

**1. Financial Statements**

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**1.1 Qualified Opinion**

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The audit of the financial statements of the Construction Industry Development Authority for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No.38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

**1.2 Basis for Qualified Opinion**

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My opinion is qualified on the matters described in paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the 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 Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, 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.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Authority 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 of the Authority.

#### **1.4 Audit Scope**

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable 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. Misstatements 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- 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.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Authority, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Authority has complied with applicable written law, or other general or special directions issued by the governing body of the Authority ;
- Whether the Authority has performed according to its powers, functions and duties; and
- Whether the resources of the Authority had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

## 1.5 Audit Observations on the preparation of Financial Statements

### 1.5.1 Non-Compliance with Sri Lanka Public Sector Accounting Standards

Non Compliance with the reference to particular Standard	Management Comment	Recommendation
<p>a) Action had not been taken to reassess the useful economic life of the fully depreciated assets costing Rs. 79.82 million which are continuously used by the Authority as per the paragraph 65 of the Sri Lanka Public Sector Accounting Standards <b>(SLPSAS) 7 – Property, Plant and Equipment</b>. Further, the estimation error of the useful life of the above fully depreciated assets had not been rectified and made adjustments in the financial statements as per the <b>SLPSAS 3- Accounting Policies, Changes in Accounting Estimates and Errors</b>.</p>	<p>Actions have been taken to reassess the fully depreciated fixed assets by appointing an internal committee. The reassess process is being done by aforesaid committees. And the financial statements will be adjusted once the reassessing process completed by the committee.</p>	<p>Action should be taken to reassess the useful economic life of the fully depreciated assets without further delay and after completing the revaluation process, relevant disclosure and accounting treatments should be done.</p>
<p>b) Thirteen (13) items of machineries and equipment with the cost and carrying amount of Rs. 19,512,500 and Rs.</p>	<p>The relevant disclosures will be shown in final Accounts 2021 from Comparative figures in Statement of Change in Equity.</p>	<p>Necessary accounting treatments should be made as per the provisions in the Accounting Standards.</p>

7,317,187 respectively as at 01 January 2020 were identified as unusable during the Boards of Survey carried out for the year 2019. Subsequently, in the year 2020, the depreciable value of Rs. 7,317,187 had been adjusted to the retained profit as a change in accounting estimates without being taken action to dispose these items up to 31 October 2021. Further, necessary disclosures had not been made in this regard in terms of Section 44 of the **SLPSAS 3- Accounting Policies, Changes in Accounting Estimates and Errors**.

## 1.5.2 Accounting Deficiencies

### Audit Issue

### Management Comment

### Recommendation

- | Audit Issue   | Management Comment  | Recommendation   |
|---|---|--|
| <p>a) The Urban Development Authority (UDA) has requested during the year 2019 to settle a total amount of Rs. 54,890,701 for granting the title deed for the Construction Equipment Training Centre (CETRAC) of the Authority which functioning in a land belongs to the UDA. However, the Authority had failed to settle this amount to the UDA even up to the date of this report and no provision or disclosures had been made to the financial statements in this regard.</p>  | <p>Action will be taken to disclose or make an appropriate Provision in the financial statements regarding the CETRAC land belongs to UDA.</p>  | <p>The Authority should enter into a formal lease agreement with UDA to resolve this issue and relevant disclosure, adjustment should be made in the final accounts.</p> |
| <p>b) Although the construction Excellence award ceremony was not conducted during the year under review, a sum of Rs. 2,633,914 received from the contractors for the purpose of conducting this Ceremony in the year 2020 had been recognized as a non-operational income in the financial statements without being treated as a current liability in the financial statements. As a result, the surplus for the year under review had been overstated by understating the current liability in similar amount.</p>                       | <p>A sum of Rs. 2,633,914.00 received for the Construction Excellency income in 2020. It has recorded as a non – operational income in final Accounts 2020. We will make necessary arrangements to rectify this in next year.</p>   | <p>Necessary adjustments should be made when preparing the final accounts for the year 2021.</p>   |
| <p>c) Ministry of Education has allocated a sum of Rs. 45,844,000 to the Authority during the year 2020 in order to conduct 13 years Guaranteed Continues Education (NVQ) Training Program. Out of that Rs. 10,000,000 and Rs.35,844,000 have been received during the year under review and 2021 respectively. Nevertheless, the Authority had recognized Rs. 45,398,000 as income for the year 2020 although only Rs.5,906,904 had been incurred as expenditure for this training programme during the reporting period. Further, the</p> | <p>The Authority is applying to record accounting transactions on the accrual basis. The Ministry of Education has allocated a sum of Rs. 45,844,000.00 to the Authority during the year 2020 in order to conduct 13 years guaranteed continues education (NVQ) training programme &amp; It has recorded income in 2020. Out of that Rs. 10,000,000.00 has received from Ministry of Education. Authority has</p> | <p>Proper revenue recognition policy should be adopted by the Authority and adequate disclosure should be made in the financial statements.</p>                          |

