

Central Provincial Council - 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Central 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 Central 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 Standard (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 North Central 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 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

Audit Observation	Recommendation	Comments by the Chief Accounting Officer
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Even though the charges collected from the pawn brokers under the cash and bank balance stated as Rs.18,798,600 there was a difference of Rs.2,600,000 due to the mentioning of balances as Rs.16,198,600 according to the bank confirmation letters.	Corrections figures should be done by finding the reason for the difference.	Answers had not been received.

1.6.2 Receivable and payable accounts.

Audit Observation	Recommendation	Comment by the Chief Accounting Officer
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(a) Actions had not been taken even in the year under review to recover the balance of Rs.165,073,807 which was given to the health department and Cooperative Employees, Commission under the loans for approved advances.	Actions should be taken to close the due approved advance loan balances.	Answers had not been received.

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| (b) | Actions had not been taken to settle the inter provincial transfer's loan balance of Rs.8,619,766 stated under current liabilities as at the end of the year under review and a Rs.1,088,623 balance has been stated as inter provincial suspense account. | Actions should be taken to settle the inter provincial transfer loan balances. | Answers had not been received yet. |
| (c) | Actions had not been taken to settle the balance of Rs.1,969,736 in the Resource Center advance account under the miscellaneous liabilities account. Which was brought forward since few years without any change. | Actions had not been taken to settle the due loan balance in the advance account. | Answers had not been received. |
| (d) | There was a non-settled imprest balance in 7 enterprises of Rs.2,671,198 as at 31 December in the year under review. | Actions should be taken to settle the imprest balances before 31 December. | Answers had not been received. |

1.6.3 Non Compliances.

 Non Compliance to the laws, rules, regulations and management decisions.

- | Audit Observation
----- | Recommendation
----- | Comment by the Chief
Accounting Officer
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| (a) Statutory Orders.

A total sum of Rs.73,579,724 employer employee contributions that should be paid to the State Services Provident Fund since 2013 to 2018 for 249 members in the personal staff of the | Actions should be taken in accordance with the provisions of the act. | Answers had not been received. |

members, chairman and the opposition leader has not been sent to the provident fund in accordance with the State Services Employee Providence Fund ordinance No.18 of 1942.

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

Even though the probation period has been completed relating to 27 teachers in the schools of Hatton Education Zone, their service had not been made permanent in accordance with the 11.2.3 of 11 paragraph of the establishment code.

Actions should be taken to make permanent by completing the errors in the personal files of those teachers after informing them.

Will take actions to correct the relevant errors.

(c) Central Province Financial Rule Code. (P.F.R)

I. In accordance with the P.F.R 46.1 the Department of Animal Production and Health has built up bindings of a total sum of Rs.2,111,256 credits relating to 18 expenditure subjects exceeding the net provisions.

Actions should be taken to make bindings inside the provision limit.

The value of water, electricity, telephone bills and travelling expenses, overtime fuel bills until 11 December 2018 have been included.

- II. A Rs.13,986,388 worth of accumulated surplus relating to the year under review and previous years of the Pharmaceutical Advance Account task maintained by the department of animal products and health in accordance with P.F.R. 378(2) had not been credited to the provincial council revenue.
- The accumulated surplus should be credited to the Provincial Council Fund in accordance with the financial rules.
- Informing that the task will be corrected by discussing with the provincial treasury.

(d) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

In accordance with the FR571 actions had not been taken regarding the non claimed accounts of Rs.14,914,340 in 9 establishments which exceeds 2 years since the deposited date.

Actions should be taken to credit the non claimed deposit, money which exceeds 02 years to the government revenue in accordance with the financial regulations.

Actions are been taking to credit the deposits which exceeds 2 years to the government revenue.

(e) President secretary's office circulars.

Rs.961,450 had been over paid due to the payment of Rs.531,537 as combined allowances while food and accommodation have been provided by the host countries and payment of Rs.384,913 for staying more days than approved for a provincial council minister to participate a foreign conference in accordance with the paragraph 04(a) of the treasury secretary's circular F.M.01/2015(1) and president secretary's letters

Overpayments should be recovered.

The host countries has not provided the food and accommodation facilities.

No.PS/SP/SB/B/228 dated 18 September 2018

(f) Other Circulars.

