

Sabaragamuwa Provincial Council - 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sabaragamuwa Provincial Council for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154 (3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 23(1) of the Provincial Councils Act, No. 42 of 1987 and provisions of the National Audit Act No. 19 of 2018. The summary report in terms of section 23(2) of the Provincial Council Act and provisions in Sub-section 11(1) of the National Audit Act No. 19 of 2018 was issued on 31 May 2019 and the Detailed Management Audit Report in terms of Section 11(2) of the National Audit Act was issued on 26 July 2019. This report will be tabled in parliament in pursuance of provisions in Article 154(6) of the Constitution and sub section 10(1) of the National Audit Act.

In my opinion, except for the effects of the matters described in the Paragraph 1.6 of this report, the accompanying financial statements give a true and fair view of the financial position of the Sabaragamuwa Provincial Council as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

I conduct my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibility of Management for the Financial Statements

The Management is responsible for the preparation of financial statements that give a true and fair in accordance with Generally Accepted Accounting Principles and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance of each institution including the Provincial Treasury are responsible for overseeing the Provincial Council's financial reporting process.

As per Sub-section 16(1) of the National Audit Act Number 19 of 2018, the Sabaragamuwa Provincial Council is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My Objective is to obtain, responsible assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Responsible assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Provincial Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

I communicate with the management regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal And Regulatory Requirements

The financial statements presented by the Provincial Council is consistent with the preceding year as per the requirement of section 6 (i) (d) (iii) of the National Audit Act, No.19 of 2018.

1.6 Comment on Financial Statements

1.6.1 Accounting Deficiencies

Audit observation	Recommendation	Comment by Chief Accounting Officer
According to the Assets Management System of the Council ,though the value of non-current assets is Rs. 4,434,085,495, the financial statements amounted it as Rs. 2,667,260,162, resulting in non-current assets of Rs. 1,766,825,333 has been accounted for less.	All non-current assets should be included in the financial statements.	Non-current assets are accounted for only asset included in the CIGAS program.

1.6.2 Non-Compliance

1.6.2.1 Non-compliance with laws, rules, regulations and management decisions

Reference to Laws Rules and Regulations	Non-compliance	Recommendation	Comment by Chief Accounting Officer
(A) Section 172 (8) and (9) of the Pradeshiya Sabha Act No 15 of 1987	The total of two surcharge certificates issued by the Auditor General in 2006 was Rs.1,272,321 had not been recovered by the end of the year under review.	Action should be taken as per the provisions of the Pradeshiya Sabha Act.	A Surcharger has appealed for a surcharge of Rs. 1,250,000 belongs to Mawanella Pradeshiya Sabha. The case relating to surcharges valued at Rs.22,321 of Kegalle Pradeshiya Sabha has been dismissed. Steps are being taken to file that case again.

(B) Financial Rules
of the
Sabaragamuwa
Provincial
Council

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|-------------------|--|---|---|
| (i) P.F.R.54 | No actions had been taken in terms of financial rules on the loss worth Rs. 10,505,218 caused by 48 vehicle accidents related to 3 Ministries and 2 Institution of the Provincial Council. | Action should be taken in accordance with the provincial financial rules. | Action will be taken to recover the money after immediate investigation. |
| (ii) P.F.R. 117.1 | The monthly canteen revenue collected in respect of the 5 hospitals had been deposited in a separate accounts in the hospitals without been credited to the Provincial Council revenue and at the end of the year under review, the total balance of those accounts was Rs. 7,729,222. The Embilipitiya Base Hospital has spent by | Should comply with financial rules. | The rental income from the canteen is credited to the canteen revenue account of each hospital, and the money of that fund are currently used only for the development of the hospital and for the purchase of emergency and essential goods. |

that revenue without approval.

