted to the audit.
- A document with the value of each item about the buildings that were abused should be submitted.
- The preventive measures were not informed to the audit.
- The Fisheries Division was shifted to Head 151 on 09 August 2020.

- | | | | | |
|-----|--|--|------|--------------------------------------|
| 07. | <p>The Fisheries and Aquatic Resources Division has provided Rs. 295 million to the National Aquaculture Development Authority for 5 development projects under the Action Plan for 2019. Although the Ministry had only done the accounting based on the monthly summaries submitted by the Authority in respect of Rs. 277 million spent on each subject from those allocations, it was not possible to make observations on the progress of the projects as the files had not been obtained. Also, the Fisheries and Aquatic Resources Division had not supervised or monitored these development projects implemented through the Authority.</p> | Fisheries and Aquatic Resources Division should monitor the utilization of funds allocated for development projects and maintain relevant information. | -Do- | -Do- |
| 08. | <p>According to the Treasury Circular No. 842 of 19 December 1978 and FR 502 (2), the Irrigation sector fixed assets register had not been updated as per its 11th Appendix.</p> | The fixed assets register should be updated and maintained. | -Do- | Moved to Head 198 on 09 August 2020. |

09. The Irrigation Division had not updated the bail document containing the details of the officers and employees who were required to post bail under Financial Regulations 891 (I). A bail record should be maintained all officers who are required to post bail, including the information contained in Financial Regulations 891 (I) . -Do- -Do-
10. According to the in terms of Section 1.1.7 of the National Budget Circular No.118 dated 11 October 2004, it was stated that the loan balances of the officers who have been transferred and transferred should be taken over or settled within 03 months and those balances should not be accounted after that period. But, the outstanding balance of Rs. 153,526 which had been over for 5 years in relation to the 14 officers who have been transferred from the Fisheries and Aquatic Resources Development Division of the Ministry to other Ministries/ Departments and Provincial Councils had not been settled by 31 December 2019. Circular instructions should be followed. -Do- The Fisheries Division was shifted to Head 151 on 09 August 2020.

11. According to FR 371 (5), the interim agreement should be settled within 10 days after the completion of the work, but it was taken a period of 01 to 80 days to settle the interim fee of Rs. 2,212,254 which was obtained on 105 occasions by 50 officials of the Ministry of Agriculture. Should be act in accordance with the FR 371 (5). No any preventive action had been taken. This situation was also observed during the interim imprest inspection in the year 2021.
12. An estimated allocation of Rs. 3,118,000,000 had been made to the Rural development Division for the purchase of paddy under the Expenditure No. 118-1-10-1-1409 of the Ministry of Agriculture during the year under review and out of this, Rs. 1,959,912,319 had been spent for the purchase of paddy for 20 District Secretariats. However, 08 District Secretariats had remitted Rs. 299,814,540 only to the Treasury under the income code No. 118-2003-07-00 during the year under review. Accordingly, it was observed that the government had not calculated the significant arrears due from the sale of paddy and had not taken action to recover them. Action should be taken to calculate and recover the arrears relevant to the year under review. District Secretariats were informed to collect the arrears from the CWE and credit it to the revenue. Rs. 97,551,892 due should be credited to the revenue collected from the CWE.

13. Contract withholding money of Rs. 1,779,234 more than 2 years in the Irrigation Division are in the Deposit Account, but no action was taken to repay or recover income under FR 570. Should be act in accordance with FR 570. No any preventive action had been taken. The balance remains the same.
14. The Ministry of External Resources has entered into an agreement with Welled Rural Export, Australia to import 20,000 dairy cows under a loan of US \$ 73,954,055 from 2 private banks in Australia. The animals should be obtained promptly for the amount paid and the project should be completed successfully. No any preventive action had been taken. Animals had not been imported.
- Under the agreement, it was agreed to implement the project in two phases, with the first phase importing 5,000 animals and only if the animals were successful, with the second phase giving an advance and completing the import of 15,000 animals by the end of year 2020. However, the audit reports submitted to the Ministry on 27 February 2018 and 04 May 2018 and the public media had pointed out that the animals brought earlier had failed. Further, even though there was no provision in the Appropriation Act to spend on

this project under the Ministry in the year 2018, US \$ 11,093,108 or Rs. 1,749,672,697 had been paid as the 20 percent advance from the total amount of US \$ 55,465,541 for the importation of remaining animals on 08 May 2018. But, none of the above proposed animals had been imported from the year 2018 to August 2020.

15. Allocation of Rs. 70 million Funds should be allocated to the Fisheries Social Development Division under the Coastal Rehabilitation and Resource Management Project as per the Action plan 2019 was handed over to the National Aquaculture Development Authority for the construction of Fish Hatchery and out of that, Rs. 57,288,684 had been spent. Although it had been identified expected outputs as project implementation to introduce new technology, implementation of projects for freshwater and coastal aquaculture, implementation of research and development projects related to increase fish The preventive measures taken to have not been communicated to the audit. The Fisheries Division was shifted to Head 151 on 09 August 2020.

production compared to last year and development of infrastructure projects, it has not been observed that funds have been used to carry out the work related to obtaining the desired output from many years and that money was used for other purposes.

- | | | | | |
|-----|---|---|------|------|
| 16. | The project of upgrade villages in 10 coastal districts including Hambanthota, Jaffna and Btticaloa, which had been allocated Rs. 100 million annually, had not been implemented. Utilizing this provision, the department and the National Aquaculture Development Authority had implemented the Diyawara Piyasa Fisheries Housing and Sanitation Assistance Programme launched last year at a cost of Rs. 46 million. | Provisions should be used for the same purpose. | -Do- | -Do- |
| 17. | The National Aquaculture Development Authority has been provided Rs. 30 million each since 2008 under the Fisheries Breeding Development Project for Inland Reservoirs to increase freshwater fish production in the Fisheries and Aquatic | The annual allocation for the National Aquaculture Development Authority for the fry hatchery development project should be | -Do- | -Do- |

Resources Development stopped and
Division. Furthermore, funds directed towards
had been allocated and spent self-financing.
continuously until 2019.
Although the cabinet decision
dated 16 July 2008 had
approved the inclusion of Rs.
30 million each in the annual
estimate for this project, it is
necessary to focus on self-
financing due to the increase in
the income of the fishermen in
5 years according to the
comments made by the Central
Bank of Sri Lanka to the
cabinet memorandum No.
08/1248/351/016. However,
the Ministry had allocated Rs.
30 million to the Authority for
this purpose for 7 consecutive
years beyond more than 5
years. However, there was no
information about any follow-
up or monitoring of the
activities of the Authority was
directed towards self-
financing in view of the
increase in the income of the
fishermen.

18. The Fisheries and Aquatic
Resources Development
Division had allocated Rs.
1587 million for the year 2019

for 20 activities including construction of fisheries harbors and anchorages and Rs. 1067 million had been spent for 11 activities during the year including construction of 05 fisheries harbors. The following observations are made in this regard.

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|-----|---|--|---|---|
| (A) | Although construction of the Kalametiya Fisheries Harbor was scheduled to commence in 2014 and be completed in 2017, the construction work had not been completed in 2019 despite spending Rs. 105 million. | Work should be completed and used within the expected period. | The preventive measures had not been communicated to the audit. | The Fisheries Division was shifted to Head 151 on 09 August 2020. |
| (B) | A sum of Rs. 28 million was spent in 2019 for the Chilaw Green Fisheries Harbor which was to be completed in 2017. But, the project was delayed for more than 2 years, but failed to complete. | Arrangements should be made to complete the existing construction work and make use of it. | -Do- | -Do- |
| (C) | With an estimated total cost of Rs. 350 million, Rs. 18 million has been allocated for the year 2019 for the remaining construction work of the Mirissa Green Fisheries Harbor which was to be completed by June 2018, but no money has been spent on it. | Arrangements should be made to complete the construction and make use of it. | -Do- | -Do- |

- | | | | | |
|-----|--|--|------|------|
| (D) | The project to convert Myliddy Harbor into a fishing harbor and establish the necessary facilities at a total estimated cost of Rs. 392 million was to be completed by May 2019. Although Rs. 88 million had been spent on it in 2019, no progress had been made due to the unfinished construction of the breakwater. | -Do- | -Do- | -Do- |
| (E) | Although Rs. 17 million and Rs. 22 million were spent in 2019 for the construction of the Peraliya berth and the construction of the Galle Jetty Fisheries Harbor respectively, which were projects to be completed in June 2018 and July 2017, they had not been completed and handed over. | -Do- | -Do- | -Do- |
| (F) | The construction of the Karainagar Shipyard, which was scheduled to be completed in January 2018, had been allocated Rs. 39 million in 2019 for phases I,II and III, of which only Rs. 13 million had been completed but the work had not been completed. | Arrangements should be made to complete the construction and make use of it. | -Do- | -Do- |
| (G) | Although phase III of the Negombo Lagoon Development Project is | Arrangements should be made to complete the | -Do- | -Do- |

scheduled to be completed construction and during the period from March make use of it. 2019 to December 2019 and Rs. 63 million was spent in 2019, its progress was only 38 percent as at 31 December 2019.

19. The following observations are made regarding the renting of a building to the Ministry of Agriculture.

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|-----|--|---|-------------------------------------|--|
| (A) | It was decided to use “Govijana Mandiraya” established by the Ministry of Agriculture for the renovation of the Parliamentary Committee system and the need for additional office space. Therefore, a 9- storey building belonging to a private company in Rajagiriya had been obtained on the basis of a rent of Rs. 21 million per month and a service charge of Rs. 6 million per month from 08 April 2016 for the Ministry of Agriculture without compliance to the Sections 3.2.1 and 3.2.2 of the Government Procurement Guidelines. | Should be act in accordance with the National Procurement Guidelines and circular provisions to get maximum benefits to the government. | Na any preventive action was taken. | The Ministry of Agriculture was removed from the private building on 31 January 2020 and re-established in the Govijana Mandiraya in Baththaramulla. |
| (B) | Although the building requirement of the Ministry of | Should be complied | with | -Do- -Do- |

Agriculture, which has a total existing laws and staff of about 300, was 66,500 financial square feet, the 9- storey regulations. leased building was 103,000 square feet. Further, the lease term as per FR 835 (2) (e) should be a maximum of 03 years but the lump sum payment of Rs. 504 million had been accepted at the request of the lessee it should be increased to 05 years and after 03 years the rent should be increased by 15 percent and the lease should be 02 years.

(C) The market rent for the building was Rs. 13.5 million per month according to the Chief Government Assessor, but it had agreed to pay a rent in excess of Rs. 21 million. Accordingly, taxes amounting to Rs. 1,229.58 million (Including VAT and NBT), service charges of Rs. 229.20 million, Rs. 63.64 million for electricity bills and Rs. 2.017 million for water bills as at 31 December 2019 and the total payment was Rs. 1,524.44 million. In addition, Rs. 342.7 million was spent on allocating rooms for the use of this

-Do-

-Do-

-Do-

building as an office complex, laying carpets, installing information system and purchasing office furniture. Despite such payments, the building was not used for office purposes within the first 15 months from the date of the contract due to lack of necessary office facilities (Room allocation, carpeting, installation of information system). However, as the committee system was not fully utilized for its establishment, the Ministry was relocated to the old office complex of Govijana Mandiraya from 31 January 2020 on a cabinet decision. However, a sum of Rs. 28.05 million had been paid as rent and service charges from January 2020 to August 2020 as per the agreement. Also, the Ministry is bound to pay taxes and service charges as per the agreement until 01 April 2021.

20. The following matters were observed during the audit carried out by the National Fertilizer Secretariat on the

- importation of quality fertilizer to implement the National Fertilizer Subsidy Programme.
- (A) The National Fertilizer Secretariat did not maintain a stock of the remaining fertilizer for the season, updated fertilizer recommendations and an updated information system when determining the fertilizer requirement for paddy.
- An updated information system should be established to determine the fertilizer requirements according to the paddy lands cultivated in each season.
- No any preventive action was taken.
- An information system was not installed.
- (B) Companies were selected to import chemical fertilizers without a competitive procurement system.
- A competitive procurement system should be followed.
- Do-
- Not corrected.
- (C) It was observed that although samples should be taken at the port to test the quality of the imported chemical fertilizers, they are taken from the open warehouses owned by the companies that import the fertilizers.
- Should be complied with internal circular provisions.
- Do-
- Samples continue to be collected from importers' warehouses.
- (D) Lack of proper and adequate regulation and supervision of the Fertilizer Secretariat on the methodology for selection of laboratories for testing of imported chemical fertilizers, sending of samples to
- Action should be taken to strengthen the internal control process of the Fertilizer Secretariat.
- Do-
- The process is the same as at the time of the audit.

laboratories, acceptance of Laboratory reports, testing and granting of trade approval.

- (E) The National Fertilizer Secretariat conducted a sample test on the quality of imported chemical fertilizers for the year 2018 and 2019 and examined nearly 55 forged Laboratory reports. Accordingly, 81,655 MT of 9 types of fertilizers were released to the market as substandard fertilizers.
- If a forged Laboratory report has been prepared, a formal inquiry should be held regarding the relevant officials and legal action should be taken.
- Suspension of Investigations are being carried out at the ministry level and by the CID.
- three officers of the National Fertilizer Secretariat.

21. A project called Agri Village Entrepreneurship Development Programme at a cost of Rs. 83,973,934 had been implemented under Expenditure Head No. 118-2-3-20-2509 as at 31 December 2019. The village of Kahathewela had been selected for this purpose. The following facts were observed during the inspection of the project.

- (A) Although it has been stated that the holding of official functions should be restricted at public expense and should be organized as minimize the expenditure in accordance with paragraph 06 of Public Administration Circular
- Should be act in accordance with circular provisions.
- No preventive action had been taken.
- The cost of the event had not been minimized.

11/2015 dated 20 May 2015,
Rs. 1,486,083 was spent on
launching the programme.

- | | | | | |
|-----|---|---|--|---|
| (B) | Although a well-organized agricultural company could be formed by a consortium of several farmers' organizations, a company called Kahathewela Limited was established without the direct intervention and supervision of the Ministry. | Action should be taken to implement this programme in collabouration with the farmers' organizations in the area. | -Do- | Agrarian Organization is not registered with the Agrarian Development Department. |
| (C) | All benefits were provided to the company. The company had provided safe houses at a cost of Rs. 1,406,217 for office furniture and machinery and Rs. 45,914,600 for farmers and had to take action to recover 50 percent of the value of the safe houses from the beneficiaries, but no action had been taken accordingly. | Relevant benefits under this prgramme should be made available for farmers. | Advise to charge 50 percent contribution from the beneficiary. | The money had not been charged. |
| (D) | Also. 35 electrical circuits worth Rs. 770,000 had been given to the Janatha Company and one had to pay Rs. 1,000 per month to farmers on a rent basis and the company had to collect income, but that revenue had not been collected. The Sangharaja Pirivena premises, which had | Action should be taken to obtain the relevant revenue. | Advising the farmers to take action to earn income by providing electronic circuits to the farmers on a rent basis of Rs. 1,000. | Revenue had not been obtained. |

- been upgraded as a model farm with a machinery storage and vegetable and fruit collection center, was leased out to the Peoples' Farmers Company on a low rent of around Rs. 1,000 per month.
- (E) Also, safe houses, fruit plants, agricultural implements and beekeeping equipment and equipment worth Rs. 10 million were provided free of charge to the shareholders of the above People's Farmers Company without any basis.
22. Although the estimated revenue to be collected under the government paddy purchase programme dated 30.07.2003 was Rs. 1,500,000,000, the revenue of Rs. 264,087,495 or 18 percent which could not be collected from the estimated revenue due to the collection of Rs. 1,235,912,505.
23. A total of 29 retiring officers of the Ministry of Agriculture, Rural Economic Affairs, Irrigation, Fisheries and Aquatic Resources Development have left the service with a total outstanding
- | | | |
|--|--|--|
| Action should be taken to ensure that all farmers receive the relevant benefits. | No any preventive action had been taken. | Not rectified. |
| Action should be taken to recover the arrears for the year under review. | Awareness of all the districts where revenue is to be collected under the paddy procurement programme. | Rs. 347.3 million charged as arrears revenue in 2021 and the arrears to be collected is Rs. 97.55 million. |
| Should be complied with Section 4.6 of Chapter XXIV of the Establishments Code. | No any preventive action had been taken. | Out of this balance Rs. 85,704.20 belongs to the agricultural sector and Rs. 44,596.20 has been deducted. The balance of Rs. |

- balance of Rs. 793,931 over a period of 05 years, but no legal action had been taken to recover the debt. 41,108 has not been recovered.
24. Although the Code of Financial Regulations 104 (4) of the Democratic Socialist Republic of Sri Lanka is required to submit a full report within three months from the date of the damage after the preliminary inspection, it was taken a period of 06 months to 33 months to submit the full report to the Secretary to the Ministry regarding 09 vehicle accidents with a total value of Rs. 6,302,461 written in books during the financial year. Should be act in -Do- accordance with Financial Regulations. That mistake is remained unchanged.
25. The Ministry re-established the Govijana Mandiraya from 31 January 2020 by a cabinet decision while the lease period of the building in Rajagiriya which was leased by the Ministry on 08 April 2016 was till 07 April 2021. It was agreed to increase the monthly rent by 15 percent at the end of 3 years. Accordingly, Rs. 44,239,137 had been paid as rent and service charges which had increased from January Should be -Do- complied with existing regulations and financial regulations. Had incurred an uneconomic expense.

2020 to 31 March 2021.

26. Utilization of Provisions

| Description | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>Total</u> |
|----------------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | Rs. | Rs. | Rs. | Rs. |
| <u>Estimated Provision</u> | | | | |
| Recurrent | 33,062,352,700 | 46,506,185,000 | 4,112,900,000 | 83,681,437,700 |
| Capital | 8,557,073,940 | 37,143,522,370 | 6,552,400,000 | 52,252,996,310 |
| | ----- | ----- | ----- | ----- |
| Total | <u>41,619,426,640</u> | <u>83,649,707,370</u> | <u>10,665,300,000</u> | <u>135,934,434,010</u> |
| <u>Actual Expense</u> | | | | |
| Recurrent | 31,320,680,110 | 44,702,495,808 | 4,041,684,028 | 80,064,859,946 |
| Capital | 4,228,943,699 | 20,244,012,451 | 6,066,542,302 | 30,539,498,452 |
| | ----- | ----- | ----- | ----- |
| Total | <u>35,549,623,809</u> | <u>64,946,508,259</u> | <u>10,108,226,330</u> | <u>110,604,358,398</u> |
| <u>Year-end savings</u> | | | | |
| Recurrent | 1,741,672,590 | 1,803,689,192 | 71,215,972 | 3,616,577,754 |
| Capital | 4,328,130,241 | 16,899,509,919 | 485,857,698 | 21,713,497,858 |
| | ----- | ----- | ----- | ----- |
| Total | <u>6,069,802,831</u> | <u>18,703,199,111</u> | <u>557,073,670</u> | <u>25,330,075,612</u> |

12. Ministry of Power

Head - 119

Auditor General's Opinion for the financial statements 2018- Qualified Opinion

2019 - Unqualified Opinion

2020 - Unqualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|---|--|---|--|
| ----- | ----- | ----- | ----- |
| <p>01. No citizen/ client Charter has been prepared for the Ministry to establish the background required to provide the services provided to the public more efficiently in accordance with the Ministry of Public Administration and Management Circulars No. 05/2008 and No. 05/2018 (1) dated 06.02.2008.</p> | <p>Act in accordance with the circular provisions.</p> | <p>Action has been taken to obtain information from each section.</p> | <p>The Civil service Charter of the Ministry is to be drafted and the approval of the Secretary to the Ministry is to be obtained.</p> |
| <p>02. Although a human resource development plan specific to the institution should be prepared in accordance with the Public Administration Circular No. 02/2018 dated 24.01.2018, the plan had not been prepared to include the matters to be included in the circular and the annual</p> | <p>A Human Resource Plan should be prepared to include the matters to be included in the circular and the annual performance</p> | <p>The Ministry of Public Services, Provincial councils and Local Government conducted a work shop on " Human Resource Development in the Public Sector" on</p> | <p>A human Resource Plan is being prepared for the Ministry in accordance with the drafted new guidelines.</p> |

performance agreements had not been signed for the entire staff of the Ministry. agreements should be signed for the staff. 0".12.2021 and as it was hoped to revise the said circular, a new guideline for preparing a human resource plan and a draft has been prepared.

03. Although the reports of all Board of Surveys were required to be submitted to the Auditor General in terms of Financial Regulations 756 (6), the Board of Survey reports pertaining to the vehicles of the Ministry were not forwarded to the Auditor General. Should be submitted board of survey reports about the all assets of the Ministry. - Survey reports related to vehicles have been done as at 31.12.2021 and arrangements have been made to conduct relevant survey reports in future.
04. Although it should be prepared a major procurement plan listing the expected procurement activities for a period of at least 3 years as per guidelines 4.2.1 and 4.2.2 of the Government Procurement Guidelines and every procurement should also include a procurement schedule that chronologically describes the steps of each procurement process from the beginning to end, it had not Should be act in Purchases required Accordance with the guidelines. Although the master plan for the year 2021 is expected to be in place for 03 years, the procurement schedule has not been systematically prepared. The procurement schedule has not been systematically

done accordingly.

prepared. Steps will be taken to prepare a systematic planning schedule from next year.

05. If an officer of a public corporation or a statutory board is attached to Hon. Ministers and Deputy Ministers, he should be paid the salary relevant to the post to which he is attached, not the salary he is receiving in that institution in accordance with paragraph 2.2 of the Circular No. 14 CA/1/17/1 dated 14 May 2010 on public Expenditure Management of the Presidential Secretariat. However. Contrary to the above circular, the ministry had hired a driver from the Central Bank of Sri Lanka and reimbursed him a higher salary of Rs. 167,392 for the month of December 2017 and Rs. 1,834,801 for the year 2018.
- Should be act in accordance with the relevant circular.
- The salaries of the personal staff of the Minister who is currently in the post of the Minister will be paid in accordance with the Public Expenditure Management Circular No. 14 CA/1/17/1 dated 14 May 2021.
- Not reported the current status.
06. 02 employees attached to the Ceylon Electricity Board have been employed two non-staff security guard posts since
- Should be complied with Public Enterprises Circular No. PED/12 dated
-
- The post of data processing activist was attached to cover the duties of

September 2020 by the 02 June 2003.
Ministerial staff.

an existing post in the media unit of the Minister on the basis of service requirement and arrangements have been made to recruit two office bearers of the Ceylon Electricity Board and 16 securities for the security of the Ministry.

07. Utilization of Provisions

| Description | <u>2018</u> | <u>2019</u> | <u>2020</u> | Total |
|-------------------------|----------------------|----------------------|-----------------------|-----------------------|
| <u>Net Provision</u> | | | | |
| Recurrent | 507,890,000 | 775,015,000 | 217,235,000 | 1,500,140,000 |
| Capital | 667,431,000 | 727,400,000 | 58,060,950,000 | 59,455,781,100 |
| Total | 1,175,321,000 | 1,502,415,000 | 58,278,185,000 | 60,955,921,000 |
| <u>Actual Expenses</u> | | | | |
| Recurrent | 487,684,337 | 510,329,659 | 170,705,874 | 1,168,719,870 |
| Capital | 505,334,932 | 253,024,449 | 57,908,701,973 | 58,667,061,354 |
| Total | 993,019,269 | 763,354,108 | 58,079,407,846 | 59,835,781,224 |
| <u>Year-end savings</u> | | | | |
| Recurrent | 20,205,663 | 264,685,341 | 46,529,126 | 331,420,130 |
| Capital | 162,096,068 | 474,375,551 | 152,248,027 | 788,719,646 |
| Total | 182,301,730 | 739,060,892 | 198,777,153 | 1,120,139,776 |

13. Ministry of Land

Head - 122

Auditor General's Opinion for the financial 2018 statements - Unqualified Opinion

2019 - Unqualified Opinion

2020 - Unqualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Position |
|---|--|--|--|
| ----- | ----- | ----- | ----- |
| 01. Although 22 years had elapsed since the commencement of the Bimsaviya project at the end of the year under review, the project had been implemented in only 58 Divisional Secretariat Divisions in 18 Districts. It was not planned to commence the programme for the remaining 273 Divisional Secretariat Divisions. | The problems and challenges that need to be implemented should be identified and appropriate action taken to expand the programme. | Bimsaviya programme has been commenced in 09 new Divisional Secretariat Divisions. | This programme has not been commenced in 264 Divisional Secretariat Divisions. |
| 02. Although the action plan includes the process of issuing the certificate of title by networking information between department online, it had not yet been activated by the end of the year under review. | Action should be taken to carry out the planned activities. | The process of issuing certificate of title online has not commenced. | The process has stopped. |

03. Although the need for a more scientific land use policy has been identified and approved by the cabinet in 2018 to meet the ever-expanding human needs, to implement the National economic Development Strategy and to maintain the ecological balance, the National Land Use Policy had not been issued by the end of year 2020 after receiving and adjusting the Land Use Policy to suit the present development needs.
- The formulation of the proposed land use policy should be completed expeditiously.
- The National Land Use Policy has been drafted.
- The National Land use Policy has not yet been amended.
04. Although the main objectives of the ministry were to update and implement the National Land Policy, it had not been achieved by the end of the year under review.
- The National Land Policy should be formulated and implemented.
- No preventive action was taken.
- The National Land Policy has not been formulated.
05. Although the Land Policy Division of the Ministry has planned to amend the land Development Ordinance, the Land Title Settlement Act, the Presidency Act in coordination with the relevant agencies and to obtain amendments to the Bills and
- The proposed action plan should be implemented as per the action plan.
- The Land Development Amendment Bill No. 19 of 1993 has been submitted to the parliament for approval.
- No amendments

Attorney General's amendments and to publish them in the gazette in both the years of 2019 and 2020, the work had not been completed by the end of the year under review.

have been made to the Land Title Settlement Act.

- The Title Registration Bill No. 21 of 1998 has been referred to a subcommittee of the Ministry of Justice

- The Condominium Act has not been amended.

06. Rs. 2,033,713,527 and Rs. 2,410,374,671 respectively were paid as compensation to the land owners during the year under review and previous year and Rs. 1,261,901,450 and Rs. 920,543,193 as interest for those years respectively had been paid. Out of the interest paid during the year under review, Rs. 479,522,551 or 38 percent had been paid for land acquisitions over a period of 40 to 23 years, Accordingly, it was observed that a large amount of money had to be paid as interest in
- Introduce an efficient acquisition process and ensure that compensation is paid without delay.
- Make the acquisition process more efficient by amending the Land Acquisition Act, use information technology and give information to other institutions aware of this process.
- Further delays in land acquisition are high interest rates.

addition to the compensation paid for the delay in the land acquisition process implemented by the Ministry.

07. Although the land acquisition division has the responsibility of regulating the acquisition of lands required for the development process of the government by the private sector, paying compensation for it and the acquisition officers in according to the Order 38 (a) of the Land Act No. 09 of 1950, out of 8648 active files, only 25 had been completed by the end of year 2020.
- Introduce an efficient acquisition process and ensure that compensation is paid without delay.
- No steps have been taken to avoid delays in the completion of the acquired files.
- Acquisition delays remain.
08. The Secretary to the Ministry of Local Government, housing and Construction had submitted a proposal to the Ministry in 1980 to acquire the Wellampitiya Watta land which is shown as 21 acres of land for the purpose of the Urban Development authority and, prior to the motion, the government agent of Colombo had distributed 13 acres of this land to the public under the special provisions
- Active participation in land acquisition and related litigation as well as payment of compensation should be completed expeditiously.
- No steps have been taken to prevent such delays.
- These shortcomings are remained unchanged.

Act. Rs. 4,074,685 had been paid for the remaining extent of the land and taken over by the Urban Development Authority and Rs. 323.37 million and the interest of Rs. 779.85 million were estimated for the compensation for the acquisition of 13 acres distributed among the people. The Ministry had paid Rs. 673.85 million to the original owner out of the total compensation and interest. Accordingly, due to the inefficient land acquisition process in the Ministry, a large sum of Rs. 1,103.22 million had to be paid for the acquisition of 13 acres.

- | | | | | |
|-----|---|---|---|---|
| 09. | Acquisition of 5.22 perches 2.22 acres of land belonging to Lot No. 116 of No. 09 of Village plan No. 1578 in Kobeigane Divisional Secretariat, Kurunegala in the North Western Province was commenced in 1988 for the Telahera school playground. The acquisition process was completed on 10 May 2012. Accordingly, due to the delay of more than 23 years in | The process of land acquisition should be streamlined and compensation should be paid in timely manner. | Necessary steps have been taken to amend the Land Acquisition Act to prevent this and the basic steps required to use information technology to streamline the acquisition process have already been taken. | Weaknesses in the acquisition process and compensation system remain. |
|-----|---|---|---|---|

acquiring the land, Rs. 3,500,000 had been paid as compensation in 2014 and Rs. 4,309,930 had been paid as interest during the year under review.

10. The Department of Land Title Settlement, Department of Land Commissioner General, Department of Survey and Department of Land Registrar, which are active under the Ministry, had contributed to the Bim Saviya programme implemented under the Ministry of Land. The Ministry had spent Rs. 5,396,484,927 under Expenditure No. 122-2-3-4-2509 from 2007 to the year under review and although the Survey Department had completed the survey of 1,665,087 plots, the Land Title Settlement Department had settled 801,256 or 48 percent of them. The Department of the Registrar General had issued title deeds for 669,484 plots or only 40 percent of the plots. Accordingly, more than 23
- When the Bimsaviya programme is implemented, the proposed activities should be carried out as planned.
- No preventive measures have been taken.
- Achieving desired goals in slowly.

years had elapsed since the commencement of this programme at the end of the year under review, but the achievement of the desired results had been slow.

- | | | | | |
|-----|--|---|------|--|
| 11. | An advertisement was published in July 2005 stating that Dora Jayasuriya's 01 acre Rude 03 and 34.5 perches would be taken over for public use for the construction of a playground for Walatara junior school, Kaluthara. However, although 14 years had elapsed from 2005 to 2019, no further action had been taken to acquire the land and the Kaluthara zonal Director of Education had stated that further land was required for the schools as the proposed land was already being used for school purposes. | Should complete the acquisition process and pay the compensation without delay. | -Do- | The land had not been acquired and compensation had not been paid. |
| 12. | Acquisition of lands for vocational Training Centers on Information Technology, Baddegama, Galle. This land of about 05 acres belonging to the Land Reforms Commission had | Should complete the acquisition process and pay the compensation without delay. | -Do- | Compensation with late interest due to delay in the acquisition process. |

been advertised under Section 2 of the Land Acquisition Act in 2000 to make public that it would be taken over for a public purpose and the order had been issued under interim order 38 in 2001. It was also observed that Rs. 10,080,000 would have to be paid as interest at 7 percent for 18 years from 2001 due to the failure to pay compensation of Rs. 8,000,000 until the audited date of January 2020.

13. Utilization of Provisions

| <u>Description</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>Total</u> |
|----------------------------|----------------------|----------------------|----------------------|-----------------------|
| <u>Estimated Provision</u> | <u>Rs.</u> | <u>Rs.</u> | <u>Rs.</u> | <u>Rs.</u> |
| Recurrent | 1,114,010,000 | 1,088,000,000 | 321,400,000 | 2,523,410,000 |
| Capital | <u>2,712,500,000</u> | <u>3,007,000,000</u> | <u>3,102,400,000</u> | <u>8,821,900,000</u> |
| Total | <u>3,826,510,000</u> | <u>4,095,000,000</u> | <u>3,423,800,000</u> | <u>11,345,310,000</u> |
| <u>Net Provision</u> | | | | |
| Recurrent | 1,117,520,000 | 1,117,200,000 | 331,710,000 | 2,566,430,000 |
| Capital | <u>2,745,838,000</u> | <u>3,875,155,000</u> | <u>3,102,425,000</u> | <u>9,723,418,000</u> |
| Total | <u>3,863,358,000</u> | <u>4,992,355,000</u> | <u>3,434,135,000</u> | <u>12,289,848,000</u> |
| <u>Actual Expense -</u> | | | | |
| Recurrent | 995,878,017 | 944,960,565 | 328,075,460 | 2,268,914,042 |
| Capital | <u>2,383,877,207</u> | <u>2,755,433,198</u> | <u>3,048,167,116</u> | <u>8,187,477,521</u> |
| Total | <u>3,379,755,224</u> | <u>3,700,393,763</u> | <u>3,376,242,576</u> | <u>10,456,391,563</u> |
| <u>Year-end savings</u> | | | | |
| Recurrent | 121,641,983 | 172,239,435 | 3,634,540 | 297,515,958 |
| Capital | <u>361,960,793</u> | <u>1,119,721,802</u> | <u>54,257,884</u> | <u>1,535,940,479</u> |
| Total | <u>483,602,776</u> | <u>1,291,961,237</u> | <u>57,892,424</u> | <u>1,833,456,437</u> |

14. Ministry of Urban Development and Housing

Head 123

Auditor General's Opinion for the financial 2018 - Qualified Opinion statements

2019 - Qualified Opinion

2020 - Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|--|--|--|---|
| ----- | ----- | ----- | ----- |
| <p>01. <u>Head 162- Ministry of Metropolitan and Western Development</u></p> <p>A public awareness campaign on the social and economic role played by institutions and projects under the Ministry of Metropolitan and Western development was implemented in the year 2019 under an agreement with two private companies at a cost of Rs. 148,680,879 and instead of educating the public, the public did not benefit from the money spent on the programme,</p> | <p>Publicity expenditure should be analyzed on whether the public should be made aware of the functions performed by the Ministry.</p> | <p>According to the circulars issued for public awareness, an awareness programme on all projects following the Government Procurement scheme has been planned and according to the progress of the work done by the selected institution through the procurement scheme, nearly Rs. 78 million has been paid to the relevant institution yet.</p> | <p>The case was handed over to the CID for investigation.</p> |

as billboards with pictures of professionals in various professions in the country were displayed under the theme “Pannaraya”. Rs. 53,899,098 had to be paid for these advertisements to the relevant institutions by 31 December 2020 and this advertising expenditure was observed as non-economic expenditure.

However, the CID is investigating the matter after the new government came to power.

02. Utilization of Provisions

| Description | | 2018 | 2019 | 2020 | Total |
|--------------------|-----------|----------------|----------------|----------------|-----------------|
| Net Provision | Recurrent | 909,190,000 | 733,890,000 | 219,149,000 | 1,862,229,000 |
| | Capital | 60,172,910,000 | 58,009,140,000 | 21,939,696,000 | 140,121,746,000 |
| | Total | 61,082,100,000 | 58,743,030,000 | 22,158,845,000 | 141,983,975,000 |
| Actual Expense | Recurrent | 705,048,186 | 44,983,130,215 | 19,021,006,860 | 64,709,185,261 |
| | Capital | 31,416,272,152 | 45,313,195,615 | 19,057,289,710 | 95,786,757,477 |
| | Total | 32,121,320,338 | 45,313,195,615 | 19,057,289,710 | 96,491,805,663 |
| Year-end Savings | Recurrent | 204,141,814 | 403,824,600 | 182,866,150 | 790,832,564 |
| | Capital | 28,756,637,848 | 13,026,009,785 | 2,918,689,140 | 44,701,336,773 |
| | Total | 28,960,779,662 | 13,429,834,385 | 7,122,518,210 | 7,122,518,210 |

15. Ministry of Education

Head - 126

Auditor General's Opinion for the financial 2018 - Qualified Opinion statements

2019 - Qualified Opinion

2020 - Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|---|---|--|---|
| <p>01. As per paragraph 3.4 of the Ministry circular No. 2008/37 dated 19 September 2008, the Principals of the schools had prepared the criteria for granting marks to the students at their own discretion as no specific methodology had proposed for the recruitment of students for the intermediate grades.</p> | <p>Should be prepared a specific method of enrolling students for the intermediate grades in schools.</p> | <p>Circular No. 2008/37 is being amended.</p> | <p>2008/37 circular amendment has not been corrected and finalized.</p> |
| <p>02. Although no fees other than facilities and service charges and school development society fees may be charged as per Ministry Circular No. 2008/17 dated 30 April 2008, it had not been done</p> | <p>Action should be taken against non-compliance with existing written instructions.</p> | <p>Circulars 19/2019 and 05/2015 dated 09.04.2019 have enacted provisions prohibiting the collection of money. National school principals have</p> | <p>Although the Principals were informed, it was not corrected.</p> |

accordingly.

informed about complaints received regarding the illegal collection of money from students.

03. 101 schools in 21 districts were closed according to the 2018 statistics as 31 of which were closed due to insufficient number of students, 45 due to the prevailing situation in the country, 21 due to unreported conditions and 4 due to other reasons. Action should be taken to introduce specific criteria for starting new schools as well as closing schools. No preventive action had been taken. About 58 schools were closed without any specific criteria in the years of 2019 and 2020.
04. There were no specific criteria, methods or instructions regarding the admission of children of professionals or officials to popular schools and only certain professionals and officials had the opportunity to do so. No general policy had been introduced in this regard. Equal opportunities for all students should be created by providing a common methodology and policy for the admission of students to schools. No preventive action had been taken. Students are admitted to popular schools without a common policy.
05. The maximum number of students that should be in a parallel class in the primary grades of a national school is 40 and the maximum Necessary steps should be taken to minimize the possibility of enrolling students in Measures have been taken to suspend the admission of students for the intermediate grades in the year Although the admission of students has been suspended, no

number of students that should be in a parallel class in the secondary grade is 45 in according to the provisions of Circular No. 2008/37 dated 19 September 2008 of the Secretary to the Ministry of Education and the total number of students required to be in a class has been reduced to 39 according to the revised Circular No. 17/2016 dated 16 May 2016, but students have been admitted beyond these limits.

intermediate grades beyond the facilities available in schools and beyond the limits set out in the circular instructions.

2019 by the order of the Ministry of Education.

action has been taken to rectify the situation as the admission of children exceeds the current limit.

06. There were 333 unresolved disciplinary issues pertaining to the Colleges of Education, the Ministry and Colombo District schools as at 31.12.2018 and 09 of them were 7 years, 30 were 05 years and 128 were 2 to 5 years.
- Necessary steps should be taken to resolve the disciplinary issues that are accumulating on a large scale.
- No action had been taken to resolve it promptly,
- There is an ongoing delay in resolving disciplinary issues.
07. Citizens/ Clients Charter Principals service were set according to the public service requirements and
- Action should be taken to provide the right solutions to fulfill the public
- No action had been taken to prevent it.
- No action has been taken to correct.

the capacity of the needs expeditiously institution, ensuring that the and reliably. public was provided with accurate facts and information openly, and treated with courtesy, friendliness and fairness as well as the correctness of wrongdoing in accordance with the Citizen/ Client Charter Principals as per Public Administration Circular No. 05/2008 dated 06 February 2008.

08. It was revealed that 242 officers serving in various posts in the Ministry have been serving for a period of 6 to 20 years without transfer, contrary to the rules of procedure of the public service commission No. 1589/30 dated 20 February 2009.
- Should be implemented a formal transfer system within the specified periods of service.
- No action had been taken to prevent it.
- There are still officers who have been serving without transfer for a long time.
09. As mentioned in the Extraordinary Gazette Notification No. 1928/28 dated 21 August 2015, Grade 1 officers of the Sri Lanka Education Administrative Service had not been appointed as
- Action should be taken to appoint relevant officers.
- 28 principals have been given permanent appointments for 71 vacant national schools in 2019 and 2020, Applications are invited for
- Suitable officers have not been appointed for 32 national schools.