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| <p>I. In accordance with the circular No 2007/20 dated 13 December 2007 of the secretary to the Ministry of Education 24 teachers relating to 14 schools in Kotmale Educational Zone have been working over 10 years and 484 teachers in the schools of Hatton educational zone have been working from 8 years to 32 years at the same school.</p> | <p>Transfers should be given during the due term in effective manner in accordance with the circular.</p> | <p>Problems have been incurred in the school under the most difficulty category when doing transfers will take actions to correct the relevant problems.</p> |
| <p>II. The duty free vehicle permits have been offered in 2018 to the machinery engineer in chief secretary's in Chief Secretary's office, Kandy district Director of health services, and Wilgamuwa zonal educational director whose disciplinary activities was not over in accordance with the paragraph 2.5 of Trade and Investment Principle Circular No.2/2018 dated 15 December 2018.</p> | <p>Actions should be taken in accordance with the circulars.</p> | <p>The answers should be presented after receiving from the relevant institutions.</p> |

(2) Revenue Administration

- | Audit Observation | Recommendation | Comment by the Chief Accounting Officer |
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| <p>(a) The variance between the net estimated revenue and the actual revenue has been increased from 11 percent to 128 percent i.e from Rs.498,820 to Rs.190,477,192 of 9 revenue codes and the variance between the</p> | <p>Actions should be taken in accordance with the financial rules when preparing the estimates.</p> | <p>Accept the deficiencies</p> |

estimated revenue and the actual revenue has been increased from 10 percent to 93 percent i.e. from Rs.1,662,197 to Rs.508,588,856 of 10 revenue codes in the year under review.

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| (b) | The revenue relating to 5 revenue subjects from 11 percent to 68 percent has been decreased compared to previous year. | Actions should be taken to prepare the estimates as much as accurately | Accept the deficiencies. |
| (c) | Actions had not been taken to provide stamp charges of Rs.712,734,330 and court fines of Rs.287,631,648 collected by the chief secretary relating to local government authorities as at 31 December to the relevant institutions in the year under review and those payable cash had not been disclosed in the financial statements. | Actions should be taken to provide the collected court fines and stamp charges to the chief secretary's account to the relevant institutions and to disclose in the financial statements. | Answers had not been received. |
| (d) | The arrears income under stamps charges on property transfers according to revenue code No.10-02-07-01 have been increased by Rs.7,305,912 i.e. 18 percent in 2018 compared to 2017. | Estimates should be prepared in comparison to increased arrears income. | Accept |
| (e) | A Rs.209,178 worth of arrears lease money should have been recovered since 2006 to 2018 from the government lands given under the annual rentals for agriculture and other tasks. | Actions should be taken to collect arrears income | Accept the deficiency. |

3. Financial Review

3.1 Financial Results.

According to the financial Statements Presented there was a deficit of Rs.28,974,672,234 in the Provincial Council fund for the year ended 31 December 2018 as compared with the corresponding deficit of Rs,28,112,420,432 in the proceeding year.

4. Ordinance Accounts/Funds Accounts/ Commercial Advance Accounts and Other Advance Accounts.

4.1 Ordinance Accounts/ Fund Accounts.

4.1.1 Central Provincial Passenger Transportation Service Authority.

Audit Observation	Recommendation	Comments by the chief Accounting officer
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Even though a Rs.6,668,311 money has been paid to the Land Rehabilitation Commission on 09 January 2018 to purchase the land where the Ragala Bus Stand is maintained, the deed of the land has not been received yet.	Actions should be taken to get the ownership.	This money has been paid to the Land Rehabilitation Commission get the legal owner ship of the bank and relevant organizations had been informed to obtain the deed.

4.1.2 Central Provincial Road Development Authority

Audit Observation	Recommendation	Comments by the chief Accounting officer
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(a) There were materials worth of Rs.4,045,363 which has purchased without any necessity relating to 3 executive engineering offices of the Road Development Authority were not in use for more than one year period.	Purchasing should be done by forecasting the requirements.	Stocks had been kept to face the emergence disaster situation.
(b) A Rs.14,790,00 loss had been occurred when renting out the engineers' quarters (PJ building) of 4261 square routs belongs to	Actions should be taken to rent out the land and building according to the estimated value.	The lease agreement will be amended and the leased out building was repared while the bid was offered and instruments had been

Road Development Authority situated in Dimbulapathana and a Rs.1,444,038 has been spent by the authority to repair the building afterwards the lease agreement.

handed over to the executive engineer's office on 30 May 2019.

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| (c) | According to the lease agreement No.1077 dated 25 August 2018 worth of Rs.10,440,000 a loss of Rs.14,790,000 had been incurred due to the lease out for 29 years by considering the 3 year government estimated money. | Actions should be taken with regard to the responsible persons. | The lease agreement will be amended due to the chairman at that time. |
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4.1.3 Central Provincial Regional Economic Development Agency (REDA)

Audit Observation	Recommendation	Comments by the chief Accounting officer
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(a) In accordance with the paragraph 05 of Regional Economic Development Agency Ordinance recruitments had been done without following a systematic recruitment procedure and acting directors had been appointed since the beginning of the institution, even though a senior officer belongs to an island wide service should be appointed for the post of director for institution.	Actions should be taken to prepare a systematic recruitment procedure and work accordingly.	This recruitment procedure has been prepared based on the principle agreement at the 44 th Board of Management Meeting according to the paragraph 5 of that ordinance. Answers had not been Provided with regard to the recruitment of director.
(b) A Rs.5,082.015 has been saved from the agricultural Projects which Couldn't be finished in 2017 and, Only Rs.1,313,285 had been	Make them speed to finish them by finding the reasons for the delay.	Answers had not been received.

spent due to the inability of completing even in 2018. Accordingly Rs.3,769,730 worth of projects should be done in the coming year also.