expenditure incurred and any requested to obtain balance  
surpluses thereof had not been money from 2020.  
separately disclosed in the financial  
statements.

### 1.5.3 Documentary Evidences not made available for Audit

Item	Amount	Evidence not made available	Management Comment	Recommendation
	<b>Rs.</b>			
i. Short-term Provision	156,400	Balance Confirmation	No comments	The management should provide required evidence for audit in order to verify the accuracy and reliability of these balances.
ii. Income Received in Advance	4,138,385	Detailed Schedule		
iii. Publication Income	5,279,206	-do-		
iv. Working Capital Changes	13,035,265	-do-		
v. Rent Income	5,829,303	valuation reports		
vi. Circuit Bungalow Dahaiyagama and Katharagama	Nil	Lease agreements with NHDA		

## 1.6 Accounts Receivable and Payable

### 1.6.1 Receivables

Audit Issue	Management Comment	Recommendation
Out of total debtor balances aggregating Rs.14,173,303 the confirmations were received only from 06 debtors to the value of Rs.1,794,089 and other debtors had not	Confirmation letters were sent to all outstanding debtors as at 2020.12.31 by the Authority. Actions are	Authority Should take action to recover the debtor balances and debtor's fair value

confirmed their outstanding balances even up to 31 October 2021.

Further, according to the age analysis furnished to audit, the debtor balances aggregating Rs.5,115,648 were remained outstanding for more than three years as at 31 December 2020 without been recovered and this amount had not been recovered even up to 31 October 2021.

being taken to recover outstanding debtor's balance existed for more than 03 years.

should be disclosed in the final accounts.

### 1.6.2 Payables

----- Audit Issue -----	----- Management Comment -----	----- Recommendation -----
It was revealed that trade creditors and sundry creditors totaled to Rs.4,135,111 had been outstanding for more than 05 years as at 31 December 2020 and this balance was remained unchanged even as at 31 October 2021 without been settled.	Action will be taken to settle the long-term creditor's balances.	Action should be taken to settle all possible creditors without any delay and others are to be considered as income to the final accounts.

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

----- Reference to Laws, Rules Regulations etc. -----	----- Non-compliance -----	----- Management Comment -----	----- Recommendation -----
(a) Sections 11 of the Finance Act, No. 38 of 1971 and Public Enterprises Circular No. 02/2018 of 14 November 2018.	A sum of Rs. 153,231,432 had been invested in short term investment sources such as call deposits, treasury bills and fixed deposits etc. without obtaining the required approvals from the General Treasury and the concurrence of the Finance Minister. Out of the above investments, sums aggregating Rs. 140,707,803 remained unchanged for over 04 years.	It has been kept as gratuity provision for CIDA employees.	Required approvals should be obtained before investing the excess money.