Principals for certain national schools listed under the Sri Lanka Education Administrative Service Minute.

vacancies.

10. Section 25 of the Aided School Training Colleges (Additional provisions) Act No.8 of 1961 provides that private schools should not be started to impact education to children between the ages of 5 and 14 years, the Ministry had not supervised international and private schools which had been established in violation of the Act.
- There should be a formal oversight and regulation of the rapidly expanding private and international schools in present.
- A policy framework in this regard has been incorporated in the National Education Policy framework. A preliminary study has been initiated to develop a system for quality control for international schools.
- The Ministry does not oversee international and private schools and a policy framework in this regard has been included in the 2020-30 National Education Policy frameworks, but it has not been submitted to the audit.
11. The 22 sports schools established in 1989 with the objective of producing nationally and internationally talented sportsmen and sportswomen have not been operational in the last 5 years. As a result,
- Efforts should be made to keep sports schools functioning effectively.
1. A new sports development programme is being discussed. A report containing 12 proposals has been released.
- Even today, sports schools are not functional.

the hostels, sports equipment and body building equipment in those schools were underutilized. Out of these schools there were 10 schools which did not have suitable places to play sports, 08 schools which had power outages, 04 schools which had dormitories with hazardous facilities and 12 schools which had poor sanitation facilities.

2. Sports students have been informed to fill the vacancies.

3. The school structure committee has approved the recommendation to start one parallel class for the recruitment of Grade 8 students for sports schools.

| | | | | |
|-----|--|--|------------------------------------|---|
| 12. | <p>The activities of the sports council, which was established for the purpose of developing, regulating and registering school sports associations at the school level, are now inactive. As a result, financial control and supervision of school sports associations, adequate interventions to involve athletes in foreign competitions, supervision and regulation of all sports association competitions and sports association programmes and licensing</p> | <p>Development and maintenance of sports associations and sports councils in such a way as to provide strong support for the development of school sports.</p> | <p>No action has been taken to</p> | <p>The activities of the Sports Council have become inactive.</p> |
|-----|--|--|------------------------------------|---|

interventions conducted by school sports associations and foreigners etc. had not occurred.

- | | | | | |
|-----|---|--|---|---|
| 13. | Contrary to the Financial Regulations 571, the value of 6 non-credited deposit accounts to government revenue exceeding 2 years was Rs. 392,352,040 and, Rs. 15,362,919 for more than 5 years was included in that. | Dealing with deposit balances over two years in accordance with Financial Regulations 571. | Provincial Departments and Colleges of Education have been informed to settle the balances. | Action in being taken to settle. |
| 14. | Although the Chief Commissioner of the Board should supervise the administration of the institutions, control the staff and execute the powers, functions and duties according to the terms of Section 7 of the Educational Institutes Act No. 30 of 1986. The establishment of Boards as per the Act as well as the implementation of these activities had not taken place in an optimal manner. | Establish relevant boards as per the Act as well as carry out those activities. | No action had been taken to rectify the situation. | Borads have not been set up as per the Act. |
| 15. | The Ministry had not implemented a formal and | Should be act in accordance with the | No action had been taken to rectify the | No action has been taken to |

| | | | | |
|-----|--|--|--|---|
| | continuous regulation to check whether the government approved private schools are following the relevant circular instructions and provisions according to paragraph 3 of the Ministry of Education Circular No. 2009/35 dated 17 November 2009. | circular provisions. | situation. | correct. |
| 16. | It was observed that although the teachers who have been appointed to the field of special education are required to work full time in the same field according to Chapter 12 of the guidelines and code of the ministry of Education Circular No. 37/2020 dated 03 December 2020, 207 teachers in the field of special education are not engaged in teaching in that field. | -Do- | Advised to deploy in the field of special education in future. | Not corrected. |
| 17. | The role of the Ministry of Education was to fully achieve the task of creating a national education system that would enable it to enter world competition with | Need to formulate an unchanging national policy for education in Sri Lanka in line with the present. | No action had been taken. | The task of creating a national education system has not been fully |

- confidence and confidence in success. accomplished.
18. The Ministry of Education had the power to supervise and manage pre-schools in terms of Article 2 of the second amendment to the Constitution in relation to education in annexure III and the Ministry of Education had not formulated and implemented a national policy for pre-schools which was also identified as a main function. No national policy has been formulated for pre-schools.
19. The project to set up a professional unit at Karapitiya hospital was scheduled to commence in 2018 with an estimated cost of Rs. 1300 million and it was to be completed by 31 May 2022 and although an advance of Rs. 131.7 million had been paid to the contractor, only the structural work had commenced by the end of the year under review. Steps should be taken to complete the project within the stipulated time frame. The land to be constructed was to be taken over by the Ministry of Health and the work could be completed by 28 October 2019. The site was handed over to the contractor on 17 December 2019 for the commencement of work on the project and only the ground work was completed in the year 2020. Only about 30 percent of physical progress had been made by 31 December 2021.

About 20 percent physical progress has been made by December 2021.

20. The project to construct the 12-storey Medical Faculty building of the University of Ruhuna at an estimated cost of Rs. 1,180 million was scheduled to commence in the first quarter of 2018 and be completed by 10 January 2020. Although Rs. 195.5 million had been paid to the contractor on 17 January 2018 as an advance to commence work, the contract was terminated on 23 December 2019 due to poor progress in the construction work and the construction contract was awarded again to another construction company with the approval of the Cabinet. The start-up advance of Rs. 155.3 million which was to be recovered from the contractor after the agreement was canceled; it was lost due to the delay in notifying the bank to pay
- When selecting contractors for project execution, they should have a proper understanding of the success of their previous contracts and appropriate action should be taken without delay to repay the advance paid in cash.
- The contract agreement was canceled on 23 December 2019 and the contract was awarded to the Central Engineering Consultancy Bureau on 06.05.2020 due to low progress in carrying out the project. The advance security had been sent to the Bank of Ceylon for cash on 30.12.2019 but an interim injunction was issued by the Colombo Commercial High court against obtaining the advance guarantee and the performance guarantee and accordingly, the Bank of Ceylon has informed on 16 January 2020 that the
- The construction work is currently being carried out by another construction company and court proceedings are underway regarding the advance payment to be made to the previous contractor.

the relevant bank security.

requests made by the University cannot be fulfilled.

21. Although the draft Act pertaining to the establishment of the UNESCO National Commission of Sri Lanka was submitted to the Legal Drafting Department on 29 October 2008 as per the decision of the cabinet of ministers' decision No. AMP/08/1742/316/086 dated 24 September 2008; the bill had not been finalized.

Despite this, payments were made to the staff of the commission with the approval of the cabinet. A total of Rs. 45.85 million for the year 2020 had been released to the Ministry of External Affairs to a person who was acted as coordinating officer at the UNESCO office in Paris by the Ministry

Obtaining the recommendation of the Legal Drafting Department for the Bill expeditiously. Act should be passed and acted upon as contained therein.

A written request has been forwarded to the Legal Drafting Department to expedite this work. No action has been taken to prevent it.

The bill had not been passed. No action has been taken to correct and Rs. 806 million has been released in the year 2021.

22. The Ministry had used 11 vehicles belonging to other Ministries and Departments and 22 vehicles belonging to the Ministry had been handed over to other Ministries and Departments. 11 vehicles belonging to other institutions used by the Ministry and Ministry vehicles used by other institutions. Should take action to legally take over or transfer vehicles belonging to other the Ministry and Ministry vehicles used by other institutions. Take action to take over and hand over. Not corrected.
23. Although 40 vehicles out of the non-financial assets of the Ministry have been temporarily transferred to the State Ministry, other non-financial assets proposed to be transferred to State Ministries were still being identified and had not been transferred by the date of audit. Transfer of assets duly transferred by the Ministry of Education to the State Ministries. Necessary arrangements are being made to transfer the assets. Not corrected.
24. The Code of conduct has not yet been published until the year 2020 as a formal guideline for the quantitative and qualitative development of the National College Education system. Should be issued a Code of Conduct as guide. A proposal has been made to upgrade to a university degree and the draft code of conduct has not been finalized as it is expected that changes will be made to the code of conduct. Not corrected.

25. It was taken nearly 3 years to conduct the GCE Advanced Level Examination in the annual admission of trainees to the Colleges of Education and no action had been taken to admit trainees from the examinations held in 2018 and 2019 as at 31.12.2020. Action should be taken to admit teacher trainees to colleges of education without delay. Judicial action on issues arising out of the determination of the Z-score has resulted in a change in the relevant recruitment period. There is still a delay in the admission of trainees.
26. Although the National Education Commission was aware of the Incited Nations 2030 Agenda for Sustainable Development, no action had been taken to identify the Sustainable Development Goals associated with its activities and the milestones to be achieved and the indicators to be achieved on targets. Identify the Sustainable Development Goals and objectives and reach those goals. No action has been taken. No action has been taken to correct.
27. It was observed that there were 1,664 vacancies for senior and secondary level officers which could have hapered the decision making of the management and other vacancies in the activities of the Ministry. Necessary arrangements should be made to fill the vacancies taking into consideration the service requirements. Necessary steps are being taken to fill the vacancies in the Teacher Education Service and the Education Administration Service. No action had been taken to fill the vacancies.

28. Utilization of Provisions

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>Total</u> |
|----------------------------|------------------------|------------------------|-----------------------|------------------------|
| Estimated Provision | | | | |
| Recurrent | 58,680,370,000 | 56,175,000,000 | 43,204,880,000 | 158,060,250,000 |
| Capital | <u>39,297,950,000</u> | <u>43,730,000,000</u> | <u>15,681,595,000</u> | <u>98,709,545,000</u> |
| Total | <u>97,978,320,000</u> | <u>99,905,000,000</u> | <u>58,886,475,000</u> | <u>256,769,795,000</u> |
| Net Provision | | | | |
| Recurrent | 59,160,270,000 | 57,689,900,000 | 43,204,880,000 | 160,055,050,000 |
| Capital | <u>41,879,950,000</u> | <u>43,930,000,000</u> | <u>16,891,595,000</u> | <u>102,701,545,000</u> |
| Total | <u>101,040,220,000</u> | <u>101,619,900,000</u> | <u>60,096,475,000</u> | <u>262,756,595,000</u> |
| Actual Expense | | | | |
| Recurrent | 46,711,812,393 | 56,013,861,330 | 41,829,127,304 | 144,554,801,027 |
| Capital | <u>25,644,439,508</u> | <u>17,400,256,559</u> | <u>15,739,052,248</u> | <u>58,783,748,315</u> |
| Total | <u>72,356,251,901</u> | <u>73,414,117,889</u> | <u>57,568,179,552</u> | <u>203,338,549,342</u> |
| Year-end Savings | | | | |
| Recurrent | 12,448,457,607 | 1,676,038,670 | 1,375,752,696 | 15,500,248,975 |
| Capital | 16,235,510,492 | 26,529,743,441 | 1,152,542,752 | 43,917,796,685 |
| Total | 28,683,968,099 | 28,205,782,111 | 2,528,295,448 | 59,418,045,658 |

16 Ministry of Public Services, Provincial Councils and Local Governments

Head - 130

Auditor General's Opinion for the financial 2018 Qualified Opinion statements

2019 - Qualified Opinion

2020 - unqualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|--|--|---|--|
| 01. Although the lease period in government quarters is limited to 5 years, an officer resides in a residence from 2004 to 2020. | Should follow the provisions of the Establishment Code. | Continued notified to return the house to the Ministry and that the reservation will be made only by agreement that the recipient agrees to the terms of the reservation with the approval of the Secretary to cause such problems in future. | The house has not yet been handed over. |
| 02. In the year 2018, 110 officers of Grade III, II,I and special grade of the Sri Lanka Administrative Service were employed in the same place for more than 5 years. | Should act in accordance with the Procedure Code 195 and 203 of the Public Service Commission. | Obtaining the approval of the Public Service Commission at the request of the Department Heads for attachments in the same place for more than 05 years. | Officers will continue to work in the same work place. |

03. In the year 2018, 482 officers of Grade III,II ,I and special grade of the Sri Lanka Accountants Service had been employed in the same place for more than 5 years without any transfer. Should act in accordance with the Procedure Code 195 and 203 of the Public Service Commission. Under the 2019, 282 officers will be serving in the 2020,2021 and 2022 annual transfers and same post for non- annual transfers, more than 06 officers with more than 06 years of service in them will be the same workplace transferred in 2022 as at 31 December 2021.
04. 148 Class III officers and 148 Class II officers in the Sri Lanka Engineering Service had not been promoted in the year 2018. Should be act as planned. Promotion of officers in Grade III of the Sri Lanka Engineering Service to Grade II in the years 2018, 2019 and 2020. Officers in Grade II of Sri Lanka Engineering Service have not been promoted to Grade I.
05. The Polonnaruwa Nila piyasa project was supposed to be completed by the end of year 2018, but it had not been done. Should be act as intended. Due to poor performance of the first contractor, the contractor's contract will be terminated on 21.03.2019 and the contract will be awarded to a new contractor on 19.11.2019. Although the construction should be completed by 12.09.2021, the physical progress of the project is 30 percent.
06. The Ministry was not aware of the work to be done under its scope of the United Nations 2030 Agenda. Act in accordance with the United Nations 2030 Agenda for Sustainable development. Explanations had been made. Necessary action had not been taken.

for Sustainable
Development 2030.

07. The total loss incurred on 06 vehicles in 2019 was Rs. 3,550,083. The vehicles were given to the Minister's office and staff and the accidents were due to careless and high speed.
- Formal action should be taken against those who use the highway recklessly or dangerously.
- The cabinet is also taking steps to recover a certain amount of bail from private drivers.
- No action has been taken yet.
08. 02 convention houses were rented out to the Sri Lanka Administrative Services Association in 1983 and 2001 at a monthly rent of Rs. 275 and Rs. 1000.
- Should be act in accordance with the provisions regarding the allocation of houses.
- At present, when allocating an official residence for an institution, the monthly free market rent of that house is being obtained from the Valuation Department and is being charged as rent.
- No appropriate corrective action has been taken.
09. The rent due from government bungalows and official quarters from 2012 to 2020 was Rs. 337,948,472.
- Action should be taken to recover the arrears of rent.
- Regular notification to the relevant institutions and individuals to recover the arrears of rent. In addition, inquiries from the Department of pensions regarding the possibility of recovering Rs. 8,755,183 due from the unauthorized occupants
- Rs. 230,494,200 is still due by 31 December 2021.

- of the houses in the Jayawadanagama housing scheme.
10. When 30 all island service officers participated in a training course abroad, the dinner expenses were Rs. 1,707,300 had not been recovered. Action should be taken in accordance with the circulars of the Ministry of Finance. The Government of Sri Lanka has taken steps to rectify the double payment to incur any financial loss and to ensure that such delays do not occur in future. The additional amount has not been recovered from the relevant officials.
 11. Although the Combined Services Division had planned to conduct 6 recruitment examinations in the year 2019, no such action had been taken. Should perform tasks as planned with maximum performance. The Department of Examinations and Recruitment always taken steps to expedite the recruitment examinations. competitive examinations have not yet been held.
 12. Rs. 324,975 had been overpaid for the air tickets purchased during the Minister's attendance at an exhibition in Russia in June 2019. Should be act in accordance with the National Procurement Guidelines. Ensure that such errors do not occur in future. Necessary action has not been taken regarding the overpayment.
 13. A Grade I officer of Sri Lanka Accountants' Service was granted foreign leave from August 2019 to July 2022 without reporting to Act in accordance with circular provisions. The Secretary to the Ministry of Finance has been informed in letters dated 22.03.2020 and 23.04.2021 to submit documents pertaining to the granting of The Secretary to the Ministry of Finance has not yet taken the necessary action and the government

- the Secretary to the Ministry of Public Administration and Disaster Management. Further, the said officer had not taken action to return the government house.
- unpaid foreign leave houses have not stating that paid foreign been returned. leave cannot be granted as per the provisions of the Establishment Code.
14. The Ministry had not maintained a database in the year 2020 to identify the building revenue under the Revenue Head. Need to prepare a database and take action to collect building revenue correctly. The Heads of all institutions have been informed to send the relevant information. Software updates are not yet complete.
15. Penalty rent had not been collected from 03 officers residing in government houses. Penalties should be charged in accordance with the provisions of the Establishment Code. Action is being taken to obtain the relevant approvals for the levying of penalty rent from the end of tenure of the home owners. Not charged yet.
16. A loan balance of Rs. 995,768 was due from 09 officers who left the service on 31 December 2020. Urgent action should be taken to recover the outstanding debt balance. Taking legal action against 7 persons. One person will be charged in installments and one guarantor in installments. Only Rs. 59,000 has been recovered from the balance.
17. The National Language Equality Promotion Programme will receive US \$ 1,991,672 of Rs. 285,914,474 was received as a direct Direct grant receipts should be stated in the financial statements under the correct procedures. No provision has been made for this programme in the year 2022 budget estimate. No action has been taken to account the direct receipts of grants.

- grant, but due to non-receipt of that amount through the treasury, it had not been accounted.
18. No action had been taken to take over lands belonging to the Ministry at Mahiyanganaya, Polonnaruwa, Mihintale, Mullativu, Jaffna, Katharagama and Monaragala holiday resorts. Acquisition of lands where holiday resorts should be done immediately. Notices and requests have been made from time to time to the relevant institutions and individuals for the acquisition of lands. Land acquisition issues have not yet been resolved.
19. During the period from 2007 to 2010, no one in house 8A received an electricity bill of Rs. 228,976 for an unallocated period. The relevant issue should be resolved expeditiously. The Chief Electrical Engineer's office has been informed by letter dated 1309.2021 to take immediate action to resolve the electricity bill. The problem is not solved.
20. Necessary action had not been taken to fill 171 vacancies as on 31 December 2020. Action should be taken to fill the number of vacancies or to revise the approved staff. Those vacancies are being filled through recruitments and promotions. Director of Sri Lanka Engineering Services, Translator, Horticultural workers and 6 KKS have been recruited.

21. Utilization of Provisions

| <u>Description</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>Total</u> |
|--------------------|---------------|----------------|----------------|----------------|
| Net Provision | | | | |
| Recurrent | 1,106,246,300 | 2,667,783,000 | 10,039,047,000 | 13,813,076,300 |
| Capital | 1,025,758,700 | 9,164,052,000 | 960,053,000 | 11,149,863,700 |
| Total | ----- | ----- | ----- | ----- |
| | 2,132,005,000 | 11,831,835,000 | 10,999,100,000 | 24,962,940,000 |
| | ===== | ===== | ===== | ===== |
| Actual Expense | | | | |
| Recurrent | 1,053,153,023 | 2,295,160,803 | 8,431,161,940 | 11,779,475,766 |
| Capital | 791,049,868 | 5,396,806,163 | 726,085,650 | 6,913,941,681 |
| Total | ----- | ----- | ----- | ----- |
| | 1,844,202,891 | 7,691,966,966 | 9,157,247,590 | 18,693,417,447 |
| | ===== | ===== | ===== | ===== |
| Year-end savings | | | | |
| Recurrent | 53,093,277 | 372,622,197 | 1,607,885,060 | 2,033,600,534 |
| Capital | 234,708,832 | 3,767,245,837 | 233,967,350 | 4,235,922,019 |
| Total | ----- | ----- | ----- | ----- |
| | 287,802,109 | 4,139,868,034 | 1,841,852,410 | 6,269,522,553 |
| | ===== | ===== | ===== | ===== |

17. Ministry of Plantation

Head - 135

Auditor General's Opinion for the financial statements 2018 – Qualified Opinion

2019 - Qualified Opinion

2020 - Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|--|--|--|--|
| 01. In 1992, a total of 249,843 hectares of government-owned land was leased to 23 local plantation companies on a 53 years lease basis. According to the Declaration of arrears as at 31 December 2020, 11 of these companies had arrears of tax revenue of Rs. 890,475,674 and although it has been reported to the audit that Rs. 245,242,616 has been recovered from it by June 2021, no action had been taken to collect the balance of Rs. 645,233,058 immediately under Articles 176 (2) and (3). | Steps to be taken to recover the arrears of tax revenue. | Relevant plantation companies have been informed to pay the arrears. | Rs. 573,454,759 is due from 11 companies as at 31 December 2021. |

02. According to the Lease Amendment agreement No. 1558 entered into with the Kurunegala Plantation Company on 27 November 1995, the amount of tax calculated on the amount of net assets available at that time should be paid in four equal installments over a period of 53 years. However, due to non-payment of taxes, there was a deficit of Rs. 242,596,454 from 2009 to 31 December 2020. The chief Accounting Officer had reported that one of the reasons for this was the company's failure to agree to the company's request for a revision of the annual lease as the value of the company's net assets had decreased due to the acquisition of public lands by the company.
- Steps to be taken to recover the arrears of tax revenue.
- We have also been informed in writing to the Kurunegala Plantation company with a copy to pay the unpaid taxes without default by the letter No. PE/PL/KPL/GEN/2017/ and dated 02.08.2018 by the Director General of the Department of Public Enterprises. Also, a discussion has been held with all parties with the participation of the officials of the Department of Public Enterprises.
- No arrears have been collected yet.
03. Kotagala plantation company had a rent arrears of Rs. 309,111,059 from 2017 to 31 December 2020 and Chilaw and Maskeliya plantation Companies had a rent arrears of Rs. 145,803,191 during
- Should act in accordance with the provisions of the agreement to recover the arrears of tax revenue.
- That has been informed to the lease holder Janatha Estate Development Board and the Sri Lanka State Plantation Corporation have been asked to look into the
- Action has been taken to seek advice from the Attorney General about this by the leaseholder Janatha Estate

the years 2019 and 2020, Rs. 41,156,706 had been recovered from Chilaw and Maskeliya Plantation companies as at June 2021. However, Rs. 413,757,544 was still outstanding from the 03 plantation companies and although the lease agreement should have been canceled for the offense of tax evasion within the relevant period as per paragraph 5 (c) of the agreement, it had not been done.

possibility of Development termination of the lease Board and the Sri agreement in respect of Lanka State non-payment of tax Plantation terms in accordance Corporation also with the provisions of provide us with a 5C of the amended copy in this lease agreement. regard.

04. 04 to 09 years after the accident as at 31 December 2020, 5 vehicle accidents amounting to Rs. 4.9 million had not been written off. Attention should be paid to deducting damage to vehicles from accident books. A committee has been appointed to make recommendations on writing off the loss of Rs. 4.9 million. Some of the accidents mentioned here have been prosecuted in court. It is also considering the possibility of deducting these losses according to F.R. The decisions taken by the committee will be acted upon in future.

05. Utilization of Provisions

| Description | 2018 | 2019 | 2020 | Total |
|------------------------------|-------------|-------------|-------------|-------------|
| ----- | ----- | ----- | ----- | ----- |
| | Rs. million | Rs. million | Rs. million | Rs. million |
| Net Provision - Recurrent | 3,125 | 3,231 | 1,084 | 7,440 |
| - Capital | 4,672 | 4,676 | 338 | 9,686 |
| | ----- | ----- | ----- | ----- |
| Total | 7,797 | 7,907 | 1,422 | 17,126 |
| | ===== | ===== | ===== | ===== |
| Actual Expenses - Recurrent | 2,972 | 3,076 | 1,040 | 7,088 |
| - Capital | 3,133 | 3,395 | 327 | 6,855 |
| | ----- | ----- | ----- | ----- |
| Total | 6,105 | 6,471 | 1,367 | 13,943 |
| | ===== | ===== | ===== | ===== |
| Year-end savings - Recurrent | 154 | 155 | 44 | 353 |
| - Capital | 1,538 | 1,281 | 11 | 2,830 |
| | ----- | ----- | ----- | ----- |
| Total | 1,692 | 1,436 | 55 | 3,183 |
| | ===== | ===== | ===== | ===== |

18. Ministry of Industries

Head - 149

| | | |
|--|------|-----------------------|
| Auditor General's Opinion for the financial statements | 2018 | - Unqualified Opinion |
| | 2019 | - Qualified Opinion |
| | 2020 | - Qualified Opinion |

| Audit Observation | Auditor General's Opinion | Preventive actions taken by the Institute | Current Situation |
|---|---|--|--|
| ----- | ----- | ----- | ----- |
| 01. The value of the books in the Ministry library had not been valued and identified as assets and had not been included in the financial statements. | The assets of the Ministry should be valued and disclosed through financial statements. | Value the books available in the Ministry library. | For this purpose, a list of existing books is being prepared using 4 Development Officers. The work is expected to be completed by 11 March 2022. |
| 02. Although the lease agreement for 3 cars worth Rs. 18,940,000 under the financial leasing scheme had expired by 31 December 2020, it was not identified as an assets and it was not taken into financial statements. | In preparing financial statements, the assets of the Ministry should be disclosed through financial statements. | Documents required to be handed over to the Ministry have been handed over to the Department of Motor Traffic. | Although the Department of National Budget has informed that the financial lease installments have been paid in full, the required documents have been handed over to the Department of Motor Traffic to |

hand over to our Ministry in full due to delays in the letters from the banks that remitted the relevant installments . Accordingly, steps will be taken to take over the vehicles and account them as Ministry vehicles under the assets.

- | | | | |
|--|---|---|---|
| <p>03. 03 cars registered under the name of the Ministry of Industries valued at Rs. 13,400,000 had not been identified as assets and not taken into the financial statements. .</p> | <p>Assets owned by the Ministry should be disclosed through financial statements.</p> | <p>-Do-</p> | <p>-Do-</p> |
| <p>04. Although the value of the buildings constructed by the Ministry at its expense should be disclosed in the financial statements, the Ministry had not capitalized the amount of Rs. 105.878 million worth of 14 administrative buildings constructed in 30</p> | <p>Capital expenditure should be included in the financial statements.</p> | <p>Necessary arrangements are being made to account the relevant value as discussed at the meeting held at the Department of Public Accounts on 04.08.2021.</p> | <p>After discussion with the Divisional Secretariats, District Secretariats and other government offices to which each Industrial zone belongs, obtain the advice of the Department of Public Accounts of</p> |

industrial zones since 1997.

the treasury to identify the value expended on the lands on which the industrial zone has been established as assets and necessary arrangements will be made to handover those assets as the assets of the Ministry to the Divisional Secretariat.

05. Although investigations have been appointed in respect of 08 and 01 vehicle accidents which caused losses in the years of 2019 and 2020 as per Rule 104 (1) -104 (4) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, no any report has been submitted yet. Also, no officer had been appointed until 31 March 2021 in related to damages caused by 05 vehicle accidents in the Act in accordance with the Financial Regulations..
- At present, 6 committees have been appointed to investigate about the FR 104 inspections and a plan has been drawn up to prevent such incidents in future.
- The current position of compliance with FR 103 and FR 104 about the reimbursement of vehicle accidents (2019/2020) and damage owned by the Ministry is as follows.
- 07 reports have been completed.
 - 03 reports submitted for the signature of the Secretary.
 - 07 have been given to the

year 2020.

Audit Officers.

(Committee reports are received and those reports should be examined by the Additional Secretary (Administration) and the senior Assistant Secretary and then submitted to the Secretary for signature.)

- 08 reports are in under investigation.

It is expected to be completed before 30 April 2022.

06. Although one of the first thing comes after a period of 12 months after each fuel test or kilometer or from riding 25,000 km distance or repairing after connection to the engine, it should be done a fuel test, this had not been done since the date of issue of the circular.
- Act in accordance with circular provisions.
- Testing had already commenced,
- Complete the fuel inspection of the all pool vehicles in the ministry in the years of 2020/2021.

07. Although the arrival and departure of the staff of the Ministry should be confirmed by the fingerprint machine in accordance with the Public Administration Circular No. 9/2009 dated 17 June 2009, the audit did not reveal any information that the ministerial staff had done so. Act in accordance with circular provisions. No answers. The staff of the Ministry has been informed about the use of fingerprint machine.
08. There were 913 plots in 32 industrial zones under the Ministry. Among them, 627 were investors' industries, 104 for public facilities and 66 proposed lands for investors as at 31 December 2020 and 118 plots or 13 percent of the total plots remained idle without being given to the industrialists. Action should be taken to select suitable investors, provide lands and begin industries. An advertisement has been published in 03 newspapers in all 03 languages regarding the vacant plots of land in the industrial zones. 93 new plots of land were leased out to investors, including 17 plots of land in sprawling industrial zone that were expanded in 2021. Accordingly, the present extent of vacant land is 69 plots.
09. Although the Ministry has spent Rs. 306.96 million on 30 June 2019 for infrastructure development in the Mannar industrial zone, The plans should be prepared in a timely manner and projects can be completed within the stipulated time frame and the completed Preventive actions have not been reported. 2 buildings constructed in 2 Acre 2 Roods 19.74 perches in Mannar industrial zone was granted to J.J. Mills

none of its factories buildings should be used were operational on 15 to achieve the relevant October 2019 according objectives. to the physical inspection. Also, the Ministry had constructed 02 factory buildings of 20,000 sq. ft. each at a cost of Rs. 100.05 million for investors in Sri Lanka and the building remained idle as no investor had yet come forward to invest in it.

10. The area of land The plans should be allocated for industries prepared in a timely in the Welioya Industrial manner and projects can zone was 40 acres and be completed within the the total expenditure stipulated time frame incurred by the Ministry and the completed was Rs. 256.94 million. buildings should be used No industry had been to achieve the relevant established as at 31 objectives. December 2019. Although 03 factory buildings have been constructed at a spent of Rs. 178.78 million by the Ministry, the buildings remained dormant as no investors had come forward to

institute on 06 January 2022 on a 35 year lease basis.

Accordingly, the company expects to invest Rs. 260 million and the expected job creatin is 718.

-Do-

The 3 buildings have been handed over to 3 investors in apparel industry and 3 garment industry factories are being run by the above three investors. The private investment made in this regard is Rs. 278 million and the number of created jobs is 610.

start industries in those buildings.

- | | | | |
|--|---|------|---|
| 11. Although Rs. 167.9 million had been paid 3 parties in 2015 for the initial activities of the Musali garment and related industrial promotion project, the project had been abandoned due to land acquisition issues and no action had been taken to recover the money by 01 July 2020. | Action should be taken to recover the money or take some other appropriate acquisition of action. | -Do- | Negotiations are underway to reimburse the money paid in this regard. |
| 12. 05 vehicles belonging to the Ministry have been idle for a period of 1-3 years without any repairs. These 05 vehicles also included 03 cars purchased in the years of 2012, 2013,2014. | Should be repaired immediately and modern vehicles should be used with care. | -Do- | Vehicles purchased in 2012, 2013 and 2014 were KW-8777, KY-3709, and GA-8170 respectively. It was stated in the summons that it would cost around Rs. 200 million to repair 2 Discovery vehicles and it was not possible to carry out repairs due to lack of funds for those repairs. The car bearing No. GA- |

8170 does not cost that much and although this task has been handed over to the procurement division, it had not been repaired yet and 65-9992 KG-0791 which had been taken out of service has been repaired and it is in running condition.

13. Under the Nanwamu Action should be taken Lanka National to distribute these items Programme, training to the beneficiaries as programmes were soon as possible. conducted island wide at a cost of Rs. 16,772,403 as administrative training and other expenses and goods valued at Rs. 55.8 million purchased before the end of March 2019 and before March 2020 for distribution to the Badulla, Matale and Kandy District beneficiaries were

-Do-

The undistributed goods purchased for the above project are planned to be distributed to suitable beneficiaries through the project to strengthen the economy through the industrial nutrition proposed to be implemented by the National Enterprise Development Authority island wide.

brought to the head office of the industrial Development Board and had not been distributed to the beneficiaries for over a year. Their warranty periods had been exceeded and they had been stored in several stores in a disorderly manner.

14. It had been spent about Rs. 120 million to purchase the machinery required to launch the Center for Excellence for Robot Technology project (CERA) and to modernize a Ceylon Industrial Development Board building by cabinet decision No. AMP/16/1424/723/039. Although the executive officer recruited for the implementation of this project has been paid a total of around Rs. 11 million as salaries and allowances at the rate of Rs. 725,000 per month for the period from
- Action should be taken -Do- to implement the project without inactive the spent money.

A cabinet paper has been submitted regarding the appointment of a Chairman and a Board of Directors on the recommendation of the Minister of Industries and arrangements will be made to resume work on this project after the relevant cabinet decision is taken.

September 2017 to October 2018, it had not been registered as a company and had not recruited the required staff and commenced work on the project. Due to the failure of this project, this project was under the Ministry of Industries was transferred to the ministry of Science and Technology by the Gazette notification No. 2013/14 dated 28 December 2018 and it was again transferred to the Ministry of Industries from August 2020. Despite this situation, it was decided to move the machinery related to the project of Trace City, Colombo 10 as per Cabinet Decision No. 20/1725/320/025 dated 16 November 2020.

15. 277 Development Officers attached to the Ministry have been Action should be taken to include these Development Officers in -Do- Requests were submitted to the Department of

given to the National Enterprise Development Authority which has been transferred to the Ministry by the Extraordinary Gazette Notification dated 06 October 2020. However, although the Ministry paid salaries and wages for these officers, this staff was not included in the approved staff of the Ministry and the National Enterprise Development Authority.

Management Services for approval and action was taken to add 275 Development Officers to the staff of this Ministry.

16. Utilization of Provisions

| Description | 2018 | 2019 | 2020 | Total |
|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| <u>Net Provision</u> | | | | |
| Recurrent | 1,827,032,360 | 2,419,098,000 | 1,144,420,000 | 5,390,550,360 |
| Capital | <u>9,991,773,000</u> | <u>13,079,892,000</u> | <u>3,370,840,000</u> | <u>26,442,505,000</u> |
| Total | <u>11,818,805,360</u> | <u>15,498,990,000</u> | <u>4,515,260,000</u> | <u>31,833,055,360</u> |
| <u>Actual Expense</u> | | | | |
| Recurrent | 1,640,844,319 | 1,890,080,956 | 1,074,868,999 | 4,605,794,274 |
| Capital | <u>4,015,814,108</u> | <u>4,832,504,621</u> | <u>2,829,763,731</u> | <u>11,678,082,460</u> |
| Total | <u>5,656,658,427</u> | <u>6,722,585,577</u> | <u>3,904,632,730</u> | <u>16,283,876,734</u> |

| | | | | |
|-----------------|----------------------|----------------------|--------------------|-----------------------|
| <u>Year-end</u> | | | | |
| <u>Savings</u> | 186,188,041 | 529,017,044 | 69,551,001 | 784,756,086 |
| Recurrent | | | | |
| Capital | <u>5,975,958,892</u> | <u>8,247,387,379</u> | <u>541,076,269</u> | <u>14,764,422,540</u> |
| Total | <u>6,162,146,933</u> | <u>8,776,404,423</u> | <u>610,627,270</u> | <u>15,549,178,626</u> |

19. Ministry of Fisheries

Head - 151

| | | |
|--|------|---------------------|
| Auditor General's Opinion for the financial statements | 2018 | - Qualified Opinion |
| | 2019 | - Qualified Opinion |
| | 2020 | - Qualified Opinion |

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|--|--|--|--------------------------|
| ----- | ----- | ----- | ----- |
| 01. According to the 2018 annual estimates, Rs. 4 million was allocated to the Fisheries Corporation from the funds allocated for the project to empower the fishing community. Without the authority provided by a special law, the Corporation had spent Rs. 3.7 million on painting the fish market in Trincomalee and Rs. 235,221 on repairing the electrical system in 2017 out of that amount. | Expenditure to be borne by the annual estimates in accordance with the Financial Regulation 200 (20 and on an authority provided by special law. | No action had been taken. | Remains unchanged. |

02. It was observed that the Ministry of Fisheries was liable for liabilities in excess of the provisions and provisions for the year. Accordingly, liabilities had been established in excess of the provisions of Rs. 627 million for 10 expenditure subjects in 2018, Rs. 47.99 million for 3 expenditure subjects in 2019 and Rs. 4.9 million on one expenditure subject in 2020.
- Obligations for No action had been Remains
 expenses should taken to avoid such unchanged.
 be made only on obligations.
 the provisions.
03. Although the office buildings worth Rs. 21,959,713 in the financial statements of the Ministry of Fisheries and Aquatic Resources were listed as transfer items in the year 2019, details of the buildings that had been disposed had not been submitted to the audit.
- Details of No action had been Also exists.
 buildings that taken.
 have been
 disposed should
 be submitted to
 the audit.
- 04. Improvement facilities at Karainagar Boat Yard**
- (a) Rs. 14.76 million was paid for the specification for laying of interlocking stones in the boat dock for substandard stones in the range of 9.73 to 18 Newton per square millimeter instead of stones with a strength of 20 Newton (20 N/mm² per square millimeter.
- Should take action No action had been It has been
 to supply taken. almost 3 years
 according to the since the
 specification supply of
 mentioned in the substandard
 quantity sheet. goods and no
 action has
 been taken.

| | | | |
|--|---|--|---|
| (b) Rs. 8.89 million had been paid for 1,054.61 cubic meters without approval for the ABC mixture not mentioned in the scale sheet for preparing the ground before laying the inter-lock stones in the boat dock. | -Do- | -Do- | No action had been taken to rectify. |
| (c) Although the construction work worth Rs. 238.8 million under 3 packages of the boat yard facilities upgrade project was completed on 22 March 2019 and handed over to the Ministry, the boat dock was not in use until 30 June 2019. | Action should be taken to use it effectively after submitting a completion certificate. | The Ministry has taken steps to hand over to the Sea-Nor foundation. | Operations have not started. |
| 05. Funds of Rs. 30 million were provided to the National Aquaculture Development Authority from 2008 under the Freshwater Fish Hatchery Development Project to increase freshwater fish production and the money had been allocated and spent continuously until 2019. Although Cabinet memorandum No. 08/1248/351/016 dated 02 July 2008 had been approved by the Cabinet of Ministers dated 16 July 2008 to include Rs. 30 million each in the annual estimate for this project, the need to focus on self-financing is due to the increase in the income of the | The annual allocation to the National Aquaculture Development Authority for the fry hatchery development project should be stopped and directed towards self-financing. | Follow-up action had not been taken. | Although Rs. 30,160,000 has been allocated and Rs. 30,150,719 has been spent in the year 2020, there was no information that may follow-up or monitoring. |

fishing industry in next 5 years. However, the Ministry had allocated Rs. 30 million to the Authority for this purpose for more than 05 years and for another 07 consecutive years, there was no record of any follow-up or oversight of the activities of the Authority towards self-financing in view of the increase in the income of fishing industry.