- (C) Financial Regulation of the Democratic Socialist Republic of Sri Lanka F.R.571
- The action had not been taken according to regulations regarding 184 deposits worth of Rs. 64,929,146 owned by five entities to the date of 31 December, 2018.
- Action should be taken in accordance with the Financial Regulations.
- Several deposits have been credited to the Government Revenue and the balance will be credited immediately.
- (D) Public Administration Circular No. 09/2007 dated 11, May, 2007, 27/2017 dated 13, October, 2017 and 03/2018 dated 20, February, 2018
- An officer had been recruited to the post of Internal Audit Director of the Provincial Council and on contract basis From 2, May, 2014 to 2, October, 2018, and he had been paid Rs. 652,662 as allowances and arrears.
- Payments made in contravention of the circular shall be refunded.
- Those who served as the Director of Internal Audit have been asked to transfer the relevant funds to the Government.
- (E) Section 3.2 of the Public Finance Circular No. 01/2012 dated 05 January 2012
- Two industries worth of Rs. 3,795,738 of the Ministry of Provincial Roads has been awarded to a non-community-based organization by Balangoda
- Action should be taken in accordance with the circulars.
- I will look into this matter and provide answers.

Executive
Engineer's
Office.

2. Revenue Administration

Audit Observation	Recommendation	Comment by Chief Accounting Officer
Land Tax Revenue to be recovered by the Land Commissioner's Department at the end of the year under review was Rs. 13,442,234.	Should be complied with Financial rules.	Accounting in respect of land tax collection has been done on a cash basis. It is planned to account for revenue collection on accrual basis in future. I hope to be able to report on the collection of arrears revenue.

3. Financial Review

Financial Results

According to the financial statements presented, there was a surplus of Rs 1,575,207,635 in the Provincial Council Fund for the year ended 31 December 2018, corresponding to a surplus of Rs 123,644,491 in the preceding year.

4. Statute Accounts, Funds and Commercial Advance Accounts

4.1 Statute Accounts / Fund Accounts

(A) Sabaragamuwa Road Passenger Transport Authority.

Audit Observation	Recommendation	Opinion of the Chief Accountant
(i.) The Road Passenger Transport Authority had failed to disclose details of buses operating without permission for several years.	Action should be taken to uncover information about buses operating without obtaining a license.	There is a trend towards monthly fines.
(ii.) Rs.2,312,250 had been paid on three instances	Payments should not be made in contravention of	Accept. Paid as a precedent.

in 2016 and 2017, the objectives. contrary to the objectives of the institution.

- (iii.) Though a tender of Rs.2,000,000 had been awarded to a person for issuing a Ratnapura - Embilipitiya road permit as another person had made a letter of demand that the route had a road permit money had been obtained for the license which was awarded the tender. Action should be taken in a transparent manner and route permits should be issued according to a specific procedure. Accept. No written evidence has been presented regarding the letter of demand
- (iv.) The Authority has established security camera system, which was purchased in 2015 at a cost of Rs. 3,441,110, remained inactive by 6, May , 2019 Relevant equipment should be used. Accept.

(B) Ancient theme park Authority

Audit observation	Recommendation	Comment by Chief Accounting Officer
During the year under review Rs. 42,722 and Rs. 318,868 had to be surcharged upon non-payment of contributions upon Section 16 of the Employees' Trust Fund Act, No. 46 of 1980, Section 27 of the Amended Act No. 3 of 1982 and	Shall comply with the provisions of the Act.	Due to the financial crisis, the EPF and ETF contributions unable to pay. Action has been taken to pay the outstanding dues and all surcharges.

Sections 10 and 16
of the Employees
Provident Fund Act,
No.15 of 1958.

(C) Emergency Fund

Audit observation	Recommendation	Comment by Chief Accounting Officer
<p>In terms of Section 20 (3) of the Provincial Council Act No. 42 of 1987, the Governor had not made any rules for the Sabaragamuwa Provincial Emergency Fund and the Fund had not been utilized in any case even though it had been over 28 years since its establishment.</p>	<p>The purpose of the establishment of the Fund shall be fulfilled and should act in accordance with the Provincial Council Act.</p>	<p>Rules relating to the Fund have been drafted and will be drawn up with the directives of the Governor with the approval of His Excellency Governor. In the event of a catastrophic situation, the expenditure has been done with the provisions for the welfare programs of the Hon. Governor by the Ministry of Social Services and the Social Services Fund.</p>