(b) Financial  
Regulations of  
the Government  
of the  
Democratic  
Socialist  
Republic of Sri  
Lanka

(i) Financial  
Regulation  
571 (2)

Although all deposits over a period of 2 years should be credited to the Authority's income, without doing so unidentified and lapsed deposits such as retention payable and tender deposits amounting to Rs. 1,787,782 and Rs. 159,500 respectively had been kept in the deposits by the Authority as at 31 December 2020.

Action will be taken to clear respective current liability balances.

Effective action should be taken clear all current liabilities within the period of one year.

(ii) Financial  
Regulation  
371 as  
amended by  
Public Finance  
Circular No.  
3/2015 dated  
14 July 2015  
and Internal  
Circular No.  
2/2020 dated  
19 August  
2020 issued by  
the Authority.

- Although the advances should be settled immediately after the completion of the purpose for which it is granted or the end of the financial year, such advances given for various purposes in 13 instances aggregating Rs. 683,700 had been settled after delayed the period ranging from 30 to 170 days.

Actions will be taken to comply with Financial Regulation 371 as amended by public finance circular No 3/2015 dated 14 July 2015 and internal circular No 2/2020 dated 19 August 2020 issued by the Authority.

Immediate action to be taken to comply with the provisions in the internal and external circulars.

- Even though any balance of sub-impresst should be surrendered not later than the end of each reporting period, such impresst amounting to Rs. 4,092,735 given to four parties in 5 instances had not been settled as at 31 December 2020.

Actions will be taken to settle the sub impresst on time.

All sub-impresst should be surrendered within the specific time period.



	<p>- Out of ad-hoc sub imprest totalled to Rs. 965,150 given in 17 instances, an amount of Rs. 492,226 ranging 22 per cent to 100 per cent had been settled by cash after delaying 07 to 196 days due to not prepared proper estimate before payment of such advances.</p>	<p>Actions will be taken to comply with proper activity based cost estimates before the releasing sub imprests.</p>	<p>The sub imprest should be granted after preparing a proper expenditure estimate.</p>
<p>(iii) Financial Regulations 756, 757, 758 and 759</p>	<p>Although the annual board of survey pertaining to each reporting period should be carried out in order to ensure the physical availability of non-current assets which shown in the financial statements as at the end of each reporting period, this had not been carried out with regard to the assets belongs to the Head Office of the Authority even as at 30 November 2021.</p>	<p>The annual board of survey of Head office on non-current Assets could not be conducted by the committee due to COVID -19 Pandemic Situations prevailed in the country. The task will be completed by committee and verification reports will be submitted immediately</p>	<p>The annual board of survey should be carried out in order to ensure the physical availability of non-current assets which shown in the financial statements and assets register.</p>
<p>(c) Public Finance Circular No. 02/2015 of 10 July 2015 and Paragraph 06 of the National Budget Circular No. 03/2018 dated 16 July 2018.</p>	<p>The Authority had purchased 3 motor vehicles in the year 2019 under the finance lease basis and according to the provisions of the Circular, three vehicles belonging to the Authority were to be disposed for this purpose and the proceeds from disposal to be paid to the General Treasury. However, one vehicle proposed to be disposed had not been disposed in such manner and kept on the premises of the Authority</p>	<p>A vehicle valuation committee was appointed and the relevant assessment report was obtained. Accordingly, all arrangements have been made to send the money to Treasury</p>	<p>The existing vehicles should be disposed when purchasing the new vehicles and the proceeds from disposal of old vehicles should be paid to the General Treasury after purchase of new vehicles.</p>

until October 2021. In addition to that a sum of Rs. 5,773,000 received from the disposal of remaining two vehicles was also retained by the Authority without being remitted to the Treasury even after laps of more than two years.

