

Auditor General's Triennial Report

2018-2020

Government Corporations and other Statutory
Institutions

		Page No.
1.	Executive Summary	6
2.	Opinions of Government Corporations and other Statutory Institutions	09
3.	Individual observations of Government Corporations and other Statutory Institutions	
3.1	National Institute of Occupational Safety and Health	15
3.2	1990 Suwaseriya Foundation	17
3.3	University College of Ratmalana	20
3.4	Office on Missing Persons	21
3.5	National Dangerous Drugs Control Board	23
3.6	Disaster Management Centre	28
3.7	National Council for Persons with Disabilities	30
3.8	Ayurvedic Medical Council	33
3.9	Defence Services Command and Staff College	36
3.10	Land Survey Council	40
3.11	Construction Industry Development Authority	43
3.12	Sugarcane Research Institute	55
3.13	Tea Small Holdings Development Authority	62
3.14	Institute for Agro-Technology & Rural Sciences	78
3.15	Agricultural and Agrarian Insurance Scheme	80
3.16	General Sir John Kotelawala Defence University	88
3.17	Sri Jayewardenepura General Hospital Board	93
3.18	Water Resources Board	106
3.19	National Institute of Education	113
3.20	National Medicines Regulatory Authority	114
3.21	National Transport Commission	139
3.22	National Building Research Organization	147
3.23	National Youth Services Council	149
3.24	National Housing Development Authority	159
3.25	Lanka Government Information Infrastructure (Private) Limited Institute of Policy Studies of Sri Lanka	174
3.26	National Transport Medical Institute	175

3.27	National Institute of Language Education and Training	180
3.28	National Design Centre	184
3.29	National Science and Technology Commission	186
3.30	National Institute of Labour Studies	188
3.31	National Institute of Social Development	191
3.32	National Institute of Cooperative Development	193
3.33	National Child Protection Authority	198
3.34	J. R. Jayawardana Centre	201
3.35	Palmyrah Development Board	206
3.36	Tertiary and Vocational Education Commission	210
3.37	Tea Research Board	215
3.38	National Authority on Tobacco and Alcohol	223
3.39	Urban Settlement Development Authority	227
3.40	Sri Lanka Institute of Local Governance	232
3.41	Sri Lanka Institute of Textile and Apparel	235
3.42	Coconut Research Board	238
3.43	Coconut Cultivation Board	245
3.44	Private Health Services Regulatory Council	252
3.45	Geological Survey and Mines Bureau	262
3.46	Central Environment Authority	280
3.47	National Human Resource Development Council	288
3.48	Gem and Jewellery Research and Training Institute	290
3.49	University College of Jaffna	297
3.50	Ranaviru Seva Authority	299
3.51	Sri Lanka Rubber Research Board	302
3.52	Official Languages Commission	304
3.53	National Secretariat for Elders	305
3.54	Wijaya Kumaratunga Memorial Hospital	309
3.55	University College	311
3.56	Mahaweli Authority of Sri Lanka	315
3.57	Sri Lanka Institute of Accreditation	332

3.58	Sri Lanka Council for Agricultural Research Policy	334
3.59	National Aquaculture Development Authority Of Sri Lanka	339
3.60	Sri Lanka Inventors Commission	350
3.61	Sri Lanka Tourism Promotion Bureau	353
3.62	Sri Lanka Tourism Development Authority	356
3.63	Sri Lanka Institute of Tourism and Hotel Management	365
3.64	Sri Lanka Institute of Development Administration	370
3.65	Sri Lanka Convention Bureau	375
3.66	Sri Lanka Social Security Board	377
3.67	Marine Environment Protection Authority	379
3.68	Condominium Management Authority	384
3.69	Ocean University of Sri Lanka	394
3.70	Sri Lanka National Freedom from Hunger Campaign Board	396
3.71	Hadabima Authority of Sri Lanka	399
3.72	Hector Kobbekaduwa Agrarian Research and Training Institute	403
3.73	Homeopathic Medical Council	405
3.74	Office for Reparations	408
3.75	German Technical Training Institute	411
3.76	Sri Lanka Press Council	416
3.77	National Institute of Post-Harvest Management	419
3.78	Sri Lanka Foundation	424
3.79	Road Development Authority	426
3.80	National Institute of Plantations Management	446
3.81	Lakshman Kadirgamar Institute of International Relations and Strategic Studies	450
3.82	Public Service Mutual Provident Association	454
3.83	Sri Lanka Accounting and Auditing Standards Monitoring Board	461
3.84	Welfare Benefits Board	466
3.85	National Science Foundation	468
3.86	National Craft Council	474
3.87	University of Vocational Technology	477
3.88	National Council for Road Safety	480

3.89	Consumer Affairs Authority.	484
3.90	Sri Lanka Institute of Advanced Technological Education	489
3.91	Coconut Development Authority	495
3.92	Arthur C Clarke Institute for Modern Technologies	504
3.93	Superior Courts Complex Board of Management	506
3.94	Sri Lanka Legal Aid Commission	507
3.95	Galle Heritage Foundation	510
3.96	University College of Matara	515
3.97	Land Reform Commission	518
3.98	National Aquatic Resource Research and Development Agency	529
3.99	National Institute of Fundamental Studies	532
3.100	Institute of Industrial Technology	536
3.101	National Engineering Research and Development Centre of Sri Lanka	539
3.102	National Research Council	543
3.103	Ceylon Fisheries Corporation	548
3.104	Tower Hall Theatre Foundation	559
3.105	National Institute of Post-Harvest Management	565

1. Executive Summary

The number of Government Corporations and other Statutory Institutions were 132 as at the end of the year 2020. Only the observations further uncorrected relating to institutions which had been decided by the Auditor General to be brought to the attention of the Parliament relating to the years 2018, 2019 and 2020 of 105 of these institutions, have been included in this report.

Out of these institutions, audit observations of 27 institutions consisting 04 institutions without observations adequate for reporting and another 23 institutions without submitting financial reports during the prescribed period up to April 2022 so as to cover a period of 03 years, have not been included in this report.

Out of the 105 institutions reported, except for 21 institutions, all other institutions had carried out operations, utilizing provision made by the General Treasury. Treasury provision and other grants given during the year 2020 alone for 84 institutions that had obtained Treasury provision are as follows.

- i. Rs.238,889 million for capital expenditure
- ii. Rs.62,646 million for recurrent expenditure
- iii. Receipt of other aid of Rs.3,641 million

An expenditure/deficit over the income was observed in 49 institutions out of the said 105 institutions and that deficit totalled Rs.3,800 million. Moreover, the accumulated deficit of 43 institutions brought forward, was Rs.33,205 million.

Furthermore, out of these 105 reported institutions, 55 institutions except for the Road Development Authority, had earned a profit/surplus totalling Rs.5,186 million in the year 2020 and the recurrent provision of Rs.12,796 million made by the General Treasury to those institutions had attributed to the said surplus. According to financial statements of the Road Development Authority, the profit earned in the year 2020 was Rs.180,208 million and a sum of Rs.36,483 million had been made by the General Treasury as recurrent provision. Out of the 105 institutions which follow the Public Sector Accounting Standards mentioned above, only 59 institutions had reported an accumulated surpluses totaling Rs.30,723 million as at the end of the year 2020.

Out of the 105 institutions included in this report, the opinion of 04 institutions had been disclaimed for the year 2020 and a unqualified opinion had been expressed on 23 institutions. A qualified opinion had been expressed on 78 institutions and an adverse opinion had not been expressed on any institution.

Preparation and Submission of Annual Financial Statements

The draft annual report and Financial Statements must be submitted to the Auditor General within 60 days subsequent to the end of the accounting year as per Public Enterprises Circular No. PED/12 of 02 June 2003.

In terms of Section 12 of the National Audit Act No. 19 of 2018, the Auditor General shall, within three months of the receipt of the approved annual financial statement and other relevant documents and information of a Company in which the Government or a public corporation holds fifty per centum or more of the shares, present a report to the Chairman of such Company for publication in its annual report.

Opinion of the Auditor General regarding financial statements

State owned Companies prepare financial statements annually comprising statement of financial position as at the end of the year, statement of income, cash flow statement, statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory information. The Auditor General provides independent assurance to Parliament as to whether the financial statements give a true and fair view of the state of affairs of the institutions. This assurance is provided in the form of expressing an opinion on the financial statements. The opinion simply states the Auditor General's conclusion as to whether a fair position is reflected by statement of financial position and statement of financial performance of Companies and whether the Financial Statements are in accordance with the Sri Lanka Public Sector Accounting Standards, which are in compliance with International Accounting Standards and to the Sri Lanka Financial Reporting Standards.

Four types of opinions are expressed after considering material misstatements or disagreements and limitation of scope and disagreements that arise between management and audit in accordance with the financial statements. They are:

Unqualified Opinion

This opinion is expressed when no material misstatements or non-conformities have been reported in the financial statements.

Qualified Opinion (Subject to Opinion)

This opinion is expressed when material misstatements or inconsistencies in the financial statements have been reported but have not spilled over into the entity's financial results.

Adverse Audit Opinion

This opinion is expressed when there is a prevalence of material misstatements in the financial statements or disagreements arising between management and the audit.

Disclaimer of Audit Opinion

This opinion is expressed when there are quantitative scope limitations in terms of financial statements and material/wide disagreements about selected accounting policies that arise between management and the audit.

In expressing an audit opinion, the assistance of the computerized audit software is obtained in view of expressing a fair opinion. The audit opinion is determined on the results arrived after adjusting the total uncorrected misstatements as a percentage of the entire materiality level related to the audit sample selected by examining the accounts.

Following table shows the audit reports issued on the financial statements submitted in relation to 105 Companies for the years 2018, 2019 and 2020.

	2018	2019	2020
Unqualifid	14	16	23
Qualified	79	78	78
Disclaimer	8	7	4
Adverse	4	4	0

2. Opinions of Government Corporations and other Statutory Institutions

	Institutions Name	2018	2019	2020
1.	National Institute of Occupational Safety and Health	Qualified Opinion	Qualified Opinion	Qualified Opinion
2.	1990 Suwaseriya Foundation	Qualified Opinion	Unqualified Opinion	Unqualified Opinion
3.	University College of Ratmalana	Unqualified Opinion	Qualified Opinion	Unqualified Opinion
4.	Office on Missing Persons	Disclaimer of Opinion	Qualified Opinion	Unqualified Opinion
5.	National Dangerous Drugs Control Board	Qualified Opinion	Qualified Opinion	Unqualified Opinion
6.	Disaster Management Centre	Qualified Opinion	Qualified Opinion	Qualified Opinion
7.	National Council for Persons with Disabilities	Unqualified Opinion	Qualified Opinion	Unqualified Opinion
8.	Ayurvedic Medical Council	Qualified Opinion	Qualified Opinion	Qualified Opinion
9.	Defence Services Command and Staff College	Qualified Opinion	Qualified Opinion	Qualified Opinion
10.	Land Survey Council	Qualified Opinion	Unqualified Opinion	Qualified Opinion
11.	Construction Industry Development Authority	Disclaimer of Opinion	Qualified Opinion	Qualified Opinion
12.	Sugarcane Research Institute	Qualified Opinion	Qualified Opinion	Qualified Opinion
13.	Tea Small Holdings Development Authority	Qualified Opinion	Qualified Opinion	Qualified Opinion
14.	Institute for Agro-Technology & Rural Sciences	Qualified Opinion	Qualified Opinion	Qualified Opinion
15.	Agricultural and Agrarian Insurance Scheme	Qualified Opinion	Qualified Opinion	Qualified Opinion
16.	General Sir John Kotelawala Defence University	Qualified Opinion	Qualified Opinion	Qualified Opinion
17.	Sri Jayewardenepura General Hospital Board	Disclaimer of Opinion	Disclaimer of Opinion	Qualified Opinion

18.	Water Resources Board	Qualified Opinion	Qualified Opinion	Qualified Opinion
19.	National Institute of Education	Qualified Opinion	Qualified Opinion	Qualified Opinion
20.	National Medicines Regulatory Authority	Qualified Opinion	Disclaimer of Opinion	Qualified Opinion
21.	National Transport Commission	Qualified Opinion	Qualified Opinion	Qualified Opinion
22.	National Building Research Organization	Qualified Opinion	Qualified Opinion	Qualified Opinion
23.	National Youth Services Council	Qualified Opinion	Qualified Opinion	Qualified Opinion
24.	National Housing Development Authority	Qualified Opinion	Disclaimer of Opinion	Qualified Opinion
25.	Lanka Government Information Infrastructure (Private) Limited Institute of Policy Studies.	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion
26.	National Transport Medical Institute	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion
27.	National Institute of Language Education and Training	Qualified Opinion	Qualified Opinion	Qualified Opinion
28.	National Design Centre	Qualified Opinion	Qualified Opinion	Qualified Opinion
29.	National Science and Technology Commission	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion
30.	National Institute of Labour Studies	Disclaimer of Opinion	Qualified Opinion	Unqualified Opinion
31.	National Institute of Social Development	Qualified Opinion	Qualified Opinion	Qualified Opinion
32.	National Institute of Cooperative Development	Qualified Opinion	Qualified Opinion	Unqualified Opinion
33.	National Child Protection Authority	Qualified Opinion	Qualified Opinion	Qualified Opinion
34.	J. R. Jayawardana Centre	Qualified Opinion	Qualified Opinion	Qualified Opinion
35.	Palmyrah Development Board	Qualified Opinion	Qualified Opinion	Qualified Opinion

36.	Tertiary and Vocational Education Commission	Qualified Opinion	Qualified Opinion	Qualified Opinion
37.	Tea Research Board	Qualified Opinion	Qualified Opinion	Qualified Opinion
38.	National Authority on Tobacco and Alcohol	Qualified Opinion	Qualified Opinion	Qualified Opinion
39.	Urban Settlement Development Authority	Qualified Opinion	Qualified Opinion	Qualified Opinion
40.	Sri Lanka Institute of Local Governance	Qualified Opinion	Qualified Opinion	Unqualified Opinion
41.	Sri Lanka Institute of Textile and Apparel	Qualified Opinion	Qualified Opinion	Qualified Opinion
42.	Coconut Research Board	Qualified Opinion	Qualified Opinion	Qualified Opinion
43.	Coconut Cultivation Board	Qualified Opinion	Disclaimer of Opinion	Disclaimer of Opinion
44.	Private Health Services Regulatory Council	Qualified Opinion	Qualified Opinion	Qualified Opinion
45.	Geological Survey and Mines Bureau	Qualified Opinion	Adverse Opinion	Qualified Opinion
46.	Central Environment Authority	Qualified Opinion	Qualified Opinion	Qualified Opinion
47.	National Human Resource Development Council	Qualified Opinion	Qualified Opinion	Qualified Opinion
48.	Gem and Jewellery Research and Training Institute	Qualified Opinion	Qualified Opinion	Qualified Opinion
49.	University College of Jaffna	Unqualified Opinion	Qualified Opinion	Qualified Opinion
50.	Ranaviru Seva Authority	Qualified Opinion	Qualified Opinion	Qualified Opinion
51.	Sri Lanka Rubber Research Board	Qualified Opinion	Qualified Opinion	Qualified Opinion
52.	Official Languages Commission	Qualified Opinion	Qualified Opinion	Qualified Opinion
53.	National Secretariat for Elders	Qualified Opinion	Qualified Opinion	Qualified Opinion

54.	Wijaya Kumaratunga Memorial Hospital	Qualified Opinion	Qualified Opinion	Qualified Opinion
55.	University College	Qualified Opinion	Qualified Opinion	Qualified Opinion
56.	Mahaweli Authority of Sri Lanka	Qualified Opinion	Qualified Opinion	Qualified Opinion
57.	Sri Lanka Institute of Accreditation	Qualified Opinion	Qualified Opinion	Qualified Opinion
58.	Sri Lanka Council for Agricultural Research Policy	Qualified Opinion	Qualified Opinion	Qualified Opinion
59.	National Aquaculture Development Authority Of Sri Lanka	Adverse opinion	Adverse opinion	Qualified Opinion
60.	Sri Lanka Inventors Commission	Unqualified Opinion	Qualified Opinion	Unqualified Opinion
61.	Sri Lanka Tourism Promotion Bureau	Qualified Opinion	Qualified Opinion	Qualified Opinion
62.	Sri Lanka Tourism Development Authority	Qualified Opinion	Qualified Opinion	Disclaimer of Opinion
63.	Sri Lanka Institute of Tourism and Hotel Management	Qualified Opinion	Qualified Opinion	Qualified Opinion
64.	Sri Lanka Institute of Development Administration	Qualified Opinion	Qualified Opinion	Qualified Opinion
65.	Sri Lanka Convention Bureau	Qualified Opinion	Qualified Opinion	Qualified Opinion
66.	Sri Lanka Social Security Board	Qualified Opinion	Unqualified Opinion	Qualified Opinion
67.	Marine Environment Protection Authority	Qualified Opinion	Qualified Opinion	Qualified Opinion
68.	Condominium Management Authority	Qualified Opinion	Qualified Opinion	Qualified Opinion
69.	Ocean University of Sri Lanka	Qualified Opinion	Qualified Opinion	Qualified Opinion
70.	Sri Lanka National Freedom from Hunger Campaign Board	Qualified Opinion	Qualified Opinion	Qualified Opinion
71.	Hadabima Authority of Sri Lanka	Qualified Opinion	Qualified Opinion	Qualified Opinion

72.	Hector Kobbekaduwa Agrarian Research and Training Institute	Qualified Opinion	Qualified Opinion	Qualified Opinion
73.	Homeopathic Medical Council	Qualified Opinion	Qualified Opinion	Unqualified Opinion
74.	Office for Reparations	Adverce Opinion	Adverce Opinion	Unqualified Opinion
75.	German Technical Training Institute	Disclaimer of Opinion	Disclaimer of Opinion	Unqualified Opinion
76.	Sri Lanka Press Council	Qualified Opinion	Qualified Opinion	Qualified Opinion
77.	National Institute of Post-Harvest Management	Qualified Opinion	Unqualified Opinion	Qualified Opinion
78.	Sri Lanka Foundation	Qualified Opinion	Qualified Opinion	Qualified Opinion
79.	Road Development Authority	Qualified Opinion	Qualified Opinion	Qualified Opinion
80.	National Institute of Plantations Management	Qualified Opinion	Qualified Opinion	Qualified Opinion
81.	Lakshman Kadirgamar Institute of International Relations and Strategic Studies	Unqualified Opinion	Unqualified Opinion	Qualified Opinion
82.	Public Service Mutual Provident Association	Unqualified Opinion	Unqualified Opinion	Qualified Opinion
83.	Sri Lanka Accounting and Auditing Standards Monitoring Board	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion
84.	Welfare Benefits Board	Qualified Opinion	Qualified Opinion	Unqualified Opinion
85.	National Science Foundation	Qualified Opinion	Unqualified Opinion	Unqualified Opinion
86.	National Craft Council	Qualified Opinion	Disclaimer of Opinion	Qualified Opinion
87.	University of Vocational Technology	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion
88.	National Council for Road Safety	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion
89.	Consumer Affairs Authority.	Qualified Opinion	Qualified Opinion	Qualified Opinion

90.	Sri Lanka Institute of Advanced Technological Education	Qualified Opinion	Qualified Opinion	Qualified Opinion
91.	Coconut Development Authority	Qualified Opinion	Qualified Opinion	Qualified Opinion
92.	Arthur C Clarke Institute for Modern Technologies	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion
93.	Superior Courts Complex Board of Management	Qualified Opinion	Qualified Opinion	Qualified Opinion
94.	Sri Lanka Legal Aid Commission	Disclaimer of Opinion	Disclaimer of Opinion	Qualified Opinion
95.	Galle Heritage Foundation	Adverse Opinion	Qualified Opinion	Unqualified Opinion
96.	University College of Matara	Qualified Opinion	Qualified Opinion	Unqualified Opinion
97.	Land Reform Commission	Disclaimer of Opinion	Disclaimer of Opinion	Disclaimer of Opinion
98.	National Aquatic Resource Research and Development Agency	Adverse Opinion	Adverse Opinion	Qualified Opinion
99.	National Institute of Fundamental Studies	Qualified Opinion	Qualified Opinion	Qualified Opinion
100.	Institute of Industrial Technology	Qualified Opinion	Qualified Opinion	Qualified Opinion
101.	National Engineering Research and Development Centre of Sri Lanka	Qualified Opinion	Qualified Opinion	Qualified Opinion
102.	National Research Council	Unqualified Opinion	Qualified Opinion	Qualified Opinion
103.	Ceylon Fisheries Corporation	Disclaimer of Opinion	Disclaimer of Opinion	Disclaimer of Opinion
104.	Tower Hall Theatre Foundation	Qualified Opinion	Qualified Opinion	Qualified Opinion
105.	National Institute of Post-Harvest Management	Qualified Opinion	Qualified Opinion	Qualified Opinion

amounting to
Rs.1,022,750 had been
paid during the year 2019
exceeding the limits
approved by the
Department of
Management Services

02. 1990 Suwaseriya Foundation

Opinion of the Auditor General on the Financial Statements	2018	- Qualified Opinion
	2019	- Unqualified Opinion
	2020	- Unqualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) According to the Memorandum of Understanding signed by the Ministry of Health with the institute of GVK EMRI Lanka (Private) Ltd. on 24 April 2018 and Section 26 (c) of the 1990 Suwaseriya Foundation Act No. 18 of 2018, the recurrent expenditure incurred for the operation of the Suwaseriya Foundation should be reimbursed by the Government, but the total recurrent expenditure which was not reimbursed by the Government as at 31 December 2020 was Rs.405,224,284 ,and that expenditure was spent from the funds received for capital expenditure. Similarly, the Cabinet had decided on 27 August 2019 to reduce</p>	<p>Appropriate mechanisms should be established to maintain the institution without hindrance in consultation with the responsible parties in this regard.</p>	<p>That all the relevant documents and rights have been submitted to the relevant Ministries as the management, that emphasized the difficulties of implementing an efficient operation without reimbursing the full cost, that plans were underway to charge \$ 2 per visit, but it was not implemented due to changes in government and changes of ministries, and this situation has been informed to the state ministry also in the year 2021.</p>	<p>The situation remained unchanged even by 31 January 2022.</p>

the financial allocation provided by the Government to the Foundation for the year 2019 to 25 percent, 50 percent and 75 percent respectively in 2021, 2022 and 2023 and it was suggested that a proposal be made to maintain the foundation after the reduction of the financial provisions. However, no such proposal had been submitted by 30 November 2021 and it was observed that this situation could have a direct impact on the going concern of the foundation.

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| <p>(b) The Foundation had paid US \$ 28,572 equivalent to Rs.4,583,511 for the purchase of 627 Thermal Blankets in 2018 and only 225 thermal blanket were supplied. Adequate action had not been taken to recover US \$ 18,319, equivalent to Rs.2,545,754 paid for the remaining 402 thermal blankets.</p> | <p>Action should be taken to obtain or charge for 402 Thermal Blanket.</p> | <p>Although necessary steps were taken to recover Rs.2,545,754 from the suppliers, the process was temporary halted due to the spread of the Covid-19 epidemic in the year 2020.</p> | <p>It had not been possible to recover the money even by 31 January 2022.</p> |
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- (c) Despite the medicines can be procured by the Medical Supplies Division as the Foundation is an institution operating under the Ministry of Health, medicines and medical consumables were purchased from other external parties for use in 297 ambulances at a price higher than that had been purchased by the Medical Supplies Division, during the year 2020 and the total amount spent was Rs.8,721,138.
- A formal system should be prepared in consultation with the Ministry.
- Procurement procedures could not be followed for purchasing pharmaceuticals from the Medical Supplies Division as it is not a pharmaceutical and consumer goods retailer. Requests were made to the Medical Supplies Division for monthly requirements in the year 2020 and accordingly that a certain amount was received free of charge. The quantity received was not sufficient to meet the requirements and had to be procured from external suppliers. There, priority was given to purchase from the State Pharmaceutical Corporation.
- A formal system in this connection had not been identified even by 31 January 2022.
- (d) In terms of the Financial Regulation 133 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka and Management Audit Circular No. DMA / 1-2019 dated 12 January 2019, an Internal Audit Unit had not been established for the Foundation and an internal audit had not been carried out. .
- An internal audit unit should be formally established.
- A request for approval of the cadre had been sent to the Secretary of the State Ministry and the Internal Audit Unit would be established after receiving approval for the cadre from the Department of Management Services.
- Approval of the Department of Management Services had not been received even by 31 January 2022.

03. University College of Ratmalana

Opinion of the Auditor General on the Financial Statements	2018	- Unqualified Opinion
	2019	- Qualified Opinion
	2020	- Unqualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Even though the approval of the Cabinet of Ministers, the Ministry of Public Administration or the Treasury should be obtained for the payment of allowances and other financial benefits to the officers in terms of Department of Public Enterprises Circular No. 95 of 14 June 1994, a sum of Rs.1,743,550 had been paid during the year under review for the marking of answer scripts, supervision of examinations and preparation of question papers on the approval of the Governing Body of the College.	Action should be taken in accordance with the circular.	Payments have been made on the approval of the Board of Governors of the College for the exam duty relating to the examination conducted for the enrolment of students. Similarly, approval of the Secretary to the Ministry has been obtained for making payments for marking of answer scripts, supervision of examinations and preparation of question papers.	Approval of the Department of Management Services has been sought to make payments for the preparation of question papers and for exam duties.
(b) Action had not been taken even in the year under review to vest the legal title of the land in extent of 03 roods and 3.9 perches, where the University College is situated.	Action should be taken to vest the possession of the land.	Action is being taken to vest the legal title of the land where the University College is situated.	Requests have been made to vest the legal title of the land where the University College is situated.

04. Office on Missing Persons

Opinion of the Auditor General on the Financial Statements	2018 - Disclaimer of Opinion
	2019 - Qualified Opinion
	2020 - Unqualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Although recurrent expenditure of Rs.2,924,950 incurred by the United Nations Development Programme had been accounted for as recurrent expenditure, relevant grants were added to the reserves without being identified as income of the Office. Therefore, the deficit of the Office was overstated by that amount during the year 2019.	Received Grants should be accounted for correctly.	Officers were advised to prevent these types of shortcomings in the future.	Corrections had not been made in the accounts.
(b) A sum of Rs.1,436,320 payable relating to 03 items of expenditure for the year 2020 had been under stated in the account.	Payables should be correctly accounted for.	Officers were advised to prevent these types of shortcomings in the future.	-Do-
(c) Although a sum of Rs.2,935,713 received as capital grant from the General Treasury in the year 2019 had been spent for revenue expenditure	Approval should be obtained from the Treasury.	Officers were advised to prevent these types of shortcomings in the future.	Approval has not been obtained.

and the receipt of those grants had been shown as an income of the Office, approval of the General Treasury had not been obtained for this purpose.

- (d) It was observed in audit that existences of vacancies 30 out of 39 senior management level posts and 99 out of 114 tertiary level posts may have adversely affected the administrative Affairs.
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| Action should be taken to fill vacancies. | Action will be taken to fill the existing vacancies in the future. | Vacancies still remained unchanged. |
|---|--|-------------------------------------|

05. National Dangerous Drugs Control Board

Opinion of the Auditor General on the Financial Statements	2018	- Qualified Opinion
	2019	- Qualified Opinion
	2020	- Unqualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) The value of new building constructed by a donor at the Nawadiganthaya Rehabilitation Centre had not been assessed and brought to account by 31 December 2020.	Action should be taken to assess donations and shown in the financial statements.	This error will be corrected in the preparation of accounts for the year 2021.	Only the referral had been made to the Department of Valuation for the assessment of value of the building even by 31 January 2022.
(b) Although the cost of Property Plant and Equipment of the Board was Rs.761.85 as per the financial statements for the year 2020, it was Rs.769.29 million according to the corresponding reports, thus resulting in a difference of Rs.7.44 million.	Reasons for the differences should be found out expeditiously and necessary adjustments should be made.	Action will be taken to find out reasons for the differences expeditiously and report it to the Audit in the future.	Reasons for the differences had not been ascertained and necessary adjustments had not been made even by 31 January 2022.
(c) The debit balance of Rs.1,782,060 in the advance account as at 31 December 2020 remained unmoved for over 20 years and adequate information	Adequate information should be furnished to audit to confirm accuracy of advance account balances.	As the advance account balance is very old, it is not possible to identify and according to the instructions given at the Audit and Management Committee meetings held	These balances had not been settled even by 31 January 2022.

was not furnished to audit to confirm accuracy of those balances

on 03 March 2021, a committee has been appointed to settle that balance and the relevant balances are being settled at present.

- (d) Even though, a lighting conductor system has been installed in the Nawadigamtha Centre on 05 February 2016 incurring an expense of Rs.1,594,165 it had become in operative within the warranty period but it had not been restored.
- Purchases need to be made by identifying the necessity and in accordance with correct specification.
- The relevant institute has informed that the above lighting conductor should be repaired installing new parts.
- It remained inoperative even by 31 January 2022 and plans had been drawn to carry out a new procurement in the year 2022.
- (e) In terms of Extraordinary Gazette No.1653/19 of 12 May 2010, in case any person maintains a private rehabilitation centre to take care of the drug addicts, it is mandatory for him to obtain a licence issued by the National Dangerous Drug Control Board. Nevertheless, there were 14 private treatment centres of which licences had expired by July 2021. The income earned from the issue of licences in
- Necessary measures should be taken for regulating the private treatment centres.
- Having identified the issues crop up in regulating the private treatment centres and prepared a Cabinet Memorandum to amend the Drug Dependent Persons (Treatment and Rehabilitation) Act, No. 54 of 2007, it has been referred to the Ministry of Justice.
- The Act had not been amended even by 31 January 2022.

2019, 2020 and up to July 2021 was Rs.17,000, Rs.13,500 and Rs.2,000 respectively, and accordingly, a gradual decrease in the renewal of licences was observed. No proper regulation had been carried out in this connection.

- (f) Due to insufficient security system, not making attempts was to retain clients through the instructors, 37 clients had left the centre without permission after being spent there for periods 1 day to 38 days and 15 clients had escaped from Thalangama Centre in the year 2017.
- (g) In terms of Section 13 of part III of the Precursor Control Authority Regulation No.01 of 2010 passed for the implementation of Conventions against Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act No.01 of 2008, the members of the
- Sufficient security measures needs to be adopted.
- Action will be taken to strengthen doors and windows by fastening steel covers to prevent the clients from escaping and to conduct training programmes to improve the quality of the counseling.
- As a security fence around the Centre had not been installed even by 31 January 2022, unauthorized leaveings are being reported even at the present.
- Supervision should be carried out within due period.
- Discussions are being held with the partners of the Board, Viz, Sri Lanka Police and Department of Excise for the possibility of obtaining their assistance to improve these supervisions.
- It was observed that a proper supervision was not being carried out even by 31 January 2022.

Authority need to visit the registered premises of the licence at least once in 3 months and monitor the activities carried on by using the substances specified in the Act. Nevertheless, action had not been taken in accordance with those regulations.

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| (h) | Although the land containing 40 perches in extent situated at Homagama had been purchased by incurring Rs.4,027,518 on thirty years lease basis on 30 April 2014, it remained idle up to 01 September 2021, without being used for an effective purpose. | Prompt action should be taken to achieve the intended purpose. | Action will be taken expeditiously to use the land for an effective purpose. | The land remained idle even by 31 January 2022. |
| (i) | The LED video panel installed at cost of Rs.3,884,160 without obtaining technical guidance remained idle even up to the end of the year 2020. | It should be made functional. | A Technical Committee has been appointed according to the recommendations of the Audit and Management Committees. | The LED video panel remained inoperative even by 31 January 2022. |
| (j) | The Director (Administration) remained vacant from 2013 and the post of | Every possible effort should be made to recruit qualified officers for these essential posts on permanent basis. | Although applications were called for by publishing newspaper advertisements and gazette notifications on 23 | These posts remained idle even by 31 January 2022. |

Director General was in vacant from 2017. It was observed that the top management posts of the Board remained vacant over a long period, thus directly affecting the proper achievement of the objectives of the establishment of the Board.

October 2020, applications with basic qualifications as per the scheme of recruitment were not received and officers have been appointed on acting basis for the above vacant posts.

06. Disaster Management Centre

Opinion of the Auditor General on the Financial Statements 2018 - Qualified Opinion
 2019 - Qualified Opinion
 2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Although steps had been taken to amend the Sri Lanka Disaster Management Act No. 13 of 2005 in the year 2008, the relevant amendments had not been submitted to Parliament for approval until 31 December 2020.	Having made amendments to the Act, Parliamentary approval should be obtained to it.	The final draft has been handed over to the Legal Division of the Ministry at present.	Obtaining approval of the Parliament with the necessary amendments had been delayed even up to the end of the year 2021.
(b) In terms of F.R.104(1) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, preliminary investigations had not been conducted on 11 vehicle accidents caused from the year 2018 to August 2020.	Action should be taken in accordance with provisions in the Financial Regulations	Necessary steps have been taken to carry out activities relevant to the conduct of preliminary investigations expeditiously.	Although some preliminary investigations have been conducted, action has not been taken to conduct the remaining preliminary investigation activities.
(c) In terms of F.R.104(4) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, No full reports had	Action should be taken in accordance with provisions in the Financial Regulations	Relevant action is being taken to prepare full reports.	Action has not been taken to prepare and submit full reports.

been submitted on 33 vehicle accidents caused from 2015 to 2017 and 31 vehicle accidents from 2018 to August 2020.

- (d) The Record of Losses and Damages had not been updated as required by F.R.110 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka. Action should be taken in accordance with provisions in Financial Regulations. Administration Division has been informed on the requirement of obtaining the relevant information. The relevant record has not been updated up to the end of the year 2021.
- (e) As per paragraph (1) of the Disaster Risk Minimization Guidelines dated 13 February 2020, the public institutions are required to certify and make a request that they do not have adequate physical and financial resources to mitigate risk. Nevertheless, sums totalling Rs. 26 million had been granted to the public institutions for 26 projects without such requests. Instructions regarding the projects should be followed. The Disaster Management Centre prioritizes at national level the projects presented by the District Secretariat and makes provisions thereon. Accordingly, provisions have been made for those 26 projects. A system has not been prepared to obtain requests.

affairs in that connection. However, those responsibilities could not be successfully executed due to failure in recruiting a Technical Officer.

- (c) According to the Cabinet Employment of persons Having made initial Attention had not approval to provide a with disabilities should arrangements relating to been drawn on salary subsidy for the be done without delay, the employment of the implementation of the employment of the thus ensuing their disabled, programme had project. disabled community as livelihood. been abandoned halfway.
- per the 2019 budget proposal, a project to provide employment to all persons with disabilities in Sri Lanka according to their qualifications has been planned and a supplementary estimate of Rs.74,500,000 had been approved for this purpose. Although it was decided to provide subsidy for 4965 persons with disabilities in 25 districts, it had not been possible to provide the subsidy due to lack of data base regarding the persons with disabilities. As a result, the entire provision remained unspent.

- (d) There existed vacancies in 14 key posts including Technical Officer, Sign Language Translator and Braille Advisor of the approved 40 staff in 16 posts of the National Council.
- Attention should be focused on achieving objectives of the Council by taking action to make relevant recruitments.
- The scheme of recruitment for the post of Sign Language Translator and Braille Advisor had been prepared and forwarded for approval and the Director General of Combined Services has been informed to fill the vacancies of the posts of Technical Officer and Management Services Officers.
- No adequate steps had been taken even up to the end of 2021 to fill the vacancies of the essential posts of the staff to achieve the objectives of the Sabha.

08. Ayurvedic Medical Council

Opinion of the Auditor General on the Financial Statements 2018 - Qualified Opinion
2019 - Qualified Opinion
2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Although three members elected by the registered ayurvedic practitioners from themselves should be appointed as the members of the Council in terms of Section 11 (1) (e) of Part III of Ayurveda Act No.31 of 1961, no action had been taken to appoint those three members even as at the end of the year under review.	Action should be taken in accordance with the Ayurveda Act.	Although the Commissioner of Ayurveda should hold an election to appoint these three members, as it is costly to do so, it has been proposed to hold elections at the level of Divisional Secretariats under the supervision of the Provincial Commissioner and the gazette notification has been forwarded to the State Ministry for amendment.	It has not been possible to appoint the three members even by 31 January 2022.
(b) In terms of Sections 18(c) and (d) of the Ayurveda Act No.31 of 1961, the total number of ayurvedic nurses and ayurvedic pharmacists registered with the Council as at 31 December 2020 was 39 and 260 respectively, and due to not following a method to timely renew the registration, those figures had not been updated.	Action should be taken in accordance with the Ayurveda Act.	Information has been called from the Department of Ayurveda and the Provincial Commissioners to update the information of the registered nurses and pharmacists and action will be taken to update those documents annually in the future.	This situation remained unchanged even by 31 January 2022.

- (c) In terms of Ayurvedic Medical Council Paper No. 14/13/08 (03) dated 05 July 2005 all the medical practitioners registered with the Council shall renew their registration once every 05 years. Nevertheless, 15,986 practitioners whose registration had expired 05 years had not renewed their registration by the end of the year under review as the Council had not identified and implemented a formal system for updating the registration.
- (d) No performance indicators had been set and reviewed performance for the evaluation of the work of registering Ayurvedic Physicians, Traditional Ayurvedic Physicians, Ayurvedic Nurses and Pharmacists in the Council, conducting examinations on their behalf and issuing examination results etc.
- A formal methodology should be introduced to update the registration of the medical practitioners.
- All the medical practitioners registered with the Council have been informed by the Provincial Commissioners to update the registration every 05 years and a programme has been initiated to prepare a name list of doctors who have not renewed their registration at the district level and renew their registrations by the Provincial Commissioners.
- Performance indicators should be set and reviewed performance to evaluate works.
- Attention of the Ayurvedic Medical Council will be focused on making necessary arrangements for setting performance indicators.
- Relevant performance indicators had not been set even by 31 January 2022.

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| (e) | Due to taking a long time to obtain the views of various parties on the criteria for evaluating candidates who expect to register as traditional Ayurvedic practitioners during their training period, it has not been possible to implement them up to date. | Action should be taken to conduct evaluations expeditiously. | Relevant criteria have been prepared for this purpose and arrangements have been made to conduct a workshop with the participation of members of the Ayurvedic Medical Council and resource persons. Action will be taken to implement the relevant matters thereafter. | No action had been taken in accordance with the recommendation even by 31 January 2022. |
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9. Defence Services Command and Staff College

Opinion of the Auditor General on the Financial Statements	2018 - Qualified Opinion
	2019 - Qualified Opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) The Staff College had incurred Rs.6,619,998 to procure the capital assets such as photo copy machine, tents, building materials and recurrent expenditure of Rs.11,617,870 for repair of motor vehicles and electric equipment during the year 2018 through the account of the Chairman of the College and reimbursed subsequently contrary to the paragraph 1.2.1 of the Procurement Guidelines.	Procurement activities of the entity required to be carried out in formal manner by adhering to Procurement Guidelines.	Procurement made through the account of the Chairman and subsequently reimbursed, due to procurement of high quality and standardized products and procure at lower cost from trade promotion. Further, goods are purchased on reimbursement basis for the welfare activities of the all rankers of the College, due to goods are not given on the credit basis.	Instances of purchasing goods from these funds and subsequent reimbursements can be observed even at present.
(b) A sum of Rs.4,819,548 payable from the year 2009 up to the year 2019 to the Employees' Trust Fund on behalf of the employees of the Staff College, had not been brought to account.	Action should be taken in terms of the Employees' Trust Fund Act.	Action will be taken in future to obtain membership of the Employees' Trust Fund and to pay relevant contributions.	Membership of the Employees' Trust Fund had not been obtained even by the end of year 2021.

- (c) Even though buildings have been constructed within the land and being utilized at Heyyanthuduwa, 11 acres in extent, belongs to the National Youth Services Council, the ownership of the land had not been acquired even by 31 December 2020.
- Action should be taken to acquire the ownership of the land.
- Action is being taken to acquire the ownership of the land by now and this has not been disclosed in the financial statements.
- Land acquisition activities had not been initiated up to the end of the year 2021.
- (d) The lands and buildings of the staff college valued at Rs. 1352.15 million had not been revalued up to the year under review since the year 2008 which was the beginning year of the college and the fair value of those assets had not been stated in the financial statements. In revaluing assets all assets relating to one class need to be revalued and adjusted in the accounts but irrespective of that, 2060 items of assets, costing Rs. 388,277,669 had been revalued on 30 December 2019, whereas only the revalued value of Rs.33,477,246 relating to 257 fully depreciated items, costing
- Action should be taken to prepare financial statements in accordance with guidelines and instructions specifically stated in the Sri Lanka Public Sector Accounting Standards.
- Assets of the college had been assessed by the Department of Valuation and the valuation report had been handed over in the year 2019 but lands and buildings therein had not been assessed. Accordingly, the Department of Valuation had been informed again and action will be taken to identify the assessed value of lands and buildings and bring it into account.
- Fair value had not been identified by carrying out revaluation.

Rs.55,164,837 had been adjusted in the accounts.

- (e) An agreement had been entered into with a construction company on 06 October 2017 for the construction of four storied examination halls and the library building for academic purposes of the college at Rs.115,878,415. By 31 December 2018, the final bill relating to the completion of the building had been rendered. However, the payment for the bill had been suspended due to a seepage of water in the upper floor of the building. Even though 2 years had elapsed after being suspended the payment for this bill, the repair work of the seepage of water had not been carried out even by the end of the year under review.
- Progress of the construction work needs to be reviewed before being paid for final bill. If any defect, there should be a proper and efficient procedure to get it repaired soon.
- The relevant Company was informed several times to get this water seepage repaired. Required technical specifications have been obtained from the Engineering Services Directorate and in terms of tender procedure calling for bids are awaited. Moreover, this matter has been informed the construction institution.
- Necessary steps had not been taken to prevent the water seepage even by the end of the year 2021.
- (f) There existed 18 vacancies at primary level, 06 vacancies at secondary level and 02 vacancies at tertiary level
- Action needs to be taken to fill vacancies.
- After being confirmed the nature of appointments by the Department of Management Servicers, the vacant staff in the
- Recruitments had not been made up to end of the year 2021.

by the end of 2020.
However, no action had
been taken to fill those
vacancies.

secondary grades will be
recruited.

10. Land Survey Council

Opinion of the Auditor General on the Financial Statements	2018 - Qualified Opinion
	2019 - Unqualified Opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) In terms of Section 38 (c) of the Survey Act No. 17 of 2002 and as decided at the 239th Council Meeting dated 03 January 2019, it had failed to recruit the permanent staff to continue the work of the Council obtaining the required procedure approved by the Department of Management Services.	Actions should be taken to recruit officers to maintain the activities of the Council.	Granting approval is in the final stage.	The relevant procedure had not been approved even up to the end of the year 2021.
(b) In terms of Section 43 (1) of the Survey Act No. 17 of 2002, a list of all registered licensed surveyors should be published in the Gazette on or before March 31 of each year. Nevertheless, out of 1320 licensed surveyors registered in the year 2020 , only the names of 925 persons were published in the Gazette Notification No. 2182 dated 26 June 2020.	The names of all licensed surveyors should be published in the Gazette.	Arrangements have been made to publish the name list for the year 2020 in the gazette on the due date.	Plans have been made to publish it in the gazette by 31.03.2022.

- (c) Appointing of an Information Officer and making it published had not been carried out in terms of the Right to Information Act No. 12 of 2016. An Information Officer should be appointed and that appointment should be published. This matter has been submitted to next 295th meeting. Information Officer had not been appointed even by the end of 2021.
- (d) In terms of decision of the 221st Council Meeting dated 26 March 2018, although it had been decided to inform the Inspector General of Police to look into the case of unqualified persons who are not registered with the Council and conduct surveys, the Inspector General of Police had not been so informed. Appropriate steps should be taken to prevent unqualified and unregistered persons from conducting surveys. A delay has caused in informing this matter to the Inspector General of Police. This has again submitted to next 295th meeting session. Steps are due to be taken according to the decision given at the meeting. It has been planned to carry out further action according to the decision given by the Council in this regard.
- (e) The Land Survey Council was not listed as a tax-exempt institution, as mentioned in the Third Schedule of Section 9 (1) of the Inland Revenue (Amendment) Act No. 24 of 2017 and although there were no documents pertaining to such a release, it was observed in audit that the Council had not taken actions to pay income tax. If it is exempted for tax, the relevant approvals should be submitted. As the Public Enterprises Department listed and declared the Land Survey Council as OTHER STATE OWNED COMPANIES under PED/03/2015 dated 17.06.2015, a letter was sent to the Inland Revenue Department to pay income tax from the year 2021 and to exempt from the payment of income tax relating to the years prior. A letter to the effect that the Council will be exempted from the tax for the years prior to 2021 had not been obtained.

to 2021.

- (f) Although a Secretary should be appointed to the Council by the Directive of the Meeting of the Committee on Public Enterprises dated 05 July 2012, the Council had failed to fill the vacant post of Secretary even by the April 2021. Actions should be taken to fill the vacancy in the post of Secretary. Although steps were taken on two occasions to recruit a permanent Secretary under the existing scheme of recruitment, it has not been possible to recruit a qualified officer for this post. A request has been made to the Secretary to the Ministry to amend the existing scheme of recruitment. A secretary has not been appointed.
- (g) Even though the total number of complaints received from the public in the year 2020 was 113, on the professional misconduct of surveyors, the number of complaints resolved during the year was only 33 . Although the number of complaints to be resolved annually has been gradually increasing, a special programme had not been implemented to increase the efficiency of resolving those complaints. The efficiency in resolving complaints should be improved. This matter has been referred to the next 295th Council Meeting. An arrangement had not been made to expedite the relevant investigations.

11. Construction Industry Development Authority

Opinion of the Auditor General on the Financial Statements	2018	- Disclaimer of Opinion
	2019	- Qualified Opinion
	2020	- Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<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 was functioning in a land belongs to the UDA. However, the Authority had failed to settle this amount to the 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>Action will be taken to make relevant disclosures in the financial statements.</p>	<p>Action had not been taken to enter into a formal lease agreement and settle the relevant amount even up to the end of the year 2021.</p>
<p>(b) The letters of requisitions made to outsiders for obtaining sponsorships for the cost of Rs. 7,246,543 incurred for the conduct of construction Excellence award ceremony in the year 2018 and 2019, actual amount received on those requests made, details of all expenditure incurred thereon together</p>	<p>The management should furnish required evidence for audit to establish the accuracy and credibility of these balances.</p>	<p>Action is being taken to provide necessary information.</p>	<p>Action had not been taken to provide necessary information even in the year 2022.</p>

with supporting documents and relevant files had not been furnished to audit.