(D) Sabaragamuwa Provincial Social Service Fund

Audit Observation	Recommendation	Comment by Chief Accounting Officer
<p>(i.) 400 hearing aids valued at Rs.5,840,000 had been purchased in year 2018 under the Social Service Fund without recognizing the need and according to the inventory the consignment had been issued to the Department of Social Services on 20 June 2018. But according the physical stock inspection carried out on 14 May 2019, it was</p>	<p>Steps need to be taken to ensure that the equipment is available to the beneficiaries in the most convenient and affordable manner.</p>	<p>Prior to handing over the hearing aids to the beneficiaries, a separate ear mold should be made to suit each individual. Remaining 85 normal hearing aids and 23 high-power hearing aids had been planned to distribute by the end of April 2019. But due to adverse conflict situation in the country it could not be done.</p>

found that there were 23 high quality hearing aids worth Rs. 411,700 in the store and 85 middle hearing aids worth Rs. 1,147,500 were in the supplier company itself.

- ii. According to the section 24 of Act no action had been taken to conduct a survey of helpless families and identify them though the balance of the fund at the end of the year under review was Rs.54,399,734
- Shall act in accordance with the relevant section of the Fund.
- When the Social Service Fund's current account balance is insufficient, the interest money is transferred to the current account and donated. The Board of Trustees, headed by the new Secretary of the Board of Trustees of the Social Services Fund, met on 31 December 2018 and payments have been made for the year 2019.

4.2 Commercial Advance Accounts

Undugoda Live Stock Development and Training Center

Audit observations	Recommendation	Comment by Chief Accounting Officer
Live Stock Development and Training Center was given two veterinary processing machines worth Rs. 5,638,278 in 2011 remained idle by 21, May, 2019.	Assets need to be utilized effectively.	It has been proposed to provide to the beneficiaries in the future.

5. Operational Review

5.1 Performance

Government Grants

Provisions and utilization of Provincial Council development programs are given below.

Source	Approved Amount	Amount spent	Under-utilization
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	Rs.Million	Rs Million.	Rs Million.
(A) Provincial Specific Development Grants (PSDG)	2,630.84	1,951.37	-
(B) Provincial Development Grants (PDG)	688.84	*	-
(C) Criteria based grants (CBG)	454	460.50	-
(D) Special Sector Development Project Grant (Education)	162.05	113.60	48.45
(E) Special Sector Development Project Grant (Health)	324.80	323.52	1.28
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	4,260.53	2,848.99	49.73
	=====	=====	=====

* Expenditure on provincial development grants (PDG) includes in the expenditure of (PSDG) and (CBG).

5.2 Management Inefficiencies

Audit Observation	Recommendation	Comment by Chief Accounting Officer
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(A) The Sarana Sevana Housing Development Program of the Chief Ministry has provided financial assistance to three non-low income families.	Actions should be taken to fulfill the objectives of the program.	The house has been developed with the income of the children after the first installment was given to one of the houses where the roof was completely decayed. The other five-member house, which had no occupation, had not cemented the floor and Plastered the walls with cement and the doors and windows had not been fixed. Recommended the

first installment for a house, which had tin roofing and planks and clay for the walls. I will review and make a decision on making next premium payments.

- (B) Physical examination on drugs in five provincial hospitals and three Medical Officer of Health offices revealed that no action has been taken to look into the shortage of 683,244 units with respect to 47 types of drugs and a surplus of 22,572 units of medicine belongs to 48 types of drugs. Drug inventory records must be maintained accurately. Availability of drugs released to other hospitals and reducing the amount from the books before taking the released medication has caused the excess. This surplus has been handed over after the audit date. It is advised to balance the books correctly.
- (C) Dry and finished drugs maintained by Embilipitiya and Pussella Ayurvedic hospitals and Provincial Department of Ayurveda according to the consignment book, no action has been taken regarding the deficiency between the book balance and the physical balances, 75 bottles of 8 drugs, 36.650 kilograms excess, 34 bottles of 22 drugs and 40.320 kilograms respectively. Action should be taken to look into the shortages and surplus of the drugs. In respect of Embilipitiya and Pussella Ayurvedic Hospitals and Provincial Department of Ayurveda, goods survey is being carried out as at 31 December 2018 and action will be taken for address the shortages and surplus reported.
- (D) The Co-operative Development Fund had to recover Rs. 3,223,436 from the loans given to the Kiriella, Aranayaka and Kalawana Multipurpose Societies in the years 2007, 2009 and 2010 to improve the Co-operative Societies. Action should be taken to recover the debt. Premium Rs. 1,776,564 has been charged and the balance outstanding is Rs.3,223,436.