<p>(d) Paragraph 06 of the Ministry of Finance, Economic and Policy Development Circular No. PED/01/2020 dated 27 January 2020</p>	<p>The Chairman and Board of Directors should make sure that the Citizen Charters including charges, estimated time periods for each service etc. must be displayed to the public / customers in office premises and websites. However, the Authority had not complied for with this instruction.</p>	<p>The Citizen Charters has been drafted by the Authority and will be completed in the near future and available for public viewing and display on the Institute's website.</p>	<p>The Citizen Charters must be prepared and displayed in order to enhance the public accountability and governance of the Authority.</p>
<p>(e) Paragraph 4.2.5 of the Public Enterprises Circular No. PED/12 of 02 June 2003 on Public Enterprises Guidelines for Good Governance.</p>	<p>Although it is required to present the inventory age analysis to the Board meeting on monthly basis for their review and discussions, the Authority is not in a position to generate an inventory aging report from their accounting system. Therefore, the Authority is facing difficulties in identifying slow moving, non- moving and obsolete items based on the inventory aging.</p>	<p>We will discuss with the system developer to upgrade the system and to generate inventory age analysis. Further, slow moving, non-moving and obsolete items will be identified during the process of inventory verification.</p>	<p>The slow moving, non- moving and obsolete stock items should be identified based on the inventory aging before preparing the financial statements.</p>
<p>(f) Public Enterprises Circular No. PED/01/2015 dated 25 May 2015.</p>	<p>Approval of the Board of Directors had not been obtained with regard to obtaining 4,436 liters of fuel to the value of Rs. 621,076 by exceeding the approved monthly fuel</p>	<p>Due to the Corona pandemic, inter-provincial travel restrictions were in place. Therefore, the vehicles of the officers mentioned</p>	<p>The Authority should comply with the Circular instructions.</p>

limits by 05 officers.

here had to be used for public transport as well. Accordingly, the amount of fuel has been used for those duties as well.

## 1.8 Cash Management

### Audit Issue

### Management Comment

### Recommendation

(a) A sum of Rs.135 million had been obtained from the General Treasury during the period from 2018 to 2020 in order develop the infrastructure facilities of Galkulama Operator Training College. Out of that, an amount of Rs.34.6 million equivalents to 26 percent had not been utilized for the intendant purpose and kept idle in the bank current account of the Authority.

In 2020, the received fund allocation was not sufficient for the prioritized intended task of the procurement of Backhoe Loader and several attempts had been made to increase the fund allocation adequate for the procurement which had been completed up to the tender evaluation stage. Due to not receiving the sufficient fund allocations for the task over the year, arrangements were made to utilize the allocation for other tasks of the proposal.

Fruitful action to be taken to utilize the fund for the intendant purpose without being kept idle in the bank current accounts.

(b) An average balance approximately Rs.202 million, Rs.260 million and Rs.357 million had been withheld in a current account maintained by the Head office of the Authority during the years 2018, 2019, 2020 respectively and this balance had continued to increase up to Rs.426 million as 31 October 2021 without been utilized for any purpose. As a result the authority has sustained a financial loss of approximately Rs.98 million by allowing the above money to remain idle in a bank current account during the period of January 2018 to October 2021.

Out of the bank balance of Rs.426 million, Rs.200 million is consisted with treasury imprest received for projects and programmes. Action will be taken to utilize the balance imprest money for the intendant purpose.

Fruitful action to be taken to utilize the fund for the intendant purpose without being kept idle in the bank current accounts.

## 2. Financial Review

### 2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs. 25,998,627 and the corresponding deficit in the preceding year amounted to Rs. 4,652,776. Therefore, an improvement amounting to Rs. 30,651,403 of the financial result was observed. The reason for the improvement was recognized entire amount of Rs. 45,844,000 received from Ministry of Education as income for the year under review.

## 3. Operational Review

### 3.1 Uneconomic Transactions

#### Audit Issue

A sum of Rs.35.7 million was received from the General Treasury during the year 2019 and 2020 in order to provide the Craft Identity Card to the skill craftsmen who deploying in the construction industry. Out of which Rs.11.3 Million had been given as an advance to the Institute of Information and Communication Technology (ICTA) in 2019 for the implementation of this project. Although this work should be completed during the year 2020, it had not been completed even up to the end of November 2021.