- (c) Out of total debtor Authority Should take Action is being taken to The recoverable balances aggregating action to recover the recover the outstanding balance had not been Rs.14,173,303 the debtor balances and debtor balance that recovered even up to confirmations were debtor's fair value continued to exist for more the end of the year received only from 06 should be disclosed in than 03 years. 2021. debtors to the value of the final accounts. Rs.1,794,089 and other debtors had not confirmed their outstanding balances even up to 31 October 2021.
- (d) Only two National Action should be taken Action will be taken to Action had not been Advisory Council in accordance with the provide necessary taken in accordance meeting had been held provisions of the Act. information. with the provisions of in the year 2019 instead of conducting such meetings at least once in three months in terms of Section 7(1) of the Construction Industry Development Act, No. 33 of 2014. Further, details on the National Advisory Council meetings conducted in the year 2020 had not been furnished to audit.

(e) Contrary to the Sections Required approvals It has been kept as It has been agreed to 11 of the Finance Act, should be obtained gratuity provision for take steps in No. 38 of 1971 and before investing the CIDA employees. accordance with the Public Enterprises excess money. relevant regulations. 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.

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

<p>(i) Although all deposits over a period of 2 years should be credited to the Authority's income as per the Financial Regulation 571 (2), action had not been</p>	<p>Effective action should be taken clear all current liabilities within the period of one year.</p>	<p>Action will be taken to clear respective current liability balances.</p>	<p>Action had not been taken to credit the unaccountable deposits to the revenue.</p>
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taken accordingly in respect of unidentified and lapsed deposits such as retention payable and tender deposits amounting to Rs.1,787,782.

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| (ii) | In terms of Financial Regulation 371 and Internal Circular No. 2/2020 dated 19 August 2020 issued by the Authority, a sums totalling Rs.4,092,735 given to four parties in 5 instances had not been settled as at 31 December 2020. | Actions should be taken to settle the sub imprest within specific time and to grant sub-imprest after preparing a formal estimate. | Action will be taken to settle sub-imprests on time and to issue sub-imprests according to the cost estimates prepared based on proper activities. | Action had not been taken to make corections even by the end of 2021. |
| (iii) | An annual board of survey with regard to the assets belongs to the Head Office of the Authority had not been carried out even as at 30 November 2021 in accordance with Financial Regulations 756, 757, 758 and 759. | The annual board of survey should be carried out in order to ensure the physical availability of the assets | The committee appointed in this regard will submit verification reports in due course. | The completed verification reports for the year 2020 had not been submitted to audit. |
| (g) | In terms of Public Finance Circular No. 02/2015 of 10 July 2015 and Paragraph 06 of the | The existing vehicles should be disposed when purchasing the new vehicles and the | All arrangements have been made to send the money to Treasury. | Money had not been remitted to the Treasury up to the end of 2021. |

National Budget Circular No. 03/2018 dated 16 July 2018, a sum of Rs.5,773,000 received from the disposal of two vehicles for the purchase of three new vehicles was retained by the Authority without being remitted to the Treasury even after laps of more than two years.

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| (h) | A sum of Rs.135 million had been obtained from the General Treasury during the period from 2018 to 2020 in order to 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. | Fruitful action should be taken to utilize the fund for the intendant purpose without being kept idle in the bank current accounts. | 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. | Funds received had not been utilized for the relevant purposes. |
| (i) | An average balance approximately Rs.202 million, Rs.260 million and Rs.357 million had been withheld in a current account | Fruitful action should be taken to utilize the fund for the intendant purpose without being kept idle in the bank current accounts | Out of the bank balance of Rs.426 million, Rs.200 million is consisted with treasury imprest received for projects and programmes. Action will | No proper action had been taken in this connection up to the end of the year 2021. |

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.

be taken to utilize the balance imprest money for the intendant purpose.

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| (j) | 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 was employing in the construction industry. Out of which, Rs.11.3 Million had been given as an advance to the Information and Communication Technology Agency (ICTA) in 2019 for the implementation of this project. Although this work should be | Immediate action should be taken to to recover the money due to the Authority and to recover the loss from the responsible persons. | Action is being taken for that purpose. | No action had been taken to recover the loss and the balance amount. |
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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. A sum of Rs. 1,673,097 of the above advance had not been recovered up to date.

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| (k) | 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 period from 1 January 2006 to 31 May 2011. However, this payable amount had not been remitted even as at 30 November 2021. | Payment should be made immediately to avoid imposing further surcharges. | Action will be taken to remit arrears amount with surcharge. | Action had not been taken to make payments up to the end of the year 2021. |
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| (1) | <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"> • 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. • 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. | <p>The Authority should be accelerated these activities in order to uplift and increase the contribution of the Construction Industry to the country.</p> | <p>Necessary steps will be taken to carry out these activities in the future.</p> | <p>No action had been taken in this regard even up to the end of 2021.</p> |
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- To establish the Construction Industry Development Fund.
- To promote and facilitate locally registered contractors undertaking construction works in other countries.
- 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.
- To maintain a national database on construction industry

(m) It was observed that almost all of the publications issued by the Authority for the use of uplifting the construction industry have not been revised or updated for the period ranging from 09 to 32 years in order to suit the Immediate and effective actions to be taken to revise or update all outdated publications issued by the Authority for the purpose of uplifting the construction industry and enable to achieve the objectives set out in The CIDA publication are revisited at the interval of 5 years to see whether any amendments are required responding to the evolving nature of the construction industry and the publication where revisions are required are amended. No fruitful action had been taken in this connection.

present requirements. the Act of the Authority.

Hence, the achievement of the objectives such as (a) to formulate the standards in construction industry (b) to implement the codes of conduct, practices, procedures and process and documentations relating to construction industry and (c) to provide strategic leadership to the stakeholders of the construction industry to stimulate sustainable growth, reform and improvement of the construction sector etc. which set out in the Act, are questionable to audit.

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| (n) | 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 | Fruitful action to be taken to utilize the fund for the intendant purpose without being kept idle in the bank current accounts. | Actions will be taken to utilize balance treasury imprest for the intended purpose. | Action had not been taken to utilize funds. |
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kept in a bank current account even up to 31 October 2021.

- (o) According to the information provided to audit training tool kits worth 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.
- The Authority should take action to adhere with the Government procurement process to obtain financially the most advantageous and qualitatively the best supplies for the nation.
- 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 by testing samples and comparing the prices given by the officers who worked in the Technical Evaluation Committee.
- Action had not been taken to recover the loss from the responsible persons.
- (p) An employee of the Authority had been released / attached to then line Ministry with effect from 09 February 2015. Although the salaries and other
- The employees of the Authority should not be released / attached to line Ministry without the approval of the Department of Public Enterprises.
- It is expected to take action in this connection in the future.
- The Authority had failed to take appropriate action.

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.

- (q) According to the Preliminary reports and Two out of the four The report with information provided for final reports with vehicles have been regard to the vehicle audit, 27 vehicles had regards to vehicle repaired and completed. accidents had not met with accidents in 38 accidents should be The other two vehicles been furnished to instances in the years furnished to audit to will also be repaired audit. 2018, 2019 and 2020. look into the loss quickly. However information on incurred. loss incurred by vehicles accidents and preliminary reports and final reports with regards to vehicle accidents had not been provided for Audit.
- (r) 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. Timely actions are needed to dispose unused vehicles to enhance the protection over public property. A committee has been appointed to dispose four vehicles and two more out. Relevant activities had not been carried out. vehicles are being repaired for use.

12. Sugarcane Research Institute

Opinion of the Auditor General on the Financial Statements	2018 - Qualified Opinion
	2019 - Qualified Opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) The Withholding Tax amounting to Rs.2,010,893 on rent payments of Rs.37,035,020 made in 143 instances for 45 individuals and entities by the Institute had not been deducted and remitted to the Inland Revenue as required by Section 84(i)(a)(i) and 85 (b) of the Inland Revenue Act No. 24 of 2017.	Withholding tax should be levied in accordance with the Act and remitted to the Inland Revenue Department.	Action has been taken to duly pay the tax for the period following 29 July 2019, the date on which the Institute was registered for withholding tax.	Withholding tax of Rs.2,010,893 relating to the period prior to 29 July 2019 had not been levied and remitted to the Inland Revenue Department.
(b) The main objective of the Sugarcane Research Institute is to develop high-quality commercial sugarcane varieties and conduct research for local sugarcane cultivation. The high sugarcane yields and high sugar content should be given from new varieties of sugarcane that will be	Action should be taken to introduce sugarcane varieties that are suitable for prevailing environmental conditions in sugarcane cultivating land areas.	Even though efforts were made to promote sugarcane varieties that are suitable for prevailing environmental and climatic conditions in each area from the year 2020, those varieties could not be popularized due to their low yielding.	It has not been possible to introduce a successful sugarcane variety.

introduced here. But even though the average sugarcane yield of sugarcane varieties introduced in 2011 and 2012 should have been 142 to 160 metric tons per hectare, according to research reports furnished by the Institute, it was observed that the cost of research was not effective because the sugarcane yield of the five sugarcane varieties introduced in 2017 had lowered from 70 to 97 MT per hectare.

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| (c) | Sugarcane varieties such as SL 954443, SL 954430 and SL 954033 introduced in the years 2011 and 2012 are the sugarcane varieties that have the highest sugarcane yields and the highest sugar content introduced during the 31 years since the establishment of the Institute. The average yield of sugarcane in these varieties is 142 to 160 metric tons per hectare and even though | Steps should be taken to introduce more varieties of sugarcane with higher yields and higher sugar content and distribute them among the farmers. | Action is being taken to make the farmers and field officers aware of the expansion of sugarcane varieties and to take decisions with the participation of the farmers and field officers in introducing new varieties. | No varieties with high yield had been expanded. |
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its sugar content is 17 to 19 metric tons per hectare, these sugarcane varieties were limited to a little area such as 16.5 hectares due to farmers attitudes towards the introduced sugarcane varieties, lack of resistance to disease and pests, and inadequate distribution of introduced sugarcane varieties to farmers and industry.

- (d) In terms of F.R. 103(f) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, without being taken action to investigate into the damage of Rs. 6,109,692 caused by an accident to a cab and to recover the relevant loss from the responsible officers, a sum of Rs.2,341,093 had been spent by the Institute for those repairs.
- The responsible officials should be identified in accordance with the Financial Regulations and action should be taken to recover the relevant loss.
- The recommendations of the Internal Investigation Committee appointed according to the instructions of the Secretary to the Line Ministry will be sent to that Secretary to the Ministry.
- Action had not been taken to determine the responsible officers and recover the loss.
- (e) Although the treasury approval is to be obtained for the revised medical aid scheme which has been
- Action should be taken to obtain the approval of the Treasury for the medical aid scheme.
- Action is being taken to obtain approval of the General Treasury.
- Approval from the Treasury had not been obtained even in the year 2021.

implemented for the employees of the institution since 1984, without doing so, a sum of Rs.15,239,611 had been spent on reimbursement of medical bills during the year 2019.

- (f) Although 35 years had passed since the establishment of the Institute, the sugar industry had not been properly established in the country and it had been disclosed by the report of the Central Bank of Sri Lanka that ninety-two percent of domestic sugar demand is imported due to the Sugarcane Research Act No. 75 of 1981 does not delegate powers to the institute to determine the commercial cultivation of sugarcane, conducting development activities related to the local sugar industry, regulation of the local sugar industry and commercial adaptation of introduced sugarcane varieties.
- Action should be taken to amend the Act as required to carrying out development activities related to the sugar industry, regulation and increase sugar production in the country through commercial adaptation.
- Necessary action is being taken to amend the Act in order to delegate the powers to the Sugarcane Research Institute.
- No action had been taken to delegate the required powers.

- (g) Although the measures such as introduction of sugarcane varieties resistant to diseases, selecting resistant varieties present in the genetic plasma pool and using those varieties for future breeding activities, identification of vector leaf mites and giving necessary recommendations for the control of that insect, installation of hot water treatment units, educating farmers on diseases and pest control, conducting training programmes, distribution of instruction leaflets, establishment of Primary Nurseries etc. had been taken by the Institute to control the disease, it was observed that the white leaf disease which was identified in 1972 had failed to be eradicated by December 2020 as well.
- Immediate action should be taken to reduce that density in areas where the density of white leaf disease is high through providing necessary consulting services and increasing the prevalence of sugarcane varieties resistant to this disease.
- It has been reported that action is being taken to provide necessary consultancy services to promote a suragcane variety resistant to disease control.
- There are no records to the effect that the disease has been entirely controlled.
- (h) The Institute had failed to recover an outstanding amount of Rs.7,150,551 continued to exist over a period from 09 months to
- Necessary steps should be taken to recover the dues.
- Ammount due from Lanka Sugar Ltd has been recovered. Action is being taken through the State Ministry to recover the
- The moneys due from the Kanthale Sugar Company is further remained recoverable.

more than 05 years from 05 sugar manufacturing institutions and it included Cess of Rs. 5,020,500 due from 02 Sugar companies, sugar cane supply charges of Rs.1,130,051 and a loan amounting to Rs.1,000,000 granted to the Kanthale Sugar Company.

dues from the Kanthale Sugar Company.

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| (i) | <p>The capital expenditure amounting to Rs.8,080,336 incurred on Government Grants in 2018 for assets such as Tube Well pumping station, obtaining electricity supply to the hot water treatment unit, construction of elephant fence relating to the Kantale project had not been brought to account as Government grants and assets and as such, fixed assets and Government grants had been understated by that amount in the financial statement during the year under review.</p> | <p>Action should be taken to capitalize and amortize the Government grants and the relevant assets.</p> | <p>It is expected to revalue and capitalize the assets.</p> | <p>Relevant activities had not been carried out even by the end of the year under review.</p> |
| (j) | <p>The ownership had not been obtained for the 5.7 hectare land in the</p> | <p>It is the responsibility of the officers to obtain freehold ownership</p> | <p>The issue on the ownership will be settled after receiving the decision</p> | <p>Ownership of the land had not been obtained.</p> |

Ensalwatta Estate in before carrying out of the case. Action is Deniyaya where research development activities. being taken with the cultivations are Kotapola Divisional maintained and was Secretariat regarding that handed over to the matter. Sugarcane Research Institute in 2004 and a case was pending in the court in this regard. In spite of that the access road, retaining wall, watchtower and gate had been installed during the 2020 at a cost of Rs.2,989,955.

- (k) Although sums totalling Rs.8,876,593 had been spent including Rs.3,472,135 for the construction and repair of a 4550-meter-long electric fence in the years 2015, 2017 and 2020 on a 200-hectare land in Kantale which had not been legally owned by the company and Rs.5,404,458 for the establishment of hot water treatment unit for sugarcane, the expenses incurred thereon had become fruitless as the Kantale Sugar Factory had remained defunct for many years.
- Proper benefits should be obtained from development expenditure.
- As the commencement of the Kantale Sugar Company has been delayed, action is being taken to determine the necessity of the sub-centre.
- The expenditure incurred thereon had further remained idle.

than a period of twenty years.

- (c) Although the officials of the Procurement and Evaluation Committees should not deal with tenderers who do not have a valid registration certificate under the Registrar of Public Contract, action had not been taken accordingly with regard to the contract worth Rs.11,213,888 for the construction of side wall on both sides of the road at the Wickramanayake National Training Center and the contract worth Rs. 7,682,375 for fixing aluminum doors and windows at the Head Office.
- According to the provisions of the Act, no activities should be carried out with the tenderers who do not have a valid registration certificate under the Registrar of Public Contracts.
- It had been informed that this matter will be included in the terms of the tenders as proposed.
- The terms with regard to taking action in accordance with Public Contract agreements had been included in the tender documents.
- (d) Plans had been drawn to pay tea replanting subsidy under 05 phases. The growers who had obtained Rs.918,115,761 for 03 of said 05 phases from the year 2012 to 2016 had not taken steps to obtain remaining amount of the subsidy or to replant tea.
- A system should be put in place to direct the subsidy holders towards the tea replantation or recover the money from the subsidy holders who do not engaged in tea replantation.
- It has been informed that although it was not possible to grow plants of the replantation commenced during this period according to the scheduled plantation time table, planting of seedlings relating to those permissions have been completed and that such
- No fruitful measures had been taken to encourage the growers towards the replantation or to recover the money.

Accordingly, it was observed that about 50 per cent of the tea replantation subsidy given during the past 05 years had not been utilized for the desired objective. Nevertheless, the management had not taken steps to encourage the said beneficiaries towards the replantation or to recover the money.

planting will be subsequently carried out, if certain farmers are unable to plant seedlings within the two seasons of the year.

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| (e) | <p>Registration, control of tea small holding development societies and provision of subsidies to the members of those societies are the functions of the Authority and Rs.7,522,098 had been spent during the year under review for that purpose. However, despite being operated 1,475 tea small holding development societies under the supervision of the Authority, the number of societies that remained at a satisfactory level by the end of the year under review had been</p> | <p>Authority's attention should be drawn on the maintenance of the performance on tea small holding development societies at satisfactory level.</p> | <p>The Statute of the society has been timely amended in the year 2018.</p> | <p>A gradual decrease in the number of active development societies and the member was observed up to the end of the year 2021.</p> |
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established as 270. Similarly, it was further observed that the number of members had decreased by 17,462 in the year under review as compared with the preceding year. Further, due to lack of Tea Inspector/Extension Officers in each division, performance of 61 societies registered under the Authority had not been evaluated.

- (f) The Authority had called for bids for purchasing 2,460,000 tea seedlings under the Crop Rehabilitation Assistance Scheme and the Technical Evaluation Committee had confirmed that all the three nursery institutions that had submitted bids were fake and had rejected the bids and stopped the supply of additional plants. Although 744,881 tea seedlings remained unsold in 10 tea nurseries owned by the Authority during the year 2019, no attention should be drawn to develop institutional tea nurseries and provide tea plants with optimal growth required for subsidy programmes. Once the tea seedlings grown under institutional nurseries reached the required standard, they will be issued to the growers and the seedlings that do not show optimal growth are not issued to farmers. Accordingly, although there were 744,881 seedlings remaining in the institutional nurseries at the end of the year, they could not be used for the Crop Rehabilitation Programme as they had not grown to the level suitable for planting in the field. No action had been taken to meet this requirement by developing the institutional tea nurseries.

had been drawn to develop these nurseries and meet the seedlings requirement of the above Crop Rehabilitation Programme.

- (g) Although there were 870 commercial tea nurseries registered with the Authority to obtain healthy seedlings to the tea small holding planters to increase tea production and the productivity, the number of tea nurseries examined by the Tea Reach Officers was only 25 per cent during the year 2018/2019. It was, therefore, observed that supervision on the tea nurseries remained at a low level.
- Inspections on the commercial nurseries should be expanded with the involvement of the Tea Research Officers.
- No steps whatsoever had been taken to increase the number of inspections.
- No adequate inspections on the nurseries had been carried out according to the Guidelines on Tre Nurseries.
- (h) The Authority had paid Rs.27,358,214 to a private insurance company to obtain insurance policies for the members of the Tea Shakthi Welfare Fund from the year 2017 up to the year 2019. Nevertheless, a sum of
- Action should be taken to put in place a procedure to receive benefits to the beneficiaries of the Welfare Fund without delay.
- The Administration Division of the Authority is taking action to recover the relevant money through the legal proceedings.
- A specific procedure for the payment of benefits had not been introduced.

Rs.690,525 received from the year 2017 for making payments to the members of the Tea Shakthi Welfare Fund had not been paid to the beneficiaries till the date of this report. Further, according to the report of the Internal Auditor dated 15 November 2019, a sum of Rs.8,502,397 was to be paid to the Tea Shakthi welfare beneficiaries. Nevertheless, the Authority had not received above sum even by 15 September 2020.

- (i) The Authority had spent Rs.17,313,714 on extension and guidance training programmes during the year 2019 and 41 per cent or Rs.7,104,573 of which had been spent for electronic and print media publicity of the sports events conducted at the areas of the Regional Offices. Provisions made should not be spent on the purposes outside the objectives. Any action had not been taken. Expenses had been incurred without proper approval for the purposes outside the objectives.
- (j) Of the funds received by the Authority in the year 2016 to grant subsidy to The funds remained on completion of the projects should be The balance of Rs.32 million remained due to the shortcomings of the Without proper approval, the balance of the

<p>the tea growers under the Tea Fertilize Project implemented by the Government, a sum of Rs.32,065,870 had been retained by the end of the year under review without being used for the intended purpose.</p>	<p>remitted to the Treasury.</p>	<p>beneficiaries' accounts has been used to provide agricultural equipment to the tea smallholders with the approval of the Board of Directors</p>	<p>fertilizer subsidy had been used to provide agricultural equipment in the year 2020.</p>
<p>(k) Direct bank debits of Rs.10,554,689 made as fertilizer and flood relief for tea farmers at the end of the year under review had been transferred to the Unclaimed Cheque Account due to dormancy of the accounts submitted by the tea farmers, difference of the name and the account number etc. and the duration thereof ranged from six months to 05 years. Nevertheless, action had not been taken to pay relevant funds to the beneficiary or send to the Treasury.</p>	<p>Action should be taken to grant subsidy on time to the farmers who are entitled to the subsidy and remit the unused funds to the Treasury.</p>	<p>It had not been reported that the beneficiaries who did not claim subsidies had been identified.</p>	<p>This issue still remains unchanged.</p>
<p>(l) A sum of Rs.3,196,085 received Under the Divi Neguma programme for tea small holding</p>	<p>The remaining funds should be remitted to the Treasury on completion of the Programme</p>	<p>The remaining funds of the Divi Neguma programme were used to provide subsidies to the</p>	<p>These funds had been spent without proper approval for another activities.</p>

development activities such as new tea cultivation and replanting, pepper cultivation and additional plants growing on tea lands had not been used for the relevant purpose from the year 2016 and was retained till the end of the year 2019.

tea small holders.

- (m) In terms of Section 49 of Sri Lanka Public Sector Accounting Standard 07, if an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued. Nevertheless, only the furniture, fittings and office equipment in the Galle Regional Office and 18 out of 36 vehicles of the Authority had been revalued. Similarly, the Authority had not revalued the lands valued at Rs. 38,815,350 shown in the financial statements after 31 December 2005. It was, therefore, observed that
- According to the Standard, the entire class of property, plant and equipment shall be revalued and brought to accounts. Likely, lands should be revalued once every three or five year.
- It had been informed that 18 vehicles that had not been revalued in the year 2020 would be revalued by the Automobile Association of Ceylon in the year 2021 and that the lands had not been revalued during the past 15 years and all such lands would be revalued in the year 2022.
- Eighteen vehicles and land belonging to the Authority had not been revalued as per the standards.

the fair value of those lands was not shown in the financial statements.

- (n) Although the Authority receives annual aids and grants from the Treasury and other government agencies, the accounting policy for accounting for such aids and grants was not disclosed in the financial statements, including the terms of the aids and grants. The value of aids and grants received by the Authority during the year under review alone was Rs.1,088 million.
- Policies relating to the accounting of aids and grants and conditions of granting aids should be disclosed in the financial statements.
- It has been informed that the relevant disclosures will be made in the financial statements for the year 2021.
- It has not been corrected as yet.
- (o) The outstanding balance of Rs.6,664,321 due up to 2019 for the arrears of 102 vehicles which were given on a loan basis in 1998 to the Tea Small Holdings Development Societies had been written off from books without the approval of the Treasury. The proceeds received from sales of 23 vehicles had been erroneously set off to the balance of Rs.9,207,958 to be paid
- Adjustments should be corrected in the 2021 financial statements and proceeds from the sale of vehicles should be remitted to the Treasury.
- It has been informed that this error would be corrected by the financial statements in the year 2021.
- Money to be remitted to the Treasury had not been so remitted to the Treasury even in the year 2021.

to the Treasury and the balance of Rs.2,491,162 had been transferred to the other income account. Accordingly, the revenue for the year under review had been overstated by that amount in the financial statements.

- (p) The income tax payable amounting to Rs.1,302,679 on interest income of Rs.5,427,829 during the year 2020 had not been stated in the financial statements.
- Income tax payable on interest income should be brought to account.
- It has been informed that future action would be taken in consultation with the Inland Revenue Department.
- Income tax payable on interest income had not been brought to account.
- (q) Although the balance amount of Rs.21,335,907 out of the amount given to the Authority in the year 2016 for the payment of subsidies to the farmers under the Tea Fertilizer Project and the balance amounting to Rs.46,991,673 out of the amount given to payment of a subsidy for the damage caused to small tea estates due to the floods in 2017, should be remitted to the Treasury, it had been adjusted to the accumulated surplus
- The balance after the payment of the subsidy should be remitted to the Treasury and shall not be spent without the approval of the Treasury.
- The money that remained after banking funds due to not encashing the cheques by the tea small holders was used to pay subsidies to the tea small holders.
- This money had been spent without approval of the Treasury.

as a prior year adjustment without being shown as liability in the financial statements. Therefore the liabilities of the Authority had been understated by the above amount and the cumulative surplus had been overstated in the accounts of the year 2020.

- (r) The loan amounting to Rs.5,916,589 given to four private factories by the program of providing Color Separators to tea factories in 1998 could not be recovered from 2016 until the end of the year under review.
- Action should be taken immediately to recover from factories those have capability to repay and the closed factories should be further examined by a special committee and an appropriate decision should be taken.
- It had been informed that out of the loan granted to 04 tea factories, a sum of Rs. 5,916,589 further remained unsettled and legal action had been initiated only against the Iriyagaha Factory among the above factories and plans had been drawn to write off the balance amount as it further remained unrecovered.
- Instead of expeditiously recovering the loan action is being taken to write off it from books.
- (s) The value of lands stated at Rs.73,907,078 in the statement of financial position for the year 2019 included lands worth Rs.35,091,728 owned by the Government, Land Reforms Commission and Mahaweli Authority
- Ownership of the lands should be expeditiously taken over to the Authority and lands which are being used without taking over their ownership should be disclosed.
- It has been noted down to made a disclosure on the lands which are being used without taking over their ownership to the Authority by the notes to the final accounts, 2021.
- Action in this connection had not been taken even in the year 2021.

etc. which had not been acquired by the Authority. Nevertheless, it had not been disclosed in the financial statements.

- (t) In the provision of motorcycles to 70 Tea Inspectors / Extension Officers for field duty, the Authority had certified them to obtain new motorcycles under the Budget Proposals 2014/15 before the expiry of 8 years entitlement period and as a result, the loss incurred by the government was Rs.10,112,300.
- Before the expiry of period of entitlement for the previously acquired motorcycles, recommendations should not be made for new motorcycles
- Any preventive measure had not been taken.
- Corrections have not been made.
- (u) Out of the amount given for payment of a subsidy to farmers in the Regional Office area such as Head Office, Nuwara Eliya, Ratnapura and Kegalle for soil conservation, the remaining balance of Rs.13,812,613 had been retained in the accounts without being remitted to the Treasury by the end of the year 2020.
- The balance of the subsidy given for soil conservation should be remitted to the Treasury and shall not be spent without the approval of the Treasury.
- It has been stated that the unrealized money after banking the relevant amounts to the farmers is proposed to be used for the amelioration of living standard of the estate owners in the year 2022 under the approval of the Board of Directors.
- Action is being taken to spend the balance of the subsidy without approval of the Treasury.

- (v) In terms of F.R.681 of Financial Regulations of the Democratic Socialist Republic of Sri Lanka, where it is considered absolutely necessary, advertising on television should be done after obtaining the prior approval of the Secretary of the relevant Ministry. Nevertheless, a sum of Rs.1,741,880 had been spent during the year 2020 for such television advertisements without prior approval.
- Prior approval of the Secretary of the relevant Ministry should be obtained in accordance with the Financial Regulations for advertising activities.
- It had been informed that prior approval of the Secretary to the Ministry was taken as per F.R.681 before publishing television programmes in the year 2021.
- Action had not been taken against the officers who had violated Financial Regulations.
- (w) Although the Authority had invested Rs.113,013,766 in fixed deposits and short-term deposits as at 31 December 2020 in terms of Public Enterprises Circular No. PED / 12 dated 02 June 2003 and Section 11 of the Finance Act No. 38 of 1971, consent of the relevant Minister and the Minister of Finance had not been obtained for that purpose.
- When investing money, the approval of the relevant Minister and the Minister of Finance should be obtained.
- Any action had not been taken.
- Money had not been invested with the relevant approval.

- (x) In order to maintain stable tea plantation lands with the maximum yield, it should be replanted 2 per cent or 2,300 hectares per year according to the national policy. Nevertheless, out of the target area of 800 hectares for tea replanting in the year 2020, only 648 hectares was replanted.
- According to the national policy, 2300 hectares or 2 per cent of tea should be replanted per annum to maintain the stable area of cultivation.
- Provisions approved by the Ministry of Finance had been limited to 300 hectares and field development had been carried out accordingly.
- Replantation targets had not been achieved.
- (y) According to the Annual Report, the shoots twigs production from mother bushes cultivation in the year 2020 had achieved only 51 per cent of the annual target and expenditure had exceeded the income of the mother bushes cultivations established in the Galle, Matara, Nuwara Eliya, Kalutara and Hanthana regional offices.
- Steps should be taken to increase the production of shoots twigs through mother bushes cultivation.
- No preventive measures had been taken.
- The shoots twigs production from mother bushes cultivation had dropped and cost of the mother bushes cultivation had not been revealed.
- (z) According to the nursery management guidelines and alternative plans, the plant death rate should be kept at 5 per cent. Although the Tea Nursery Management
- According to the nursery management guidelines and alternative plans, the plant death rate should be kept at 5 per cent.
- It has been informed that the regional managers have been instructed on profitable maintenance of corporate nurseries from this year and necessary action is being taken on
- Action had not been taken in accordance with the nursery management guidelines and progress had not been achieved from the

Guidelines emphasized that corporate nurseries maintained by the Authority should at least cover the cost of production, the income of the Mawarala and Nelligolla tea nurseries was not enough to cover the expenses. Also, although the death rate of tea plants in tea nurseries should be maintained at less than 5 per cent, the death rate of tea plants in tea nurseries was between 19 per cent and 70 per cent as of 31 December 2020.

the Mawarala and maintenance of Nelligolla nurseries after nurserie. inquiring matters from the officers who had irresponsibly carried out activities of the above nurseries in 2019/20.

- (aa) A special project of '500 nurseries' had been launched to establish special tea nurseries for planting 25 million tea plants to meet the annual demand for tea shoot plants in the tea industry during the year 2020 and out of the Rs.75 million received from the funds of the Sri Lanka Tea Board, Rs. 29.75 million had been spent to provide assistance to tea smallholders for a capacity of 17,675,000
- The money received should be utilized expeditiously.
- As payments were made after providing input materials by the suppliers, payment of relevant Rs.75 million could not be completed during the year 2020.
- A sum of Rs.125 million had been received in the year 2021 and a sum of Rs. 33,470,666 had been saved by the end of the year.

plants. However, it was observed that Rs.45 million or 60 per cent of the funds received had been saved in the Authority at the end of the year 2020.

- (ab) According to the 2018 Annual Budget Proposals, a sum of Rs. 250 million had been approved by the Cabinet for the distribution of agricultural equipment to tea smallholders to encourage them to carry out proper agricultural practices on small tea estates and 13,650 units of agricultural equipment such as Pitch Forks, Hoes, Post Hole Diggers, Water Motors, Liquid Sprayers etc. amounting to Rs.94,408,739 had been stored in Head Office and Regional Offices without being used due to over-purchased of machinery and lack of specific delivery system.
- Action should be taken immediately to distribute the equipment according to a specific methodology.
- It had been stated that a methodology was prepared for this purpose, whereas due the election held in 2020 and Covid pandemic situation, these equipment could not be distributed and 2028 water motors and 334 liquid sprayers from the stock in the Head Office were distributed.
- Distribution of equipment had not been completed even up to the end of the year 2021.

14. Institute for Agro-Technology & Rural Sciences

Opinion of the Auditor General on the Financial Statements 2018 - Qualified Opinion
 2019 - Qualified Opinion
 2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Actions had been taken to introduce this institute as faculty of Agro-Technology of University of Colombo in year 2018 and according to the new Proposal, it was planned to conduct 02 degree courses by establishing 04 academic sections. But the approval of the University Grant Commission had not been received even by the end of the year 2020.	After obtaining the approval actions should be taken to start courses.	At the moment the approval for this had been received to the Quality Assurance Council of the University Grant Commission and discussions are in progress in the standing committee of the University Grant Commission.	It has been decided to maintain the institute as in the current position and the Board of Management has been informed on the relevant decision.
(b) Even though by establishing the institute and its constructions had been done in an extent of 50 acres area which was owned by the Department of Wild Life Conservation, the ownership of the land had not been transferred even by the end of the year under review.	Action regarding the transfer of the legal ownership of the land should be completed immediately.	Although legal documents were signed to transfer the legal ownership of the land of 50 acres, those documents have not been received as yet.	Although the Land Commissioner and the District Secretariat, Hambantota were informed, it has not been transferred as yet.

- (c) In terms I of Sections 5 (ii) and 5 (iii) of the Extraordinary Gazette Notification No. 157/15 dated 16 October 2008, no action had been taken to establish an Academic Syndicate and an Educational Board as per the regulation. Action should be taken in accordance with the Sections of the Extraordinary Gazette. Action was taken to establish an Educational Board. Action had not been taken to establish an Academic Syndicate Board.
- (d) Action had not been taken to fill 30 vacancies existed by the end of the year under review. Vacancies in the staff should be filled. Recruitments to the vacancies in the academic staff were made by 01 March 2021. Action will be taken to make recruitments to the vacancies in the non-academic staff in due course. Requests were made to the Department of Multi-purpose Development Task Force to fill 13 vacancies in the primary grade and the effort made to fill vacancies in the non-academic staff has not been successful as yet.

15. Agricultural and Agrarian Insurance Scheme

Opinion of the Auditor General on the Financial Statements	2018	- Qualified Opinion
	2019	- Qualified Opinion
	2020	- Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) In terms of Paragraph 4.2 of the Public Enterprise Circular No. 1/2015 dated 25 May 2015, a sum of Rs.3,083,490 had been paid during the year 2018 and the 03 preceding years as monthly allowance of Rs.8,000 for a Divisional Head and Rs.4,000 for an Executive Officer who are not entitled to the official vehicles and transport allowances.	Action should be taken in accordance with the circular.	Action has not been taken.	Grant of these allowances are further in progress on the approval of the Board of Directors since the year 2018.
(b) Forms and compensation applications worth Rs.1,790,956 that had been purchased without identifying the requirement remained idle in the Stores without being used.	Action should be taken to remove the unnecessary forms.	Any action had not been taken.	Except for one item of stock, no other stock items had been physically found or recorded in the books.

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| (c) | <p>Inspections by the Kegalle and Hambantota District Offices revealed that the failure of the District Offices to renew the contracts after the expiry of the insurance period for cattle insured under the Livestock Insurance had resulted in a decrease in the livestock insurance revenue. During the inspection of the Kegalle District Office, 64 out of 224 cattle insurance agreements in 2017 and 2018 had expired in 2019 but no action had been taken to renew those insurance even in the year 2020.</p> | <p>Steps should be taken to develop livestock insurance schemes.</p> | <p>No action had been taken.</p> | <p>Although livestock insurance had decreased, action had not been taken to increase it.</p> |
| (d) | <p>Official quarters situated at Mahiyanganaya and Embilipitiya remained unused for more than 22 years without carrying out necessary repairs.</p> | <p>Necessary steps should be taken to repair and use the idle assets.</p> | <p>Action had not been taken.</p> | <p>It was observed that the above assets remained further unused up to the end of January 2022.</p> |
| (e) | <p>Although lands had been acquired by the respective divisional secretariats to construct district offices of agrarian insurance board in the districts of Kandy,</p> | <p>Action should taken to construct district offices quickly and to vacate from rented buildings.</p> | <p>Action had not been taken.</p> | <p>Offices were being maintained in the rented buildings.</p> |

Ampara, Manampitiya and Mahawa, the officers had been maintained in the rented out buildings without taking steps to construct buildings on those lands.

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| (f) | Due to the fact that there are only 03 reserved drivers for 07 drivable pool vehicles that owned by the institution, those vehicles remained underutilized . | Action should be taken to recruit adequate drivers. | Action had not been taken. | As there were only 4 drivers, the fool vehicles further remained idle. |
| (g) | The revised Scheme of Recruitment (SOR) approved by the Board of Directors Paper No. 463/14 dated 30th July 2015 for future human resource requirements had not been amended to suit the present and action had not been taken to obtain the approval of the Department of Management Services till the end of the year 2020. | Steps should be taken to update the scheme of recruitment. | Action had not been taken | The Scheme of Recruitment had not been updated upto January 2022. |
| (h) | In terms of Paragraph 51 of Sri Lanka Accounting Standard 16, the useful life of an asset should be reviewed at each financial year-end. | The useful life should be reviewed and adjustments thereof should be made in financial statements. | Action had not been taken | Useful life had not been reviewed. |

However, it had not been so done in respect of property, plant and equipment costing Rs.25,801,935 fully depreciated as at 31 December 2020, but still in use.

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| (i) | In terms of paragraph 59 of Sri Lanka Accounting Standard 37, identification of active contributors and computation of death gratuity for farmer pensioners should be carried out based on actuarial assessment. However, liabilities relating to Death Gratuity Fund of farmers amounting to Rs.1,077,622,157 as at 31 December 2020 had not been computed based on actuarial assessment and no provision had been made therefor timely. | Liabilities relating to Death Gratuity Fund should be computed based on actuarial assessment timely. | Action had not been taken. | Action had not been taken in this regard even up to the end of the year 2021. |
| (j) | The value of the land of 76.6 perches belonging to the Scheme where 03 official quarters are maintained in Mahiyanganaya, | Value of buildings should be assessed and indicated in the financial statements. | Necessary action has already been taken in that connection by holding discussions with Deputy/Assistant Directors. | Buildings had not been assessed and brought to account even by the end of the year 2021. |

Embilipitiya and Anuradhapura and buildings of official quarters in Embilipitiya had not been assessed and indicated in financial statements.

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| (k) | A register on unpaid indemnity or computer database had not been furnished to audit to carry out inspection on 2,147 cheques worth Rs.76,174,434 that had been returned by banks relating to the period from January to October 2020. | A register or a computer database should be maintained so as to recognize unpaid cheques for indemnity. | Particulars of those cheques are maintained separately on computer and information have been entered in relevant files. | A register inclusive of the details on unpaid cheques had not been maintained so as to recognize them separately. |
| (l) | Action had not been taken even in the year 2020 to recover the balances of loans and advances amounting to Rs.1,764,637, old for a period from 01 year to 25 years. | Action should be taken to settle loans and advances expeditiously. | Particulars on employees' loans and advances remained unrecovered for a long period have been provided to the Director (Administration). | Action had not been taken that amount even by the end of the year 2021. |
| (m) | Even though it was mentioned that external or internal candidates should be recruited through a structural interview after calling for applications by publishing newspaper | Action should be taken in terms of Scheme of Recruitment. | Action had not been taken. | Action had not been taken in terms of scheme of recruitment. |

advertisements, contrary to that, 56 officers had been recruited to fill vacancies of 7 posts on the basis of extension of service, contract and training basis and casual basis.

- (n) The Efficiency Bar Examinations should be held at least once a year or as required for officers belonging to every service category and the first Efficiency Bar Examination should be passed within 03 years from the date of appointment. However, the Efficiency Bar Examination had not been conducted from January 2017 up to now. As such, 12 Assistant Directors, 11 Development Officers and 15 Management Assistants who were recruited to the Scheme in the years 2016 and 2017, could not pass the Efficiency Bar Examination within the due period.
- Action should be taken in terms of the Scheme of Recruitment.
- A request has been made to the National Institute of Labour Studies for fixing a date to conduct Efficiency Bar Examinations immediately.
- Efficiency Bar Examinations had not been conducted even by the end of the year 2021.

- (o) Indemnity of Rs.70,800,200 entitled to 8,185 farmers for the 2019/2017 Maha Season relating to the Kethata Aruna Insurance Scheme operated by the Scheme, had been returned by banks as Account numbers, names of farmers and identity card numbers had not been tallied. Moreover, action had not been taken to identify relevant farmers and settle those monies and the relevant amount had been retained in hand for 4 years.
- Action should be taken to identify farmers and to settle the same.
- Indemnity of Rs.70,800,200 had been continuously unclaimed by farmers and as such, the said indemnity had been submitted to the Board of Directors for transferring to the Agricultural Insurance Fund.
- Action had not been taken to return the relevant amount to the Treasury even by the end of the year 2021.
- (p) According to the Reinsurance Agreement entered into with the Insurance Trust Fund, instead of obtaining the sum of Rs.312 million further outstanding from the Insurance Trust Fund for the first payment of Rs.10,000 for each farmer out of the total amount of indemnity that could be recorded for the 2019 Yala season, agreements had been terminated in the year 2020 and only a sum of
- Action should be taken to recover the indemnity relating to the respective period from the Insurance Trust Fund.
- Action had not been taken.
- Indemnity relating to the respective period had not been obtained from the Insurance Trust Fund.

Rs.148,380,848 had been obtained. As such, the Scheme had to sustain a loss of Rs.163,619,152.

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| (q) | <p>A separate bank account is not operated for the Farmers' Death Gratuity Fund of the Farmers' Pension and Social Security Benefit Scheme. As such, it was observed that out of the Farmers' Death Gratuity Fund of which the balance amounted to Rs.1,077,622,157, the remaining balance of Rs.161,683,984 after deducting the total of Rs.915,938,172 comprising the loan granted to the said Scheme, the amount receivable as contributions from the said Scheme and the value invested in fixed deposits from the Fund and the interest thereon had been used for the expenses of the Scheme and investment in Treasury Bills without paying any benefit to the said Fund.</p> | <p>As the last responsibility of the Farmers' Pension Fund lies with the Government, the requirement of implementing such an insurance scheme should be reviewed once again.</p> | <p>Action had not been taken.</p> | <p>Requirement has not been reviewed again.</p> |
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16. General Sir John Kotelawala Defence University

Opinion of the Auditor General on the Financial Statements 2018 - Qualified Opinion
 2019 - Qualified Opinion
 2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) It was observed that a formal internal control system had not been established for the receipt and issuance of medicines given by the Department of Health Services to the University Hospital.	Proper control records should be maintained in order to pricing of drugs, recognizing the cost and charging the fees.	The Medical Supply Management Information System (MSMIS) is installed in the hospital with some restrictions regarding these supplies. Therefore, some weaknesses in internal control have been identified.	Action had not been taken even by the end of the year 2021 to maintain formal expenditure records.
(b) Income, expenditure or the profit of the club, bakery, Jana awanhala and cafeteria operating at the University using the University's physical and human resources were not represented by the accounts of the University.	Revenue earned from the assets of the University shall be treated as University Revenue. Treasury approval must be obtained for income.	This income is not recognized as university income and those units are maintained for the welfare of the university. However, the Audit and Management Committee has recommended that 20% of this income be transferred to the Self-Financed Fund. Accordingly, action has been taken to account for the year 2021 as an income.	Treasury approval had not been obtained for this purpose.

- (c) Even though more than four years have passed since the provision of Rs.5,054 million being made for the acquisition of the 48 acre Rood 02 and 16.2 perches land on which the University Teaching Hospital and the Regimental Centre Sri Lanka Army Medical Corps had been established, the further activities relating to the acquisition of relevant land had not been completed. Nevertheless, the cost of the buildings constructed had been Rs.31.1 billion and the land development cost had been Rs. 1.2 billion.
- The Ministry should take immediate action to take over the land.
- The Ministry of Defence is responsible for taking over this land. This is being done by the Ministry of Defense. The University has provided the relevant information to the Ministry of Defence.
- Even though the National Budget Department had inquired on 16.10.2020 to confirm whether the compensation had been paid to the Ceylon Transport Board, taking over this land had not been completed up to 28 February 2022.
- (d) The final installment of the loan obtained for the construction and purchase of equipment for the University Teaching Hospital was received on 10 January 2017, of which US \$ 26.23 million had not been utilized for the specified purpose even by the end of the year under review and had been retained in fixed
- Efforts should be made to minimize the cost of borrowing by following proper debt management practices.
- Due to lack of sufficient medical staff, purchase of medical equipment has been delayed and these funds have been allocated to purchase those equipment in the future.
- Action in this regard had not been taken even in the year 2021.

and savings deposits. The Treasury had to incur an additional interest of nearly US \$ 2.23 million (Rs.410,498) to pay annual interest of the unutilised amount of the loan.

- (e) Although 103 tri forces officers and 864 other ranks of the had been deployed in addition to the approved staff, action had not been taken to obtain approval of the Department of Management Services in accordance with the recommendations of the Committee on Public Enterprises. Necessary future action should be taken to implement expeditiously the instructions given by the Committee on Public Enterprises. Further action is being taken to prepare a list of ranks in tri force to suit to this University and it is expected to submit for the approval of the Department of Management Services. Approval for the new corporation of this University has been sought and the relevant approval has not been received as yet. Fifty two officers belong to other ranks who have been attached to the University for duties have been released.
- (f) In terms of agreement relating to the enrolment of foreign students, payments for meals and accommodation of those student should be made at the end of each month, whereas US \$ 7,633.39 million was rather remained receivable from the year 2014 to year 2019. Action should be taken to recover the relevant amounts in time as per the agreement. Action will be taken to recover the relevant amounts in the future. Despite the appointment of a board to recover the dues, outstanding amount of Rs.7,633.39 has not been recovered.

- (g) No action had been taken to recover the bond value of Rs.21.50 million from 20 pharmacology students who had not complied with the agreements.
- Actions should be taken to recover informing the relevant persons in accordance with the agreements and to take appropriate legal action against those who do not respond without delay.
- Arrangements are being made to send notices to the students and their guarantors to pay the relevant bonds as a first step in the legal process.
- Necessary steps have been taken to file cases against those students through the Attorney General's Department.
- (h) The actual number of students in the Faculty of Medicine, Faculty of Law and Faculty of Computer was high than the number of students which should be for a lecturer as per the circular provisions of the University Grants Commission.
- Actions should be taken to maintain appropriate teacher-student ratio whenever possible so as to increase the quality of the courses.
- It has been forwarded for the approval of the Department of Management Services.
- Approval of the Department of Management Services has been received on 12.01.2021 only for a part of staff requirement of the Faculty of Medicines and the Faculty of Computer.
- (i) Although the construction works of the Medical Faculty building had been commenced in the year 2014, it had not been completed even by the end of the year 2020.
- Management should focus on completing projects on the planned date.
- Work has been commenced in the year 2020 under the Self-Financing Fund.
- The physical progress of these constructions was only 60 per cent as at the end of the year 2021.
- (j) In terms of Sir John Kothalawala State Defense Training Institute (Amendment) Act No 27 of 1988, the medical faculty was not allowed to enroll or graduate local students
- After receiving clarifications in this regard, action should be taken to correct the enrolment procedure for the Medical Faculty
- It had been stated that the above students were the students enrolled on foreign qualifications.
- Enrolment of foreign students for the Faculty of Medicines on cash payment basis is carried out following the guidelines issued by the University Grants

on cash basis. However, the Faculty of Medicines had enrolled 64 Sri Lankan students with dual citizenship on foreign citizenship.

Commission and accordingly, the students who were stated by the observation have been enrolled on that foreign qualifications.