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| (c) | Even though the interim lease agreement period has been over on 30 September 2018 of the Katukithula Bus stand, actions had not been taken to get it and to recover the arrears lease rental of Rs.1,556,990 as at May 2019. | Actions should be taken to recover the arrears lease rentals and to act in accordance with the agreement. | Answers had not been received. |
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4.1.4 Cooperative Employee's Retirement Salary Control Fund.

----- Audit Observation -----	----- Recommendation -----	----- Comments by the chief Accounting officer -----
In accordance with the section 8.42.1 of the relevant ordinance, annual accounts or controlling records relating to the period had not been presented for audit.	Actions should be done in accordance with the ordinance.	The accounting records relating to 2007 – 2015 had been send to the provincial audit director.

4.1.5 Early Child hood Development Unit

----- Audit Observation -----	----- Recommendation -----	----- Comments by the chief Accounting officer -----
(a) Annual accounts of Early Child hood Development Unit established in accordance with the ordinance No. 03 of 2013 has not been presented since 2016.	The accounts should be presented as per the ordinance.	All the expenses of this has been spend under the Provincial Council's expenditure topics and all the expenses will be presented by the provisions accounts.
(b) Even though all the nursaeries in the Central Province should have been registered only 2378 out of	All the nurseries in the Central Province should be registered.	Made aware through news paper articles and Grama Niladhari Divisional levels. There is a delay in

3,380 total number of nurseries have been registered and given temporary certificates.

registration relating to plantations.

4.2 Commercial Advance Account

4.2.1 Commercial Advance Account of the Gurudeniya Educational Development Centre No.552202

Audit Observation	Recommendation	Comments by the chief Accounting officer
(a) A revenue of Rs.736,450 relating 2017 and 2018 years has not been recorded.	Arrears revenue should be recorded by identifying them.	Few revenue has been recorded by issuing the receipts. Others will be recorded by issuing P.I.V.
(b) 10 no of astronomical instruments worth of Rs.341,000 and an astronomical observation Centre constructed by spending Rs.1,299,300 have not been stated in the fixed asset inventory.	Actions should be taken to record by identifying non current assets.	Couldn't record in the books even though they were entered into the inventory books in 2018.
(c) In accordance with the Provincial Financial Rules the monthly debit and credit account summaries of advance accounts had not been reported to the provincial treasury and depreciation of capital assets had not been sent to the Provincial Treasury in cash in order to credit the accumulated depreciation fund.	Actions should be taken in accordance with the PFR.	Have been presented to the Provincial treasury since 2016 Actions will be taken to credit the reserve according to the instructions of the treasury.

4.2.2 The Advance Account of Mapanawathura Resource Centre No.550202

Audit Observation	Recommendation	Comments by the chief Accounting officer
(a) A manufacturing account had not been prepared in the year 2018 relating to repair the desks and chairs done by the Centre and the material stocks worth of Rs.2,497,888 had not been stated in the account. The furniture worth of Rs.1,234,766 inside that had been caught by the termites	Purchases should be done according to the requirement and the production activities should be started the excess material stocks with out any delay.	Actions had been taken to start the repairing of desks and chairs immediately.
(b) Even though the approval had been requested to close the Resource Center Advance account in the year 2018 due to the availability of deficit until the year 2017 since commencement, the approval had not been received.	Actions should be taken to close the accounts or to reorganize if there is a deficit continuously.	The audit recommendations are working Progress.

4.2.3 The Advance Account of Hatton Resource. Central No/550203

Audit Observation	Recommendation	Comments by the chief Accounting officer
(a) An activity plan for the year under review had not been prepared in order to achieve the vision and the objectives of the institutions.	Actions should be taken to prepare an activity plan annually.	Accept, Actions will be taken to prepare during the coming year.
(b) The required ordinance to maintain the functions of the organization had been prepared even as at 10 April 2019, even though the decision has made at the management committee held on 16 July 2015 to prepare	Preparation of the ordinance should be done immediately.	Accept. Entered to discuss at the next controlling board.

the bill before 30 September 2015.