Further, the advance payment of Rs.11.3 million had been withheld from ICTA for more than two years and the Authority had not taken action to calculate the financial loss incurred and recover it from the responsible persons

#### Management Comment

The institution has been informed in this regard that they are committed to refund the relevant cash for related bills. This work is currently ongoing.

#### Recommendation

Immediate action should be taken to complete this task without any delay and to recover the balance money from ICTA or from the responsible persons.

### 3.2 Identified Losses

#### Audit Issue

A surcharge of Rs.5,691,460 had been imposed by the Employee Provident Fund (EPF) due to non-payment of areas EPF amounting to Rs.14,977,525 related to the

#### Management Comment

Action will be taken to remit arrears amount with surcharge.

#### Recommendation

Payment should be made immediately to avoid imposing further surcharges.

period from 1 January 2006 to 31 May 2011. However, this payable amount had not been remitted even as at 30 November 2021.

### 3.3 Management Inefficiencies

----- Audit Issue -----	Management Comment -----	Recommendation -----
<p>The Authority had not performed the following activities which set out in the Construction Industry Development Act, No. 33 of 2014 for the effective and smooth operations of the Authority even though it was elapsed more than six years after establishment of the Authority.</p> <ul style="list-style-type: none"> <li>• To maintain a directory of importers, manufactures and suppliers of construction materials and construction components used in the construction industry, as may be determined by the rules made under this Act.</li> <li>• To provide for the registration and issuing of craft identity cards to the skilled workers in construction trades as may be determined by the rules made under this Act.</li> <li>• To establish the Construction Industry Development Fund.</li> <li>• To promote and facilitate locally registered contractors undertaking construction works in other countries.</li> <li>• To review and monitor any material, plant and machinery requirements of the construction industry and to encourage the development and use of local products in the construction works.</li> </ul>	<p>Noted</p>	<p>The Authority should be accelerated these activities in order to uplift and increase the contribution of the Construction Industry to the country.</p>

- To maintain a national database on construction industry

### 3.4 Under -utilization of Funds

#### Audit Issue

The General Treasury has released imprest aggregating Rs.1,077 million during the period of 2016 to 2020 through the Line Ministry to the Authority for the implementation of the skills Training for Construction Industry with PPP Model .Out of that Rs.114.2 million had not been utilized for the intendant purpose and kept in a bank current account even up to 31 October 2021.

#### Management Comment

Actions will be taken to utilize balance treasury imprest for the intended purpose.

#### Recommendation

Fruitful action to be taken to utilize the fund for the intendant purpose without being kept idle in the bank current accounts.

### 3.5 Delays in Projects or Capital Work

#### Audit Issue

The Authority had entered in to a contract agreement with a contractor to construct a circuit bungalow at Galkulama for a contract sum of Rs.17, 296,564 on 7 November 2018. According to the general condition in the contract agreement this bungalow need to be completed within 210 days from the date of the contract agreement. However the circuit bungalow was completed and handed over to the Authority only on 18 June 2020. But Authority could not claimed any liquidated damages on the delayed period since there is no provision included in the contract agreement with regard to recovery of liquidated damages.

#### Management Comment

The Authority has granted 3 extensions of time considering the requests made by contractor supporting the recommendations by the consultant. The Project has completed by the contractor not delaying the approved time extensions. However, it has handed over the project by 18 June 2020 at the earliest possible date. Therefore, this project has not considered for claiming liquidated damages.

#### Recommendation

The Authority should take action to adherent with the Government procurement process to minimize the delays and to obtain financially the most advantageous services for the nation.