06. Rs. 1586.57 million had been allocated for 20 activities for the year 2019 including construction of fishing harbors and anchorages and Rs. 1066.78 million had been spent for 11 activities during the year including construction of 05 fishing harbors. The following observations are made in this regard.

| | | | |
|--|---|--|--|
| <p>(a) Construction of the Kalametiya Fisheries Harbor was scheduled to commence in 2014 and it was scheduled to be completed in 2017, but Rs. 105.24 million had been spent in 2019 as well. But, more than two years had passed and construction had not yet been completed.</p> | <p>Work should be completed and use within the expected time frame.</p> | <p>No action has been taken to prevent delays.</p> | <p>No steps have been taken to complete the construction work and commence operations.</p> |
|--|---|--|--|

| | | | |
|--|--|---|---|
| <p>(b) Although Rs. 18 million has been allocated for the year 2019 for the remaining work of the Mirissa Green Fisheries Harbor which was to be completed by June 2018 under a total cost estimate of Rs. 350 million, no money had been spent or no progress.</p> | <p>Arrangements should be made to complete the construction and make use of it.</p> | <p>-Do-</p> | <p>Although allocations have been made for 2016-2020 on a 2016 budget proposal, construction work has not been completed.</p> |
| <p>07. The car, which had been handed over to an Additional Secretary to the Ministry of Fisheries and Aquatic Resources Development, had caused a loss of Rs. 997,824 to the Ministry by driving under the influence of alcohol without a valid driving license. He was sentenced to suspended imprisonment and fined Rs. 10,500 and the officer had repaired the vehicle at a cost of Rs. 423,000 and handed it over to the Ministry without approval and due process.</p> | <p>Disciplinary orders should be enforced against the relevant officers in accordance with Chapter 2 xvii of the Establishment Code regarding the misconduct on duty irrespective of their rank.</p> | <p>No disciplinary action had been taken.</p> | <p>No disciplinary action has been taken and this officer is currently working in the Ministry of Land.</p> |

8. Utilization of Provisions

| Description | | 2018 | 2019 | 2020 | Total |
|---------------------|--------------|----------------------|----------------------|--------------------|-----------------------|
| ----- | | ----- | ----- | ----- | ----- |
| | | Rs. | Rs. | Rs. | Rs. |
| Estimated Provision | Recurrent | 1,315,080,000 | 1,383,200,000 | 240,000,000 | 2,938,280,000 |
| | Capital | <u>5,600,000,000</u> | <u>4,421,300,000</u> | <u>265,500,000</u> | <u>10,286,800,000</u> |
| | Total | 6,915,080,000 | 5,804,500,000 | 505,500,000 | 13,225,080,000 |
| | | ===== | ===== | ===== | ===== |
| Net Provision | Recurrent | 1,663,910,000 | 1,432,800,000 | 240,000,000 | 3,336,710,000 |
| | Capital | 7,339,451,000 | 4,721,300,000 | 315,500,000 | 12,376,251,000 |
| | Total | 9,003,361,000 | 6,154,100,000 | 555,500,000 | 15,712,961,000 |
| | | ===== | ===== | ===== | ===== |
| Actual Expense | Recurrent | 1,620,827,042 | 1,414,897,713 | 231,480,121 | 3,267,204,876 |
| | Capital | <u>3,361,965,224</u> | <u>2,407,484,287</u> | <u>294,386,107</u> | <u>6,063,835,618</u> |
| | Total | 4,982,792,266 | 3,822,382,000 | 525,866,228 | 9,331,040,494 |
| | | ===== | ===== | ===== | ===== |
| Year-end savings | Recurrent | 43,082,958 | 17,902,287 | 8,519,879 | 69,505,124 |
| | Capital | <u>3,977,485,776</u> | <u>2,313,815,713</u> | <u>21,113,893</u> | <u>6,312,415,382</u> |
| | Total | 4,020,568,734 | 2,331,718,000 | 29,633,772 | 6,381,920,506 |
| | | ===== | ===== | ===== | ===== |

20. Ministry of Tourism

Head - 159

Auditor General's opinion for the financial 2018 - Unqualified Opinion statements

2019 - Qualified Opinion

2020 - Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|---|---|--|--|
| 01. The installation of solar lampposts was done at a cost of Rs. 30,000. Due to agreeing to Rs. 151,200 for one subject under that extra work, Rs. 6,423,600 had been overpaid. | Action should be taken to recover the detectable loss. | Explanations had been made. | Overpayments were made under an additional work subject. |
| 02. The action plan prepared for the year 2020 as per Circular No. 2/2020 dated 28 August 2020 did not include the updated organizational chart and the data on the approved staff and staff currently employees and no action was taken to revise the action plan. Further, the annual performance report for the year 2020 was to be prepared, but it was not prepared and submitted for audit. | Preparation of action plan and annual performance report for the year 2020 in accordance with the circular. | Explanations had been made. | Had not complied with the circular. |
| 03. Although bail should be granted in accordance with the Bail Ordinance of Public officers | Should be act in accordance with the Bail Ordinance. | Officials of this Ministry have applied for the | Bail had not been obtained from the |

Authority 612 stating that the work is being done honestly by the officials who are administratively responsible for the receipt or receipt of government money, stamps or goods, or the distribution or issuance of government money, stamps or goods and the signatories of the vouchers and certification cheques relating to the public account, no action had been taken to obtain such bail from certain officials of the Ministry.

deposit of the officers. public service mutual guarantee association in connection with the bail of public officers.

04. Utilization of Provisions

| | | 2018 | 2019 | 2020 | Total |
|---------------------|-----------|---------------|---------------|-------------|---------------|
| Estimated Provision | Recurrent | 438,760,000 | 266,210,000 | 144,454,000 | 849,424,000 |
| | Capital | 479,900,000 | 902,150,000 | 219,913,000 | 1,601,963,000 |
| | Total | 918,660,000 | 1,168,360,000 | 364,367,000 | 2,451,387,000 |
| Net provision | Recurrent | 438,040,200 | 266,210,000 | 144,454,000 | 848,704,200 |
| | Capital | 855,619,800 | 902,150,000 | 219,913,000 | 1,977,682,800 |
| | Total | 1,293,660,000 | 1,168,360,000 | 364,367,000 | 2,826,387,000 |
| | Recurrent | 119,036,945 | 263,463,754 | 135,996,936 | 518,497,635 |

Actual
Provision

| | | | | | |
|------------------|---------------|-------------------------------|-------------------------------|-------------------------------|--|
| | Capital | 338,991,345 | 372,031,694 | 159,449,244 | 870,472,283 |
| | Total | ----- 458,028,290 ===== | ----- 635,495,448 ===== | ----- 295,446,180 ===== | ----- 1,388,969,918 ===== |
| Year- savings | end Recurrent | 319,003,255 | 2,746,246 | 8,457,064 | 330,206,565 |
| | Capital | 516,628,455 | 530,118,306 | 60,463,756 | 1,107,210,517 |
| | Total | ----- 835,631,710 ===== | ----- 532,864,552 ===== | ----- 68,920,820 ===== | ----- 1,437,417,082 ===== |

21. Ministry of Environment

Head - 160

Auditor General's Opinion for the financial 2018 - Qualified Opinion
statements

2019 - Qualified Opinion

2020 - Qualified Opinion

| | Audit Observations | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|-----|---|--|--|--|
| | ----- | ----- | ----- | ----- |
| 01. | The expected objectives of the project could not be achieved, due to the failure to continue the Environmental Path programme after 2017. | Alternative measures needed to complete the task should be considered. | Inclusion of the Green city programme in the National Environmental Action Plan. | No specific identities had been identified for this programme as at 31 January 2022. |

02. About 1 year had passed since the construction of the new building of the Ministry, but the relevant certification rates had not been approved. However, 88 percent of the estimated value of Rs. 991.22 million had been paid to the contractor. Provisions should be made for contract related certification. This matter has been discussed with the relevant Director of the ministry on a number of occasions. The ministry has stated that avoiding delays in approving rates has become uncontrollable. The Ministry building construction site permits had not been approved by January 2022.
03. 08 vehicles that could be replied and put into operation had not been used for 02 months to 06 years. Necessary arrangements should be made to repair and use the vehicles that need to be repaired. The repair of the KK- 9635 motor car has been delayed due to the local agency requesting a 50 percent advance on the estimated cost. The HQ-4331 jeep was delayed due to insufficient funds to repair it. An estimate of Rs. 2.7 million has been submitted for this and it is stated that a committee has been appointed to recommend whether it is economically viable to spend such. Retained at the ministry premises due to lack of funds.

money. It is reported that further action will be taken on the recommendation of the committee.

04. There was no formal methodology for electronic waste management and it was limited to policies. Necessary policies should be formulated and waste should be managed properly. The national policy on waste management has been approved by the cabinet and includes e-waste management. Although the national policy on waste management has been approved, the regulations under the extended liabilities of electronics manufacturers have not yet been issued until 31 January 2022.
05. The project of an active solid waste disposal facility with Korean loan assistance from the Economic Development Cooperation fund was scheduled to be completed on 29 June 2015. But, only the planning phase of the project had been completed by May 2020. Due to this, the project period was extended to 2021. Also, 6 Action should be taken to obtain the relevant performance as planned for the project. No action had been taken. Although this project has been ended by the cabinet, it has not been identified how to proceed in future.

½ years have passed since the commencement of this project, but the construction work of 04 landfills has not yet commenced.

06. An amount of Rs. 260,361 was to be charged for a fraud committed by an officer of the Management Service of the Ministry. The balance was still in arrears at the end of the year under review. Necessary action should be taken to settle the advance. Advice on recovery has been sought from the disciplinary authorities. The relevant amount had been recovered as on 31 January 2022.
07. Although a guarantee list containing the details of the officers and employees who are required to post bail should be maintained in accordance with Financial Regulations 891 (i), the ministry had not taken action to do so. Should be act in accordance with Financial Regulations. Action will be taken in this regard in future. No bail schedule had been maintained by January 2022.
08. Updated data were not used in selecting suitable cities for the 2019 Suhuru climate change cities project. The project provided technical assistance and consisted with 02 phases of Projects should be planned and completed on time based on updated data to achieve the desired objectives of the projects. No answers. The project was not completed until January 2022.

Adaptation and Mitigation.

Although the Ministry had entered into an agreement for this purpose for a period of one year in July 2020, the work had not been completed.

09. The existing regulations on noise pollution control had not been amended to introduce new regulations and prohibit the importation of multiple vehicle horns. Necessary steps should be taken to introduce new regulations. Several meetings have been held with the relevant parties at the Ministry of Environment in this regard. Accordingly, the Environment Authority has proposed to amend the relevant regulations and hand over to the Department of Motor Traffic for implementation, and it is reported that the Environment Authority is currently amending the relevant regulations. The regulations had not yet been issued by January 2022.
10. It was planned to implement the national climate change adaptation plan to mitigate the adverse Necessary action should be done expeditiously as the planned period has The answers had not been submitted. The fund was not established until January 2022.

effects of climate change exceeded 04 years.
on the country from 2016
to 2025 and it was not
established a national
adaptive fund.

11. The Minister of Environment and National Resources proposed to draft a new bill to prevent the entry of harmful invasive plant and animal species into the country and to destroy those plants and animals. Although the resolution was approved by AMP/09/0047/359/001 on 22 January 2009, no new Act had been enacted till the date of audit.

Action should be taken to establish and implement the Act.

The bill on the prevention of invasion of invasive plants and fauna and the extinction of species of the fauna and flora Act has been drafted and the final draft has been sent to the Legal Draftsman's Department by 08 November.

The bill had not yet been approved by January 2022.

12. The Secretary to the Ministry of Environment and the Director of the Center for Environmental Studies at the University of Peradeniya reached an agreement on 07 August 2019 to test whether breast milk contains a harmful amount of “ dioxin-like” (DL). It has been agreed to spend Rs. 1,000,000 for this, but only Rs. 600,000

The performance of the money spent should be checked.

Rs. 300,000 (30 percent of the contract amount) to be paid at the time of signing the contract as per the project agreement and Rs. 600,000 as the relevant amount of Rs. 300,000 after completion of the relevant works for the second payment.

The project had not been completed by January 2022.

had been spent two occasions by 09 April 2021.

It has been reported that the remaining payments will not be made until the completion of the other activities related to the agreement as they have not been completed yet.

13. Although it was stated at the 15th steering committee meeting held on 19 December 2019 that samples should be taken by March 2020 from the families of the officers working in the welding plaits and two weeks after the birth of the first child using breast milk samples. No action had been taken in this regard as at 09 April 2021.
- Identifying its performance criteria and its practical implementation capabilities should be periodically monitored during project implementation.
- Identifying distressed mothers and collecting samples from hospitals has not been completed yet.
- Do-

14. It was stated in 2019, that there was not enough storage space in the ministry and it was observed that the same shortcomings would persist in 2020 as well.
- Plans should be prepared.
- It is difficult to find additional space for the warehouse of this ministry now. It has been informed that in case of a change in the divisions of the
- The situation was the same by January 2022.

ministry in future, attention will be paid to allocate additional space for this purpose.

15. The approved number of employees was 258 and the actual number of employees was 229. Accordingly, the number of vacancies was 29. Necessary action should be taken to recruit approved staff or revise staff. There are 18 approved vacancies for each service. It has been reported that the ministry has not applied for the approval of the posts in the Sri Lanka Agriculture Service and has requested to amend the approval for the posts in the agriculture Service and the engineering Service which were not included in the previous staff of the ministry and not require now. -Do-

There were 18 vacancies at the senior level and the percentage was 62 percent. Accordingly, it was observed that it directly affects the performance of the ministry. There are 05 approved posts in the Sri Lanka Agriculture Service and there are vacancies for the posts of Technical officer, Electricity, Water and building from the year 2019. The overstaff of Development Officers were 05.

16. Utilization of Provisions

| <u>Description</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>Total</u> |
|--------------------------------|-----------------------|-----------------------|----------------------|-----------------------|
| <u>Net Provision</u> | Rs. | Rs. | Rs. | Rs. |
| Recurrent | 3,895,079,000 | 4,297,435,000 | 961,350,000 | 9,153,864,000 |
| Capital | 39,674,885,000 | 37,378,953,000 | 321,714,105 | 77,375,552,105 |
| Total | <u>43,569,964,000</u> | <u>41,676,388,000</u> | <u>1,283,064,105</u> | <u>86,529,416,105</u> |
| <u>Actual Expense</u> | | | | |
| Recurrent | 3,856,999,780 | 3,544,129,514 | 945,595,233 | 8,346,724,527 |
| Capital | 34,117,241,430 | 22,170,392,899 | 232,023,196 | 56,519,657,525 |
| Total | <u>37,974,241,210</u> | <u>25,714,522,413</u> | <u>1,177,618,429</u> | <u>64,866,382,052</u> |
| <u>Year-end savings</u> | | | | |
| Recurrent | 38,079,220 | 753,305,486 | 15,754,768 | 807,139,474 |
| Capital | 5,557,643,571 | 15,208,560,101 | 89,690,909 | 20,855,894,581 |
| Total | <u>5,595,722,791</u> | <u>15,961,865,587</u> | <u>105,445,677</u> | <u>21,663,034,055</u> |

22. Ministry of Wildlife and Forest Conservation

Head - 161

Auditor General's Opinion for the financial 2018 - Qualified Opinion statements

2019 - Qualified Opinion

2020 - Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|---|--|--|---|
| 01. Although it was stated that action should be taken to close the wildlife trust in terms of Public Finance Circular No. 02/2018 dated 18 August 2018, the ministry had not taken action to liquidate it as per the provisions of the circular. | Action should be taken to liquidate in accordance with the provisions of the circular. | Cabinet memorandum was submitted on 20 September 2019 to close the wildlife trust and to act in accordance with the Cabinet decision No. AMP/19/2674/106/04 3 dated 30 October 2019. | The recommendations contained in the cabinet decision dated 30 October 2019 had not been implemented by January 2022. |
| 02. A full report should be submitted within three months from the date of the damage according to Financial Regulations 10494), but in the case of 04 vehicle accidents within 5 months to 4 | Should be complied with Financial Regulations 104(4). | Action is being taken to provide full reports. | Full reports had not been submitted by January 2022. |

years after the accident.

The full report not been submitted by the end of the year under review.

03. There were Rs. 2,855,858 losses due to road accidents. Those losses were not noted in the statement of losses and omissions to be submitted along with the financial statements. Losses related to vehicle accidents should be disclosed in the financial statements. Taking action to correct the accounts for the coming year. -
04. Although the decision to declare new sanctuaries, upgrade them to national sanctuaries, make them a nature reserve and amend the sanctuary boundaries should be made as per the cabinet decision No. AMP/16/26/98/708/039 dated 01 February 2017; boundaries of Kalawewa national park and Maduganga sanctuary had not been cleared. Should be act in accordance with the decision of the cabinet of ministers. (i) No allocation has been made for the Kalawewa national park and surveying will be carried out after obtaining the funds. The cabinet decision had not been acted upon by January 2022. (ii) The boundaries of the Maduganga sanctuary are being amended at now.
05. It was observed that there were 26 vacancies and 01 excess in the Action should be taken to recruit for vacant posts and to Informing the Director General of Management No action had been taken to fill the vacancies as at

total staff of the remove excess staff.
ministry.

Services and the January 2022.
Director General
of Combined
Services
regarding
vacancies.

06. Utilization of Provisions

| | 2018 ----- Rs. | 2019 ----- Rs. | 2020 ----- Rs. | Total ----- Rs. |
|----------------------------|----------------------|----------------------|----------------------|-----------------------|
| Estimated Provision | | | | |
| Recurrent Expenditures | 192,250,000 | 266,210,000 | 100,113,000 | 558,573,000 |
| Capital Expenditures | 852,000,000 | 902,150,000 | 1,356,152,000 | 3,110,302,000 |
| Total Expenditures | 1,044,250,000 | 1,168,360,000 | 1,456,265,000 | 3,668,875,000 |
| Net Provision | | | | |
| Recurrent Expenditures | 192,250,000 | 266,210,000 | 105,743,500 | 564,203,500 |
| Capital Expenditures | 852,000,000 | 902,150,000 | 1,364,201,500 | 3,118,351,500 |
| Total Expenditures | 1,044,250,000 | 1,168,360,000 | 1,469,945,000 | 3,682,555,000 |
| Actual Expense | | | | |
| Recurrent Expenditures | 151,203,942 | 263,463,754 | 104,020,195 | 518,687,891 |
| Capital Expenditures | 434,653,773 | 372,031,674 | 1,149,630,065 | 1,956,315,512 |
| Total Expenditures | 585,857,715 | 635,495,428 | 1,253,650,260 | 2,475,003,403 |

Year-end savings

| | | | | |
|-----------------------|-------------|-------------|-------------|---------------|
| Recurrent Expenditure | 41,046,058 | 2,746,246 | 1,723,305 | 45,515,609 |
| Capital Expenditures | 417,346,227 | 530,118,306 | 214,571,435 | 1,162,035,968 |
| Total Expenditures | 458,392,285 | 532,864,552 | 216,294,740 | 1,207,551,577 |

23. Ministry of Water Supply**Head - 166**

Auditor General's Opinion for the financial 2018 statements Qualified Opinion

2019 Qualified Opinion

2020 Qualified Opinion

| | Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|-----|---|--|---|---------------------------------|
| | ----- | ----- | ----- | ----- |
| 01. | Donations of Rs. 10 million received from another institution for flood relief in the year 2017 were retained in the deposit account without being credited to the government revenue as per paragraph 170 (2) (a) of the Code of Financial Regulations and out of that amount, Rs. 1,000,678, Rs. 1,494,865 and Rs. 712,057 were spent on other non-flood relief activities in | The money should be credited to government revenue in accordance with Financial Regulations 170 (2) (a). | These donations will be used to provide assistance to families affected by the flood in 2017, 2018 and 2019 to cover expenses under the Methsarana scholarship programme and the distribution of water tanks. | Current status is not reported. |

2017, 2018 and 2019 respectively.

02. Although officers who have served in the present place of work for more than 05 years are subject to transfers as per combined service circular No. 03/2019 dated 27 June 2019, it was observed that 25 officers belonging to the posts of Development Officer and Management Service Officer who have been in service since 2007 were continuously serving till the end of the year 2020 without any transfer.
- Transfers should be made in a timely manner as per the combined service circular.
- Details of Management Service Officers and Development Officers who have been in the workplace for more than 5 years have been sent to the Ministry of Public Services and Provincial Councils and Local Government.
- No transfers have been made yet.
03. According to the terms of paragraph 09 9a) of Public Finance Circular No. 02/2015 dated 01 July 2015, action had been taken to dispose of 04 vehicles in the year 2020 without taking over the ownership of the vehicle.
- Dealing with vehicle misuse in accordance with Public Finance Circular provisions.
- The vehicles used in the projects are not in a suitable quality to be driven.
- Necessary steps have been taken to ensure that disposal is not done without a takeover.
04. The timely kidney disease prevention programme,
- Arrangement should be made to reach the
- Due to non-receipt of funds from the
- Current status is not reported.

- Rural water supply and sanitation improvement project, Rainwater tank installation programme and SACOSAN programme, which were to be completed directly by the Ministry in 2018, could not be completed as expected by the end of year 2020.
- relevant progress as planned at the beginning of the year.
- Treasury, adverse effects of the Covid 19 expansion, etc. the expected physical progress could not be achieved in 2020.
05. The audit observed that with regard to 11 large scale water supply and sewerage projects, the expected physical progress had not been achieved as per the final quarter Action Plan 2020.
- Action should be taken to reach the relevant project progress as planned at the beginning of the year.
- Factors such as Covid 19 epidemic, poor performance of contractors, environmental impacts and delays in land settlement have been reported to have contributed to this.
- Do -
06. 07 projects which were directly implemented by the ministry and supposed to be completed by the year 2020 could not be completed as expected by the end of the year.
- Action should be taken to reach the relevant project progress as planned at the beginning of the year.
- Covid 19 epidemic had affected various factors, including the closure of the country.
- Do -
07. Although it was targeted to provide 650 new water connections through the Monaragala District water
- Action should be taken to obtain the expected progress
- New water supply was provided to 880 consumers as per the
- Do -

- supply project under the kidney disease prevention programme, only 165 new water connections had been provided by the end of year 2020. The amount of Rs. 1,033,826 received for the project in the year 2019 had not been used for the relevant purpose and credited to the government revenue in the year 2020.
08. Rs. 337,050 and Rs. 159,109 deposited in the General Deposit Account in 2019 for a rapid action learning workshop with the participation of regional partners were not used for the relevant purpose and credited to the government revenue in the year 2020.
09. Out of the amount of Rs. 1,065,500 retained in the General Deposit Account in the year 2019 for the above purpose out of the relevant purpose, Rs. 1,048,593 was spent to purchase water tanks
- from the projects.
- Expenditure estimates should be prepared correctly in accordance with FR 50.
- Funds received for projects should not be used for extracurricular activities.
- recommended low income list.
- Due to the savings expected to be spent on event management, Rs. 337,050 and Rs. 159,109 was credited to the government revenue.
- Do -
- Do -

- | | | | | |
|-----|--|--|---|--|
| 10. | It was observed that, extension of contract for 12 foreign funded projects which are under the direct supervision of the ministry due to poor performance of the contractor, delays in land settlement, delays in contract granting, delays in environment and resettlement etc. As a result, it was observed that there was a significant delay in the completion of the projects from 31 December 2020 to 82 to 1460 days. | Need to take action to complete projects as planned. | There is a possibility of completing the projects on time as the issues that gave time for the projects have been resolved. | - Do - |
| 11. | The Andaragasyaya project which was a small-scale project, was scheduled in 2017 and be completed in April 2020, but failed to complete even after a 245 days delay until 31 December 2020. | -Do- | Preventive measures have not been reported. | At present, the contract for supply of required raw materials and laying of DI pipe laying and distribution pipes have been completed. |
| 12. | The Thissamaharama water supply project and the Trincomalee water supply project, which were scheduled to be completed by 31 December 2020, | Projects should be completed as planned. | - Do - | A new contract has been awarded to complete this project by 23.02.2023. |

implemented by the ministry, could not be completed as expected by the end of year 2020.

- | | | | | |
|-----|--|--|---|----------------------------------|
| 13. | Prior approval of the ministry of Finance and Planning for the vehicle bearing No. CBG-7786 belonging to the Water supply and Drainage Board used by the Minister of Water Supply and Drainage in accordance with paragraph 3.3 of the Presidential Secretariat letter No. CA/1/17/1 dated 14 May 2010 relating to public Expenditure Management had not been taken. | Act in accordance with the instructions given by the Presidential Secretariat. | The approval has been obtained from Ho. State Minister to obtain this vehicle from the Hon. Minister of Finance. | Not reported the current status. |
| 14. | The ministry had used 11,22 and 07 vehicles owned by other government institutions in the years 2018,2019 and 2020 respectively. | Necessary action should be taken to take over the vehicles owned by other government institutions. | The process of taking over vehicles other than those obtained from the water supply and drainage board to the name of the Ministry. | - Do - |
| 15. | The Ministry of water supply and Drainage has released 02 vehicles in the year 2019 and 03 vehicles in the year 2020 | Action should be taken to get back the vehicles released to other institutions or | The vehicles have been provided to the two institutions with the approval | - Do - |

to the Department of Provincial Road Development, Water supply and sanitation project and the Department of National public water supply. release them properly. of the Secretary on demand.

16. The Secretary to the ministry had entered into a new lease agreement with the company that supplied the vehicle which was rented on a return basis when the former State Secretary was appointed to the ministry. However, due to that the vehicle was idle from January to April 2020 after the relevant officer was transferred again, the rent of rs. 837,772 was an additional burden on the ministry. Measures to be taken to prevent uneconomically transactions. This vehicle was used for pool operations due to the lack of an officer to deliver it from January to April 2020. Not reported the current situation.
17. The Ministry had deployed 85,18 and 17 employees from the National Water Supply and Drainage Board for the duties of the ministry in the years 2018,2019 and 2020 respectively. Rs. 37,988,182 had to be reimbursed to the Water board for those employees and officers as on 31 Re-release of human resources obtained from other parties to the relevant institutions. Requests have been sent to the ministry of public Services and Local Government for vacancies in the Ministry and the service of the officers of the National Water Supply Board has to be obtained on Currently 15 officers have been released from the National Water Supply and Drainage board to the ministry.

December 2020.

service
requirements.

18. Utilization of Provisions

| Description | 2018 | 2019 | 2020 | Total |
|-----------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| ----- | ----- | ----- | ----- | ----- |
| <u>Estimated Provision</u> | | | | |
| - Recurrent | 198,610,000 | 203,000,000 | 312,737,000 | 714,347,000 |
| - Capital | <u>34,811,740,000</u> | <u>53,605,795,000</u> | <u>75,667,563,000</u> | <u>164,085,098,000</u> |
| Total | <u>35,010,350,000</u> | <u>53,808,795,000</u> | <u>75,980,300,000</u> | <u>164,799,445,000</u> |
| <u>Actual Expense</u> | | | | |
| - Recurrent | 177,957,134 | 188,371,099 | 311,721,848 | 678,050,081 |
| - Capital | <u>32,330,743,333</u> | <u>48,656,897,094</u> | <u>65,384,967,368</u> | <u>146,372,607,795</u> |
| Total | <u>32,508,700,467</u> | <u>48,845,268,193</u> | <u>65,696,689,216</u> | <u>147,050,657,876</u> |
| <u>Year-end savings</u> | | | | |
| - Recurrent | 20,652,866 | 14,628,901 | 1,015,152 | 36,296,919 |
| - Capital | <u>2,480,996,667</u> | <u>4,948,897,906</u> | <u>10,282,595,632</u> | <u>17,712,490,205</u> |
| Total | <u>2,501,649,533</u> | <u>4,963,526,807</u> | <u>10,283,610,784</u> | <u>17,748,787,124</u> |

24. Ministry of Ports and Shipping

Head - 176

Auditor General's opinion for the financial 2018 - Qualified Opinion statements

2019 Unqualified Opinion

2020 - Unqualified Opinion

| Audit observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|--|---|---|--|
| ----- | ----- | ----- | ----- |
| <p>01. Although Rs. 650,000,000 had been transferred under the other capital expenditure subjects FR 66 , to settle the loans obtained for the construction of the Sorriyawewa International Cricket Stadium which is not under the purview of the Ministry, the entire provision so transferred remained.</p> | <p>Expenditure estimates should be prepared accurately in accordance with Financial Regulations 50.</p> | <p>As per requirement, expenditure subject 176-2-4-26-2509 transfers were done under FR 66, but the provisions were left over due to the inability to obtain funds from the General Treasury to cover the expenses and that amount has been mentioned as a liability for the year 2018.</p> | <p>Rs 329,238,238 had been paid as share payments and Rs. 380,156,151 as interest payments on the loan as at 21 December 2021.</p> |
| <p>However, the interest on the loan was Rs. 278,835,112 had been paid by the ministry to the People's Bank on 28 November 2018.</p> | | | |
| <p>02. The Navy Secretariat launched the Jaffna District</p> | <p>Projects should be well planned and</p> | <p>Provisions have been made in the</p> | <p>The work on the project has been</p> |

sub office in 2016 and implemented and year 2019, but due completed by 31 construction of the slipway should be completed to the difficulty of December 2021 project with the objective of within a reasonable obtaining imprest, and utilized to streamline passenger and time frame and it is expected to public use. freight services between the public use. provide the Jaffna Peninsula and the infrastructure and islands. Although the utilize it for public construction was scheduled to use. be completed by 31 December 2017, only the initial construction was completed by 31 December 2018 and construction had not been completed and could not be used public by 31 July 2020.

03. Rs. 710 million was allocated during the year under review for the implementation of 978 roads, 58 water and sanitation projects, 52 education projects and 61 other projects in Galle, Matara, Kaluthara and Rathnapura districts under the Sinharaja integrated regional development programme and only 274 million had been spent in the year 2019. According to the performance report submitted by the ministry regarding the projects carried out in each district, only 159 projects
- Action should be taken to implement the projects within the expected time frame in accordance with the annual estimates.
- The targets set out in the annual estimates were set by the then ministry of southern development, The ministry has approved 159 projects and out of which 131 projects have shown 100 percent progress.
- After giving subject under the Ministry of Ports and Shipping, it has been revised to 159 projects. Out of those projects, 131 projects have achieved 100 percent progress as at 31.12.2019. Due to the transfer of the files related to this programme to the ministry of
- According to the notification issued by the Ministry of

- were implemented and the physical progress of 18 of them was less than 50 percent.
- Finance on 20 Industrial Exports
November 2019, and Investment
06 projects have Promotion on
not been 13.01.2020, it is
implemented in the not possible to
Rathnapura report the current
District. progress.
04. It has been planned since 2015 to issue a biographical identity document to all Sri lankan sailors according to the International Labour organization (ILO). An allocation of Rs. 20 million had been made for this project and Rs. 53.46 million had been spent. Although software development work was expected to be completed by 50 percent of the project related tasks while other equipment acquisitions are expected to be completed by 80 percent according to the action plan, progress had been only 20 percent by the end of the year. Due to this, a biographical identity card had not been finalized by 31 July 2020.
- Achieve the goal by reaching the desired performance level within the specified time frame.
- The project to issue biometric identity cards to sailors was scheduled to end on 05 May 2020. Software development was completed, but the release has been delayed due to the inability to import cards due to the Covid 19 epidemic.
- This project has been completed and more than 1500 biometric ID cards have been issued until 18 February 2022.
05. There were 15 vacancies at the senior level, 22 vacancies at the junior level. Maintaining a sufficient staff to have been sought through relevant approvals. Recruitment of marine personnel is in progress.

at the tertiary level and 35 vacancies at the secondary level, including marine professionals in the engineering sector at the end of the year under review.

carry out the duty and functions of the ministry.

for the recruitment of permanent and contract basis for senior level posts and the Director General of Combined Services has been informed on several occasions to fill the vacancies in the combined service.

06. The loan balances due from the transferred officers from the ministry for the years 2018,2019 and 2020 were Rs. 462,459, Rs. 171.403 and Rs. 171,402 respectively and these balances could not be recovered for more than 16 years.

Further, no action had been taken to recover the loan balances of Rs. 293,470 and Rs. 21,140 due from the suspended and retired officers in the years 2018,2019 and 2020.

Action should be taken to settle the outstanding debt balance.

A request has been made to the Department of Public Finance to write off the outstanding balance of Rs. 171,403 due from the transferred officers and action will be taken to recover the balance of Rs. 293,470 due from suspended officers from his gratuity on the High Court judgement.

The loan balances of three persons have been written off as per circular and two loans will be written off in future.

It has been

informed that it is difficult to show any progress regarding the loan balances due from the officers who have left the service.

07. Except for the three types of fees charged by the shipping secretariat, merchant Shipping Act No. 52 of 1971 and its amendments certificate of conformity, continuous release certificates and duplicate issuance fees, more than 50 other types of tariffs in 10 categories were not amended from 2006 until 2020.
- Act in accordance with the Public Finance Circular No. 01/2018 dated 17 January 2018.
- The draft tariff revision prepared by increasing the charges levied on services by 15 percent was submitted to the Department of Public Finance on 12.02.2018.
- Approval referred to the Department of Public Finance for tariff revision.
- it has been verbally instructed by the Department of Finance to prepare and submit a draft tariff revision as appropriate and accordingly, a committee appointed with the approval of the Secretary has prepared the draft revision bill and

submitted it to the Department of Public Finance for approval on 30.02.2019.

Subsequently, a discussion on the draft tariff revision was held under the chairmanship of the Deputy Secretary to the treasury and during the discussion, the Deputy Secretary to the treasury had instructed to obtain the views and suggestions of the relevant institutions in the marine sector and resubmit the draft amendment.

There have been suggestions that there is opposition to raising fares at a time when the shipping industry is in decline due to Covid 19 and it is

hoped that the draft tariff revision will be amended and re-introduced soon as not to affect the shipping industry.

08. Utilization of Provisions

Description

| | 2018 | 2019 | 2020 | Total |
|------------------------|----------------------|----------------------|--------------------|----------------------|
| | ----- | ----- | ----- | ----- |
| | Rs. | Rs. | Rs. | Rs. |
| Net provision | | | | |
| Recurrent Expenditures | 509,565,000 | 869,586,000 | 754,301,000 | 2,133,452,000 |
| Capital Expenditures | <u>3,394,619,040</u> | <u>3,113,790,000</u> | <u>227,144,000</u> | <u>6,735,553,040</u> |
| Total Expenditures | <u>3,904,184,040</u> | <u>3,983,376,000</u> | <u>981,445,000</u> | <u>8,869,005,040</u> |
| Actual Expenses | | | | |
| Recurrent Expenditures | 490,329,791 | 837,976,255 | 749,369,759 | 2,077,675,805 |
| Capital Expenditures | <u>1,056,799,250</u> | <u>1,543,551,566</u> | <u>17,353,158</u> | <u>2,617,703,974</u> |
| Total Expenditures | <u>1,547,129,041</u> | <u>2,381,527,821</u> | <u>766,722,917</u> | <u>4,695,379,779</u> |

Year-end savings

| | | | | |
|------------------------|---------------|---------------|-------------|---------------|
| Recurrent Expenditures | 19,235,209 | 31,609,745 | 4,931,241 | 55,776,195 |
| Capital Expenditures | 2,337,819,790 | 1,570,238,434 | 209,790,842 | 4,117,849,066 |
| Total Expenditures | 2,357,054,999 | 1,601,848,179 | 214,722,083 | 4,173,625,261 |

25. Ministry of Law and Order and Southern Development

Head - 192

Auditor General's Opinion for the financial 2018 statements Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|---|--|---|--|
| 01. Cabinet approval had been granted to purchase of weapons, armored vehicles, propellant vehicles, communication equipment and other equipment required to establish a United Nations special forces task for peacekeeping tasks in Mali by the cabinet decision No. AMP/1610738/703/033 dated 11 May 2016. 320 officers had been trained for this purpose in the year 2016. In addition, Rs. 792 million had | Sri Lanka has a long delay in achieving its objectives, including earning foreign exchange and should achieve the desired objectives of the project without delay. | Procurement is underway to purchase remaining vehicles and equipment needed to leave for peacekeeping duties. | Rs. 1110 million has been spent on this project by the end of year 2021. After procuring the remaining vehicles and equipment in a total cost estimate of Rs. 1933 million, it is expected to complete the relevant investigations and send them for peacekeeping duties |

been spent on purchasing equipment which was stored at the Katukurunda camp in the years of 2017 and 2018. But, joining the United Nations peacekeeping mission had not yet been fulfilled by May 2019.

in the year 2022.

02. Utilization of Provisions

| <u>Description</u> | <u>2018</u> |
|---------------------|-----------------------|
| 1. Audit Opinion | Qualified Opinion |
| 2. Net Provision | |
| - Recurrent | 8,343,394,000 |
| - Capital | <u>3,923,460,000</u> |
| Total | <u>12,266,854,000</u> |
| 3. Actual expense | |
| - Recurrent | 7,800,629,840 |
| - Capital | <u>2,233,635,125</u> |
| Total | <u>10,034,264,965</u> |
| 4. Year-end savings | |
| - Recurrent | 542,764,160 |
| - Capital | <u>1,689,824,875</u> |
| Total | <u>2,232,589,035</u> |

26. Ministry of Labour

Head - 193

| | | |
|--|------|-------------------|
| Auditor General's Opinion for the financial statements | 2018 | Qualified Opinion |
| | 2019 | Qualified Opinion |
| | 2020 | Qualified Opinion |

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|---|--|---|---|
| ----- | ----- | ----- | ----- |
| 01. The Ministry had not taken action as per Section 4.4.1 of chapter xxiv of the Establishment Code to be recovered Rs. 138,501 due from a Management Assistant who had left the service by 31 December 2019 for more than 5 years | Action to recover current debt balances without delay and take all necessary steps to recover old debt balances. | All necessary steps have been taken to recover the old debt balances. | The Controller of Immigration and Emigration has informed that this officer who worked in the ministry of Labour had gone abroad on 25 June 2014 and action has been taken against her under the guidance of the Attorney General. Take further action in accordance with its decision. |
| 02. 09 vehicles which were on the list of vehicles registered in the name of the Secretary | Maintaining updated information on the | Steps have been taken to update a formal information | The Department of Motor Traffic has confirmed that these |

to the Ministry of Labour physical existence system on all vehicles which are obtained from the of vehicles vehicles owned by not currently in the Department of Motor registered under the ministry and possession of the Traffic were not in the the ministry and their physical ministry are possession of the Ministry at their current use. existence and registered in the present. current use. name of the Ministry of Labour/ Ministry of Labour and Vocational Training. the then Vocational Training Authority under the ministry has requested to submit information on these vehicles on 08 July 2021 and the provincial Commissioner of Motor Traffic has been asked not to issue revenue licenses for these vehicles on 08 July 2020 and requested information regarding the issuance of previous revenue licenses. Action will be taken to transfer the ownership to the relevant institutions after receiving these

information.

03. Abalance of Rs. 6,837,248 had remained unresolved as at 31 December 2020, which was recovered by the office of the commisioner of compensation from employers for non-fatal and fatal accidents to employees while employed. The compensation could not be paid due to lack of accurate information of the employees and their dependents, deficiencies in the documents related to the payment of compensation to the beneficiaries and non-submission to the office and the delay period ranged from 05 months to 04 years.
- Action should be taken to provide immediate relief to the dependents of the employees who die in accidents in accordance with the regulations of the Copmensation Ordinance.
- All necessary steps will be taken to expedite the settlement of compensation for the dependents of wmployees who die in accidents under the Compensation Ordinance.
- The number of files to be released so far is 8 with balance of the deposit account which has not been released as at 31.12.2020. and its value is Rs. 1,858,312.87.
- An expeditious arrangement has been made to settle the existing balances in the deposit account with a personal attention to these files.
04. A formal process for recommending applications had not been prepared in accordance with the instructions given in the letter No . BD/GPS/JS/2/14-2015 dated 18 August 2016 by the Director of National Budget to implement the July strikes releief proposals under the 2016 budget
- Recommendations should be made on the basis of more accurate information about the beneficiaries following the instructions given by the Budget Department in recommending
- Steps have been taken to issue recommendations based on the most accurate information about the beneficiaries as per the instructions given by the Budget Department in recommending
- The Department of National Budget has been informed to take necessary action to recover the additional amount of Rs. 1,000,000 (Rs. 250,000 x 4) paid from the relevant beneficiaries due to the recommendation

proposals. As a result, allowances for allowances to the of applications and applications were July strikers. July strikers. submitting them to recommended for pensioners, applications for the Department of beneficiaries and applications with National Budget in accordance with the audit query. unacceptable affidavits. It was not formalized the process until December 2020. A sample audit revealed that 4 persons had paid an extra Rs. 1,000,000 for recommending the same person twice.