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| (c) | The ledger accounts had not been maintained relating to 39 accounts including assets, liabilities, Income, Expenses and equity in the commercial advance account as at 31 December 2018. | Ledger accounts should be maintained. | A separate ledger had not been maintained in this Centre due to the occurrence of only few transactions. |
| (d) | The depreciation amount of capital assets had not been sent to the Provincial treasury to be credited to the accumulated depreciation fund. | Accounting should be done in accordance with the P.F.R. | Taking actions to correct later. |

4.3 Other Advance Accounts.

4.3.1 Provincial Public Officers' Advance Account.

Audit Observation	Recommendation	Comments by the chief Accounting officer
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(a) There was a receivable loan balance of Rs.72,210,770 relating to a period of 1 year to 22 years in the loan balance of Rs.78,415,012 which should be received from 3033 officers in the Provincial Department of Education and a balance of Rs.28,465,005 was there to be settled in relation to a period of 1 year to 22 years in the loan balance of Rs.33,805,835 which should be settled to 1126 officers.	The receivable and payable loan balances should be settled in accordance to the circular in due period.	A Rs.2,715,061 for 55 debtors' balances and Rs.2,647,600 for 55 creditors' balances have been settled as at 31 May 2019 and a Rs.9,136,723 debtor balance identified by an investigation board has been sent for the approval of to write off in accordance with the F.R.104(4)
(b) There was a total sum of Rs.823,902 for over 5 years in the loan balance of Rs.12,871,790 which should be recovered from 265	Actions should be taken to recover by finding the reasons for not to settle from the retirement gratuity.	A Rs.5,056,842 has been received as at 31 May 2018 Actions will be taken with regard to the other loan balances in Conjunction

retired/ dead officers of the Provincial Department of Education and a Rs.2,750,140 balance for over 5 years are included in the loan balance of Rs.4,149,068 which Should be recovered from 121 terminated/ left officers in the Provincial Department of Education.

with the Pensions department.

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| (c) | There was a difference of Rs.7,668,880 in between the advance accounts of Provincial Council officers and the individual balance classification summary of the Provincial Department of Education. | Action should be taken to correct the differences of existing balances as soon as possible. | Over receipts had been paid to relevant officers and the in accurate credit value of Rs.5,815,894 will be settled later. |
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4.3.2 The Advance Account of Provincial Council Members.

Audit Observation -----	Recommendation -----	Comments by the chief Accounting officer -----
(a) Actions had not been taken to collect the loans of Rs.92,176 which should have been recovered from a dead member in accordance with the Paragraph 06 of the financial Circular No.01/2001 dated 28 March 2001 of the secretary to the Ministry of Provincial Councils and local Governments.	Actions Should be taken to recover the loan balances immediately.	Have informed the guarantors to settle the money.
(b) Actions had not been taken to recover the loan balance of RS.157,114 from a member who has left the post since 04 September 2006.	Actions should be taken to recover the loan balances immediately.	Actions will be taken to take required legal actions though the legal section of the chief secretary office.

5. Operational Review

5.1 Performance

5.1.1 Government Grants

The provisions and usage of those provisions which were received for the provincial development task for the year under review are stated below.

Source	Amount Approved	Amount Spent	Under Utilized
	Rs.Mn	Rs.Mn	Rs.Mn
(a) Provincial Specific Development Grants.	2,039.31	1,566.84	472.47
(b) Criteria Based Grant	481.86	355.34	126.53
(c) Special Unit Development Project Grants (Education)	286.92	279.42	7.50
(d) Special Unit Development Project Grants (Health)	592.89	396.96	195.93
Total	<u>3,400.98</u>	<u>2,598.56</u>	<u>802.43</u>

5.2 Management Inefficiencies

Audit Observation	Recommendation	Comments by the chief Accounting officer
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(a) A Rs.2,617,180 had not been recovered from 19 field officers went for other posts by obtaining motor bicycles in accordance with the Circular No. BD/GPS/130/9/14/MC dated 06 January 2016 of the Department of National Budget.	Actions should be taken in accordance with the circular.	Informed the officers but they have not been presented.
(b) Accounting to long term lease record, 17 no of land plots were there since 2016 to 2018 where the surveying has not done and actions had not been taken even as at 28 February 2019 to earn an income by renting out those lands.	Actions should be taken immediately to rent out the relevant parties and earn income after doing the surveys.	Answers not provided.

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| (c) The lands used by 78 schools out of 85 schools situated in Kotmale Educational Zone and the lands used by 153 schools out of 156 schools situated in Nuwa Eliya Educational Zone had not been taken over by the Educational Department. | Action should be taken to transfer the ownership of the lands used by the schools to the Educational Department. | Actions will be taken to correct the relevant deficiencies. |
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5.3 Operational Inefficiencies.