### 3.6 Procurement Management

#### Audit Issue

According to the information provided to audit training tool kits worth

#### Management Comment

Samples have been tested comparing the prices given

#### Recommendation

The Authority should take action to adherent

Rs.103,263,865, training materials (trainers and trainees guides and record books) worth Rs.10,054,498 and uniforms worth Rs.50,146,836 were procured under the Skills Training for Construction Industry programme conducted during the period of 2016 to 2020. Due to the violation of the Guidelines in the Government Procurement Guidelines and procurement of low quality goods etc., a loss of Rs.52.25 million had been sustained to the Authority up to the end of the year under review.

by the officers who worked in the Technical Evaluation Committee to obtain the kits. An expert engineer with special knowledge in this regard has also been appointed as the Chairman of the Committee to test these samples. Accordingly, it has been recommended to obtain equipment kits from the Building Materials Corporation, a state-owned company, by giving priority to the lowest price and the second price.

Further, samples are procured from selected suppliers and selected from suppliers as they are required to provide a very good quality kit at the lowest possible price.

with the Government procurement process to obtain financially the most advantageous and qualitatively the best supplies for the nation.

### 3.7 Resources Released to Other Organizations

Audit Issue	Management Comment	Recommendation
<p>An employee of the Authority had been released / attached to then line Ministry effect from 09 February 2015 in contrary to the provisions in Sections 9.4 of the Public Enterprises Circular for Good Governance No .PED/12 of 02 June 2003.Although the salaries and other allowances approximately Rs.4, 687,732 was paid to this officer for the period from 09 February 2015 to 31 December 2020, no fund had been reimbursed from the line Ministry even up to 31 October 2021.</p>	<p>No comment</p>	<p>The employees of the Authority should not be released / attached to line Ministry without the approval of the Department of Public Enterprises.</p>

### 3.8 Human Resources Management

#### Audit Issue

According to paragraph 9.14 of Public Enterprises Circular No. PED/12 of 02 June 2003, the Authority did not have a Manual of Procedure providing rules and regulations on all matters relating to management of human resources, for the smooth and effective administration of human resources of the Authority.

#### Management Comment

Manual of Human Resources and Administration Procedures of the Authority has been approved by the BOM Meeting No. 01/2019 held on 30 January 2019.

#### Recommendation

The Authority should have to have a Manual of Procedure for the effective management of its human resources.

### 3.9 Management of Vehicle fleet

#### Audit Issue

(a) According to the information provided for audit 8 vehicles had met with accidents in 10 instances during the year under review and insurance claim with regards to only 6 vehicle accidents have been claimed from the respective insurance company. However the loss incurred for remaining four vehicles accidents and preliminary reports and final reports with regards to vehicle accidents had not been provided for Audit.

#### Management Comment

Two out of the four vehicles have been repaired and completed. The other two vehicles will also be repaired quickly.

#### Recommendation

The preliminary reports and final reports with regards to vehicle accidents should be provided for Audit to ascertain the loss incurred.

(b) Six vehicles of the Authority costing Rs.6,981,250 (excluding one vehicle) had been allowed to perishable condition between 2 to 5 years at the premises of the CETRAC belongs to the Authority without being utilized, repair or disposed.

A committee has been appointed to dispose four vehicles and two more vehicles are being repaired for use.

Timely actions are needed to dispose unused vehicles to enhance the protection over public property.

(c) As per Section 03 of the Public Administration Circular No. 30/2016 of 29 December 2016, the consumption of fuel must be re-tested after a period of 12 months from each fuel test or after running a distance of 25,000 Km or

Fuel consumption of vehicles was tested in the year 2020 and it will be re-tested as per the PA Circular 30/2016.

Action to be taken adhere with circular provisions.



after carrying out a major repaired to the engine whichever occurs first. However, the Authority had not presented such fuel test reports to audit with regard to 50 vehicles of belongs to the Authority.

#### **4. Accountability and Good Governance**

##### **4.1 Tabling of Annual Report in Parliament**

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
The Annual Report of the Authority for the year 2019 had not been tabled in Parliament even up to the date of this report.	Final version of Annual Report with 03 languages submitted to the State Ministry Housing and Construction & Building Materials Industry Promotion on 04.08.2021 to obtain cabinet approval	Expedite the actions to table those reports in Parliament without further delay.