17. Sri Jayewardenepura General Hospital Board

Opinion of the Auditor General on the Financial Statements	2018	- Disclaimer of Opinion
	2019	- Disclaimer of Opinion
	2020	- Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) It was observed as per the deed of the land where the General Hospital Board had been established that the total extent of the land under 03 plans certified by the Surveyor General in the years 1981 and 1983, was 10.0229 hectares. The extent of 9.9469 hectares relating to one of those plans had been resurveyed by the Surveyor General in the year 2015. Despite being identified and reported by the Surveyor General that the extent of land used by the Board as at that date was only 9.8047 hectares whilst an extent of 0.1422 hectares had been encroached at 09 locations, no legal action had been taken in that connection since the year 2015.</p>	<p>By following the instructions of the Attorney General, action should be taken to settle the rights to the land of the General Hospital Board.</p>	<p>As per the instructions of the Attorney General, the Senior Superintendent of Survey, Colombo district will be queried in case a certain extent of the land had been omitted in preparing the plan thus surveying the land again if necessary, and action will be taken in terms of State Lands (Recovery Of Possession) Act, No. 7 of 1979 on the encroached land in extent of 0.1422 hectares.</p>	<p>It had been failed to settle this land even by 31 January 2022.</p>

- (b) A sum of Rs.2,766 million had been recognized as revenue from hospital charges for the year ended 31 December 2019. Nevertheless, the Hospital Board had not taken action to formulate a comprehensive revenue collection policy by facilitating the activities such as, identification of costs incurred in computing those hospital charges, deciding on the profit margin, exemption on fees, deciding on the levels of authority for revising the charges, and integration of security features in the software used to account the revenue. As such, miscellaneous adjustments had been made to the Hospital Charges Account in the year 2019 as well as in 2018 without authority, but attention of the Board had not been brought thereon.
- (c) It had been identified that the General Hospital Board had spent a sum of
- A pricing committee should be appointed to decide on the fees charged on miscellaneous tests, surgeries and other services provided by the Hospital for patients. Approval of the Board of Directors should be obtained for the fees decided by the pricing committee and to revise the fees. A pricing policy should be identified covering the total cost and integrated into the software.
- The percentage charged on professional charges as the service fee of the
- An accurate and permanent pricing policy is not in effect. Introduction of the pricing policy has been delayed to due to practical difficulties in identifying the indirect expenses such as overhead expenses
- An amount equivalent to 10 per cent is recovered as profit from the patients of
- No action had been taken to introduce a permanent pricing policy even by 31 January 2022.
- The service charges recovered for the professional charges

Rs. 581,418 monthly as Hospital should be the normal wards, but that had not been overhead costs on the revised, and action percentage is 30 per cent reviewed and surgeries and tests should be taken to obtain for the patients of the necessary approval performed by the a formal approval paying wards. As such, the had not been obtained Consultants after their thereon. Hospital receives a higher even by 31 January normal duty hours. revenue in terms of 2022. However, given the fact hospital charges, medicines, consumables, and fees on surgeries and tests; in addition to that, 0.15 per cent of the professional charges is recovered. The said professional charge is only an administrative fee. that only a service charge of 0.15 per cent of the professional charges on those surgeries and tests had been recovered, a service charge totaling Rs. 546,035 had only been recovered out of the professional charges of Rs.363.17 million paid in the year under review. Although proposals had been presented to the Board of Directors on 25 September 2019 relating to the increase of service charges, increasing the service charge in relation to the actual cost incurred could not be done thus far.

- (d) Contract for supplying, A proper independent An investigation in this Suitable steps in this implementing and investigation should be connection is conducted connection had not maintaining an carried out in connection by the Ministry of Health been taken by Electronic Document with selecting the and further action will be conducting an Management System supplier contrary to the taken upon the receipt of independent inquiry for the Board had been Government that report, the process for even by 31 January awarded on 26 Procurement Guideline updating the computer 2022. November 2015 to a and acting without software of the Hospital

Company of which the wife of the Director of the Board was a Director and a sum of Rs.21.56 million had been spent thereon from 2016 to 2019. A proper feasibility study had not been carried out and the supplier had been selected contrary to the Government Procurement Guideline and acting without securing the transparency of the procurement process. The Technical Evaluation Committee which should be appointed by the Chairman of the Board, had been appointed by the Director of the Board and specifications had not been prepared as to be achieved the objectives of the procurement. Evaluation of the qualifications and competency of the supplier and the technical evaluation had not been properly done whilst the Technical Committee had failed to identify the bid even as a securing the was commenced from 01 December 2021, and scanning the Bed Head Transactions with Tickets was a part thereof. As such, the sum of Rs. 21.56 million incurred on scanning the Bed Head Tickets is not uneconomic. Further, expeditious measures should be taken to use this computer system for the intended purpose.

Procurement Guideline and acting without securing the transparency of the procurement process. The Technical Evaluation Committee which should be appointed by the Chairman of the Board, had been appointed by the Director of the Board and specifications had not been prepared as to be achieved the objectives of the procurement. Evaluation of the qualifications and competency of the supplier and the technical evaluation had not been properly done whilst the Technical Committee had failed to identify the bid even as a

bid with fraud address and a telephone number. Similarly, the computer system had not been used to achieve the relevant objective even by 31 December 2020.

- (e) With respect to the heart surgeries performed in the year ended 31 December 2019 on patients referenced by the Ministry of Health, a sum of Rs.94.381 million remained to be reimbursed from the Ministry. However, the two parties had not brought their attention on aspects such as, deciding on those patients' surgeries, laboratory tests, period of stay, and fee structure to be charged for other tests. Surgeries had been performed on patients referenced by the Ministry of Health with no prior agreement at all.
- A specific methodology, with consent of the Ministry of Health, should be introduced as to how surgeries are performed on patients sent to this Hospital by other hospitals through the Ministry of Health, and the manner in which the fees recoverable should be reimbursed from the Ministry of Health.
- Both parties have done reconciliations as to the amount to be reimbursed from the Ministry relating to the heart surgeries performed since the year 2011, thus reaching an agreement as of now. However, as discussed at the meeting of the audit committee of the Ministry of Health held recently, it is expected to make reimbursements more formally by obtaining a separate Head of Expenditure for the Ministry.
- A formal procedure had not been put in place in this connection even by 31 January 2022.
- (f) According to the accounts of the General Hospital Board, the sum payable by the General Hospital Board for the A reconciliation statement should be prepared and presented with the accounts of the General Hospital Board As approval had been given that the medicines obtained from the Medical Supplies Division only to be issued to the kidney Reconciliation statements had not been prepared even as at 31 January 2022.

medicines and surgical items purchased from the Medical Supplies Division, totaled Rs. 472.52 million as at 31 December 2021. However, according to the information made available to the Audit by the Medical Supplies Division, the said balance amounted to Rs. 631.89 million as at that date. Nevertheless, action had not been taken to identify the reasons for the difference of Rs. 159.37 million and make the necessary adjustments.

in respect of the sum payable for the medicines and other surgical items purchased from the Medical Supplies Division.

patients be provided for the Hospital free of charge, information on those medicines is maintained in the Information System sans the value. As such, the values shown in the financial statements are correct. When dangerous drugs are purchased from the Medical Supplies Division, such drugs are issued only after making payments. As such, it should be deemed inappropriate that the values maintained by the Medical Supplies Division are tallied with that of the ones shown in our financial statements.

(g) Five Diagnostic Surgery and Treatment Nose and Nasal Telescopes 0° and 30° and accessories had been purchased at Rs.16,642,700 on 27 March 2018 exceeding the financial limit of Rs.10 million belonged to a Department Procurement Committee for purchasing goods on shopping method from a supplier who had been

A proper investigation should be carried out for selecting the supplier deviating the Guidelines of the Government Procurement Guideline and without confirming the transparency of Procurement procedure.

No preventive measures had been taken.

A formal investigation had not been conducted even by 31 January 2022.

selected deviating the Disciplinary actions Guidelines of the should be taken Government against to the officers Procurement Guideline who had not taken and without confirming actions to obtain the the transparency of the 2 year warranty procurement procedure. period or had paid Accessories worth Rs. money without 3,892,700 had been considering the 2 purchased although bids year warranty had not been called for period as per the the additional general conditions accessories. Instead of of the technical warranty period of 02 specifications. years to be obtained as per the general conditions of the technical specifications, only a one year warranty period had been obtained. Even though the bidder who had not presented prices for accessories should be withdrawn from the evaluation as compulsorily stated in the technical specifications, without doing so, the contract had been awarded to that bidder.

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| (h) | Contract for construction of a work shop and an office had been awarded at | Actions should be taken to get completed the contract quickly. Actions should be | Out of the recoverable liquidated damages amounting to Rs.4,350,969 a sum of, | It had been failed to get the contract completed even by 31 January 2022 and no |
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Rs.87,019,408 on 09 November 2016 without examining the financial position of the contractor for 5 previous years before awarding the contract. The due date to complete the contract had expired by 8 months as per the agreement as at 31 December 2018. At that time the value of the work completed was 26 per cent out of the total contract value. Mobilization advance of Rs.16,675,082 had been paid and only a sum of Rs.5,219,979 had been recovered as at 17 April 2018. Liquidated damages of Rs.4,350,969 had not been recovered as per the conditions of the contract. The relevant workshop and office had been conducted in 14 containers hired in the year 2018 incurring a sum of Rs.3,015,000 due to constructions not being completed.

taken to recover the rest of the liquidated damages. Additional cost should be surcharged from the officers who are responsible for awarding contract without examining the financial condition of the contractor for previous 5 years

Rs.1 million had been recovered. Actions to be taken to recover the balance from the future payments.

formal investigation had been conducted.

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| (i) | <p>When an operating theatre table for the Cardio Thoracic Operation Theatre had been purchased on 23 July 2019 at an expenditure of Rs.9.18 million and accordingly, the purchase had been made from the highest bidder without any acceptable reason. As such, an additional cost of Rs.2.31 million had to be incurred.</p> | <p>The lowest bid which is substantially complied with specifications and other requirements should be selected in terms of provisions of the Government Procurement Guidelines. Accordingly, the Technical Evaluation Committee and Procurement Committee should be responsible for incurring an additional cost of Rs. 2,310,609 and further action should be taken after conducting a formal inquiry.</p> | <p>An even more loss would have occurred had a product not compatible with the requirements been purchased by solely considering the lowest bid by disregarding the end user's recommendations. A careful attention had been drawn by the Technical Evaluation Committee on the recommendations made by the end users.</p> | <p>No suitable measures had been taken by conducting a formal investigation even by 31 January 2022.</p> |
| (j) | <p>Increase of prices could not be approved as per the conditions of the tender, but having disregarded that, 570,000 units of SUCOD 160 Disposable Examination Gloves (Small) Lalan and 730,000 units of SUCOD 159, Disposable Examination Gloves (Medium) Lalan had been purchased each overpriced by Rs. 6 and costing Rs. 11. Thus, an overpayment of Rs. 3.78 million had been made.</p> | <p>The overpaid amount should be recovered from the officers who violated the tender conditions.</p> | <p>Despite being stated that increase in prices would not be approved as per tender conditions, the demand for Disposable Examination Gloves was increased manifold in the wake of Covid-19 pandemic. As such, the request of the only supplier in Sri Lanka had to be taken into consideration in view of maintaining the patient care services. The said increase in price had also been approved by the</p> | <p>The overpayment had not been recovered even by 31 January 2022.</p> |

- (k) Due to failure in reviewing the useful life of non-current assets annually in terms of Section 65 of the Sri Lanka Public Sector Accounting Standard 07, fixed assets valued at Rs.2,901.52 million were still in use despite being fully depreciated. However, those assets had not been disclosed in the financial statements, and action had not been taken in terms of Sri Lanka Public Sector Accounting Standard 03 to revise the estimated error relating to the useful life of the said assets.
- (l) In terms of Paragraphs 2.1 and 2.2 to 2.6 of Chapter II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, Schemes of Recruitment should be prepared by including the qualifications required for all the services and grades of the staff, salary
- Provisions of the Standards relating to the assets still being used despite being fully depreciated, should be followed.
- Action will be taken to revalue all these assets.
- Fixed assets had not been revalued even by 31 January 2022.
- Provisions of the Establishments Code of the Democratic Socialist Republic of Sri Lanka should be followed.
- The Scheme of Recruitment, already prepared, will be forwarded to the Department of Management Services through the Line Ministry thus obtaining approval.
- The Scheme of Recruitment had not been prepared and forwarded to the Department of Management Services even by 31 January 2022.

scale of the post, age limits and other particulars, thus obtaining approval thereon by following the procedure given in the Establishments Code. Nevertheless, Schemes of Recruitment had not been prepared and approved even by 31 December 2020.

- (m) Without being approved by the Department of Management Services, 251 officers had been recruited to 03 posts in excess of the approved number of posts. Furthermore, 10 officers had been appointed to 05 posts which had not been in the approved cadre of the Board.
- Action should be taken to obtain approval of the Department of Management Services relating to those recruitments.
- Those recruitments were made on the approval of the Board of Directors. Approval for the proposed Scheme of Recruitment will be obtained from the Department of Management Services in due course.
- Action had not been taken to obtain approval of the Department of Management Services even by 31 January 2022.
- (n) In terms of Service Minute of the Sri Lanka Health Service published in the Gazette, dated 11 October 2014, despite the failure to meet the requirements specified in the Service Minute in promoting from the post of Medical Officer Grade II to the Grade I, an
- A formal inquiry should be held against the officers who violated the provisions of the Service Minute of the Sri Lanka Health Service, and further action should be taken.
- Appointment to the post of Deputy Director had been made in accordance with the decision of the Board of Directors.
- An inquiry in this connection had not been conducted even by 31 January 2022.

officer employed in the post of Deputy Director in acting capacity had been appointed to the post of Deputy Director with effect from 01 February 2017.

- (o) A Medical Officer who had officiated in the capacity of Deputy Director of the General Hospital Board, had received a scholarship for foreign training at the Oxford University of United Kingdom under no pay leave from 30 May 2018 to 11 July 2019. Without considering the legality of the General Hospital Board paying the allowance to the Medical Officer relating to her post graduate studies, and despite the fact that the foreign scholarship application presented by her had been rejected by the Ministry of Health, the Board of Directors had decided to grant her full-pay leave for 02 years and pay a personal maintenance allowance. Hence, the sum of
- A formal inquiry should be held and further action should be taken against the officers who had decided to pay a personal maintenance allowance and full-pay leave allowing her to proceed abroad for the scholarship by disregarding her foreign scholarship application being rejected by the Ministry of Health.
- After her return, she served to the Hospital until she resigned on 17 June 2021. Although she resigned from the Sri Jayawardhanapura General Hospital, the bond signed on the scholarship was transferred to the Ministry of Higher Education, and hence, the conditions thereof are still in effect.
- A formal inquiry had not been held in this connection even by 31 January 2022.

Rs.5.80 million paid as personal maintenance allowance, could not be reimbursed from the Ministry of Health. As such, the said amount and the sum of Rs.3.79 million paid as salary had become a burden of expenditure for the Hospital.

18. Water Resources Board

Opinion of the Auditor General on the Financial Statements	2018 - Qualified Opinion
	2019 - Qualified Opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Although 413 employees were approved for 64 positions at the end of the year 2020, 140 of the 46 positions remained vacant. Although these vacancies have existed for several years, action had not been taken to make recruitments.	Action should be taken to recruit officers following the formal schemes of recruitment.	After obtaining the approval of the Department of Management Services, action was taken to fill the relevant vacant posts.	The scheme of recruitment was being amended in the year 2021 as well.
(b) Although the sustainable development goals to be achieved by water Resources Board in terms of 2030 Agenda of the United Nations on Sustainable Development had been identified, action had not been taken to identify the targets and based data relating thereto, the focal points to achieve the target as well as indices for measuring the progress.	Action should be taken to identify sustainable development goals and targets and data relating thereto and to identify indices in measuring the phenomena where targets should reach.	Action has been taken to prepare the Corporate Plan of the Board for the period from 2022 to 2025 and implement it by identifying the sustainable development goals and targets and data relating thereto and to identify indices in measuring the phenomena where targets should reach.	Action has been taken to prepare it by identifying the sustainable development goals and targets and data relating thereto and to identify indices in measuring the phenomena.

- (c) At the end of the year 2020 the debtor balance was Rs.6,683,106 of which, Rs.2,320,606 remained outstanding for more than one year. Recovery of debt balance should be done in an updated manner. Action is being taken to recover the longstanding debtor balances. There existed the receivable balances even by February 2022.
- (d) In terms of Extraordinary Gazette No.2010/23 of 16 March 2017, approval of the Water Resources Board had not been obtained for constructing cultivation wells for agricultural purposes with a diameter of 4 meters or more and tube wells required for commercial, agricultural and industrial purposes. Even though all institutions engaged in constructing tube wells should be registered with the Board, some institutions had not been registered as such. Action should be taken in accordance with the rules and regulations. Notification required for registration of the institutions using ground water for commercial purposes with the Water Resources Board are published by newspapers and with the assistance of the public institutions. As the initial steps, action will be taken to register the commercial industries that use the ground water in large scale. Registration and grating approval had not been carried out as per the prescribed procedure up to the end of the year 2021.
- (e) In terms of Extraordinary Gazette No.2010/23 of 16 March 2017, the Board had not issued quality reports on the water source relevant for all projects obtaining underground water of Action should be taken in accordance with the rules and regulations. Installation of automated water meters for measuring the daily water consumption and storing data daily for relevant regulatory purposes is in progress. Necessary measures had not been taken to make the regulatory activities success.

30,000 litres per month for commercial agriculture or industries.

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| (f) | In terms of Extraordinary Gazette No.2010/23 of 16 March 2017, action had not been taken to obtain the relevant analytical report to the Water Resources Board for approval as per section 3 of the Gazette. | Action should be taken in accordance with the laws, rules and regulations. | By obtaining assistance through the District Secretariats and Divisional Secretariat Level, necessary arrangements are being made to obtain information of all the institutions that use ground water | Arrangements had not been made to execute the government responsibility relating to the ground water resources management throughout the island in sustainable manner using the human resources and other resources of the Water Resources Board. |
| (g) | According to Section 2 of the Gazette Notification, data on daily water volumes should be maintained, but some private institutions had not done so and the Board had not taken any legal action in this regard. | Action should be taken in accordance with the laws, rules and regulations. | Since the provisions in the existing Act are not sufficient to take legal actions, steps are being taken to amend the Act. | -Do - |
| (h) | According to Order No.02 of the Gazette Notification, all institutions engaged in the construction of tube wells should be | Action should be taken in accordance with the laws, rules and regulations. | Arrangements are being made to recruit necessary technical staff for field duties and inspection activities and thereby, action will be taken to | -Do - |

registered with the Water Resources Board and as per the instructions of the Board, and the relevant institutions should install water meters themselves, but 256 institutions which obtain ground water from tube wells had not installed water meters.

carry out field inspections for regulatory activities in accordance with proper procedures.

- (i) In terms of Order No.3 of Extraordinary Gazette No.2010/23 of 16 March 2017, if any government or local government body or Non-Government Organization or Institution or individual, engaged in the water bottling industry and the beverage production uses a natural water source or groundwater for their production, the water samples from that water source should be tested every 6 months by a government approved laboratory and the relevant analysis report had to be submitted to the Water Resources Board for approval. Nevertheless it had not
- Action should be taken in accordance with the laws, rules and regulations.
- Before giving environmental evaluation reports of the tube wells constructed for commercial purposes and other necessary permissions, the Water Resources Board had taken steps to conduct water capacity test and to issue a report containing recommendations for obtaining ground water.
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been so done.

- (j) According to the action plan, the Board had planned to conduct 500 agricultural well surveys during the year 2020, but by the end of the year no work had been completed.
- Arrangements should be made to carry out the tasks in accordance with the action plan.
- As the Mahaweli Authority had not provided the relevant funds to the Water Resources Board in 2020, the project could not be carried out as planned.
- Relevant provisions had not been obtained even by 2022.
- (k) The policy decision had been given by the Cabinet in 2016 to construct a Central Data Centre under the Active Groundwater Survey Project under the Special Credit Assistance from the Netherlands. Accordingly, the construction of the building could not be completed in 2021 as per the contract agreement of the project due to the delay in entering into a lease agreement for the construction of buildings on a land in Baththaramulla belonging to the Urban Development Authority. However, as the payments had to be paid as stipulated in (Trunkey contract) the agreement
- The Board should work to maximize benefits by taking measures in accordance with the agreements.
- A long time had to be spent to obtain approval for the construction of building on the land situated at Battaramulla. As the initial waorks have been completed at present, the approval of the Cabinet Sub Committee has been submitted to the Board of Directors.
- All necessary documents for obtaining approval of the Urban Development Authority to commence the construction of the expected data centre building (Battaramulla) have been sent. Primary activities of the Bill of Quantity and structural planning of the building were in progress until the approval of the Urban Development Authority is received.

without construction of the building, there is a risk that the amount of Rs.95 million agreed as the construction cost of the laboratory may have to be paid without the construction of the building.

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| (1) | As the Board had not equipment for heavy metal analysis and agrochemical testing of groundwater and for the detailed analysis of water for unidentified long terms kidney problems in the North Central Province, the Dam Protection and Water Resources Management Project spent by Rs.13,261,884 in 2018 to construct a laboratory, it's equipment had provided at a cost of Rs.95,095,235. To analyse the presence of agrochemicals in groundwater from that equipment the GC-MS / ms device, which was purchased at a cost of Rs.32,555,430 million, was inactive from the date of supply. No action | Assets should be utilized efficiently and effectively. | Action has been taken to avoid existing shortcomings. | The sum of Rs.13.2 million spent by the Dam Safety Project has been entered in the accounts books of the year 2021. In addition, the GC-MS device has been handed over to the China Sri Lanka Research Grants Project on 15.12.2021. |
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had been taken to inform the supplier company and repair it during the warranty period. Investigation had not been carried out to identify that parties responsible for the relevant matter.

- (m) An agreement value at Rs.1,419,000 had been entered into on 18 September 2019 for the Supply & Installation of Vehicle Tracking Solution for 30 vehicles belonging to the Board. By the end of the year under review, no action had been taken against the contractor for non-compliance with the agreement.
- Necessary works as per the contract agreement should be performed by the contractor himself.
- The Chairman informed that matters relating to the accessories be discussed again with the company that installed the said equipment and it was decided to involve two members of the Board of Directors for the discussions. Action is being taken in accordance with the decisions taken accordingly.
- According to the instructions of the Technical Evaluation Committee, installation of Vehicle Tracking devices has been completed only for 12 cabs of the Water Resources Board.

19. National Institute of Education

Opinion of the Auditor General on the Financial Statements	2018 - Qualified Opinion
	2019 - Qualified Opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) In terms of Section 4 (m) and 28 of National Education Act No 28 of 1985, the administrative and Financial Regulation code of the Institute has not been approved according to the provisions of the Act	Actions should be taken to get it approved properly.	Actions will be taken to get it approved in the future.	It had not been submitted to the Department of Management Services and got approval even up to 31 December 2021.
(b) In the calculation of the contribution to the Employees Provident Fund for the period from 2006 to 2015, the cost of living allowance had not been taken into account and as a result, the contribution for the Employees Provident Fund of Rs.45.8 million and surcharge of Rs.22.9 million that remained further payable had not been settled even by the end of 2020.	Necessary action should be taken to settle the arrears of the Employees Provident Fund.	In accordance with the agreement reached with the Labour Commissioner, action will be taken to pay the dues promptly in installments.	Arrears had not been settled up to 31 December 2021.

20. National Medicines Regulatory Authority

Opinion of the Auditor General on the Financial Statements	2018	- Qualified Opinion
	2019	- Disclaimer of Opinion
	2020	- Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position	
(a) The current progress in the 37 recommendations, which had been recommended to be implemented in relation to the laboratory tests at the National Drugs Quality Assurance Laboratory mentioned in the report of the World Health Organization issued in relation to the benchmarking programme conducted by the World Health Organization regarding the Authority during the year 2019 had not been submitted to the audit.	The current progress in the recommendations made by the World Health Organization should be submitted to audit	The review of necessary documents were made by WHO Benchmark Assessment CAPA through Zoom technology on 06 October 2021. The final report thereof is to be received from the WHO Head Office in due course.	The 37 recommendations made to be implemented relating to the laboratory tests of the National Drugs Quality Assurance Laboratory had not been implemented even by 31 January 2021.	37
(b) In terms of Sections 41 (2), 66(2) and 87 (2) of the National Medicines Regulatory Authority Act No. 05 of 2015, an officer with a degree in Medicine, Pharmacology, Pharmacy or any other related	Necessary requirements should be met to act in accordance with provisions in the Act.	At present, the pharmacists with the highest experience in the health service is working in the capacity of the Heads of those divisions and after the absorption on the qualification is completed, the qualified	Those heads of divisions had not been appointed even by 31 January 2022.	

discipline had not been appointed as Heads of the Medicines Regulatory Division, Medical Devices Regulatory Division and the Borderline Products Regulatory Division.

officers from among the officers recruited to the permanent staff of the Authority can be appointed as the heads of the divisions involved in the regulatory activities.

- (c) In terms of Section 51 of National Medicines Regulatory Authority Act No.05 of 2015, Certificates of registration were issued for 04 types of medicines related to 04 foreign manufacturing plants, of which evaluation had not been initiated and for 34 types of medicines of 22 foreign manufacturing plants before granting approval for the manufacturing plants. Although a test for good manufacturing practice, which should have been conducted for a foreign manufactory within a year had not been conducted for more than 05 years, registration certificates had been issued for medicines manufactured in that manufactory on 06 Certificates of registration should be issued in compliance with the Act. An extensive study will be conducted relating to the issuance of certificates of registrations for the medicines indicated herein without being approved the drugs manufacturing premises and the manufacturing process and a separate detailed report prepared on those drugs will be submitted to the audit. Relevant inspections had not been carried out even by 31 January 2022.

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- (d) In terms of Sections 59(4)(b) of the National Medicines Regulatory Authority Act No. 05 of 2015, although medicines should be submitted to the National Medicines Quality Assurance Laboratory (NMQAL) for testing of the quality thereof before registration of the medicines, without being so taken steps to test the quality of the medicine, 1,055 registration certificates had been issued during the year under review, including 1,035 temporary registration certificates and 20 fully registered certificates issued for a period of 05 years only upon the evaluation of documented information of the medicine by a Pharmacist. According to the data of the National Medicines Quality Assurance Laboratory, the total number of medicine samples tested for issuing registration certificates was 33
- Action should be taken in accordance with provisions of the Act.
- Testing for quality of all the medicines is not practically performed and only medicines selected according to the guidance on providing samples to the Medicines Registration and Quality Test Division are tested
- This situation had not been corrected even by 31 January 2022.

during the year under review.

- (e) In terms of Sections 61, 84 (2), 85, 103 (2) and 104 of the National Medicines Regulatory Authority Act No. 05 of 2015, action had not been taken to notify the public by Order published in the Gazette the medicines, registration of which is refused and medical devices and borderline products, which are registered and the registration of which is refused. Action should be taken in accordance with provisions of the Act. That process has not been carried out regularly and it will be done properly in the future. This situation had not been corrected even by 31 January 2022.
- (f) In terms of Sections 72(1), and 93(1) of the National Medicines Regulatory Authority Act, No. 05 of 2015, the Authority should prepare guidelines on the medical devices and borderline products presented for evaluation, and such guidelines should be provided for the Medical Devices and Borderline Evaluation Committee. As per Section 142, regulations should be General guidelines on the evaluation of medical devices and borderline products, and regulations for the registration of products and issue of certificates, should be formulated. All of the general guidelines have been prepared (by each Division) for the evaluation of medicines, medical devices, borderline products and other relevant items; and, such guidelines have been published on the webpage of the Authority. Instructions issued by the World Health Organization from time to time, and the evaluation activities of the evaluation Authority had not prepared general guidelines on the medical devices and borderline products presented for evaluation even by 31 January 2022.

made relating to the issue of licenses and registration of medical devices and borderline products. Nevertheless, such guidelines had not been prepared and published in the Gazette, nor had the regulations on the registration and issue of licenses been made.

committee also belong to the said regulation process. Having considered the possibility of issuing guidelines separately, corrective measures will be taken in due course.

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| (g) | In terms of Sections 74(1) of the National Medicines Regulatory Authority Act, No. 05 of 2015, the medical equipment permitted for the purpose of the Act had not been listed from time to time by the Minister. | Action should be taken in accordance with the provisions set out in the Act. | It has been found practically difficult to list and gazette them and it will be taken into consideration when amending the Act. | No action had been taken to list the permitted medical equipment or amend the Act even by 31 January 2022. |
| (h) | A specific time period for registration and licensing of pharmacies is not stipulated in terms of Section 119 (4) of the National Medicines Regulatory Authority Act No.05 of 2015. Various periods ranged from 04 months to 01 year during the year 2020 had been spent from the date of charging money up to the | The standard time taken to issue certificates and licenses from the date of submission of applications should be identified. Accordingly, the delay in issuing certificates of registration and licenses should be minimized by following a pre-prepared plan. | Requests have been made to recruit the staff to minimize the delay in issuing licences. | It had been failed to recruit the staff to minimize the delay even by 31 January 2022 and therefore, the validity of the issued licences had been extended up to 31 December 2022. |

date of issuing licenses for 119 pharmacies and there were 117 occasions where a period ranged from 01 month to 10 months had been spent even after printing the pharmacy licenses for the issuance of those licenses with the signature of the relevant Authority. Acceptable reasons were not submitted for spending such a long period from the date of printing of the licenses up to the issuance of licenses.

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| (i) | <p>In terms of Sections 109 of the National Medicines Regulatory Authority Act, No. 05 of 2015, eighty one letters of exemption from registration had been issued during the year 2020 due to the reasons such as cancellation of registration, lack of registered suppliers, not presenting the registered bidders which were not come under the category of special circumstances such as to save a life, to control an outbreak of an</p> | <p>Letters of exemption from registration should be issued only for the special circumstances specified in the Act.</p> | <p>In terms of Section 109 of the Act and recommendations of the Ministry of Health, the applications submitted are referred to the subcommittee of experts established by the Authority and the letter of exemption from registration is issued only for the relevant stock of medicines upon the recommendation of that committee.</p> | <p>No steps had been taken to prevent the substandard drugs from entering into the country even by 31 January 2022.</p> |
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infection or an epidemic or any other national emergency or for national security. One of the above letters had been issued to a private company to release the stock of 6,000 bottles of Furosemide syrup costing Rs. 2,563,080 from the Custom that is used for the diseases such as cardiac, liver, renal diseases and hypertension. It was revealed at a laboratory test conducted after the use of 98 per cent of the above medicine in the hospitals including Lady Ridgeway Hospital for Children that the drug had failed in quality. It was observed that these types of quality failed medicines had been received to the country due to issue of letters of exemption from registration without evaluating documents on the quality of the relevant medicine or the samples, accordingly the medicines without assurance of the quality had been issued to the

patients and the resultant damages to the patients could not be measured.

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| (j) | <p>Contrary to Section 123 of the National Medicines Regulatory Authority Act, No. 05 of 2015, an Appeals Committee had not been appointed to hear and determine appeals presented to the Authority.</p> | <p>Provisions of the Act should be followed.</p> | <p>As the Appeals Committee should be appointed by the Minister, the Minister has been informed in that connection.</p> | <p>The Appeals Committee had not been appointed even by 31 January 2022.</p> |
| (k) | <p>In terms of Regulation No.133 (5) issued as per Section 142 of the National Medicines Regulatory Authority Act, No. 05 of 2015 in relation to registration and licensing of the drugs, although a data base together with the necessary information relating to the applications received, approved, rejected and suspended by the Authority or the withdrawn applications should be maintained, such data base had not been maintained by the Authority.</p> | <p>Action should be taken in accordance with the directives.</p> | <p>Action will be taken to maintain a data base in the future.</p> | <p>No action had been taken to maintain a data base even by 31 January 2022.</p> |

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| (l) | An information system had not been maintained to ensure that the registration certificates would be issued within the targeted processing period specified in the Paragraph 08 of Schedule XXIII in Regulation No134 issued as per Section 142 of the National Medicines Regulatory Authority Act, No. 05 of 2015 and to examine to that effect. | Action should be taken in accordance with the regulation. | Action will be taken to maintain an information system in the future. | No action had been taken to maintain an information system even by 31 January 2022. |
| (m) | An Internal Audit Division had not been established for the Authority in terms of Section 40 of the National Audit Act, No.19 of 2018. | Action should be taken in accordance with the provisions indicated in the Act. | Action is being taken to make relevant recruitment to the post of Internal Auditor and an Internal Audit Division will be established on completion of those activities. | An Internal Auditor had not been recruited and an Internal Audit Division had not been established even by 31 January 2022. |
| (n) | In terms of Financial Regulations 128 (1)(e), 507,756, 757,758, 770 and Paragraph 3.1.6 of Public Finance Circular No. 05/2016 dated 31 March 2016, the Accounting Officer should make arrangements to appoint the Board of Surveys | Action should be taken in accordance with Financial Regulations and circular provisions. | Arrangements are being made to conduct the Board of Survey for the year 2021 and the survey reports for the year 2022 will be submitted to the Auditor General as soon as possible. | The Board of Survey for the year 2021 had not been conducted even by 31 January 2022. |

before 15 December of each financial year and submit its reports to the Auditor General with a copy to the Chief Accounting Officer before 17 March of the following year. Nevertheless, non-current assets totalling Rs.55,492,978 had not been surveyed and reports thereof had not been submitted to the Auditor General since the establishment of the Authority in 2015 up to the year 2020.

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| (o) | An incentive scheme relating to Covid-19 had been implemented for the staff without being approved by the Treasury in terms of Public Enterprises Circular, No. 95 dated 14 June 1994. Irrespective of the normal working days or holidays, allowances had been calculated in a manner equivalent to one and half days per working day, thus paying a sum totalling Rs.17,843,781 to the staff of the Authority as | Action should be taken either to obtain Treasury approval on the allowances already paid or recover the sum from the officers responsible. | Considering all the matters relating to those payments, such payments were suspended with effect from November 2021. | No action had been taken to obtain Treasury approval even by 31 January 2022. |
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allowance for the year 2020.

- (p) It had been targeted as per the regulations relating to the registration of medicines and issue of licenses that 300 working days would be spent on the evaluation of a registered dossier, 180 working days would be spent to evaluate a registered dossier on priority basis, and 15 working days would be spent on the initial examination on the completeness of a registered dossier. Although a period of over one year had elapsed since the Secretary to the Ministry of Health had been informed on the evaluation of dossiers of 03 companies registered under the same address and same directors irregularly in a suspicious manner within a period between 01 and two days and the issue of licences, no information was revealed that an investigation had been
- A formal inquiry should be conducted in this connection.
- Secretary to the Ministry of Health has been informed in this connection.
- Any step had not been taken in this connection even by 31 January 2022.

conducted or a methodology had been put in place to avert such a practice. Instead, 04 responsible pharmacists had been released to the Ministry of Health on administrative grounds on 12 August 2020 with no disciplinary inquiry at all.

- (q) The contract for automating the information system of the Authority had been awarded to a private company on 03 May 2018 for a period of 05 years at a contract value of Rs. 29 million. An agreement had been entered into in order to implement the Documents and Workflow Management System under the model of Operational Expenditure Financing; and, a sum of Rs.12,253,328 had been paid to the contractor during the period from June 2019 up to May 2021. Nevertheless, some of the information maintained in the
- All the activities such as, implementation of the project, supervision, and consultancy should be done with transparency, effectively and productively in an accurate methodology. The agreement entered into should be extended by the end of each year, and action should be taken in accordance therewith.
- Following the instructions given by the Board of Directors, this project will be implemented under an accurate methodology in due course.
- The inspections carried out in this connection had not been completed even by 31 January 2022 and data system had not been brought to the normalcy.

information system had been deleted either deliberately or due to negligence of the said company. As of 30 November 2021, the service of the system remained non-functional until the end of the investigations conducted by the Criminal Investigation Department in that connection. Furthermore, a Memorandum of Understanding had been entered into with the Information and Communication Technology Agency on 25 June 2018 for a period of one year in order to obtain consultancy, management and technical assistance for the said system, but no action had been taken to extend that agreement in parallel with the 05 year contract period. Moreover, contrary to the contract agreement, action had not been taken to draw attention on the confidentiality of the information, change the passwords, and avoid the

misuse of information. Once the completion of automation process, an audit trail had not been carried out with the manual and automated systems being executed parallelly. Furthermore, the management had not been concerned with the matters such as, the possibility of management and conservation of files with copies of the documents being safely stored along with the relevant data up to a period of 05 years, obtaining copies automatically daily, weekly and monthly, and obtaining insurance policy on professional liability; and, payments had been made to the company without obtaining secured copies of the data and annexures. The assets in the system costing Rs.7,558,128 should have been capitalized according to the terms of the agreements though, that amount had been written off against the profit instead.

- (r) A private company had been entrusted with the contract on 01 December 2015 to transport, safely store and maintain the completed files. A sum of Rs.4,503,080 had been paid to the contractor during the 05 year period from the date of awarding the contract up to 31 December 2020. However, it was not verified as per the file that the payments were made after verifying in terms of Paragraphs 3.3 and 3.4 of the agreement that necessary storage facilities were available and the standard procedure to avert fire hazards was followed. Information such as, locations of storing the files, security provided for the documents, and the manner in which such documents were stored, was not known to the Authority even by 23 October 2021. Having stated that some of the files under custody of the then contractor had been damaged by floods in the
- Attention should be drawn on the possibility of constructing a record room for the Authority. It is necessary to ensure the facilities of the stores, safety from the fire hazards, and the standard practice is followed.
- After the damage caused by floods in 2016, those files had been transferred to two other stores. Action had been taken to take copies of the damaged files. Audit trial will be carried out as soon as possible in this year thus taking action to ensure safety of the files. Attention has been drawn by the Authority to maintain a record room.
- Authority's attention had not been drawn on the construction of a record room even by 31 January 2022 and a site inspection had not been conducted on the existing store.

year 2016, making payments to the contractor for the period of one year from May 2016 to April 2017 had been suspended, but no formal inquiry had been conducted on the damaged files. Furthermore, an agreement had not been entered in to with the contractor for the year 2021 even by 23 October 2021 but his services were being obtained even by the date of this report. The Authority had not brought their attention on establishing an own record room by analyzing the cost incurred in that connection over a period of 06 years.

- (s) When a sample of 19 dossiers, under which registration certifications on medical devices had been issued, was examined in the year 2020, it was observed that some of those dossiers had been handed over by the relevant companies in the years
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| <p>A formal inquiry should be conducted in that connection.</p> | <p>Necessary steps will be taken and attention has been paid in this connection.</p> | <p>No investigation whatsoever had been carried out even by 31 January 2022.</p> |
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2016 and 2017, and a period ranging from 150 to 1,395 days had been spent to issue certificates after evaluating those dossiers. Matters further observed included : the Chief Executive Officer had taken 15 – 181 days to provide 451 dossiers for evaluation; external evaluators had been entrusted with evaluation after a period of one year; and, action had not been taken to obtain the evaluation reports or take follow up action.

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| (t) | Requests had been made for registration of 583 new medical devices in the year under review, but registration certificates had been issued only for 149 devices even by 01 April 2021 whereas 04 of them had been turned down with decisions pending on 02 other devices. Registration could not be given for the rest of the 428 medical devices. | A formal inquiry should be conducted in that connection. | Necessary steps will be taken and attention has been paid in this connection. | The existing procedure had not been studied and no steps had been taken to carry out the activity with a proper control even by 31 January 2022. |
| (u) | The Authority has taken steps to issue pharmacy licenses (retail and | According to the agreement to design the automation system, the | Action has been taken by investigating in to this issue further. This system | The system had not been updated and implemented to suit |

wholesale) in three steps relevant corrections is very complex and steps to the applicant and through the Online should be made by that have been taken to make the institute. Computer Automation Institution. as many corrections as possible despite some delays. System with effect from 01 September 2019. However, the pharmacy owners commented that the system was not user friendly as the pharmacy owners have no understanding of this method, no knowledge on information technology, they do not have efficient computer items and problems on internet facilities. As a result, obtaining of pharmacy licenses had further decreased. The income earned from pharmacy licenses by the Authority had decreased by Rs.30,842,902 as at 31 August in the year 2019 when compared with the income earned in the previous year. Not updating the functioning of the online computer automation system had been one of the reasons for this situation.

- (v) Although the National Action should be taken In accordance with the Action had not been Drugs Quality Assurance to obtain the Conformity instructions given by the taken to obtain the Laboratory submitted an Assessment Certificate Sri Lanka Accreditation Conformity

application to the Sri Lanka Accreditation Board on 06 February 2020 to obtain the Conformity Assessment Certificate for the standard of the laboratory, it unable possible to obtain the certificate for compliance with standard even by 31 December 2020, the date of the audit. Information on the other certificates for compliance with standard obtained had not been submitted to audit.

for the standard of Board, reformations to be done in the laboratory in the future are being carried out at present and once those defects are completed, the Sri Lanka Accreditation Board will resume the evaluation of laboratories.

Assessment Certificate even by 31 January 2022.

- (w) Revenue totalling Rs.6,464,208 had been refunded in 107 instances during the years 2019 and 2020 due to reasons such as, overcharge of Value Added Tax by the Authority from external institutions, double payments being made owing to negligence and errors of the officers, collection of revenue in excess of the specified fee, non-issue of import licenses following the expiration of registration, and failure in issuing
- Action should be taken to identify the unjustifiable reasons that prompted to refund the revenue, thereby identifying and recovering the overpaid income tax and Treasury levy.
- The collected revenue is refunded to the parties responsible due to miscellaneous reasons. There were 107 instances of refund only in the years 2019 and 2020. External parties as well as internal officers were apprised from time to time in the year 2021 to avoid this situation. As a result, the instances of refund could be reduced to 18 in the year 2021.
- Even though a committee had been appointed by 31 January 2022 to obtain recommendations before refunding the revenue, no action had been taken to identify the unjustifiable reasons that prompted to refund the revenue, thereby identifying and recovering the overpaid income tax and Treasury levy.

transport licenses owing to changes in names and expiration of the validity period of stocks licenses. However, of the matters based on which the revenue had been refunded, the effect of the negligence and errors of the officers had not been recognized thereby failing to take action to recover the overpaid income tax and taxes of the Treasury, surcharge the responsible officers, and bring remedial measures to minimize the refund of revenue by maintaining a register containing all the information in that connection.

- (x) The number of pharmacies registered as at 31 December 2020 had not been made available to the Audit. During the year under review, only 48 pharmacies had been inspected by the Authority whereas offices of the provincial health officers had inspected only 23 pharmacies.
- A methodology suitable to inspect the pharmacies and take legal action whenever necessary, should be introduced.
- Cases had been filed against 48 pharmacies after being inspected. The number of pharmacies inspected was higher than that. The reasons that caused the reduction in the number of cases filed included : curfew imposed in the year 2020, pharmacies had to be closed, and lack of attention drawn to take Pharmacies were not being inspected according to a formal plan even by 31 January 2022 and it was observed that inspections were carried out only as per the receipt of complaints.

legal action in the context that the pharmacies had to be open under any circumstance following instructions of the Government to avert a shortage of medicines. Measures will be taken in the year 2022 to inspect the pharmacies under a proper plan and targets during this year.

- (y) Although the Board of Directors had granted approval to hire 03 vehicles per day to transport the officers due to prevailing Covid 19 epidemic and to pay Rs.20,000 per day for the 03 vehicles, contrary to that 06 vehicles had been so hired and Rs.49,500 had been paid per day. Accordingly, a sum of Rs.4,344,280 had been overpaid for the period of 10 months from March to December 2020 contrary to the approval of the Board of Directors.
- (z) The cadre approved for the Authority as at December 2020 was 257
- Action should be taken either to obtain approval of the Board of Directors for the overpaid amount or to recover that amount from the officers who should be held responsible.
- Initially 02 busses were deployed on the approval of the Board of Director for the transport of staff due to Covid 19 epidemic and subsequently, the facility was increased by deploying 03 busses and 02 vans on the requirement of staff's reporting for service.
- Approval of the Board of Directors had not been obtained even by 31 January 2022.
- The process of absorption and recruitment should be completed by January 2022 for the
- A number of 235 posts had been approved on 07 January 2022 for the
- The process of absorption and recruitment remained

including 235 permanent employees and 22 employees on contract basis. However, the actual cadre as at that date was 120 of whom 59 had been attached to the posts on secondment basis. Especially, 45 pharmacists evaluating the applications for registration of medicines, had been appointed on secondment basis. Furthermore, 182 vacancies existed including 12 posts in the staff grade such as Director, Deputy Director, and Medical Officer. Furthermore, there existed 70 newly approved posts of Pharmaceutical Assessor and Assistant Pharmaceutical Assessor together with 08 approved posts of laboratory assistant. However, action had not been taken even by 07 October 2021 to recruit officers to those posts. It was observed that vacancies in the posts of drug inspector, and pharma analyst would

permanent staff of the Authority, and 161 employees are in service. at a slow pace even by 31 January 2022. The Permanent staff is 111 with a pharmacist employed on secondment basis. Twenty nine Assistant Pharmaceutical Assessors for medicines have been recruited.

directly affect the functions of the performance of the Authority such as, inspection of pharmacies, issue of licenses, registration of medicines and medical devices, examining the quality of medicines being presented for registration, and inspection and approval of good manufacturing practices(GMP).

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| (aa) | The Corporate Plan, Action Plan, Procurement Plan and the annual budget of the Authority for the year 2020 should have been prepared in parallel, but it had not been so done. | The Corporate Plan, Action Plan, Procurement Plan and the annual budget should be prepared in parallel. | Action is taken to properly prepare those plans. | Necessary steps to correct this situation had not been taken even by 31 January 2022. |
| (ab) | According to Paragraph 04 of the Public Finance Circular, No. 01/2014 dated 17 February 2014 issued by the Secretary of the Treasury, Statutory institutions should prepare an annual action plan with a long term vision for the achievement of objectives mentioned in | Provisions of the Public Finance Circular should be followed. | Action is taken to properly prepare the action plan. | Although the Action Plan for the years 2021 and 2022 had been prepared, information indicated in the circular had not been included therein. |

the Act by including organizational structure of the institution, approved and actual cadre, budget for the relevant year, and the internal audit plan. However, the Authority had prepared only a draft of the action plan for the year under review, and the said information had not been included therein.

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| (ac) | <p>According to “2030 Agenda” of the United Nations on sustainable development and the provisions of Circular, No. NP/SP/SDG/17 issued by the Secretary to the Ministry of National Policies and Economic Affairs on 14 August 2017, the Authority should have recognized targets for achieving the sustainable development goals together with the constraints thereon and performance indicators to measure the progress. However, the Authority had not identified such indicators thus failing to measure the progress of</p> | <p>Action should be taken to identify suitable indicators to measure the progress of achieving the targets relating to the sustainable development goals.</p> | <p>Action is taken to bring attention on the targets to be achieved by the Authority in respect of sustainable development goals.</p> | <p>No steps whatsoever had been taken even by 31 January 2022.</p> |
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achievements, deviations
and the areas requiring
attention.