- (E) The waste water tanks that were exposed to the sewage system at Karawanella Base Hospital were inundated with rain water and therefore did not work to regulate the system. Also, no environmental license was obtained for this scaffolding system.
- An environmental permit should be obtained and should take the action to regularize the system.
- Steps will be taken to re-educate the relevant authorities and construct a new system.

5.3 Apparent Discrepancies

Audit Observation	Recommendation	Comment by Chief Accounting Officer
(A) The subject of layered soil having included as an additional work subject to paid work course had been over estimated and paid for 38,872 cubic meters of soil total of Rs. 5,928,010 under 21 Play ground Development Projects implemented on the supervision of the Kolonna Pradeshiya Sabha with the funds of the Provincial Road Ministry.	Estimates should be properly prepared and action taken to recover the losses.	Here by inform that according to an analysis report compiled in the year 2016 for the services of the District Pricing Committee for the use of rolling and watering rolls in the stacked soil ground the cost is Rs.483.08 for cubic meters. According to the rate of EW1-003, the cost for both EW1-002 and EW1-003 was Rs.439.70. The government has not incurred a loss as this amount was less than the projected price of the District Pricing Committee analysis.
(B) Rs. 1,094,609 had been paid more for the works not done on 8 play grounds and road development projects implemented under the funds of the Provincial Road Ministry.	Action should be taken to recover financial losses.	Matters will be observed and provide answers.
(C) A total of Rs. 103,364 had been paid to the contractor	The overpaid amount should be charged.	Answer not received.

for three work subjects, according to the bills related to the construction of the Children's, Infant and Maternity Clinic building at the Omalpe Regional Hospital.

5.4 Irregular Transactions

Audit observation	Recommendation	Comment by Chief Accounting Officer
(A) A sum of Rs. 1,339,115 had been paid on 2 April 2018 for the project which had been canceled on 31 December 2016 to develop the Arunalu volleyball playground at Parakaduwa Watapitiya which was implemented under the supervision of the Kuruwita Pradeshiya Sabha with the funds of the Provincial Road Ministry.	Payment must be made with a formal approval.	Look into this matter and provide answers in future.
(B) During the year under review, the Balangoda Executive Engineer's Division was completed. 42.7 kilometers for 10 road maintenance. Survey reports had not been prepared for quantity papers related to the work bills to conform the cost of Rs. 9,379,069.	Adequate source documents should be submitted to confirm payment.	Look into this matter and provide answers.
(C) Though the Secretary the Provincial Public Service Commission is the appointment authority according to the chapter two of the minute of for the primary non-technical	The appointing authority should take action to recruit.	These two appointments have been given to the staff of the Embilipitiya Mahaweli Stadium and the New Town Stadium in Ratnapura under the Provincial Sports Department. The correct name

service category in the Sabaratgamuwa Provincial Public Service the Secretary of the Ministry has given two appointments for class 2 labor non-technical service category of Provincial Sport Development Department on 24 October 2014 and confirmed in the service since 31 December 2018 and salaries and allowances worth Rs. 3,171,552 had been paid.

for these two positions was Dept (Departmental Designation). Accordingly, it has been sent to the Department of Management Services to rectify the approved staff.

5.5 Weaknesses in contract administration

Audit observation	Recommendation	Comment by Chief Accounting Officer
(A) Rs. 3,651,276 had been paid more for nine work bills when comparing payment bills with the measurements obtained for the construction of the Five store building at the Balangoda Base Hospital supervised by the Balangoda Executive Engineer's Office.	Overpaid money should be recovered.	All measurements will be corrected and re-measured them properly and if any additional items have been paid, it will be deducted in the final bill.
(B) Although the payment of Rs. 900,242 had been made to the construction work of the retaining wall of the R/Dehenakanda Vidyalaya on 4 September 2016, a sum of Rs.202,145 had been paid more in taking	Check and take action to recover the overpayments.	The part of the wall in the wide of 2 feet has been constructed to a length of 107 feet and a height of 4'-6' feet on the necessity of the place. Measurements of another wall that was being built has been included to the bill by mistake. But no overpayment has been made.