Further, the beneficiaries have been informed in a letter that the allowances have been received twice in secret and that they have deliberately or unintentionally misused government funds by submitting such documents.

05. The National Productivity Secretariat has spent Rs. 59.1 million on 3 competitions from 2014 to 2018 for conduct a follow-up review on the continuation of the award-winning institutions, despite the fact that the main objective of the National Productivity Secretariat is to hold productivity competitions and award
- It is also necessary to implement a follow-up process to maintain the productivity of the award-winning institutions.
- Arrangements have been made by the National Productivity Secretariat to carry out a follow-up process to maintain the productivity of the award winning institutions.
- local officials have been informed that overseeing the institutions after the 2020 productivity awards will be included in the annual targets of those officials.

ceremonies and it had not been done by the end of the year.

06. The mobile service programmes were implemented with the objective of providing a more efficient service to the employer community by implementing programmes implemented by all the institutions affiliated to the ministry in one district at a time. However, in the last 05 years, it has been observed that there were 04 mobile services in the Badulla district, 03 in Rathnapura district and 01 in the Colombo district. However, the audit did not reveal the reasons for not conducting mobile services in other districts and the criteria for conducting several mobile services in Badulla and Rathnapura districts.

Obtaining mobile services covering all districts as per the objectives.

Arrangements will be made to implement mobile services covering all districts.

Mobile service programmes will be conducted at each district office and head office database of the Department of Labour and requirements will be analyzed and arrangements will be made to conduct mobile service programmes by selecting areas where there are more issued related to EPF benefits and other relevant issues in future.

07. Due to non-payment of compensation, there were 48 cases pending in 8 courts with warrants and it was observed that the amount to

Action should be taken in accordance with the regulations of the compensation

Act in accordance with the Compensation Ordinance.

The files were kept on the death of the applicant and the departure of the applicant in 2

be recovered as ordinance and compensation between the disburse the age of 04 and 24 years from relevant funds to the date of the accident to the beneficiaries 31 December 2020 was Rs. expeditiously. 12,988,494.

warranted case files.

Accordingly, out of these 48 warrant files, one file has been completed and compensation has been apid and 03 files have been placed on non-functioning.

Letters have been sent to the Registrar of Magistrates' courts from time to time requesting the respndents to auction off their movable property and recover the relevant amount. Also, at the same time, letters have been sent to the requesting parties requesting them to meet the Magistrate and request the respondent parties to take the necessary steps to obtain coampensation.

It is hoped that this work will be done more efficiently and expeditiously after the appointment of a new Registrar after the amendment of the Act.

08. Although compensation was deposited in the office of the Commissioner of Compensation, 6 separate accounts were maintained in the name of the Commissioner of Labours' compensation of the National Savings Bank for non-distribution of compensation due to the inability to locate the real dependents and it was revealed that the amount deposited in them as at 31 December 2020 was Rs. 2,023,095.
- Action should be taken in accordance with the regulations of the Compensation Ordinance and disburse the relevant funds to the beneficiaries expeditiously.
- Necessary action will be taken to provide immediate relief to the employees as per the Compensation Ordinance.
- The savings accounts have been deposited in the name of the Commissioner of Labours' compensation due to non-availability of legal owners to seek compensation.
- The new amendment to the Labours' compensation ordinance will make it easier to resolve these problematic issues in future as the Judicial Service Commission is to appoint a Registrar to the Labour Compensation Tribunal.
- Also, the new

amendment will provide for the repayment of compensation to the employer in the absence of a dependent, which will resolve this issue in future.

However, in the midst of these difficulties, steps are being taken to explore alternative methods of compensation.

09. Although compensation for minors who died in a fatal accident while on the job should be paid to them upon reaching the age of majority, there were 534 accounts which had not reached the age of majority as at 31 December 2020 and the value of the compensation was Rs. 20,861,229. Out of which 459 accounts were completed for the year 2016 which was Rs. 11,782,761 and 66 accounts which were Action should be taken to expedite the release of underage compensation to minors who have reached the age of majority.
- Arrangements have been made to release minor accounts. The minor accounts computer database was launched in March 2016 and include all minor account information that had not been released by then. According to this database, they will be notified by letter as soon as they
- There were 534 accounts which had reached the age of majority and the benefits had not been released and their value was Rs. 20,816,229. Out of that, 44 accounts valued at Rs. 9,132,173.31 have been released by 30 September 2021. The balance remaining for the day is 490 accounts

completed for the year 2020
which were Rs. 8,563,187.

reach the age of 18 with a value of Rs.
and the accounts 11,684,055.69.

will be released
within the relevant
period. Due to these
reasons, the number
of accounts that
have reached the
age after 2016, but
have not been
released was very
low.

Further, 7 accounts
have been released
before 2016 and 19
accounts have been
released after 2016
as on 31 January
2022. Accordingly,
442 accounts before
2016 and 11
accounts after 2016
remain to be
released.

However, even if the
number of accounts
to be released
remains atable, the
deposit balance will
continue to rise as
interest is added to
the deposit.

10. Utilization of Provisions

| | | 2018 | 2019 | 2020 | Total |
|----------------|-----------|----------------------|--------------------|--------------------|----------------------|
| | | ----- | ----- | ----- | ----- |
| Net Provision | Recurrent | 258,927,400 | 242,000,000 | 677,150,000 | 1,178,077,400 |
| | Capital | 780,737,000 | 147,000,000 | 25,100,000 | 952,837,000 |
| | Total | ----- | ----- | ----- | ----- |
| | | 1,039,664,400 | 389,000,000 | 702,250,000 | 2,130,914,400 |
| | | ===== | ===== | ===== | ===== |
| Actual Expense | Recurrent | 212,527,535 | 207,949,839 | 630,012,263 | 1,050,489,637 |
| | Capital | 66,415,327 | 111,078,799 | 17,774,542 | 195,268,668 |
| | Total | ----- | ----- | ----- | ----- |
| | | 278,942,862 | 319,028,638 | 647,786,805 | 1,245,758,305 |
| | | ===== | ===== | ===== | ===== |
| Savings | Recurrent | 46,399,865 | 34,050,161 | 47,137,737 | 127,587,763 |
| | Capital | 714,321,673 | 35,921,201 | 7,325,458 | 757,568,332 |
| | Total | ----- | ----- | ----- | ----- |
| | | 760,721,538 | 69,971,362 | 54,463,195 | 885,156,095 |
| | | ===== | ===== | ===== | ===== |

27. Ministry of Youth and Sports

Head - 194

Auditor General's Opinion for the financial 2018 - Qualified Opinion statements

2019 - Qualified Opinion

2020 - Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|---|---|---|--|
| ----- | ----- | ----- | ----- |
| 01. According to Section 41 of the Sports Act No. 25 of 1973, the Ministry had not taken steps to formulate and implement a formal financial procedure and administrative regulations for the financial functioning of the National Olympic Committee of Sri Lanka. | Formulate and implement formal financial and administrative regulations for the financial functioning of the National Olympic Committee of Sri Lanka. | Action will be taken in future. in accordance with the recommendations given. | Action will be taken to provide reports on all financial equipment and other resources received by the Olympic committee from local or foreign sources on a quarterly basis and progressive reports carried out by the olympic committee on a quarterly basis and submit to the Minister . |
| 02. Rs. 429.39 million had been provided for the construction of Valvithithurai swimming pool, construction of | To be able to execute projects within the stipulated time and to identify the requirement sand | Appropriate steps have been taken to avoid delays. | <u>400 m artificial running track</u> i. Due to the prevailing Covid 19 epidemic situatin and import |

400m artificial runway at Diyagama Mahinda Rajapaksha national sports academy and construction of toilet system and entrances, construction of Kurunegala Maliyadewa college shooting and archery center and Rs. 222.48 million had been spent on those projects during the year under review. These projects were supposed to be completed in the year under review and by May 2019, but that were not completed on time.

prepare the plans in a systematic manner and take action to implement them within the time frame.

restrictions, the 400m artificial running track could not be completed within the stipulated time and the project is scheduled to be completed in February 2022 and handed over to the Ministry.

Completed part of the toilet system and access road repair projects have been handed over to this Ministry by the contractor and liquidated damages have been recovered for the uncompleted parts. Currently, the final phase of construction has been handed over to the Valvaithurai Municipal Council.

- | | | | | |
|-----|--|---|--|---|
| 03. | The Nuwara Eliya sports home construction project was started in 2016 with an estimated allocation of Rs. 108.87 million and it was to be completed in September 2017. Rs. 30.26 million | To be able to execute projects within the stipulated time and identify the requirements and prepare the plans in a systematic manner and take action to | Appropriate steps have been taken to avoid delays. | Identify the needs and projects can be completed within the stipulated time frame and prepare the plans in a systematic manner and take action to implement them within |
|-----|--|---|--|---|

- had been spent on the project at the end of the year under review, but it had not been completed.
04. Bids have been invited from 07 institutions for the maintenance of the ministry's generator and air conditioning system for the year 2017. Only one bidder submitted a bid and it was awarded the contract for Rs. 2.52 million without a second bid. The contract was awarded to the previous supplier for Rs. 2.77 million for the year 2018 without any re-bidding.
05. The value of the property, plant and equipment was Rs. 1,513,388,244 according to the Statement of Financial Position and it was Rs. 2,334,438,176 according to the statement of non-
- implement them within the time frame.
- Should be act in accordance with Guideline 1.2.1 of the Government Procurement Guidelines.
- Attention should be paid to prepare the financial statements in correctly.
- The Secretary has onformed that the extension is approved only if the service is satisfactory and economically effective. Although no preocurement activities have been carried out for the year 2018, there has been no economic disadvantage.
- Non- financial assets were less accounted as the value of uncompleted work was deducted when calculating the value of
- the time frame.
- It will be reported the current situation infuture.
- Action will be taken to properly prepare financial statements.

financial assets and as the result of that, it was accounted as undervalue.

finished fixed assets.

06. Although Rs. 953,888 had been paid for the 62.55m long and 4m high covering of the stadium relevant to the Norwood sunrise stadium development project built at a cost of Rs. 1,000,000 in the year 2018, the height of the net covers used was 3.2 meters and an overpayment of Rs. 190,778 was made and only Rs. 66,772 was recovered from the contractor. It was observed that payment at the prescribed rate was not correct as the upper and lower part of the wire mesh were not finished as expected.
- To be able to execute projects in a timely manner and identify needs and prepare plans in a systematic manner and take action to execute within the time frame.
- The Nuwara Eliya District Secretary has been informed on 03 December 2020 to submit a report on the action taken to resolve the issues revealed during the audit.
- An internal circular has been issued informing the officers who recommended the overpayment to carry out their duties properly.

07. The contract amount for the construction of a
- Do-
- other sections will seek carried out the
- The contractor who

walking lane near the Tuntota bridge in the Udubaddawa Divisional Secretariat area was Rs. 7,460,000 and the total amount spent on the lane was Rs. 9,436,900 exceeding the contract amount of Rs. 1,976,900 had been paid.

The area where the lane was built was completely submerged during the rainy season and the parking lot adjacent to the lane was completely submerged and the lane was unusable for walking due to 20 kumbuk trees located in the lane. Although it was estimated at Rs. 3,150,000 for 3500 cubic meters at Rs. 900 each for providing soil and pavying the road, Rs. 900 each and Rs. 5,688,000, exceeding the estimated amount of Rs. 2,538,000 had been paid according to the work done reports.

information on construction of this lane has handed over and make a this lane to the detailed Udubaddawa explanation. Pradeshiya Sabha and it has been informed by the letter dated 08.03.2018 that the lane has been taken over by the Pradeshiya Sabha.

08. Rs. 310 million and rs. -Do- Covid 19 The project is epidemic and scheduled to be import completed and handed over to the ministry in February 2022. restrictions prevented the completion of the 400 meter artificial running track within the stipulated time. The contractor has handed over the completed parts of the toilet system and access road preparation projects to the ministry. Liquidated damages have been recovered for parts not completed properly.
09. Rs. 12.23 million has -Do- The first phase The project was handed over by the contractor has been to Kurunegala completed by Maliyadewa College on 15.05.2020. 26.07.2020. Rs. 7.43 million had been spent in 2019. The project, which is scheduled to be completed by 03
08. Rs. 310 million and rs. 15.16 million has been allocated respectively for 2 projects to improve the 400 meter artificial running track in the Diyagama Mahinda Rajapaksha National Sports Academy, toilet system and access road. Rs. 183.85 million and Rs. 10.3 million were spent on these projects respectively in 2019. Although construction work on these two projects was scheduled to be completed by 30 December 2018 and 29 April 2018 respectively, it was not finished by the end of the year 2019.

November 2018, has been extended to 23 May 2018, but it had not been completed by December 2019.

- | | | | | |
|-----|---|---|--|---|
| 10. | Although it has been informed that the seperate account number should be obtained from the Department of public Accounts under the wage and work advance reserve accouns for each advance when making advances as per public Accounts Circular No. 250/2016 (i) dated 03 August 2016, Rs. 16,633,062 in advance of the project had not been accounted. It was observed that the amount of Rs. 15,503,089 due from the advance as on 31 December 2020 had not been mentioned in the account. | Advances should be properly accounted as per circular instructions. | These shortcomings will be avoided in future. | It will be acted according to the circular provisions in future. |
| 11. | It had not complied with the Financial Regulations 571 of the Democratic Soilist Republic of Sri | Dealing with post deposits in accordance with Financial | Action will be taken to release or credit government | Out of thi, Rs. 170,000 deposits have been released in January 2022. The balance is |

| | | |
|---|--|---|
| Lanka regarding the total of 34 deposits of 2 to 5 years old amounting to Rs. 16,183,793. | Regulations 571. | revenue in Rs. 16,013,793 and respect of further action is being overdue taken. deposits in future. |
| 12. Loan agreements has been signed to construct the proposed elevation sports complex within a period of 03 years on a 34.5 hectare land belonging to the Ministry of Sports in Nuwara Eliya town with the objective of developing the endurance of the athletes undergoing sports training, 70 percent out of its contract value of EU 75,528,700 to be procured by the UK Export Finance Institute and the remaining 30 percent is to be sourced from People's Bank. EU 264,492.34 or Rs. 51,047,021 had been paid to the lending bank as loan planning fees. The total cost for the | Adequate measures should be taken to provide infrastructure for training activities related to bringing players to international level and implement projects expeditiously and on time. | The Ministry has identified this project as not a prior project in the field of sports and at this time and it is appropriate to cancel the project. It was observed by the ministry and submitted the cabinet memorandum No. MOYS/PLN80 5/04 dated 08.02.2021. Cabinet meorandum No. AMP/21/0242/ 329/001 dated 22.02.2021 regarding the |

year 2019 was Rs. 53,551,631 and it was expected to open this project to the public in the first quarter of 2019. However, the audit revealed that, due to the suspension of the project in 2020, the total expenditure incurred on the project was to be non-performing expense.

said cabinet memorandum to cancel the contract agreement and approval has also been given to the Director General of Budget to make the necessary provisions to entered with the relevant institution for the construction of Nuwara Eliya high level sports training complex and the consultative agreement entered with the University of Maratuwa, to negotiate the loan agreements entered and to use or cancel

the loan agreement for any other suitable development project, to authorize the Secretary to the treasury to waive service charges (including debt processing fees) incurred by the cancellation of this loan agreement and contract agreement. Trade and consulting agreements have also been canceled.

13. The Ministry had provided 15 vehicles worth a total of Rs. 153,345,000 to government institutions and it was observed that these vehicles have not been handed over to the
- Should take action to hand over the relevant vehicles without delay and carry out asset management as scheduled.
- Necessary arrangements are being made to hand over 13 vehicles and 02 vehicles have been handed over on
- The Ministry has been informed to return the KC 4211 vehicles given to the Department of Manpower to the Ministry.

parties who use them.

a temporary basis.

14. The Ministry was using a motor vehicle worth Rs. 9,100,000 obtained from the Department of Sports Development and the vehicle had not been taken over by the ministry.
- Action should be taken to formally acquire assets obtained from external institutions.
- The acquisition of the vehicle has been delayed due to that the registration certificate has not been released by the bank and submitted to the ministry.
- The registration of the vehicle has been released by the bank and handed over to the ministry and the acquisition process is in progress.

15. Utilization of Provisions

| <u>Description</u> | | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>Total</u> |
|--------------------|-----------|---------------|---------------|---------------|----------------|
| Net Provision | Recurrent | 525,400,000 | 1,271,989,868 | 2,718,685,000 | 4,516,074,868 |
| | Capital | 4,521,550,000 | 2,331,245,132 | 2,464,242,000 | 9,317,037,132 |
| | Total | 5,046,950,000 | 3,603,235,000 | 5,182,927,000 | 13,833,112,000 |
| Actual Expense | Recurrent | 430,256,591 | 1,135,974,676 | 2,612,325,797 | 4,178,557,064 |
| | Capital | 1,278,817,735 | 990,442,609 | 1,506,877,006 | 3,776,137,350 |
| | Total | 1,709,074,326 | 2,126,417,285 | 4,119,202,803 | 7,954,694,414 |
| Year-end Savings | Recurrent | 95,143,409 | 136,015,192 | 106,359,203 | 337,517,804 |
| | Capital | 3,242,732,265 | 1,340,802,523 | 957,364,994 | 5,540,899,782 |
| | Total | 3,337,875,674 | 1,476,817,715 | 1,063,724,197 | 5,878,417,586 |

28. Ministry of Irrigation

Head - 198

Auditor General's Opinion for the financial 2018 -Qualified Opinion statements

2019 - Qualified Opinion

2020 - Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|---|--|--|--|
| ----- | ----- | ----- | ----- |
| 01. The defects were due to that an exit under construction had exploded in 9 places at a distance of about 1m from the tp, one site had exploded from the base to the top and the concrete used for the construction of the exit had not been cured. | Investigate the substandard construction work. | No water leakage was caused by these cracks. | A special cement mixture is used for those cracks now. |
| 02. The road above the Mudiyanagama lake, which is the catchment area of the lake where the water flows into the lake, was blocked by constructing a dirt road | Action should be taken to protect the Ellanga system during the reconstruction of lakes. | Inquiry has been made from the Irrigation Department | The situation will remain the same by February 2022. |

by connecting it to the lake bund as the vehicles could move around the lake. The Ellanga system was also damaged due to the construction of a road above the lake and also damaged the lake.

03. Although Rs. 6,195,216 has been spent by the ministry in 2016, 2017 and 2018 for the reconstruction of Kudagale wewa belonging to the Department of Agrarian Development, the sluice gate of the lake was broken and the water collected in the lake could not be used for cultivation. Out of the total 95 acres of paddy lands fed by the small rock lake, 32 acres, 03 roods and 30 perches were purchased by one person from the traditional farmers. That area was about 34
- | | | |
|---|---|---|
| Action should be taken to obtain approval to spend on other expenditure heads from the expenditure head of the ministry and take necessary action to cultivate the proposed paddy fields. | Necessary arrangements are being made to cultivate the proposed paddy fields. | No action has been taken as at February 2022. |
|---|---|---|

percent of the total paddy area. During the field inspection conducted on 09 January 2019, all the 95 acres of paddy lands had not been cultivated and the total amount spent for the reconstruction of the lake was Rs. 6,195,216 which was a waste of money.

04. No action had been taken to recover the assets worth Rs. 640,354 given to the former minister in 2017.

Taking action to recover assets. Part of these items are currently being handed over to the Prime Minister's Office and the private secretary to the former minister agreed to pay the value of the remaining items. Agreed to pay the value. Payments had not been made until February 2022.

Accordingly, a committee has been appointed and the value of the goods has been calculated in accordance with the financial regulations and the officer has been informed.

05. Although the relevant authority has not been obtained to take over the ownership of the Kumbukkadawala lake owned by the Agrarian Development Department to the Ministry of Irrigation and to renovate it, the Galgamuwa Regional Irrigation Engineering Office had prepared an estimate of Rs. 11,535,000 and marked the removal of 140 trees in the bund.
- Failure to carry out functions not belonging to the ministry under the Expenditure Head of the ministry.
- The Commissioner General of Agrarian Development has given approval for the rehabilitation of 35 irrigated industries under the Salika Keth Rajadahana, Minor irrigation, which are proposed to be irrigated by the Irrigation Department under the Active North Western Water Project.
- Kubukkankadawala lake is one of these 35 lakes. Therefore, although approval has been given to the Irrigation Department to renovate this lake, it has not been repaired due to lack of funds.
- The situation will remain the same by February 2022.
06. Kothmale Training Institute had 30 approved staff and 14 actual staff and there were 16
- Training Immediate action should be taken to fill the vacancies or dropped the
- Work is being done to fill the vacancies.
- No action has been taken to fill the vacancies till February 2022.

- vacancies. unnecessary posts if there are any.
07. 15 persons had been recruited in excess of the prescribed number for the 06 approved posts. It had not been recruited for 04 approved Labour posts. 28 persons were recruited on contract basis and Rs. 19,577,330 was paid as salaries and allowances during the year under review. Act in accordance with the circular of the Department of Management Services. Take action to fill the vacancies and obtain the necessary approvals. Action is being taken to obtain the approval of the Department of Management Services for the required employees and to fill the existing vacancies.
08. Kothmale International Training Institute for Irrigation and Water Management had recruited 06 persons for 05 posts without the approval of the Department of Management Services. Although 01 Management Assistant post has been approved, 10 persons and 25 workers have been recruited on casual basis. Act in accordance with the letter No. DMS/1285 dated 01 July 2016 of the Director General of the Department of Management Services. Obtaining approval from the Department of Management Services. Work is in progress to obtain the relevant approval. There are not 10 Management Assistant (Clerk0 posts, but only 08. Approval of the Department of Management Services has been obtained for that too.

09. Although 07 lecturer posts have been approved for the International Training Institute on Irrigation and Water Management in Kothmale, external lecturers have been employed for this purpose without recruiting such lecturers in the years of 2017 and 2018, a total of Rs. 1,100,835 and Rs. 699,400 were paid to 25 and 11 external lecturers respectively.
- Act in accordance with the letter No. DMS/1285 dated 01 July 2016 of the Director General of the Department of Management Services.
- 07 lecturer vacancies will be filled.
- Requests have been made from time to time to make the necessary recruitments.
10. A total of 29 retiring officers from the Ministries of Agriculture, Rural Economic Affairs, Irrigation, Fisheries and Aquatic Resources under the Ministry have a total debt of Rs. 793,931 over a period of 05 years, no legal action had been taken to recover the debt.
- Act in accordance with section 4.6 of Chapter XXIV of the Establishment Code.
- No action has been taken.
- Work is underway to recover.
11. Although there were 09 set Action will be taken to fill the
- The Ministry of Public Services, With replacement of the

vacancies of Provincial Councils new ministries, essential posts and Local Government and the several vacancies at the senior level, expeditiously. Department of tertiary level and Irrigation have been secondary level informed to fill the have been filled. relevant vacancies expeditiously.

12. Out of the total allocation of Rs. 20,125,000 for 10 subjects, the total of Rs. 8,698,120 or 43 percent was saved due to making allocation without identifying the requirements in the preparation of estimates and not doing the work as planned. Expenditure savings ranged from 20 percent to 96 percent.

Action should be taken to make maximum use of the allocated funds. Projects and Arrangements subsidiaries were have been made instructed to plan the for proper funding requirement management of as realistically as provisions and possible. imprest. Worked closely with the treasury to obtain imprest as needed.

13. Although the circulars have instructed that every expenditure unit should upload information on obligations and liabilities and release of such liabilities to the website for daily updates to the information systems

Liabilities should be reported in accordance with Public Accounts Circular No. 255/2017.

All subsidiaries are advised to upload the number of obligations and liabilities entered into the CIGAS system daily on the same day and update daily.

Each affiliate uploads and updates the number of obligations and liabilities added to the CIGAS system in the CIGAS web page.

Also, the list of

maintained by the Public Accounts Department, that information were not been updated accordingly.

obligations and liabilities uploaded by the relevant subsidiaries to the CIGAS web page will be sent to the ministry via email and compared.

14. Although the internal audit plan should be prepared after consultation with the Auditor General at the beginning of the year in accordance with the Financial Regulations 164 (2) DMA/1-2019 of the Democratic Socialist Republic of Sri Lanka, it had not done so. The internal audit plan should be prepared with the consent of the Auditor General. Action was taken to obtain approval at the Audit and Management Committee meeting. The internal audit plan is prepared with the consent of the Auditor General.
15. The Citizens'/ client Charter had not been complied and implemented as per the Ministry of Public Administration and Management Circular No. 05/2008 and 05/2018 (1). The Citizen client charter should be prepared and implemented in accordance with the relevant circular provisions. No action has been taken. This did not happened until February 2022.

16. The right bank road of Parts of the This was estimated This amount is Allai scheme, Kanthale completed road and completed by shown as a Wendrasen main canal, should not be re- another subject in forward in that main canal lane and contracted and the time and it took estimate. The road Pakiranwet new road action should be to procure. has been prepared have been developed at a taken to do so. Therefore, it was accordingly. cost of Rs. 19,705,471 advised not to allocate funds for this purpose again. under the Climate change mitigation project. However, 400m, 2850m and 100m of the above roads were carpeted and concreted under another development project respectively. Accordingly, the money spent on this road development project was a waste of money.
17. Although two culverts Roads related to the The construction of This amount is have been constructed on contract should also one culvert had to be shown as a the Kanthale peraru road be developed. stopped due to forward in that at a cost of Rs. 468,285, differences of estimate. the two culverts had not opinion within the farmers' been used for two years organization and the as the relevant roads had construction of the not been constructed so far. other culvert was halted due to the lack of funds in the project for the construction of the

other culvert.

18. The objective of the project was to irrigate 6000 acres of land in the Kinniya and Kanthale Divisional Secretariats in the Trincomalee District and to provide 2 million cubic meters of drinking water under the Mahaweli left bank development project implemented by the Ministry of Irrigation. Rs. 134,955,993 as at 31 December 2020. The following points are observe in this regard.
- according to the Cabinet Memorandum submitted by the Minister of Irrigation, feasibility studies have already been carried out and the approval of the Department of National Planning has been obtained. Although the US \$ 90 million loan agreement for the implemetation of this project was sugned with
- Land acquisition related to the project should be done in a timely manner and action should be taken to start the project.
- Several rounds of discussions were held with the Department of Irrigation, MG sugar and the Ministry plantation industries, but the Ministry of Plantation industries could not resolve the issue of allotment of these lands due to a tripartite agreement signed between the two countries and with MG sugar. It has been stated that the Irrigation Department has discussed with the National Planning Department and the Gunaruwan Committee in this regard and it has taken steps to resolve this issue. But, it has not been successful. However, as the Kanthale sugar
- The situation will remain the same by February 2022.

the Secretary to the Ministry of Finance and representatives of the Saudi fund in October 2017. Foreign loans had been suspended due to problems in acquiring lands belonging to the Kanthale sugar factory.

company should be provided with water for sugarcane cultivation, the Ministry of Irrigation, the Irrigation Department and the Sri Lanka Mahaweli Authority have discussed with the Mahaweli water security investment programme to study and resolve this issue. Accordingly, this proposal has been included in the feasibility study of the sugar company to solve the water problem under the Mahaweli water security investment programme. That cost will be paid accordingly.

19. The Environmental Assessment Report (EIA) for the above project was completed 4 years after its completion. The Environmental Action should be taken to carry out environmental assessments related to the project in a timely manner. The information related to the approval of the EIA report and the payment of the Environmental Assessment Report can be completed after the project is approved.

commencement, but it timely manner. was not completed until 30 April 2021.

the final bills of this obtaining the EIA has been approval of the submitted to the Forest Department of Forest Department. Conservation.

20. A staff of 27 persons including a project director was appointed for this project and a project office was maintained in Trincomalee area from 2017 to May 2020 with salaries paid and Rs. 135 million during the period from 2017 to 2020.
- Identify weaknesses in the way project staff have worked to achieve targets over the past 04 years and stengthen internal controls to prevent such situations in future.
- The project office has completed the basic finctions required for the project.
- This project office will not in operational by February 2022.
21. Lands were acquired for the construction of an irrigation lake in Kanthale, construction of 15 meter capacity Kalu Ganga reservoirs, construction of 03 canals and cultivation of 3000 acres of new land in Nintaravedi area which were to be carried out under the above project and the project had been abadoned by 31 December 2020. Also, 2
- Arrangements should be made to complete the work on the abandoned buildings and hand over to the parties required for effective use.
- This proposal has been included in the feasibility study of the sugar company to solve the water problem under the Mahaweli water security investment programme.
- These buildings will be used for future activities after receiving the feasibility study report.

buildings that had been constructed were abandoned without completion.

22. The project could not be implemented as expected due to improper performance of the relevant functions, thereby failing to provide the expected economic and social benefits to the public. The cost of Rs. 135 million was a waste of money.
- Action should be taken to complete the project and provide the intended benefits to the public and examine the reasons for stopping the project and take necessary action.
- Water should be provided for the nutrition areas expected from this project. Feasibility studies will be conducted by the Mahaweli water security investment programme for this purpose.
- It is hoped to solve this problem by implementing solutions provided after the feasibility study conducted by the Mahaweli water security investment programme.
23. Preparation of EIA report for Pahala Malwathu oya reservoir was entrusted to Mahaweli consultancy services bureau (Pvt) Ltd. in the year 2013. That institute had submitted the relevant report in May 2018. The Environmental assessment reports should be done in a timely manner and action should be taken to resolve any issues that may arise in this regard.
- Lands not obtained by the Wildlife Department and lands belonging to the Forest Department are transferred and obtained with the consent of that
- According to the existing environmental impact reports No. 08/ETA1water/09/2011 dated 20.01.2021, Mahavilachchiya –

Environmental Assessment Technical Committee (EIA Tech team) noted that there were discrepancies between the findings of the report and the current situation in the field..

department, Requirement (TOR) for preparation of Environmental Management Plan (ENP), Cabinet memorandum No. AMP/16/0778/279/0 16 stating that procurement activities are being carried out by mCB/CECB or its affiliated institution of CESL under the Ministry of irrigation. 320 HA, Settikulam-480 HA and Kaluwila, Narawela-2012- HA approved.

24. The Environmental Impact Assessment Study Reports on the area belonging to the reservoir under the Pahala Malwathu oya reservoir project had not been approved by the Central Environmental Authority. Although 13,349 acres of land submerged in the reservoir have been surveyed, it was observed the Prior to the commencement of the project, the report, land acquisition etc. should be done. accelerate the process of land acquisition by liaising directly with the relevant institutions. The groundbreaking ceremony was a national event attended by His Excellency the President, His Excellency the Prime Minister and a large number of the *Approved for the Environmental Impact Report on 20.01.2021 * proposal for compensation allocation of alternative lands and infrastructure development has been submitted to the cabinet memorandum for approval through the Irrigation

shortcomings such as failure to taken action to acquire the lands, failure to reach an agreement on compensation to be paid to the families affected by the construction of the reservoirs, failure to improve the infrastructure indentified in the area fir resettlement of the families, failure to complete the basic required procedures for the commencement of the construction of reservoir and Rs. 22,088,598 were spent on the ground breaking ceremony for the Pahala Malwathu oya reservoir project on 30 August 2019.

government ministers and parliamentaries. The event was to be organized with the concurrence of the President and the Prime Minister's security forces and it was appropriate to spend the money mentioned in the audit query for the event as it should have the relevant standards.

Department. Land bond diagram (BOD) has been prepared for resettlement in Kaluwila, Naranwila area. Construction work on Pahala Malwathu oya project commenced in March 2021 and work on the dam is underway.

25. The climate impact reduction project had paid Rs. 4,544,430 for the development of grasslands on both sides of the left bank canal embankment of the Mannar Yodha lake. According to the physical inspection, the Arrangements should be made to carry out construction as planned. That was instructed to repair these parts and to make suitable constructions during the construction of the cattle ranch. That corrections have been made.

contractor had not dug the canals on both sides as required and as a result both sides of the dyke had been washed away. Also, although the surface width of the dyke was supposed to be 4m, the surface width was not built to the required size and had efficient values. As a result, there was a possibility of damage to the wall.

26. Although the initial estimate states that the soil for the construction of the tank reservoir bund of the Wellakkambimbu reservoir in Mannar will be transported 1.2 km away from the site, the contractor had obtained the soil required for the bund from the bottom of the reservoir bund. Further, although it was estimated Rs. 659,214 for growing the dykes of the reservoir bund under Action should be taken to carry out project activities as planned. It was also instructed not to pay for it and check the quality. There was no payment for that and accordingly there was a surplus in the contract.

the work item 6.4, the contract was terminated without fulfillment of that work item.

27. The approved staff of the ministry during the year under review was 179 and the actual staff was 139. Accordingly, there were 40 vacancies as 09 senior level posts, 02 tertiary level posts, 27 secondary level posts and 02 primary level posts. They had not been filled.
- The requirements of the post should be reviewed and action should be taken to fill the required staff vacancies.
- The Ministry of Public Services, Provincial Councils and Local Government and the Department of Irrigation have been informed to fill the relevant vacancies expeditiously.
- With the replacement of the new ministries, several vacancies at the senior level, tertiary level and secondary level have been filled.

28. Utilization of Provisions

| Description | 2018 | 2019 | 2020 | Total |
|---------------------|----------------|----------------|----------------|----------------|
| ----- | ----- | ----- | ----- | ----- |
| | Rs. | Rs. | Rs. | Rs. |
| Estimated Provision | | | | |
| - Recurrent | 515,647,000 | 510,640,000 | 316,865,000 | 1,343,152,000 |
| - Capital | 13,466,559,000 | 16,896,290,000 | 38,287,215,000 | 68,650,064,000 |
| | ----- | ----- | ----- | ----- |
| - Total | 13,982,206,000 | 17,406,930,000 | 38,604,080,000 | 69,993,216,000 |
| | ===== | ===== | ===== | ===== |

| | | | | |
|------------------|---------------|---------------|----------------|----------------|
| Actual Expense | 497,624,537 | 476,063,852 | 305,468,534 | 1,279,156,923 |
| - Recurrent | 7,340,710,321 | 7,884,904,949 | 29,148,936,905 | 44,374,552,174 |
| - Capital | ----- | ----- | ----- | ----- |
| | 7,838,334,858 | 8,360,968,801 | 29,454,405,439 | 45,653,709,098 |
| - Total | ===== | ===== | ===== | ===== |
| Year-end savings | | | | |
| - Recurrent | 18,022,463 | 34,576,147 | 11,396,465 | 63,998,075 |
| - Capital | 6,125,848,678 | 9,011,385,051 | 9,138,278,095 | 24,275,511,824 |
| | ----- | ----- | ----- | ----- |
| - Total | 6,143,871,141 | 9,045,961,198 | 9,149,674,560 | 24,339,506,899 |
| | ===== | ===== | ===== | ===== |

29. State Ministry of Home Affairs

Head - 121

Auditor General's Opinion for the financial 2018 - Qualified Opinion statements

2019 - Qualified Opinion

2020 - Qualified Opinion

| Audit observation | Auditor General's Recommendation | Preventive actions taken by the Institution | Current Situation |
|---|--|--|---|
| ----- | ----- | ----- | ----- |
| 01. The outstanding balance of Rs. 493,140 which had to be recovered from the left, deceased, retired, suspended and other officers over a period of 05 years had not been recovered till 31 December 2020. | Need to take action to recover debt balances. | There are 04 District Secretariats recover the balances. | Debt recovery remains uncertain. |
| 02. A bail register had not been maintained in accordance with Financial Regulations 891 (1). | Maintaining a bail register | Circular No. 07/2019 has been issued to all officers of the Ministry with the provisions made regarding the deposit of bail money. | No bail register was maintained. |
| 03. Rs. 1,634,326 was paid as a 1/20 allowance in 2018 to non-executive officers of the 08 District Secretariats. | Should be act in accordance with the provisions of the Establishment Code. | Payment officers have been informed not to make payments outside the Establishment Code and circular provisions. | No action has been taken to recover the amount paid contrary to the Establishment |

| | | | Code. |
|-----|---|--|--|
| 04. | A Human Resource Development plan had not been prepared till the year 2020 according to the Public Administration Circular No. 02/2018 dated 24 January 2018. | Should be complied with circular provisions. | Although explanations were made, no action was taken. Although a training plan has been prepared, no human resource development plan has been prepared. |
| 05. | 111 generators were purchased in the year 2018 at Rs. 4,995,000 and 16 of them were kept at the Disaster Management Center without any usage from the date of purchase. | The money received from foreign aid projects should be utilized economically, efficiently and effectively. | 08 generators have been handed over to the Mawanella Divisional Secretariat after the establishment of new storage facilities. The Kegalle District Secretary has reported that foreign aid has not been utilized effectively and 08 generators remain in storage. |
| 06. | A loss of Rs. 4,849,189 were incurred on 02 occasions in 2018 due to careless and speeding driving. | Should be act in accordance with the provisions of the Motor Vehicle ordinance. | Drivers have been advised not to do this in future. There is no written confirmation that the drivers had been instructed. |
| 07. | A difference between the advance balances was Rs. 8,432,382 according to the books of the Home Affairs Division and notes of the Treasury. | Need to compare and show correct balances. | Form the variance, Rs. 1,031,409 has been settled in 2021. A difference of Rs. 7,400,973 has not been settled. |

08. Although Rs. 15,352,353 had Training of Grama According to the need to The relevant been spent on software Niladharis should respond to ICTA work could not development for the e-Grama be done to get decisions, suspend or be done due to Niladhari project in the year benefits from the revise some of the the field process 2020, the necessary steps had software activities previously of collecting not been taken to train the development planned under the e- household/ Grama Niladharis. project. Grama Niladhari citizen data project.(Suspension of could not be printing data collection completed. forms)

9. Utilization of Provisions

| <u>Description</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>Total</u> |
|--------------------|----------------|----------------|----------------|----------------|
| Net provision | | | | |
| Recurrent | 8,441,409,390 | 8,832,300,000 | 20,595,705,000 | 37,869,414,390 |
| Capital | 12,896,063,610 | 12,170,493,000 | 7,050,724,000 | 32,117,280,610 |
| Total | 21,337,473,000 | 21,002,793,000 | 27,646,429,000 | 69,986,695,000 |
| Actual Expense | | | | |
| Recurrent | 8,068,054,437 | 8,448,373,450 | 20,264,508,771 | 36,780,936,658 |
| Capital | 10,604,851,448 | 7,363,654,808 | 5,425,975,237 | 23,394,481,493 |
| Total | 18,672,905,885 | 15,812,028,258 | 25,690,484,008 | 60,175,418,151 |
| Year-End savings | | | | |
| Recurrent | 373,354,953 | 383,926,550 | 331,196,229 | 1,088,477,732 |
| Capital | 2,291,212,162 | 4,806,838,192 | 1,624,748,763 | 8,722,799,117 |
| Total | 2,664,567,115 | 5,190,764,742 | 1,955,944,992 | 9,811,276,849 |

30. State Ministry of National Heritage, Performing Arts and Rural Arts Promotion

Head - 401

State Ministry of National Heritage, Performing Arts and Rural Arts Promotion

(Ministry was established on 09 August 2020)

Utilization of provisions

| Description | 2020 | |
|-------------------------|-------------------|-------------|
| ----- | ----- | |
| Audit Opinion | Qualified Opinion | Total |
| | 2020 | |
| | Rs. | Rs. |
| | ----- | ----- |
| Estimated provision | | |
| - Recurrent Expenditure | 237,400,000 | 237,400,000 |
| - Capital | 369,500,000 | 369,500,000 |
| - Total | 606,900,000 | 606,900,000 |
| Net Provision | | |
| - Recurrent | 237,400,000 | 237,400,000 |
| - Capital | 379,500,000 | 379,500,000 |
| - Total | 616,900,000 | 616,900,000 |
| Actual Expenditure | | |
| - Recurrent | 178,076,611 | 178,076,611 |
| - Capital | 352,113,548 | 352,113,548 |
| - Total | 530,190,159 | 530,190,159 |
| Year-end Savings | | |
| - Recurrent | 59,323,389 | 59,323,389 |
| - Capital | 27,386,452 | 27,386,452 |
| - Total | 86,709,841 | 86,709,841 |

31. State Ministry of Rural and School Sports Infrastructure Development

Head - 402

Auditor General's Opinion for the Financial - 2020 Qualified opinion
Statements

Utilization of provisions

| Description | | 2020 | Total |
|------------------|-----------|----------------------|----------------------|
| Net Provision | Recurrent | 444,823,000 | 444,823,000 |
| | Capital | <u>940,099,000</u> | <u>940,099,000</u> |
| | Total | <u>1,384,922,000</u> | <u>1,384,922,000</u> |
| Actual Expense | Recurrent | 400,928,100 | 400,928,100 |
| | Capital | <u>554,799,270</u> | <u>554,799,270</u> |
| | Total | <u>955,727,370</u> | <u>955,727,370</u> |
| Year-end savings | Recurrent | 43,894,900 | 43,894,900 |
| | Capital | <u>385,299,730</u> | <u>385,299,730</u> |
| | Total | <u>429,194,630</u> | <u>429,194,630</u> |

32. State Ministry of Women and Child development, Pre-school and primary Education, School infrastructure and Education Services.