21. National Transport Commission

Opinion of the Auditor General on the Financial Statements	2018	- Qualified Opinion
	2019	- Qualified Opinion
	2020	- Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) In the Section 24 of the National Transport Commission Act No. 37 of 1991 provided authority to the Commission to provide and issue passenger service permits. Although the decision of the Cabinet of Ministers dated 06 October 2005 had approved the issuance of Regular Passenger Service Permits after calling for tenders, the Commission had not introduced specific procedures for issuing passenger service permits. However, the Commission had not taken any action to amend the Act to include the issuance of passenger service permits by calling for tenders.</p>	<p>A proper procedure for issuing passenger service licenses should be introduced and acted upon accordingly.</p>	<p>No action had been taken thereon.</p>	<p>A proper procedure for issuing passenger service licenses had not been introduced</p>

- (b) Without amending the Act, the Commission had issued 3103 passenger service permits as at 31 December 2019, out of which 223 permits had been issued by calling for tenders. No of 2880 licenses were issued before the starting tender calling procedure and were licenses that had to be renewed at an annual payment of Rs. 3,000 and Rs. 15,000. Accordingly, it was observed that the issuance of licenses had been carried out under various methods without a procedure approved by the Commission. And also, 61 passenger service permits were issued on the expressway per day on the minimum technical value and 16 passenger service permits were issued at Rs. 2500 per day.
- Passenger service permits should be dealt with in a proper manner
- No action had been taken thereon.
- Action had not been taken to amend the Act even during the year 2021.
- (c) Even though road service permits could be provided for a period of over an year as per
- The Act should be followed.
- No action had been taken thereon.
- Temporary permits had been issuing up to the end of the year 2020.

Section 25 of the Act, route permits for the Expressway and for general roads had been issued under the charging of daily fees to the service license holders without a proper approval in the instances where there is a high passenger demand, by the Commission.

- (d) A sum of Rs.6,744,070 had been incurred on employee insurance and other welfare activities without obtaining the approval in terms of Section 9.1.2 of the Public Enterprise Circular No.PED 12 dated 2nd June 2003. The Treasury approval should be obtained for this purpose. The approval of the Board of Directors of the Commission has been obtained for this purpose. Treasury approval had not been obtained even in the year 2021.
- (e) The commission had lost a revenue amounting Rs.186,850,808 due to it had not fully recovered route license revenue in providing relief for the inter provincial bus service crippled by the corona pandemic. Prior to the implementation of the relevant functions, the decisions of the Board of Directors should be taken and the approval of the Cabinet should be obtained accordingly. The approval had granted by the board of directors from paper no 49/2020 to release the fees of passenger service permit, tender fees, expressway temporary license fees, log sheet fees and delay fees at the month of March, April, May in the year of 2020. Prior to the implementation of the relevant functions, the decisions of the Board of Directors should be taken and the approval of the Cabinet had not been obtained properly.

- (f) The receivable revenue was lost due to the issuance of licenses on a daily basis instead of the commission issuing new license through tender in year of 2020. Also GPS system had been implemented in only 1159 busses or 38 percent out of the 3040 bussed by expected to be implemented within the year.
- GPS must be installed on buses in accordance with the relevant regulations.
- No action had been taken thereon.
- GPSs had not been installed on buses in accordance with the relevant regulations.
- (g) The Commission had not submitted the vouchers to the audit for assets, liabilities, income and expenses amounting to Rs.40,698,427 with the total value adjusted in the Accounts as at 31 December 2019 and also due to the non-submission of the Tender Deposit Register for Rs. 59,703,404 payable by 31st December of the year under review caused not to verified satisfactorily.
- Relevant schedules and details should be submitted accurately.
- Whenever possible schedules were attached to the journal and detailed schedules that could not be attached were maintained in separate files and those documents were submitted to the auditor. However, whenever possible noted that the schedules to be included in the journal.
- Relevant schedules and details had not been submitted accurately even in the year 2021.
- (h) In terms of Section 10 (5) of the Finance Act, No 38 of 1971 all the balance of the net
- Excess money should be sent to the Treasury as per the provision of the relevant Finance Act.
- It was noted that the maximum amount of funds should be sent to the Treasury, saving funds
- Excess money had not been sent to the Treasury as per the sections of the

surplus at the end of each year of the Commission should be credited to the Consolidated Fund. Although there was a surplus of Rs.178,379,348 in 2019, only Rs.50,000,000 was credited to the Consolidated Fund.

considering the working capital needs so that they can be utilized in case of emergencies. relevant Finance Act.

- (i) In terms of Financial Regulation 371 (2) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, when making advances for special functions, advance should be given only to the staff grade officers, but advances had been given for other officers as well. Furthermore, when paying of ad hoc sub imprests it should be limited to a maximum of Rs. 100,000 at a time, but total amount of Rs. 4,827,137 had been paid exceeding this limit in the year 2019 on 22 occasions.
- Financial Regulations should be followed. It is kindly informed that the advance will be released in accordance with the accounting policy of the National Transport Commission. Action had not been taken to prepare a separate policy in this connection and obtained approval of the Treasury.

- (j) Only the purchases of fixed assets are recorded in the register of fixed assets maintained by the Council. The details of the disposal of assets were not included in that register and assets amounting to Rs.4,507,651 stated in the financial statements as purchased during the year were not included in the Register of fixed assets. Further, there were instances where a numerical method of identifying assets was not mentioned in recording 45 items of assets in the register of fixed assets. Although the assets worth Rs. 1,248,178 were disposed of during the year under 2019 the audit could not verify the value and depreciation of those assets due to the lack of a fixed asset register. Furthermore, library book worth Rs.1,269,973 shown in the financial statements was not recorded in a register.
- The asset register should be maintained and updated correctly.
- Steps were taken to rectify such shortcomings in the future.
- The relevant task had not been properly carried out even up to the end of the year 2021.

- (k) An agreement for the construction of the Kilinochchi bus stand had been entered into for a period of 12 months at a cost of Rs.48,773,045, but the registration of the contractor had expired on 29 December 2016. Also, although this contractor had abandoned the construction work, no action had been taken to include the name of the contractor in the list of contractor defaulters under sections 8.11.4 and 5 of the 2006 Procurement Guidelines, Rs.16,469,363 had been paid to the contractor for the work completed. Due to this the public had to miss the opportunity to use the bus stand due to non-completion of the work properly. Accordingly, it was observed that the above amount paid to the contractor was a uneconomical expense. Although this construction was planned to be handed over to the Northern
- In awarding contracts, agreements should be entered into in accordance with the guidelines issued by ICTAD and action should be taken in terms of the conditions set out therein.
- As per the decisions of the Board of Directors, all the documents pertaining to the handing over of the Kilinochchi Bus Stand to the Northern Provincial Council, Committee Reports, Submission Letters have been signed by the N.T.C Party and forwarded to the Northern Provincial Council for further action.
- The relevant task had not been properly handed over to the North Province even by the end of 2021.

Provincial Council for further construction , it was not accepted by the Northern Provincial Council until 30 June 2020.

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| (1) | According to the action plan for the year 2019, it was planned to introduce a prepaid card system for bus fares, but it was not implemented. | The action plan should indicate the number of activities that can be implemented during the year and the activities outlined in the plan should be implemented during the year. | Accordingly, ¹² discussions have been held between all stakeholders regarding the implementation of this project in the year 2019 and the necessary steps are being taken to implement this project expeditiously. | The relevant task had not been properly carried out even by the end of 2021. |
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22. National Building Research Organization

Opinion of the Auditor General on the Financial Statements	2018 - Qualified Opinion
	2019 - Qualified Opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Even though making amendments to the Sri Lanka Distser Management Act No.13 of 2005 had been initiate in the year 2008, relevant amendments had not been forwarded to Parliament for approval even by 31 December 2005.	Amendments to the Act should be made and approval of Parliament should be obtained therefor.	The final draft have already been handed over to the Legal Division of the Ministry.	Obtaining Parliamentay approval as necessary with the amendments had been delayed upto the end of the year 2021
(b) In terms of F.R.104 (I) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, preliminary inquiries into 11 vehicle accidents had not been conducted from the year 2018 to 2020.	Provins in the Financial Regulations should be followed.	Necessary steps have been taken to conduct preliminary inquiries expeditiously.	Although some preliminary inquiries had been conducted, no acton had been taken to conduct inquiries in to the remaining cases.
(c) In terms of F.R.104 (4) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, full reports relating to 33	Provins in the Financial Regulations should be followed.	Relevant arragments are being made to prepare full reports.	Action had not been taken to prepare and submit the full reports.

vehicle accidents caused from the year 2015 to 2017 and 31 vehicle accidents caused from 2018 to 2020 had not been furnished.

- (d) The register of losses and damages had not been updated in terms of F.R.110 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka. Provisions in the Financial Regulations should be followed. The necessity of obtaining information relevant to the Administrative Division has been informed. The register had not been updated up to the end of the year 2021.
- (e) In terms of Paragraph (1) of the Guidelines on the Projects for the Minimization of Disaster Risk dated 13 February 2020, in order to minimize the risk of the Government institutions, the relevant institution should certify that it has no adequate physical and human resources, and make requests for such resources. Nevertheless, a sum of Rs.26 million had been given to the Government institutions for 26 projects without such request. Action should be taken in accordance with the Guidelines relating to projects. The Disaster Management Centre priorities the projects provided by the District Secretary at national level and makes provisions therefor. Accordingly, provisions have been made for the above 26 projects. No arrangements have been made to obtain requests.

by the end of the year under review. Accordingly, no action had been taken to revise the error in the estimate in terms of Sri Lanka Public Sector Accounting Standard 07.

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| (c) | Capital grants amounting to Rs.5,298,332,712 had been shown as Government grants and grants received from foreign countries as equities in the statement of financial position. However, an accounting policy had not been identified in order to identify them as income on a systematic basis. | Action should be taken to identify the Government grants as deferred income on systematic basis. | Action had not been taken to amortize the relevant assets on a amortization basis. | An accounting policy had not been identified to recognize the government grants and donations as income under a systematic base even by the end of 2021. |
| (d) | Due to low progress relating to renovation and modification of the Love Lane training center in Trincomalee, and the Swiss training center in Dambulla with agreed values amounting to Rs.73,007,519 and Rs.68,903,239 respectively, the contract agreements had been cancelled in the year 2018. However, action | The projects should be commenced by utilizing the provision received whilst taking action to conduct training programs as scheduled at the training centers by avoiding delays. | It had been stated hat the two projects would be mplemented by taking into account the provision received by he National Youth Services Council as well. The secretary to he Line Ministry will be informed in due course with regard to blacklisting the contractor. | No other contractor had been awarded the contract relating to 02 constructions and no action had been taken to blacklist the contractor even by the end of the year 2021. |

had not been taken in terms of Government Procurement Guidelines for blacklisting the contractor.

- (e) Contrary to the Circular, Provisions of the The Action Plan was No step whatsoever No. 02/2016 of the Government revised based on had been taken for National Youth Services Procurement Guidelines “expediting the not adhering to the Council, dated 11 should be Government Procurement rules February 2016, the work adhered to. Action procurements” stated in even during the year of modernization and should be taken with Government Procurement 2021. Action had not new constructions proper supervision to Guidelines with the been taken to relating to the Bellwood ensure that the contracts objective of maximum blacklist the Aesthetic Residence had are completed on time. utilization of provision contractor for his been divided into two the Bellwood Stage II of contract and the delay in the execution segments as Stage I and contract on 30 December contractual company had filed a case at the Stage II with values amounting to Rs.99.66 million and Rs. 97.79 million respectively and the said contract had been awarded to the same contractor in 2 instances in the year 2017 under approval of the Procurement Committee of the Department. Therefore, the performance of the contract activities remained at a low level.
- (f) Action should be taken to recruit permanent officers in accordance with the Scheme of Recruitment approved in Action should be taken to recruit officers in accordance with qualifications stated in the Scheme of Recruitments had been made in the year 2014 based on requirements of the Council. Even though instructions had been Officers had been confirmed irrespective of the qualifications.

terms of Section 3.3 of Recruitment. Chapter IV of the Establishments Code of the Democratic Socialist Republic of Sri Lanka. However, 14 Assistant Youth Service Officers and a Management Assistant (Non technical) had been recruited on casual basis for a period ranging from 09 months to 04 years. Eleven of them had not met even the basic qualifications mentioned in the Scheme of Recruitment.

sought from the Ministry with respect to unqualified officers, no instructions have been received.

- (g) In terms of Section 5.2.1 of Chapter II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, without notifying to the appointing authority to fill vacancies in staff grade posts without delay by the Head of Department, 21 District Youth Service Officers and Financial Officer have been appointed on covering duties basis since the year 2017 for 28 vacant posts of Assistant Directors in the Council since 2011.
- As per the circular instructions of the Management Services Department, action should be taken to recruit suitable officers for the vacant posts.
- A letter has been submitted to obtain the approval of the Secretary to the Ministry to recruit for the vacancies. Relevant vacancies are expected to be filled soon upon the approval is received.
- No action had been taken to make permanent recruitments to these vacant posts even by the end of 2021.

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| (h) | <p>The National Youth Services Council had planned to organize “Yovun pura” program under five main objectives including timely management of the immediate needs and wants of the youth of Sri Lanka on 26 March 2020 at the public ground in Debarawewa. But contrary to that, a total sum of Rs.40,593,305 had been incurred by giving priority for showy and fun features such as, construction of 03 pandals, conducting night music concerts for 05 days, and construction of temporary cinema halls which has no direct relation to the objectives of the Youth Program during the year under review.</p> | <p>The Council should focus on the economy and productivity of the implementation of programs and make expenditures.</p> | <p>The reasons for incurring such expenses were conducting the program in an area of 110 acres, giving of souvenirs at international events, the participation of the Prime Minister to increase the enthusiasm of the youth, due to the participation of large number of public representatives and top level government officials, and due to the participation of foreign youth and to provide them with the necessary facilities.</p> | <p>No action whatsoever had been taken for not paying due consideration on the productivity and economy.</p> |
| (i) | <p>Even though the approved estimated cost for the “Yovunpura” programme held in the year 2018 and 2019 was Rs. 350 million, a sum of Rs.80,560,914 had been spent thereon exceeding that limit. The approval</p> | <p>Necessary action should be taken to check whether any loss has been incurred to the Council in this matter and if such a loss has occurred recover that loss.</p> | <p>It has been informed that a formal inquiry will be conducted into the matters in the audit query and necessary action will be taken.</p> | <p>A formal inquiry had not been conducted even by the end of the year 2021.</p> |

had been granted to procure of renting out of two storage domes required for this program out of the procurement process. Also, informing that these domes were used for a period of 8 to 10 days in excess of the number of days ordered, a total sum of Rs.2,227,400 had been overpaid.

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| (j) | From 90 officers who are using the official quarters of the Council, house rent, charges for using water and electricity had not been recovered from the salary of the relevant officer in terms of sub-sections 5.4, 5.4.1, 5.5, 5.7 and 5.8 of Chapter XIX of the Establishments Code and Public Administration Circular No. 04/2016 dated 26 August 2016. According to the calculations made on the basis of the information provided to the audit, house rent amounted to a Rs.1,878,238 had to be recovered from 46 | Prompt action should be taken in regarding the recovery of dues from the officers residing in the official quarters of the council as per the Establishments Code and other related issues. | As the progress regarding the collection of money has not been successful, various issues and questions are being raised by the officers in this regard and it is believed that an explanation should be made as to the facilities and conditions available in the relevant quarters as per the provisions of the Establishments Code and observed that a more reasonable decision should be taken by referring it to the relevant committee. | No action had been taken to recover the dues even by the end of the year 2021. |
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officers alone during the year under review.

- (k) A sports club is maintained in the Council under the Chairmanship of the Chairman of the National Youth Services Council and employing a permanent salaried officer of the Council and the resources of the Council were utilized for its training without any payment. During the year 2019 a total sum of Rs.2,621,130 had been spent for sports Instructors and for a Council officer for the Sports Club activities from the funds of the Council. A total sum of Rs. 5,518,150 should have been recovered as membership fee for the year by the sports club as at end of the year. It was observed that even though fixed deposits amounted to Rs.10,157,722 and savings amounted to Rs.7,104,863 were available at the end of
- Prompt action should be taken to streamline the administration activities of the sports club.
- As the administrative and financial activities of the sports club, run in the National Youth Services Council premises, are not being carried out properly, action is being taken to restructure the activities of the sports club.
- Action had not been taken to streamline the financial control of the sports club even by the end of the year 2021.

the year under review, its financial affairs were conducted without the control of the Council.

- (l) Even though it was intended to develop a policy on course fees as per the detailed action plan of the National Youth Services Council, no specific policy on course fees had been introduced even by the end of the year 2019. Courses were started and implemented at different rates for the same course operating in the training centers under the Council.
- A systematic mechanism should be implemented on charging course fees.
- Full time courses, part time courses and short term courses implemented by the National Youth Services Council will be carried out independently from the second term of 2020 and drafted to implement the specific number of courses at specific rates and action is being taken to implement from the second semester of 2020.
- A policy on charging fees had not been introduced even in the year 2021.
- (m) The Council had planned to initiate 1,100 youth labor community development projects in 2018 and complete them by 15 November 2018. Although a sum of Rs.206,477,640 had been incurred in the years 2018 and 2019 for these projects, 185 projects had not been implemented and works of 471 projects had not been completed as of 31 July 2019.
- The management attention should be paid on the proper planning and implementation of special projects implemented by the Council under proper supervision.
- Only Rs. 50 million had been released as on 31 August 2018 and due to delays in releasing financial provision for the implementation of projects in 2018 there had been a delay in launching selected projects.
- A number of 185 projects had not been commenced even by then end of 2021 and work of 286 projects had not been completed. It was observed that supervision on these projects is not being carried out at present.

- (n) According to the progress report dated 06 June 2019 submitted by the Special Projects Division of the Council, 3,000 youth labor community development projects had been implemented and a sum Rs. 406,843,820 had been incurred thereon, in the year 2017. Out of these, 66 projects had not been implemented and out of the 206 uncompleted projects, 47 had physical progress of 75 percent or less.
- Plans should be prepared and implemented under proper supervision to achieve the objective of initiating special projects.
- It was observed that it had stopped due to the lack of proper community contribution to the youth society, delay in obtaining physical and financial resources and natural disaster situation. Relevant divisions are being directed to take disciplinary action against officers who are reported to be inactive due to inefficiency or fraudulent activities of the officers.
- Supervision on these projects was not being carried out by the end of 2021.
- (o) As per the requirement mentioned in paragraph 04 of the Public Administration Circular No. 03/2017 dated 19th April 2017, finger print machines were not installed in 28 training centers and offices of the Council. Out of 56 machines installed in training centers at a cost of Rs. 2,467,298 in the year 2013, 53 machines were out of order and the relevant cost had become an ideal expenditure.
- Action should be taken to comply with the relevant circular provisions and the management should pay attention to the malfunction of the installed machinery.
- The relevant supplier had been informed to repair existing inactive machines and to include software, to resolve existing technical issues with the software, and to install the un-installed machines and it is planned to carry out such activities at the provincial level. Further, action had been taken to obtain a performance guarantee on the value of the work to be accomplished in this procurement.
- It was observed that finger print machines had not been installed in the 28 training centres even by the end of the year 2021 and action had not been taken to obtain performance guarantee of the suppliers.

- (p) According to the payment method indicated in the Bill of Quantity relevant to 16 construction contracts implemented by the National Youth Council, it has been stated that “ On the submission of relevant documents, payments will be made by adding 5 per cent to the actual expenditure incurred on obtaining insurance coverage, securities and bonds”. Nevertheless, sums totalling Rs.1,147,245 had been excessively paid for insurance coverage of the labourers of the contractor. Further, sums totalling Rs.4,253,750 had been paid on the bid value of the contractor.
- Action should be taken to make payments in accordance with the payment method stated in the Bill of Quantity.
- Only the relevant price of the item as agreed by the two parties through the contract agreements of each project has been paid. In order to further confirm the accuracy of the payment method, a letter was referred to the Deputy Director of Director of Construction Industry Development Authority on 29.03.2021.
- It has been stated that payments should be made in accordance with the payment method mentioned in the Bill of Quantity as per the letter received from the Deputy Director of the Construction Industry Development Authority. Relevant overpayment has not been recovered thus far.
- (q) Although the approved cadre was 1449 as at 31 December 2020, there were 294 vacancies as at that date of which 35 posts of the staff grade remained vacant for over 03 years.
- Action should be taken to recruit qualified officers for approved posts.
- The management had not taken action by taking into consideration the existing situation.
- No format action had been taken to make recruitments for those staff grade posts even by the end of 2021.

24. National Housing Development Authority

Opinion of the Auditor General on the Financial Statements	2018	- Qualified Opinion
	2019	- Disclaimer of Opinion
	2020	- Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) A sum of Rs.4.36 million to be receivable under the Janaudana land sales of Kurunegala District and the receivables from the Urban Development Authority for the Galkaduwa land amounted to Rs.8.69 million. Further, 05 motor vehicles valued at Rs.11.28 million belonging to the Authority had been given to the State Engineering Corporation in the year 1991 and receivables thereon amounting to Rs.854,056 had not been received to the Authority after December 2014.	Action should be taken to recover the receivable balances immediately.	The receivable from the State Engineering Corporation will be covered from the payables to that Corporation	Those balances had not been recovered even up to 31.12.2021.
(b) The estimated value of the 413 land plots, total extent of 60.59 hectares belonging to the 12 villages and given on lease basis in the 80/90 decade, amounted to	Control of the assets should be formalized.	After being made the land valuations of the acquired lands, the valuation numbers had been given to the residents. Non acquired lands had not been valued. Acquisitions	Even though information has been requested to confirm that action was taken to acquire and assess the lands stated in the paragraph, it has not

Rs.13.48 million and those land plots had not been vested to the beneficiaries after being recovered the estimated value. Further, action had not been taken by the Authority to estimate the value of 44 land plots, extent of 7.459 hectares, belonging to 3 Jana Udana Villages. The lands utilized to construction of the model villages during the period from 2015 to 2018, 77 land plots belonging to the Government and 8 land plots belonging to the Land Reform Commission, had not been acquired up to end of the year under review. Furthermore, the arrears rent receivable to the Authority from the 3 official residences at Mahawa Udagama housing scheme, the land not acquired to the Authority, amounted to Rs.1.32 million. As well as, the required approvals and recommendations had not been obtained for the

of the lands used to the construction of model villages, had been delayed according to the time. been submitted.

commencement of Epalogama and Puliyankulama housing schemes in Anuradhapura and 10 acres of lands had not been acquired.

- (c) The provision amounting to Rs.178.25 million had been made in the financial statements, that received for the payment of the compensations for acquired 72 land plots by the Authority in terms of section 38(b) of the Land Acquisition Act. Of this amount, a balance older than 39 years was also existed. However, action had not been taken to settled the compensation and interest up to end of the year 2020.
- The process of land acquisition and payment of compensation should be efficiently implemented.
- The Divisional Secretary had not informed the compensation estimate. The request had been made.
- Necessary steps had not been taken to settle compensation and interest balances.
- (d) Even though the Authority had invested a sum of Rs.120 million in the subsidiary Company, any dividend had not been received by the Authority after the year 2013. The subsidiary Company had earned a total profit of Rs.615 million for the period from 2015 to 2019.
- The Authority should be effectively interfered in the management and dividend policy of the subsidiary company.
- The actions required to be taken with regard to obtain the receivable dividends have been discussed at the Board meetings and as per the decision made at the Board meetings a letter has been sent to the Ministry on 17.07. 2020 to obtain the directions.
- Devidends have not been paid even in the year 2021.

- (e) The receivables to the Sevana Media unit for publishing of advertisements as at 31 December 2019 amounted to Rs.67.83 million and out of that, a sum of Rs.12.32 million to be receivable for over 5 years. Further, the receivable amount to the Sevana Media unit for publishing of advertisements of the Authority amounted to Rs.44.61 million also was included in the above balance out of that amount too, a sum of Rs.42.61 million had only been incurred for the media activities of year 2019.
- (f) Amendments made to paragraphs 13:2 and 22:1:1 of Chapter XLVIII of the Establishment Code of the Democratic Socialist Republic of Sri Lanka and Paragraph I and III of the Public Administration Circular No.30/2019 dated 30 September 2019.
- Actions should be taken to recover the receivable balances as early as possible.
- Approval of the Board of Directors has been obtained to write off the balance payable to the media unit by the Authority from the office books in the year 2021.
- Without approval of the Treasury, action has been taken to write off the balance receivable from the Authority out of the receivable balances and the remaining amount had not been recovered.

(g) The deeds for 145 Condominium Properties and 4,054 housing units had not been issued by the Authority as at end of the year 2019. As well, 1,913 land plots belonged to 81 of above properties had not been vested to the Authority. Even though 63 properties had been vested to the Authority, the deeds for 1821 units had not been given due to not preparing of Condominium survey plans, not preparing of Condominium declarations and registering of them etc. Further, although the declarations had been registered for 02 Condominium properties comprising of 272 housing units, the deeds had not been given up to end of the year under review. As well, it although had been planned to give 3000 deeds to the beneficiaries those who obtain the houses on hire purchase basis, only 64 deeds had been issued to them by

The operational activities of the Authority should be performed in formal, effective and fruitful manner.

The deeds could have not been registered to 4054 housing units belonging to 145 Condominium properties situated in 66 housing schemes. Nevertheless, the Act could be applied to the above Condominium properties.

Due to not vesting lands on which houses had been constructed and not obtaining the Condominium certificates and due to operating inefficiency, deeds had not been issued.

31 December 2019.

- (h) The estimated value that should be recovered from 121 unauthorized occupants in the bare lands belonged to the Authority situated in Gampha, Colombo, Galle, Matara, Puttalam, Kandy and Matale District amounted to Rs.43.55 million and a sum of Rs.25.85 million to be recovered from 25 not lower income unauthorized occupants also had been included therein. Nevertheless, the Authority had not taken necessary actions to formalize the unauthorized occupants.
- Necessary Action should be taken to formalize the unauthorized occupants.
- A Board paper had been furnished to get the approval from the Director Board to formalize the unauthorized occupants.
- Necessary action had not been taken up to 31.12.2021
- (i) The value of a land extent of 170.56 perches belong to the Hantana Holiday Resort which had been acquired as a non – exchange transaction in the years 1987 and 1988 had been shown in the financial statements at a cost of Rs.2,520 as at end of the year under review. However, action had not
- Action should be taken to account for the assets of the Authority as per their assessed value.
- The department of valuation was informed on 02.06.2020 to obtain the assessment of the land where the Hantana Resort is located in relation to the assessment of fixed assets. After the valuation, the correct value is to be recorded in the books.
- Those reports had not been obtained from the Department of Valuation up to 28.12.2021

been taken to estimate the fair value of that land in order to show the fair value in the financial statements as per paragraphs 27 and 47 of SLPSAS – 07. Further, even though the land value of the Authority had been identified as Rs.55,319,710 value of 8286 land plots belonging to the offices and rented out buildings and lands extent of 473.15 hectares belonging to the housing projects had not been valued in order to show their fair values.

- (j) Hundred and thirty five motor vehicles cost of Rs.269,362,610 which had been purchased since the year 1985 and a large number of other assets cost of Rs.200,198,467 which had been purchased before 2015, are being still in used though they fully depreciated. However, the particulars of those assets had not been disclosed in the financial statements according to
- With regard to the Having appointed a Action had not been fully depreciated committee and made taken to revalue and assets, action should amedments to the period, account for the assets be taken according to the final accounts for the even by the end of the requirements of year 2021 are to be the year 2021. SLPSAS. amended.

SLPSAS – 07. As well, according to SLPSAS – 03, action had not been taken to rectify the estimation error of useful life of those assets and adjusted in the accounts.

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| (k) | The assets valued at 131,682,451 received under the foreign grants during the period from 1981 to 1995 had been shown as foreign funds in the financial statement as at end of the year under review, without being amortized the related assets. Further, the particulars relating to some foreign grants, included in the above amounting to Rs.96,707,280, had not been furnished to audit. | The necessary adjustments should be made and the particulars relating to foreign grants should be furnished to audit. | The Board approval had been obtained to adjust the foreign grants received during 1981-1995 amounting to Rs.131,682,457 in the accounts. Action will be taken to make the adjustments when it prepares the 2021 accounts. | It was not confirmed that action would be taken to make adjustments in the year 2021. |
| (l) | A difference of Rs.14,268,868 was observed between the cash remittances to the Weeraketiya District office from the Head office, due to either not being accounted the remittances or omission from the accounts. Hence, that difference | The reasons for the difference in cash balance should be examined in depth and action should be taken to correct the reports. | The matter has been examining | The Authority had not taken necessary action to carry out examining even in 2021. |

had been deducted from the cash balance and shown in the financial statements. As a result, the cash balance of the year had been under stranded in the financial statements.

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| (m) | According to the financial statements, the advances and loans given by the Authority to the employees and to external parties aggregating to Rs.4,001,854,250. Out of that, the recoverable amount since 3-5 years and for over 5 years amounted to Rs.963,293,386 and Rs.2,652,095,768 respectively. However, action had not been taken to recover those receivables up to end of the year 2020. As well, the receivables for over 5 years were represented 33 per cent of the total debtor balances. | Necessary action should be taken as early as possible by obtaining the relevant approval. | Action to be taken after being examined. | Dues had not been recovered up to 31.12.2021. |
| (n) | Out of unsettled advances as at 31 December of the year 2020, given to the | Necessary action should be taken as early as possible. | Action is being taken to settle the amount. | It had not been settled up to 31.12.2021 |

Contractors for 30 projects, the advances amounting to Rs.64,001,469 were existed as unsettled for over 5 years.

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| (o) | Out of the payables to the creditors, sums of Rs.202,530,915 and Rs.1,828,306,764 had not been settled for over 10 years and over 5 years respectively up to end of the year 2020. As well, action had not been taken to write – off the non – liable creditor balances, after being conducted investigations. | Action should be taken to write – off the balances after being obtained approval as soon as possible. | Action is being taken. | It had not been settled up to 3 1.12.2021 |
| (p) | Concurrence of the Finance Minister had not been obtained for the short term and long term investments made totaling Rs.2,271,354,730 in terms of Section 11 (b) of the Finance Act No.38 of 1971. | The relevant documents relating to the obtaining of approvals should be furnished to audit. | The long term investments in HDFC and OVDC had been made with relevant approvals. A letter has been submitted to the Treasury operation Department through the Ministry in order to get the approval for short term investments. | Approval had not been obtained even in the year 2021. |
| (q) | Deviating from the main objective of the Sevana Fund, providing of facilities poor families for fulfillment of their | Funds should be utilized to achieve the expected objectives. | Taking of long period for the process for identification of families and obtaining of approvals and due to the Covid – 19 | Action had not been taken in accordance with the objectives of the Sevana Fund. |

housing needs as stipulated in Paragraph 8.2.2 of the Public Enterprises Circular No.PED/12 dated 02 June 2003 and section 11 of the Finance Act No.38 of 1971, action had been taken to made investments continuously in order to earn the interest. Thus, a sum of Rs.328,000,000 had been invested without obtaining the approval of the Minister of Finance.

pandemic, delays were occurred. Action had been taken to provide facilities to 22 families.

- (r) The compulsion payables to the private sector for the acquisition of lands as at end of the year 2020 amounted to Rs.101,209,033 and the interest payable due to the delaying the payment of compensation amounted to Rs.33,852,455, the payable interests due to delaying the payment were exceeded, that the compensation in 24 instances. A suitable procedure should be prepared in order to solve the issues in payment of compensation. After obtaining the possess of the lands, construction of many houses had been completed and residents were occupied in the houses at the early stage. However, due to delaying of acknowledgement about the possession examination results, after being conducted them, 7 per cent interest per annum has been accumulated. Out of the compensation payable in the year 2020, a sum of Rs.723,690 has been paid by February 2022. Accordingly, payable interest is further increasing.
- (s) A centralized main register had not been maintained by the In order to obtain the required information, prompt action should be Action has been taken to collect the information with regard to preparation A centralized register had not been prepared even by 28

Authority in order to compile units of houses and shops keep by the Authority for sale/ rent/ lease, though the finance division, property division and District offices had maintained separate data thereon. taken to prepare a centralized register. of a centralized register in February 2022. relation to the houses that are to be sold/ rented/ leased.

- (t) According to section 2.1 of the Guideline (Athwela) for implementing of model villages, suitable lands for the housing schemes had not been selected. Due to that weakness, the beneficiaries of 1,089 houses, situated in model villages in 25 Districts, had not been resided in the houses due to the lack of Common facilities and threats from wild animals. As a result, the costs incurred to construct those houses had been become fruitless expenditure. The particulars of those expenditure had not been furnished to audit. Further, the non - occupying percentage of the beneficiaries in 133 model villages in 12 Action should be taken to achieve the expected benefits of the projects. The electricity and water had been provided to relevant villages. Those lands are not adjoined to forest reservations or wildlife zones. The monthly loan installments have been collected from the residents in the villages. The non - occupants of the houses those who constructed houses from the grants, those grants to be recovered. Residents have not occupied those houses 1,089 even by 31 December 2021.

Districts opened in the year 2109 were ranging from 15 per cent to 42 per cent.

- (u) Even though it had been planned to start the construction works of 10,000 housing units and to complete 5,000 housing units in the year under review at the estimated cost of Rs.5,271 million under the “Obata Geyak – Ratata Hetak” Programme, only 3,949 housing units had been completed. Although 90 per cent of the estimated provisions had been received, 6,051 housing units were remained as uncompleted.
- The construction works of the houses should be completed as per the plans and corrective action should be taken after being identified the reasons for delays.
- In order to complete the 10,000 housing units under the programme of “Ratata Hetak – Obata Gamak” a sum of Rs.6,000 million is required. However, a sum of Rs.4,161.33 million was received from the Treasury for this programme. Out of that receiving, a sum of Rs.1,871 million was received on 31.12.2020. a number of 972 housing units had been completed at present.
- Out of those 10,000 housing units, only 4,921 housing units have been completed as at 31 December 2021.
- (v) Even though it had been planned to construct 300 housing units during the year 2020 under the other funding programme of Sevana Housing grants, benefits had been provided only for 22 family units. As well, it had been planned to construct 1,860 housing units under the
- When planning the projects, the plans should be prepared in realistic manner with the achievable time targets.
- After being identified the families, it had taken long period of time to get the approvals from the Minister, Secretary to the Ministry and Sevana Management Board and therefore , the delays were occurred in making provisions under the programmes.
- Only 1820 houses under the Indian aids and another 154 houses had been constructed as at 31 December 2021.

cost of Rs. 200 million in the year 2019 was in zero level.

programme, due to not as at 31 December receiving of tenders, the 2021. activities were limited to 18 housing schemes. As well, the procurement process of some projects were continuing even since end of 2019.

25. Institute of Policy Studies of Sri Lanka

Opinion of the Auditor General on the Financial Statements	2018	- Unqualified Opinion
	2019	- Unqualified Opinion
	2020	- Unqualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) As per the provisions of Section 9.2 (B) of Public Enterprises Circular No. PED 12 dated 02 June 2003, every institution should maintain an approved staff, but the staff for the institution had not been approved.	A permanent staff should be approved so that officers can be appointed according to the changing nature of the research activities.	It had been informed that it is not possible to maintain an approved staff for the institution due to the fact that the project income is determined based on policy matters and the will of the granting institution and the changes in the research carried out according to the government's policy priorities.	The attention had not been drawn on approving the staff until the end of 2021.
(b) According to the provisions of Section 9.3.1.(i) of the above circular, a scheme of recruitment and promotion should have been prepared for the institution and the approval therefor should be obtained, but the institute had not taken action accordingly.	Circular provisions should be followed as the public enterprises.	The Board of Governors had specified on the recruitment and promotion of the staff in the Manual of Operations (MOO) of the Institute.	In the year 2021, attention had been drawn on preparing and getting approval for the recruitment and promotion procedure.

26. National Transport Medical Institute

Opinion of the Auditor General on the Financial Statements	2018	- Unqualified Opinion
	2019	- Unqualified Opinion
	2020	- Unqualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) In terms of Section 11 of the Finance Act No. 38 of 1971 and Section 8.2.2 of Public Enterprise Circular No. PED / 12 of 02 June 2003, although the institution has to obtain the consent of the Minister of Finance and the approval of the relevant Minister when investing money. Contrary to this requirement the institution has invested money in fixed deposits, Treasury bills and Treasury bonds with the approved of the chairman and as at 31 December 2019, the balance was Rs.1,109,734,160.	The approval of the relevant Minister and the Treasury is required for investments of the institutions operate under the Finance Act .	No action had been taken .	Relevant approval had not been obtained up to the end of 2021.
(b) In terms of Public Finance Circular No. PF / PE5 dated 11th January 2000, additional	As per the relevant circulars, extra allowance, incentives and other financial	No action had been taken .	Relevant Treasury approval had not been obtained even up to the end of

allowances, incentives benefits cannot be and other types of granted to the staffs financial benefits should without getting the not be given to approval of the employees without the Treasury, relevant proper permission of the approval of the Treasury General Treasury, should be obtained for whereas Rs.45,099,700 the payment of such had been paid as allowances.

attendance allowances without such approval. Further, contrary to this circular and based on the Circular No. MA/MS/M/11/2018 of the Ministry of Health, Nutrition and Local Medicine dated 01 January 2018, a sum of Rs.4,296,193 was given as additional duty allowances to the medical officers. Moreover, without the approval of the Treasury, the Board of Directors had approved the payment of a monthly arduous allowance of Rs.15,000 only to the doctor working on a contract basis at the Hambantota branch.

2021.

- (c) Although an amount of Action should be taken Reminders have been made Dues had not been Rs. 10,921,893 was due to recover the dues as through letters addressed to recovered even as at from the Kalutara expeditiously as the Sri Lanka Transport the end of 2021.

<p>Driving Training School for more than a year as at 31 December 2020, the medical institute had not focused attention on collecting that money.</p>	<p>possible.</p>	<p>Board.</p>	
<p>(d) In the year 2019, an amount of Rs.5,628,005 had been paid for obtaining health insurance cover without obtaining the approval of the Treasury as per Section 9.12 of the State Business Circular PED/12 dated 02 June 2003.</p>	<p>Action should be taken in accordance with the circular.</p>	<p>No action had been taken.</p>	<p>Approval of the Treasury had not been obtained for the health insurance scheme even in the year 2021.</p>
<p>(e) An amount of Rs.10,921,893 was due from the Kalutara Driving Training School as security service fees and rent as at 31 December 2019, of which Rs.1,726,979 remained over 5 years, and Rs.7,395,721 was the balance between 1-5 years. Nevertheless, the attention of the medical institution was not focused on recovering the money. Further, the two parties had not reached an agreement</p>	<p>Agreements should be properly reached regarding the rent or fees and the amount due as fees should be recovered in a timely manner. Money thus not collected should be accounted for following relevant procedures.</p>	<p>Although the Kalutara Driving Training School was informed in this connection, we did not receive a proper reply. Reminder letters about this have been sent regularly, but no favourable response has been received. A board paper is to be submitted to the board of directors to discuss on the court action or next steps.</p>	<p>Relevant steps for making recoveries had not been taken even in the year 2021.</p>

and therefore it was observed that there is a problematic situation regarding the recovery of this money.

- (f) Section 3 (a) Section 8.2.2 of the National Transport Medical Institute Act No. 25 of 1997 stated that the functions of the Institute are to provide medical services and assistance to drivers and riders of all types of motor vehicles including heavy vehicles. According to the Act establishing the institution, there was no legal status to provide medical facilities or provide medicines for the employees of other government or private institutions. Nevertheless, the Medical Institute had provided medical facilities and medicines worth Rs.1,635,041 and Rs.213,778 respectively for the employees of the Sri Lanka Transport Board and the Sri Lankan German Industrial Training
- Medicines should not be provided to external institutions and employees on credit basis. As there are no provisions in the Acts of both institutions for that, provision of drug facilities should not be done outside of proper procedures.
- It is expected to submit a Board of Directors paper to decide on discontinuing drug facilities to the employees on credit basis from the year 2021.
- No relevant preventive measures had been taken.

Institute in the year 2019, contrary to the Act.

- (g) According to Public Enterprises Circular No.PED/12 dated 02 June 2003, the Institute had arranged to provide passenger service permits for the welfare of the employees and had incurred expenses of Rs.9,489,320 during the year for that purpose. Nevertheless, measures and not been taken to get the approval of the Department of Public Enterprises and the Treasury.
- Approval of the General Treasury should be obtained for the relevant welfare projects.
- This is a welfare facility provided for the employees of the institute over a long period of time.
- Approval of the Treasury had not been obtained even in the year 2021.

27. National Institute of Language Education and Training

Opinion of the Auditor General on the Financial Statements	2018	- Qualified Opinion
	2019	- Qualified Opinion
	2020	- Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) Although fixed assets valued at Rs.12,285,304 had been fully depreciated, they were continuously to be used due to non-review of the effective life time of non-current assets annually in accordance with paragraph 65 of the Sri Lanka Public Sector Accounting Standard No.07. No action has been taken to rectify the estimated error occurred by that in accordance with the Sri Lanka Public Sector Accounting Standard No.03 during the year 2020.</p>	<p>Action should be taken in accordance with the Accounting Standards.</p>	<p>The valuation department of the government has been informed to re-value the assets.</p>	<p>Assets have not been revalued in the year 2021.</p>
<p>(b) Receivable amount of Rs.2, 290,285 had not been settled for more than 2 years from the abolished Ministry of National Integration, Official Languages, Social Progress And</p>	<p>Action should be taken to settle the receivable balances.</p>	<p>The line ministry has been informed about this matter. This balance is due to the institution so that the institution has the bills to pay.</p>	<p>The Ministry has not for far taken a decision regarding the settlement of balances.</p>

Hindu Religion Affairs and it was shown as a receivable balance in the financial statements of the year 2020.

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| (c) | A sum of Rs.11, 335,467 has been existence for more than two years out of Rs.13, 524,317 of trade and other payables included in the Financial Position statement as at 31 December 2020 and action had not been taken to settle those balances. | Action should be taken to settle the balances. | This value is shown as the payable balances due to the non-receipt of the money needed to settle the bills and the related works not being completed properly. | A sum of Rs. 9,122,977 from the balnce over 02 years is due to be settled by the end of 2021. |
| (d) | In terms of Section 21.1 and 23.2 of the paragraph XLVIII of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, although any unpaid wages during the period of suspensions should be ordered to be paid after a formal disciplinary inquiry is held immediately or within the prescribed period and if it is determined that the accused officer is acquitted of all charges from that report, an order of reinstatement to be issued. However, the | Action should be taken as per Establishments Code. | No clarifications had been made. | No formal disciplinary inquiry had been conducted as per the Establishments Code. |

director general and administrative officer who were interdicted had been reinstated and a sum of Rs.666,026 had been paid as salaries and allowance for the period of suspension without performing those functions.

- (e) A car and three - wheeler had been parked in the premises for several years without being driven and action had not been taken with regarding the unusable vehicles which should be disposed as per circular instructions of the Financial Regulation 770 (4) included by Section 13.2 of the Public finance circular No. 01/2020 dated 28 August 2020.
- Action should be taken as per the circular.
- Action will be taken as per the circular regarding the three-wheeler and the car will be repaired and taken for the use of the Institute.
- Action had not been taken for the disposal or repair in the year 2021 as per the circular.
- (f) Without obtaining prior approval from the Department of Management Services as per Paragraph II of the Management Services Circular No.03/2018 dated 18 July 2018, 11 officers had been
- Circular should be followed.
- Approval of the Department of Management Services has been sought for the recruitments.
- Approval of the Department of Management Services has not been given even in the year 2021.

recruited and paid a sum of Rs.1,726,853 as salaries and allowances during the year 2020.

- (g) A multifunction printer had been purchased at a cost of Rs.2,024,000 in the year 2019. Although the primary purpose of purchasing this printer was printing 50,000 to 100,000 certificates. An additional cost of Rs. 1,026,000 was incurred for printing 38,000 certificates from a external agency in the year 2020 due to the action had been taken to purchase without preparing technical specification to suit the necessity of the institution.
- Purchases should be done after identifying the need of the institution properly.
- Although this printer is used for most of the institute's printing needs, not all printing can be done with this printer alone.
- Although the prime objective of purchasing the printer was to print certificates, that purpose was not achieved.

28. National Design Centre

Opinion of the Auditor General on the Financial Statements	2018	- Qualified Opinion
	2019	- Qualified Opinion
	2020	- Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) A provisions of Rs.51,313,305 had been made available by 31 December 2020 for the Development of technical skills and to provide advisory assistance for the handicraftsmen and handicraft teams in Batticaloa, Mannar, Vavuniya, Anuradhapura, Moneragala, Puttalam and Ampara Districts together with the National Design Centre and the United Nations Development Programme in accordance with the Agreement dated 08 December 2014. Even though the final project report should have been submitted by 28 February 2018, as informed by the letter issued by UNDP on 15 January 2018, the</p>	<p>Arrangements should be made towards achieving the objectives of the project getting the maximum benefit from the funds received .</p>	<p>The development programmes could not be implemented due to the Covid situation.</p>	<p>Projects had not been completed even up to the end of the year 2021.</p>

Project had not been completed and the remaining amount of Rs.2,312,228 had been underutilized.

- (b) The approval of the Board of Directors had not been obtained with regard to the charge of Rs.90,000 per student for the National Diploma in Interior Design and Higher National Diploma in Interior Design conducted by the Centre. Even though the courses were registered with the Tertiary Education Commission on 24 February 2014 and 07 years have passed since the registration, it had not been possible to upgrade to the NVQ level even by now. As a result, the certificate issued to students is not a recognized and valuable certificate in the field and it had been only a certificate of completion of the course signed by the Director and the Chairman.
- The approval of the Board of Directors on the charging of course fees should be obtained and a recognized certificate should be issued for the quality of the course .
- That the initial work on the syllabus has been completed in collaboration with the Tertiary and Vocational Training Authority to prepare this course to NVQ level.
- Action had not been taken to upgrade the courses even in the year 2021.