measurements with the Technical Officer of Zonal Education Office Ratnapura on 18 September 2018

- (C) For demolition of stone in the contract of the development of the stadium of R/Embi/Panamura Maha Vidyalaya Rs. 136,495 had been overpaid using incorrect rate mentioned in Road Standard Price Schedule published by the Office of the Deputy Chief Secretary (Engineering Services), Sabaragamuwa - 2016. Check and take action to recover the overpayment. Referred to the Embilipitiya Zonal Office. I'll reply immediately.
- (D) Total of Rs. 209,220 had been paid for work not done in seven work subjects at the repairing of Eheliyagoda Divisional Education Office and For the purpose of renovating the Teacher Home of R / Sumana Saman Vidyalaya. Check and take action to recover the overpayment. Referred to the Ratnapura Zonal Office I will submit the answer as soon as possible.
- (E) The contract had been entered on 16 October 2015 to construction of the five store building of the Karawanella Base Hospital in 18 months at a cost of Rs. 105,573,027 and the building had not been completed by 31 December, 2018. Shall comply with the agreement. Construction has been suspended and there is no progress. The Chief Secretary has been informed of the delay.

5.6 Project Implementation

5.6.1 Delayed Projects

Audit Observation	Recommendation	Comment by Chief Accounting Officer
<p>Under the provisions of the Provincial Ministry of Education In 2016, a private firm was contracted to buy 3,000 big baby chairs worth Rs.5,700,000. The closing date for delivery of the goods was not included in the agreement, but the goods had to be delivered before 15 February 2017 as per the specification document. The goods were delivered after a delay of 27 weeks due to delay in payment, the late delivery fee was Rs. 1,083,000 could not be recovered.</p>	<p>Agreements must be prepared in accordance with all applicable conditions.</p>	<p>I kindly note that the supplier of chairs has started from R/ Embi /Embilipitiya Junior School on 14 July 2017. The payment was made on 25, January, 2018 due to insufficient payment to the supplier. Please note that due to late payment I was unable to collect late charges from the supplier.</p>

5.6.2 Abandoned projects

Audit Observation	Recommendation	Comment by Chief Accounting Officer
<p>(A) Two landscaping and road improvement projects which was the estimated cost was Rs. 34,617,494 planed to be done by the Provincial Road Ministry in the year under review had not been started.</p>	<p>Projects should be carried out in accordance with the plans as much as possible.</p>	<p>The difficulty of selecting the bidders and the contractors bidding exceeding the estimated work value and disagreeing to implement the industry to the working value of the department led to inability to implement the project.</p>

- (B) The Ministry of Work should be carried out The canal development project of the Apalawa Lands and in accordance with the annual plan as much as possible. Rambukpatha paddy field has been canceled due to farmers' unwillingness. Agriculture had not commenced two irrigation canal development projects that were planned to be implemented during the year under review. The parape irrigation canal has been canceled as no farmer organization has come forward to carry out the project.

5.6.3 Not achieving the expected benefits

Audit Observation	Recommendation	Comment by Chief Accounting Officer
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(A) In the project of concreting of 223 meters length of the Panamura Parevikanda road which was the work value Rs. 1,970,667 implemented under the supervision of the Embilipitiya Pradeshiya Sabha on the provisions of the Provincial Road Ministry inch $\frac{3}{4}$ stones have been come out before ending 1 $\frac{1}{2}$ years after finishing and as the base has not been established according to the stranded fractures had been erected along the 43 meters section of the concrete layer.	Proper monitoring should be carried out at the time the project is implemented.	The relevant Contractor and Technical Officers were briefed on this and advised to correct the shortcomings in the industry.