Audit Observation -----	Recommendation -----	Comments by the chief Accounting officer -----
(a) 10 years have been passed to issue the charge sheet by conducting the major investigation with regard to the in disciplinary activities of an officer in the Kandy Health Services Director's Office and 3 years had been taken to implement the disciplinary orders During that period he has been given the salary increments as well as loans.	Actions should be taken in accordance with the establishment code.	Answers had not been provided.
(b) Even though the investigation boards had been appointed to do the main inspections with regard to 91 complaints received relating to 51 schools belongs to Hatton Educational Zone in the years 2017 and 2018 the reports relating to only 42 complaints had been presented.	The investigations should be done and actions should be taken based on that.	Will take actions to correct the deficiencies.

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| (c) | Although a Rs.19,540,000 worth of estimate has been prepared for the repairs of 17 schools situated in the Kotmale Educational Zone, the repairing activities has been done only in 4 schools by spending Rs.3,521,585 | The repairs should be done by determining the priorities. | Will take actions to correct the relevant deficiencies. |
| (d) | 2481 artificial inseminations out of 3163 done by the Rikillagaskada Veterinary office had been done by private artificial insemination technicians and accordingly the no of artificial inseminations done by that firm was 28 percent | The performance of the department officers should be developed even though the artificial insemination activities done by the private sector. | 131 grama seva divisions belong to the Rikillagaskada Veterinary territory area and the private artificial insemination officers had been done their duty due to the lack of officers. |
| (e) | There was a vast delay in 19 land acquiring activities for the public establishments by the central provincial land commissioner department which was taking place during 1996 – 2016 | The land acquiring activities should be done without any delay. | Answers had not been received. |

5.4 Transactions in Contentions Nature.

Audit Observation

Even though prevention of hydrophobicity activities which was under the Provincial Health Services Department had been assigned to the Animal Production and Health Department since 01 April 2018, the employees had not been acquired. Accordingly 15 no of veterinary vaccination field assistants who were attached to the Kandy district health services director office were paid a salary of Rs.3,813,738

Recommendation

Actions should be taken with regard to the authorized officers who have paid salaries to those officers for 6 months without assigning a duty.

Comments by the chief Accounting officer

Accept the paragraph.

for a period of 6 months without assigning duties.

5.5 Non – economic Transactions.

Audit Observation	Recommendation	Comments by the chief Accounting officer
<p>A networked solar power system with a capacity of 45 kilo watts has been fixed in 2014 at the Provincial Council Complex by spending Rs.10,104,920 and it was stated in the project report that the amount spent for that project would be covered during the first 5 years. But, only 2.5 percent had been covered after 3½ years even though 70 percent should have been covered during that period.</p>	<p>Due to the large amount of variance exists in between the expected electricity production and the actual electricity production as shown through the feasibility study report. Solutions should be give by investigating the reasons.</p>	<p>Can't be expected that equal no of units wont be generated during every year due to the climate changes. There for no of power units were decreased or increased in the other year compare to a one year. A complete Profit can't be accepted since this is a pilot project.</p>

5.6 Identified Losses

Audit Observation	Recommendation	Comments by the chief Accounting officer
<p>(a) Actions had not been taken to recover or write off the loss of Rs.17,236,527 from the books relating to 124 vehicles faced with the accidents of the provincial department of health from the responsible parties and, Rs.8,416,036 out of that was relating to 51 vehicles faced with the accidents for over 5 years.</p>	<p>Actions should be taken to recover or write off the losses and damages from the books.</p>	<p>It has disclosed in the 2018 Financial Statements.</p>
<p>(b) Actions had not been taken to determine the responsible persons by conducting investigations with regard to 19 total losses and damages as 14 no of non identified values and 5 no of losses/</p>	<p>Should work with regard to the losses/damages occurred to the government in accordance with the F.R/104.</p>	<p>Investigations have been done based on the priority by considering the requirement of speeding up and the danger of those incidents.</p>

damaged incidents worth of Rs.811,224 which were reported to the department of education.

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| (c) | Actions had not been taken to take over 26 lap top computers worth of Rs.2,789,100 given to 26 members and minister in the provincial council in under the distribution of laptop computers implemented by the provincial secretary's office in 2012. | Actions should be taken in accordance with the circular. | Answers had not been received. |
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5.7 Deficiencies in Contract Administration.

Audit Observation

It was observed at the physical verification that the building in a primary school in the Theldeniya Zone is in danger situation due to the washing up of the side wall constructed by spending Rs.1,149,083 under the PSDG and due to the eruption of the concrete sidewall and concrete drain behind that building.

Recommendation

The required projects should be selected correctly at the selection step.

Comments by the chief Accounting officer

Those projects had to be given up due to the inability of implementing the audit recommendations, inability of constructing through school Development Societies, inability of fulfilling through the procurement procedure. 7 projects have to be done under the chief and education ministries grants.