29. National Science and Technology Commission

Opinion of the Auditor General on the Financial Statements	2018	- Unqualified Opinion
	2019	- Unqualified Opinion
	2020	- Qualified Opinion

	Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a)	The Director of the Commission was transferred to the Ministry of Science, Technology and Research with immediate effect from 20 February 2018 and was granted compulsory leave. Nevertheless, a sum of Rs.3,036,619 had been paid to this officer as salary and allowance from 01 March 2018 to 31st December 2019.	An officer who has been sent on compulsory leave can be paid only on the recommendation of the end of the disciplinary inquiry and action should be taken on that.	The decision was taken to suspend the service of the former Director without pay from 01 July 2020 and to issue a charge sheet. The charge sheet prepared by the Preliminary Investigation Officer was referred to the Director with the approval of the Commission. Further investigations in this regard will be completed soon.	No action had been taken to recover the money from the officials who made the relevant payments.
(b)	According to the annual action plan, 06 institutions were planned for institutional review, but the review was completed only in 03 institutions.	The activities planned to be carried out during the year should be carried out according to the annual action plan.	The new commission is working to issue a gazette under the powers given by the National Science and Technology Development Act with the aim of making efficient the collection of data from institutions.	Actions are being taken to properly carry out the activities included in the annual action plan.
(c)	Even though the 03 national science and technology policies to be completed through	The activities planned to be carried out during the year should be carried out according to the	Three policy reports that were planned to be done in the year 2018 have been completed up to the draft	Actions are being taken to properly carry out the activities included in

science and technology annual action plan. study and compilation projects should have been completed within the year, they were not completed.

level. the annual action plan. In parallel to the ninth biennial science and technology conference, three national science and technology policies were planned and related expert panel sessions were held, but due to the conference not being held in 2018, the policies could not be completed in that year.

since the year of inception of the institute.

- (b) When the employee education division separating from the Department Of Labour and establish as National Institute of Laboure Studies in the year of 2008, a van had been handed over to the Institute which was donated to the Employees Education Division of the Department of Labour in the year 2001 by the United Nations Development Program, though this vehicle had not been taken over to the institute formally. Even The vehicle had been taken out of service due to a technical fault, but the Department of Motor Traffic had confirmed that a private owner had a van with a registration number similar to the registration number of the vehicle and after making a complain to the Bureau of Fraud Investigation in Colombo on 5th January
- Necessary action should be taken to expedite these investigations.
- After reporting to the Colombo Investigation Division, a request was made again to the Commissioner General of Motor Traffic to provide the original file and the transfer file, but it has not been submitted so far.
- The court order has been handed over to the motor vehicle department to get the original file in this regard.

2020 by the institute, the Commissioner General of Motor Traffic was instructed by the Bureau through the court order to submit the original file and the transfer file of the vehicle to the institute, the investigation was halted due to not submitting of the files by then 31st December 2020.

- (c) The Examinations Information should be Two papers were presented Even though the Division conducts provided to the audit on and approved in the necessary activities examinations for the the following of governing board meeting are being carried out recruitment of staff, accepted security held on 02 February 2021, to make the efficiency bar and procedures, controlling introducing methods for examination sector more effective by evaluation and methods provided to selecting the resource pool taking measures to promotion of services protect confidentiality. The audit is bound to Division and streamlining avoid examination based on the needs of public sector protect the payment activities. irregularities, adopt corporations, statutory confidentiality. Our institution has accepted safety bodies and depending on recognized the need to take methods and protect confidentiality, it has the institutional needs of all possible measures to not been completed. the private sector. However, it was observed that the preparation of question papers and evaluation of answer papers is done by a single person and not by a board and there may be a risk of anomalies associated with the examination.

monthly account summaries and extending check dates etc. had been executed by one officer.

- (c) Due to the lack of adequate and formal awareness programmes about the degree, master's, diploma, etc. courses conducted by the Institute, it was not possible to effectively achieve the objectives of the Institute to enroll a sufficient number of course participants and conduct the courses.
- Action should be taken efficiently to create awareness regarding the training courses conducted in the centers.
- Steps taken to increase the number of course participants based on a formal awareness work plan were not adequate.
- Awareness programs had not been implemented effectively. Arrangements are being made for that purpose.
- (d) Approved cadre of the Institute was 102, and there existed 36 vacancies. The post of Director General of the Institute remained vacant since the year 2018, and the Additional Director General (Academic) was acting on that post.
- Recruitments should be made without delay.
- The scheme of recruitment of the institution was revised and approved again in the year 2020 after referring to the Management Services Department to revise the recruitment procedure for the post of Director General. Applications are invited for recruitment to the posts on 28 May 2021
- Recruitment for vacant positions was not completed even in the year 2021.

32. National Institute of Cooperative Development

Opinion of the Auditor General on the Financial Statements	2018	- Qualified Opinion
	2019	- Qualified Opinion
	2020	- unqualified opinion

	Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a)	The balance of Value Added Tax of Rs.33,933,319 receivable from the Inland Revenue Department and continuously brought forward from the year 2005 had not been settled.	Action should be taken to settle the balances.	A written request has been made to the Commissioner General of Inland Revenue in the year 2021 to obtain the balance of VAT due from the Inland Revenue Department, and the related file is in progress.	Receivable balances had not been settled even in the year 2021.
(b)	The auditorium consisting of two lobbies and facilities for 1127 spectators constructed in the year 2014 at a cost of Rs.257 million with the objective of earning income by renting out to external parties had been used only 29 instances during the year 2018. The two conference halls situated in this auditorium with 160 imported seating capacity and capable of holding conferences at international level had remained idle from the year 2014.	Steps should be taken to increase income.	According to the report given on 14June, 2020 by the committee which was appointed to receive proposals regarding the revision of the currently charged fees for the auditorium and increasing the existing demand, necessary measures are being taken to increase its utilization level.	Action had not been taken to increase income until the end of 2021.

- (c) The old office building of the Institute situated in a block of land of commercial value belonging to the Institute had remained idle and attention of the Management had not been drawn on renovating the above building or used the land by carrying out a new construction. Further, a building of the Institute known as Mahaweli Building Premises had remained idle without being used for any purpose.
- Assets belonging to the Institute should be utilized.
- The old office building is planned to be renovated on the provisions of the year 2022 and used. The matters on the building known as the Mahaweli Building is to be decided after consultation with the Management Board and the Secretary to the Ministry.
- The building has not been utilized even in the year 2021.
- (d) A sum of Rs.844,921 out of Rs.6,000,000 received from the Department of National Budget in the year 2014 in respect of Standard Development Project of the training courses of the Institute, a sum of Rs.24,844,722 that remained unspent from the sum of Rs.68,445,000 received in the years 2014 and 2015 for the construction of the
- Funds should be effectively utilized.
- It has been planned to complete the works of the respective projects so that the money received for the respective projects can be utilized within that period by avoiding delays.
- Receipts of unutilized fund had not been remitted back to the Treasury.

auditorium and a balance of Rs.305,589 out of the provisions received for multipurpose building in the year 2017 had been retained idle in the current account in the year 2020.

- (e) The value of 6 accounts balances receivable as at 31 December of the year under review totaled Rs.4,647,242 and it included the balances totaled Rs.2,160,384 continued to exist over a period from 1 year to 5 years and balances of Rs.1,129,054 remained unsettled for more than a period of 05 years.
- Actions should be made to collect the dues without delay.
- A sum of Rs. 2,442,067 had been recovered from the outstanding balance as at 01 January 2021.
- A sum of Rs. 2,205,174 remain recoverable as at 31 January 2022.
- (f) The value of 7 accounts balances payable as at 31 December of the year under review totaled Rs.47,584,416 and it included the balances totaled Rs.46,636,251 unsettled over a period from 1 year to 5 years.
- Actions should be made to pay the dues without delay
- A sum of Rs. 145,421 has been settled by 31 January 2022.
- A sum of Rs. 46,132,994 is further to be settled as at 31 January 2022.

- (g) On 03 August 2017, management approval had been given to establish a Hela Bojunhalak jointly with the Department of Agriculture in the unused corporate building with a book value of Rs.1,200,000 situated at the Polgolla Uyanwatta junction belonging to the National Cooperative Development Institute and the management decision dated 30 May 2019 had decided to establish a cooperative product outlet in addition to the above-mentioned Hela Bojunhala and prepared a project proposal. However, the management decisions had not been implemented and by May 2021 and the building had not been used for any useful purpose.
- Actions should be taken to implement the management decisions immediately.
- Regarding this project proposal, there is a contradiction between the decision of the Board of Management and the opinion of the Secretary to the Ministry and accordingly, a suitable decision is to be taken through discussion.
- No action had been taken to use the assets effectively.
- (h) The Cooperative Co-op city which was run in 2979 square feet on the ground floor of multi -
- Actions should be taken to prepare plans and implement them to fully utilize the resources
- In this regard, steps have been taken to get the suggestions of the staff, and after being considered
- Alternative measures had not been considered even in 2021.

task building built in belongs to the institute.
National Cooperative
Development Institute
was closed down and
remained idle after 25
August 2017.

the suggestions, the most
appropriate and effective
suggestion has been noted
to be implemented.

33. National Child Protection Authority

Opinion of the Auditor General on the Financial Statements	2018	- Qualified Opinion
	2019	- Qualified Opinion
	2020	- Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) A sum of Rs.900,000 had been paid in years 2016/2017 to a consultant to obtaining the recommendations for the purpose of preparing suitable mechanism and to improve the relevant procedure regarding actions to be taken to the complaints received over the telephone number 1929 of the Authority and amounted to Rs.1,200,000 had been paid to a government institution to prepare a computer system. Even though 3 years lapsed by presenting that report, the attention of the management had not been paid to follow the recommendations and procedures, included that report while the computer system had not been implemented.</p>	<p>Should be paid the attention immediately to implement the recommendations obtained by the consultant report and to implement the data system.</p>	<p>Necessary steps had not been taken.</p>	<p>Although the ministry had appointed a committee to examine this and given a report, no action was taken until 31 December 2021.</p>

- (b) National Child Action should be taken The expenditure has to be No funds have been Development Fund was in accordance with the incurred by checking the spent till 31 established in the year objectives of the Act. balance of the fund and the December 2021 to 2010 for the prevention of the child abuse and the protection of the children who are victims of such abuse and to take all the actions to protect their rights, A balance amounted to Rs.2,378,477 had been in this fund by the end of March 2021 and since the year 2018 any money had not been spent to achieve the objectives of the fund .
- (c) The land acquired on Assets should be utilized Despite planning and As on 31 December lease basis in the year more efficiently. requesting the treasure 2021, it remained 2016 at a value of Rs.18,317,757 had been idle even by 31 August 2021. allocations, construction idle without being used for any purpose.
- (d) Out of 89,405 Steps should be taken to A procedure had been Law students have complaints reported to resolve the unsolved prepared from the year been entrusted with the authority from the complaints that had 2021 to resolve the examining these year 2011 to year 2020 continued to exist since complaints. unresolved complaints. Their number of 40,668 year 2011. recommendations are being forwarded brought forward without being resolved and no procedure had been implemented to resolve these complaints expeditiously. to the Director of Law Enforcement for taking necessary action.

- (e) National Data Base National Data Base Actions had been taken to No action had been
 in terms of the Act had should be prepared prepare a Data System in taken to prepare a
 not been prepared expeditiously. the end of the year 2021. Data System as at 31
 through 21 years had December 2021.
 passed sub sequent to
 the establishment of the
 Authority.

a debenture so that it could be recovered in the year 2017 on an annual interest of 5 percent. Although these debentures matured on 03 December 2017, the principal amount and the interest amount of Rs.14,101,250 for 09 years had not been recovered and the direct balance confirmations related to the debenture deposits had not been submitted to the audit.

- (c) In the year 1998, Rs.5,000,000 had been invested by the centre in an affiliated private company named J.R.Jayawardene Information Centre and only Rs.700,000 of the investment had been received back due to the closure of that company in the year 2008. Even though it has passed 12 years since the closure of the institute, remaining investment balance of Rs.4,300,000 that could not be realized had been continuously shown as a
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| <p>Relevant disclosures should be made to adjust the investment balance as a loss in the accounts. Necessary steps should be taken to charge the loss from responsible parties.</p> | <p>Arrangements have been made to present matters in this regard for the Board of Governors meeting to be held in the year 2022 and to write off this investment amount in the accounts.</p> | <p>As the relevant matter has not been rectified even in the year 2021, it continues to exist.</p> |
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long term investment in the financial statements. Relevant disclosures had not been made in the financial statements regarding this unrealizable investment balance.

- (d) Adequate steps had not been taken to charge rent income of Rs.5,664,347 receivable for the period of 2013-2019 and it included an amount of Rs.4,093,380 receivable from 05 institutes that have left the rent basis at the moment. Action should be taken to charge relevant amount. At present, the institutions that have been given buildings for rent have been informed to pay the rent every month before the 10th of the following month. Receivable money had not been recovered even in the year 2021.
- (e) According to the Clause No. 08 of the Sri Lanka Public Sector Accounting Standards No. 07, The assets with inherited value in the Museum have not been disclosed in the Financial Statement even by notes. Disclosures on inherited assets should be made as per the provisions of the standard. It is expected to disclose heritage assets of ancient value in the Center Museum, from the year 2021. Even by the end of 2021, the details related to the relevant disclosures have not been filed.

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| (f) | Without accounting the value of land and building separately in terms of Paragraph 50 of Sri Lanka Public Sector Accounting Standard 07, 5 percent of Rs.1,731,644 provision for depreciation had been made for the buildings including the land. | Action should be taken according to the terms of the Standard. | In the year 2015, the value of the land and buildings has been assessed through the department of valuation and after obtaining the approval of the governing board for the payment of assessment fees in the year 2022, the relevant assessment report will be obtained. | As the relevant matter has not been corrected even in the year 2021, it continues to exist. |
| (g) | When renting buildings, one square foot had been rent at a very low price of Rs.115 to Rs.165. | Action should be taken to rent on the current market value. | It is expected to obtain a valuation report for the building rent through the Valuation Department in due course. | Action had not been taken for rent buildings based on the due market price. |
| (h) | While Centre has agreed to reinvest the interest of a 12 months fixed deposit of Rs.26,625,494 invested in State Mortgage and Investment Bank by adding to the original amount, interest amount of Rs.2,928,804 for a period of one year from 01 April 2020 had been get back without the approval of the board of governors. | Action should be taken to get back the investment on the approval of the board of governors. | In the proposed board of governors meeting to be held in the year 2022, a governing board paper is to be forwarded to obtain the necessary covering approval for this purpose. | Covering approval of the Board of Governors was not obtained for obtaining the funds. |

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| (i) | No information was furnished to the audit relating to detailed schedules for 17 classes of fixed assets with a cost of Rs.117,839,906. | Action should be taken to furnish information, documents and schedules required for audit. | A part of the fixed asset register has been prepared at present. | As the relevant matter has not been corrected even in the year 2021, it continues to exist. |
| (j) | 12 payment vouchers of value Rs.1,009,707 without an approval, 21 payment vouchers of value Rs.1,965,250 without certification and 15 vouchers of value Rs.694,156 without approval and certification had been paid. | Action should be taken in terms of financial regulations. | Due to the covid epidemic situation in the country during the year 2020, it has not been possible to obtain the necessary certifications and approvals for the payment vouchers as mentioned by the audit. | As the relevant matter has not been corrected even in the year 2021, it continues to exist. |
| (k) | In the absence of compliance with the provisions of Paragraph 6.5 of the Guideline for Good Governance of Public Enterprises bearing Public Enterprise Circular No.12 dated 02 June 2003, Rs.781,750 had been paid in 2 cases as bonus for years 2019 and 2020 and approval of the governing board had not been obtained for that purpose. | Action should be taken to pay bonus in terms of the circulars. | A bonus payment system is in place as per the Paragraph 6.5 of the Guideline for Good Governance of Public Enterprises bearing Public Enterprise Circular No.12 dated 02 June 2003 | As the relevant matter has not been corrected even in the year 2021, it continues to exist. |

35. Palmyrah Development Board

Opinion of the Auditor General on the Financial Statements	2018 - Qualified Opinion
	2019 - Qualified Opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Due to non-utilization of provision of Rs.512 million received for renovation of the Thickam Distillery from 2016 to 2018, 23 direct employment opportunities and an annual tax revenues of Rs. 119 million had been lost by the government. Further, Livelihood of 15,000 Nos. of palmyrah depending families had been badly affected.	It must be repaired and reused.	The line ministry is taking steps in this regard.	The construction works were not completed until the end of 2021.
(b) Internal Auditor of the Board had been working at the University of Uva-Wellasa as a Senior Assistant Internal Auditor without getting any approval and, had obtained a salary amounting to Rs. 600,000 from the University of Uva-Wellasa in addition to the salary for the	Action should be taken immediately to end the problem.	The necessary approval for an independent investigation had been given by the line ministry and a preliminary investigation officer had been appointed by the Jaffna district secretary.	Disciplinary proceedings were not completed until the end of 2021.

permanent job at the Board.

Further, traveling claims of Rs.72,000 as traveling claims had been obtained from the Board producing forged documents.

- (c) Contrary to the Scheme of Recruitment, one officer was promoted to the post of Deputy General Manager and two junior managers were promoted as Production Manager and Internal Auditor during the year 2020. Promotions shall be in accordance with Scheme of Recruitment. Instructions are sought from the Line Ministry. The issue had not been resolved until the end of 2021.
- (d) The maximum communication allowances of Rs.7,001,632 had been paid to the officers of the Board for the period from 2015 to 2019 instead of being reimbursed the communication bills as required by Public Enterprise Circular No. PED 2/2015 dated 25 May 2015. Instructions in Public Enterprise Circular Phone allowances will stop being paid with salary and will be paid on their bills from October 2020. Overpayment had not been recovered even in the year 2021.

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| (e) | Contrary to the scheme of recruitment, 08 managers who did not meet the efficiency bars were confirmed in their posts. | Scheme of recruitment should be followed. | No suitable measures had been taken. | The issue had not been resolved until the end of 2021. |
| (f) | Although Rs.25 million was given to the Government Building Department in 2018 to construct a two storied building for the Palmyrah School at Kaithady, only Rs.11.24 million or 45 percent of that amount had been spent up to October 2020 and constructions had not been completed. | The construction work should be completed within the stipulated time line. | The building department has been strictly informed to speed up the construction. | Construction had not been completed until the end of 2021. |
| (g) | The Board had not taken necessary steps to recover the debtor balance of Rs.9,737,265 that remained outstanding for more than 06 years. | Prompt steps should be taken to recover the arrears. | Management will make legal requests from time to time with the help of a legal advisor and take further steps on the advice of the line ministry's legal advisor. | No steps were taken to recover the arrears even in the year 2021. |
| (h) | Three palm-related production machines purchased at a cost of Rs.20.85 million in the year 2018 have been unused for more than 03 years without any use for related production | Appropriate steps should be taken to effectively use these machines. | One machine has been handed over to the Karaveddi Cooperative Society with the approval of the Board of Governance and quality confectionary production is carried out using it at present. Action | Two machines remained unused up to the end of 2021. |

activities.

will be taken to effectively use the remaining two machines.

- (i) A sum of Rs.4,280,600 had been over paid to 8 managers as salary increments before the year 2018 and that payments had not been recovered even up to the end of 2021.
- Immediate action should be taken to recover the overpaid amount.
- An independent inquiry committee had been appointed by the line ministry secretary to clarify this issue. Actions will be taken by the management as per the decision of the inquiry committee.
- It had not been recovered even in the year 2021.

36. Tertiary and Vocational Education Commission

Opinion of the Auditor General on the Financial Statements	2018 - Qualified Opinion
	2019 - Qualified Opin
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Even though revaluation should be carried out on the change in fair value of property, plant and equipment in accordance with paragraph 47 of the Sri Lanka Public Sector Accounting Standards 07, net value of assets shown in the financial statements amounted to Rs.19,472,941 had not been revalued after the year 2008.	Non-current assets should be revalued as per the Sri Lanka Public Sector Accounting Standards.	Only a letter has been directed to the Valuation Department to seek necessary assistance for revaluation of assets.	No steps have been taken to carry out the asset class wise revaluation.
(b) Since the Thibus computerised accounting package applied for accounting activities of finance division has become inactive from 09 May 2017, all data fed to the system have been corrupted. Further no recognized precautions have been followed to store data outside the computer it has become impossible to recover	Responsible officers should be identified by way of conducting an investigation promptly.	It has been planned now to take action as mentioned here by appointing a committee by Director General to conduct an investigation.	No action has been taken in this regard till 31 December 2021.

data. No investigation in this regard had been conducted till 31 December 2021.

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| (c) | A number of 6769 Books to the value of Rs.2,119,675 in 13 categories, which have been received to the library for the sale from year 2016 to 2018, have been issued to outsiders without obtaining money and making an entry in the inventory that they are issued on the verbal instructions of the chairman. | Action should be taken to recover from the responsible parties the loss caused as a result of issuing books free of charge to outsiders without approval. | These books have been issued free of charge on the verbal instructions of the then chairman. Every action has been taken to prevent such situation in future. | Necessary corrective action not taken. |
| (d) | A number of 7354 books to the value of Rs.1,300,645 in 15 categories, which have been provided in year 2016 to issue to the apprentices following vocational training after getting them printed from a private institution by treasury grants, have been retained in the library without issuing. | Distribution of books should be made with a proper approval in order to minimize the loss caused to the institution. | A number of 554 books valued at Rs. 554,845 have been distributed among relevant parties. Further a considerable number of books is retained at the library for reference. | - Do - |
| (e) | As per the Circular No. 01/2018 dated 15 February 2018 and Trade | Circular instructions should be complied with. | The officers concerned have been instructed to prevent such mistakes in | No action has been taken against the responsible officials |

and Investment Policy Circular No. TIP/SS/01/27 Dated 27 January 2020, although a motor vehicle permit on concessionary basis can be granted to the officers who have completed an active service period of 12 years in a post of Senior Executive Level of the State Corporations and statutory bodies, on the contrary, a motor vehicle permit on concessionary basis had been granted to an officer who had completed a service period of 08 years 04 months and 18 days in a senior executive level post.

the future.

till the end of 2021.

- (f) According to the Tertiary and Vocational Education Act No.20 of 1990 and Act (Amendment) No.50 of 1990, while powers had been vested only to undertake researches and development activities carried out on vocational education and training under the powers of the Commission, researches Action should be taken in accordance with the powers vested by the Act As the provisions made by the General Treasury for researches were limited and as a separate Object, that is, DLI (Disbursement Link Index) had been establish in the budget estimate for carry out researches by the SSDP Project, the funds so allocated were used for the researches According to the Act establishing the relevant institution, conducting research is not a function of the Commission, but it is currently performing the same functions.

were in progress with the use of funds of the Commission.

- (g) The scheme of A recruitment and Amendments have been The relevant work recruitment and promotion scheme made by an internal was not completed promotion of the including all committee and will be till 31 December Commission approved amendments should be submitted to the 2021. by the Department of prepared and approved Department of Management Services on as soon as possible. Management Services after 17 July 2012 had been obtaining the Commission's had been amended approval. in many instances and as such, the Department of Management Services had informed the Commission on 15 August 2016 to prepare and approve a scheme of recruitment and promotion inclusive of all the amendments. Nevertheless, action had not been taken accordingly even up to 10 November 2020.
- (h) Even though tertiary According to the A database system A request had been education courses or relevant sections of the containing information made for the vocational education Tertiary and Vocational about the registered Ministry to amend courses shall not be Education Act, a system training center is Act No. 20 of 1990 conducted without being should be introduced to maintained by this to deal with legal registered in terms of 15 identify the tertiary and commission and the proceedings in (1) and 16 (1) of the vocational education information is displayed for relation to Tertiary and Vocational institutions that are public information. unregistered institutions. Education Act No. 20 of 1990, The commission without being registered

had not taken action to with the TVEC.
maintain an information
system by identifying
and updating the tertiary
education and
professional education
institutions that are being
operated without being
registered with the
commission.

37. Tea Research Board

Opinion of the Auditor General on the Financial Statements	2018 - Qualified Opinion
	2019 - Qualified Opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Although 08 vehicles belonging to the Sri Lanka Tea Board amounting to Rs.8,913,550 were revaluated and stated in the financial statements, the ownership of the vehicles had not been transferred to the Tea Research Board. It was also not disclosed in the notes or in the financial statements.	Action should be taken to take over the ownership of the vehicles as soon as possible.	It had been stated that action would be taken over to get the vehicles transferred and to disclose the vehicles that had not been transferred the ownership through notes of the accounts in the future.	The ownership of 07 vehicles has not been taken over even in the year 2021.
(b) The income tax of Rs.1,619,925 to be paid on the interest income of Rs.6,749,688 during the year under review had not been accounted and the value of 8,504 kg of dust tea were remained without being sold at St. Coombs Estate at the end of the year under review had not been charged and accounted. Also, the construction cost of	Assets and liabilities should be clearly identified and taken into the accounts or disclosed in financial statements.	The Tea Research Institute sent a letter on 05 April 2021 to the Secretariat of the Interpretation Committee of the Inland Revenue Department asking whether income tax is required to be paid on the interest income received, but no reply has been received so far. It was informed that during the preparation of accounts for the year 2021, dust tea	It has not been implemented even in the year 2021.

Rs.1,583,508 of the "Save the Children" project belonging to the above estate which was completed in the year 2019 had been shown as Work in Progress without being capitalized.

stock will be disclosed through the account notes and the balance of the work-in-progress account related to the Save the Children project will be capitalized.

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| (d) | The actions had not been taken to recover the Analytical Charges amounting to Rs.1,033,905 due to the Tea Research Institute from the estates from the year 2017 to the year 2020. | Action should be taken to recover the receivable money without delay. | Action will be taken to settle the revenue to be received for the analytical activities for the years 2017,2018,2019 and 2020 during the years of accounts in 2021 and 2022. | Dues had not been recovered by the end of the year 2021. |
| (d) | Although a Procedure Manual for the formulation of rules and regulations for human resource management should be prepared and the approval of the Secretary to the Treasury should be obtained in terms of Section 9.14 of Public Enterprises Circular No. PED / 12 dated 02 June 2003, actions had not been taken by the Board accordingly. | Action should be taken for the formulation of rules and regulations for human resource management as per the circular. | Following the procurement method, proposals and quotations for the preparation of the office manual have been invited and the relevant quotations and proposals are due to be received on 01 March 2022. | The Human Resource Management Procedure Manual has not been prepared. |

- (e) The Walk in Type Environmental Controlled Facility purchased at a cost of Rs.14,030,854 on 24 November 2017 from India had not been installed and commissioned properly. Although 03 years had passed, it had not functioned at the desired level and therefore it couldn't be used for research purposes.
- Legal action should be taken expeditiously to recover the losses.
- According to the advice of the Government Advocate appointed by the Attorney General, a discussion has been held on 23 January 2022 with the local company that purchased the above equipment as per the service agreement. If the company fails to reach an agreement within the next two weeks, the Attorney General has instructed to file a case in the Industrial Court.
- No legal action was taken against the concerned company and the loss was not recovered.
- (f) The interest that had to be paid by the Board in the year 2020 for the bank overdraft balance of Rs.13,453,726 of the Board for the year 2019 was Rs. 1,459,726.
- Financial management should be done in a way those benefits to the institution.
- No preventive measures whatsoever had been taken.
- This bank overdraft was not been cleared even in the year 2021 and interest is also being paid.
- (g) Although buildings were constructed at a cost of Rs.72,031,804 in Walahanduwa, Deniyaya and Kottawa Regional Offices before 2010, the action had not been taken to transfer the ownership of those lands to the Board.
- Action should be taken to transfer the ownership of the relevant lands to the Board
- Action is being taken to get these lands transferred.
- It is observed that the acquisition of land ownership is going on slowly.

- (h) The bonds valued at Rs.15,054,891 couldn't be recovered by the end of the year 2020 due to breach of agreements entered into with the Board in 2005 and 2009 by the four officers who were not return to work from abroad after finishing of full pay study leave.
- Examine whether the delays in legal proceedings were intentional and take appropriate actions, implementing possible alternative methods for finding information about officers.
- The cases were filed against four officers who failed to return to work by violation of bond agreements. In cases where the accused have gone abroad, cases have been filed against the guarantors.
- Two filed cases are pending and the other two cases were shelved due to lack of information on the accused.
- (i) Although the loss of Rs.12,281,003 incurred from a financial fraud that occurred in 2017 due to internal control weaknesses in the St. Coombs Estate is being in the debtors balance, it had failed to recover damages or take disciplinary actions up to the end of the year 2020 by completing investigations.
- Action should be taken to conduct formal investigations and disciplinary inquiries relating to financial fraud without delay.
- It has been scheduled to recover the loss by conducting investigations on the fraud in terms of F.R.104(1) and 105 (1) and obtain a report through the Ministry of Plantation.
- Although the initial and formal disciplinary investigations have been almost completed, it has been failed to recover the losses in the manner of F.R till the end of 2021.
- (i) It was observed that the Board did not have the original vehicle registration Certificates for two vehicles belonging to the Tea Research Board and the physical assets verification conducted
- Urgent action should be taken to obtain the original registration certificates of the vehicles belonging to the Board.
- It was informed that this hand tractor belonging to the Hantana sub-centre was received as a grant to the Tea Research Institute about 25 years ago, so it was not possible to find any documents related to it due to the lack of a proper
- Original copies of vehicle registrations have not so far been obtained.

for the year 2020 revealed that the Hanthana sub-office had not registered a 2 wheel hand tractor.

source of information.

- (j) There observed a less tendency to replanting because the capital expenditure incurred as replanting from 2015 to 2020 at St. Joachim Estate were seem to decreased Rs.9,242,229, Rs.1,822,004, Rs.1,325,706, Rs.655,369, Rs.21,000 and Rs.283,187 respectively and it is observed that this condition directly affects also the decrease in the yield of the crop. Accordingly, it was observed that this situation had caused the entire factory with an annual capacity of 1,020,000 killograms of processed tea to become underutilized from 72 per cent to 85 per cent of that capacity last year and during the year under review.
- Action should be taken to increase the capital allocation required for replanting and crop rehabilitation.
- Replanting had not been possible for many years due to lack of capital funds. An allocation of Rs.50 million has been approved for the year 2021 by the Ministry of Plantations for the development of St. Joachim's Estate.
- There is less tendency to replanting due to working capital shortage.

- (k) Out of the 103 research projects currently under implementation in the Board's Action Plan for the year 2020, only 34 projects were completed during the year under review and it was observed that the progress of the remaining 69 projects ranged from 2 to 95 per cent. According to the information submitted to the audit, out of the research projects initiated from 2013 to the year 2020, 10 research projects due to the shortage of skilled human resources in the tea industry by the year 2019 and 28 research projects cost at Rs.40,891,685 had been postponed or abandoned due to various reasons.
- Action should be taken to successfully complete and effectively utilize the research projects currently in operation shown in the Action Plan.
- All research projects belong to the long-term research category. Therefore, research activities related to projects will be carried out over a period of several years. According to the Corporate Plan 2013 - 2017, some of the decisions taken by the Tea Research Institute to postponed 38 research and development projects submitted with the participation of stakeholders in the tea industry are, conduct by considering the current requirements and the priority.
- The initiated research project has been completed and the implementation of its final conclusion has been slow overall.
- (l) It was observed that out of the total number of plants in the year under review, namely 111,608 plants valued at Rs.2,899,177 out of 175,286 in the tea nurseries at the Deniyaya, Hanthana, Strategic measures should be introduced to increase the sales of plants in tea nurseries.
- It usually takes 9 to 12 months to get a quality tea plant. Therefore, at the end of each financial year, there are usually a significant number of tea plants in the nurseries. Tea plants are also retained for mother plant projects and research
- There was a gradual increase in the cost of planting seedlings and the sale of seedlings was also relatively reduced, thus resulting in a loss situation.

Kottawa and Passara Regional Offices of the Tea Research Institute had remained unsold at the end of the year and it was 64 per cent of the total number of plants. The cost incurred for a plant had also varied from Rs.17.15 to Rs.29.54.

purposes. The unit cost of the same centre also varies from year to year because of the change of the cost of preparation of nurseries, soil and expenditure on labor for tea nurseries.

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| (m) | According to the United Nations' Sustainable Development Goals "2030 Agenda", although the Tea Research Board should identify sustainable targets and their progress measurement indicators and annual milestones for the activities under its purview and include those activities in the Annual Action Plan, it had not been done accordingly. | Action should be taken in accordance with the Sustainable Development Act No. 19 of 2017. | The Tea Research Institute Action Plan has included numbers related to Sustainable Development Goals from the year 2021. | The Board had not correctly identified the sustainable development objectives, targets and indicators that fall under its purview. |
| (n) | Accordance to the Paragraph 16 of the Sri Lanka Public Sector Accounting Standards No.18, although the value of the Biological Assets should be estimated and accounted, | The value of Biological Assets should be assessed and accounted. | Action will be taken to assess the commercial value of timber valued plants in consultation with the relevant agencies and necessary actions to accounts it will be taken thereafter. | It had not been implemented by the end of 2021. |

the 5,654 valuable trees in the Talawakele, Ratnapura, Hanthana, Passara and Kottawa regional offices had not been assessed and shown in the financial statements.

38. National Authority on Tobacco and Alcohol

Opinion of the Auditor General on the Financial Statements	2018 - Qualified Opinion
	2019 - Qualified Opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) A sum of Rs.1 million had been sent to the Director General of Health Services for a function of offering honour to the Minister of Health, Nutrition and Indigenous Medicine even though the said action is not complied with the activities mentioned in the paragraph 14 of the National Act on Tobacco and Alcohol No.27 of 2006.	This amount should be recovered from the officers who engaged in authorization, approval, certification and payment relating to the expense which was not complied with the activities of the Authority.	This expenditure was incurred under the sub activity of empowering political leaders for eradication of tobacco and alcohol in accordance with the Annual Action Plan.	The amount had not been recovered from the responsible officials as on 31 January 2022.
(b) The total amount received from Smokeless Tobacco Bloomberg (STB) as at 31 December 2018 was Rs.18.32 million and 3 objectives had been identified for the implementation of the project. Only an amount of Rs.357,717 had been	Only the Programmes, which are in compliance with the objectives of the Authority and for which prior approval of the Board of Directors is given, should be implemented.	Action will be taken to draw attention of the Board of Directors and to get their approval in relation to the requests made by public as well as private institutions for getting the assistance of the Authority.	No investigation has been conducted in this regard and necessary action has not been taken against the responsible officers as at 31 January 2022.

incurred in the year 2020 for the 3 objectives. However, a sum of Rs.572,260 had been incurred for Programmes, which were extraneous to those objectives and conducted by public as well as private institutions and organizations without obtaining the approval of the Board of Directors. Moreover, it was possible to pay only 17 per cent out of the total amount received from the project as salaries and allowances for the staffs, a sum of Rs. 7.03 million equal to 38 per cent out of the total amount received from the project had been incurred for that purpose.

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| (c) | The Authority had failed to raise sufficient local or foreign funds annually to enable them to be able to fulfil the mission of the Authority of uniting all social sectors to rid the society from the dangers of | Urgent action should be taken to improve the performance of the Authority. | Action will be taken to increase the performance. | As of 31 January 2022, no corporate plan or strategic plans have been prepared detailing how to improve the performance of the Authority in the future. |
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tobacco and alcohol. As a result, the expenditure incurred on programmes in year 2017, which was Rs. 23.11 million, had been decreased by 81 per cent to Rs.4.35 million by year 2020. Similarly, the expenditure incurred on performing the functions prescribed by the Act was 132 per cent of the expenditure incurred on the day-to-day running of the Authority, but by the year 2020 it had decreased to 20 per cent. Accordingly, it was observed that the performance of the Authority had declined by 112 per cent by the end of the year under review.

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| (d) | The first phase of the Global Adult Tobacco Survey, launched in 2019 under the grants of the World Health Organization, has not been approved by the Board of Directors, and Rs.2,904,185 had been paid to 03 suppliers for obtaining services | The government-approved procurement process should be followed. | That the Authority paid special attention to confirm such requirements in the future and make payments accordingly. | No investigation has been conducted in this regard and necessary action has not been taken against the responsible officers even as on 31 January 2022. |
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related to this project without following the government approved procurement process during the year 2020.

- (e) According to public Finance Circular No. 01/2014 dated 17 February 2014, the action plan prepared for the year 2020 had not identified the targets for expected physical progress, and as a result there were no specific criteria for measuring the physical performance of each activity. Similarly, due to the discrepancy between the expected financial progress in the action plan and the expected financial progress in the prepared progress reports and since the activities related to the foreign grants received directly into the bank account had not been included in the action plan and progress reports, the financial performance of the authority could not be identified correctly.
- The action plan should be designed to include specific measurement criteria for measuring physical performance in accordance with the circular.
- That the authority has paid attention in this regard and it will work to prevent these situations in the future.
- The action plan prepared for the year 2022 was not prepared in conformity with the circular provisions.

39. Urban Settlement Development Authority

Opinion of the Auditor General on the Financial Statements	2018	- Qualified Opinion
	2019	- Qualified Opinion
	2020	- Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) Even though in terms of sub-section 16(3) of the Urban Settlement Development Authority Act No.36 of 2008, the initial capital of the Authority should be Rs.5,000 million and it should be received by the Authority in installment basis from the consolidated fund, no capital had been provided by the Authority up to end of the year 2020. Similarly, in terms of sub – section 16(f) of the Urban Settlement Development Authority Act No.36 of 2008, the service charges collected from the property developers, who invested in low income housing projects, by the Urban Settlement Development Authority should be credited to the Urban Settlement Development Authority</p>	<p>According to the provisions of the Act, arrangements should be made to obtain the initial capital in consultation with the Treasury. Ninety per cent of the authority's total revenue comes from government grants and earnings from operating activities is about 10 percent. Necessary measures should be taken in consultation with the Ministries and the Treasury to improve this situation.</p>	<p>Request letters have been sent to the Treasury.</p>	<p>No specific reply was received from the Treasury.</p>

Fund. However, according to the Cabinet decision made on 14 December 2010, No.10/2951/504/012, collection of the service charges had been terminated. Thus, the Authority had lost its main source of income.

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| (b) | Even though the Urban Development Authority had been established to prepare a National Policy for urban development and to ensure the implementing of such a policy in terms of Urban Development Authority Act No.36 of 2008, the Authority had failed to prepare a such a National policy and implement it even since lapsed of 12 years after the establishment of the Authority. | Action should be taken in conformity with the objectives of Authority's Act. | Due to the dissatisfaction of the management for the national policy for settlement development drafted by the advisory committee, it has been decided to appoint a new panel of experts to draft the relevant policy with the intervention of the Ministry. | The panel of experts has prepared a framework for that and it is being discussed in the advisory committee. |
| (c) | The contract for construction of welfare building of the Saurupura Housing complex, Angulana at a cost of Rs.14.19 million had been abandoned only after completing of | Action should be taken according to the agreement and the losses should be recovered. | Notifications were made by letters to recover the dues. | The retained money held by the authority has been deducted from the advance amount due and then an amount of Rs. 1.6 million is still remained |

works valued at Rs.5.85 million. As a result, the Authority was unable to recover the mobilization advance paid to the contractor amounting to Rs.2.26 million up to end of the year under review. Abandonment of the contract without being completed was directly attributed for this situation.

recoverable. No legal action has been taken for that purpose in 2021.

- (d) The activities of The Corporate Plan The planning division of Discussions are conducting studies and should be prepared the Authority has being carried out at researches relating to including the activities conducted a research the advisory identifying of the aiming to achieve the related to the entire island committee meetings. economic and social objectives of the and given the relevant condition of the urban Authority. research report to the Management and Audit settlers and Implementation of nationally relevant urban housing loan schemes which should be carried out to achieve the objectives of the Authority according to the Urban Development Act No.36 of 2008, had not been include to the Corporate Plan. committee and the Advisory Committee.
- (e) It was observed in audit According to the Any action had not been No action was taken that external persons, objectives of the taken. to evict the outsiders non-beneficiaries, had Authority, it should be and transfer the been occupied in 45 allowed to use the respective properties

- houses and 3 shops in the properties only to to the pre-selected housing projects of authorized persons and beneficiaries. Saurapura, necessary actions should be taken against the use of properties by Talawakele and of properties by Rajagama. However, The Authority had not taken effective actions to evict those persons.
- (f) Even though the renovation activities of the Shaspura housing scheme had been completed in the year 2017, the Authority had failed to rectify the deficiencies in renovation works from the contractor up to end of the year 2020. As well, further payable amount to the contractor amounting to Rs.8.80 million had also not been settled.
- (g) Although Rs.1,179 million had been spent for the construction of the Angulana housing project, without any policy decision, Rs.700 million was written off against the profit and only Rs.478 million had been shown as assets, as
- After being rectified the deficiencies in the contract works, action should be taken to settle the advances.
- Due to the fact that the contractor did not build this construction to the expected level, bills have not been settled and the relevant divisions have been instructed to get the work done properly by the contractor, the State Development and Design Corporation, in the future.
- The defects in the relevant contract have not been corrected in the year 2021.
- Explanations related to this matter and the impact should be described.
- Matter has been referred to the Treasury seeking covering approval.
- A covering approval had not been received even in the year 2021.

such the non-current assets of the Authority had been understated by Rs.684 million.

40. Sri Lanka Institute of Local Governance

Opinion of the Auditor General on the Financial Statements 2018 - Qualified Opinion
 2019 - Qualified Opinion
 2020 - Unqualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Despite, that the Board of Control had decided to send a letter of demand requesting the entire money recoverable to the institution from the driver charged as an accuse in a formal disciplinary inquiry, the letter of demand had not been sent and as such a loss of Rs.539,128 had incurred.	An internal check system should be implemented by establishing that the decisions taken by the Board of Control are implemented.	This matter was delayed due to non-availability of a legal officer in the Institution and had to be inquired from the Board of Control that sending of letter of demand should be carried out by a legal officer himself.	Adequate action has not been taken in 2021 to recover overpayments.
(b) Amendments related to absorption and recruitment of staff for new posts created through staff restructuring in the recruitment procedure had not been made until 31 August 2021.	The amendment should be made expeditiously and properly.	The Management Services Department has been contacted in this regard and the recruitment procedure could not be amended until its decision was made.	A new procedure is being drafted under the guidance of an external consultant.
(c) In the year 2013, a contractor was selected by bidding for the construction of a 4	The construction work of the institution building should be inspected and further	A Cabinet Memorandum has been submitted to the Cabinet by the Ministry of Provincial Councils and	A progress has not been achieved even by the end of 2021.

storied building for a contract amount of Rs.53,196,907 and The construction of the pile foundation of the building was outsourced by the Chief Contractor to a Subcontractor. Due to change the plan to increase to 8 storied after constructing a pile foundation sufficient for 4 storied and the institute has accepted that it is not appropriate to construct the building on the relevant pile foundation, the expenditure incurred of Rs.44,757,072 on this was a non-performing expenditure.

work should be expedited so as not to cause any loss to the government.

Local Government regarding the construction of the new building. Accordingly, the National Procurement Commission has been instructed to look into past expenditure and discussions are underway with the University of Moratuwa regarding future construction work.

- (d) Even though, the applications to recruit external resource persons had been called by the paper advertisement published on 14 December 2017, a formal methodology had not been followed to select resource persons and without the approval of the Board of Control action had been taken to register 85 resource
- Action should be taken to enquire in respect of not taking due actions.
- It was due to furnish matters in this regard to the Board of Control.
- A proper methodology had not been put in place even in the year 2021.

persons according to the subject field.

- (e) In accordance with the Fiscal Circular Regulations No. 01/2014 and dated 17 February 2014, an action plan aimed at achieving the objectives of the institute with a long-term vision had not been formulated according to the priorities based on the annual budget and the expected output / results of those activities had not been included in the action plan.
- It should be prepared properly.
- The action plan will be submitted for the coming year as mentioned in the circular.
- The Action Plan had not been prepared up to the end of 2022.

been conducted out of the total number of courses.

- (c) According to the Cabinet approval received in the year 2015, an expenditure of Rs.3,762,600.00 had been incurred for various activities which should be carried out before inviting bids for constructing a new four storied building. Nevertheless, the total expenditure incurred had become fruitless due to the decision taken to discontinue constructions as a result of difficulties in obtaining provision.
- In proposals relating to constructions, expenditure on commencement activities should be incurred only after obtaining approval for making provision.
- It is expected to present a cabinet paper and construct this building and it is further expected to use the above plans and estimates for that purpose.
- The governing bodies have decided to stop the construction of this building and remit the remaining amount to the treasury at present.
- (d) A machine valued at Rs.2,237,112 had been purchased for testing the quality of apparels by the Healthy and Safety Project implemented on provisions of the Ministry. However, approval for necessary legal provisions for issuing a certificate on the quality of raw materials using the said
- As the conclusions from the research done in the existing market are harmful to the general society, laws should be made to change the situation.
- It is planned to proceed with obtaining the necessary legal certification once the financial provisions are received.
- In the year 2021, it is planned to implement the activities of obtaining financial provisions.

machine, had not been
obtained in the year
under review.

42. Coconut Research Board

Opinion of the Auditor General on the Financial Statements 2018 - Qualified Opinion
 2019 - Qualified Opinion
 2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) Due to the dry weather, considering the decrease in seed production, the failure of the Board to establish adequate irrigation systems to provide the water and to increase the yield of new coconut varieties, the seed production decreased to 828,070 in the year 2018 from 1,107,642 in the year 2017.</p>	<p>Action should be taken to install irrigation systems for estates where coconut production is low due to inadequate water supply.</p>	<p>Due to the high cost of building water supply systems to cover the entire area and the scarcity of groundwater, it is planned to apply rainwater conservation methods in the year 2022.</p>	<p>The establishment of irrigation systems or the application of rainwater conservation methods had not taken place in the year 2021 either.</p>
<p>(b) The physical performance of the 07 Research Projects which were in due to be completed in the year under review with allocation amounted to Rs.11,925,500 was in between 45 and 80 per cent. Although this was mainly due to shortage of research officers, resignation of research officers, lack of</p>	<p>Factors affecting the decrease in performance of research projects should be examined and necessary measures should be taken promptly.</p>	<p>Since most of the vacancies are filled in 2021, this issue is to be mostly resolved from 2022 onwards.</p>	<p>The research projects were not completed as planned in the year 2021.</p>

chemicals, the delay in purchasing chemicals, the Management had not taken necessary action for this purpose.

- (c) A number 112 teak trees cut off in February 2018 belonging to the Ratmalaga Research Center which had an estimated value of Rs.3,428,678 had remained decaying with unable to sell. Actions should be taken against the officials who have decided to cut down trees before ascertain the ownership of the land. After receiving the approval of the Divisional Secretary to sell at the appraised value obtained from the State Timber Corporation, steps are being taken to sell them through the formal procurement process. No action had been taken to sale or initiate disciplinary actions against the officials, as of the end of 2021.
- (d) The Property, Plant and Equipment should be revalued once per 03 or 05 years as necessary in terms of Section 47 of Standard 07. However, lands costing Rs.1,539,783,874 and buildings costing Rs.187,578,610 had not been revalued and brought to accounts since the year 2005. Assets should be revalued and shown in the financial statements as per the Standard. It has been reported that the land and buildings will be revalued after the completion of the acquisition of Bandirippua, Walpita and Ambakele lands. Land and buildings were not revalued even in the year 2021.
- (e) An expenditure of Rs.13,767,434 had been incurred under Ministerial provision by the Coconut Research Board during 2000-2019 on researches aimed at Practical solutions should be identified to curb the coconut mites. It has been reported that ongoing research on coconut varieties resistant to coconut mite damage will take at least 2 years to make recommendations, and research on other The recommendations that could be implemented in practice had not been presented even in the year 2021.

suppressing coconut mites. The Coconut Research Board had made recommendations to suppress coconut mites during the period 1999-2014, but the Board could not make any recommendation to curb coconut mites since the year 2014. The calamity of coconut mites could not be minimized considerably through the recommendations made by the Coconut Research Board thus far. It was reported that the reason attributable thereto was the practical difficulties faced in the field.

predatory mites will take up to 5 years to make recommendations.