Head- 403

Auditor general’s opinion for the Financial 2018 - Qualified opinion
Statements

2019 - Qualified opinion

2020 - Qualified opinion

The Head and Title of this ministry was changed during the period from the year 2018 to 2020 as follows.

| Head No. | Name | Year |
|----------|---|---------------------|
| 120 | Ministry of Women and Children’s Affairs | 2018 |
| 120 | Ministry of Women and Children’s Affairs and Dry zone Development | 2019 |
| 120 | Ministry of Women and Child Affairs and Social Development | To August 2020 |
| 403 | State Ministry of Women and Child Development, pre-school and Primary Education, School infrastructure and Education Services | Form September 2020 |

| | Audit Observation | Auditor General’s Opinion | Preventive actions taken by the Institution | Current Situation |
|-----|--|--|---|---|
| 01. | Although it is the mission of the ministry to implement programmes to provide and improve the legal, institutional, human resource services and infrastructure required for economic, social and educational | Policies need to be enforced and implemented in order to act in accordance with the mission. | The National Child Protection Authority has provided necessary intervention when necessary in | It is not action taken to enforce the relevant policies to comply with the mission until 31 |

empowerment of children and women, it had not been enforced and implemented the priorities and needs as well as international standards and the laws and policies formulated to ensure, protect and promote women's rights.

relation to December 2021. complaints reported to the /authority about the violation of compulsory education, while focusing on providing the necessary facilities for the educational empowerment of children.

02. Although a women's hostel was built in Biyagama in 2001 at a cost of Rs. 25 million, the land had not been formally acquired by the audited date of 27 august 2020.

Acquisition should expedited.

Action is being taken to acquisition.

The Urban Development Authority and the Divisional Secretary have been informed about the acquisition, but no reply has been received till 31 December 2021.

03. Utilization of Provisions

| Description | 2018 | 2019 | 2020 | Total |
|----------------------------|---------------|---------------|----------------|----------------|
| | ----- | ----- | ----- | ----- |
| | Rs. | Rs. | Rs. | Rs. |
| Estimated Provision | | | | |
| - Recurrent | 1,135,903,000 | 7,093,994,000 | 20,757,530,000 | 28,987,527,000 |
| - Capital | 1,523,660,000 | 1,585,690,000 | 15,233,520,000 | 18,342,870,000 |
| - Total | 2,659,563,000 | 8,679,684,000 | 35,991,050,000 | 47,330,397,000 |
| | | | | |
| Net Provision | | | | |
| - Recurrent | 6,958,323,000 | 7,096,098,000 | 20,755,030,000 | 34,809,45 |
| - Capital | 1,630,583,453 | 1,847,093,000 | 15,236,020,000 | 18,713,69 |
| - Total | 8,588,906,453 | 8,943,191,000 | 35,991,050,000 | 53,523,14 |
| | | | | |
| Actual Expense | | | | |
| Recurrent | 6,846,824,913 | 6,766,891,849 | 19,012,387,668 | 32,626,10 |
| Capital | 1,150,883,055 | 1,551,139,660 | 14,710,337,460 | 17,412,36 |
| Total | 7,997,707,968 | 8,318,031,509 | 33,722,725,128 | 50,038,46 |

33. State Ministry of Education Reforms, Open Universities and Distance Education Promotion

Head - 404

Auditor General's opinion for the financial statements 2020 Qualified opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institution | Current Situation |
|---|---|--|--|
| 01. Out of the net allocation allocated for 12 expenditure subjects for the objectives of the Ministry, the savings were Rs. 6,171,757 and it was 25 percent to 100 percent of the net provision. | Necessary steps should be taken to get maximum use of the provisions annually to achieve the missions and objectives of the Ministry. | Provision were saved due to the inability of the State Ministry to carry out its activities with a minimum utilization of staff, vehicles, office facilities etc. and to implement functions including training courses on Covid 19 situation. | Provisions remained for the year 2021 as well due to the inability to perform various functions. |
| 02. Out of the provisions transferred under Financial Regulations 66, the total provision of Rs. 3,599,760 was saved from 05 occasions ranging from 30 to 100. | -Do- | -Do- | -Do- |

03. According to Financial Regulations 756 (6) of the democratic Socialist Republic of Sri Lanka, the annual boards of surveys are required to submit such reports to the Auditor General before 31 March 2021, but the relevant reports had not been submitted by 31 July 2021.
- The board of survey should be done in accordance with the financial regulations and the relevant reports should be submitted to the audit.
- The board of surveys should be conducted according to the Financial Regulations from the year 2021.
- The 2021 Board of survey had been done.
04. According to the Public Finance Circular No. 01/2014 dated 17 February 2014, no action plan has been prepared on behalf of the State Ministry for the relevant accounting period in the year 2020.
- Preparation of Action plan as per public Finance Circular.
- The newly formed Ministry did not have the opportunity to prepare a relevant action plan for the relevant period of the year 2020 due to the lack of permanent staff and specific premises.
- An Action Plan for the year 2021 has been prepared.
05. The State Ministry was aware of the United nations 2030 agenda for Sustainable Development Goals and objectives that the State Ministry could apply.
- Identify the Sustainable development Goals and objectives relevant to the ministry
- Initiating and implementing all activities on National institute of Education curriculum revision and training of principals and teachers.
- Sustainable Development Goals and objectives for the year 2021 have not been identified

| | | | |
|-----|---------------------------|----------------------|----------------------|
| 06. | Utilization of provisions | 2020 | Total |
| | Estimated Provision | ----- | ----- |
| | | Rs. | Rs. |
| | Recurrent Expenditure | 517,554,000 | 517,554,000 |
| | Capital expenditure | 1,725,630,000 | 1,725,630,000 |
| | Total Estimated provision | <u>2,243,184,000</u> | <u>2,243,184,000</u> |
| | Actual Expense | | |
| | - Recurrent Expenditure | 505,863,603 | 505,863,603 |
| | - Capital Expenditure | 1,603,921,588 | 1,603,921,588 |
| | Total Expenditure | 2,109,785,191 | 2,109,785,191 |
| | Year-end Savings | | |
| | - Recurrent expenditure | 11,690,397 | 11,690,397 |
| | - Capital expenditure | 121,708,412 | 121,708,412 |
| | Total Savings | <u>133,398,809</u> | <u>133,398,809</u> |

**34. State Ministry of Ornamental Fish, Inland Fish and prawn Farming, Fishery Harbor Development and, multiday Fishing and Fish exports
Head - 405**

Auditor General's opinion for the Financial Statements - 2018 - 2019 - 2020 } This ministry was established in 2020.
- 2019 }
- 2020 - Qualified opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institution | Current Situation |
|---|---|--|--------------------------|
| 01. The total amount to be pay back to the treasury as at 31 December 2020 was Rs. 2,908,690 transferred to the bank account of the Port Development Project without access to the treasury. | The balance at the end of the year is to be remitted to the treasury. | No action had been taken. | Remains unchanged. |
| 02. An amount of Rs. 7,773,000 allocated to the National Aquatic Resources and Development agency (NARA) for capital expenditure under research and development work was transferred to the National Aquaculture Development Authority (NAQDA) for capital expenditure. It was observed that the utilization of | Funds allocated for research activities should be utilized for this purpose | No action has been taken as a transfer of funds has been made with the approval of the Director General of National budget for the essential functions of the National Aquaculture Development | Remains unchanged. |

| | | | | |
|-----|--|--|--|--|
| | <p>funds for research activities was low as compared to other development projects as the utilization of funds for research activities of that agency (NARA) was 64.5 percent.</p> | | <p>Authority of Sri Lanka.</p> | |
| 03. | <p>Liabilities and obligations amounting to Rs. 15,006,102 had been excess over the annual provision of Rs. 15,006,102 for 2 expenditure subjects according to the liability register submitted by the institute.</p> | <p>Arrangements should be made to bear the expenses within the allotted amount for each subject.</p> | <p>No action had been taken.</p> | <p>Remains unchanged.</p> |
| 04. | <p>Although Rs. 260,097,285 equivalent to 97 percent of the allocations made to the State Ministry has been spent on 05 development projects of the National aquaculture Development Authority (NAQDA), the ministry has not carried out a follow up inspection on the utilization of those funds.</p> | <p>Information on the use of funds spent on projects should be obtained and monitored.</p> | <p>No action was taken to monitor the task or to conduct a follow-up inspection.</p> | <p>No follow-up progress reports were submitted.</p> |
| 05. | <p>Although Rs. 203,973,000 had been provided to the National Aquaculture Development Authority under the Development Capital Allocation during the year</p> | <p>-Do-</p> | <p>-Do-</p> | <p>-Do-</p> |

under review, only Rs. 196,200,000 had been spent on 29 projects under these provisions according to the progress report submitted. No file was maintained to obtain information on the work being done and the beneficiaries and no follow-up was observed as to whether the money had been used for development purposes.

06. Utilization of Provisions

| Description | | 2020 | Total |
|---------------------|-----------|---------------|---------------|
| ----- | | ----- | ----- |
| | | Rs. | Rs. |
| Estimated provision | Recurrent | 1,306,800,000 | 1,306,800,000 |
| | Capital | 2,928,100,000 | 2,928,100,000 |
| | Total | 4,234,900,000 | 4,234,900,000 |
| | | ===== | ===== |
| Net Provision | Recurrent | 1,306,800,000 | 1,306,800,000 |
| | Capital | 2,928,100,000 | 2,928,100,000 |
| | Total | 4,234,900,000 | 4,234,900,000 |
| | | ===== | ===== |
| Actual Expenses | Recurrent | 1,294,688,401 | 1,294,688,401 |
| | Capital | 2,497,992,619 | 2,497,992,619 |
| | Total | 3,792,681,020 | 3,792,681,020 |
| | | ===== | ===== |
| Year-end Savings | Recurrent | 12,111,599 | 12,111,599 |
| | Capital | 430,107,381 | 430,107,381 |
| | Total | 442,218,980 | 442,218,980 |
| | | ===== | ===== |

35. State Ministry of Solar, Wind and Hydro Power Development Project

Head 406

Utilization of Provisions

| Description | 2020 |
|--|-------------------|
| Audit Opinion | Qualified opinion |
| | Rs. |
| Initial Provision–Recurrent Expenditures | 275,565,000 |
| Capital Expenditures | 463,250,000 |
| Total Expenditures | 738,815,000 |
| Net Provision - Recurrent Expenditures | 275,565,000 |
| Capital Expenditures | 464,750,000 |
| Total Expenditures | 740,315,000 |
| Actual Expense- Recurrent Expenditures | 256,657,245 |
| Capital expenditures | 278,439,166 |
| Total Expenditures | 535,096,411 |
| Year-end Savings- Recurrent Expenditures | 18,907,755 |
| Capital Expenditures | 186,310,834 |
| Total Expenditures | 205,218,589 |

36. State Ministry of Cane, brass, Clay, Furniture and Rural Industries

Head - 408

Auditor General's Opinion for the financial Statements - 2020 –Qualified Opinion

Utilization of Provisions

| Description | | 2020 | Total |
|--------------------|-----------|--------------------|--------------------|
| ----- | | ----- | ----- |
| | | Rs. | Rs. |
| Estimation | Recurrent | 677,210,000 | 677,210,000 |
| | Capital | <u>91,720,000</u> | <u>91,720,000</u> |
| | Total | <u>768,930,000</u> | <u>768,930,000</u> |
| Net Provision- | Recurrent | 677,210,000 | 677,210,000 |
| | Capital | <u>91,720,000</u> | <u>91,720,000</u> |
| | Total | <u>768,930,000</u> | <u>768,930,000</u> |
| Actual Expense - | Recurrent | 642,616,138 | 642,616,138 |
| | Capital | <u>82,028,736</u> | <u>82,028,736</u> |
| | Total | <u>724,644,874</u> | <u>724,644,874</u> |
| Year-end Savings - | Recurrent | 34,593,862 | 34,593,862 |
| | Capital | <u>9,691,264</u> | <u>9,691,264</u> |
| | Total | <u>44,285,126</u> | <u>44,285,126</u> |

37.State Ministry of Internal Security, Home Affairs and Disaster management (Disaster Management Division)

Head - 409

Auditor General's Opinion for the financial 2018 - Qualified Opinion statements

2019 - Qualified Opinion

2020 - Qualified Opinion

| | Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|-----|---|---|--|--|
| | ----- | ----- | ----- | ----- |
| 01. | 1,444 families living in high risk areas were identified due to flood and landslides in the year 2017.Although Rs. 624.39 million had been utilized to the Kaluthara District Secretary for the resettlement of 699 families, only Rs. 121.25 million had been provided for resettlement. Out of this only Rs. 33.4 million was spent on the foundations of 167 houses. | The evictions of families identified for eviction should be completed expeditiously and the provisions should be used for the relevant purpose. | Cabinet approval has been obtained to construct the houses by a contractor selected by the District Secretaries. | The government is in the process of constructing houses within the approved procurement process. |
| 02. | 312 families living in high risk areas of Eheliyagoda, Rathnapura had been identified but only 02 lands had been identified for the resettlement of 97 families. | There should be a formal programme to facilitate expeditiously. | - Do - | - Do- |

264 families had been identified in the Ayagama area, but the construction of houses had started for only 151 families. Only land identification had been done for the remaining 113 families.

03. 2,098 families in Kandy District were identified and 328 families were selected to giving permanent houses on the recommendation of the Building Research organization. A land of 25 acres near the Cinnamon Gardens town was selected for the resettlement of 162 families in the Berawila area and an allocation of Rs. 35.40 million was made to the Kandy District Secretary out of which Rs. 30.60 million was paid to 153 families. However, 125 families were living in high risk areas. Rs. 30.80 million had not been utilized for 112 families living in high risk areas in Udunuwara.
- A formal programme should be formulated to provide immediate facilities to the people in high risk areas.
- Do - - Do -

04. As the Ministry has to prepare the National Disaster management plan Work on the National Disaster management Plan should be The plan is being finalized and approved by The National Disaster Management

- as per 2(a) of Chapter 8 of the Sri Lanka Disaster Management Act, the United Nations Development programme has allocated Rs. 2 million had been given to the Disaster management Center. However, the work had not been completed by 31 December 2018.
05. 09 water bowsers donated by the Government of China to the Kurunegala District were inactive due to inability to drive on roads of the area, difficulties in operation and maintenance. Arrangements should be made to send water bowsers to places where they can be utilized. District Secretaries have been instructed to provide necessary training to drivers. District Secretaries have been instructed to provide necessary training to other drivers attached to bowsers in the districts through trained officers.
06. Adequate arrangements had not been made to utilize the funds of Rs. 294.73 million received from the Government of Sri Lanka from local and foreign donors for disaster relief activities. Donor assistance should be used to achieve the goals they have obtained. Cabinet approval has been obtained to use these funds for the resettlement of people evacuated due to the high risk of landslides. Follow the recommendations of the Auditor General.
07. A total benefits of rs. 350.8 million was received as Rs. 105.7 million for the purchase of lands for 267 Utilize the benefits provided and check the technology required to build - Do - - Do -

beneficiaries in 13 houses and take
Divisional Secretariats in necessary action.

the Kaluthara District and
the construction of houses
on those lands at Rs. 245.1
million, but 139
beneficiaries of 08
Divisional secretariats had
not completed their houses.

08. Although Rs. 92 million had been paid to 135 beneficiaries of 13 Divisional Secretariats to construct a house in a safe place for the beneficiaries whose houses were damaged, 72 beneficiaries of 06 Divisional Secretariats had not completed the construction of houses. Although 122 beneficiaries of 13 Divisional Secretariats had provided Rs. 179.6 million for the purchase of land with a house, 12 beneficiaries of 02 Divisional Secretariats had not taken action to purchase a land with a house.
- Necessary action should be taken regarding non-utilization of the benefits provided.
- Beneficiaries who have not constructed without utilizing the benefits have been made aware in writing as well as verbally.
- Act to achieve the objectives of the programme by informing the beneficiaries who have not completed the construction in writing as well as verbally from time to time.

09. Bidding in according to the basis of section 3.2 of the Government Procurement guidelines for the purchase
- Procurement should be done in accordance with the procurement process for advance
- Staff officials have paid close attention to the Meteorological
- It has been reported that the action will be taken in future as

of 1000 liter tanks was not preparedness in case Department's per the
done on a national of disasters caused by announcement to recommendation
competitive basis. drought. prevent emergency of the Auditor
procurement. General.

10. Utilization of Provisions

| Description | | 2018 | 2019 | 2020 | Total |
|------------------|-----------|------------------|------------------|------------------|------------------|
| | | Rs. million | Rs. million | Rs. million | Rs. Million |
| Net Provision | Recurrent | 6,214.14 | 2,667.78 | 20,595.71 | 29,477.63 |
| | Capital | 5,761.12 | 9,164.05 | 7,050.72 | 21,975.90 |
| | Total | <u>11,975.26</u> | <u>11,831.83</u> | <u>27,646.43</u> | <u>51,453.53</u> |
| Actual Expenses | Recurrent | 6,079.64 | 2,295.16 | 20,264.51 | 28,639.31 |
| | Capital | 4,836.96 | 5,396.81 | 5,425.98 | 15,659.74 |
| | Total | <u>10,916.60</u> | <u>7,691.97</u> | <u>25,690.49</u> | <u>44,299.05</u> |
| Year-end Savings | Recurrent | 134.50 | 372.62 | 331.20 | 838.32 |
| | Capital | 924.16 | 3,767.24 | 1,624.75 | 6,316.15 |
| | Total | <u>1,058.66</u> | <u>4,139.86</u> | <u>1,955.94</u> | <u>7,154.47</u> |

38. State Ministry of Companies Estate Reforms, Tea and Rubber Estate crops and Factories modernization and Tea and Rubber Promotion

Head – 410

Auditor General's Opinion for the financial 2020 - Qualified Opinion statements

Utilization of provisions

| Description | | 2020 Rs. | Total Rs. |
|------------------|-----------------------|---------------|---------------|
| Net provision - | Recurrent Expenditure | 925,630,000 | 925,630,000 |
| | Capital Expenditure | 3,107,590,000 | 3,107,590,000 |
| Total | | 4,033,220,000 | 4,033,220,000 |
| Actual expense - | Recurrent | 901,253,909 | 901,253,909 |
| | Capital | 2,594,526,430 | 2,594,526,430 |
| Total | | 3,495,780,339 | 3,495,780,339 |
| Year-end savings | Recurrent | 24,376,091 | 24,376,091 |
| | Capital | 513,063,570 | 513,063,570 |
| Total | | 537,439,661 | 537,439,661 |

39. State Ministry of Urban Development, Coast Conservation, Waste Disposal and Community Sanitation

Head - 411

Auditor General's Opinion for the financial 2020 - Qualified opinion statements

| Audit observation | Auditor General's Opinion | Preventive actions taken by the institution | Current Situation |
|--|--|--|---|
| <p>01. Head -411 State Ministry of Urban Development, Coast Conservation, Waste Disposal and Community Sanitation</p> <p>(a) Regional Maritime City Development Project</p> <p>-----</p> <p>The development project of Western Regional maritime cities to complete the 03 basic components of the proposed recreational beach from Kollupitiya to Dehiwala Ela, proposed port activities,, development of the Kimbula Ela (Blumendal) area and construction of the proposed Welisara supply service center had been established and proposed to completed by 31 December 2020.Rs.</p> | <p>Action should be taken to carry out abandoned projects.</p> | <p>A feasibility study and Evaluate Impact Assessment report (EIA) for the development of the proposed recreational beach from Kollupitiya to Dehiwala canal has been completed. The approval of the Department of National Planning has been obtained to make the proposed supply</p> | <p>(i) Discussions were held with the Road Development Authority to create suitable roads for access to the project area and conceptual plans are yet to be received.</p> <p>(ii)35 of the unauthorized occupants</p> |

170,388,967 was spent for the project to October 2020, but it was observed that project components for the development of the Blumendal area and the construction of the Welisara supply service center had been abandoned. The work of this project was entrusted to the Urban Development Authority with effect from 31 October 2020.

and service center currently construction project residing in the suitable for project area have implementation and been the necessary Cabinet rehabilitated. approval has been (iii) Bidding obtained to implement documents it actively. (REPs) have

been drafted to select investors.

(iv) Action has been taken to implement only the Bluemendal garbage yard adjoining area development project.

(v) Construction of proposed supply service center-

Preliminary study has been done on the feasibility of including the Welisara project in Waththala development plan.

(b) Science and Technology
City Development project

The areas of Malabe, Homagama, Kaduwela and Athurugiriya were expected to be developed into 05 zones under the above project and this was scheduled to commence on 01 March 2017 and end on 01 March 2023.04 roads were developed at a cost of Rs. 238.7 million during the year 2020 under infrastructure development which is one component of the project. The project management unit had spent Rs. 146,215,139 from 2017 to 31 December 2020 on staff salaries, allowances and other operating expenses and although this project was handed over to the Urban Development Authority on 31 September 2020,it was observed that the activities of the project had not implemented till 30 October 2021.

The feasibility study of the project should be done and the projects should be implemented in a manner that minimizes the investment risk and give benefits to the public.

04 projects have been implemented to provide the relevant infrastructure to implement the scope of this project.02 of those projects have already been completed and the remaining 02 projects are expected to be completed this year. Assigned to the Urban Development Authority for further implementation of project work by 30.09.2020.

Construction work on three roads to provide infrastructure for the project has commenced and work on 02 of them has been completed and work on one road is in the final stages. The project management unit established for this project has been completed and its activities have been handed over to the Urban development Authority with effect from 30.09.2020.

(c) Urban City Planning project
in the Western Region

| | | | |
|--|--|--|---|
| <p>The project was began in May 2015 and it was completed in September 2017. The total amount spent on projects was Rs. 330,226,769. However, the old project was continued as a new project called Western Regional Planning projects from 208 to 30 September 2020 with salaries and allowances of Rs. 38,351,301 being spent on project staff and operating expenses and the project was completed on 30 September 2020 and handed over to the Urban Development Authority.</p> | <p>Projects should not be implemented without a time frame for completion of the project or any specific work to be done by the project and if there are plans for zonal urban development, those plans should be made public.</p> | <p>This planning project has been implemented with the approval of the Cabinet. After preparing the plans for this project, the staff assumed the necessary support to reduce the project tasks and implement the projects identified by the metropolitan planning by a small staff.</p> | <p>The work done by the staff of the Urban planning projects has been handed over to the urban Development Authority and the activities of that unit have been completed.</p> |
|--|--|--|---|

(d) Greater Colombo Flood
Control project

| | | | |
|--|---|---|--|
| <p>Relevant institutions had not taken steps to acquire only essential lands for the expansion of Diyawanna Oya under the Greater Colombo Flood control Project. As a result, a foreign company that owned</p> | <p>Measures should be taken to protect the state resources and to assess the amount of compensation to be paid for the lands acquired</p> | <p>Preventive actions have not been reported.</p> | <p>The Montrose private company had once again appealed against the verdict of the case and that decision of the Court of Appeal</p> |
|--|---|---|--|

one of the acquired lands and to avoid had filed a lawsuit against delays in the the Sri Lankan government payment of at the International center compensation for Investment Dispute while preventing Resolution for delay in wastage. payment of compensation. It was also observed that the Ministry had spent Rs. 342,979,860 at the end of the year under review (2020) for the assistance of the Foreign legal advisers in the case filed and for the travels of the officials of the Attorney General's Department who appeared for it, but the proceedings have not been completed yet.

also favored the Republic of Sri Lanka. Accordingly, a sum of GBP 338,162.34 on behalf of the Republic of Sri Lanka and an amount of GBP 40,000.00 in the case of appeal is also due from the Montrose (Pvt) Company. Clyde & Company of London has informed to the Attorney General's Department that the appearing for the Republic of Sri Lanka on 27.10.2021 stated that the high court in London would pay another GBP 10,000.00 as court fees to enforce the

arbitration order as Montrose (Pvt) Company has not yet made the payment

(e) Greater Colombo Solid Waste Management Project

- (i) Ecologists and the National Attention should As a solution to the Although the policy on metropolitan and be paid to the aggravation of the World bank has solid waste management had basic solutions garbage disposal held several had identified the recycling identified by problem in the city of discussions with of waste, compost manure ecologists. Colombo at that time, these institutions production and the steps were taken to to obtain loans establishment of biogas temporarily dispose of for the units as the main the garbage at the construction of methodology for Aruwakkalu garbage the Aruwakkalu implementing that policy dump. garbage yard, and pointed out that the final the loans have temporary solution was to not been build a landfill. successful.
- However, the Cabinet approved the construction of a temporary solution to a garbage dump at a cost of US \$ 120 million which was Rs. 19,127 million on 16 May 2017.
- (ii) Although the above project Action should be Although the World 04 train engines has not been transparent in taken to achieve Bank initially agreed were handed compliance with the desired to provide financial over to the government and World objectives of the assistance for the Ministry on

Bank procurement project through construction of the 03.09.2020 after guidelines in selecting a obtaining foreign landfill, it has not been inspection by the contractor for the aids. funded. So, the project Railway Department. construction of garbage exchanges, railways and landfills, the World Bank review team has made observations to re-procure, but the project had to be funded by Rs. 19,127 million locally due to non-resumption of procurement due to expeditious completion of the project and the government had spent Rs. 16,186 million.

(iii) Measures should Insee Company and be taken to we did not reach a The 04 train Construction work on the minimize the definite agreement to engines had Aruwakkali solid waste losses incurred build the railway line given permission management project is due to passive from Palavi to to the Railway scheduled to commence on investment of Arauwakkalu. Department of 01 January 2018 and to be government According to the transport completed by 30 June 2019, funds. contract agreement for passengers. but it is being extended on the importation of 34 Treasury had not 05 occasions and the waste container approved the extension of the contract for procurement of wagons, the letter of credit 34 container wagons for the importation of this project has been delayed due to errors containers. Although 94 containers were due to arrive by the end of 2020, it was advised to delay the supply as there in the technical plans The contract to submitted by the supply 34 train manufacturers due to engines was

was no suitable place to hold the container boxes. 04 sets of locomotives had been imported at a cost of Rs. 8,271,224 by 31 December 2019, but due to delays in the construction of garbage collection centers, they had not been able to utilize the expected function by 31 December 2020. Rs. 13,646 million had been spent on those works. The overall progress of this project was observed to be 79 percent as at 31 December 2020.

(f) Greater Colombo Urban Transport Development Project- Urban Development Component (3K project)

- (i) The project, which aims to alleviate traffic congestion in the city of Colombo, was financed by a loan agreement reached with the international Bank of Japan (JICA) in 2007 and JICA had agreed to provide a total of 1,180 million Japanese Yen by May
- After achieving the initial objectives of the project, the project should be completed within the stipulated time.
- Land development work for the construction of the Makumbura Multipurpose Transport Center has been completed and the construction of the bus stand has been completed using the
- According to the extraordinary gazette notification No. 2187/27 dated 09.08.2020, this project has been transferred to the Ministry of Transport.

non-approval by the Railway Department. Although 94 containers were due to arrive at the end of 2020, the importation was delayed due to a lack of storage space and 94 containers were scheduled to arrive in March this year (2021).

terminated on 28 April 2021. Work on this project is currently in its final stages.

2015. Accordingly, the project, which has been operating entirely on treasury allocations since May 2015, was extended until the end of the year under review due to weak performance and non-completion of the project on time and due to that, treasury provisions over Rs. 110 million had been spent on the administration and operation of the project. It was observed that the physical progress of performing additional tasks at the Makumbura Multi center, targeted for the year 2019 of this project, was only 9 percent.

full amount provided by JICA. Relevant provisions were approved on the agreement that local funding should be provided to complete the development work. Preliminary construction work has been completed in 2018. Development work was carried out as per the notification of the line Ministry for infrastructure development and with the approval of the Department of National Planning and that transport plans had to be implemented at the Makumbura multipurpose transport center during the development work and due to the lack of an institutional structure for the operation of the multipurpose transport center, it was proposed that the same operations be carried

out by the project
itself.

- (ii) Misinterpreting the project cost of the project which was carried out under the name of 3K project only for kadawatha, Kaduwela, Kottawa town development under the greater Colombo transport network improvement project and 10 members of the staff should receive a higher salary than they had received before and they had obtained Rs. 1,906,200 as salary arrears by the approval of the Secretary to the Ministry. The Ministry has not yet taken formal steps to recover the erroneous payment.
- Action should be taken to recover the money from the officers who submitted false information and received payments.
- Clarification obtained from the Department of Management Services regarding this payment of salaries has been given by the letter No. DMS/7777/GCVT dated 02.10.2017. Accordingly, a separate staff has been approved for the 3k project and it has been advised to pay salaries based on the cost of the project as per the Management Services Circular.
- As the activities of the Greater Colombo Transport Network Improvement (3K) project are currently under the purview of the Ministry of transport, letters No. SMUD/F/16/AQ /3K/t-01 dated 09.03.2021 and 11.06.2021 informing the Secretary to the ministry of Transport to discuss this payment with the Department of management services and take further action.

02. Utilization of Provisions

| Description | | 2020 Rs. | Total Rs. |
|------------------|-----------|----------------|----------------|
| Net Provision | Recurrent | 1,346,262,576 | 1,346,262,576 |
| | Capital | 26,670,171,000 | 26,670,171,000 |
| | Total | 28,816,433,576 | 28,816,433,576 |
| Actual Expense | Recurrent | 20,267,619,586 | 20,267,619,586 |
| | Capital | 20,893,915,366 | 20,893,915,366 |
| | Total | 20,893,915,366 | 20,893,915,366 |
| Year-end savings | Recurrent | 719,966,796 | 719,966,796 |
| | Capital | 6,402,551,414 | 6,402,551,414 |
| | Total | 7,122,518,210 | 7,122,518,210 |
| Description | | 2020 Rs. | Total Rs. |
| Net Provision | Recurrent | 1,346,262,576 | 1,346,262,576 |
| | Capital | 26,670,171,000 | 26,670,171,000 |
| | Total | 28,816,433,576 | 28,816,433,576 |
| Actual Expense | Recurrent | 20,267,619,586 | 20,267,619,586 |
| | Capital | 20,893,915,366 | 20,893,915,366 |
| | Total | 20,893,915,366 | 20,893,915,366 |
| Year-end savings | Recurrent | 719,966,796 | 719,966,796 |
| | Capital | 6,402,551,414 | 6,402,551,414 |
| | Total | 7,122,518,210 | 7,122,518,210 |

40. Ministry of Foreign Employment Promotion and Market Diversification

Head - 412

Auditor General's Opinion for the financial 2018 - Qualified Opinion
statements

2019 - Qualified Opinion

2020 - Qualified Opinion

Utilization of Provisions

| Description | | 2018 | 2019 | 2020 | Total |
|------------------------|--------------|--------------------|--------------------|--------------------|----------------------|
| ----- | | ----- | ----- | ----- | ----- |
| Estimated provision | Recurrent | 633,030,000 | 567,300,000 | 623,100,000 | 1,823,430,000 |
| | - Capital | 53,025,000 | 12,200,000 | 29,100,000 | 94,325,000 |
| | Total | 686,055,000 | 579,500,000 | 652,200,000 | 1,917,755,000 |
| Actual Expense | Recurrent | 560,985,919 | 539,377,238 | 598,559,798 | 1,698,922,955 |
| | - Capital | 5,933,640 | 9,540,638 | 25,107,729 | 40,582,007 |
| | Total | 566,919,559 | 548,917,876 | 663,667,527 | 1,739,504,962 |
| Year-end savings | - Recurrent | 72,044,081 | 27,922,762 | 24,540,202 | 124,507,045 |
| | - Capital | 47,091,360 | 2,659,362 | 3,992,272 | 53,742,994 |
| | Total | 119,135,441 | 30,582,124 | 28,532,474 | 178,250,039 |

41. State Ministry of Samurdhi, Home Economic Micro Finance and Self Employment and Business Development

Head- 414

Name of the Auditee

2018- 124 –Ministry of Social Empowerment, welfare and Kandyan Heritage

2019 – 124 –Ministry of primary industries and Social Empowerment

2020 – 414 - State Ministry of Samurdhi, Home Economic Micro Finance and Self Employment and Business Development

Auditor General’s Opinion for the financial 2018 - Qualified Opinion statements

2019 - Qualified Opinion

2020 - Qualified Opinion

| | Audit Observation | Auditor General’s Recommendation | Preventive actions taken by the Institute | Current Situation |
|-----|---|--|---|---|
| | ----- | ----- | ----- | ----- |
| 01. | The Ministry located in a leased building and all maintenance is carried out by the lessee. However, a total of Rs. 2,690,000 had been allocated for 03 areas of expenditure from the budget allocations for the rehabilitation and improvement of buildings and maintenance. Out of this provision, Rs. 2,227,681 or 82.8 percent was saved. Accordingly, allocations were made for each subject without identifying the requirements. | Action should be taken to prepare estimates correctly. | Relevant officials have been informed to be more careful in this regard when making arrangements in future. | Na action had been taken to identify the needs and allocate funds for each subject. |
| 02. | Equipment worth Rs. 3,385,762 purchases for hostel and kitchen | Should be able to purchase and | The Divisional secretary of | It had not purchased and |

- needs was kept in storage for about 3 years due to delays in repairing hostels. It was also observed that the warranty period given for the electrical equipment purchased had expired without the use of relevant equipment.
03. No action had been taken to conduct a survey of 50 vehicles belonging to the ministry in accordance with the provisions of the Financial Regulations 1647 (a) of the Democratic Socialist Republic of Sri Lanka and public Administration Circular No. 26/92 (10 dated 03 august 1994).
04. Rs. 10,713,494 was spent in accordance with Financial Regulations 104,105 and 110 of the Democratic Socialist Republic of Sri Lanka on repairing an accident vehicle in 2016. Preliminary and final inquiries into the accident in accordance with the Financial Regulations 104 and 105 had not been carried out by those responsible parties. As a result, the Ministry had incurred a loss of Rs. 2,155,617.
- deliver on time as needed.
- Thimbirigasyaya had planned to start the repair work and after that it was decided to place the relevant items at those places.
- Need to act in accordance with the Financial Regulations and circulars.
- Officers were informed to conduct an annual vehicle survey. A committee has been appointed to inspect the vehicles and surveys are being carried out.
- It was not act in accordance with the Financial Regulations and circulars.
- Should be complied with financial regulations.
- An investigation has been carried out in accordance with the Financial Regulations 104 in this regard and it has been noted in the damage and loss list.
- It was not act in accordance with the Financial Regulations and circulars.

05. The Ministry of primary Industries had submitted to the Ministry to take over 64 acres of land from Maha heenthenna land in Benthota Estate in 2016 to establish agriculture zonal zones in 2018 by paying Rs. 108,780,000. However, the transfer had not taken place and the ministry had been given permission to develop on a transfer basis in future. During the land survey conducted on 26 February 2020, the total area of 64 acres was completely overgrown with weeds. Accordingly, the project had not been implemented and the money spent on it had become a waste of money.
- Action should be taken to achieve the intended objectives of the project.
- The development work of the land has been carried out using the allocations received under the years 2020 and 2021 and the provision of infrastructure facilities including land development, road development, water and electricity has been carried out and the distribution of plots among the beneficiaries has been delayed due to the epidemic situation and that it will be completed and the buildings will be constructed in near future.
- The objectives of the project had not been achieved.
06. An allocation of Rs. 5,000,000 had been made to complete the project on research on social issues with a year. However, only the project proposal was prepared during the year under review at a cost of Rs. 2,183,000.
- Action should be taken to complete the projects started during the year on time.
- The provisions of annual budget estimate for the years 2020 and 2021 has been requested and this research has not been carried out yet.
- The projects had not been completed on time.

07. A vehicle whose insurance cover expired on 01 August 2018 was involved in an accident on 24 August 2018 and the damage caused to the vehicle by the accident was estimated at Rs. 6,783,254 according to an investigation report by the Ministry. It was decided that the loss of the vehicle should be recovered from the officer who uses the vehicle and the driver according to the report of the investigation carried out by the Ministry in accordance with Financial Regulations 104 (1) (a). Legal action should be taken against the officers for misusing public property and that the officer in charge of transport had been negligent in handing over the vehicle. However, no action had been taken to recover the loss until 31 December 2020.
- Action should be taken in accordance with Financial Regulations 104 to recover the loss.
- The letter dated 18.08.2021 informs that as the case has been filed to recover this loss from the officer and the driver who used the vehicle, the recovery will be done as soon as the judgement is received.
- No action had been taken to recover the loss.
08. The main objective of the Rural Development Training and Research Institute was to introduce a new development methodology by alleviating the poverty of the rural poor who are suffering from economic and social psychological abyss and improving rural development
- Work to achieving the basic objectives of the project.
- As the rural development training and research institute at Borella is a very old building and its renovation was completed in several stages and only the final stage
- The planned activities have not been implemented properly.

activities. For this, the action plan of the year under review has allocated Rs. 16.02 million and its financial progress was Rs. 9.07 million. Instead of implementing activities to achieve the primary objective of the organization, Rs. 8 million for the purchase of office equipment and renovation of buildings.

is currently underway.