- (B) Sabaragamuwa Provincial Road Ministry has allocated Rs. 11,776,565 for the project for development of Halpe Gorakaela road From 0.00 kilometers 8.40 in Kuruwita. The delayed fee for 487 days was over Rs. 588,828 had to be recovered.
- Proper monitoring should be carried out at the time of implementation of the project and action should be taken to recover the losses.
- Construction progress in the industry is about 65 percent. Work has not been completed during the contract period and requests have been made for various reasons. It has been estimated to do minor repairs to three bridges along the road. The arms of the bridge at 2 Kilometer point has been installed.
- (C) In Road Development Project from Hunukotuwa to Rajawaka Godakumbura Junction under the supervision of Balangoda Executive Engineer 520 per square metere Rs.57,980 was overpaid for second time tar coating and just 15 months after the renovation, the 225 square metre tarpaulin has been severely damaged and the roadway has been severely damaged.
- Proper monitoring should be carried out at the time the project is implemented.
- Look into this matter and provide answers.
- (D) Fourteen months after the construction of the Ilukewela road under the supervision of the Embilipitiya Urban Council with the funds of the Ministry of Lands and Agriculture, $\frac{1}{4}$ stones have been come out from 31-metere section of the concreted road.
- Proper supervision should be carried out at the time of the project.
- When inquired from the Embilipitiya Urban Council the Rambukanagama Ekamuthu Farmers Organization was informed that the concrete lane had been re-surfaced. However, due to the issue of its suitability, action has been taken to obtain a report and the current status from the relevant technical officer.
- (E) Work estimate amounting Rs.35,899,000 had been prepared for the proposed Construction of Karapincha Agricultural
- Necessary steps should be taken to complete the rest of the work expeditiously so that it does not exceed the
- The industry had to be cancelled as the Development Construction and Machinery Authority had not commenced the

Training Centre place 2 estimated cost. which was initial on 07 June 2017 by the Development of Agriculture an estimate had been prepared for it amounting is Rs.74,319,000 and had been sent to the Development Construction and Machinery Authority but constructions had not been done in appropriately in the reason of that agreement not been cancelled. Constructed first phase in here also had not been get for use up to now.

construction work until 24, December, 2018. To select the contractor under tender procedure has being processing.

5.6.4 Projects not adequately performed

Audit Observation	Recommendation	Comment by Chief Accounting Officer
<p>The Project for suppling of drinking water to Samagi Mawatha Halpe, Kuruwita the could not be implemented as there is not enough electricity in the area to operate the water motor which had been installed at a cost of Rs. 250,000.</p>	<p>Projects should be implemented to achieve the desired objectives.</p>	<p>Since this industry is a necessity of the villagers, it is mandatory to implement it. The CEB has been asked to install this transformer near the well.</p>

5.7. Asset Management

5.7.1 Idle / Underutilized Assets

Audit Observation	Recommendation	Comment by Chief Accounting Officer
(A) Siyambalapitiya Handicraft Institute that its lands and buildings belong to the Department of Industrial Development which its cost is Rs. 550,000 have been idle since 2007.	The land and buildings owned by the institution should be utilized for productive purposes.	This is a building in the Mawanella Divisional Secretariat. The company had to close down in 2007 due to the absence of industrialists. The Mawanella Divisional Secretary did not agree to accept the building as it was not possible to find accurate information on the ownership of the building.
(B) The vibrating roller of the Executive Engineer's office in Balangoda has been out of action for more than five years due to the repairs failure of the engine. The vibrating roller of the Executive Engineer's Office in Embilipitiya has been idled sine 2016	Work needs to be repaired or disposal.	Since the ZR 80 vibrating roller belonging to the Embilipitiya Executive Engineer's office cannot be used as of old, I will take action to sell it at a public auction or take some other action.
(C) Although the Rambukkana District Hospital was given an X-ray machine with equipment used at another hospital on 23, October, 2014, it was idle by 25 October 2018 due to the lack of a building to install the machine and radiologist.	Action to be taken on amortization of assets.	It was sent to the Ratnapura Biomedical Unit to inspect and repair the old machine as it would not have the necessary equipment to repair it. The Agency has checked the machine to see if it is in a repairable condition and has informed me that it can be dealt with.