- (f) By the end of the year 2019, the Coconut Research Board had produced 1,571,075 coconut seedlings. However, only 11,930 coconut seedlings had been produced from the coconut species such as, Kapruwana, Kapsuwaya, and Kapsetha that had been introduced after the year 1998. That New coconut seed gardens should be established thereby taking action to increase the production of Kapruwana, & Kapsuwaya coconut seedlings and popularize among the people. Necessary arrangements are being made to start seed production in Kinyama Seed Coconut Garden from the year 2022. A new seed coconut garden for the production of Kapsuwaya seeds was started in 2021 in collaboration with the Kurunegala Plantation Ltd. A program has been initiated with public and private plantation No evaluation has been carried out as to whether seed coconut production has increased.

represented as low as 0.76 per cent of the total production of coconut seedlings. Accordingly, the Board failed to maximize the production of coconut seedlings by establishing coconut seed gardens, and popularize the said coconut species among people by maximizing the production of coconuts.

companies to produce hybrid varieties by manual pollination.

- (g) The amount of Advances should be Rs.777,856 given to two officials for foreign travel in 2019 had not been settled by the end of the year under review. Since the approval of the National Budget Department is received after the completion of the said visit in most cases, the approval of the National Budget Department is awaited for the settlement of this money issued as an advance on the approval of the line ministry. Advances on foreign tours had not been settled.
- (h) Legal actions had not been taken to recover a sum of Rs.28,588,859 as per the agreements that had to be received from 09 officers who had gone abroad on scholarships during the period 1992-2014 and not reported back to work, from officers and The Board should recover money from those who violated the agreement. Legal proceedings will continue further. It was not possible to recover the money in the year 2021 as well.

guarantors.

- (i) Although a 160 acre seed coconut orchard was established in 2013 at Keeniyama Estate, Chilaw belonging to the Chilaw Plantation Company on government expenditure amounting to Rs.25,814,945 and the expenditures of that company amounting to Rs.40,375,217, aiming to provide 250,000 “Kapruwana” hybrid coconut seedlings per year for the national coconut plantation, it was not observed whether the desired objectives are achieved in the establishment of this garden due to the matters such as failure to carry out a feasibility study and prepare a long term plan, 4,818 shortages for coconut seedlings, hand pollination and poor maintenance of cultivation.
- Arrangements should be made to achieve the desired objectives by establishing a seed garden.
- Necessary measures have been taken to control the vacancies and insect damage in these seed coconut gardens. Seed production through hand pollination is scheduled to start from 2022.
- The desired goal had not been reached in the year 2021 as well.
- (j) Even though a piped water system had been installed at a cost of Proper remedies should be applied to meet the desired objectives of the water supply system. Expert advice is being sought to improve this water supply system. Necessary measures had not been taken to achieve the

Rs.17,501,925, to irrigate pipe line system and all the plants in the 160 acre land area of the Kinyama Seed Coconut Garden, as there was no water collection tank, it supplies water only to the area around the tube well and thus it was observed that the bowser was supplying water to the rest of the area, the role of the Technical Evaluation Committee and the Procurement Committee on that procurement was controversial.

desired objectives by the piped water system.

- (k) It was not observed that the control of coconut leaf wilt disease spreads in the Southern Province is effective and efficient as per the matters such as maintaining of 05 acre coconut garden established in Weligama area, Matara in 2016 incurring an expenditure of Rs. 11,729,698 for the production of hybrid seeds which are resistant to coconut leaf wilt without proper supervision, not conducting hand Actions should be taken to identify inefficiencies in controlling Weligama coconut leaf wilt disease and to manage it efficiently. A worker has been recruited and trained to start hand pollination. The hand pollination is scheduled to begin before the end of the first quarter of 2022. The disease had not been controlled due to the failure to maintain the seed coconut garden properly and the work of removing diseased trees was not efficient.

pollination of 50 leased coconut palms and stopping of research activities, failure to inspect 249 out of 294 Grama Niladhari Divisions in the fourth stage of the protection zone where diseased trees are removed and maintained.

- (1) The coconut yield of 3,941,973 nuts in the year under review at 10 Gene Resource Centres (Estates) owned by the Board had decreased by 27 per cent as compared to the yield of 5,410,551 nuts in 2019 and 22 per cent as compared to the estimated coconut yield of 5,079,249 nuts. The decline had ranged from 2 per cent to 40 per cent among Genetic Resource Centres.
- Necessary actions should be taken studying all the factors that affect to the decrease in coconut yield.
- After a formal study on all the factors affecting the reduction of coconut productivity, by removing unfertile trees and filling gaps, using moisture conservation methods and rainwater protection methods, taking necessary technical measures for disease and pest control, applying chemical and organic fertilizers according to the recommended method, etc. there is hope to increase productivity.
- Factors contributing to productivity decline were identified, but necessary action had not been taken.

43. Coconut Cultivation Board

Opinion of the Auditor General on the Financial Statements 2018 - Qualified Opinion
2019 - Disclaimer of Opinion
2020 - Disclaimer of Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) A sum of Rs.4,596,475 due for the coconut saplings given to the Divinaguma program in the year 2013 had not been recovered even though more than 8 years have passed.	Management should take necessary action to recover long standing receivables..	Any step had not been taken to recover the money.	It had not been recovered even in the year 2021.
(b) The posts such as Deputy General Manager (Finance Management) and Deputy General Manager (Extension Development) of the Board had been in vacant from 2016 and 2017 respectively and due to the failure to appoint permanent officers to such posts, the duties of the respective positions could not be fulfilled efficiently.	The management should take necessary actions to recruit to the permanent officers expeditiously for the main posts of the Board.	Although initial steps have been taken to recruit for the vacant posts, the government has decided not to make new recruitments, so the matter has been forwarded on 25.01.2022 to get the approval of the Ministry of State.	No permanent officers have been appointed to the posts till January 2022.

- (c) Although fully depreciated assets should be reviewed again and indicated in the financial statements in accordance with Standard No. 03 and disclosure in relation to these assets should be done in the financial statements in accordance with paragraph (92) (b) of the Standard No. 07. Those had not been revalued even in the year 2021.
- (d) Action had not been taken to recover amounts of Rs.2,631,003 and Rs.1,176,375, for which Court Orders had been granted to recover from two debtor private companies respectively and Rs.6,573,572 receivable to the Board from the Ministry of Coconut Development and Janatha Estate Development since 2013. The Management should take action to recover the amounts receivable to the Board. The Attorney General's Department informed that the address of the accused could not be found in order to collect the amount of Rs.3,807,378 due from two private companies for the sale of coconuts in the years 1997 and 1999, and that the case for that was set aside. Due to the transfer of ministries, the amount of Rs.6,573,572 incurred by the Coconut Cultivation Board for the control of

Weligama leaf wilt and rot diseases is being written off as bad debt.

- (e) Although it has been indicated in the duty list of the Coconut Development Officers that they have to provide knowledge and information to the coconut growers, implement training programmes, provide advices on control of diseases / pest damages, coordinate in the release of agrochemicals, parasitoids, predators required for the control of diseases and pests, maintain a full set of a database on agricultural services of the Division and industries related to the coconut cultivation and update such data, the said officers had not maintained and updated data on coconut mite damage in the year 2019 and the attention of the supervisory officers had not been focussed on that regard.
- An accurate database on coconut mite damage should be maintained and updated.
- Data has been collected on the pests that harm the coconut plantation and the areas with high mite damage have been mapped at present.
- It had been failed to take active measures to control mite damage.

- (f) An agreement had been entered into with the contractor without obtaining the approval of the relevant authorities for the construction of another additional part for the Head Office building of the Board, which was started in the year 2014. The contractors had abandoned the contract without carrying out the construction work even though the Board had spent Rs. 14,388,275 for this construction. The Board has not yet been able to make the contract finalized by making the relevant rectifications.
- The reasons for the abandonment of the construction work should be inquired into and action should be taken to recover the loss from the officers responsible for that.
- For this purpose, further work will be carried out according to the instructions requested from the Construction Industry Development Authority (CIDA) and the Central Engineering Consultancy Bureau, which is the construction advisory body.
- No proper action has been taken to recover the money spent or to complete the building.
- (g) Although a report on the progress of each model regarding the model coconut gardens established to demonstrate the management procedure of the coconut cultivation should be submitted to the Head Office once in every two weeks, such a progress review had not been carried out in the year
- The work of the project should be carried out under proper supervision by preparing an accurate progress report on each model.
- Coconut Development Officers and Farm Planning Officers have continuously inspected the lands and kept log entries in order to monitor the progress of the model coconut gardens. It has been decided to obtain information and progress of this project through short videos.
- There was no progress review of the model coconut plantations.

2019. It was observed that the Board was not paying proper attention to this project at present.

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| (h) | Even though the female officer had been dismissed from the service in the year 2020 after recovering the damage related to the cheque fraud amounted to Rs.595,060, which had occurred in the Board in the year 2019 due to the weakening of the internal control on payments and certification of the alterations and deletions in cheques by the certifying officers without drawing attention of the relevant responsible officers regarding the alterations and deletions made to the cheques, any disciplinary action had not been taken against the supervising officers responsible. | Internal control systems must be established. Disciplinary action should be taken against the officers responsible for the weaknesses prevailed. | A series of instructions on the procedure of issuing and altering cheques have been updated and provided rather than taking disciplinary action against the officers, as the female officer had engaged in this fraudulent activity on her own, apart from the supervisory process of the supervising officer. | No disciplinary action had been taken against the responsible supervisors. |
| (i) | Due to the negligence on the part of the laboratory staff of the laboratories of the Coconut | Action should be taken to maintain the laboratories belonging to the Board under the | Lab workers have been trained and reported to have reduced contamination. It has also | The situation was not under control in the year 2020 as well due to a significant |

Cultivation Board prescribed Standards. located in Batticaloa, Welipitiya, Kegalle and Ampara and due to poor laboratory conditions and non-availability of necessary sterilization equipment in the laboraroties these laboratories were contaminated in the last quarter of the year 2018. The Welipitiya predatory mite laboratory had been closed down by 2019.

been informed that its number of condition will be constantly contaminations. monitored by the officer of the Coconut Research Institute and the Coconut Cultivation Board.

- (j) The interview for recruiting by filling 13 vacancies in the Post of Management Assistant Grade III was conducted in the year under review in contrary to the provisions stipulated in the Management Services Circular, No. 03/2018 and it was observed that the awarding of marks to the candidates, who appeared for the interview had been carried out contradictory to the approved marking scheme. It was further observed that 5 out of Action should be taken to fill the approved vacancies in a transparent manner in accordance with the approved schemes of recruitment and Management Services Circulars. All the relevant officials have been informed the need to act formally in compliance with the approved scheme of recruitment and management service circulars in transparent manner and a Manual of Procedures (MOP) has been prepared and the relevant staff have been informed about it. No action has been taken against the errors committed.

the 13 officers who were recruited for the Posts were candidates who had not appeared for the relevant interview on the scheduled date of the interview.

- (k) It was observed that 20 officers, out of the 27 officers recruited from the interview conducted during the year under review to fill 30 vacancies of the Post of Coconut Development Officer Grade III, had been recruited by awarding higher marks contradictory to the marking scheme, which is related to the recruitment. Accordingly, it was observed at the audit that these recruitments had been made without transparency and without impartiality.
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| Action should be taken to fill the approved vacancies in a transparent manner in accordance with the approved scheme of recruitment and the approved marking scheme. | Further action is to be taken according to the recommendations of the ministry for the investigation report sent to the ministry, and arrangements are being made to ask for an explanations from the then chairman and to send a letter to the interview board. | No action has been taken against the errors committed. |
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44. Private Health Services Regulatory Council

Opinion of the Auditor General on the Financial Statements 2018 - Qualified Opinion
 2019 - Qualified Opinion
 2020 - Qualified Opinion.

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) Following the negative balance of Rs.34,278,827 in the net current assets as at 31 December 2020, a short term bankruptcy was observed with the Council. Furthermore, the Council had continuously sustained losses since the year 2017; hence, the balance in the cumulative fund amounting to Rs.33,719,154 as at 31 December 2016, had gradually declined by 53 per cent to Rs.15,756,616 by 31 December 2020.</p>	<p>Action should be taken to register all the private medical institutions functioning in the country thereby increasing the income whilst decreasing the expenses of the Council thus getting rid of short term bankruptcy and minimizing the losses sustained continuously.</p>	<p>In order to increase the registered income as a solution to the decrease in the annual income, solutions have been made and implemented at present.</p>	<p>No adequate steps have been taken to increase registration fee revenue even as on 31 January 2022.</p>
<p>(b) Action had not been taken even in the year under review to settle Rs.34,990,820 being the sum of 50 per cent to be remitted to the Provincial Council out of the registration fees charged by the Regulatory</p>	<p>Provisions set out in the Act in that connection, should be followed.</p>	<p>Discussions in that connection were held at the monthly committee meeting held in February 2021, and further action will be taken after obtaining legal advice following the decision taken by the Council.</p>	<p>No action had been taken to settle the total amount even by 31 January 2022.</p>

Council.

- (c) Without obtaining Section 11 of the That as the Council has As at January 31, approval of the Minister Finance Act and the been vested with the 2022, the approval of in charge and the Public Enterprises powers to maintain a the Minister in Minister of Finance in Circular should be separate account by the charge of the terms of Section 11 of followed . Private Medical Institutions Ministry and the the Finance Act, No. 38 of 1971, and Public Enterprises Circular, No. PED/12, dated 02 June 2003, a sum of Rs.44,770,520 had been invested in fixed deposits as at 31 December 2020. 2006, a fixed deposit had not been account is maintained in obtained. accordance with such powers and with the full approval of the Council.
- (d) In terms of Sections 3.8 Disciplinary action It has been decided to Interest was charged and 3.14 of Chapter xxiv should be taken against recover interest at the rate from the year 2021 of the Establishments the responsible officers. of 4.2 per cent on employee but no interest was Code of the Democratic loans with effect from charged for the Socialist Republic of Sri 2021. A formal agreement period from 2018 to Lanka, except for festival advance and loans has been entered into. 2020. granted by the banks, an interest at the rate of 4.2 per cent should be charged on all the loans monthly. Nevertheless, no interest had been recovered on employee loans totaling Rs.2,446,666 issued during 2018,2019 and 2020. Furthermore, an agreement had not been entered into for the loans.

- (e) The total number of private medical institutions established in 09 provinces had been 3,515 as at 31 December 2019. However, the number of private medical institutions registered in the Regulatory Council as at 31 December 2019 stood only at 1,888. As of 31 December 2020, a number of 2,443 private medical institutions had been established in the 07 provinces alone. Nevertheless, only 1,176 private medical institutions had been registered as at that date.
- Action should be taken to register all private medical institutions established island wide.
- That the council has already given instructions to the respective provincial health service directors to take legal action against the private medical institutions that are running without obtaining registration.
- Adequate action had not been taken in this regard even as at 31 January 2022.
- (f) In terms of Section 9 of the Private Medical Institutions (Registration) Act, the Council had failed even by the end of the year under review to develop and monitor standards to be maintained by the registered private medical institutions; to implement a method of evaluation of standards maintained by such private medical
- As activities could not be completed in terms of Section 9 of the Act, special attention should be focused thereon.
- Guidelines for registered private medical institutions have already been prepared and it is expected to be gazetted soon.
- The guidelines prepared for registered private medical institutions were not gazetted even as on 31 January 2022.

institutions; to ensure that minimum qualifications for recruitment and minimum standards of training of personnel, are adopted by all private medical institutions and to prepare and implement a proper method to ensure the quality of patient care services rendered or provided by such private medical institutions.

- (g) According to Section 13(1) of the Private Medical Institutions Registration Act No. 21 of 2006, the Minister, by an order to be published in the Gazette on the advice of the Council, had not arranged for the systematic implementation of an accreditation scheme for private medical institutions until 31 December 2020.
- Action should be taken for the proper implementation of a scheme for accreditation.
- As for accreditation, ranking private hospitals has already been commenced. The Legal Division of the Ministry of Health has referenced the Department of Legal Draftsman in view of formulating a proper methodology to achieve the objectives of establishing the Council, formulating the guidelines required for the registration of private medical institutions and transform such guidelines into regulations.
- An accreditation scheme for private medical institutions had not been implemented even as of 31 January 2022.

- (h) Contrary to Paragraph (g) of Subsection 18(2) of the said Act, action had not been taken to make regulations relating to the procedure or practice to be followed in entertaining any complaint against any Private Medical Institution or person attached thereto from any interested or aggrieved person, and the final disposal thereof. Action should be taken to make regulations relating to the procedure or practice to be followed in entertaining any complaint against any Private Medical Institution or person attached thereto from any interested or aggrieved person, and the final disposal thereof. Public concerns can be raised against private medical institutions and proper guidelines have been prepared to deal with the same. These guidelines had not been approved and implemented even as at 31 January 2022.
- (i) As the Act or the Guidelines had not mentioned a specific duration for registration, registration certificates had been issued for the relevant year after receiving the fees on whatever day of the year. As such, the revenue receivable to the Council at the beginning of the year had not been received on time due to a fine not being charged. A specific duration for the private medical institutions to be registered should be decided thereby taking measures to charge a fine on the institutions failing to register within that period. Some of the practical issues relating to the registration have been identified, and once such problems are solved, it is expected to charge a fine in due course on the institutions getting late for registration. A specific duration for the private medical institutions to be registered and fines for the delay in the registration had not been determined even as at 31 January 2022.
- (j) A specific cost method for service of specialists, medical and surgical had got prepared by a private institution incurring a cost. Actions should be taken to gazette a specific cost method which prepared in a general condition for the services of supplier after evaluating. According to a decision made by the Council, the project was commenced selecting the qualified supplier after evaluating. The suit had not been concluded even as at 31 January 2022.

sum of Rs.2,070,000 during the year 2018 and it had been implemented. However suits had been filed against the Minister of Health, Nutrition and Indigenous Medicine and some other 08 parties stating that the different qualitative factors of each hospital had not been considered separately and, maximum charges had been prepared in a common basis.

- specialists, medical and surgical of private hospitals after accounting consultancy institution and hospital charges were gazette after preparing under the supervision of the Minister utilizing the data received from the project . However 9 hospitals had filed suits against to that.
- (k) The Regulatory Council was not authorized by the Act to train the staff of private medical institutions, but the Private Hospitals and Nursing Homes Association and the National Apprenticeship and Vocational Training Authority had on 30 May 2014 signed a memorandum of understanding for a period of 5 years to implement a training programme called Refresher Gap Filling Course for nurses working in private Expenditure should be spent only on activities authorized by the Act. According to the objectives of the Private Medical Institutions (Registration) Act, the council has recognized that the quality of services provided to patients by private medical institutions should be improved, accordingly, action has been taken with the full approval of the council to train the nursing staff of those institutions to provide optimal service. By January 31, 2022, these training programs had been implemented by charging fees.

hospitals and the total amount spent for that training programme in the three years of 2018, 2019 and 2020 was Rs.2,965,182.

- (l) In addition to the Board of Governors appointed in terms of Section 6(1) of the Private Medical Institutions Registration Act No. 21 of 2006, an Office Management Committee comprising 10 members, had been appointed and 10 sessions of the said Committee had been held in the year 2019. An allowance of Rs.5,000 had been paid without proper approval for each session to members who participated in the said meetings.
- Action should be taken in terms of provisions in the Act. Allowances paid without proper approval should be recovered.
- Approval had been received at the management committee meeting held on 12 July 2018 and the monthly conference held on 10 August 2018, for increasing the sitting allowance paid for participation in members' meetings of the Regulatory Council.
- The allowance paid without formal approval had not been recovered and the allowance continued to be paid as at 31 January 2022.
- (m) Erection of notice boards to display registration of private medical institutions registered under the Regulatory Council is not a function of the Regulatory Council. However, a sum of Rs.16,220,719 had been spent by the
- Expenses should be incurred only on the activities authorized through the Act.
- Making name boards for the newly registered private medical institutions has been done from the year 2007 up to the present day. It is expected to strengthen trust of the public by showing registration with the Council.
- This situation had not been rectified even as at 31 January 2022.

Regulatory Council for erection of new notice boards and to refill the old notice boards of private medical institutions during 10 years from the year 2011 to the year 2020.

- (n) Action had not been taken to approve and recruit staff in relation to the functions and scope of the Council since its inception. By the end of the year under review, 10 officers had been recruited without being approved by the Department of Management Services. Further, action had not been taken even by 31 December 2020 to obtain approval of the Department of Management Services on the Scheme of Recruitment prepared by an external party in the preceding years incurring a sum of Rs.370,300.
- Approval should be obtained on the cadre, and recruitments should be made accordingly. Action should be taken to obtain approval of the Department of Management Services on the Scheme of Recruitment.
- Employees had been recruited from time to time in accordance with a proper methodology in order to ensure smooth functioning of the institution which had only 02 employees at the inception. Although the Scheme of Recruitment had been prepared in line with the duties and scope of the Council, approval of the Department of Management Services had not been sought upon a policy decision taken by the Council.
- As at 31 January 2022, action had not been taken to get the cadre approved and accordingly, approved the scheme of recruitment.
- (o) An Internal Audit Unit had not been established for the Council contrary to Regulation 133 of the Internal Audit Unit. Action should be taken in accordance with Financial Regulations and provisions of Members have been appointed to the Audit Committee.
- No internal audit unit had been established as on January 31.

Financial Regulations of Circulars.
the Democratic Socialist
Republic of Sri Lanka
and the Management
Audit Circular, No.
DMA/1-2019 dated 12
January 2019.

- (p) According to Provisions of the Members have been No meetings
Management Audit Circulars should be appointed to the Audit whatsoever had been
Circular, No. DMA/1- followed. Committee, and action will conducted even by
2019 dated 12 January be taken in due course to 31 January 2022.
2019, four meetings of conduct meetings of the
the Audit and Audit Committee.
Management Committee
should be held per year
at one such meeting per
quarter. Nevertheless, no
such meetings
whatsoever had been
conducted by the
Regulatory Council for
the 03 years of
2018,2019 and 2020.
- (q) The Council had not The Council should The Council was not aware Action in this regard
become aware of the become aware of the of the “2030 Agenda” of had not been taken
“2030 Agenda” of the “2030 Agenda” of the the United Nations on even by 31 January
United Nations on United Nations on sustainable development 2022.
sustainable development sustainable development, and the relevant Circular.
and the Circular, No. and action should be The indicators will be
NP/SP/SDG/17 issued by taken to identify the identified in due course and
the Secretary to the sustainable development action will be taken
Ministry of National goals, targets, milestones accordingly.
Policies and Economic for reaching targets, and
Affairs on 14 August the indicators to measure
2017. As such, action the achievement of

had not been taken to targets relating to the
identify the sustainable activities under the scope
development goals, of the Council
targets, milestones for
reaching targets, and the
indicators to measure the
achievement of targets
relating to the activities
under the scope of the.

Enterprises had instructed on 10 May 2018 to recover the overpaid gratuity, the amount had not been recovered.

- (b) In terms of Extraordinary Action should be taken Action has not been taken. - do -
 Gazette Notification No. in terms of the Gazette
 772/22 dated 24 June Notification.
 1993 issued by the
 Minister of Environment
 in terms of Section 23V
 of the National
 Environmental Act No.
 47 of 1980 as amended
 by Act No.56 of 1988,
 although it should not
 mine on the surface of
 the earth exceeding 10
 hectares of the
 cumulative area in
 mining and mineral
 extraction, the mining
 license
 No. IML/A/HO/1623
 had been issued for the
 mining of mineral sand
 in an area of 18 hectares
 in contrary to that.
- (c) In terms of Foreign Special approval of the No action had been taken Special approval of
 exchange orders Board of Investment therefor. the Board of
 mentioned in should be obtained. Investment had not
 Extraordinary Gazette been obtained
 No.2045/56 dated 17 therefor..
 November 2017 and No.

1232/14 dated 19 April 2002, although the foreign stake from the total share ownership of a company that is mining within Sri Lanka should be up to 40 per cent, if the ownership exceeds that limit, the special approval of the Board of Investment of Sri Lanka should be obtained. However, the 89.91 per cent of the total share ownership of the Bogala Graphite Company that is carrying out graphite mining within Sri Lanka was owned by two foreign companies and, this company had not obtained the approval from the Board of investment of Sri Lanka or entered in to an investment agreement with that Board. However, the Bureau had issued 02 graphite mining licenses to this company without considering that.

- (d) As stated in the book “Sri Lankan Mineral Resources for Enriched Economy” published in 2002, Instead of exporting graphite as a raw material at very low cost, steps should be taken to No measures had been taken for value addition. Graphite was being exported as a raw material at a very low cost per ton

2018 as a publication of the Gem and Jewellery Research and Training Institute, it was

mentioned that currently nano technology has been introduced to Sri Lanka and infinite value can be given to graphite from this nano technology.

As mentioned there, 01 gram of graphite that is made using nano technology is at a higher price of Rs.150,000 (1 Kg for Rs. 150 million) and, as exportation of the graphite mined by the company as raw material without converting into finished or semi-finished products status, huge amounts of income that should be received to Sri Lanka has been missed. By exporting 6,460.68 metric ton of graphite that mined in the period of 2017-2019 by the company, Rs.1,747.21 Million had been received as income. Accordingly, royalty fee had been paid for the exportation of very low price of Rs.270 for 1 Kg

without value addition.

of graphite as raw material without adding value.

- (e) The Central Environmental Authority issues an environmental protection license to the relevant company for a period of one year and, it will be extended year by year. In addition to that, the recommendation of the Department of Archeology is given to Galigamuwa Divisional Secretary for the mining to relevant company on the basis of annual renewal and, the Division Secretary also presents his recommendation to the GSMB to extend the mining license by one year. Accordingly, though the mining license is renewed annually, as per request made by the company, the extension of the valid period of the license from 02 November 2018 to 01 November 2028 for 10 years has been controversial.
- The validity period of mining licenses should not be extended for several years at the request of various agencies.
- Action has not been taken.
- The situation remained unchanged even by February 2022.

- (f) As per the notice of Cabinet Ministers on 22 May 2017, action had not been taken to obtain approval by formulating National Policy on Mineral Resources even by the date of audit. Implementation of the policy should be expedited by obtaining approval. A national policy on mineral resources has been formulated and forwarded to the Ministry of Environment. Action has not been taken even in the year 2021 to obtain approval.
- (g) A sum of Rs.27,419,690 of royalty comprising Rs.26,876,200 and Rs.543,490 that should be received for 1,343,810 soil cubes and 3397 sand cubes respectively that were used for constructing the Yanoya Reservoir Project, had not been charged from the company even by the year 2021. Action should be taken to recover relevant royalties.. In this regard, the Bureau has sent several letters and reminders to the company with a copy to Department of Irrigation to pay the royalty arrears by now. Relevant monies have not been recovered even by January 2022.
- (h) In terms of Section 2 (e) of the Mines and Minerals (Amendment) Act, No.66 of 2009, the Bureau had not introduced the steps to be taken to add value to the minerals. As a result, mined graphite, mineral sands and quartz were being exported as raw material without adding value. Necessary steps should be taken to export by adding value to the mined graphite, mineral sand and quartz. Action has not been taken. The situation remained unchanged even by February 2022.

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| (i) | <p>During the inspection carried out by the Director (Mine Safety) of the Bureau regarding 13 permits issued for land sand mining in the Hambantota District, it was observed that, the mined areas mentioned in all the licenses have been mined beyond the depth, the Bureau has received less royalty income, and since the bank guarantees charged for licenses are not sufficient, it should be increased. No action had been taken even in the year 2021 on this matter.</p> | <p>Similar amount to the cost of rehabilitating the mined site should be charged as bank guarantee. Mined sites should be regularly inspected and rehabilitated by the miner.</p> | <p>Relevant divisions have been instructed to take necessary steps to increase bank guarantees.</p> | <p>Even though the Bureau has instructed relevant divisions to take necessary steps to rehabilitate mining sites using bank guarantees by now, no measures have been taken with regard to matters pointed out during the observation.</p> |
| (j) | <p>Sums of Rs.3,914,563 and Rs.12,225,173 had been spent in the years 2014 and 2020 respectively for construction of the regional office on the land belonging to the Anuradhapura District Secretary, without any formal acquisition.</p> | <p>In the future, when constructing such buildings, action should be taken to construct buildings by acquiring the land properly.</p> | <p>Action has not been taken.</p> | <p>The situation remained unchanged even by February 2022.</p> |
| (k) | <p>Although the Earthquake and Tsunami Observation Center and a laboratory building were</p> | <p>The legal transfer of the land to the Bureau should be expedited. Cabinet approval should</p> | <p>Action has not been taken.</p> | <p>The situation remained unchanged even by February 2022.</p> |

being constructed at a cost of Rs.585,147,480 on the land at Pita Kotte, no action had been taken to take over the relevant land. Further, Cabinet approval had been obtained for only Rs.383,193,671 for the construction of the contract. Cabinet approval had not been obtained for the total value of Rs.201,953,810 to be borne for the urgent needs and other expenses of the contract.

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| (1) | <p>In accordance with the Section 52 (2) of the Mines and Minerals Act No. 33 of 1992 and Mining Order No. 21 (a) as amended by Gazette Notification No. 958 of 10 January 1997, action should be taken to rehabilitate the lands after excavations. However, action had not been taken to get that work from 874 industrial mining license holders which had taken 2 months to 9 years. Although the value of Rs.156,275,430 of bank</p> | <p>Action should be taken in terms of provisions. Action has not been taken.</p> | <p>Industrial mining had not been rehabilitated by the licence holder from monies of the bank guarantee which were cashed.</p> |
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guarantees that was obtained from above license holders had been cashed, the money was stated in the financial statements as a balance payable without being used for land rehabilitation.

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| <p>(m) An advance of Rs.1,500,000 had been issued to the Chairman in the year 2014 for a public awareness programme on the role of the Bureau and neither had the function relating thereto been performed nor the advance been settled.</p> | <p>Action should be taken to settle advances.</p> | <p>Action has not been taken.</p> | <p>Advances had not been settled even by February 2022.</p> |
| <p>(n) In terms of Sections 31.11 and 31.15 of Chapter XLVIII of the Establishments Code, disciplinary inquiries have been initiated against two officers who have been suspended since 17 August 2017 on criminal charges and a half salaries amounting to Rs.1,386,394 and a professional allowance of Rs.184,113 for one</p> | <p>Actions should be taken in accordance with the Provisions and arrangements should be made to recover payments that are contrary to the laws and rules.</p> | <p>Action has not been taken.</p> | <p>A decision on the disciplinary inquiry had not been taken even by February 2022.</p> |

officer and incentive and bonus amounting Rs.505,485 had also been paid pertaining to the period of interdicted. These officers were reinstated with effect from 15 August 2019 with the approval of the Board of Directors without a disciplinary inquiry order.

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| (o) | In terms of Paragraph 8.3.3 of the Public Enterprises Circular No.PED/12 of 02 June 2003, although the maximum incentive / bonus payable is on the contrary an incentive equal to the salary of 08 months had been paid to the employees without obtaining the approval of the Treasury. | Actions should be taken in accordance with the Provisions in the circular. | Action has not been taken. | Bonus had been paid contrary to the circular in the year 2021 as well. |
| (P) | In terms of letter No.DMS/1625 Volume II dated 23 December 2016 of the Director General of Management Services, an incentive of Rs. 3,657,843 had been paid to the employees of GSMB Technology | Action should be taken in accordance with the provisions. | Action has not been taken. | Payments had been made even in the year 2021 without conditions in agreements. |

Services despite the absence of the relevant terms and conditions in the GSMB employee enrolling agreement.

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| (q) | The Royalty amounting to Rs. 4,213,320 that should be charged for 210,666 cubes of gravel used for development projects in the Anuradhapura District in the years 2017 and 2018 had not been recovered. | Action should be taken to recover the relevant Royalties. | Action has not been taken. | Action had not been taken to recover even by February 2022. The tech |
| (r) | The technical errors occurred in the implementation of the field inspection monitoring system purchased 3 years ago at a cost of Rs.1,176,552 to supervise the work of Field Inspectors had not been rectified and the expected supervision had also not been carried out properly through the system. | Action should be taken to conduct supervisions and to submit reports. | The company which designed the system has been informed to update data. | Reports have not been submitted by conducting supervisions. |
| (s) | The Exploration Permit and the excavation licence had been issued for the Karasngala | Action should be taken in accordance with the provisions. | Annual reports relating to Exploration Permits for the years 2017, 2018, 2019 and 2020 had not been | Even though agreements had been entered into between the Company and the |

Graphite Mining Project in contrary to the Order No.4(1) of the Mining (Licencing) Order No.1 of 1993 to a company which did not have sufficient financial ability. The existing agreement of the Company with the Board of Investment of Sri Lanka had not been examined in terms of Foreign Exchange Order No.2045/56 of 17 November 2017 on the issuance of the above mining licence and the renewal of the exploration licence.

submitted by the relevant Company. The Company had received the approval of the Board of Investment of Sri Lanka at the time of issuing the licence and a letter has been sent to the Board of Investment to check the validity of the Board of Investment furthermore. Board of Investment in the year 2012, the agreements had been extended from time to time due to failure in completion of projects within the prescribed period and it had been further indicated that the agreement will be cancelled. The Bureau had not taken action to obtain confirmation from the Board of Investment on the function of the agreement in renewal of mining licences and exploration licences. Even though the shortcomings in the excavation of the Kahatagaha Mine were pointed out by reports from time to time, those shortcomings were not rectified.

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| (t) | Although the Bureau has the power to collect, process, analyze and publish data related to the mineral resources of | Action should be taken in terms o provisions in the Act. | Action has not been taken. | The Annual Mineral Reports have been prepared only up to the year 2015. |
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Sri Lanka in terms of Section 44(h) of the Mines and Minerals Act, No.33 of 1992, there was no formal procedure or delegation of responsibility therefor.

- (u) Due to the fact that the Royalties had been charged twice as much excavation as the amount of explosives used without following a scientific method to determine the extent of quarrying, the Royalties had been recovered in less. Sixty five per cent of the approved amount mentioned in the excavation permits for granite in 2016, 2017 and 2018 that is, an amount of Rs.1,427,174,239 had been collected in less.
- The preparation of a scientific method should be expedited.
- A methodology has been prepared by now with an analysis on the amount of explosives used in relation to the explosives used for actual excavations by the Bureau and steps have been taken presently to compute the Royalties thereon.
- A methodology has not been prepared through modern scientific methods to compute the amount of excavations.
- (v) As a result of issuing 03 mining licenses for a period of 09 years and 6 months in Pulmudai, Thevikkalu and Koduwakattu areas to mine mineral sands and 03 licenses for a period
- Legal action should be taken in respect of violation of the license conditions and excavations carried out without a license
- The Ceylon Mineral Sands Company has been advised on mining beyond the permitted areas and as the said area is an area outside the coast conservation area, the applicant has been instructed to apply for a
- Legal action had not been taken relating to violation of the conditions of licenses and excavations carried out without licences.

of 10 years to 2 private companies in Sampur, Palachchenai and Verugal for the mining of mineral sands, to Ceylon Mineral Sands Company, the approval which should be obtained annually from Coast Conservation, Urban Development and Local Government Institutions had not been obtained and the necessary regulations to be conducted had not been carried out. Even though the Ceylon Mineral Sands Company has excavated in violation of the conditions of licenses and beyond the permitted areas, action had not been taken in this regard. Legal actions had been taken against three private parties for unauthorized excavating of 142,486 metric tons of mineral sand from other lands without a license and selling it to the Ceylon Mineral Sands Company. A license had been issued to mine mineral sand in the

separate licence therefor.

Sampur area in the Trincomalee District to a company with 75 per cent ownership to foreigners which had not entered into a project agreement with the Board of Investment of Sri Lanka (BOI) in accordance with the Gazette Notification 2045/56 dated 17 November 2017.

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| (w) | <p>The Royalties were charged at a lower value due to the fact that based on an adjusted price by adding local transport charges to the value at which the minerals are sold locally, instead of levying Royalties on FOB value in accordance with Mining Order 33 as amended by the Extraordinary Gazette Notification No. 18/33/11 dated 23 October 2013 on Mineral Sand Exports. As a result, the Sri Lanka Customs had also based on that adjusted price as the export value and had levied custom duties in less.</p> | <p>The Royalties should be charged in accordance with the Mining and Excavation Order.</p> | <p>Action has not been taken.</p> | <p>The situation remains unchanged even by February 2022.</p> |
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- (x) A land and a building had been purchased at a cost of Rs.28,000,000 to establish the Kurunegala Regional Office without considering of the requirement. Due to the fact that the building was not suitable for the purpose, an additional payment of Rs.1,080,000 had been incurred by maintaining the office at a monthly rent of Rs.90,000. Transactions should be carried out after proper identification of the requirement. Only the licence issuing division of has been established. Except for the licence issuing division, the remaining operations are not carried out in this building.
- (y) The approved staff of the Bureau was 510 and being the actual staff 701, there were 233 excess staff in 14 posts and there were 42 vacancies in 34 posts. Excess staff was deployed without a need assessment. There were no permanent employees in the 17 top management level posts and 22 vacancies had remained. Nine employees had been recruited for 8 unapproved posts. Recruitments should be made for the posts as per requirements. Action has not been taken. The situation remains unchanged even by February 2022.

- (z) A methodology for issuing licenses for the transport of granite products has not been formulated. A methodology for issuing licenses for the transport of granite products should be formulated. A methodology for issuing licenses has not been formulated. A system for granting transport licenses has not been prepared in the year 2021 either. A methodology for issuing licenses for transport has not been formulated even in the year 2021.
- (aa) According to the decision dated 05 April 2018 of the Cabinet of Ministers, quartz needs to be exported only after being added value at a maximum level. However, the excavated quartz on excavating licences issued to 29 persons in 9 districts is being exported without doing any value addition. Similarly, from 3 licenses issued to excavate quartz at Kotikambokka area in Wellawaya, 10,914 cubes of quartz had been excavated in excess of the excavatable quantity. The royalty recoverable from 22,094 cubes of quartz excavated from a land belonging to the Action should be taken in terms of provisions. A court case is being heard on the licence relating to mineral mining in the Kotikambokka area, the amount mined and the relevant mining land. Quartz mined are sold to various companies by quartz miners and those companies were exporting the quartz. In the sale of quartz after being mined, the holders of mining licences should pay a Royalty of 7 per cent on the sale price. However, it had not been paid. The miners and the export companies should pay 7 per cent Royalty on the balance amount by deducting the sale price from the export price. However, in this case, the Royalty of 7 per cent of the export value had

Department of Forest Conservation and an adjoining land had not been recovered from the relevant licence holders.

been paid only by the export company.

46. Central Environment Authority

Opinion of the Auditor General on the Financial Statements 2018 - Qualified Opinion
 2019 - Qualified Opinion
 2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) Attention of the Authority had not been paid on regularization of solid waste management, prevention of disposal of waste, untreated sewerage and toxic chemicals, giving priority to minimize the use of chemical fertilizers through the manufacture of compost as a by-product of solid waste management, implementation and regulation of urban waste management programmes, regulation of environmental impacts arisen in the implementation of public transport systems and implementation of National Post Consumer Plastic Waste Management Project.</p>	<p>Necessary action should be taken in terms of the Act.</p>	<p>Action had not been taken relating to functions such as regularization of solid waste management, prevention of disposal of waste, untreated sewerage and toxic chemicals and implementation and regulation of urban waste management programmes and implementation of National Post Consumer Plastic Waste Management Project.</p>	<p>Even though action had been taken for functions to be performed in accordance with powers of the Act, follow up action thereon was inadequate. As such, it was observed that there were further issues in respect of the said functions.</p>

- (b) Even though the number of Transmission towers providing facilities for telecommunication and broadcasting radio and television island wide stood at 9,291, the number of towers for which licences have been obtained, stood at 3,561. Out of that, licences had not been obtained for 5,730 towers representing 62 per cent.
- Action should be expedited.
- According to the Audit Report, the number of telecommunication towers island wide stood at 9,291. However, according to the information made available by the Telecommunications Regulatory Commission, the number of telecommunication towers island wide stands at 9,129. Instructions have been given to provincial and District offices of the Central Environmental Authority to investigate information on the number of towers totalling 4,916 include in the data base of the Central Environmental Authority.
- Accurate information had not been made available to Audit. Licences had not been issued for towers which should be issued with licences.
- (c) Institutions by which bio medical and health care waste from Health Care Institutions including Medical Laboratories and Research Centres, are disposed of, should obtain licences for waste management. However, out of 613 hospitals implemented under Ministry of Health, only 60 hospitals had obtained licences therefor.
- Prompt legal action should be taken.
- The Secretary to the Ministry of Environment has notified the Secretary to the Ministry of Health to make necessary arrangements to obtain scheduled waste management licences for all Government hospitals and all hospitals have been notified as well to obtain scheduled waste management licences, along with the relevant application.
- Obtaining licences by hospitals were at a minimum level even by January 2022. Even though follow up action should be further taken by the Authority, it had not been so done.

- (d) A sum of Rs.6,376,837 had been paid as salaries in arrears due to failure in placing 106 officers on accurate salary steps despite having absorbed them into the JM 12 Category. Prompt action should be taken to recover them. A letter dated 18.03.2021 has been forwarded through the Ministry of Environment to the National Salaries and Cadre Commission with a request for a date and time for further discussion in this connection. Nevertheless, no reply or date and time have been given therefor. Overpayments had not been recovered even up to 26 January 2022.
- (e) Even though a sum of Rs.2,141,641 had been spent in the year under review for the renovation of Randeniya Sobaketha Centre building constructed on a land not owned by the Authority, action had not been taken to vest the said land. Vesting activities should be expedited. Action is being taken to vest the ownership of the land where the Randeniya Sobaketha Centre is located, in the Central Environmental Authority. Action had not been taken to vest this project location even by January 2022.
- (f) Amendments to the National Environment Act, which began in 2017, had not been finalized even in the year 2021. Passing the Act should be expedited after making amendments. The Cabinet approval had been received in June 2021 for the amendment of the National Environment Act and some provision for which the Cabinet approval had not been received, have been forwarded again to the Ministry of Environment for obtaining Cabinet approval. It had not been amended even by February 2022.

- (g) Seven Motor Vehicles Disposal should be expedited. Even though it was due to Disposals had not older than 20 years had be disposed of, a court case been carried out not been disposed of and was on trial and disposals even by February a motor vehicle that had will be carried out once it is 2022. been taken out of service concluded. due to sea water had been idle for seven years.
- (h) In terms of National Arrangements should be A preliminary meeting was It was observed that Environment Act No. 47 made to take relevant held at the Central these issues of 1980, functions such decisions in respect of Environmental Authority remained unresolved as implementation of environmental issues in on 03 May 2021 with the even by February future plans proposed by a timely manner. participation of relevant 2022. the Central institutions to coordinate Environmental Authority planning for future in respect of managing activities of systematically Palms, inclusion of removing Palms from the conditions in issuing Environmental Protection Lands where Palms are Licenses to explosives cultivated and to plant manufacturing area protect plantations. companies, if it is When issuing Environmental Protection impossible to afford the Environmental Protection Licenses to explosives cost of emission testing manufacturing companies, machines locally and conditions including amount of decibel for making necessary arrangements therefor, controlling noise pollution has already been included. had not been carried out. Arrangements are being made to raise the required funds for maintenance services of emission testing machines.

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| (i) | The regulations in respect of noise pollution control had not been amended as per the National Environment Act No. 47 of 1980. | Submission of relevant regulations should be expedited. | The matters indicated are correct. An external consultant has been appointed and necessary arrangements made for amendment of regulations in respect of noise pollution control. | The regulations had not been issued even by February 2022. |
| (j) | In terms of Extraordinary Gazette Notification No. 1533/16 dated 26 January 2008 of the Democratic Socialist Republic of Sri Lanka, 83 Emission Centres established in 18 Districts of Sri Lanka are functioning without an Environmental Protection License valid as at 31 December 2020. A valid Environmental Protection License was not available for 23 out of 26 Emission Centres established in the Colombo District. | Arrangements should be made to conduct a periodic review regarding the issuance of valid Environmental Protection Licenses. | According to the database of the Central Environmental Authority, newly identified industries have been classified as industries subjected to the process of obtaining Environmental Protection Licenses. Those industries come under NP (New Processing) and 1078 such industries have been referred to the process of obtaining Environmental Protection Licenses in the year 2020 and obtaining licences has been implemented by then. | The current position in this regard had not been explained. |
| (k) | With the commencement of the Waste Management Division since 2004, the amount received from the sale of compost bins which were donated by various parties valued at Rs.7,887,531 had been | Funds should not be kept underutilized and action should be taken to use it for the relevant project objectives. | It was observed according to the previous checking of accounts that it was an amount received from the sale of compost bins which were donated by various parties with the commencement of the Waste Management | Further steps for implementation had not been taken even by February 2022. |

carried on as the compost bins reserve. A programme to provide compost bins again to the public using funds from this reserve had not been activated by the Authority.

Division since 2004. It is not a Fund which comes under the Pilisaru Project and action will be taken to make adjustments to this account in the year 2021 after further checking of accounts.

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| <p>(l) Due to failure to function with the technical details provided regarding the Dompe Sanitary Landfill which was constructed at a cost of Rs. 600 Million, a sum of Rs.2,577,081 had to be spent to replace the geotextile cover inside the garbage bin. Further, even though the daily capacity of this landfill had been estimated as 90 Metric Tons, garbage had been collected in 2018, 2019 and 2020 with a minimum capacity of 7,956, 1,437 and 2,284 Tons respectively.</p> | <p>Necessary actions should be taken not to keep the assets in an underutilized manner.</p> | <p>No resolution has been introduced for the issue.</p> | <p>Even though this landfill was functioning under minimum capacities, no necessary steps had been taken therefor.</p> |
| <p>(m) Although the vibration analysis machine purchased in 2017 for Rs. 8,028,200 should be calibrated during the one year warranty period, it had not been so done</p> | <p>Arrangements should be made to introduce and implement an internal control system for using of assets and maintenance.</p> | <p>Measures had not been taken.</p> | <p>Action had not been taken to calibrate and utilize more effectively.</p> |

even by June 2021. Despite of that, only 4 tests had been completed since the device was purchased and it had remained dormant due to non-calibration.