Renovated dormitory, 02 main meeting halls, canteen and access hall to the auditorium are not completed.

Accordingly, external and internal training and due to that, the desired objectives are being achieved as the programmes have been initiated.

- | | | | | |
|-----|--|--|-----------------|---------------|
| 09. | It was estimated that Rs. 10,000,000,000 would be provided to 416,667 senior citizens over 25 years of age in 25 districts for a monthly allowance of Rs. 2,000 during the year under review. Rs. 9,855,532,716 had been paid to 410,647 senior citizens during the year under review. Accordingly, 6,020 approved persons had not been paid allowances. | Action should be taken to provide allowances to the maximum number of eligible elders. | No answers yet | Not reported. |
| 10. | After the payment of the elders' allowance, each Divisional Secretariat should send a summary expense report to the | Action should be taken to provide relief to the elderly through | No answers yet. | -Do- |

District Secretariat before the end of each month and before the 15th day of the following month. Also, a summary report should be prepared by the District Secretariat from all the reports provided by the Divisional Secretariats and sent to the National Secretariat for Elders before the 30th of the following month. Although the Ministry has informed about this in the circular NSE/EL/01/2018 dated 15 October 2018, it was observed that the sending of the relevant reports is in delay. Accordingly, summary reports had not been obtained from 11 of the 25 districts regarding the persons who were entitled to the elders' allowance, but did not receive the allowance. Meanwhile, the registered number waiting to receive allowances was 157,720.

making maximum use of the provisions.

11. The waiting list for the number of kidney patients identified in 25 districts was 13,863, but no action had been taken to extend this allowance to kidney patients in other districts in addition to the 11 districts which receive the allowance annually. Accordingly, 7,684 kidney patients in 14

Action should be taken to provide relief to the patients covering all districts.

The Department of National Budget informed by the letter dated 28.06.2019 that there are no provisions for the year 2019. Therefore, payment could not

-Do-

districts were completely deprived of the allowance.

be made for the waiting list. However, as a result of repeated requests, approval was granted in September 2020 to pay a living allowance of Rs. 5,000 covering all types of kidney patients.

Therefore, payment has been started for 13849 new beneficiaries from the waiting list by the year 2020.

- | | | | | |
|-----|---|---|--|--|
| 12. | Tertiary& secondary and primary level posts were approved as 17 and 18 respectively, but due to the actual staff was 289 and 53 respectively, employing 307 more than the approved staff. | Need to expedite matters and resolve administrative issues. | Approval for staff has not yet been received. | Administrative issues had not been resolved expeditiously. |
| 13. | According to paragraph 05 of the letter of the Department of Management Services No. DMS/SM/02 dated 04 September 2020, this Ministry has special knowledge in achieving the duties. Tasks, priorities and related targets mentioned under the purview of the Ministry in | Arrangements should be made to deploy staff with specialized knowledge and skills in the relevant fields. | The staff has been repeatedly referred to the Department of Management Services for approval. But, it has not yet been approved. | No action had been taken to deploy staff with specialized knowledge and skills in the relevant fields. |

order to achieve the development objectives of the people oriented government and the need for a skilled staff contribution was identified. Further, the staff had to make amendments to take these matters into consideration

14. The post of Director of the Borella Development research and Training institute has been vacant since August 2018. There were vacancies in the post of 02 Deputy/ Assistant Directors of the institution for a long time and a Deputy vacant has been appointed outside the approved recruitment procedure. Due to this, the role of the institution was problematic.
- Should appoint a permanent director to carry out the functions of the institution.
- An officer has been appointed to cover the duties of the post of Secretary to the Ministry of Local Government and the public Service Provincial Councils have been informed to fill the vacancies. The duties of the post of Director of the Institution will be covered by an officer in Grade III of the Sri Lanka Administrative Service.
- A permanent Director had not been appointed to carry out the functions of the institution.

15. Utilization of provisions

| Description | 2018 Rs. | 2019 Rs. | 2020 Rs. |
|-------------------------|----------------|----------------|---------------|
| Estimated Provision | | | |
| - Recurrent Expenditure | 13,412,928,000 | 17,021,812,000 | 6,744,724,000 |
| - Capital Expenditure | 750,870,000 | 2,629,800,000 | 935,806,000 |
| - Total Expenditure | 14,163,798,000 | 19,651,612,00 | 7,680,530,000 |

| | | | |
|-------------------------|----------------|---------------|---------------|
| Actual Expense | | | |
| - Recurrent Expenditure | 12,864,851,412 | 15,119,715,01 | 6,709,642,423 |
| - Capital Expenditure | 432,962,895 | 2,061,722,472 | 723,835,594 |
| - Total Expenditure | 13,297,814,307 | 17,181,437,53 | 7,433,478,017 |
| Year-end Savings | | | |
| -Recurrent Expenditure | 548,076,588 | 1,902,096,919 | 35,081,577 |
| - Capital Expenditure | 317,907,105 | 568,077,528 | 211,970,406 |
| - Total Savings | 865,983,693 | 2,470,174,447 | 247,051,983 |

42. State Ministry of Rural Housing and Construction and Building Material Industry Promotion

Head- 415

Auditor General's Opinion for the Financial Statements - 2018 Qualified Opinion
2019 Qualified Opinion
2020 Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation. |
|--|---|--|-----------------------------------|
| 01. Although that has been emphasized to immediately complete the land acquisition for the commencement of future housing projects by the letter No. BD/RDS/123/1/9/4 dated 29 December 2017 addressed to the Secretary to the Ministry of Housing and Cultural Affairs from the Director of the National Budget Department, it was revealed that housing construction work has been | Land acquisition should be made before commencing housing projects. | No proper action has been taken yet. | Lands have not been acquired yet. |

carried out in 2018 without any land acquisition even today.

02. Although the land belonging to the building used by the Gampaha District office of the National Housing Development Authority had been taken over by the Gampaha Divisional Secretary on 30 September 1999, the office building had been constructed and maintained by the National Housing Development Authority as its own expense without taking over the relevant land. Gampaha Divisional Secretary had instructed to pay Rs. 2,280,000 as rent for the above building from the year 2014 to 2016 in the letter GM/DS/2/2/2/39 94) dated 29 September 2016. The office is still ongoing and the relevant land had not been taken over till 31.12.2018.
03. The audit revealed instances of resettlement problems arising due to lack of water for constructed housing projects. The opening of 36 houses in the Boraluwalayaya model village, which was established in 2016 in the Thanamalwila Divisional Secretariat Division in the Monaragala District, to the public in 2018 due to the lack of drinking water facilities was problematic.

Land should be taken over and buildings should be constructed to avoid rent payments by constructing buildings without acquiring land.

No proper action has been taken yet.

Land was not taken over yet.

-Do- Not obtain water to the village yet.

04. The Urban Development Authority had informed on 06 May 2000 to pay Rs. 8,686,000 for the transfer of the Galkaduwaththa land in Rathnapura to the National Housing Development Authority. Although the amount had been paid on 20 March 2012, the urban Development Authority had again instructed to pay a new assessed value of Rs. 145,530,000 to hand over the land to the National Housing Development Authority due to the delay.
- The current situation should be discussed and rectified.
- Do-
- Lands have not been taken over. The amount paid to the Housing Development Authority had been paid to the Urban Development Authority.
05. Udha Gammana (Model Villages) programmes (New) project estimated cost for the year under review was Rs. 1790 million and according to the progress report as at 31 December 2019, the expenditure incurred on this project was Rs. 1084 million. Accordingly, the financial progress of the project was 60 percent. However, the target number of houses for the period from January 2019 to December 2020 was 12,843, but the number of houses to be completed in the year under review was not specified. The number of houses completed up to roof was 2,523 and the total number of completed houses was 480 as at 31 December of the year under review.
- The targeted role should be completed.
- Follow-up is to be seen to achieve the goals
- 485 houses were completed and the other houses were not fully completed..

- | | | | | |
|-----|--|---|---|--|
| 06. | Although the estimated cost of the Grama Shakthi model village housing programme project during the year under review was Rs. 450 million, the expenditure was Rs. 365 million. The target number of houses for the period from January 2018 to September 2019 was 1,352 and the number of completed houses was only 443. | Plans should be made to enable the project to be completed on time. | There are no provisions after 2018 and no follow up on the progress of the project. | There were 443 completed houses and after that, there is no progress. |
| 07. | The estimated cost for the North East housing scheme for the year under review was Rs. 972 million and the expenditure incurred was Rs.1,241 million. Out of the targeted housing construction of 7,809 for the period, 3,589 were completed by the end of the year under review. Accordingly, the physical progress of the project as at 31.12.2019 was 46 percent. | -Do- | -Do- | There were 3,589 fully completed houses and after that, there is no progress. |
| 08. | Estimated cost for Weli oya housing scheme during the year under review was Rs. 66 million and expenditure was Rs. 32 million. The progress was 48 percent. Although the target number of houses to be constructed in 2019 was 256, no any house was fully completed and the number of houses completed up to the roof was 27. | -Do- | -Do- | The number of houses completed up to roof was 27 and after that, there is no progress. |
| 09. | The estimated cost for the flood | -Do- | -Do- | The number of |

affected housing improvement programme (Mullativu, Kilinochchi) during the year under review was Rs. 1,292 million and the financial progress was 41 percent with the expenditure being Rs. 530 million. Although the number of housing improvements targeted for the period from January 2019 to June 2020 was 4796, no any house was fully completed and the number of houses completed up to the roof was 82 at the end of the year 2019.

houses completed up to roof was 82 and after that, there is no progress.

10. The estimated cost of the scattered housing improvement programme was Rs. 150 million and the expenditure was Rs. 87 million with a financial progress of 58 percent. Although the target number of houses was 3000 for the period from January 2019 to June 2020, 394 houses were completed and the physical progress of the project was 13 percent.

-Do-

-Do-

The number of completed houses is 394 and there was no progress after.

11. Rev. Maduluwawe Sobhitha Thero's housing project, which is being implemented with Indian assistance, was scheduled to commence in 2018 and it will be completed in 2019, but the construction work on the project has been halted. According to the performance report of the Ministry,

Targeted tasks should be completed.

Activities are not monitored with feedback.

Plan to implement in the year 2022.

the expenditure incurred on this project in the year 2020 was Rs. 47 million and the physical progress is 30 percent.

- | | | | | |
|-----|--|--|---|---|
| 12. | According to the progress reports of the 04 other projects implemented with Indian assistance, the progress as at 31 December 2020 was not at a satisfactory level. | Targeted tasks should be completed. | Action is being taken to give money before the completion of houses to the beneficiaries. | The number of completed houses was 280 and it will be finished in future. |
| 13. | 09 vehicles belonging to the Ministry have been obtained from the Ministry of Community Infrastructure Development and these vehicles had not been handed over to this Ministry till 31.12.2020. | These vehicles need to be returned to the Ministry. | The relevant Ministry has sent letters to the Secretary to the President and Secretary to the Prime Minister. | Vehicles not received yet. |
| 14. | Vehicles of pD9553 and KX7872 obtained under the financial leasing scheme through the General Treasury had expired, but it had not been taken over by the Ministry until 31.12.2020. | These vehicles should be taken over by the Ministry immediately. | Registered under the Ministry of Economic Development. The Vehicle PD 9553 has been sent to the Comptroller | Not taken over yet. |

General's office, but it has not yet been taken over.

Letters requesting the original registration certificate of the KX 7872 vehicle had been sent to the bank.

- | | | | | |
|-----|---|---|---------------------------|--|
| 15. | The Rent Act No. 07 of 1972 had not been amended yet according to the 2018 budget proposal. | This Act should be amended immediately. | Not acted. | Not acted yet. |
| 16. | 38 contracts submitted by the government institutions to obtain the approval of the standing technical committee of the Ministry as at 31 December 2020 had not been evaluated and approved by the end of year 2020. | Approval of the standing technical committee should be done without delay. | Actions are going slowly. | Approval was given only for 09 projects. |
| 17. | A total of 64 private lands where houses have been constructed under the housing scheme should be acquired by payment and compensation had been paid for 08 lands in the year 2019. A further area of 56 lands was available on | Should be acquired expeditiously after paying compensation to the relevant parties. | Actions are going slowly. | Not acted yet. |

31.12.2020 for further compensation.

- | | | | | |
|-----|---|---|--|------------------------|
| 18. | The report of the expert committee appointed to reorganize the government factory had not been submitted by the end of 2020. | The report of the expert committee should be obtained and the Department of Government Factories should be reorganized as per the recommendations of that report. | It plans to act on the report of the expert committee. | Not done yet.. |
| 19. | It was observed that the lands for which compensation has been claimed have been acquired 20 years ago and houses have been built and no compensation has been paid to the relevant land owners. | Compensation should be checked and paid when it is claimed. | No proper action had been taken yet. | Not paid compensation. |
| 20. | Although the recipients had been resettled by constructing houses without taking over private and government owned lands, they had not been given legal ownership of the houses due to non-issuance of deeds. | Action should be taken to issue deeds to the recipients of residential houses. | Relevant institutions have been informed in writing to hand over the relevant lands. | Still working. |

21 Utilization of Provisions

| Description | 2018 ----- | 2019 ----- | 2020 ----- | Total ----- |
|----------------------------|-----------------------|-----------------------|----------------------|-----------------------|
| <u>Estimated Provision</u> | | | | |
| Recurrent | 407,600,000 | 1,496,000,000 | 1,433,660,000 | 3,337,260,000 |
| Capital | <u>10,117,000,000</u> | <u>11,594,300,000</u> | <u>4,287,602,000</u> | <u>25,998,902,000</u> |
| Total Provision | <u>10,524,600,000</u> | <u>13,090,300,000</u> | <u>5,721,262,000</u> | <u>29,336,162,000</u> |
| <u>Net Provision</u> | | | | |
| Recurrent | 442,697,271 | 2,198,250,000 | 1,433,660,000 | 4,074,607,271 |
| Capital Expenditure | <u>10,946,362,729</u> | <u>12,763,150,000</u> | <u>4,338,702,000</u> | <u>28,048,214,729</u> |
| Total net provision | <u>11,389,060,000</u> | <u>14,961,400,000</u> | <u>5,772,362,000</u> | <u>32,122,822,000</u> |
| <u>Actual Expense</u> | | | | |
| Recurrent | 417,915,142 | 2,096,473,004 | 1,397,092,753 | 3,911,480,899 |
| Capital | <u>9,225,845,963</u> | <u>11,906,009,550</u> | <u>3,800,875,480</u> | <u>24,932,730,993</u> |
| Total Expenditure | <u>9,643,761,105</u> | <u>14,002,482,554</u> | <u>5,197,968,233</u> | <u>28,844,211,892</u> |
| Year-end savings | 24,782,129 | 101,776,996 | 36,567,247 | 163,126,372 |
| Recurrent | | | | |
| Capital Expenditures | <u>1,720,516,766</u> | <u>857,140,450</u> | <u>53,782,652</u> | <u>2,631,439,868</u> |
| Total Expenditure | <u>1,745,298,895</u> | <u>958,917,446</u> | <u>90,349,899</u> | <u>2,794,566,240</u> |

43. **State Ministry of Indigenous Medicine Promotion, Rural and Ayurvedic Hospital Development Community Health**

Head - 416

Auditor General's Opinion for the financial statements :- 2018 :- Not applicable
 2019 :- Not applicable
 2020 :- Unqualified Opinion

| Audit Observation | Auditor General's Opinion | Preventive actions taken by the Institute | Current Situation |
|---|--|--|--|
| ----- | ----- | ----- | ----- |
| 01. The cost of vehicles was not mentioned in the list of vehicles submitted for audit and the cost of 48 motorcycles, 06 vehicles used by the ministerial staff and one vehicle reserved for disposal were not taken into account. | The cost of all vehicles owned by the State Ministry should be taken into account. | An assets list with a cost of vehicles is being prepared ,48 motor vehicles have been purchased for the Oslugovi project and that the motorcycle registration certificate has been sent to the Ministry ready to be liquidated by the osugovi Ltd., but the details of the assets have not been submitted and a committee to be appointed in future to assess the value of ministerial staff | The cost of assets list of the vehicle had not been prepared and the cost of taking over the vehicle reserved for disposal had not been accounted as at 25 April 2022. |

vehicles and the ownership has not been transferred to this State Ministry, the van was given for temporarily use and action is being taken to get possession of it.

02. The damage and loss list had not been prepared in accordance with the format according to the Financial Regulations 110 and the prepared damage and loss list had not been updated.
- A record of damages should be maintained in accordance with the provisions of Financial Regulations 110.
- Action is being taken to update the damage list.
- No action had been taken to update the damage list.
03. The Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system is set up and maintained for the financial control of the Ministry and the effectiveness of that system should be reviewed from time to time and necessary changes should be made to ensure that the system is effective. Those reviews should have been made in writing and a copy submitted to the Auditor General, but no statement had been submitted to the audit that such reviews had been made.
- Should be complied with the provisions of the Section 38 of the National Audit Act No. 19 of 2018.
- The effectiveness of the internal control system in relation to the financial control of the Ministry will be reviewed from time to time and necessary changes will be made accordingly and carry out the system effectively in terms of Section 38 of the National Audit Act No. 19 of 2018.
- The statement had not submitted to the audit that internal control systems had been reviewed.

04. Vehicles belonging to the Fuel combustion That will be done The fuel
 Ministry had not been inspected should be checked in in year 2021. combustion had
 for burning fuel according to accordance with the not been tested in
 paragraph 3.1 of public circular. accordance with
 Administration Circular No. the circular.
 30/2016 dated 29 December
 2016.
05. Due to the inadequacy of the Accurate and The provisions Estimates for the
 allocations due to non-preparation realistic estimates have been year 2021 had not
 of estimates as accurately and as should be prepared transferred in been prepared as
 possible, the allocation of 04 takin into the annual accordance with realistically and
 expenditure subjects increased action plan which Financial accurately as
 from Rs. 8,650,000 to Rs. will be prepared regulations 66 and possible.
 10,927,850 and the provision for according to the the reasons for
 capital expenditure from Rs. Vision and mission such a transfer of
 500,000 to Rs. 900,000 through of the organization. provisions have
 Financial Regulations 66. been done.
06. The provision for salaries and -Do- Provision have The overtime and
 wages of the Ministry was Rs. been made for holiday pay
 4,700,000 and Rs. 3,875,000 or salary and wages, allocation was
 82 percent of salaries and wages overtime and 37.5 percent of
 was equivalent for overtime and holiday pay and salary and wages
 holiday pay. other expenses to in the year 2021.
 cover the expenses
 incurred by the
 Ministry of Health
 up to 31 August
 2020.
07. Recurrent and capital expenditure Should be act in The provisions Liabilities will be
 was subject to liabilities of Rs. accordance with provided by the by- minimal in the
 2,837,253 exceeding savings of Financial laws for the year year 2021.
 Rs. 136,153 in 05 subjects Regulations. 2020 were not

contrary to the provisions of Financial Regulations 94 (1) and liabilities amounting to Rs. 84,992 had been received as at 31 December 2020 in 02 expenditure subjects for which no provision had been made for the year.

sufficient to settle the liabilities.

- | | | | | |
|-----|---|---|---|--|
| 08. | Rs. 288,618 due from an officer who has been transferred for more than 5 years and Rs. 297,095 due from an officer who has left the service between 1 and 2 years had not been recovered by the end of the year under review. | Action should be taken to recover the loan balance at the time of transfer or termination of service. | Rs. 288,618 has been charged, but the balance is due to non-settlement of accounts by the place of transfer and steps will be taken to settle it expeditiously. | Rs. 397,095 had not been recovered till 25 April 2022. |
| 09. | An Ayurvedic Drugs Corporation had been given Rs. 5 million to purchase a machine under capital expenditure, but that money had not been utilized. | Periodic follow-up should be done on the effective utilization of capital provisions provided to the institutions operating under the Ministry. | There were no comments. | The machine had not been purchased by 25 April 2022. |
| 10. | An Internal Auditor had not been appointed to the Ministry in terms of Section 40 of the National Audit Act No. 19 of 2018. | Should be act in accordance with the Section 40 of the National Audit Act No. 19 of 2018. | Should act in accordance with the National Audit Act No. 19 of 2018. | No Internal Auditor had been appointed as at 25 April 2022 |

11. Utilization of Provisions

| Description | 2020 Rs. | Total Rs. |
|------------------------|-------------|--------------|
| Estimated Provisions | | |
| Recurrent | 136,000,000 | 136,000,000 |
| Capital | 21,500,000 | 21,500,000 |
| Total | 157,500,000 | 157,500,000 |
| Net Provision | | |
| Recurrent | 136,000,000 | 136,000,000 |
| Capital | 21,500,000 | 21,500,000 |
| Total | 157,500,000 | 157,500,000 |
| - | | |
| Actual Expense | | |
| Recurrent Expenditures | 131,308,691 | 131,308,691 |
| Capital Expenditures | 16,795,389 | 16,795,389 |
| Total | 148,104,080 | 148,104,080 |
| Year-end savings | | |
| Recurrent | 4,691,309 | 4,691,309 |
| Capital | 4,704,611 | 4,704,611 |
| Total | 9,395,920 | 9,395,920 |

44. State Ministry of Estate Housing and Community Infrastructure

Head- 417

Auditor General's Opinion for the financial statements 2018 - Qualified Opinion

2019 - Qualified Opinion

2020 - Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institution | Current Situation |
|---|--|---|---|
| 01. A copy of all the contracts signed by the Ministry had not been submitted to the Auditor General in terms of Financial Regulations 702 (3). | Should be act in accordance with Financial Regulations. | The Human development Trust will provide copies of the contract agreements entered into with the relevant Estate Co-operative Societies for audit in future. Copies of contracts directly related to this Ministry will also be submitted to the Auditor General. | The current situation remains unchanged. |
| 02. The number of unfinished houses expected to be completed by 30 June 2020 was 1710 according to the action plan. The total number of houses completed as on 31 December 2020 was 700 with spent of Rs. 680.79 million and it was observed that there was a | Efforts should be made to complete the tasks included in the action plan with maximum effectively. | Due to despite the Covid epidemic, travel restrictions, delays in construction and inadequate funding that the expected physical progress could not be achieved. | The expected physical progress has not been achieved. |

physical improvement of 40.9 percent over the expected completion level.

03. Rs. 47,000,000 had been approved in the year 2018 for the construction of 47 houses in the Aila Estate section for the people displaced by the landslide. The Plantation Human Development Trust had entered into an agreement with the Ailawaththa Estate Employees' Co-operative Society on 12 February 2018 for the construction of the houses at a cost of Rs. 950,000 per house. According to the agreement, the housing project is expected to be completed by 12 September 2018, but only until the first phase of housing construction by the audited date of 31 December 2019.
- Plans should be formulated as to enable the projects to be completed in a timely manner with giving priority to the tasks that need to be prioritized in rendering service to the public.
- Preventive measures have not been reported.
- Payments have been made for 15 houses up to V-I stage and 19 houses up to V-II stage in this housing project. Construction has been stopped temporarily.
04. Although 4007 housing units have been completed by 31
- Housing projects need to work with maximum efficiency
- Beneficiaries were unable to hand over the houses due to various reasons
- The current situation remains

December 2020 under the Green Gold housing Programme as per the progress made by the Ministry in achieving the expected benefits of the housing projects implemented with the main objective of providing safe houses and dwellings with basic infrastructure facilities to all in the plantation sector, out of this only 225 housing units were given to the beneficiaries and it was 55 percent of the completed amount. It was observed from the reports submitted to the audit that 177 houses completed with infrastructure and 574 houses completed without infrastructure facilities in 2016,2017 and 2018 had not been handed over to the beneficiaries by the end of the year and houses which were completed after 2018 also had not been handed over to the to achieve the and the houses could not unchanged. desired benefits. be handed over to the beneficiaries.

beneficiaries.

05. The Ministry had Action should be It will be report to the -Do-
providing housing units taken to recover the audit about the action to
worth Rs. 292,025,000 money to be be taken in this regard in
covering 55 estates in 07 charged for houses future.
zones in 2015, 2016, as soon as possible.
2017 and 2018 to 1159
beneficiaries on loan
basis. Out of this, Rs.
77,550,000 to be charged
for 282 housing units had
not been recovered by 31
December 2020.
06. Although no work has Payments for There were no answers. This money has
commenced on the relevant projects not been
construction of 19 should be made with recovered yet.
housing units at the proper supervision
Infordys Estate in and control.
connection with the
construction of 150 new
houses under the housing
project of the year under
review, Rs. 570,000 had
been paid to the
Plantation Human
Development Trust as
management fees as at 31
December 2020.
07. Out of 184 proposed The money should 184 houses were planned The
houses in Kotiyagala be released after at this site, but due to the overpayment
Estate, only 42 have been proper supervision environmental problems has not been
completed and even after of the advance at the site only 42 houses recovered.

the awarding of the payment in and to be completed, contract on 23 May 2016, accordance with the He left the workplace due the Landslide Research provisions of the to high expenses and it and Risk Management Government was informed about this Division of the National Procurement on several occasions, Building Research Guidelines and CTAD institute has been Institute obtained the action should be informed to take action relevant report and did taken to recover the against him. not take into loss. consideration the recommendations contained therein.

However, due to the contractor had paid Rs. 40,443,527 by 31 December 2018; it is exceeding the approved estimate of Rs. 26,830,910.

08. Barundina institute Contracts should be Home owners have been The current agreed to a Rs. 7 million executed in informed that they will situation is agreement on 10 accordance with the not be able to move into remains September 2018 with provisions of the the houses until the unchanged. another institute to rectify Government deficiencies are rectified. the deficiencies pointed Procurement As the work had been out by the 42 housing Guidelines and in a halted and the houses had beneficiaries and paid Rs. manner that does been damaged, it would 6.84 million as at 31 not cause any loss take time to prepare December 2019. In the government. estimates and tender for addition to the above it. amount, the government has incurred a loss due to these expenditures which

- exceed the approved allocations.
09. Rs. 1,032,130 was spent to repair a reserved vehicle in August 2016 due to an accident involving only third party insurance. Although the report of Financial Regulation 104 (94) submitted on 25 October 2018 recommended to recover the repair cost from the two officers responsible for the accident, no action had been recovered until 30 August 2020.
- Should be implemented in accordance with financial regulations.
- be in the driver have been ordered to recover the damage to the vehicle included in the final report of the investigation conducted under F.R. 104(4) and the two officers have resigned. Their information was obtained from personal files and that action was being taken to recover the relevant amount.
- The Director General and The current situation is remains unchanged.
10. The handing over of new houses should be done on the basis of the agreement to return the existing line houses or temporary sheds as per the implementation guidelines of the Estate Housing Construction project issued from 2009 to 2014. During the field inspection conducted in the Nuwara Eliya District, out of the 491 houses in 22 sections of
- Should be act in accordance with the Cabinet decision.
- Not reported.
- The current situation is remains unchanged.

17 estates given to the beneficiaries, the old row houses in 20 sections of 15 estates had not been removed. Accordingly, as they were not removed from those old houses, the lands were still used by the families of the beneficiaries without any other use.

- | | | | | |
|-----|--|--|---------------|---|
| 11. | It should be mandatory to be a registered employee of the estate when selecting housing beneficiaries according to the guidelines for housing projects regarding beneficiaries. As per the cabinet decisions, it has been decided to provide loans and assistance on a mixed basis to the families of estate workers in landslide prone and landslide prone areas and to those working on other estates with effect from 25 November 2019. During the field inspection conducted up to 29 from 25 November | Should be act in accordance with the Cabinet decision. | Not reported. | The current situation is remains unchanged. |
|-----|--|--|---------------|---|

2019, it was observed that the houses had been provided in violation of those criteria. It was observed that out of 986 houses inspected in the Hatton and Nuwara Elia zones, 14 houses were given to those who do not work in the estate.

- | | | | | |
|-----|---|--|------------------------|---|
| 12. | Beneficiaries who had given 03 houses worth Rs. 2,300,000 in the Nuwara Eliya area had rented them out of other parties without enjoying them. | -Do- | -Do- | -Do- |
| 13. | The housing constructions are operated and monitored by the Plantation Human Development Trust and 6 percent management fee is paid for the Green Gold housing projects. Accordingly, in the year 2018, Rs. 45,781,306 and in the year 2019, Rs. 53,650,870 had also been paid. However, there was no approval to pay the management fees and | Contracts should be executed in accordance with the provisions of the Government Procurement Guidelines. | There were no answers. | No agreement has been reached with the Plantation Human Development Trust or the estate co-operative societies. |

there was no agreement with the Plantation Huma Development Trust or the plantation cooperatives to supervise the projects or pay the management fees.

14. Although Rs. 19,991,707 has been credited to the government revenue by recovering housing loans from the beneficiaries of the estate housing programme in the year 2018, the loan repayment for the year 2018 was stated to be Rs. 21,610,543. Accordingly, loan repayments in 2018 had been reduced by Rs. 1,618,836 to government revenue.
- All debts and interest collected should be credited to government revenue. The loan installments and interest due for each period should be calculated and the arrears should be recovered and the financial statements should be prepared accurately.
- The total amount of debt recovered in the year 2017 is Rs. 9,270,607.11 and the amount of debt recovered in the year 2018 is Rs. 21,610,542.98 according to the reports maintained by the Development Division at present.
- No information provided about the current situation
15. The project construction guidelines had agreed to pay 6 percent of the contract value for the implementation and supervision of the Plantations Human Development Trust for the construction of
- Proper approval should be obtained and an agreement should be reached to legally assign responsibility.
- There were no answers.
- Do-

unfinished housing projects prior to 2018 and the construction of the Green Gold Housing Scheme in operation from 2018 onwards. Accordingly, the management fee of 6 percent was Rs. 45,781,306 in the year 2018. However, the audit did not confirm that the value of the houses had been approved by the Cabinet in 2015 and 2017 or that approval had been given for the payment of these management fees.

16. The Deputy General Contracts should be 184 houses were planned An
 Manager of Kotiyagala executed in at this site, but due to the overpayment of
 Estates had informed that accordance with the environmental problems Rs. 5,133,766
 only 42 out of 184 houses provisions of the at the site only 42 houses has not
 have been completed and Government had to be completed. recovered.
 the construction fo the Procurement He left the workplace due
 remaining houses has Guidelines. to the high cost and it was
 been stopped by the informed in several
 contractor after June occasions and ICTAD
 2017. Although the of Rs. institute had been taken
 26,830,910 is the action to against him.
 maximum amount that
 could be paid, the amount
 paid to the contractor for
 the project was Rs.

31,964,677 as at 31 December 2017.

Accordingly, an additional amount of Rs. 5,133,766 had been paid.

- | | | | | |
|-----|--|------|------------------------|---|
| 17. | Rs. 87,678,522 had been paid to the Plantation Human Development Trust (PHDT) established as a limited guarantee company under the Companies Act on 17.01.2017, the Ministry did not follow the government guidelines or other rules and regulations in selecting those contractors and suppliers. | -Do- | There were no answers. | The Ministry does not follow government guidelines or other rules and regulations in selecting contractors and suppliers. |
| 18. | According to paragraph 3.9.4 of the Procurement Guidelines, it was informed that the total number of contracts not exceeding Rs. 2 million should not be awarded to the Co-operative societies and the total number of contracts to be fulfilled by a society within a specified period should not exceed three. However, all the contract | -Do- | -Do- | More than 2 million contracts are still being awarded to cooperatives. |

constructions carried out by the Plantation Human Development Trust had exceeded the limits set out in the Procurement Guidelines by contracting with the Estate employees housing co-operative societies on behalf of the Ministry.

19. According to the Sustainable Development Goals, the action plan envisages the plantation community living in line with the houses by the end of year 2020 owning 3234 housing units with 07 perches of land owned by them with access to drinking water, electricity and access roads. 2059 units of housing units have been completed as at 31 December 2019, but due to the lack of proper construction of houses, 281 houses in Hatton and Nuwara Eliya areas alone had not been accepted or occupied by the beneficiaries as per the sample testing.
- Efforts should be made to achieve the proposed targets by the end of 2020 in line with the Sustainable Development Goals.
- There were no answers.
- No information provided about the current situation

20. Utilization of Provisions

| Description | 2018 | 2019 | 2020 | Total |
|------------------------------|---------------|---------------|---------------|----------------|
| ----- | ----- | ----- | ----- | ----- |
| Net Provision - Recurrent | 346,375,000 | 373,350,000 | 397,628,000 | 1,117,353,000 |
| Capital | 3,406,706,000 | 4,294,509,000 | 1,395,377,000 | 9,096,592,000 |
| ----- | ----- | ----- | ----- | ----- |
| Total | 3,753,081,000 | 4,667,859,000 | 1,793,005,000 | 10,213,945,000 |
| ===== | ===== | ===== | ===== | ===== |
| Actual Expense - Recurrent | 316,297,335 | 367,886,321 | 375,075,626 | 1,059,259,282 |
| Capital | 2,258,524,724 | 2,656,701,001 | 1,255,362,868 | 6,170,588,593 |
| ----- | ----- | ----- | ----- | ----- |
| Total | 2,574,822,059 | 3,024,587,322 | 1,630,438,494 | 7,229,847,875 |
| ===== | ===== | ===== | ===== | ===== |
| Year-end savings - Recurrent | 30,077,665 | 5,463,679 | 22,552,374 | 58,093,718 |
| Capital | 1,148,181,276 | 1,637,807,999 | 140,014,132 | 2,926,003,407 |
| ----- | ----- | ----- | ----- | ----- |
| Total | 1,178,258,941 | 1,643,271,678 | 162,566,506 | 2,984,097,125 |
| ===== | ===== | ===== | ===== | ===== |

45. State Ministry of Prison Management and Prisoner Rehabilitation

Head 418

Auditor General's Opinion for the financial 2020 - Qualified Opinion statements

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the institute | Current Situation |
|---|---|--|---|
| ----- | ----- | ----- | ----- |
| 01. Disaster loan balances due from two suspended officers amounting to Rs. 229,320 for more than 05 years, but no action had been taken to recover the loan balances. | The loan balance should be recovered on time. | Legal action has been initiated to recover the debt. | The balance has not yet been recovered. |
| 02. Expenditure Heads of receiving work and rent advance balances in accordance with paragraphs (i) 23 and 24 of circular No. 06/2020 dated 30 November 2020 were required to obtain separate account numbers from the Department of Public Accounts under their Expenditure Heads to account for those balances. However, the rent for the building of the Ministry was Rs. 6,600,000 and the work | Act in accordance with the circular provisions. | The Department of Public Accounts has been instructed to credit the advance account to the government at the time of withdrawal. | Not even accounted in the year 2021. |

advance of the office of the Commissioner General of Rehabilitation was Rs. 33,456,588 had not been accounted.

03. The Bureau of the Commissioner General of Rehabilitation had paid an advance of Rs. 7,529,768 on 31 December 2016 for the construction of hostels at Senapura and Kandakadu Rehabilitation Centers. Prior to the signing of the agreement, the construction work had to be halted due to the legal acquisition of the land and the commencement of work without obtaining approval for the building plans.
- That construction should begin after the legal work has been done.
- Construction work has commenced in accordance with the procurement guidelines and the issue of land ownership has been brought under the jurisdiction from time to time by 4 Ministries.
- The ownership of the land has been legally acquired and negotiated with the contractor.
04. Although it has been stated that action should be taken to transfer the ownership of vehicles in accordance with paragraph 2 (i) of circular No .2/2017 dated 21 December 2017 issued by the Ministry of Finance and Mass Media regarding non-financial assets management. Although 13
- Should be act in accordance with the circulars.
- All vehicles are scheduled to be legally transferred as soon as approval is received.
- No legal activities have been made.

vehicles worth Rs. 84,400,000 belonging to the Ministry had been released to external institutes in the year 2019, no action had been taken to transfer the legal ownership to those institutions.

05. An Internal Audit Unit had not been established in accordance with Financial Regulations 133. Should be act in accordance with the Financial Regulations. Work will begin after the attaching staff including the Chief Internal Auditor. Not established yet .
06. The number of vacancies in the Ministry as at 31 December 2020 was 12 due to the approved staff was 73, but the actual staff was 61. Action should be taken to fill the vacancies in the approved staff posts. The Ministry of Public Service, Provincial councils and Local Government had been informed about the vacancies. No action had been taken to fill the vacancies.

07. Utilization of Provisions

| Description | 2020 |
|-----------------------|-------------|
| ----- | ----- |
| | Rs. |
| Estimated Provision | |
| Recurrent Expenditure | 216,915,000 |
| Capital Expenditure | 417,876,000 |
| | ----- |
| Total | 634,791,000 |
| | ===== |

| | |
|--|-------------|
| Net Provision - Recurrent Expenditure | 218,315,000 |
| -Capital Expenditure | 417,876,000 |
| | ----- |
| Total | 636,191,000 |
| | ===== |
| Actual Expense - Recurrent Expenditure | 210,333,172 |
| -Capital Expenditure | 289,713,657 |
| | ----- |
| Total | 500,046,829 |
| | ===== |
| Savings | |
| - Recurrent Expenditure | 7,891,828 |
| - Capital Expenditure | 128,162,343 |
| | ----- |
| Total | 136,144,171 |
| | ===== |

46. State Ministry of Regional Corporation

Head - 419

Auditor General's Opinion for the financial statements—Qualified Opinion (2020)

Utilization of Provisions

| Description | 2020 | Total |
|---------------------|-------------------|-------------------|
| | Rs. | Rs. |
| Estimated Provision | | |
| - Recurrent | 74,080,000 | 74,080,000 |
| - Capital | <u>7,100,000</u> | <u>7,100,000</u> |
| - Total Provision | <u>81,180,000</u> | <u>81,180,000</u> |

| | | |
|----------------------|-------------------|-------------------|
| Actual Expenses | | |
| - Recurrent | 45505,836 | 45505,836 |
| - Capital | <u>2,175,407</u> | <u>2,175,407</u> |
| - Total Expenditures | <u>47,681,243</u> | <u>47,681,243</u> |
| Year-end savings | | |
| - Recurrent | 28,574,164 | 28,574,164 |
| - Capital | <u>4,924,593</u> | <u>4,924,593</u> |
| - Total savings | <u>33,498,757</u> | <u>33,498,757</u> |

47. State Ministry of Provincial Councils and Local Government

Head- 420

Auditor General's Opinion for the financial 2018 -Qualified Opinion statements

2019 - Qualified Opinion

2020 - Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|--|--|---|--|
| | | | ----- |
| 01. There have been instances where the whole provision of capital expenditure as well as recurrent expenditure has been saved and 50 percent from the total provision has been saved due to the failure to pay attention to the points emphasized by the Financial Regulations 50 when the preparation of expenditure | When preparing estimates, should be given attention to ensure that they are not unreasonable and that provisions are utilized accordingly. | Provisions have been reported to be outstanding due to various reasons such as compulsory savings, spending restrictions, non-receipt of expected cash and the epidemic situation in the country. | No action has been taken to rectify the findings of the audit. |

estimates.