5.8 Implementation of Project

Audit Observation

While an amount of Rs.48,559,308 had been paid from the balance of Rs,240,059,311 that had remained without utilizing

Recommendation

The necessary project should be selected accurately when selecting the projects.

Comments by the chief Accounting officer

Those projects had been deserted because the developing committees of the school had not agreed doing construction across

from the money which had Received for the Project of reconstruction systems of schools as the base of human capital for knowledge and Economy within the year 2012 to 2016 without an approval or non identifying the usage of money specifically, 10 projects had been deserted totally that had an estimated value of Rs.4,449,000 and had proposed to be implemented under the project of TSED

them as implementing the Audit Recommendation and, tasks could not be performed by the procurement process. The seven projects had been implemented under the allocations of Chief and Education Ministry.

5.8.1 Delay in Implementing the Projects.

Audit Observation

A Rs.45,584,076, Rs.31,110,028 and Rs.37,713,835 out of the provisions allocated respectively to the years 2016,2017 and 2018 for the construction of 07 school building under the PSDG were in remained Those provisions couldn't be used for another task due to the halted of those projects after commencing.

Recommendation

Provisions should be done only for the projects which could be finished during the expected time after a correct feasibility study and a proper plan to start the projects and the total provisions done for the year should be utilized effectively.

Comments by the chief Accounting officer

Stating that the audit recommendations will be implemented.

5.8.2 Abandoned Projects.

Audit Observation

A Rs.31,253,881 worth of construction industries relating to 5 schools had been halted during the period of 2016 – 2018 and the physical progress of them was from 30 percent

Recommendation

Provisions should be utilized only for the projects which can be done during the expected time after a feasibility study and preparing a proper plan.

Comments by the chief Accounting officer

- Procurement should be done again due to the defaulting of the project by the contractor of 2 projects. The bond of one project

to 75 percent and the financial progress was from 17 percent to 43 percent one performance bond out of then was a false one and actions had not been taken to convert into cash 2 performance bonds relating to 2 industries which were halted.

Prior to starting of the project and actions should be done in accordance with the procurement guideline.

is a false one.

- The delay charges had been collected on non-fulfillment of the industry of two projects.
- The performance bond had been withheld by a bill due to the incompleteness of one project

5.8.3 Activities Out of Objective.

Audit Observation

The provincial Ministry of sports, youth affairs, women affairs, rural development and industries has purchased stationary and fixed assets by spending RS.1,101,221 received for development activities under the PSDG and criteria based grants.

Recommendation

The grants should be utilized for the relevant development objective.

Comments by the chief Accounting officer

Answers had not provided.

5.9. Asset Management

5.9.1 Inactive/ Under Utilized Assets.

Audit Observation

- (a) 11 defridrillator machices worth of Rs.16,498,000 which had been given to 11 rural hospitals including Narampanawa, Udawela and Delthota in 2015 were not use for more than 3 years.

Recommendation

Issues to the hapitals where they can use.

Comments by the chief Accounting officer

Answers had not been given.

- (b) Only the first floor of the 3 stored building has which was planned to build up a completely Ayurveda hospital

Actions should be taken to use that.

Accept

in Hanguranketha area in 2002 has been handed over to the Central Provincial Department of Indiginons Medicine on 22 November 2006, but that building was idling until now without any usage.

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| (c) | 53 item units relating to 33 no of equipments given to Mahindodaya lab and 3 air conditioners in the old computer lab of Paranagama central college were idling after using idling were it for smart class room. | Should be responsible for not to idling the governmrnt assets. | Informed that the air conditioners will be given to another school due to the non requirement of those for smart class rooms and the difficulty of paying the expenses by the SDS. |
| (d) | 12 computers in the computer lab of Galewela Primary College had been idling since one year and the library has been closed since one year period. Even though there were 10 computers belongs to CP/G/Beligamuwa Junior School which had not been used due to the non availability of a teachers. | Actions should be taken to fill the vacancies and using the computer unit effectively. | Priority will be given to give teachers. |
| (e) | The three storied building constructed by spending Rs.18,318,444 by the Chief Secretary's office had been converted in to a visitors' bungalows for members after handing over to the provincial secretary during the month of December 2016 by purchasing Rs.2,640,165 worth of furniture. 2 stories of this building had been used only 121 days during the times period of 5 years since 2014 to 2018 and during 2018 it was used only 6 days. | Actions should be taken to utilize the under-utilized equipment's and building for a productive activity. | At present the quarters are being closed due to the dissolution of the Council and, suitable procedure will be prepared by discussing with the members after gathering the new Provincial Council. |