- (n) The expenditure incurred for the Solid Waste Disposal Facility Project implemented under the Korean Economic Development Cooperation Fund Loan Agreement No. SRI-21 was Rs.466 Million. The approval of the Cabinet of Ministers had been granted to terminate the loan agreement for this Project based on the reasons such as failure to commence the construction works of the Project due to an objection to the bid security of the selected contractor at the time of awarding the contract, changing the selected sites for construction and changing the scope of the Project.
- Necessary steps should be taken to achieve the project objectives identifying the new scope.
- Adapting to the Cabinet Decision given on 01 July 2020, this project has been discontinued on 31 October. As such, the opportunity of eco-friendly disposal of 123 metric tons of daily urban waste in nearly 33 Local Government institutions. The expenditure incurred by this project amounts to Rs. 450,278,338.
- No measures whatsoever had been taken even by February 2022.

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| (1) | <p>The financial progress of the Pilisaru Project which is implemented by the Authority, from 2008 to 31 December 2018 was 47.29 per cent and savings out of net provisions had been 52.71 per cent. According to the Cabinet Decision dated 14 December 2007, three out of 08 main objectives of the Project had not been implemented and the project had planned to construct 139 compost yards. However, 33 yards had not been completed. Out of those yards, 14 yards had remained idle and 03 yards had been abandoned. Moreover, there were 02 yards of which constructions had not been commenced due to legal reasons, 12 yards which are being constructed and 02 yards of which construction activities had not been carried out.</p> | <p>Necessary action should be taken for achieving objectives as planned by the project.</p> | <p>Action could not be taken for achieving relevant objectives due to failure in taking action within the prevailing law.</p> | <p>No measures whatsoever had been taken even by February 2022.</p> |
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47. National Human Resource Development Council

Opinion of the Auditor General on the Financial Statements 2018 - Qualified Opinion
 2019 - Qualified Opinion
 2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) By paragraph 16 (2) (1) of the Sri Lanka National Council of Human Resources Development Act. No. 18 of 1997, the Council was empowered to take necessary steps to improve the competencies of the officers of the Council with the objective of developing a competent pool of experts in various areas of human resource development. However, a considerable amount of money had been spent annually to obtain outside consultancy services without implementing it and Rs.1,262,025 had been spent during the year under review.</p>	<p>In order to achieve the objective of initiating the Sri Lanka National Council for Human Resources Development, it is necessary to have a skilled pool of experts in the various sectors and action should be taken in this regard.</p>	<p>As all functions could not be performed by a small staff, the assistance of outside experts has been obtained.</p>	<p>Even though applications have been called for the establishment of the pool of experts, selections have not been carried out even up to 31 December 2021.</p>
<p>(b) Although the primary function and task were to formulate national human resource development</p>	<p>Action should be taken in accordance with the provisions of the Act.</p>	<p>Nominations have been obtained for the appointment of expert committees to update the</p>	<p>Even though nominations have been obtained by now for consulting</p>

policies, periodically review and advise the Minister and the Government on human resource development as per the Human Resource Development Act No. 18 of 1997, a human resource development policy had not been formulated.

policies formulated by the committees and Department of active committees Employment in 2013 in for formulation of a accordance with the human resource 'Prosperity Vision' policy. development policy, There was also a delay in the relevant function the calling of committees had not been on the ongoing corona performed even in epidemic. Once that the year 2021. situation is resolved, the committees are convened and instructed to take action to formulate that policy.

48. Gem and Jewellery Research and Training Institute

Opinion of the Auditor General on the Financial Statements 2018 - Qualified Opinion
 2019 - Qualified Opinion
 2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Provisions had been made in the year 2020 for repairing Lakmini stove that used for heat treatment under introduction of technical methods for increasing gem value, doing researches to identify red geuda and yellow sapphire for getting pink sapphire, for studies on dark tourmaline magnification and grama magnification on opal, these researches had not been done.	Relevant research should begin immediately.	It has been planned to commence research activities,	Research activities have not been completed even up to the end of the year 2021.
(b) Although the institute has spent Rs.1,422,306 for 4 innovations made by the research division of the institute during the period 2017-2019, it had not been implemented any mechanism in place to introduce these innovations to the market to generate revenue and	The procedure of obtaining patents and introducing innovations to the market to generate revenue should be immediately implemented.	It has been applied to the National Intellectual Property Office of Sri Lanka to obtain patents for innovations created through research.	Even though patents have been applied for, they had not been received even by 31 January 2022.

make those products available for use by those in need.

- (c) The Department of Management Services has given approval for the recruitment of 22 employees and a consultant on a contract basis in 2018 in addition to the existing staff of the institute for the Project for the Exploration and Assessment of Gem Deposits in Sri Lanka (2008-2031). However, five graduate trainees were recruited and projects were implemented even by the year 2021. Although it was planned to explore gem deposits in 50 Divisional Secretariat Divisions in 5 districts, create maps and issue final reports under the first phase, at the end of the year under review, maps for 08 Divisional Secretariats were created and final reports were issued. Exploration work in 38 Divisional Secretariat Divisions has
- Actions should be done as per Cabinet approval and project proposal approved by the Department of Planning. .Only project proposals have been submitted for implementation of projects under the District Development Committee Aid of the 05 Districts of Ratnapura, Galle, Matale, Polonnaruwa and Trincomalee with the involvement of the Development Officers attached to the Divisional Secretariats and University students. The role had not been performed as planned.

not even been started. Gem potential maps that had been started for the Thanamalwila, Kataragama, Kuruwita and Ratnapura Divisional Secretariats had not been completed. Although the National Gem and Jewellery Authority has been directed to implement a pilot project in five areas where gems identified in the project are believed to be present, it had not been implemented. In addition, the second and third phases of the project were to be scheduled to implement by using 25 percent of the proceeds from the auction of identified lands and Rs.176.15 million from proceeds from the sale of gem potential maps. However, due to the lack of coordination between the two institutions, the research has not been fruitful so far.

- (d) In 2013, the company purchased an electric furnace for burning gems. As the institute has incurred a high cost for this, action should be taken. This furnace has been used for heat treatment since the year 2020. It is planned to provide heat treatment service for

at a cost of Rs.10,977,344 and remained idle for six years. Festival expenses of Rs.221,935 for the commencement of supplying services of this furnace and an additional sum of Rs. 3,149,950 as well had been spent for installation of the furnace, purchase of spare parts, improvement of electric circuits and building repairs. It had been incurred high repair costs as the electric furnace had not been used for a long time.

external parties.

- (e) During the period 2015-2018, 805 persons were recruited for the training courses conducted for 1000 technicians in the gem and jewelry industry under the Poverty Alleviation Project implemented based on the provision of Rs.25,357,200 provided by the National Gem and Jewelry Authority from 2015. However, 255 of them had not completed the training. The cost of the course was
- The agreement reached between the two institutions must be complied with.
- Action has been taken to enroll students of any age group for the courses. Awareness and Guidelines have been provided to the trainees on the advantageous situation of the industry. Bills and certified vouchers on expenses which had to be incurred by the Institute to all training activities, have been forwarded to the Gem and Jewellery Authority.
- Introduction of short term and distant education programmes and development of advertising methodologies for training courses have been carried out. Only a sum of Rs. 800,000 had been reimbursed by the Gem and Jewellery Authority.

Rs.3,577,395 which had not been reimbursed by the National Gem and Jewellery Authority.

- (f) A building which does not have sufficient space for conducting research and courses and which could not be used legally, was rented for Rs. 1,000,000 per month. The office should be functioning in a place where there is sufficient space for conducting research and courses and prompt action should be taken to vacate this vulnerable place. Action has not been taken. The situation remains unchanged up to January 2022.
- (g) There were a total of 61 vacancies including 15 senior level posts, 06 tertiary level posts, 34 secondary level posts and 06 primary level posts. The post of Director (Research) has been vacant since 2011 and, no action had been taken even during the year under review to recruit for the post. There were also vacancies for Senior Research (Color Enhancement), Senior Research (Innovation), 08 Research Officers and 4 Lecturers, but they were not recruited. Instead of recruiting permanent lecturers for Employees should be recruited as required for the existing vacancies in the Institute and, the permanent lecturers should be recruited soon, especially for the training section. Action had not been taken to make recruitments. Vacancies have not been filled up to January 2022.

the training section, the services of external lecturers and institute officials were continuously obtained.

- (h) It was recommended by the Valuation Board that a vehicle valued at Rs.975,000 and that not more than 10 years from the date of registration can be used after repair, as per Public Finance Circular No. 02/2015 for disposal of vehicles which are not in running condition but not repaired and not economically viable even if not more than 10 years from the date of registration. The vehicle was sold on 23 December 2020 for Rs.1,612,000, exceeding the assessment value by giving reasons that there were high repair costs of Rs.982,844 during the period 2009-2016 as such.
- Although an inspector of the Department of Motor Traffic had recommended on 08 August 2019 that the vehicle be used after repairs, the vehicle should be re-inspected for use on the recommendation of the Disposal Committee on 17 July 2019.
- Action has not been taken. An inquiry has not been conducted on the decision of disposal.
- (i) During the period from 2009 to 2014, an overpayment of Rs.2,580,281 had been Overpayment of salaries should be recovered as a lump sum.
- Action has not been taken. Relevant monies have not been recovered.

made to 18 employees of the Institute as their increments and allowances. Without taking action to recover the amounts due from 11 of the above officers in the active service promptly, action had been taken to recover it in monthly installments from Rs.50 to Rs.1,942 until their retirement contrary to the Financial Regulation 119. The total amount due from those officers as at the end of the year under review was Rs.1,481,781. A sum of Rs.227,652 due from 03 officers who are not in the service at present had not been recovered.

49. University College of Jaffna

Opinion of the Auditor General on the Financial Statements 2018 - Unqualified Opinion
 2019 - Qualified Opinion
 2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) A sum of Rs.12,630,553 had been paid to an Assistant Registrar, an Assistant Bursar and an Assistant Librarian during the last 3 years without obtaining approval from the Department of Management Services.	Necessary approval should be obtained from the Department of Management Services.	Applications have been submitted to the Department of Management Services relating to these posts.	Necessary approval had not been obtained from the Department of Management Services.
(b) An Internal Audit Unit had not been established in terms of Financial Circular No.DMA/2009(1) of 09 June 2009.	An Internal Audit Unit should be established.	The recommendation for establishment of an Internal Audit Unit is due.	An Internal Audit Unit had not been established even in the year 2021.
(c) An Audit Committee had not been established in terms of Section 7.4.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003.	An audit committee needs to be established	The recommendation for establishment of an Audit Committee is due.	No Audit Committees had been held in the year 2021.
(d) Even though the College had been using 02 motor vehicles since the	Steps should be taken to transfer ownership.	Action had been taken to rectify this matter.	Steps had not been taken to transfer the ownership.

year 2015, appropriate action had not been taken to obtain the ownership of those motor vehicles.

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| (e) | <p>The useful lifetime of fixed assets had not been reviewed annually in terms of Sri Lanka Public Sector Accounting Standard 07. Property Plant and Equipment costing Rs.31,034,308 had been fully depreciated but still being used. No action had been taken to rectify the estimation error in accordance with the Sri Lanka Public Sector Accounting Standard 03.</p> | <p>Should comply with the relevant Accounting Standards.</p> | <p>Appropriate steps will be taken after consulting our head institute.</p> | <p>This shortcoming had not been rectified even in the year 2021.</p> |
| (f) | <p>Provision for gratuity amounting to Rs.1,679,755 had been made for temporary staff for the year under review and previous four years. As a result, provision for gratuity as at the end of the year under review had been overstated by Rs.1,679,755.</p> | <p>Should comply with the relevant laws.</p> | <p>Action will be taken to compute only for the permanent staff in future.</p> | <p>Rectifications had not been made even in the year 2021.</p> |

50. **Ranaviru Seva Authority**

Opinion of the Auditor General on the Financial Statements 2018 - Qualified Opinion
2019 - Qualified Opinion
2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) An expenditure of Rs.2,057,442 had been incurred during the 9 months period of the year under review for the procurement of an air conditioner on the rental basis with the approval of the Board of Management without procuring an air conditioner by estimating requirement of an air conditioner system for the Authority. Even though it is required to be given reasonable and equal chances to participate in procurement person who qualified and interested parties as per the Procurement Guidelines 1.2.1(d) in procuring on rental basis, it was observed that a reasonable chance had not been given to other competitive supplier	Procurement activities required to be made in formal manner by adhering to Procurement Guidelines.	Due to long period of time was taken to complete the procurement activities of permanent air condition system for the Authority, approval of the tender board had been received to procure an air conditioner from an entity on the rent basis and it had to pay Rs. 2 million of amount thereon.	Future measures had not been taken.

entities, due to quotations are called from only one supplier on the respective procurement.

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| (b) | <p>The number of wheel-chairs, crutches, artificial legs and pairs of spectacles requested for the disabled war heroes was 354,583,472 and 165 respectively. Nevertheless, actual supply of the above items was 25,29,9 and 0 respectively. Similarly, despite the receipt of Rs.10 million from the Api Wenuwen Api Fund for this purpose, due to not making the necessary arrangements, that amount had been remitted back to the above Fund on 31 December 2019.</p> | <p>Action should be taken to ensure maximum use of the provisions made.</p> | <p>As 84.25 per cent of the total allocation was made during the second half of the year 2019, procurement activities could not be completed on time.</p> | <p>Further measures had not been taken.</p> |
| (c) | <p>Under the war hero foster parent allowance scheme, a sum of Rs.5,940,500 had been irregularly paid to two accounts holders during the period of 18 months from June 2016 to November 2017. A sum</p> | <p>Action should be taken to expedite recovery of monies to the Authority from relevant parties.</p> | <p>Has been handed over to the Criminal Investigation Department and a complaint has been lodged at the Fort Magistrates Court by the said Department and investigations are in progress at present.</p> | <p>An investigation is being conducted by the Criminal Investigation Department.</p> |

of Rs.4,978,500 of the above amount has not been recovered up to date.

51. Sri Lanka Rubber Research Board

Opinion of the Auditor General on the Financial Statements 2018 - Qualified Opinion
 2019 - Qualified Opinion
 2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Although Rs.4,237,430 had been shown in the financial statements as nominal value of 431.78 hectares of lands of the Board, those lands had not been revalued and fair value thereof had not been included in the financial statements of 2020.	The value of the lands should be re-evaluated and the fair value thereof should be stated in the financial statements.	The Board has requested the Government Valuation Department to conduct a re-census of land and buildings.	As this task is not carried out by the Valuation Department, steps have been taken to assign the relevant task by calling for bids from a registered valuer on approval of the Board of Directors.
(b) In terms of Section 4.7 of Chapter XV of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, a sum totaling Rs.3,509,706 receivable to the Board relating to a period of 03 – 29 years from 04 officers who had breached bonds by proceeding abroad for studies on full-pay leave, had not been recovered.	Action should be taken to recover those monies from officers who had breached bonds by proceeding abroad in accordance with the provisions of Establishments Code.	Even though steps have been taken to recover those balances could not be recovered.	It has been decided to take an administrative decision in future relating to this balance.

- (c) Even though two office buildings had been constructed at a cost of Rs.16,301,964 on the lands of Kumarawatta Estate Monaragala and Narampola Estate Polgahawela, those lands had not been legally acquired by the Board yet. Land should be acquired immediately. Having completed all necessary activities for taking over of legal ownership of the Narampola (Alawwa) and Kumarawatta (Monaragala) lands, the Ministry of Lands and Parliamentary Reforms has forwarded them to relevant Divisional Secretaries. These lands have not been taken over even up to the end of the year 2021.
- (e) Despite being decided that the two machines named, Two Roll Mill Cal/006, and Hydraulic Press Cal/010 remaining idle at the raw rubber and chemical analysis division for over 15 years, be preserved for their antique value, the machines remained outside without security and being covered. Should be placed securely for dispatching to the proposed museum. As repairs are not profitable, it has been decided to keep them as antique machinery and action will be taken to fix specific covers therefor once modifications of the Ratmalana office are complete. Modernization of the laboratory is being carried out presently in the Ratmalana office.

52. Official Languages Commission

Opinion of the Auditor General on the Financial Statements	2018 - Qualified Opinion
	2019 - Qualified Opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) Due to failure in reviewing the useful life of non-current assets annually in terms of Section 65 of Sri Lanka Public Sector Accounting Standard 07, fixed assets valued at Rs.3,236,917 were still in use despite being fully depreciated in the year 2020. The estimated error had not been revised in accordance with Sri Lanka Public Sector Accounting Standard 03.</p>	<p>The Sri Lanka Public Sector Accounting Standards should be followed.</p>	<p>Assets have been physically identified with codes of identification given.</p>	<p>Not revalued.</p>
<p>(b) Contrary to Guidelines 1.2.1(d), 3.4.2(a), and 6.3.6 of the Procurement Guidelines, an expenditure of Rs.1,395,197 had been incurred in the year 2020 for printing annual reports and compiling CDs relating to the years 2013, 2014, and 2015.</p>	<p>Procurement Guidelines should be followed.</p>	<p>Procurement activities are done in accordance with the Procurement Guidelines.</p>	<p>Although explanations were given, the Procurement Guidelines had not been followed even in the year 2021.</p>

53. National Secretariat for Elders

Opinion of the Auditor General on the Financial Statements	2018 - Qualified Opinion
	2019 - Qualified Opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) Contributions to the elders' protection fund established by deducting Rs. 100 from the elders' allowance of Rs.2,000 given by the Treasury to low-income elders older than 70 years, had been undercharged by Rs.5,357,900 and Rs.3,724,800 in the years 2018 and 2019 respectively. Action had not been taken to recover the contributions in arrears. The proceedings of Rs.1,476,158,823 credited to the fund as at 31 December 2019, had not been made use of on the objectives of the fund, but invested in fixed deposits.</p>	<p>Consent of the Treasury should be obtained legally for establishing a fund. Attention should be brought to achieve objectives of the fund, and contributions obtained from the elders' allowance should be credited to the fund.</p>	<p>Action is taken to obtain the abetment of Rs. 100 from the elders' allowance in order to be credited to the fund, and recover the outstanding contributions.</p>	<p>Action had not been taken to compare and recover the outstanding contributions.</p>
<p>(b) The Secretariat should have maintained an up-to-date database on elders, but no substantial measures had been taken</p>	<p>An updated and accurate database on elders should be created without delay.</p>	<p>Registers used to give elders' allowance are being updated.</p>	<p>An up-to-date and accurate database on elders had not been created.</p>

in that connection. Although approval had been received in the year 2018 to create a database by obtaining Rs.2,000,000 from the elders' protection fund, no updated and proper database had been created up to December 2020. The Secretariat had been instructed in that connection at the meeting of COPE held on 11 February 2016.

- (c) The balance Welfare activities The National Council for The Council has so accumulated in the should efficiently be Elders had not brought far not brought elders' protection fund carried out for the elders attention for erective attention on the since the year 2016 thus achieving the execution of welfare execution of welfare amounted to objectives of the fund. programs on elders. activities on elders Rs.1,931,745,249 as at using the fund. 31 December 2019, but welfare activities of the elders had not sufficiently been carried out during the 03 preceding years by using the monies from the fund. As such, the fund remained idle without being utilized. No action had been taken to invest the monies in long term fixed deposits.

- (d) Formulation of a national policy to establish a medical insurance scheme for elders older than 75 years, and providing elders older than 65 years with a general transport service, had been commenced in the year 2016. A provision of Rs.5,000,000 had been made thereon, and a sum of Rs.3,305,826 therefrom had been utilized on awareness programs held at the Secretariat and 331 Divisional Secretariats whereas the balance amounting to Rs.1,694,164 had been retained in miscellaneous deposit accounts. Although a period of 05 years had elapsed, the said national policy had not been prepared and presented in Parliament .
- The national policy should be prepared without delay.
- Cabinet approval has been obtained on the policy, and action is taken to publish the policy in the Gazette.
- Preparation of the policy had not been completed.
- (e) The Holy Cross land in Gampaha worth Rs.13,000,000 and Rajitha Estate in Haragama worth Rs.3,200,000 donated to
- The lands donated to the Secretariat should be utilized for the welfare of the elders.
- Bids had been called from the licensed surveyors to prepare plans in view of land acquisition.
- Those lands had not been used for welfare of the elders, and there was a delay in acquiring them legally.

the Institution in 2011 through deeds of gift for constructing elders' homes, had remained without being used for the intended purpose.

- (f) The post of Assistant Director (Administration) and Legal Officer, remained vacant since inception of the Secretariat, and the post of Assistant Director (Information Technology) remained vacant since the date of approval on 11 January 2017. No action had been taken to make recruitments to those posts.
- Recruitments to the approved posts should be made without delay in order to achieve the objectives of the institution.
- The Schemes of Recruitment for the said posts had been approved on 31 January 2011 and 06 July 2017. Approval had again been sought to revise them as being full-time.
- No recruitments had been made for the vacant posts even in the year 2021.

- (b) Due to failure in annually reviewing the useful life of non-current assets in terms of Section 65 of the Sri Lanka Public Sector Accounting Standard 07, the estimated error on the assets costing Rs.197,080,968 still in use despite being fully depreciated, had not been revised in terms of Sri Lanka Public Sector Accounting Standard 03. As such, the carrying amount had not been shown in the financial statements.
- The Standard should be complied with.
- A report on fully-depreciated assets has been prepared in accordance with Section 65 of Sri Lanka Accounting Standard 07 and forwarded to the Ministry of Health for revaluation.
- Action had not been taken even by 31 January 2022 to review the useful life of fully depreciated assets.
- (c) Action had not been taken in terms of section 07 of the Wijaya Kumaratunga Memorial Hospital Board Act, No.38 of 1999 to transfer the ownership of the land located at Seeduwawhich had been mentioned in the schedule of the Act even up to 30 April 2021.
- As specifically mentioned in the Act, rights to the land should be acquired to the Board of Hospital without delay.
- Rights to the land have been acquired by the Board of Directors of the Hospital.
- Rights to the land had not been acquired by the Board of Hospital even by 31 January 2022.

and training activities, non-availability of an instructor for motor vehicle engineering course, and lack of an automobile continuing training panel for training activities, operations of those divisions could not be maintained efficiently.

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| (c) | Only two of the 16 lecturers in the permanent staff had made evaluations on academic activities during the year under review. Lectures conducted by any of the 35 visiting lecturers had not been evaluated. | The reasons should be looked into, and necessary action should be taken. | Evaluations will be done in due course. | Necessary action is being taken. |
| (d) | Advances totalling Rs.1,566,000 had been paid to the Department of Buildings relating to construction of buildings without being approved by the Ministry or the Board of Governance. | The relevant approvals should be obtained. | That contract had been awarded to the Department of Buildings, which is a public institution. | Action had not been taken up to the end of the year 2021. |
| (e) | As it had been decided to purchase a Chinese-made generator by rejecting Indian products without giving | Goods and services should be obtained in accordance with Procurement Guidelines in due course. | This had been done following a decision taken by the University. The Procurement Committee, as well as the Technical | It was informed that the procurement procedure will be followed in due course. |

- adequate reasons, an overpayment of Rs.1,276,385 had been paid.
- Evaluation Committee had acknowledged that decision.
- (f) Two construction contracts valued at Rs.6,693,000 had been awarded to the Department of Buildings without following the procurement procedure and signing agreements sans approval of the board of governance or the Ministry.
- The agreements should be entered into by following the procurement procedure and obtaining the relevant approval.
- The Department of Buildings to which the contract had been awarded, is a public entity.
- Action is being taken to sign the agreements.
- (g) As for the approved cadre, 09 vacancies existed in 02 posts in the academic staff with excesses in 02 posts whilst 11 vacancies existed in 03 posts in the non-academic staff.
- Action should be taken to fill vacancies and obtain approval on excess employees.
- Applications have been called for the said post through advertisements published in newspapers and website, and the interviews have also been conducted.
- Action is being taken to make recruitments to the vacant posts.
- (h) Action had not been taken to determine the value of lands and land developments and disclose in the financial statements by the end of the year under review. Although a period of 05 years had elapsed since the inception of the University College,
- The value of lands and land developments should be determined and disclosed in the financial statements. Action should be taken to promptly acquire the lands.
- Action is being taken to take over the land.
- Necessary measures are being taken for the takeover.

action had not been taken to acquire the land of the University College in extent of 5.4 hectares.

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| (i) | <p>Contrary to Sections 40 (1) and (2) of the National Audit Act, No. 19 of 2018 and Paragraph 03 of the Guideline DMA/2009(1) of the Department of Audit and Management dated 09 June 2009, an Internal Audit Unit had not been established.</p> | <p>An internal audit should be carried out.</p> | <p>Action is being taken to establish an Internal Audit Unit.</p> | <p>Corrective measures are being taken.</p> |
| (j) | <p>An Audit and Management Committee had not been appointed in terms of Section 7.4.1 of the Public Enterprises Circular, No. PED/12, dated 02 June 2003.</p> | <p>Audit and Management Committees should be appointed.</p> | <p>Action is being taken to establish an Audit Committee.</p> | <p>Corrective measures are being taken.</p> |

56. Mahaweli Authority of Sri Lanka

Opinion of the Auditor General on the Financial Statements	2018 - Qualified Opinion
	2019 - Qualified Opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) Even though it had been informed to recover the rent recoverable according to valuation reports for 13 buildings which are being used by external parties located in the Jawatte premises, a sum of Rs.70,224,000 had not been recovered until 31 December 2019. A sum of Rs.27,027,871 that had been paid as electricity and water bills for these buildings by the Authority had not been reimbursed from the respective parties.</p>	<p>Action should be taken to recover the lease rents receivable and reimburse the expenses incurred.</p>	<p>As per the decision of the Cabinet relating to legal action being taken against public institutions, a letter had been sent to the Secretary to the Ministry requesting instructions on solving the issue of recovering lease rents from the buildings at the premises in Jawatta. Action had been taken to reimburse Rs.21,195,379 from the sum receivable in respect of water and electricity charges.</p>	<p>Building rents totalling Rs.70,224,000 and water and electricity charges totalling Rs.5,832,492 had not been recovered even by February 2022.</p>
<p>(b) A crane belonging to the Office of the Engineer in charge, Kotmale that had been repaired incurring Rs.8,550,788 in the year 2017, remained idle from 29 December 2017 to May</p>	<p>Should be made use of after properly repairing.</p>	<p>It has been planned to complete the repair by including into the Action Plan for the year 2022.</p>	<p>The repair had not been carried out even by February 2022.</p>

2019 as the repair had not been properly carried out.

- (c) A contract had been awarded at a cost of Rs.6,990,000 in 2017 for the reconstruction of the Visiting Centre existed in Kotmale Operational Engineering Office and to remove the old dam model and make a new dam model and the dam model with an estimated value of Rs.2,060,000 had been made with defects and of low quality. The Authority had failed to recover the losses due to failure to obtain a performance guarantee at the time of awarding the contract and non-completion of the work as per the agreement.
- Action should be taken to obtain performance bonds so that construction contracts would be carried out as per standards and losses resulted in by the breach of agreements would be recovered.
- The contractor had been informed on several occasions verbally and in writing by the Operational Engineer on the defects and lack of quality of the specimen of the dam. As the specimen was not suitable for display at the observation room, the contractor was informed that the specimen be removed.
- The loss sustained by the Authority as the work had not been done as per the agreements, was not recovered.
- (d) The land with 35 acres in extent had been given to Sri LankaHira Foundation in order to construct a Vocational Training Center in the year 2013 with the approval of the Minister incharge of the subject,
- Action should be taken against the disposal of lands without proper authority. Encroached lands should be acquired by the Authority. Release of Government lands should be done in
- Case Nos. 35743, 35744, and 36394 had been filed at the court in Valachchanai in that regard.
- The cases are pending.

subsequently, a long accordance with the term leased deed had been Government policy and issued in the name of the the land ordinance.

Chairman of the Company, changing as Batticola Campus (Pvt) Ltd. which was a private company without the prior approval of the Minister in charge of the subject by the Mahaweli Authority of Sri Lanka in the year 2016 .

Although it was revealed during the field inspection that more than 35 acres had been were being used illegally, that portion had not yet been taken over by the Authority. Another 45 acres had been requested by the Hira Foundation in the year 2017 and the Secretary to the Ministry had applied the prior approval from the Minister in charge of the matter to be functioned. The Minister had only put his signature and accordingly the Board of Directors of the Authority had given the approval to hand over the 45 acres.

- (d) Forty four employees of the Mahaweli Security Corps belonging to the Authority had been released to various state institutions from the year 2015 and of those, 12 had reported back to the Security Crop in the year 2018. The Authority had failed even by 13 February 2019 to reimburse the salaries paid to the above officers amounted to Rs.66,141,532 and overtime and travel expenses amounting Rs.31,448,940 by 31 December 2018 from the relevant institutions.
- (e) Vehicles not in running condition should have been disposed of before 30 June 2018 in terms of Section 2(b) of the assets management Circular No. 01/2018 of the Ministry of Finance and Media dated 19 March 2018. However, the Authority had not done so.
- Action should be taken to reimburse the relevant payments.
- The respective institutions have been informed to reimburse those monies.
- Necessary action should be taken as per the Circular.
- Action has been taken to appoint a committee to identify the vehicles to be disposed of and assess the values of such vehicles. Fifteen vehicles have been repaired and in use.
- Not reimbursed even by February 2022.
- Disposal of vehicles had not been done even by February 2022.

- (f) Although the market value of the land should be assessed and taxed when leasing land for commercial or industrial purposes in terms of Section 217(2)(vi) of the State Lands Ordinance, No.08 of 1947, 18 plots of land in the Thambuththegama Residential Business Management Area have been excluded from the lease base for quarrying, none of those lands have been surveyed and government assessment value tax had not been levied. The assesses value until the audited date of 27 February 2020.
- The lease rents should be recovered properly in terms of State Lands Ordinance, No.08 of 1947.
- The Department of Valuation has been requested to assess the lands to be used for mining.
- The assessment had not been received even by February 2022.
- (g) Even though 43 warehouses owned by the Authority have been used by the Paddy Marketing Board from 2009, any lease rent had not been charged for those warehouses even by 31 December 2020. The Chairman of the Paddy Marketing Board had requested the Director General of the Mahaweli Authority to
- Productive and efficient use of stores should be ensured. The lease rents should be recovered.
- As for the transfer, the Department of Valuation had been requested to assess the buildings of the Authority to be acquired by the Paddy Marketing Board.
- The Department of Valuation informed that the survey plan of the relevant properties be furnished. Such information is being compiled.

transfer the ownership of the warehouses to the Paddy Marketing Board as there was a need to repair the warehouses in a standard manner. However, it had failed to transfer these lands or to recover the lease rent even by 31 December 2020.

- (h) Although the royalty charges had been paid 75,973.8 cubic feet of granite to the Geological Survey and Mines Bureau during the testing of eight quarry licenses in the Thambuththegama Residential Business Management Area by the Thambuththegama Residential Business Management Office of the Mahaweli Authority had charged only 8369.5 cubes of granite. It could have been earned accordingly, Rs.66,127,150 revenue had been lost
- A formal inquiry should be conducted on the mining licenses. The quantity of granite mined should be correctly identified, thus the fees should be recovered.
- An internal circular had been issued on 21 March 2019 stating that the land use fees should be recovered based on the volume of granite mined on which the royalty was paid to the Geological Survey and Mines Bureau.
- Fees are charged as per that Circular based on the volume mined. The lost revenue has not been recovered.
- (i) A contract agreement of Rs.4,861,105 had been entered into the year
- Should Identify the Attorney General's Department has been requested to file a case.
- As per instructions given by the Attorney General's

2017 for the the amount of work construction of the done and take the Pollebedda Official necessary action to Quarters in the recover those amounts Rambaken Oya Region expeditiously and the and Rs.1,243,051 had contractor should be the been paid as advance. blacklisted.

Department, action is being taken for settlement through an arbitrator.

The contract period had been extended on two occasions to 28 December 2018 but the work had not been completed on these days. Although the validity of the performance guarantee expired on 20 November 2018, its validity had not been extended. The contract had been suspended on 14 March 2019 and the late fee of Rs.486,110 had not been charged. The overpayment of Rs.1,402,376 to the contractor had not been recovered by 17 August 2020. The contractor had not been put on the blacklist.

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| (j) | A contract agreement of Rs.4,843,185 had been entered into in 2017 for the construction of a Maha Oya Official | Should Identify the payments made to the contractor in excess of the amount of work done and take the | Attorney General's Department has been requested to file a case. | As per instructions given by the Attorney General's Department, action is being taken for |
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Quarters in the necessary action to Rambaken Oya Region recover those amounts and as an advance of expeditiously and the Rs.1,414,555 had been contractor should be the paid. The contract had blacklisted. been terminated on 14 March 2019 in accordance to non-compliance with the agreement. The performance guarantee and advance guarantee period had expired on 15 September 2018, but action had not been taken to extend their period. The amount to be charged from the contractor is Rs.1,242,997 had not been recovered by 17 August 2020 and action had not been taken to put the contractor on the blacklist.

settlement through an arbitrator.

- (k) For the construction of Murawasihena Divisional Office in Walawa Zone 2018 Rs.14,757,550 had been entered to agreement and an advance of Rs.4,323,015 had been paid. The contract had been terminated on 22
- If the work is not completed within the extension of time, the agreement should be terminated and the relevant securities should be convert money and the necessary steps should be taken to identify the overpayments made to
- The contract had been suspended on 07 December 2021. As for the sum of Rs. 2,367,072 and performance bond remaining further receivable, the constructions security fund had been informed through the letters dated 23 December 2021.
- A sum of Rs.2,367,072 remained receivable from the mobilization advance.

January 2020 due to the contractor and non-compliance with the recover the amount agreement. But was expeditiously. again given 6 weeks at the request of the contractor. The work had not been completed by 17 August 2020 and an the contractor work start-up advance of Rs.3,150,256 had to be received.

- (1) A vehicle which had been received by the Authority in 2017 from the Dam Protection and Water Resources Planning Project had been attached to the Dehiattakandiya Residential Project Management Office had been handed over to a driver in the Medirigiriya Zone for the duties of the Consultant to the State Minister of Mahaweli. The vehicle had met with an accident on 22 December 2019. Although a Full Report for the damage should be submitted within 03 months from the date of the damage occurred
- Action should be taken to comply with Financial Regulations regarding losses and damages and recover it from the relevant responsible parties.
- An inquiry had been carried out by the Internal Audit Unit. Having been inspected by an internal committee, a detailed report had been presented on the vehicles. The Huruluwewa zone had been informed through the Letter, No. MA/ADM/10/02/1708 dated 25 June 2021 that the loss sustained by the institution be recovered in 10 installments from July 2021.
- As of February 2022, Rs.2,500,000 of the total loss of Rs.6,915,484 had been received from the insurer. The balance has not been recovered.

according to the Financial Regulations 104 (4), but more than 11 months had elapsed since the accident occurred, a Full Report of the accident had not been submitted. The loss occurred to the vehicle amounting to Rs.6,915,484 had not been recovered from the relevant responsible officials. The financial loss amounting to Rs.575,929 occurred to the Authority due to the misuse of two vehicles between the period of 2010 and 2011 by this officer had not been recovered even by 31 December 2020.

- (m) Although all preferential leases on state lands require the prior written approval of the Minister under Regulation 21 (1) imposed under the State Land Ordinance, in terms of the Paragraph 199 (3) of the Government Land Ordinance No. 08 of 1947, the Board of Directors had approved Applicants should be selected in a competitive and transparent manner when disposing of lands for commercial purposes and in granting lands on a preferential basis, it should act in accordance with Sections 199 and 206 of the Government Land Ordinance. Action has been taken to formalize the disposal of lands, and instruct the relevant divisions and all the residential managers of the enterprises relating to the disposal of lands owned by the Authority in terms of Circular, No. 1/20121 of the Secretary to the Ministry of Irrigation relating to the disposal of Government lands. The case in that connection remaining pending by the end of the year 2021.

the tenant of acres 3,750 of lands in the Rambaken Oya Zone to seven investors without obtaining the prior written approval . Also, environmental impact assessment had not been carried out prior to the handing over the tenant of these lands. Further, applications for these lands had been obtained from the investors referring to the National Food Production Performance Committee without calling for applications in competitive and transparent for these lands. Unless the Minister had ordered in other way , in accordance with paragraph 199 (4) of the Government Land Ordinance No. 08 of 1947 , whenever it intends to issue a preferential grant or lease , announcement in the Gazette Notification under Government Land Regulation No. 21 (2) should be made, it had not been so done.

- (n) Although it had been released Rs.150,703,811 from the money given to Regional Development Bank for granting loans to the colonists that recommended by the Authority under the loan programmes implemented by Mahaweli Authority, information on each of the debtor balances had not been furnished to the Audit.
- A list of each debtor balance and a debtor's age analysis pertaining to the total loan amount issued should be submitted.
- Action is being taken to furnish the age analysis along with the financial statements of the year 2021.
- Information relating to each debtor balance was not furnished.
- (o) According to sec 2.1 of the Guideline issued on Valuation of Non-financial Assets by the Comptroller General's Office on 31 December 2018, assessment of all government owned lands is essential where priority should be given to the assessment of government lands where government offices, circuit bungalows, workplaces, etc. are located, but action had not been taken to assess the lands where the Authority's offices, resorts and workplaces are located.
- Steps should be taken to assess the government lands used for the activities of the Authority in accordance with the circular provisions
- As the Authority possesses only the rights to use the lands, it was informed that action would be taken to assess only the buildings in those lands.
- Lands where offices, resorts, and workshops had been maintained were not assessed.

- (p) According to sec 2.1 of the Guideline issued on Valuation of Non-financial Assets by the Comptroller General's Office on 31 December 2018, all the buildings except for those identified as an ancient heritage should be assessed and information about the buildings should be submitted to the Comptroller General, but that information had not been submitted even by 31 December 2020.
- Steps should be taken to assess the buildings in accordance with the circular and submit the relevant details.
- Information has been requested from all the zones, and the report is being prepared.
- Information had not been furnished to the Comptroller General even up to the end of 2021.
- (q) Although 12.5 per cent of the monthly salary of government employees of other institutions should be charged as monthly rental in terms of Section 3.1 of the Internal Circular of the Mahaweli Authority No. 2009/12/04/ Admin dated 24 December 2009, various monthly charges were levied on 39 official quarters owned by the Digana Main Dams and Reservoir Operations Division as at 08
- Steps should be taken to charge for the official quarters as per the circular rules.
- Action has been taken to obtain Government assessment in order to revise rents on quarters.
- Action has not been taken to charge fees on quarters as per the Circular.

February 2021 the date of audit.

- (r) Although official quarters should be handed over to external government officials subject to a formal written handing over document and an agreement in terms of Section 1-1-7 of the internal Circular, No. DG/05/2017 of the Authority dated 09 May 2017, twenty four official quarters belonging to the Digana Main Dam and Reservoir Operations Division had been handed over to employees of the Ceylon Electricity Board without an agreement. These quarters had been provided in 1985/1986 and actions had not been taken to identify the current occupants and if they are the employees who are entitled to have the quarters, to be entered into agreements or to take necessary legal actions to remove the unauthorized
- According to the Chairman of the Ceylon Electricity Board and the Secretary to the Ministry of Energy had been informed to enter into agreements. Following their failure to respond thus far, legal action is being taken.
- No agreement had been entered into even in the year 2021.

residence if they are unauthorized occupants.

- (s) Even though a case had been filed to get the possession of five official quarters given to the employees of the Central Engineering Consultancy Bureau belonging to the Digana Main Dams and Reservoir Operations Division to the Authority, the Authority had withdrawn the cases stating that it had been agreed to pay the rent properly. However, the rent had not been charged as agreed from one quarters out of that. Another quarters had destroyed by fire on 25 September 2018 and as a result of the unauthorized occupant had left the residence, it had not agreed to pay the rent. Also, even though the eviction orders were obtained on 19 February 2020 filing of a case in the year 2020 to get back the possession of 6 more official quarters, the
- The necessary legal actions should be taken to evict occupants who are not entitled to obtain official quarters and arrears of rent and losses and damage to official quarters should be recovered from those responsible parties.
- Legal action should be taken to regain the possession.
- Action had not been taken to regain the possession of 02 quarters. Losses sustained by 02 houses due to fire, had not been recovered.

Authority had not taken possession of 5 official quarters till December 2020 the date of audit. One of the official quarters on which the eviction order was issued had caught fire on 21 October 2020. The approximate estimate of the damage of the fire was Rs.1,225,875 and the rent due was Rs.205,320. No further actions had been taken to recover this loss by the date of audit.

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| (t) | <p>Although information had been requested from 10 Zones during the audit in providing the lands on long term lease basis for investment projects of the Authority by 31 December 2020, only 5 Zones had submitted information in accordance with the prescribed format. As a result, it was unable to audit the overall status of development of lands cleared for investment projects of Authority. In the 05 Zones where</p> | <p>Land development should be monitored so that the objectives of land allocation can be achieved and undeveloped lands should be re-taking over and used for suitable purposes. Necessary steps should be taken to recover the arrears.</p> | <p>Action is being taken to cancel the lands used for investment projects without paying taxes.</p> | <p>The sum recovered so far out of Rs. 68,598,808 receivable as at 31 December 2020, was not made available to the Audit.</p> |
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information had provided, the extent of land given for investment projects was 5,755 acres and out of that there were 2,121 acres undeveloped , 496 acres being developed and 3,138 acres fully developed. Accordingly, 37 per cent of the total land allocated had not been developed . A lease rent of Rs.68,598,808 had to be received by 31 December 2020 out of 123 investors who had been provided lands in 07 Zones that provided information to the audit.

57. Sri Lanka Institute of Accreditation

Opinion of the Auditor General on the Financial Statements	2018 - Qualified Opinion
	2019 - Qualified Opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) Recruitments had not been made even by 20 April 2021 to 05 vacancies existed since 2019 comprising 02 posts in the senior level, 02 posts in the tertiary level, and a post in the secondary level. Furthermore, the post of Additional Director remained vacant since the year 2012, and despite the approval given to recruit on contract basis, no action had been made in that connection. The post of Deputy Director (Finance) also remained vacant since December 2019.</p>	<p>Action should be taken to make recruitments ensuring efficiency in achieving objectives of the institution.</p>	<p>A Cabinet Paper has been prepared and submitted to inform the Ministry on the requirement of filling vacancies with qualified officers. Approval of the Department of Management Services has been sought to complete the recruitment process.</p>	<p>No recruitments had been made up to the end of the year 2021.</p>
<p>(b) The annual report of the Board should be tabled in Parliament within 150 days after the end of the year of accounts in terms of Section 6.5.3 of the Public Enterprises Circular, No. PED/12,</p>	<p>Provisions of Circulars should be followed.</p>	<p>Translation of the annual report for the year 2019 had been completed. Once proofread, the report will soon be printed. The annual report for the year 2020 is ready to be translated into Sinhala and Tamil.</p>	<p>Annual report for the year 2019 has been sent to be printed. The report for the year 2020 has been sent for translation.</p>

dated 02 June 2003. However, the annual reports relating to the years 2019 and 2020 had not been tabled in Parliament even by 01 August 2021.

- (c) An annual survey on stored Provisions of Financial Regulation 507(2) and Section 7.4.5 of the Public Enterprises Circular, No. PED/12, dated 02 June 2003. Although the annual survey on stores had been planned, it could not be done so owing to the unexpected situation in the country. Nevertheless, action has been taken to provide the report by July. Only the annual survey on stores for the year 2019 had been completed with the report being presented by the Committee.
- However, without doing so, a sum of Rs.41,179,616 had been brought to accounts as being the value of non-current assets as at 31 December 2019.

58. Sri Lanka Council for Agricultural Research Policy

Opinion of the Auditor General on the Financial Statements

2018 - Qualified Opinion

2019 - Qualified Opinion

2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) As per Section 16 of the Sri Lanka Council for Agricultural Research Policy Act, No. 47 of 1987, a fund should be established, and all the monies, loans, and donations received by the Council should be credited to that fund whilst all the expenses incurred on the affairs of the Council be incurred through that fund. However, following the year 2015, the said fund had not functioned as above.	The Act should be followed.	No action had been taken.	A fund had not been established as per the Act.
(b) Action had not been taken by the Council to acquire the land where the Sri Lanka Council for Agricultural Research Policy had been established.	The land should be acquired legally by the Council.	No action had been taken.	Action is being taken for taking over legally.
(c) As per the memorandums of understanding entered into between the Councils	Training opportunities should be identified as per the Action Plan thus	Training activities had been planned for the year 2020.	Action had not been taken as per plans even in the

for Agricultural Research Policy in Bangladesh, Malaysia and Sri Lanka, in the years 2011 and 2016, it was mentioned in the Action Plan for the year 2019 to send 10 officers for foreign training. However, the Council had not taken action to send the officers by identifying such training opportunities.

year 2020.

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| (d) | <p>Researchers being trained under the Overseas Postgraduate Program should choose their research topic focusing on current or future issues facing the agricultural sector in Sri Lanka, but should be enhanced for the betterment of the agricultural sector in Sri Lanka. The number of officers selected for postgraduate studies in the fields of identified agricultural mechanization and organic agriculture was very low. However, the Council did not take any action to improve the situation.</p> | <p>As per the Cabinet Decision, such specific areas should be determined thus sending the officers by informing in writing on the research topic. Strengths and weaknesses in the mechanism should be identified thus taking suitable measures.</p> | <p>No action had been taken.</p> <p>As for the selection of research topics, the officers had not been deployed in specific areas.</p> |
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| (e) | Due to non-recruitment of research officers in the 11 existing research institutes, the number of researches conducted in the four areas of floriculture, forestry, agricultural mechanization and natural resource management had declined. | Action should be taken to recruit research officers and increase provision thus taking action to increase the number of relevant researches. | No action had been taken. | The research institutions had not been encouraged by the Council to conduct researches. |
| (f) | Due to failure in annually reviewing the useful life of fixed assets in terms of Sri Lanka Public Sector Accounting Standard 07, two classes of assets costing Rs.11,045,012 were still in use despite being fully depreciated. Action had not been taken to adjust the estimated error in the financial statements after being revised in accordance with Sri Lanka Public Sector Accounting Standard 03. | Useful life should be reviewed and adjusted in the financial statements. | No action had been taken. | No adjustments had been made even in the year 2021. |
| (g) | An advance of Rs.2,460,000 had been paid to the Department of Buildings in 2019 for addition of a new section to the existing premises of the Council, and the construction of the building had not been completed until May 7, | The constructions should be completed as per the agreements. | No action had been taken. | The constructions had not been completed even by the end of the year 2021. |

2021.

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| (h) | Although the Council recognized the importance of focusing on organic agriculture and introduced seven priority areas to research institutes in Sri Lanka that needed to increase research in those areas, research institutes from 2017 onwards had not been encouraged to conduct research on organic agricultural policy and the quality of organic food currently on the market. | As those priorities had been introduced with respect to 24 research institutions, such institutions should be encouraged to conduct researches thereon. | No action had been taken. | Research institutions had not been encouraged by the Council to conduct researches. |
| (i) | Although plans were underway to fund 02 of the research proposals submitted by the agricultural research institutions in the year 2019, no funds had been made even in the year under review; nor had new proposals been identified with respect to the year under review. | Action should be taken to implement new projects, complete the projects being implemented on time, and inspect the progress physically. | Funds had been made in the year 2021 for a project that had been identified in the year 2018. | Funds had not been made even in the year 2021 on 02 projects that had been selected in the year 2018. |
| (j) | Updating the database by collecting information on the number of researches conducted by the institute, funding for the research, | The database should be updated and the annual publications should be issued as per the annual Action Plan. | The database had been updated, and the publications up to 2018 are scheduled to be printed and issued. | The database had not been updated, No publications had been issued after 2018. |

information on research officers, scientists and other staff and the physical resources of the institute till 2019 (Information for Agricultural Research Managers) had been done. However, no annual publications containing that information had been issued since 2010.