02. Liabilities had been exceeded beyond the provisions allocated for expenditure of subjects, in refinery of Financial Regulations. Should be complied with the provisions of Financial Regulations 94 (1). Although it was acknowledged that the liabilities exceeded the balance of the budgetary provisions, no preventive measures were reported. It remains the same.
03. Contrary to the instructions of the Department of Management Services letter No. DMS/SM/10 dated 04 September 2020, salaries and allowances were paid in addition to the approved salaries and allowances for the project and management division of the new State Ministry. Accordingly, 50 percent of the salary of Additional Secretary working in that division as Rs. 56,150 per month and Rs. 107,000 per each officer of the Procurement Specialist and Engineering Consultant (Irrigation) had been overpaid. Should be act with the approval of the Department of Management Services. Payment of relevant allowances has been suspended and instructions have been given to recover any excess payments. No action has been taken to recover the overpayments.

the total amount of Rs. 1,080,600 as salaries since September 2020.

04. When obtaining concessionary motor licenses, motor licenses should be issued only to those officers who fulfill the required qualifications according to the sub concession No. 1.12 of the Trade and Investment Policy Circular No. 01/2018 dated 05 February 2018. However, motor vehicle licenses were issued to the Project Director of the Provincial Road Development Project and the Project Director of the Local Government Enhancement Project, even though they had not completed 9 years of service in government development projects.
- Should be consulted from the Director General of the Department of Trade and Investment Policy and action should be taken accordingly.
- The Director of Provincial Road Development Project has confirmed that he has completed 9 years of service by examining the documents and it was reported that license have been issued to the Director of the Local Government Enhancement Project as per the provisions of circular No. 01/2013 on the basis of being a Chartered Engineer and completing 9 years in a government development project as recommended by the committee. But, there was no evidence to prove their accuracy and no preventive measures were reported.
- It is being studied that a committee appointed by the Secretary.

- | | | | |
|--|---|--|---|
| <p>05. The tenure of the Senior Engineer and the Compliance Officer for the local Government Enhancement Project had completed. However, after retiring from the public service the officers who have been appointed to the qualifying post mentioned in this Trade and Investment Policy Circular No. 01/2013 on contract basis have been issued motor vehicle licenses on concessionary basis in accordance with paragraph 01.02 (iv) of the circular.</p> | <p>-Do-</p> | <p>Although it was reported that the licenses were recommended by a committee on the basis of the provisions of Circular No. 01/2013 on being a Chartered Engineer and completing 9 years in a government development project, the action taken on the matters pointed out by the audit had not been reported.</p> | <p>-Do-</p> |
| <p>06. Rs. 9.6 million was paid in 2018 to a private company for the support and maintenance of a computer system called “e-Local Government” without a formal procurement process and without regard to the provisions of Financial Regulations 137 (1), (2), (3),(4) and 138. But, services had not been provided which had been inactive by the beginning of 2019.</p> | <p>Formal action in approving and certifying expenditure.</p> | <p>Although the cabinet decision on this procurement was reported to have been made taking into consideration the recommendations made by the Communication Technology Agency and other matters, no action had been taken to rectify the shortcomings pointed</p> | <p>It is reported that preliminary work is underway to enter into an agreement with the IT agency to develop new software called elg- 02 to replace the software known as elg-01.</p> |

out in the audit .

07. The Cabinet memorandum submitted on 08 March 2018 stated that the e-Local Government system will be operational in 30 Local Government Institutions and accordingly “Support and Maintenance Services to the e-Local government system for the year 2017 and 2018 under direct contract and propose to obtain from a private company called Business solution”. This cabinet memorandum dated 27 March 2018 was approved by the cabinet decision No. AMP/18/0512/744/003-1 dated 24 April 2018. However, the cabinet memorandum provided incorrect information to the Cabinet as follows.

- Mentioning that this system will be operational in 30 Local Government Institutions by 08 March 2018.
- Issuance of building construction license

under the first phase and mentioning that all regular revenue collection activities will be carried out.

- Mention that it is planned to introduce this information system in 50 more local government institutions in June 2018.

08. A bullet proof jeep belonging to the Presidential Secretariat was provided on 25 October 2010 for the use of the Minister of Provincial Councils and Local government. The vehicle was sent to the local agency for repairs on 11 June 2017 on the instructions of the former minister and an estimate of Rs. 16.22 million was made to replace the damaged front and rear window of the vehicle. However, a bill of Rs. 3.23 million for the repairs had been submitted on 30 September 2015, but it had not been paid due to lack of funds. It is observed that even if the vehicle is obtained after making this payment, it is not in usable condition and there is
- Conducting a formal investigation about the damage.
- It is reported that the jeep was handed over to the Presidential Secretariat and that office has not yet represent.
- Not yet handed over.

no need to use such a vehicle.

09. According to F.R. 571 (3) deposits of more than two years should have been credited to government revenue, but Rs. 91,713,104 out of 328 deposit account balances had not been credited to government revenue. Should comply with the provisions of Financial Regulations 571 (3). The deposit account balance was Rs. 29 million as at 31 October 2021. Expired deposits are being credited to government revenue. The deposits mentioned here had not been credited to the government revenue and the total value of 133 deposit account balances remained at Rs. 61.89 million as at 31 December 2021.
10. As a step forward in the production of compost using urban waste, 9 Japanese composting machines with a production capacity of 17 tons of compost using 50 tons of garbage per day will be set up at the provincial level and approval was given by the cabinet decision No. AMP/17/1375/744/005-II/TBR dated 19 July 2017. Accordingly, 9 composting machines were procured outside the formal procurement process at a spent of Rs. A feasibility study should be done before starting a new project and action should be taken to utilize the purchased machinery and generate the expected revenue. Management should focus on completing construction within the contract period. It was reported that the machines were purchased after about one year study of the operation of the Kawashima machines, which was donated to Sri Lanka as a sample under the auspices of the Japan International Cooperation Agency, and that the installation of the machines was delayed due to public protests and all machines could Although it was reported that the installation of 8 out of 9 machines and been completed, no production progress had been made on other machines except Dambulla and Kurunegala.

935.69 million as on 31 December 2017. 9 building construction contracts for installation of machinery were awarded to 6 contractors at a cost of Rs. 733.26 million. However, 4 out of the 9 Kawashima composting machines purchased at Rs. 935.69 million in 2017 had not yet been used by 30 June 2021 due to the unfinished construction of the building.

be used in future. It is also reported that compost prices are expected to increase in future as they are already planning to earn the expected revenue.

- | | | | |
|--|--|---|--|
| <p>11. Out of the 9 composting machines purchased in 2017, 5 were used for compost production, but these machines were required to produce 17 tons of compost using the expected production level of 50 tons of garbage per day. However, this was not done.</p> | <p>Action should be taken to achieve the expected returns from the investment.</p> | <p>Although it was reported to have been noted for inspection, no action has been reported to prevent deficiencies.</p> | <p>The Dambulla Digampathana machine was reported to be operating at maximum capacity, but had only a small sales revenue.</p> |
| <p>12. The amount of garbage received daily by the machines installed at Lankapura, Hambanthota and Kegalle was less than 5 tons per day and no compost were produced from those 02 machines.</p> | <p>-Do-</p> | <p>It has only been reported that there is not enough garbage for compost production.</p> | <p>No production progress has been made.</p> |

13. The cabinet had approved the purchase of 12 more machines in addition to the machines already purchased and installed to enhance compost production. It is observed that the purchase of more machinery is likely to become a wasteful expense when the installed machinery is in short supply.

Prior to purchasing new machines, should take steps to get the expected benefits from the purchased machines.

It has been reported that despite the approval of the cabinet, it has not been purchased yet.

All other machines except the one installed at Dambulla Digampathana are still underutilized.

14. 6 construction projects initiated by the Ministry were abandoned pending construction at a cost of Rs. 121.8 million.

Work should be done to complete the projects and achieve the desired objectives.

It is reported that it has been abandoned due to the construction work required for the construction has not been completed, the allocation has not been made, the land has not been released and public protests.

Not enough progress has been reported till 10 February 2022.

It is reported that an advance of Rs. 63 million given to the Land Reclamation and Development Authority for the development of Beliaththa town will be reimbursed for the

lease of the bridge project.

15. The procurement advertisement was published in the national newspapers on 14 August 2017 for the procurement and distribution of 100 compactors to the local authorities through the National Bidding Procedure in accordance with the Government Procurement Guidelines and paragraph 4 states that “This procurement is open to bidders in Sri Lanka and may apply to joint ventures”. Was restricted to Sri Lankan bidders. But, bids were also issued to a Chinese national person who came in with a passport without even a local agency. Also, foreign bidders were not mentioned in the bid information list.
- Attention should be paid to the objectives mentioned in the first chapter of the Government Procurement Guidelines.
- It has only been reported that anyone who paid the bid fee in accordance with 3.2.2 (b) of the Code of Procurement Guidelines will only be able to obtain bids.
- Compactor machines have been purchased and distributed to local authorities. There is also no agreement to service those vehicles.
16. 04 out of the 14 bidders for the above procurement had appealed to the Board of Appeals against the decision of the cabinet-appointed procurement board. Despite the possibility of rejecting the
- Do-
- Although it was reported that recommendations had been made to the cabinet of ministers to award the contract directly to the relevant
- Do-

bid due to being a foreign bidder, XZY Hong Kong awarded the contract to supply only after considering the submissions made to the Board of Appeals.

institution, no action had been taken on the shortcomings pointed out by the audit by the Board of appeals with considering the submissions made by the contractor.

17. The bidder was informed that the procurement board had rejected the bid on the recommendation of the Technical Evaluation Committee for the above procurement due to lack of technical and financial experience, but did not mention the inability of the foreign company to submit the bid without a local agent. Accordingly, the Technical Evaluation Committee as well as the Procurement Board had avoided the bidder's mistake.

-Do-

It is reported that the technical reasons for the rejection of the bid have been communicated in writing to the bidder.

-Do-

18. It was observed during the audit that the bid of the above foreign company which had submitted with mistakes was not evaluated by the Technical Evaluation Committee and the committee did not focus on the country of manufacture,

-Do-

It has been reported that the bidder was not brought forward for a detailed bid evaluation as it was rejected in the preliminary evaluations.

-Do-

technical features, durability, availability of services and spare parts, robustness, user safety and good will of the vehicle as well as the value of the debris that would determine vehicle prices.

19. There was no formal system for selecting sites for bridges using loans extended by private banks in United Kingdom, the Netherlands etc., for export development in those countries and although there were project staffs, there was not enough contribution to this project, which is being implemented as a large-scale integrated contract (Turn Key) project.
- Find out where the bridges should be built properly,
- The study revealed that the site selection methodology for the new bridges has been re-examined and that the methodology includes the criteria to be used to identify effective sites for the construction of new bridges and a feasibility study programme to be used to select effective sites based on them and it was also reported that the system would allow the identification of bridges where direct bridges could be erected for direct economic or social benefits.
- Although work has begun on a new project to install 200 bridges at a cost of EU 50.67 million, the selection process for the bridge sites has not improved.

- According to the agreement, no formal mechanism had been put in place to identify the locations where the bridges were to be erected and no action had been taken to determine the locations where the bridges to be located after an adequate cost-benefit analysis, taking into account the cost of the bridge and the number of beneficiaries and potential developments in future. Also although it was installed with the expectation of more than 100 years of existence, no standard control work had been done on the concrete construction of the bridge.
20. A quality inspection process should be followed on concrete constructions.
- The site project feasibility study will be done through a joint site inspection as a first step in the selection of new bridge site selection criteria and feasibility studies as mentioned in the above 19 and as members of the joint team as, the provincial project engineer, the contracting agency engineer, a community leader or the site nominee are reported to be in attendance. The observations made there will determine whether the site is suitable/unsuitable for the construction of a new bridge.
21. Sample tests have shown that when a steel bridge is not required, the return on investment is negligible and large bridges are built over culverts,
- Study the economic and social benefits relative to the amount invested and select locations based on need.
- Although explanations have been submitted, preventive measures have not been reported
- Do-

22. Utilization of Provisions

| <u>Description</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>Total</u> |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>Rs.</u> | <u>Rs.</u> | <u>Rs.</u> | <u>Rs.</u> |
| Net provision - Recurrent | 1,294,192,000 | 1,510,550,000 | 728,300,000 | 3,533,042,000 |
| - Capital | <u>16,800,203,000</u> | <u>18,672,200,000</u> | <u>32,678,402,000</u> | <u>68,150,805,000</u> |
| Total | <u>18,094,395,000</u> | <u>20,182,750,000</u> | <u>33,406,702,000</u> | <u>71,683,847,000</u> |
| Actual Expenses | | | | |
| Recurrent | 922,843,827 | 453,357,524 | 705,753,173 | 2,081,954,524 |
| Capital | <u>14,139,638,919</u> | <u>7,476,259,180</u> | <u>30,339,168,356</u> | <u>51,955,066,455</u> |
| Total | <u>15,062,482,746</u> | <u>7,929,616,704</u> | <u>31,044,921,529</u> | <u>54,037,020,979</u> |
| Year-end savings | | | | |
| Recurrent | 371,348,173 | 1,057,192,476 | 22,546,827 | 1,451,087,476 |
| Capital | <u>2,660,564,081</u> | <u>11,195,940,820</u> | <u>2,339,233,644</u> | <u>16,195,738,545</u> |
| Total | <u>3,031,912,254</u> | <u>12,253,133,296</u> | <u>2,361,780,471</u> | <u>17,646,826,021</u> |

48. State Ministry of Skills Development, Vocational Education, Research and Innovation

Head - 421

| | | |
|--|------|-------------------------------|
| Auditor General's Opinion for the financial statements - | 2018 | Qualified Opinion |
| | 2019 | Only paragraphs are provided. |
| | 2020 | Unqualified Opinion |

| Year | Head | Name of the Ministry |
|-------|-------|---|
| ----- | ----- | ----- |
| 2018 | 197 | Ministry of Skills Development and Vocational Training |
| 2019 | 104 | Ministry of National Policies, Economic Affairs, Resettlement and Rehabilitation, Northern Province Development, Vocational Training and Skills Development and Youth Affairs |
| 2020 | 421 | State Ministry of Skills Development, Vocational Education, Research and Innovation |

| | Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|-----|---|---|---|---|
| | ----- | ----- | ----- | ----- |
| 01. | The school system did not facilitate vocational training opportunities for the approximately 150,000 youngers who did not have access to university or formal vocational training annually. | Identify new vocational training opportunities and initiate new courses and further develop existing training institutes. | It was decided at the meeting of the management committee to direct the institutions to double the number of students enrolled in the courses (at least 50 percent) and accordingly the Heads of Institutions are | At present, there are 19 institutes under the State Ministry of Skills Development, Vocational Education, Research and Innovation and one department has taken a number of initiatives to develop |
| | According to the | | | |

information given to the audit for the year under review, there were 81,563 student admissions from 367 institutions including universities and colleges. It was also not observed that the institutes have taken adequate steps to enroll the maximum number of students who can be enrolled in the courses conducted by the training centers.

currently working to increase the number of students enrolled. training opportunities and vocational training, but the awareness programmes to address these issues from the school level to the youth community through institutions have not been adequately carried out.

02. The un matching between jobs and skills in the labor market, the un matching of skills as well as the lack of job-oriented training courses have made it difficult to create a suitable workforce for the job market due to vocational training institutes produce professionals who do not adopt to the industry requirement of local and foreign employment, the training methods introduces by various Unemployment among the youth, women and higher education eligibility group has become an ongoing problem in the economy. Due to this, it is necessary to create workforce to suit the labor market.
- The skills sector development programme has introduced the following 2 new courses to enhance women's representation and promote women's employment in the automobile sector and it is continuing to identify new areas of employment opportunities for women and develop new courses. Relevant (i) Skill sector councils have been established in the fields of tourism, construction, manufacturing, information technology and health. The contribution of the above councils in the development of vocational course curriculum is being sought and accordingly steps are

vocational institutes and training institutes are not adequate to achieve those needs, the courses are not developed targeting the leading industries and the job oriented course are minimized and modernization of technical education.

steps are being taken to focus more on foreign employment opportunities at now and in future to bring workers to a higher level as recognized certifiers for the labor market. being taken to prevent job market un matching.

03. The Sri Lanka Ocean University's Research and Education Improvement Project (KOICA) was expected to commence in 2017, but no suitable land could be acquired. Achieve the desired results by completing the planned projects without delay. Although suitable land proposals have been proposed and acquired since 2017 due to various practical difficulties and environmental reports on the lands have not been satisfactory and action is being taken to acquire a portion of the land where the National Aquatic Resources Research and Development Agency (NARA) is located. Actions taken to prevent are not reported. Although this situation has been pointed out from 2017 to the present, work on the project had not commenced after obtaining the relevant final feasibility study report (EIA).
04. The circular No. MSDVT/SSDP/2016-1 Institutions need to maintain proper Actions taken to prevent are not reported. Due to lack of resources in the

dated 26 February 2016 of quality management the Ministry of Skills to maintain the Development and quality of courses. Vocational Training requiring all institutions conducting vocational training courses registered with the territory and Education Commission to establish a quality management system from 2017 and obtain a certificate from the Commission regarding its quality. And it was made mandatory. Although there are 2740 private and public sector registered institutes conducting vocational courses island wide, only 224 of them had obtained the Quality Management Certificate by 19 November 2019.

training institutes, there are difficulties in installing quality management systems in all the training institutes and the installation of quality management systems in the training institutes conducting NVQ levels 05 and 06 is now mandatory.

05. Out of the total number of students who have completed the NVQ 5,6 courses and expected to pursue degree level courses outside the Increase the capacity of the university to provide opportunities for all students pursuing degree level courses.

-Do-

Although the University of Vocational Technology has introduced new courses and

training institutes from the year 2017 to the year 2019, only 1,920 students were enrolled according to the capacity of 7 universities. As a result, undergraduate students pursuing National Vocational Qualification courses 5 and 6 had lost the opportunity to pursue university education.

curriculum to suit the needs of the field, at present all those diploma holders have lost the opportunity to graduate.

- | | | |
|---|-------------|--|
| <p>06. There are currently 22 National Vocational Qualification Level 5,6 courses conducted at 6 university colleges. The university of Technology offers degree programmes in parallel to the above courses, offering only seven degree courses in Building Services Technology, Food Processing Technology, Film and Television Production Technology, Quantity Surveying, Construction Technology, Hotel Management and Mechatronics. It was</p> | <p>-Do-</p> | <p>Establishment of courses at the University of Vocational Technology as the National Vocational Qualification Level 5,6 level courses can be pursued up to the degree level.</p> <p>At present, parallel degree courses will not be conducted for all the National Vocational Qualification Level 5,6 level courses available in 06 University Colleges.</p> |
|---|-------------|--|

observed that due to the lack of parallel courses for the other 15 courses conducted in the institutes, the students who followed those courses were not able to pursue education up to the degree level from the curriculum in which they were studying.

- | | | | | |
|-----|---|---|------|--|
| 07. | <p>It was given approval for the establishment of a Kinniya University Institute in the Trincomalee District at a cost of Rs. 434 million as per the cabinet decision dated 20 June 2017. Rs. 50 million had been allocated for this project in 2018 and Rs. 5,897,359 had been spent from that to cover a number of expenses, including the construction of a wall around the university and the selection of a suitable institution to obtain consulting services for the</p> | Action should be taken to implement projects without delay. | -Do- | <p>Although the required legal framework has been received, the construction work has been halted due to lack of necessary provisions.</p> |
|-----|---|---|------|--|

construction of the university. Although the project was planned to be completed by 2020 to start National Vocational Qualification Levels 5 and 6 courses, construction had not begun by the end of the year under review. However, the project cost of Rs. 20 million had been allocated for the year under review and out of that amount Rs. 3,034,324 was spent on the construction of a staff dormitory in the university and the counseling services.

08. Approval was given to utilizing the Rs. 200 million allocated and start the basic work for the establishment of the National Vocational Training Institute, Matara under the budget proposals 2017 as per the Cabinet decision held on 12 September 2017 and the Action should be taken to implement projects without delay. Under the 2017 budget proposals, the selection of a consultant for the design, contract and delayed implementation of projects due to limited financial allocations to be Skills Sector Development Division in 2018 and 2019, frequent changes Under the 2017 budget Construction of the project has been delayed due to various reasons and both parties have agreed to extend the current agreement between the government and the Asian Development Bank until 30 June

letter No. MF/NB/CM/2017/202 dated 09 November 2017 from the Ministry of Finance and Mass Media and to construct a hostel for 400 students of the Sri Lanka German Training Institute, Kilinochchi at a total cost of Rs. 300 million with the expectation of bearing the remaining cost from the provisions of the Skills Development Programme. Out of the amount allocated for the year 2018, Rs. 6,028,015 had been spent and although Rs. 100 million has been allocated for the year 2019, only a suitable contractor had been selected for the construction of the hostel until the end of the year under review. However, the above skills sector development project is scheduled to be completed in 2020. This situation was

in ministries, delays in 2022. appointing members to the procurement committee and left the Health Committee procurement members.

also pointed out in 2018.

09. As per budget circular No. 146 dated 29 April 2010, all vehicles provided the Deputy Ministers/ staff of all the Ministries which existed before the appointment of the new cabinet was to be returned to the relevant ministries. However, after the cabinet reshuffle in May 2017, one of the vehicles in the name of the Ministry which had been handed over to the Ministry staff had not been handed over to the Ministry by 31 December 2019.
- Should be act in accordance with the circular.
- This situation has arisen due to the transfer of vehicles reserved for Hon. Ministers and Deputy Ministers to the new Ministries where they will be appointed with the cabinet reshuffle.
- The relevant transfer documents for the vehicles taken to the Ministry by the Ministry of Irrigation have been handed over on 14.12.2021 and the transfer process in progress.

The lease installments of the vehicles purchased under the financial leasing scheme have been paid and should be taken over accordingly by the letter No. BD/GPS/2017/Vehicle Remittal (II) dated 24.11.2021 from the Director General of National Budget for the vehicle bearing No. CAO-8445.

10. Vehicles obtained under the financial leasing scheme cannot be transferred to other institutions without the prior approval of the Department of National Budget as per National Budget Circular No. 02/2015 dated 31 March 2015. However, a vehicle that had been leased without such approval was taken by the Ho. State Minister to the new Ministries after the cabinet reshuffle.
- Should be act in accordance with the circular.
- The vehicle which belonged to the Presidential Secretariat was a vehicle brought by then Minister of the Ministry and the vehicle used by the Minister when he left the Ministry was also taken to the relevant Ministry.
- Vehicle no. KX-5289 belonging to the Presidential Secretariat has been taken to the Ministry of Ports and Shipping and it was requested from the Secretary to the President to hand over the vehicle bearing No. KX-5289 to the Ministry of Ports and Shipping by the letter No. MPS/AD/4-1/22-V dated 08.08.2017 issued by the Secretary to the Ministry of Ports and Shipping. It is not possible to assign this vehicle as it does not belong to the Ministry of Skills Development and Vocational Training. It has also been confirmed that the acquisition of

this vehicle will be carried out by the Ministry of Ports and Shipping. Vehicles purchased under the financial lease scheme have been informed that the lease installments have been paid and they will be taken over accordingly by the letter No. BD/GPS/2017 vehicle remittal (II) dated 24.11.2021 from the Director General of Budget.

Assignments are being made accordingly; These assignments have not yet been completed.

11. Although 264 Skills Act in accordance with the National Procurement Guidelines. The secretary to the Ministry has given instructions and approval to conduct the survey from an external Although it is planned to implement programmes to involve Skills Development Assistants of the Ministry have been attached to the Divisional Secretariats island wide,

Rs. 1,730,625 had been paid to the private institute contrary to the 2006 National Procurement Guidelines for the follow-up on creditors. However, according to telephone conversations conducted by the audit with selected borrowers, the progress of the borrowers had not been adequately monitored.

institute in order to Development conduct a successful Officers in and transparent survey. monitoring the The unsatisfactory borrowers, it has not conditions identified by been implemented the survey were yet. discussed at the progress review meeting and the relevant progress was regularly monitored.

12. According to the progress report for the year under review of the Research and Innovation Division, although it is planned to commence and complete 14 projects worth Rs. 784.36 million, the progress of those projects ranged from 31 percent and it was observed that there were 11 projects with less than 75 percent progress. Action should be taken to achieve the desired level of progress. These projects can be identified as programmes and not projects and 22 of them are implemented according to the annual plan of the organization using the funds received by the organizations. It was reported that, there was a poor progress due to Covid 19 epidemic and the lack of funds in timely, staff shortages and high cost of some projects. There were many reasons for the poor progress.
13. The progress of the Rs. 80 million cost social innovation lab project and Action should be taken to achieve the desired progress. The project is a multi-year project with a target of 15 percent by The Ministry of Finance has been asked for advice on

the Rs. 70 million cost soil projects which was scheduled to commence in January 2018 and be completed by the end of that year was 70 percent and 64 percent respectively at the end of the year under review.

202, of which 90 percent or 14 percent out of 15 percent has been achieved and the balance is planned to be completed in a few more years. how to proceed with this project.

14. The period from 2015 to 2030 has been named to achieve these sustainable development goals and in that regard both the parties had identified the objectives which are relevant to the objectives of the Sri Lanka Sustainable Development Act No. 19 of 2017 applicable to the State Ministry of Skills Development, Vocational Education, Research and Innovation, but it was observed that the objectives expected to be achieved did not reach the expected level during the
- Action should be taken to achieve sustainable development goals and objectives.
- Action taken to prevent are not reported.
- Despite the Covid situation, those special efforts were being made to achieve those objectives by incorporating those objectives into the institutional action plan of the corporate activities and to focus on this in the project progress reviews.

year under review.

15. Utilization of Provisions

| Description | 2018 | 2019 | 2020 | Total |
|----------------------------|----------------------|----------------------|-----------------------|-----------------------|
| Net Provision - Recurrent | 4,636,340,800 | 4,774,020,000 | 6,202,905,000 | 15,613,265,800 |
| - Capital | <u>4,379,172,200</u> | <u>4,682,876,000</u> | <u>4,659,455,000</u> | <u>13,721,503,200</u> |
| Total | <u>9,015,513,000</u> | <u>9,456,896,000</u> | <u>10,862,360,000</u> | <u>29,334,769,000</u> |
| Actual Expense - Recurrent | 4,358,309,079 | 4,621,693,330 | 5,956,656,060 | 14,936,658,469 |
| - Capital | <u>3,315,129,398</u> | <u>3,398,538,751</u> | <u>4,078,948,582</u> | <u>10,792,616,731</u> |
| Total | <u>7,673,438,478</u> | <u>8,020,232,081</u> | <u>10,035,604,642</u> | <u>25,729,275,201</u> |
| Year-end savings | | | | |
| - Recurrent | 278,031,721 | 152,326,670 | 246,248,940 | 676,607,331 |
| - Capital | <u>1,064,042,801</u> | <u>1,284,337,249</u> | <u>580,506,418</u> | <u>2,928,886,468</u> |
| Total | <u>1,342,074,522</u> | <u>1,436,663,919</u> | <u>826,755,358</u> | <u>3,605,493,799</u> |

49. State Ministry of Dhamma schools, Pirivenas and Bhikku Education

Head - 422

Utilization of Provisions

| Description | 2021 |
|---------------------------|----------------------|
| | Rs. |
| Net Provision - Recurrent | 4,393,600,000 |
| - Capital | <u>178,800,000</u> |
| Total | <u>4,572,400,000</u> |

| | |
|----------------------------|----------------------|
| Actual Expense - Recurrent | 4,367,651,199 |
| - Capital | <u>161,170,104</u> |
| Total | <u>4,528,821,303</u> |

| | |
|------------------|-------------------|
| Year-end savings | |
| - Recurrent | 25,948,801 |
| - Capital | <u>17,629,896</u> |
| Total | <u>43,578,697</u> |

50. State Ministry of Production, Supply and Regulation of Pharmaceuticals

Head - 423

Utilization of Provisions

| Estimated Provisions | Net Provision | Total Expenditure | Balance |
|----------------------|----------------|-------------------|---------------|
| ----- | ----- | ----- | ----- |
| Rs. | Rs. | Rs. | Rs. |
| 85,930,000,000 | 85,950,500,000 | 84,261,977,817 | 1,688,522,183 |

51. State Ministry of Wildlife Protection, Adoption of Safety Measures Including the Construction of Electrical Fences and Trenches and Re-Forestation and Forest Resources Development

Head - 424

Auditor General's Opinion for the financial statements:-Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institution | Current Situation |
|---|---|--|---|
| ----- | ----- | ----- | ----- |
| There were 30 vacancies in the Ministry and among them; there were 10 vacant in senior level, 04 vacant in tertiary level, 07 vacancies in secondary level and 09 vacancies in primary level. | Recruitment for vacant posts should be done with the consideration of requirements. | The Ministry of Public Services, Provincial Councils and Local Government have been informed that there are not enough officers to perform the duties of the Ministry. | No action had been taken to fill the vacancies. |

02.Utilization of Provisions

| Description | 2020 | Total |
|------------------------|------------|------------|
| | ----- | ----- |
| | | Rs. |
| Estimated Provision | | |
| Recurrent Expenditures | 33,953,000 | 33,953,000 |
| Capital Expenditures | 7,100,000 | 7,100,000 |
| Total Expenditure | 41,053,000 | 41,053,000 |

| | | |
|------------------------|------------|------------|
| Net Provision | | |
| Recurrent Expenditures | 33,953,000 | 33,953,000 |
| Capital Expenditures | 7,100,000 | 7,100,000 |
| Total Expenditure | 41,053,000 | 41,053,000 |
| Actual Expenses | | |
| Recurrent Expenditures | 17,115,784 | 17,115,784 |
| Capital Expenditures | 3,166,370 | 3,166,370 |
| Total Expenditure | 20,282,154 | 20,282,154 |
| Year-end Savings | | |
| Recurrent Expenditures | 16,837,216 | 16,837,216 |
| Capital Expenditures | 3,933,630 | 3,933,630 |
| Total Expenditure | 20,770,846 | 20,770,846 |
| Quantitative Income | | |
| Estimated Income | - | - |
| Actual income | - | - |

52. State Ministry of Promoting the Production & Regulating the Supply of Organic Fertilizer, and Paddy and Grain, Organic Food, Vegetables, Fruits, Chilies, Onion and Potato Cultivation Promotion, Seed Production and Advanced Technology Agriculture

Head - 425

Auditor General's Opinion for the financial statements – Unqualified Opinion (2020)

Utilization of Provisions

| Description | | <u>2020</u> |
|---------------------------------|-------------|---------------|
| Estimated Provision - Recurrent | | 1,108,700,000 |
| | Capital | 3,696,100,000 |
| | | ----- |
| | Total | 4,804,800,000 |
| Actual Expenses | Recurrent | 1,037,515,611 |
| | Capital | 3,127,335,269 |
| | | ----- |
| | Total | 4,164,850,880 |
| Year-end Savings | - Recurrent | 71,184,389 |
| | | 568,764,731 |
| | Capital | ----- |
| | Total | 639,949,120 |

53. State Ministry of Production and Supply of Fertilizer and Regulation of Chemical Fertilizer and Insecticide Use

Head -426

Auditor General's Opinion for the financial statements – Unqualified Opinion (2020)

| <u>Description</u> | <u>2020</u> <u>Rs.</u> |
|---------------------------------|-----------------------------|
| Estimated Provision - Recurrent | 38,202,600,000 |
| Capital | 7,000,000 |
| Total | 38,209,600,000 |
| Actual Expenses - Recurrent | 36,832,332,595 |
| Capital | 5,184,412 |
| Total | 36,837,517,007 |
| Year-end Savings - Recurrent | 1,370,267,405 |
| Capital | 1,815,588 |
| Total | <u>1,372,082,993</u> |

54. State Ministry of Livestock, Farm Promotion and Dairy and Egg Related Industries

Head - 427

Auditor General’s Opinion for the financial statements 2018-Qualified Opinion

2019- Qualified Opinion

2020- Qualified Opinion

| Audit Observation | Auditor General’s Recommendation | Preventive actions taken by the Institute | Current Situation |
|---|--|--|--|
| ----- | ----- | ----- | ----- |
| 01. Although vehicles which are not in running condition should be disposed before 31.12.2020, Nos. 251-0747, JR-2899 and 65-6120 03 vehicles which were not suitable for driving were parked at the Ministry premises. | Should be act in accordance with the Assets Management Circular No. 5/2020 02 9a) dated 02 October 2020. | Van No. 251-0747 will be repaired under the provisions of the year 2021. Action will be taken in future to dispose of the 2 remaining vehicles. | The Current Situation remains unchanged. |
| 02. Although Rs. 3.67 million has been allocated from the budget for the project to increase production through women empowerment under the promotion and popularization of liquid milk consumption programmes, out | The project should be planned, executed in a systematic manner and executed within the time frame. | Rs. 3.70 million has been received from the budget allocations for the year 2020.Rs. 3.63 million has been spent by 31.12.2020 and benefits have been provided to 80 | -Do- |

- | | | | |
|---|--|---|-------------|
| <p>of which Rs. 1.67 million or 45.5 percent was spent, but the physical progress achieved was 30 percent.</p> | <p>beneficiaries and accordingly the progress of this project is 100 percent.</p> | | |
| <p>03. Although the budget allocation for the estimated Rs. 10 million for the pig industry development programme is Rs. 2.44 million out of which Rs. 1.54 million or 63 percent, the physical progress was observed to be 45 percent.</p> | <p>Arrangements should be made in a systematic manner and within the stipulated time frame. Due to the Covid 19 situation, there was no time for the Provincial Directors to take the necessary preliminary action and only 22 beneficiary farms were completed at a cost of Rs. 1.10 million as per the targets set in the first quarter of the year.</p> | <p>-Do-</p> | |
| <p>04. The budget allocation for the establishment of small and medium scale poultry farms is Rs. 2.78 million and the amount spent was Rs. 3.28 million and the amount spent in excess of the provision is Rs. 0.5 million. However, it was observed that the Rs. 2.6 million equipment supply project expected to be implemented under this programme has not been implemented.</p> | <p>-Do-</p> | <p>The provisions have not been exceeded.</p> | <p>-Do-</p> |

05. Although Rs. 40 million had been allocated in the action plan as Rs. 39.5 million for farm establishment and Rs. 0.5 million for performance measurement under the Breeding Farms Establishment Programme, the progress report states that the estimated allocation is Rs. 7.5 million and there was a difference of Rs. 32.5 million. In addition, a budget allocation of Rs. 3.23 million has been received and out of those allocations, Rs. 1.23 million or 38 percent stated that the physical progress achieved was 25 percent, but no detailed information was provided on the physical and financial progress.
06. Rs. 300 million has been estimated for the establishment of new milk supply centers, Out of which Rs. 262.3 million has been received from the budget allocations, but only Rs. 74.91 million and it was observed that the provision of Rs.
- Although the Performance reports have not been prepared according to the circular.
- Although Rs. 8.0 million was set aside in the first by-law account, only Rs. 0.5 million was allocated in the second by-law account and Rs. 3.25 million in the third by-law account. Financial progress at the end of the year was Rs. 5.47 million.
- Should have Rs. 58.60 million has Information on the Current Situation was not submitted.
- planned and been spent on this project under foreign funding (12) and an expenditure of Rs. 16.31 million has been incurred in the year 2020 for the repayment of import duty on VAT
- Do-

187.39 million or 71.44 percent was saved.

and tax on local constructions under the Local Fund Provisions (17).

The construction and installation of the project had to be restricted due to restrictions on the Covid 19 epidemic.

07. Although the Dambulla Economic Center has approved 05 projects worth Rs. 39.5 million according to the action plan prepared for the year 2017, no action had been taken to launch any project by the end of that year.
08. During the inspection of economic centers in the Colombo, Ampara, and Kandy districts, a feasibility study was conducted and due to the failure to properly
- Action should be taken to prepare the plans in a systematic manner as to enable the projects to be completed within the stipulated time frame and to take action within the time frame.
- Necessary policy decisions should be taken to directly sell the agricultural produce of the farmers, to give
- The preparation of the rent car park and the disposal tank has been completed by now. The installation of security cameras, the construction of a new toilet system and the construction of the stairs in the assembly hall are scheduled to take place this year.
- Necessary steps have been taken in collaboration with the Ministry and the Management Trusts to keep the economic
- Do-
- Do-

- identify the location of the construction center, evaluates criteria and selects the suitable applicants in a transparent manner. It was also observed that a large number of shops in other centers were closed.
- competitive prices to the procedures and to give reasonable prices to the consumers with the aim of establishing special economic centers and to make necessary plans to keep the economic centers active.
09. The physical inspection revealed that, the 14,536 sq.ft two storied building complex constructed by the Co-operative wholesale Corporation at the Dambulla dedicated economic center at a cost of Rs. 42.75 million had not been used for the relevant purpose for nearly 06 years without any acceptance or delivery.
- Steps should be taken to utilize assets efficiently.
- Necessary arrangements are being made to take over this building properly.
- Do-
10. It was planned to set up 1,250 outlets under the Liquid milk promotion project which had been in operation since 2004. 685 outlets had been opened by the Livestock Development Board and the Ministry by
- Although a large amount of money has been spent to increase milk production, direct monitoring by the Ministry is required
- Dairy outlets that were started to increase the consumption of liquid milk were initially allowed to sell only liquid milk and that they were maintained
- Stores are closed for a variety of reasons, with only 58 stores still active.

2013. Only 147 of these outlets were operational due to the commencement without a feasibility study.
- to minimize the closure of these outlets which are required to increase the consumption of liquid milk.
- only by selling milk. Other grocery items were also allowed to be sold and the background was set to maintain the outlets.
11. Provisions of Rs. 2,000 million had been made in 2016 and Rs. 500 million in 2017 for the construction of 5 privately managed cold storages to stabilize market prices and minimize post-harvest losses. Although no money was spent in 2016 and the initial work of the project was carried out at a cost of Rs. 53.4 million in the year 2017, the project was not restarted till April 2019 due to lack of proper feasibility study and sufficient land to implement the project.
- Implementing systems and controls that are required to maximize the provisions of cost-effective projects after compiling accurate feasibility study reports with realistic and accurate information.
- Ne preventive actions have been reported to agree.
- No information was provided about the Current Situation.
12. A Memorandum of Understanding was signed between the Secretary of the Ministry of Rural Economic Affairs and the High Commissioner of New Zealand for a fund of NZ \$ 2.5 million on 24 February
- According to paragraph 2 of Public Accounts Circular No. 30/94, the systems and control systems required for foreign aid transaction
- Ne preventive actions have been reported to agree.
- Do-

2016 for a three-year dairy accounting should excellence training approach be prepared on the to Sri Lanka. Those foreign instructions of the aid transactions had not been Director General of done through Director Foreign Resources. General of Foreign Resources.

13. The feasibility report shows that the percentage of pregnancies in a mammal is 80 percent each year. However, artificial insemination in the island now ranges from 25 percent to 30 percent. Need to prepare a database and monitor it properly. The information is reported to be inaccurate. -Do-
14. Under the dairy cattle import project, 9,500 cattle were imported with foreign loans of Rs. 6,435 million and distributed to private farmers under registered under the Livestock board and the Ministry to reduce the import of milk powder and increase the consumption of liquid milk by increasing milk production. However, the volume of imported milk In line with the importation of dairy cattle, policies should be formulated to increase the consumption of liquid milk and reduce the import of milk powder. -Do- Importation of milk powder was 93.2 metric tons and 97.2 metric tons in the years 2019 and 2020 respectively .

powder has increased from 84.02 metric tons in 2011 to 2018. Accordingly, the main objective of the project had not been achieved.