5.9.2 Resources Given to Other Institutions.

Audit Observation	Recommendation	Comments by the chief Accounting officer
<p>The building and the dairy cooling equipments worth of Rs.1,230,600 belongs to Ududumbara Veterinary Office had been handed over to the Udadumbara dairy producers and animal producers' welfare society in 2015 though an agreement without a security deposit by the provincial department of animal production and health services and those equipment's and the building had been transferred to another external party by that society based on an agreement without an approval.</p>	<p>Actions should be taken with regard to the parties who has broken the agreements in accordance with the conditions in the agreement.</p>	<p>Activities are being carrying out with regard to the recovering of money and the functions of that center by appointing a committee relating to this center and actions will be taken to recover the rental charges by estimating that centre according to the decisions given by the committee.</p>

5.9.3 Utilization of vehicles.

Audit Observation	Recommendation	Comments by the chief Accounting officer
<p>(a) Even though the Chief Minister's Security Vehicle handed over the Provincial Council on 30 April 2013, a Rs.2,100,682 had been spent only for repairing and servicing during the period of over 5 years till 2018 without any usage</p>	<p>Repairing Should be done only it is economically productive</p>	<p>Answer had not been received.</p>
<p>(b) 25 vehicles belongs to animal production and health department are old from 17 years to 40 years and a Rs.2,768,631 expense has</p>	<p>Actions should be taken with in accordance with the circulars issued on the removal of vehicles which are non productive of</p>	<p>One vehicle out of them have been auctioned and there are 24 new vehicles and 45 old vehicles belongs to the department and</p>

been spent for those vehicles for repairing and services. Actions had not been taken with regard to the removal of non usable and non productive of repairing vehicles.

repairing and not suitable for running.

requests have been done on the letter dated 17 August 2019 to obtain new vehicles instead of old vehicles had not been received yet. If the old vehicles are being removed, the travelling facilities will not be fulfilled for the field activities of the veterinary officers.

5.10 Staff Administration

Approved and actual cadre position of the province as at 31 December 2018 is as follows.

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

	Approved Cadre	Actual Cadre	No.of Vacancies	Excess Cadre
Senior Level	1,008	755	281	32
Tertiary Level	310	176	129	1
Secondary Level	7,765	5,073	2,751	91
Primary Level	7,287	5,569	1,610	517
Contract Level	16	108	-	-
Casual	2	583	-	-
Others (permanent allowance)	13	-	12	-
Teacher's Assistants	-	1,409	-	1,409
Others (Passenger Transport Authority)	329	271	54	1
Total	<u>16,730</u>	<u>13,944</u>	<u>4,837</u>	<u>2,051</u>

Audit Observation

Recommendation

Comments by the chief Accounting officer

(a) Officers could not been used as undergoes by sufficient internal investigation since all the duties had been distributed among few officers

The approved vacancies should be fulfilled to carry out the internal control properly.

Applications had been submitted to the public services commission to fill the vacancies for senior cultural officers and the vacancies relating to development and office assistants had been noticed

to the Chief Ministry and Chief Secretary's Office.

- (b) 35 out of 76 approved development officer posts in the Ministry of Road Development, Transportation, Electricity and Power, Housing and Construction had been vacant and 21 out of 41 officers who are working has been employed in 2 Departments and Provincial road Development authority Under the Ministry, The relevant salaries had been paid by the ministry Accordingly there was no any requirement of 76 development officer posts.
- The approved staff should be amended.
- Answers had not been given.

5.10.2 School Staff

Category of Staff	Approved Cadre	Actual Cadre	No.Of Vacancies.	No.of Exces
Principals	1,458	1,015	445	2
Deputy Principals/ Assistant Principals	575	603	97	125
Teachers	27,714	28,397	460	1,143
Minor Staff and Assistant Staff	2,222	1,529	1,021	328
Total	<u>31,969</u>	<u>31,544</u>	<u>2,023</u>	<u>1,598</u>

Audit Observation	Recommendation	Comments by the chief Accounting officer
(a) Although there were principal vacancies 22 in Kotmale zone, 20 in Hetton, 16 in Naula, 34 in Matale and 25 in Wilgamuwa, those post were been covering. There were 186 teacher vacancies in Nuwara Eliya and 205 in	<ul style="list-style-type: none"> • Actions should be done to fill the vacancies in principal posts. • Actions should be done to fill the teacher vacancies. • Systematic appointments should be given to acting principal vacancies. 	<ul style="list-style-type: none"> • Actions will be taken to correct the relevant deficiencies • The appointment letters will be issued by checking the qualifications in the future and the requests

Kotmale and 149 teacher vacancies including 75 acting principal posts, 12 in Naula, 11 in Matale and 6 in Wilgamuwa. Also 5 attached to other places and 39 temporary attachments in Naula had not been covered.

had been sent to the provincial secretary of education to fill the vacancies.