- (D) 06 types of 10 machine units have been inactive at Balangoda, Kalawana, Kahawatta, Eheliyagoda and Embilipitiya hospitals for a period of 4 months to 2 years due to various reasons. The value of these units is approximately Rs. 37,670,000.
- All assets of the hospital should be utilized to maximum efficiency.
- It has been informed that the dental x-ray machine will be used in the future. It has been informed that the auto clave machines are to be installed and there is no technical officer to operate the medical equipment at the Embilipitiya Hospital. Steps have been taken to install generators at Balangoda Hospital.
- (E) The alternative measures or proper actions had not been taken to use two grinding machines a mixing tank and electric boiler which had been idle for nearly 13 years in Pussella Ayurveda Hospital.
- Disposal of unrecognized assets or any other appropriate action must be taken.
- Since the equipment is not in use, the Executive Director, Development Construction and Machinery Authority has been requested to submit a valuation report for the auction. Upon receipt of the report, advice will be sought of the Chief Ministry and take further action.

5.7.2 Assets acquired by outside parties

	Audit observation	Recommendation	Comment by Chief Accounting Officer
(A)	Since a private road is located inside the Kahawatta Base Hospital premises, the laboratory building of the near the hospital and children's ward was in a critical condition with regard to safety. Similarly, although a part of the land belonging to the hospital had been acquired by outsiders, no action had been taken to clear the property.	Adequate security for hospital buildings should be provided and title of the hospital land should be settled.	Actions to be taken to settle the land of the hospital after inspecting the land belonging to the hospital by a surveyor.

- (B) Unauthorized constructions have been completed in Pussella Ayurvedic Hospital premises facing the main road and Action had not been taken to establish the boundary of the land and obtain a deed of land or other license to confirm the ownership of the land.
- The property of the hospital must be properly identified and documented.
- The Road Development Authority has been informed to take action to remove the building and it has been informed that the land will be surveyed in future.

5.7.3 Staff Administration

Audit Observation	Recommendation	Comment by Chief Accounting Officer
There were 77 vacancies in the Sabaragamuwa Provincial Ayurvedic Department. The labotary of the Ayurvedic Hospital in Ratnapura has been closed since 2015 due to the absence of a Medical Labotary Technician.	Action should be taken to recruit suitable officers for the vacant posts.	Requests have been made to provide relevant officers to this department for a long time by the Central Government.

6. Accountability and good governance

6.1 Internal Audit

Audit Observation	Recommendation	Comment by Chief Accounting Officer
Though the Secretary of the Ministry has been informed by the letter of the Chief Secretary dated 4, August, 2018 to suspend the duties and do a preliminary investigation or issue a charge sheet	Recommendations of the Chief Secretary Should be implemented.	The Principal of R/ Kahawatta Primary School has been transferred to R/Kuruwita Central College on the orders of the Hon.Governor and the interim recommendation of the Preliminary Investigation Committee.

immediately according to the audit report to the Principal of R / Kahawatta Primary School the Secretary of the Ministry had been informed, actions have not been taken yet.

6.2 Fulfillment of environmental and social responsibilities

	Audit observation	Recommendation	Comment by Chief Accounting Officer
(A)	According to the Public Health Inspector's Monthly Reports of the Kiriella Medical Officer's Office, as of October 2018, there were 1972 unsafe wells, and 07 houses without sanitary toilets.	Action should be taken to provide adequate sanitation facilities to low income earners.	From time to time they are advised to build toilets and build wells.
(B)	According to the monthly reports of three PHIs, there were 2336 households using unsafe wells in the year 2018, 62 houses without toilets and 48 houses without sanitary toilets.	Action should be taken to provide adequate sanitation facilities to low income earners.	A program to provide toilets to the houses without toilets is not yet in place. The use of unsafe wells has increased as there is no provision of clean pipe drinking water.

6.3 Sustainable Development Goals

	Audit observation	Recommendation	Comment by Chief Accounting Officer
	Though in year 2018 under Sabaragamuwa Provincial Annual Development Plan Rs.	Action should be taken to make and implement the relevant plans.	Plans will be implement the correctly from year 2020.

2746 Million was allocated for Provincial specific development grants to achieve the sustainable development goals, Provincial Council had not identified the objective to prompt actions against climatic changes and its impacts which is one of those objectives and the important goal out of 16 identified goals. In progress report it is observed that the activities had not been met and achieved the sustainable development goals in annual development plan 2018.