15. The import of 2500 animals scheduled to be imported in 2018 had to be stopped until August 2019 due to the failure of the project. Based on this situation, the total advance payment of Rs. 1,749.67 million for 2,500, 7,500, 5,000 dairy cows to be imported in 2018,2019 and 2020 respectively as Rs. 291.61 million, Rs. 874.83 million and Rs. 583.22 million in May 2018. Also, like to point out that the interest on that money and the loss of foreign exchange devaluation will be in future.
- In order to adapt to sustainable development, a systematic study by a subject knowledge group in the field of livestock should be carried out and long term plans should be prepared under the Livestock Development Board or under the Ministry.
- The project has proved to be a failure due to the malicious attempts of the farmers and outsiders involved in the project to obtain further relief from the government. Farm managing according to proper instructions has yielded the desired results and it is clear that the success or failure of different types of animals on different farms is a weakness of management.
- The advances paid had not yet been settled.

16. Utilization of Provisions

| <u>Description</u> | <u>2018</u> | <u>2020</u> | <u>Total</u> |
|---------------------|---------------|-------------|---------------|
| | Rs. | Rs. | |
| Estimated Provision | | | |
| - Recurrent | 1,197,910,000 | 369,038,600 | 1,566,948,600 |
| - Capital | 5,076,200,000 | 150,561,400 | 5,226,761,400 |
| - Total | 6,274,110,000 | 519,600,000 | 6,793,710,000 |
| Actual Expenses | | | |
| - Recurrent | 783,988,566 | 366,336,918 | 1,150,325,484 |
| - Capital | 3,492,092,658 | 148,669,602 | 3,640,762,260 |
| - Total | 4,276,081,224 | 515,006,520 | 4,791,087,744 |
| Year-end Savings | | | |
| - Recurrent | 413,921,434 | 2,701,682 | 416,623,116 |
| - Capital | 1,584,107,342 | 1,891,798 | 1,585,999,140 |
| - Total | 1,998,028,776 | 4,593,480 | 2,002,622,256 |

55. State Ministry of Mahaweli Zones, Canals, and Settlement Infrastructure Development

Head - 428

Auditor General's opinion for the financial statements 2020- Qualified opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|---|---|---|---|
| <p>01. According to Guideline No. 06 issued by the Department of Public Accounts, if there are any non-financial assets that need to be further reported, they should be properly identified and accounted for at cost or estimated value. However, 10 vehicles received from the Ministry of Irrigation on 18 December 2020 and 22 December 2020 had not been properly taken over and accounted.</p> | <p>Should be followed circular provisions.</p> | <p>09 out of 10 vehicles received from the Ministry of Irrigation have been taken over. The other vehicle was provided on a temporary basis. 04 out of 09 vehicles taken over have been taken into account.</p> | <p>It has been informed that action will be taken to account for the remaining 05 vehicles after assessing their value.</p> |
| <p>02. The Accounting Officer should ensure that the Accounting Officer develops and maintains an effective internal control system for the financial control of the Ministry in accordance with the provisions of Section</p> | <p>Should be complied with the provisions of Section 38 of the National Audit Act No. 19 of 2018.</p> | <p>The Ministry of Public Services, Provincial councils and Local Government has been informed in writing several times about the vacant post of Internal</p> | <p>The preparation of the internal audit plan for the year 2022 on the instructions of</p> |

38 of the National Audit Act No. 19 of 2018 and the audit did not state that such a review had been made, although it was necessary to review the effectiveness of the system from time to time and to make the necessary changes to ensure that the system was operating effectively.

Auditor in the approved the Chief staff of the Ministry Internal and a letter signed by Auditor of the the Secretary to the Ministry of Ministry dated 14 Irrigation has October 2021 has been commenced sent to appoint a and the risk suitable officer for this list is being purpose. prepared.

03. Utilization of Provisions

| Description | | 2020 | Total |
|---------------------|-----------|--------------------|--------------------|
| | | Rs.. | Rs. |
| Estimated Provision | Recurrent | 89,502,954 | 89,502,954 |
| | Capital | <u>128,160,425</u> | <u>128,160,425</u> |
| | Total | <u>217,663,379</u> | <u>217,663,379</u> |
| Net Provision | Recurrent | 89,502,954 | 89,502,954 |
| | Capital | <u>128,160,425</u> | <u>128,160,425</u> |
| | Total | <u>217,663,379</u> | <u>217,663,379</u> |
| Actual Expense | Recurrent | 70,705,216 | 70,705,216 |
| | Capital | <u>115,526,897</u> | <u>115,526,897</u> |
| | Total | <u>186,232,113</u> | <u>186,232,113</u> |
| Year-end Savings | Recurrent | 18,797,737 | 18,797,737 |
| | Capital | <u>12,633,528</u> | <u>12,633,528</u> |
| | Total | <u>31,431,265</u> | <u>31,431,265</u> |

56. State Ministry of Tanks, Reservations and Irrigation Development related to Rural paddy Fields.

Head - 429

Auditor General's Opinion for the financial statements 2020 - Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|---|---|--|---|
| ----- | ----- | ----- | ----- |
| 01. No action had been taken to submit commodity survey reports in accordance with Financial Regulations 756 of the Financial Regulations Code of the Democratic Socialist Republic of Sri Lanka. | Action should be taken to submit Board of Survey reports in accordance with FR 756. | Due to the Ministry of Irrigation and the State Ministry of Tanks, Reservations and Irrigation Development related to Rural paddy Fields are located in one place in the Jawaththa premises, due to the exchange of goods belonging to the inventories of the Ministry of Irrigation during the establishment of the new division of the State Ministry. It was not possible to conduct a separate | Board of survey has been done in the year under review. |

inventory survey on behalf of the State Ministry in the year 2020 and that the existing reports on the goods under the Ministry of Irrigation have been submitted for all the products available in the Jawaththa premises. Further, steps have been taken to acquire the goods in the year 2021 and to maintain the fixed assets records and inventory records.

02. According to Financial Act in Regulations 103(1)(a), the accident should have been reported to the authorities, byt the accident had not been reported.
- The driver of the vehicle, who was attached to the personal staff of the State Minister, had driven the vehicle at the time of the accident and had not acted in accordance with Financial Regulations 103 due to misunderstanding of the use of government property and had informed all drivers on
- Not reported the Current Situation.

how to act in such a case
in future.

03. The State Ministry was using 13 outsourced vehicles worth Rs. 137,900,000 and had not taken action to acquire them. Action should be taken to take over the assets belonging to the external party. The Ministry is in the process of taking over the ownership and will take action to account it in 2021 and in the year. No action had been taken to transfer ownership to the Ministry and account.
04. The approved staff of the Ministry during the year under review was 70 and the actual staff was 31. Accordingly, the number of vacancies was 39. Should take action to fill the required staff vacancies by reviewing the post requirement. Despite requests from the Ministry of Public Services, Provincial Councils and Local Government regarding the approved staff, the officers were not attached until the end of the year. Requests have been made several times from the Ministry of Public Services, Provincial councils and Local Government to fill the existing vacancies and there are 39 vacancies. Vacancies still exist.

05. Utilization of Provisions

| Description | 2020 | 2020 |
|----------------------------|-------------|-------------|
| ----- | ----- | ----- |
| | 2020 | Total |
| | ----- | ----- |
| | Rs. | Rs. |
| <u>Estimated Provision</u> | | |
| Recurrent | 34,925,000 | 34,925,000 |
| Capital | 81,975,000 | 81,975,000 |
| Total | 116,900,000 | 116,900,000 |
| <u>Actual Expense</u> | | |
| Recurrent | 15,203,598 | 15,203,598 |
| Capital | 61,055,822 | 61,055,822 |
| Total | 76,259,420 | 76,259,420 |
| <u>Year-end savings</u> | | |
| Recurrent | 19,721,402 | 19,721,402 |
| Capital | 20,919,178 | 20,919,178 |
| Total | 40,640,580 | 40,640,580 |

57. State Ministry of Land Management, Public Enterprises, Land and Property Development

Head - 430

Auditor General's Opinion for the financial statements - Qualified Opinion (2020)

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|---|---|---|---|
| ----- | ----- | ----- | ----- |
| 01. Although 12 vehicles belonging to the Ministry of Land have been provided for the use of this Ministry, their value has not been included in the financial statements. However, 5 vehicles were returned to the Ministry of Land and 7 vehicles were handed over to the Ministry of Local Government and Home Affairs in February 2021. | The value of vehicles owned by the State Ministry should be included in the financial statements. | Agreed with the observations and preventive measures had not been reported. | The role of this Ministry established in terms of Gazette notification No. 2187/27 dated 09 August 2020 was added to the ministry of Land on 16 February 2021 and it was instructed to complete all the activities of the State Ministry up to 31 March 2021. |

02. Utilization of Provisions

| Description | | 2020 Rs. | Total Rs. |
|---------------------|-------------------------|-------------------|-------------------|
| Estimated Provision | - Recurrent Expenditure | 46,400,000 | 46,400,000 |
| | - Capital Expenditure | <u>3,300,000</u> | <u>3,300,000</u> |
| | - Total Expenditure | <u>49,700,000</u> | <u>49,700,000</u> |
| FR 66/69 transfers | -Recurrent Expenditure | (996,000) | (996,000) |
| | - Capital Expenditure | 996,000 | 996,000 |
| | - Total expenditure | - | - |
| Actual Expense | - Recurrent Expenditure | 19,693,333 | 19,693,333 |
| | - Capital Expenditure | <u>2,806,915</u> | <u>2,806,915</u> |
| | - Total expenditure | <u>22,500,248</u> | <u>22,500,248</u> |
| Year-end savings | - Recurrent Expenditure | 25,710,667 | 25,710,667 |
| | - Capital Expenditure | <u>1,489,085</u> | <u>1,489,085</u> |
| | - Total expenditure | <u>27,199,752</u> | <u>27,199,752</u> |

58. State Ministry of Coconut, Kithul and Palmyra Cultivation Promotion and Related Industrial Product Manufacturing and Export Diversification

Head - 431

Auditor General's Opinion for the financial statements 2020 : Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|---------------------------------------|--|--|-------------------|
| ----- | ----- | ----- | ----- |
| Essential vacancies should be filled. | As the Ministry was newly established, there were vacancies for staff as at 31 December 2020 and action will be taken to fill those vacancies as soon as possible. | No action had been taken | |

Utilization of Provisions

| Description | 2020 | Total |
|---------------------------|---------------|---------------|
| ----- | ----- | ----- |
| | Rs. | Rs. |
| Net Provision - Recurrent | 1,081,500,000 | 1,081,500,000 |
| - | 1,081,350,000 | 1,081,350,000 |
| Capital | ----- | ----- |
| Total | 2,162,850,000 | 2,162,850,000 |
| | ===== | ===== |

| | | |
|------------------------------|---------------|---------------|
| Actual Expense - Recurrent | 1,042,214,510 | 1,042,214,510 |
| - Capital | 1,010,500,583 | 1,010,500,583 |
| | ----- | ----- |
| - Total | 2,052,715,093 | 2,052,715,093 |
| | ===== | ===== |
| Year-end savings - Recurrent | 39,285,490 | 39,285,490 |
| - | 70,849,417 | 70,849,417 |
| Capital | ----- | ----- |
| Total | 110,134,907 | 110,134,907 |
| | ===== | ===== |

59. State Ministry of Development of Minor Crops Plantation Including Sugar Cane Maize, Cashew, Pepper, Cinnamon, Cloves, Betel, Related Industries and Export Promotion

Head - 432

Auditor General's opinion for the financial statements - 2020: Unqualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|--|--|---|--------------------------|
| ----- | ----- | ----- | ----- |
| The approved number of employees was 73, of which 14 were vacant as at 31 December of the year under review. | Vacancies should be filled considering the requirements. | Since the Ministry was newly established, there were vacancies for staff as at 31 December 2020 and action will be taken to fill those vacancies expeditiously. | No action had been taken |

02. Utilization of provisions

| Description | 2020 | Total |
|------------------------------|---------------|---------------|
| ----- | ----- | ----- |
| | Rs. | Rs. |
| Net Provision - Recurrent | 462,000,000 | 462,000,000 |
| | 2,290,841,000 | 2,290,841,000 |
| | ----- | ----- |
| - Capital | | |
| Total | 2,752,841,000 | 2,752,841,000 |
| | ===== | ===== |
| Actual Expenses- Recurrent | 410,459,590 | 410,459,590 |
| Expenses | | |
| | - | 2,248,973,755 |
| | | 2,248,973,755 |
| | ----- | ----- |
| Capital Expenses | | |
| Total | 2,659,433,345 | 2,659,433,345 |
| | ===== | ===== |
| Year-end savings - Recurrent | 51,540,410 | 51,540,410 |
| Expenses | | |
| | 41,867,245 | 41,867,245 |
| | ----- | ----- |
| - Capital Expenses | | |
| Total | 93,407,655 | 93,407,655 |
| | ===== | ===== |

60. State Ministry of Rural and Regional Drinking Water Supply project Development

Head - 433

Auditor General's Opinion for the financial statements – Qualified Opinion (2020)

| | Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|-----|--|--|---|--------------------------|
| | ----- | ----- | ----- | ----- |
| 01. | The net allocation for 11 development projects in the year was Rs. 1,250 million. However, the cost of those projects was only Rs. 723 million and Rs. 527 million was saved. Accordingly, the net provision was 42 percent. | Expenditure estimates should be prepared correctly in accordance with FR 50. | The expected performance of the projects could not be achieved due to the corona expansion. | Not reported. |
| 02. | The value that could have been settled during the year and for the period from August to December 2020 was Rs. 868,184 had not been settled by the end of 2020. | Should be act in accordance with Financial Regulations. | It has been reported that due to non-submission of vouchers by the relevant payment claimants, the payment could not be made during this year, but no action was taken to prevent such errors | - Do - |

03. Rs. 130,988 issued for Immediate action Relevant officials - Do -
various purposes on 04 should be taken have been informed
occasions from August to immediately after to settle the advance
December 2020 was not the completion of on the due date.
settled immediately after the relevant work.
the completion of the
relevant work in
accordance with Interim
imprest Financial
Regulations No. 371.
04. Although the annual board Should be submitted The board of survey - Do-
of survey for the year 2020 the board of survey was not carried out
should be conducted as per reports on the due on the due date due to
paragraph and those reports date. the Covid-19
should be submitted to the epidemic and the
Auditor General before 17 survey was conducted
March 2021 as per the later and the board of
paragraph 3.1.6 of the survey report was
Public Finance Circular submitted to the
No. 5/2016 dated 31 March Auditor General on
2016, those reports had not 15 December 2021.
been submitted as at 30
April 2021.
05. According to the Public Arrival and A letter has been sent The Ministry has
Administration Circular departure should be to the private been informed in
No. 09/2009 (10 dated 17 certified by the Secretary to the Hon. a letter that daily
June 2009, the arrival and fingerprint machine State Minister arrivals and
departure of the staff of the in accordance with informing him that departures
Ministry to their place of Public the arrival and cannot be

- | | | | | |
|-----|--|---|---|--|
| | work had to be confirmed by the fingerprint machine, but this was not done. | Administration Circular. | departure of the staff of the Ministry should be recorded as per the circular dated 17 June 2009. | recorded in practice. |
| 06. | Fuel combustion tests were not carried out on the vehicles of the Ministry according to the paragraph 3.1 of the Public Administration Circular No. 30/2016 dated 29 December 2016. | Vehicle fuel tests should be carried out in accordance with Public Administration circular. | The fuel combustion rest is to be carried out in future. | A fuel combustion test is not performed. |
| 07. | Although an action plan has been prepared for the Ministry for the year 2020 in terms of the Public Finance Circular no. 2014/01 dated 17 February 2014, it did not include the organizational structure of the institution to be included, the approved and actual staff details, the cash requirement plan, the procurement plan and the internal audit plan according to paragraph 3 of the circular. | Required to prepare an action plan in accordance with Public Finance Circular. | That will work as scheduled in future. | Not reported. |

08. It was planned to provide a nano filter to Mahawewa Dharmarama vidyalaya in the Puttalam District using a provision of Rs. 4 million to provide safe drinking water to the areas affected by undiagnosed kidney diseases which were activated by the Ministry and the performance progress report submitted to the audit stated that the same task had been accomplished. However, the audit revealed that the project had not been physically carried out.
- Perform the tasks as planned and to ensure the accuracy of the information submitted to the audit.
- The two projects were canceled due to the closure of all schools throughout the year due to the Covid epidemic and instead, two refineries have been set up in the Sangattikulam Detana Divisional Secretariat which belongs to the Puttalam Divisional Secretariat.
- Do -
09. The Ministry had failed to achieve the expected output level from the projects of Menikkadawara and Pallegama Rural Water Supply Project implemented by the Ministry under the Rural Water Supply and Sanitation Services improvement Programme, Polonnaruwa
- Action should be taken to achieve the progress of the relevant projects as planned.
- Menikkadawara and Pallegama rural water supply projects are scheduled to be completed by 31 December 2022. Binpokunugama rural water project and the installation of water treatment plant with a capacity of 100 cubic meters per day in
- Construction of water tank, well and pumping station at Menikkadawara and Pallegama rural water supply project is completed by 31 December 2021. 60 percent is

Binkopokunugama Rural Water Supply Project in the Sahamadola Eheliyagoda area, a 100 cubic meter dialy water treatment plant was set up to provide water to the project and to control the water borne diseases in the areas affected by chronic kidney disease and laying of pipes up to Habarana, Eppawala and Hambanthota implemented under the waterborne disease prevention programme in chronically affected areas, installation of anti-water purification equipment for rural areas and schools, water quality testing and management, supply, installation and commissioning of 05 nano filters in the Kandy District by the end of year 2020.

Sahamadola Eheliyagoda area has been completed by 31 December 2021. Binpokunugama rural water supply project handed over to the contractor on 15 December 2021.

10. Out of 123 projects cost Rs. 1,778 million, which were to be implemented in the year 2019 under the National Community Should take action to complete the projects as planned and should be directly supervised The delay was due to the facts beyond the control of the department as to obtain approval for Not reported the Current Situation.

Water Pride Project and by the Ministry. should be completed by 31 December 2019, 35 projects worth Rs. 597 million had not been completed by the end of year 2020. Further, the physical progress of the projects of the Prathibha Prajamula organization implemented in the porambakananke Grama Niladhari Division in the Matara District at a cost estimate of Rs. 59,218,151 was as low as 40 percent as at 31 December 2020.

power outages, damaging roads for laying pipes, access to water sources etc.

- | | | | | |
|-----|--|-------|--------|--------|
| 11. | Out of projects started in 2018, 2019 and 2020 under the provisions of the National Public Water Supply Department, the work of 25 projects which had to be completed by 31 December 2020 at a cost of Rs. 50,483,201 had not been completed by the end of the year 2020 and it was observed that the physical progress of four projects was less than 50 percent. | - Do- | - Do - | - Do - |
|-----|--|-------|--------|--------|

12. Construction of Mundalama Refinery to start construction of tube wells and improvement of status of six existing water supply schemes in Kandy, Ampara and Mannar districts at a cost of Rs. 25.4 million has been allocated, but the Ministry had not taken steps to start such projects in the year 2020. However, projects such as supply and installation of 05 nano filters in Anuradhapura District and 02 nano filters in Kurunegala District and 03 nano filters in Polonnaruwa District which were not included in the Annual Action Plan and this was done in the year 2020 under the Rural Water Supply and Sanitation Improvement Project.
- Need to take action to start projects as planned and to focus on the needs of the country to be given priority in the preparation of the action plan.
- Nano refineries have been set up at ten locations in Anuradhapura, Polonnaruwa and Kurunegala districts where the prevalence of kidney disease is high and 100 percent completed and these proposals therefore had to be removed.
- Do -
13. The Ministry had used 06 vehicles owned by other government institutions during the year 2020 according to the
- Necessary action should be taken to take over the vehicles owned by other government
- Preventive measures have not been reported.
- Ministry has 13 vehicles now.

information provided by institutions.
the State Ministry for audit.

- | | | | | |
|-----|---|---|--------|---|
| 14. | The Sustainable Development Goals to be achieved by the Ministry and the related objectives, stakeholders regarding the role of the Ministry in implementing the objectives etc. according to the Agenda for Sustainable Development Goals- 2030 published by the United Nations were not identified. | Identify the sustainable development goals and take appropriate action to achieve them. | - Do - | The Ministry is coordinating the monthly progress of the 6 th Sustainable Development Goal through the Sustainable Development Councils. |
| 15. | It was observed that the percentage of vacancies ranged from 63 percent to 100 percent of the approved number of employees under each category. It was taken higher value as 77 percent from the total approved staff. | Need to revise approved staff as required or take action to fill the vacancies for essential posts expeditiously. | - Do - | Officers have been recruited for several senior and secondary level posts. |

16. Utilization of Provisions

| <u>Description</u> | <u>2020</u> |
|----------------------------|----------------------|
| <u>Estimated Provision</u> | |
| - Recurrent | 33,669,000 |
| - Capital | <u>1,251,331,000</u> |
| - Total | <u>1,285,000,000</u> |
| <u>Actual Expense</u> | |
| - Recurrent | 21,358,101 |
| - Capital | <u>731,492,982</u> |
| - Total | <u>752,851,083</u> |
| <u>Year-end Savings</u> | |
| - Recurrent | 12,310,899 |
| - Capital | <u>519,838,018</u> |
| - Total | <u>532,148,917</u> |

61. State Ministry of Warehouse facilities, Container Yards, Ports Supply Facilities and Boats and Shipping Industry Development

Head - 434

Auditor General's Opinion for the financial statements - 2020 -Unqualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|--|--|---|--|
| ----- | ----- | ----- | ----- |
| 01. Although the Ministry has obtained 9 vehicles belonging to various government agencies for use, no action has been taken to take over the ownership of those vehicles. | Act in accordance with the provisions of the Public Accounts Circular No. 259/2017 dated 13 December 2017. | The Department is in the process of taking over the 2 vehicles. 5 vehicles have been brought to this Ministry for use on a temporary basis. | 5 vehicles have been brought to this Ministry for use on a temporary basis. |
| 02. The number of posts approved to fulfill the role of the Ministry as on 31 December 2020 was 52 and the number of vacancies on that day was 46. | Adequate staff should be maintained to carry out the functions of the Ministry. | Relevant sections have been informed to appoint officers to fill the vacancies. | The number of vacancies was 32 as on 09 February 2022. |
| 03. Out of the net expenditure of the Ministry of Rs. 2,472,680,000 for 18 subjects, the balance | Estimates should be prepared in accordance with the provisions of FR 50. | 98 percent of the value of the savings amounting to Rs. 976,062,195 is related to the Ports and | Problem solving by reviewing the net provisions, savings of that of the institution on a |

was 39 percent or Rs. 976,062,195. That savings ranged from 12 percent to 99 percent of net spent.

Shipping Improvement Project of the Trincomalee Port, which was operated with Japanese assistance. The Director General of National budget has been instructed to block such allocations. However, international measures have been taken to minimize savings in the coming years and to utilize the provisions provided. monthly basis.

04. The total net provision of Rs. 70,390,000 for 11 expenditure items had not been utilized during the year. Estimates should be prepared in accordance with the provisions of FR 50. Internal measures have been taken to prevent the situation by the year 2021. Problem solving by reviewing the net provisions, their savings etc . On a monthly basis by the institution.

05. Utilization of Provisions

| Description | | 2020 | Total |
|------------------|------------|---------------|---------------|
| | | Rs. | Rs. |
| Net Provision | Recurrent. | 12,440,000 | 12,440,000 |
| | Capital | 2,537,460,000 | 2,537,460,000 |
| | Total | 2,549,900,000 | 2,549,900,000 |
| Actual Expense | Recurrent. | 8,791,007 | 8,791,007 |
| | Capital | 1,494,444,980 | 1,494,444,980 |
| | Total | 1,503,235,987 | 1,503,235,987 |
| Year-end savings | Recurrent. | 3,648,993 | 3,648,993 |
| | Capital | 1,043,015,020 | 1,043,015,020 |
| | Total | 1,046,664,013 | 1,046,664,013 |

62. State Ministry of Rural Roads and Residual Infrastructure

Head - 435

Auditor General's Opinion for the financial statements – Unqualified Opinion

(This Ministry was established on 08 August 2020)

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|--|---|--|--|
| 01. Rs. 17.97 million was estimated for the projects under the Bridge Development Pilot Project implemented by the Ministry. However, only 06 bridge projects were started at a cost of Rs. 5.53 million and the progress of these projects ranged from 33 percent to 41 percent as at 31 December 2020. | Projects should be completed expeditiously within the planned time frame. | Preventive measures have not been reported. | Bridges and roads were not built as planned in 2021 and progress was slow. |
| 02. Rs. 813.52 million was estimated for 53 projects in 12 districts in the year 2020 under rural bridge development and only Rs. 278.90 million or 34 percent had been spent as at 31 December 2020. According to the progress reports of the Road | -Do- | -Do- | Not reported the Current Situation. |

Development Authority, 59 rural bridge projects have been identified and only 36 bridges have been awarded contracts. Out of this, progress on 13 projects was less than 50 percent.

03. 100 Bridges Construction Project granted by the Ministry to the State Development and Design Corporation under the direct contract scheme for which an advance of Rs. 30 million was paid on 31 December 2020. According to the progress report submitted on 31 March 2021, only 11 bridges were under construction. The total advance for this is Rs. 8 million or only 27 percent and the financial progress of this project was as low as 4.5 percent as at 31 December 2020.
- Should be taken action to complete the projects within the contract period.
- The project could not be started as planned due to non-receipt of funds requested from the General Treasury for this project. Advance payment to the State Design and Development Corporation for the bridge project commenced in 2021 has been offset.
- 336 bridges have been completed in the year 2021 at a cost of Rs. 186.6 million including the Rs. 30 million provided in the year 2020.

04. Utilization of Provisions

| | | 2020 | Total |
|------------------|-----------|-------------|--------------------|
| | | Rs. million | <u>Rs. million</u> |
| Net Provision | Recurrent | 26.53 | 26.53 |
| | Capital | 6,173.1 | 6,173.1 |
| | Total | 6,199.63 | 6,199.63 |
| Actual Expenses | Recurrent | 15.48 | 15.48 |
| | Capital | 4,917.22 | 4,917.22 |
| | Total | 4,932.70 | 4,932.70 |
| Year-end savings | Recurrent | 11.04 | 11.04 |
| | Capital | 1,259.27 | 1,259.27 |
| | Total | 1,270.31 | 1,270.31 |

63. State Ministry of Vehicle Regulation, Bus Transport Services and Train Compartments and Motor Car Industry

Head - 436

Audit Opinion

Qualified Opinion

This Ministry was established in accordance with the Extraordinary Gazette Notification No. 2187/27 dated 09 August 2020.

There were not enough observations to report to the Parliament.

Utilization of Provisions

| <u>Description</u> | | <u>2020</u> | <u>Total</u> |
|--------------------|-----------|----------------|----------------|
| | | Rs. | Rs. |
| Net Provision | Recurrent | 12,302,940,000 | 12,302,940,000 |
| | Capital. | 7,528,810,000 | 7,528,810,000 |
| | Total | 19,831,750,000 | 19,831,750,000 |
| Actual Expense | Recurrent | 12,130,617,739 | 12,130,617,739 |
| | Capital. | 1,427,882.189 | 1,427,882.189 |
| | Total | 13,558,499,928 | 13,558,499,928 |
| Year-end savings | Recurrent | 172,322,261 | 172,322,261 |
| | Capital. | 6,100,927,811 | 6,100,927,811 |
| | Total | 6,273,250,072 | 6,273,250,072 |

64. State Ministry of Aviation and Export Zone Development

Head - 437

Auditor General's Opinion for the financial statements – Unqualified Opinion (2020)

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|---|---|---|--|
| <p>01. Although there were 11 vehicles under the Ministry as on 31 December 2020, no action had been taken to formally acquire these vehicles in terms of paragraph 02 (ii) of the Assets Management Circular No. 02/2017 dated 21 December 2017.</p> | <p>Necessary arrangements should be made to take over the vehicles properly.</p> | <p>Neglected duties will be systematically restored in future and the acquisition of vehicles is expected to be carried out accordingly.</p> | <p>Necessary arrangements are being made to take over the vehicles properly.</p> |
| <p>02. The accident on 16 September 2020 in cab number PG 9548 was not reported in the Statement of losses and omissions in the financial statements (Note (i))</p> | <p>The Ministry should take action to account the loss caused by this accident.</p> | <p>Although the initial report on the Covid epidemic has been submitted late, the full report will be submitted as soon as the repairs are completed and the loss assessment will be calculated and</p> | <p>This loss has not been accounted yet.</p> |

acted upon.

03. According to paragraph 40 (1) of the National Audit Act No. 19 of 2018, the Chief Accounting Officer of a Ministry should have appointed an internal Audit for that Ministry, but had not acted accordingly. Action should be taken to appoint an Internal Auditor expeditiously to carry out the internal audit work properly. An officer will be appointed on an acting basis or to the post of Internal Auditor in future. An Internal Auditor had not been appointed.

Utilization of Provisions

| Description | 2020 | Total |
|------------------|-------------|-------------|
| ----- | ----- | ----- |
| | (Rs.) | (Rs.) |
| Net Provision | | |
| - Recurrent | 58,774,000 | 58,774,000 |
| - Capital | 227,890,000 | 227,890,000 |
| | ----- | ----- |
| Total | 286,664,000 | 286,664,000 |
| | ===== | ===== |
| Actual Expense | | |
| - Recurrent | 48,537,013 | 48,537,013 |
| - Capital | 226,622,288 | 226,622,288 |
| | ----- | ----- |
| Total | 275,159,302 | 275,159,302 |
| | ===== | ===== |
| Year-end Savings | | |
| - Recurrent | 10,236,987 | 10,236,987 |

| | | |
|-----------|------------|------------|
| - Capital | 1,267,712 | 1,267,712 |
| | ----- | ----- |
| Total | 11,504,699 | 11,504,699 |
| | ===== | ===== |

65. State Ministry of Cooperative Services, Marketing Development and Consumer Protection

Head - 438

Auditor General's Opinion for the financial statements – Qualified Opinion (2020)

Utilization of Provisions

| Description | 2020 | Total |
|---------------------|--------------------|--------------------|
| ----- | ----- | ----- |
| | (Rs.) | (Rs.) |
| Estimated Provision | | |
| - Recurrent | 549,180,000 | 549,180,000 |
| - Capital | <u>11,560,000</u> | <u>11,560,000</u> |
| Total | <u>560,740,000</u> | <u>560,740,000</u> |
| Net Provision | | |
| - Recurrent | 563,180,000 | 563,180,000 |
| - Capital | <u>17,560,000</u> | <u>17,560,000</u> |
| Total | <u>580,740,000</u> | <u>580,740,000</u> |
| Actual Expense | | |
| - Recurrent | 547,952,830 | 547,952,830 |
| - Capital | <u>13,997,060</u> | <u>13,997,060</u> |
| Total | <u>561,949,890</u> | <u>561,949,890</u> |

66. State Ministry of Bathik Handloom Textiles and Local Apparel Production

Head - 439

Auditor General's Opinion for the financial statements – Qualified Opinion (2020)

| Description | 2020 | Total |
|----------------------------|--------------------|--------------------|
| ----- | ----- | ----- |
| | (Rs.) | (Rs..) |
| <u>Estimated Provision</u> | | |
| - Recurrent | 31,700,000 | 31,700,000 |
| - Capital | <u>215,680,000</u> | <u>215,680,000</u> |
| Total | <u>247,380,000</u> | <u>247,380,000</u> |
| <u>Net Provision</u> | | |
| - Recurrent | 31,700,000 | 31,700,000 |
| - Capital | <u>215,680,000</u> | <u>215,680,000</u> |
| Total | <u>247,380,000</u> | <u>247,380,000</u> |
| <u>Actual Expense</u> | | |
| - Recurrent | 13,628,290 | 13,628,290 |
| - Capital | <u>206,928,271</u> | <u>206,928,271</u> |
| Total | <u>220,556,561</u> | <u>220,556,561</u> |
| <u>Savings</u> | | |
| Recurrent | 18,071,710 | 18,071,710 |
| Capital | <u>8,751,729</u> | <u>8,751,729</u> |
| Total | <u>26,823,439</u> | <u>26,823,439</u> |

67. State Ministry of Gem and Jewellery Related Industries

Head - 440

Auditor General's Opinion for the financial statements: 2018 } - Established on 09 August 2020
 2019 - }
 2020 - Qualified Opinion

| Audit Observation | Auditor General's Recommendation | Preventive actions taken by the Institute | Current Situation |
|---|--|---|---|
| 1. Although Section 3.1 of Public Finance Circular No. 02/2020 (Guideline) should have been included the final treasury account statement as the annexure of financial statement, this has not been done. | Final treasury account statements should be attached as annexures to the financial statements. | It has been informed that such submissions will be made in coming years. | Presented with accounts in the year 2021. |
| 2. As per Section 7 (vi) of Public Finance Circular No. 02/2020 (Guideline) 6, an imprest account had not been prepared to match the difference between the treasury balance and the value payable to the treasury by the ministry. | Arrangements should be made to prepare an imprest account. | It has been informed that, such submissions will be made in the coming years. | The Statement of cash reconciliation has been submitted. |
| 3. Recurrent Expenditures ----- The budget estimated net provision for recurrent expenditure under programme 1 and | Efforts should be made to achieve the objectives of the Ministry efficiently by utilizing the | The given number is correct. | 5 recurrent expenditure subjects and 3 capital expenditure subjects in the year 2021 saved more than 60 |

programme 2 was Rs. 107.65 million and out of which only Rs. 17.59 million was utilized. Accordingly, provisions for recurrent expenditure of Rs. 90.06 million had not been utilized. It was 83.66 percent of the net provision.

percent of the net allocation.

- | | | | |
|--|---|--|---|
| <p>4. Capital Expenditures ----- Budget estimated net allocation for capital expenditure under programmes 1 and 2 was Rs. 22.00 million and the actual expenditure was Rs. 9.38 million. Accordingly, Rs. 12.62 million had not been utilized and it was 57.36 percent as a percentage of the net provision.</p> | <p>Efforts should be made to achieve the objectives of the Ministry efficiently by utilizing the allocated funds.</p> | <p>The given number is correct.</p> | <p>3 capital expenditure subjects in the year 2021 had saved more than 60 percent of the net allocation for 3 subjects.</p> |
| <p>5. Property, Plant & Equipment ----- The non-financial assets balance as at 31 December 2020 was Rs. 38,449 according to treasury records, but that balance was Rs. 80,949 in the statement of non-financial assets</p> | <p>Should be compared the balance in the accounts with the treasury notes and show the correct value.</p> | <p>Those will compares the balances according to the ministry accounts with the treasury notes and show the correct value in future.</p> | <p>2020 accounts had been corrected.</p> |

included in the financial statements prepared by the Ministry and due to that, there was a difference of Rs. 42,499.

6. Rs. 787,632 liabilities received during the year under review in respect of 07 expenditure subjects were not mentioned in the Statement of Obligations and liabilities. Efforts should be made to prepare a complete and accurate statement of liabilities and obligations for the year. Lack of adequate permanent staff to check and answer specific questions. Liabilities for the year 2022 have been settled.
7. The Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system is set up and maintained for the financial control of the Ministry and the effectiveness of the system should be reviewed from time to time and changes needed to be made to keep the system running efficiently and those reviews should have been made in writing and a copy submitted to the Auditor General, but no statement had been Should comply with the provisions of Section 38 of the National Audit Act No. 19 of 2018. No comments have been made in this regard. The situation remains the same.

submitted to the Audit that such reviews had been made.

8. Although the Chief Accounting Officer and Accounting Officer should ensure that there is an effective methodology for the proper functioning of the internal audit function, that requirement had not been achieved according to the observations made in paragraph 5 of the report. Should be complied with the provisions of Section 38 of the National Audit Act No. 19 of 2018. Internal audit could not be commenced due to non-availability of staff. Appointed an Internal Auditor in December 2021.
 9. The Ministry should have played the following roles in creating policies conducive to the development of the local industry through policy formulation and guidance in the field of gem and jewelery industry to make Sri Lanka a competitive international hub in the gem and jewelery industry. Under the new State Ministry, policies and plans should be formulated and the functions should be carried out efficiently in order to achieve the objectives. Action has been taken to formulate the policies and functions assigned to the ministry. Its progress is shown in the performance report. Action plans are prepared with included the roles of the year 2022.
- (a) Restricting the export or mineral resources without adding value and converting value added products into

high value earning products.

- (b) Utilization of mineral resources currently considered underground and inland marine to strengthen the production process of the country.

- (c) Assist in formulating policies relevant to the subject of gem and jewelery related industries.

- (d) Implementation of projects under the National Budget Investment Programme.

- (e) Implementing, monitoring and evaluating the subjects and functions of the National Gem and Jewelery Authority and the statutory bodies of

the Gem and Jewellery Research and Training Institute functioning under the Ministry and related policies, programmes and projects.

The Ministry has not yet paid adequate attention to fulfilling these functions and formulating policies and plans.

- | | | | | |
|-----|---|---|--|--|
| 10. | The Action plan for the year under review had not been prepared in accordance with the provisions of paragraph 03 of Public Finance Circular No. 2/2020 dated 28 August 2020. | The Action plan should be prepared before the commence of the year and implemented accordingly. | The Action plan for September to December 2020 has been prepared. A copy of it has been submitted. | The Action plans were submitted for audit in 2022. |
| 11. | Although the Sustainable development Goals have been identified, not enough attention has been paid to their implementation. | Action should be taken to effectively implement the identified Sustainable Development Goals. | Provide information on identified Sustainable Development Goals. | Included in the 2022 Action Plan. |
| 12. | No action had been taken to establish an Internal Audit Division and implement internal audit activities in | An Internal Audit Division should be established and internal audit | Internal audit could not be commenced due to non-availability of staff. | Appointed an Internal Auditor in December 2021. |

accordance with the activities should be provisions of Section 40 of carried out in the National Audit Act No. accordance with the 19 of 2018. provisions of the National Audit Act.

13. The approved staff for the Immediate action The Ministry of The situation remains year under review was 40 should be taken to Public Services, the same. and the actual staff was 6. fill the vacancies of Provincial Councils Accordingly, the number of the approved staff and Local Government has vacancies was 34. considering the Government has service requirement been requested to fill and to achieve the the vacancies. The objectives of the recruitment scheme State Ministry. has been submitted for approval and its amendments are being submitted.

14. Utilization of Provisions

| <u>Description</u> | <u>2020</u> | <u>Total</u> |
|------------------------------|-------------|--------------|
| Net Provision - Recurrent | 107,650,000 | 107,650,000 |
| - Financial | 22,000,000 | 22,000,000 |
| Total | 129,650,000 | 129,650,000 |
| Actual Expense - Recurrent | 90,067,999 | 90,067,999 |
| Financial | 9,376,040 | 9,376,040 |
| Total | 99,444,039 | 99,444,039 |
| Year-end savings - Recurrent | 17,582,001 | 17,582,001 |
| - Financial | 12,623,960 | 12,623,960 |
| Total | 30,205,961 | 30,205,961 |