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| (b) | There was a time delay of 4 months to 3 years in sending the personal files of 33 teachers who have been transferred to other zones from Nuwara Eliya educational zone during the period of 2016 – 2018 and a time delay of 4 months 15 to one year in sending the personal files teachers who have transferred to other schools from Hatton educational zone. | The personal files should be sent to the relevant offices without any delay. | Actions will be taken to correct the errors. |
| (c) | There was a delay of 3 years to 13 years relating to the offering of annual salary increments for 17 teachers of 13 schools belongs to Nuwara Eliya Educational zone and the adjustments had not been done to their salary accordance with the circular No 3/2016 dated 25 February 2016. There was a delay of 1 month to 10 years occurred relating to the supply of annual salary increments for 310 teachers of the schools belongs to Hatton Educational Zone as at December 2018. | Actions should be done to give the salary increments duely by obtaining the required reports by making aware the teachers. | Actions will be taken to correct the relevant deficiencies. |

5.10.3 Health Sector Staff

Category of Staff	Approved Cadre	Actual Cadre	No.Of Vacancies.	No.of Exces
Senior Level	1,222	956	263	7
Tertiary Level	390	334	56	-
Secondary Level	3,926	3,286	655	15
Primary Level	3,594	2,232	1,125	15
Contract	-	1	-	-
Casual	-	252	-	-
Total	<u>9,132</u>	<u>7,070</u>	<u>2,099</u>	<u>37</u>

There were 2099 vacancies relating to 4 employment levels in the provincial health Services Department.

5.11 Procurement

Supplies and Services.

Audit Observation	Recommendation	Comments by the chief Accounting officer
(a) A RS.1,094,424 worth of goods had been purchased at 6 instances under the provincial development Proposals by the Matale Divisional Secretariat office against the tender decisions made to purchase at the calling prices and minimum prices from non registered supply institutions and without mentioning a proper specification.	Purchasing activities should be done by following the procurement guidelines.	Answers had not been provided.

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| (b) | The tender has been offered for a higher value more than Rs.2,729,316 compared to the estimated value for 5 work subjects when constructing the Agraz Bopaththalawa road. | The reasons should be inquired from the technical committee officers with regard to the increased price. | The technical committee had not paid attention due to high virtual sub quantity. |
| (c) | The Rikillagaskada Executive Engineers office has not followed the procedures under 2.14.1 of the procurement guideline when a Rs.1,343,766 purchases done at 3 instances. | Actions Should be taken with regard to the procurement guideline with errors. | Purchases had been done on the decision taken after the procurement process. |
| (d) | A Rs.1,168,000 worth of building rent had been paid by the provincial department of animal production and Health in the year under review for the building used to maintain 9 no of veterinary offices without following the procumbent procedure. | The procurement procedure should be followed. | Even though the procurement procedure should be followed when obtaining building for rent, those activities couldn't be done due to the problems in finding the buildings. |

6. Accountability and Good Governors

6.1 Un solved audit paragraphs

Audit Observation	Recommendation	Comments by the chief Accounting officer
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(a) Even though it was shown through the audit inquiries with regard to the losses and damages of Rs.8,584,356 relating to 11 incidents in the Udawela Bandaranayake College in 2017 and 2018, actions had not been taken even as at March 2019 to recover the losses by determining the responsible persons in accordance with the F.R 104(4).	The circulars and Financial regulations should be followed	The information was checked by appointing investigation boards.

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| <p>(b) It couldn't be ensured by the audit that a total recommended sum of Rs.1,560,102 worth of surcharges had been recovered at 21 incidents by the investigations relating to F.R.104(4) due to the non-receipt of evidence which ensures receipts and non-maintenance of files to ensure the receipt of the due receivables.</p> | <p>The evidence which ensures the recovery of the recovery of surcharges should be In the files.</p> | <p>Answers had not been received.</p> |
| <p>(c) Actions had not been taken to recover the stores deficit of Rs.1,217,482 from the store keeper which was revealed at the stores verification done in the year 2001 at the Kandy Regional Pharmaceutical Strores Even though about 15 years has been passed by retiring him under the section 2.12 of the Retirement Salary Constitution guideline since 18 April 2002 after conducting an investigation under the F.R.104(4)</p> | <p>The deficit value of stores equipment's should be recovered.</p> | <p>Accept the paragraph.</p> |

6.2 Sustainable Developments Goals.

Audit Observation

Even though the preparation of plans relating to result based middle, term united Nations project which aims at the development targets which should be recommended to implement since 2019 finished by 30 September 2018,it had not been finished even as at May 2019.

Recommendation

Actions should be done in accordance with the circular.

Comments by the chief Accounting officer

Answers had not been received.