59. National Aquaculture Development Authority Of Sri Lanka

Opinion of the Auditor General on the Financial Statements	2018 - Adverse opinion
	2019 - Adverse opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Although the valuation should be carried out every 03 years or every 05 years, when the fair value of the property, plant, and equipment materially differs from its carrying value as per Section 47 of the Sri Lanka Public Sector Accounting Standards No. 07 , as a result of failure to revalue all the fixed assets after the year 1998, the reasonable value of breeding centre assets cost at Rs.1,702,306,274 and property plant equipment cost at Rs.894,757,806 had not been adjusted to the financial statements . Further, actions had not been taken to assess the value of 14 plots of land with 109.7597 hectares currently in use by the Authority and to enter into the accounts.	Values of Properties should be assessed as much as possible and included in the accounts in terms of Section 47 of the Sri Lanka Public Sector Accounting Standards No. 07.	The Department of Valuation had not properly taken action even on the revaluations done previously. Given the availability of resources of the Authority, this task is deemed complex, but action will be taken in that connection.	Necessary action is being taken.

- (b) The Environment Protection License should be obtained before the expiry of the first 06 months of the issued license in accordance with Schedule II of the Extraordinary Gazette Notification No. 1736/21 dated 13 December 2011. Although it was observed that out of the 16 files examined by the audit, none of the cultivators had submitted Environment Protection License, the Authority had not taken the necessary actions in this regard.
- The relevant licenses should be obtained within the periods specified in the Act.
- Action has been taken to grant the relevant approvals.
- No action had been taken to obtain the licenses.
- (c) When planning the construction of the Fin Fish Breeding Centre in Batticaloa annual production was planned to produce 5,000,000 fish and the annual production target had been reduced to 100,000 and 200,000 in the years 2019 and 2020 respectively. The actual annual fish production of the production centre in the years 2019 and 2020 was 88,050 and 57,700 respectively and it was 88 per cent and 29 per cent of
- Action should be taken so that targets would be achieved properly.
- The targets set for the breeding center could not be achieved due to reasons such as, handing over the breeding center before completion of the initial constructions, necessity to spend some time to make constructions required for the breeding centre to become functional, lack of technical expertise at the beginning as the center had been commenced newly using modern technology.
- Proper action had not been taken to achieve targets in the year 2021.

targeted fish production, respectively. Further there was a 59 per cent of decrease observed in 2020 as compared to 2019. Nevertheless, the necessary steps to achieve the production target of this Project, which was launched to reduce poverty in the area, had not been taken.

- (d) The Top Management had not taken disciplinary action in accordance with Chapter XXVIII of the II Volume of the Establishments Code against the officers who had involved in the payment of advance from the fake Performance Bond valued at Rs.42,572,925 on 13 July 2018 and no legal action whatsoever had been taken against the supplier. Disciplinary actions should be taken under Section II of the Establishments Code against the officers who had involved in the payment of advances on the fake bond. This company has already been blacklisted. In addition to the performance bond issued by this company, it is informed that in addition to the money spent by us, the loss to the government due to the inability to purchase these machines was calculated as an opportunity cost and deducted the same amount. Disciplinary action should be taken against the officers who paid advances under a fake bond.
- (e) As a result of the construction work of the Welikanda Breeding Centre Construction Project which had been commenced on 25 May 2017 and had been terminated from 15 The Management should take steps to avoid interruptions as much as possible to minimize potential losses after extending the contract for a longer period of time and incurring When carrying out Termination Bill of this construction contract a sum of Rs.7,196,563 as liquidated damages and Rs.7,181,872.77 as retention fees had been deducted from the Action had not been taken to avoid the possible loss.

September 2020, there is a significant costs. risk that the amount incurred for that valued at Rs.158,487,599 would become a futile expenditure.

Termination Bill.

Accordingly, since a case is pending in the District Court regarding the adjudication and bond in this regard, it is kindly informed that the actions will be taken to be deducted the money if there is a balance to be paid to the contractor and paid from the above Rs. 14 Million in accordance with its judgement and orders of arbitration.

- (f) After 06 months of the issuance of Advance Bonds amounting to Rs.4,000,000 and Performance Bonds amounting to Rs.1,806,768 for a contract valued at Rs.30,112,800 for the construction of 05 Aquatic Ponds it was revealed that they were fraudulent Bonds. Although the bank had later reissued the bonds, the Authority had not taken no action whatsoever had been taken even by 18 February 2021 against the company which had issued fraudulent bonds and Actions should be taken to lodge a complaint with the CIDA institution regarding the issuance of fraudulent bonds and to enter the relevant contractor in the black list. The bank had been informed on the fraudulent extension of the relevant bonds and sought the Attorney General's advice on how to proceed further in this case. Following the notification of fraud in the relevant bonds, the Bank re-issued the bonds. Action had not been taken even in the year 2021 to lodge a complaint with CIDA or blacklist the contractor.

actions had not been taken to make a complaint with the Construction Industry Development Authority (CIDA) .

- (g) Proposals for Construction of Proposed Aquaculture Industrial Park on 1491 hectares including the Vedithaltivu Sanctuary which was published by the Extraordinary Gazette Notification No. 956/13 dated 01 March 2016 was rejected by an expert evaluation committee and decided to release only 165 hectares as per the NARA Environmental Report . The expenditure made on project Plan, product Plan, consulting services and surveying carried out covering an area of 1491 hectares in a nature reserve without proper supervision amounting to Rs.19,442,652 had become a futile expense.
- Necessary reports should be obtained and properly acted upon in allocating lands for proposed aquaculture projects and in project construction activities.
- Since the Environmental Assessment Study had to be carried out as per the Decision of the Cabinet of Ministers, the study was conducted by NARA and the relevant amount for the study has been paid by the Aquaculture Development Authority
- Disciplinary action had not been taken against the officers responsible for loss.
- (h) Although a Crab farming Project had been commenced in Rekawa in the year 2017 at a cost of Rs. 190 Million, due to Action should be taken to conduct a formal feasibility study at the commencement of the Project and to obtain the Sending Project Submission Form of the National Planning Department to the above Department by the National Aquaculture
- No disciplinary action had been taken against the officers responsible for the loss.

the lack of adequate relevant approvals. salinity level, the concept of crab farming which was the main objective of the Project could not be implemented. This was due to the fact that no formal feasibility study had been conducted prior to the commencement of the Project. Similarly, although the initial approval is required for projects over 100 million of initial cost that is, approval of the Cabinet of Ministers should be obtained in principle in terms of Financial Regulation 3 (b) III, the Project had been initiated only with the approval of the Board of Directors.

Development Authority of Sri Lanka through the Ministry of Fisheries and Aquatic Resources and allocations had been made and the approval of the Board of Directors of the National Aquaculture Development Authority of Sri Lanka has also been obtained for the above Project.

- (i) Due to the failure of the above Project, although try party agreement had been entered into on 02 December 2021 private landowners who provided land for the project and the Authority for the breeding of prawns changing the objectives of the Project actions had not been taken in accordance with Supplementary 23 Of Arrangements should be made in terms of Procurement Guidelines for Public Private Investment Projects. A formal agreement had been entered into in between the Land Owners and the Authority of Rekawa Crab Breeding Organization on 19 May 2017 and they have agreed to take ownership of the acreage they own, which will be allocated anywhere in the Crab City Project. No remedial or preventive measures had been taken even in the year 2021.

Procurement Guidelines for Public Private Investment Projects to be followed when leasing directly to a private investor .

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| (j) | Value of 18 land plots used by the Authority had not been assessed and shown in the financial statements as at 31 December 2019. As such, the value of lands of the Authority had been understated in the financial statements. | Lands of the Authority should be assessed and brought to accounts. | Action is being taken to assess the lands as at 31 December 2020 in order to be included in the financial statements for the year 2020. At present, the centers in Kahandamodara and Angunawewa are to be assessed. | Assessment reports for some of the lands of the Authority had been received, but the values had not been brought to accounts. |
| (k) | Section 29 of paragraph XLVIII of volume II of the Establishment Code of Democratic Socialist Republic of Sri Lanka- No formal actions had been taken against the officers who responsible for the overpayment of Rs.947, 068 during the construction of Kahandamodara freshwater prawn hatchery center. | Provisions of the Establishments Code should be followed. | Not commented on the corrective measures taken on the management. | No disciplinary action had been taken against the officers responsible. |
| (l) | Asset Management Circular of Ministry of Finance and Mass Media No.01/2018 of 19 March 2018-Although all vehicles which are not in running | Provisions of the Establishments Code should be followed. | Relevant motorcycles have been parked at the extension office of the Authority and arrangements will be made to return the motorcycles to the | Action had not been taken from 2018 to 2020 to dispose of the vehicles not in running condition |

condition should be disposed before 30 June 2018, necessary actions had not been taken to dispose 4 pool vehicles of the Authority which were not in running condition.

extension officers after making minor repairs and it is kindly informed that the motorcycles will be disposed in the future after purchasing new motorcycles by the Authority. as per provisions of Circular.

- (m) During the physical inspection carried out in June 2019, It was observed that 7 tanks in extent of 1000 M2 at the Udawalawe carp, new carp and thilapiya breeding centers had not been utilized with maximum capacity. Further, the harvest relating to 08 ponds was at lower level of 3.5 to 13 percent compared to the fish used for fish production. Although the new carp breeding center was commenced in the month of May 2018, the delay in use of its 07 ponds had been taken a period from 05 months to 11 months and another 17 ponds remained idle due to non – repair.
- It is a responsibility of the governing board to search whether the fish tanks are being utilized at maximum capacity and proper management of the assets and the necessary management plans should be prepared and implemented for this purpose.
- It is mentioned that 05 ponds at the Udawalawe new carp center have been rehabilitated according to the provisions allocated in the year 2019 and currently being used at maximum capacity. It would like to inform that a “Tentative Estimate” has already been prepared for the repairing works of remaining ponds and the repairing works of ponds could not be commenced due to the lack of required funds. Further, it needs to be controlled because growing an aquatic plant named as Hydrilla. The water leakage in N1 pond was high and Moss and Hydrilla has grown as uncontrollable of water leakage. Due to this, it has not been possible to maintain water plankton (natural food). Therefore the harvest is
- The tanks in the breeding centers in Udawalawa for carp, new carp and thilapiya have not been used at full capacity.

reduced. Post larvae belonging to the genus of Catla have been deposited in N4 pond and fish have die due to the infection of parasite called as Larnia.

- (n) Even though the work of Construction contracts supply and installation of water supply system in Udawalawe new carp breeding center had been completed on 11 February 2018 by incurring Rs.8,628,689,the project that constructed by incurring Rs.8,628,689 could not be utilized with maximum efficiency due to the electricity supply for the pump house had not been obtained by 19 June 2019, the date of audit.
- Construction contracts should be completed in a planned manner and the management should pay their attention on maximum utilization of capacity.
- It is mentioned that the CEB has made about 95% physical progress in providing the relevant power supply. Accordingly, the pump house will be able to be utilized with maximum efficiency in the near future. It is also stated that steps have been taken to pump water through a temporary supply until permanent electricity is available from outside through the CEB.
- At present, the pump house remains functional using temporary power supply. electricity has not been obtained permanently. As such, the project had not reached to maximum capacity.
- (o) A project report was prepared to set up a fish feed unit for Thilapiyaat the Udawalawe Carp Breeding Center and the Authority had planned to produce quality feed at minimum production cost and save at least Rs.05 million on cost of fish feed. Even though in accordance with Procurement Guidelines 2.3.1, before making
- It is a responsibility of the management to properly plan and execute projects before starting them. Idle assets should be searched and made arrangements for their efficient utilization.
- Management had not comment on this.
- Following the completion of project, manufacturing process had been increased to the maximum capacity.

request to appoint a Procurement Committee, Initial Environmental Examination, Environmental Impact Assessment, Social Impact Assessment and pre-procurement activities related to the project had not been carried out, a sum of Rs.10,225,796 had been spent in the year 2019 for the fish feed manufacturing machine. The machine could not be put in to operation from August 2019 to August 2020 due to lack of preparation of building required to install the machine, failure to obtain electricity and lack of infrastructure. Therefore, Rs.57,791,585 had to be incurred for fish feeding the year under review. Further, the machine was idle during the warranty period and the objective of the project that spent Rs.10,225,796 had not been achieved.

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| (p) | Even though under the Lagoon Development project, Rs.42,572,925 as an advance payment for | Actions should be taken as per the provisions in the Establishment Code regarding the officers | Not commented by the management. | By the end of the year 2021, both the securities for advances and |
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the purchase of 03 weed and suppliers who and debris removal prepared fake bonds. machines worth of Rs.161,400,000 had been paid on 13 July 2018 to the supplier who submitted fake bond documents without verifying the accuracy of the relevant documents, no disciplinary actions had been taken up to now against those officers as per the chapter XLVIII of volume II of the Establishment Code. This amount of Rs.42,572,925 which had paid informally had been recovered after leaving it for personal use for a 06 month period. Further, 04 officers had gone abroad to inspect this machine and Rs.363,504 had been paid by the Authority thereon and this amount had become an idle expenditure.

performance had been recovered from the relevant institution which had not been blacklisted. No disciplinary action had been taken against the officers who failed to verify the accuracy of documents. The said 03 machines had not been purchased as well.

60. Sri Lanka Inventors Commission

Opinion of the Auditor General on the Financial Statements	2018 - Unqualified opinion
	2019 - Qualified opinion
	2020 - Unqualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) Even though a sum of Rs.1,680,000 had been spent in 2017 to formulate a Media Policy to promote and establish an Innovation culture in Sri Lanka the commissioner of the Inventors Commission has informed that the Media Policy could not be used effectively. As a result, there was no focus on recovering the above financial expenses from the responsible officials or taking disciplinary actions.</p>	<p>Study should be done before the spending money about the requirement and productivity. Also action should be taken to recover from the officers who spent money without being responsible.</p>	<p>The formulation of a Media Policy to promote and establish an Innovation culture in Sri Lanka was discussed at the Committee On Public Enterprises held on 20 February 2019 and 08 May 2019. Also, Formulation of this Media Policy was done by another institution. Kindly inform you that the Media Policy formulated by that institution cannot be used practically and successfully.</p>	<p>Action has been taken to conduct an inquiry through the Ministry.</p>
<p>(b) Hundred percent of doubtful debts had been allocated for the loan receivable balance of Rs.9,802,964 which was adequate action had not been taken to recover the loans given to the inventors for more than ten years.</p>	<p>Suitable measures should be taken for the recovery of loans.</p>	<p>Necessary action has been taken through the Ministry to take necessary action to write off these loans and the Commission has formulated a formal system for the loans currently being given.</p>	<p>Assistance for further action has been sought from the Attorney General's Department.</p>

- (c) A sum of Rs. 100 million had been allocated to the Inventors' Commission of Sri Lanka under the 2017 Budget Provisions. The Fund (IAFM) had obtained the services of a consulting firm without following the relevant procurement procedure for obtaining consulting services. Four out of 24 applications were selected by the consulting firm and loans totaling Rs.9,127,600 had been disbursed. For this Rs.385,000 per month and Rs.4,620,000 for 12 months had been paid to the consulting firm. However, the agreement between the relevant consulting firm and the Inventors' Commission was signed on November 1, 2017 and at that time the relevant institution had not been a registered institution .
- Laws, and rules of the Government should be followed. Officers who failed to do so should be identified and legal action should be taken against them.
- Although the procurement process for hiring a consultancy firm had not been obtained during the period from the year under review up to the year 2019. The Fund is maintained by the staff of the institution.
- inefficiencies in the whole process and such inefficiencies that have occurred would be corrected in the programmes for the ensuing year of accounts.
- (d) Procurement works had not been completed even by the date of audit for the year 2020 relating to loans/grants worth Rs.3,200,000 approved for innovators under the
- Given that technology renews daily, procurements relating to innovators should be done without delay.
- Consent of the innovators have been sought by the board of governance to grant the amount as a loan.
- Although the Commission requested the inventors to provide the necessary documents and

programme to encourage innovations in the year 2018.

relevant information to proceed in relation to the three inventions mentioned above, the Commission was unable to proceed as they did not provide that information.

- (e) An Innovation Acceleration Fund was established in 2017 with an allocation of Rs. 5 Million to bring products of Sri Lankan inventors to market and to promote research. The opening balance of the year under review is Rs.46,472,155 out of which Rs. 10 Million had not been done another activity during the year under review other than transfer to the inventors' fund.
- Innovation Formal Plans should be prepared and use the relevant funds for the purpose for which they were provided.
- By avoiding the existing deficiencies, and as per the approval received at the meeting of the board of governance held on 29 April 2019 following the guidelines prepared in terms of instructions of the COPE, all the applications received under IAFM SL projects were forwarded for judgement. Further action is being taken in that connection.
- A sum of Rs. 11.8 million has been given to 02 innovators formally.

61. Sri Lanka Tourism Promotion Bureau

Opinion of the Auditor General on the Financial Statements	2018 - Qualified opinion
	2019 - Qualified opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) The building rent of Rs.75,125,536 to be paid for the maintenance of the Head Office of Bureau and Information Center in the Sri Lanka Tourism Promotion Authority Building from the year 2010 to 2020 was not mentioned in the financial statements.	Rent payable on building should be shown in the financial statements.	Action will be taken for payment after obtaining financial approval through a board paper.	Not commented by the management.
(b) According to the financial statements for the year 2020, the amount due to the Sri Lanka Tourism Development Authority was Rs.39,274,283 but according to the accounts of the Sri Lanka Tourism Development Authority the same amounted to Rs.108,336,570.	Receivable/payable accounts among the institution should be reconciled.	Action will be taken for payment after obtaining financial approval through a board paper.	No remedial action had been taken up to the end of the year 2021.
(c) The total accrued expenditure for a period of 01-06 years, which remained unsettled as at 31	Accrued expenses should be settled without delay.	At present, the accrued balance of expenditure is Rs.2,346,113.70 and a committee has been	Balance of accrued expenses relating to a period of 01-06 years amounted to

December 2020, amounted to Rs.4,135,110.	appointed on the Rs.2,346,114 as at recommendations of the 31 January 2022. Audit and Management Committee to pay the balance and action will be taken to rectify the balance in due course.
(d) Confirmation of balances on foreign exchange remitted in the year 2020 on foreign promotional programs had not been made available. The value of unsettled advances amounted to Rs.11,369,702 as at 31 December 2020. By the end of the year under review, the delay of the balance ranged 17-37 months.	Advances should be settled without delay. Confirmation of balances will be furnished in due course. The value of advances yet to be settled amounted to Rs.3,966,099 as at 31 January 2021.
(e) Although the tax invoice relating to the settlement of advance amounting to Rs.1,575,000 given in June 2020 had been received, action had not been taken for settlement, and the amount had been shown as advances even in the year 2020.	Action had been taken to settle the advances by obtaining the confirmations. Corrective measures will be taken. No corrective measures were taken even in the year 2021.
(f) Reports, publications and plans relating to the affairs of the Bureau that should	Reports, publications, and plans should be made available to the Necessary action has already been taken. No corrective measures were taken even in the

have been presented to the Minister on time. year 2021.
 Minister prior to 03
 months of the elapse of
 every calendar year in
 terms of Sub section 09 of
 Section 40 in Chapter VII
 of the Sri Lanka Tourism
 Act No. 38 of 2005, had
 not been so presented.

- (g) Action had not been taken in terms of Financial Regulation 102 and 104 of the Democratic Socialist Republic of Sri Lanka on 03 laptops worth Rs.308,700 misplaced in the year 2018. The Financial Regulations should be followed. Will be looked into again. Action taken will be informed in due course. No corrective measures were taken even in the year 2021.
- (h) The unsettled distress loan balance of Rs.172,375 pertaining to a Management Assistant who had proceeded abroad in the year 2019 on no-pay leave, along with a loan balance of Rs.180,806 pertaining to an interdicted officer, had not been recovered even by 31 December 2020. Action should be taken to settle the loan balances. (i.) The arbitration board had been referred to recover the loan balance of the officer who had proceeded abroad. No corrective measures were taken even in the year 2021. (ii.) The balance will be recovered following the decision of the disciplinary inquiry held against the Assistant Director who had been interdicted.

62. Sri Lanka Tourism Development Authority

Opinion of the Auditor General on the Financial Statements	2018 - Qualified opinion
	2019 - Qualified opinion
	2020 - Disclaimer of Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Although 1732 acres of land had been acquired for the Dedduwa Tourism Development Project by the year 2017 at a cost of Rs.173,159,909, the tourism development projects had not been commenced as at 30th October 2021. Further, although the certificates of transfer of lands had been issued by the Divisional Secretariat by the year 2020, the necessary steps had not been taken to account for those lands as assets of the Authority. Also, according to the financial statements of the Authority, the value of the lands owned by the Authority was stated in the financial statements as Rs. 1,618 million but the Authority had not maintained a register containing information on all the lands vis takeover,	The lands acquired should be brought to accounts as assets and a land register should be maintained.	During the year 2021, surveying boundaries and erecting fences around the properties in Dedduwa had been commenced. A proposal had been received from an investor for the entire property.	Tourism development projects had not been commenced, and those lands had not been accounted as assets of the Authority.

acquisition, and grants.

- (b) When the total of the balances payable and receivable to the Authority shown in the financial statements as at 31 December 2020 of the Sri Lanka Tourism Promotion Bureau, Sri Lanka Institute of Tourism and Hotel Management, Sri Lanka Convention Bureau and the Tourism Development Fund had been compared with the financial statements of the Authority as at that date, differences of Rs. 208,833,634, and Rs.6,745,553 were observed respectively. Furthermore, a difference of Rs.1,067,161 was observed in comparing the balances of lands, trade debtors and other revenue accounts. Nevertheless, no action had been taken to adjust those differences in the financial statements.
- (c) As the information such as, supporting documents and bills on expenses relating to work in progress valued at Rs.
- Action should be taken to adjust the balances.
- The Authority had informed that institution on the balance.
- Action had not been taken to compare and adjust the balances.
- Necessary documents and files should be made available.
- Action will be taken to provide the files containing the relevant documents for the Audit in the year 2021.
- Those documents had not been made available until 31 January 2022.

120.8 million shown in the financial statements as at 31 December 2020, detailed schedules and supporting documents relating to the development cost totaling Rs.214.5 million, investment certificates relevant to investments worth Rs. 54.6 million, details of assets relating to the sum of Rs.46.4 million shown under equities of Kalpitiya, and detailed schedules relating to the minus capital reserve amounting to Rs.243.7 million, had not been made available to the Audit, those items could not either be vouched or accepted satisfactorily in audit.

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| (d) | Trade debtor balance as at 31 December 2020 amounted to Rs.210,359,144 out of which the balance of debtors older than 4 years amounted to Rs.54,918,514, and the balance debtors 3 to 4 years old amounted to Rs.24,976,435. However, no action had been taken | Outstanding debtor balances should be recovered. | Necessary action is being taken on those balances after having discussions with the residence management division. | Action had not been taken to recover the balance even in the year 2021. |
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to recover this debt.

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| (e) | An amount of Rs.246,730,325 had to be recovered from 14 hotels belong to the sewage and waste water treatment plant which has been established at national holiday resort premises at Pasikudha and pay for a particular Company. This amount was outstanding from 2013 to end of the year under review and actions had not been taken to charge and then to pay for the related Company. | Balance payable should be settled. | A final decision will be reached in this connection in due course. | Action had not been taken to make recoveries from the hotels, and pay the relevant company. |
| (f) | Proposed long term targets and four year plan for tourism development had not been prepared and furnished to the Minister in terms of (i) Section 6.1 (a) (b) of the Tourism Act, No. 38 of 2005. | The Act should be adhered to. Directives should be made as per provisions of the Act. | The four year plan is being prepared. | Long term targets and the four year plan had not been prepared. |
| (g) | Although, the regulations should be made regarding the tourism activities, commercial and other activities that can be carried out within a tourism development zone declared, such regulations had not been prepared for | Necessary approvals should be obtained. | The plans containing development rules, regulations, and guidelines will be published in the Gazette within the first half of the year 2022. | No directives had been made. |

11 tourism development zones so declared even as at 30 October 2021 contrary to Section 26(3) of the Tourism Act No. 38 of 2005.

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| (h) | <p>Actions had not been taken in terms of Financial Regulation 396 on cheques unproduced for payments amounting to Rs.3,441,809 in which time duration had not be identified.</p> | <p>Action should be taken in terms of the Financial Regulations.</p> | <p>Corrective measures will be taken in the accounts for the year 2021.</p> | <p>Action had not been taken as per Financial Regulations until 31 January 2022.</p> |
| (i) | <p>Although, the amount of work done related to the Calido Beach Park project, which was started in 2013 without a pre-feasibility study had been destroyed up to that, the advance of Rs.19,990,021 paid to the contractor until 2016 and work-in-progress expenses of Rs.1,247,206 which were aggregated to Rs.21,237,227 had been brought forward even as at the end of the year under review in the financial statements.</p> | <p>Necessary adjustments should be made in the accounts under proper approval.</p> | <p>It is kindly informed that the said adjustment had been made in the accounts of the year 2021.</p> | <p>Action had not been taken in that connection by informing the Ministry and the Treasury.</p> |

- (j) Under the project commenced in February 2017 to build 20 stalls on Dunhida Waterfall Road, only 10 stalls had been constructed by June 30, 2021 at a total cost of Rs.2,864,289. The project had been implemented on the basis that the Authority would reimburse the cost after incurring expenses from the Pradeshiya Sabha and the constructions had stopped due to the lack of funds of the Pradeshiya Sabha.
- The project should be completed without delay.
- Chief Secretary of the Uva Provincial Council has already been informed by us that the project be implemented.
- Constructions had been abandoned halfway.
- (k) Although, an amount of Rs.6,771,807 had been paid to the North Western Provincial Council by the Authority as at 2016 for the construction of a tourism facility center (comfort center) at Madurankuliya, the reimbursement was not made by the Authority for the bills produced subsequently affirming that those bills were inaccurate. Consequently, project had been discontinued as at 31 December 2020.
- The project should be completed without delay.
- Following request of the Authority, discussions had been commenced by the Ministry of Tourism with the Wayamba Development Authority in order to solve this issue.
- The project had been abandoned halfway.

- (l) The aggregated loss of 04 national holiday resorts owned by the Authority for the preceding year was amounted to Rs.27,003,697 and the aggregated loss for the year under review was amounted to Rs.46,016,794. Accordingly, aggregated loss during the year under review had been improved by 70 per cent with compared to the preceding year. Although, 26 development activities had been planned during the year under review, only 11 activities had been implemented and out of those, the physical progress had been exceeded more than 75 per cent only in 8 activities.
- The national holiday resorts should be operated in a profitable manner, and the development activities should be executed as planned.
- A Committee appointed by the Secretary to the Ministry is making observations in view of operating all the national holiday resorts without incurring losses.
- An increase in the accumulated loss was observed.
- (m) The land extent of 2055.87 acres belongs to 12 islands had been received as grants to the Authority during the years of 2010 and 2012 for tourism development activities. Out of the 12 islands, only the land extent of 206.74 acres belongs to 05 islands had been leased out during
- The lands received as grants should be used for tourism development activities.
- The Authority intends to lease out 11 of the 12 islands by the first quarter of 2022 thereby implementing all the projects.
- None of the companies had commenced operations even by 31 January 2022.

the years of 2010, 2011 and 2020 for 03 Companies. However, none of these companies commenced operations even as at 30 October 2021. Land extent of 1849.13 acres relating to the remaining 07 islands had not been utilized for tourism development activities till 30 October 2021 from the date of receipt as grants.

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| <p>(n) A land extent of 1,106 acres had been owned by the Authority since 1975 at the Yala, Palatupana tourism development zone and 69 acres had been leased out to 7 Companies in 2014 and to another Company in 2019, totalling 08 companies. However, only 04 Companies had been commenced operations even as at 30 October 2021.</p> | <p>The lessee companies should be encouraged to commence operations.</p> | <p>Six of the 07 properties had been given on lease by the year 2019 as per main proposed plan of the Authority, and two of them is used for commercial activities. Approval is pending for one of the projects whilst the other one has already been given on lease.</p> | <p>Only for 04 companies had been involved in operations.</p> |
| <p>(o) Out of the land extent of 510.086 acres acquired by the Authority in the years of 2011 and 2014 for Kuchchavelitourism development project, only</p> | <p>Action should be taken to give the lands on lease for tourism development.</p> | <p>The Authority intends to sign the lease agreements by the first quarter of 2022 thereby commencing the projects.</p> | <p>Action had not been taken to lease out all the lands for tourism promotion.</p> |

49 acres had been leased out to 3 Companies. Out of those 3 Companies, one Company had been entered into agreements in May 2021. Another Company who had been entered into agreements in 2011 for a lease of 20 acres, had not been commenced constructions even as at 30 October 2021. Accordingly, land extent of 461.086 acres belongs to Kuchchaveli project had not been leased out for tourism development activities even as at 30 October 2021.

- (p) Out of the 37 guest houses owned by the Authority, 09 guest houses had not been rented out ranging from a period of 5 months to 52 months and therefore, those properties were underutilized. Action should be taken to utilize the guest houses. Tenders will be called for in the year 2022. The guest houses remained underutilized even up to 31 January 2022.

63. Sri Lanka Institute of Tourism and Hotel Management

Opinion of the Auditor General on Financial Statements 2018 - Qualified Opinion
 2019 - Qualified Opinion
 2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) In terms of Treasury Circular No. 842 of 19 December 1978, a Register of Fixed Assets had not been maintained.	Action should be taken in terms of the Circular.	There is a Register of Fixed Assets updated by using Excel Sheets.	The Register of Fixed Asset had not been prepared as per the Circular.
(b) In terms of Treasury Circular No. IAI/2002/02 of 28 November 2002, a Register for Computer Hardware and Software had not been maintained.	Action should be taken in terms of the Circular.	Fixed Assets Management System is due to be introduced.	Action had not been taken in terms of the Circular.
(c) Even though the total revenue of registration fees, exam fees and course fees of 9 Hotel Schools should be Rs.22,176,300, it had been recognized as Rs.15,539,450 on cash basis. As such, the revenue and the revenue receivable for the year 2020 had been understated by Rs.6,636,850 in the financial statements.	Revenue of Hotel Schools should be calculated accurately.	Action has been taken to adjust the arrears of revenue receivable to accounts of the year 2021.	It had not been rectified even in the year 2021.

- (d) According to the financial statements – 2020 of the Institute, the amount receivable from the Sri Lanka Tourism Promotion Bureau and the Sri Lanka Tourism Development Authority had been Rs.10,680,241. However, according to the financial statements of those institutions, it had been Rs.241,344, thus observing a difference of Rs.10,438,897 among accounts. According to the financial statements of the Institute, there was no amount payable to the Sri Lanka Tourism Development Authority. However, according to accounts of the Authority, the said amount had been Rs.8,971,374, thus observing a difference of Rs.8,971,374 among accounts. However, action had not been taken to adjust these differences in accounts by holding discussions with relevant institutions.
- Action should be taken to rectify.
- Action will be taken to rectify by making reconciliations in the year 2021.
- It had not been rectified even in the year 2021.
- (e) The value of trade debtors as at 31 December 2020 was Rs.25,517,565.
- A policy for making doubtful debt for debtors should be introduced.
- Action is being taken to formulate a policy for debtors and doubtful debt.
- It had not been rectified even in the year 2021.

However, confirmation of and action should be and to obtain the approval balances had not been taken to recover the of the Board of Directors. received even from a outstanding debtors single debtor even by 31 balances.

March 2021. Further, out of those debtors, a total sum of Rs.15,987,312 had been outstanding for more than 05 years. It was 63 per cent of total trade debtors. Out of them, one debtor valued at Rs.4,068,000 had been referred to the Attorney General's Department for recovery action by the Institute and another amount of Rs.5,140,571 had been shown as a receivable balance from the then Ministry of Economic Development. However, action had not been taken to make provision for impairment of debtors.

- (f) Although a sum of Rs.3,771,216 had been spent to develop an information system in 2014, it had been given up due to the incompatibility with the requirements of the Institute. Systems should be developed as compatible with the requirements of the Institute. It is scheduled to be completed the procurement activities for the development of the Fixed Assets Management System and the Stores Control System and to be introduced them in the year 2022. Even though it had become a fruitless expenditure, measures thereon had not been taken.

- (g) Even though a motor vehicle received from the Ministry of Economic Affairs in 2011, is used by the Institute up to the year 2020, action had not been taken to take over the ownership of the said vehicle to the Institute or to assess and account the said vehicle.
- Action should be taken to take over the ownership of the vehicle and to assess and account it.
- Explanations had been made. Necessary action has not been taken.
- Action had not been taken to take over the ownership of the vehicle and to account it even in the year 2021.
- (h) Without registering suppliers for the year 2020, raw materials at a market price of Rs.10,406,662 had been purchased from the suppliers who had registered in 2019 deviating from the prices agreed in 2019 and approval of the Board had also not been obtained for these deviations.
- Action should be taken to register the suppliers and to obtain the approval of the Board of Directors for deviations.
- As registration of suppliers for the year 2019 was delayed, suppliers had been registered for the period 04/2019 – 05/2020. Moreover, as re-registering of suppliers for remaining months of the year 2020 is uneconomical, the registration period of suppliers was further extended.
- Approval of the Board of Directors had not been obtained for deviating from prices.
- (i) Even though, a sum of Rs.17.1 million had been allocated for 09 activities as per the Action Plan for the year 2020, none of the activities had been implemented during the year 2020 and it included a sum of Rs.7 million allocated for the establishment of a stores
- The Action plan should be used as an effective management tool.
- Explanations had been made.
- Action had not been taken to perform functions indicated in the Action Plan.

management system and a fixed asset management system. Further, less than 50 per cent of money had been utilized during the year for 4 activities indicated in the Action Plan.

64. Sri Lanka Institute of Development Administration

Opinion of the Auditor General on Financial Statements 2018 - Qualified Opinion
2019 - Qualified Opinion
2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Fully depreciated fixed assets but further being used costing Rs.171,405,969 had not been revalued as per Sri Lanka Public Sector Accounting Standard 03.	Action should be taken in accordance with Accounting Standards.	Necessary measures had not been taken.	Assets have not been revalued even in the year 2021.
(b) Action had not been taken to assess the generator of which acquisition details had not been specified and to indicate in the financial statements of the year 2020.	It should be shown in the financial statements.	Taking action to revalue the generator and to include in the financial statements.	It has not been rectified even in the year 2021.
(c) Recovery of a sum of Rs.12,673,661 recoverable as at 31 December 2020 as the course fee of Postgraduate Studies and English Language Programme is doubtful.	These balances should be recovered or further action should be taken with proper approval.	Taking action to forward to the Governing Council to be held for obtaining approval to write off the course fee lapsed over 05 years.	Action has not been taken to recover them.

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| (d) | It was not ascertained through the financial statements of the Ministry that a sum of Rs.7,610,160 older than 05 years receivable from the Ministry as at 31 December 2020, was payable. | Action should be taken to settle. | Taking action to adjust each balance recognized by reviewing on outstanding balances subject to approval of the Ministry and the Governing Council. | Action had not been taken to settle. |
| (e) | Out of the amount received for a training programme of the Sri Lanka Accountant's Service, a sum of Rs. 2,094,163 shown as a payable balance for more than 05 years as at 31 December 2020, had not been paid and released. | Action should be taken to settle. | Taking action to repay the said amount after obtaining the information to the Ministry of Public Service Provincial Council and Local Governance or to the Ministry of Finance. | Relevant activities have not been carried out even in the year 2021. |
| (f) | Contrary to Public Finance Circular No. 01/2015/01 dated 05 May 2015, a sum of Rs.4,115,324 (US Dollars 23,788) had been overpaid for 11 officers of the Institute and 166 officers of other institutions, in foreign travelling. | Action should be taken in accordance with Circular Provisions. | Action has been taken to pay 1/3 of the 35 per cent of the combined allowance as specified in the Circular since 2019. | Measures have not been taken to recover the amount overpaid. |
| (g) | Register of Fixed Assets had not been maintained in an updated manner as per the Treasury Circular | Register of Fixed Assets should be maintained. | Action has been taken to remedy the shortcomings in Register of Fixed Assets. | Register of Fixed Assets has not been maintained in an updated manner |

No 842 of 19 December 1978.

even in the year 2021.

- (h) Sums of Rs.7,469,067, Rs.2,380,148 and Rs.3,202,850 had been paid in the years 2018, 2019 and 2020 respectively as incentive to the staff of the Institute without preparing the incentive scheme and obtaining approval of the General Treasury according to Section 8.3.3 of Public Enterprises Circular No. PED /12 of 02 June 2003. Action should be taken in terms of the Circular provisions. Measures have not been taken to obtain the relevant approval. Payment of Incentive is continuously carried out without an approved incentive scheme.
- (i) A balance of approximately Rs. 01 million per day had remained dormant in two bank current accounts maintained by the Institute. Balances in excess should be invested in short term deposits. Accounts have been opened so as to transfer the amount in excess to two savings accounts automatically in a manner of saving of Rs.15 million in one account and Rs.5 million in another account as per instructions of the Governing Board in this connection. Moneys are further remained dormant.
- (j) The Committee on Public Enterprises had decided that the minimum number of lecture hours conducted per month by instructors should be 45. Action should be taken to recover the lecture fees overpaid. Appointing a committee to prepare a report by examining the number of hours to be conducted by lecturers of the Institute. The committee report has not been completed and recoveries have not been made.

hours. However, a sum of Rs.9,389,325 had not been recovered as at 31 December 2020 from lecturers who had not covered the minimum number of hours accordingly.

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| (k) | A sum of Rs.1,432,463 had been paid to the staff without obtaining a proper approval, for preparing and presenting a report in the year 2020 relating to the Postgraduate Course for the period 2008-2010. | Action should be taken to obtain the Treasury approval. | Explanations had not been given. | Payments are being made without approval of the Treasury. |
| (l) | Even though the approval had been granted by the Cabinet on 07 February 2013 to amend the Act, it had not been done accordingly. | The Act should be amended as per the decision made by the Cabinet of Ministers. | The draft of the Act was forwarded to the Attorney General's Department for recommendations and it is being formulated as per proposals and recommendations of the said Department. | Amendments to the Act have not been completed even in the year 2021. |
| (m) | Five quarters owned by the Institute had remained idle without being utilized by 31 December 2020. | Action should be taken to utilize the quarters properly. | Taking action to provide quarters in a proper manner in accordance with the policy followed at the time of initiating the quarters to the Institute. | Quarters had remained idle even by the end of the year 2021. |

- (n) The unutilized balance in the Capital Grant Account of the Treasury as at 31 December 2020 was Rs.36,068,820. Action should be taken to utilize the surplus funds. Action will be taken to utilize those moneys for capital expenditure requirements of the Institute. Those have been invested in short term deposits without utilizing capital grants.

65. Sri Lanka Convention Bureau

Opinion of the Auditor General on the Financial Statements

2018 - Qualified Opinion

2019 - Qualified Opinion

2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) An officer who had not fulfilled the required service experience had been appointed contrary to the approved scheme of recruitment which was approved on 18 August 2010 by the Department of Management Services and a sum of Rs.3,825,643 had been paid to her as salaries, fuel and vehicle allowances, telephone allowance, foreign trip allowance on duty and health insurance contributions for a period from 18 June to December 2019.	Qualifications related to the scheme of recruitment should be fulfilled.	Explanation had been given.	Qualifications related to the scheme of recruitment had not been fulfilled.
(b) Action had not been taken to review the useful life of a motor vehicle costing Rs.6,700,000, which was fully depreciated but still being used in the year 2020 and to adjust to the	Adjustments to the financial statements should be made as per the Standard.	This motor vehicle is in currently unusable condition and action will be taken in future to revalue after the approval obtained for carrying out the required repairs.	Bids have been called for repairs.

financial statements as per Sri Lanka Public Sector Accounting Standard 03.

- (c) Allocations for pension gratuity had been understated in the financial statements by Rs.362,700 due to calculations made without considering the cost of living in 2020. That the cost of living should be considered in making provision for pension gratuity. Currently, the cost of living is considered in making provision for pension gratuity. Action had not been taken to make rectifications in the year 2021.
- (d) Although recoverable balances were not indicated according to the financial statements 2020 of the Bureau, balances of Rs.263,223 and Rs.35,308 had been stated as payables according to the accounts of the Sri Lanka Tourist Development Authority and Sri Lanka Institute of Tourism and Hotel Management respectively. That the transactions between related parties should be adjusted to the accounts. Action will be taken in 2021 to rectify these adjustments and settle the relevant balances. No settlement had been made even in the year 2021.

66. Sri Lanka Social Security Board

Opinion of the Auditor General on the Financial Statements	2018	- Qualified Opinion
	2019	- Unqualified Opinion
	2020	- Qualified Opinion

Audit Observation	Recommendation of Preventive Measures the Auditor General Taken by the Auditee	Current Position
<p>(a) The Section 15(2) of the Social Security Board Act, No. 17 of 1996 states: where any Contributor has forfeited the benefits under the policy issued to him, the Board shall issue such Contributor a notice to that effect. However, as the computer software had not functioned properly, the number of Contributors who had become inactive after 01 January 2015 and the value of contributions paid by them, were not identified. The number of inactive contributors as at 31 December 2014 was 288,234.</p>	<p>As it is the main function of the Board to maintain the said Pension Scheme, action should be taken immediately to maintain the information database up-to-date.</p>	<p>Steps had only been taken to initiate procurement activities to update and improve the existing database.</p>
<p>(b) The number of enrolments in many districts for “Surekuma” and “Arakshawa” Pension Benefit Schemes stood at 500. It was</p>	<p>Coordinating officers should be instructed to improve the number of enrollments by making the people aware of Pension Benefit Scheme</p>	<p>Action had been taken to give instructions and advice to coordinating officers attached for the progress of improvement. Although a slight improvement had noticed in the enrollment of contributors for pension schemes, it</p>

- observed that the and the enrollments was not adequate
inefficiency of District should be increased by for the
Coordinating Officers taking adequate follow improvement of
had mainly attributed to up action thereon. this scheme.
the said weakness.
- (c) Capital grants totalling Rs.12,511,000 received from the Treasury in the years 2016, 2017 and 2018 for creating the computer information system of the Board had not been utilized due to failure in creating the said system. Activities on creating the computer information system should be expedited by utilizing received provision. Action had been taken only to initiate the procurement activities. Those activities are in progress by awarding contracts and there were delays in implementing them.
- (d) Without allocating funds and following the procurement guidelines, the Board had purchased a building in the year 2013 for maintaining its Head Office by spending a sum of Rs.195,000,000 from the pension fund exceeding the valuation of the Government of Rs. 165,000,000. However, action had not been taken against the officers responsible for the irregularity of purchase of the said building incurring a loss of Rs. 30 million. Disciplinary action should be taken against the officers responsible for the purchase of the said building exceeding the valuation of the Government and action should be taken to recover the overpayments. Information on implementation of those activities had not been made available to Audit. Action had not been taken to recover the said loss and to take action against officers responsible therefor.

it was not directed to the Secretary to the Ministry of Provincial Councils, Local Government and Sports to take action accordingly.

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| (c) | Even though the Authority had drafted the National Strategic and Action Plan to minimize the marine pollution related to fisheries industry by identifying the method of pollution, further activities thereof were sluggish. | Necessary measures should be taken expeditiously. | Five Waste Management Plans of fishery harbours, have been forwarded by the Authority. | The progress of implementation of waste management plans relating to fishery harbours had not been followed up and it was observed that the said plans had not been implemented effectively. |
| (d) | Due to weaknesses in the identification of number of institutions by which licences need to be obtained in the zones cover the areas by regional offices of the Marine Pollution Protection Authority, the issue of licenses to the institutions situated near the ocean is minimized. | Necessary steps need to be expedited. | Identification of institutions by which licences should be obtained for discharging waste in relevant areas, from regional offices of the Marine Environment Protection Authority, has been completed by now. | It was observed that these activities had not been implemented effectively. |
| (e) | Number of hotels at a level that need to obtain waste water disposal licenses, around the | Action should be taken to monitor the process by issuing licenses after carrying out relevant | Activities have not been monitored. | Environmental damages may occur by discharging waste water due to |

- Island amounts to 473 checking expeditiously. failure in obtaining and out of which 257 licenses. hotels had not been obtained relevant licenses.
- (f) According to the performance report of the Ministry of Mahaweli Development and Environment in the year 2017, water quality of the bathing ferry has been ranked by BSWQ1 classification at quarterly basis. Under that ranking 01 very weak occasion and 06 weak occasions were observed. The relevant report observed that mostly water quality of Wellawatta and Mount Lavinia sea-belt had been at a very low level. Having being identified the weak instances, action should be taken in accordance with the provisions in the Act. Sea water in Wellawatta and Mount Lavinia areas had polluted due to discharging waste water to the sea through long pipes located at Madampitiya and Wellawatta in the District of Colombo. Awareness programmes for the public and entrepreneurs are conducted thereon in collaboration with Divisional Secretariats. It was observed that this situation has not been rectified even by January 2022.
- (g) Atomic extraction spectrum double dimension valued at Rs.5,700,000 had remained idle in the laboratory for more than three years without being utilized. Assets should be used to the maximum. Necessary steps will be taken to expedite this process. It had remained idle even by January 2022.
- (h) According to the Management Services Circular No. 02/2020 Action should be taken to prepare and get approval for the Scheme According to Circular 02/2016, the scheme of recruitment and promotion Approval had not been received even by January 2022.

dated 26 October 2020, of Recruitment. the Scheme of Recruitment for all the posts in the Authority had not been prepared and the approval therefor had not obtained.

for all posts in the Authority is being prepared at present.

- (i) A dinghy boat and a boat engine valued at Rs.1,182,000 had remained idle since the month of February 2016 and the boats required for various programs had been obtained on hire basis. Action should be taken to maximize the productivity of the assets. Management will be instructed to plan activities that will be used for advance programmes of the Authority. It had remained idle even by January 2022.
- (j) Equipment worth Rs.54.2 million had been purchased for the laboratory constructed spending Rs.66.6 million in the coastal land at Dadalla Galle in 2017 with a view to providing marine environmental protection services on a commercial scale. At the time of the audited date, only a limited number of laboratory tests had been performed using the said equipment. Also, the laboratory had not been adequately staffed to operate on a commercial scale. Furthermore, action Necessary arrangements are being made to recruit trained officers. Arrangements are being made to update the guidelines required to provide a commercial level service. The laboratory is inoperative at commercial level even by January 2022.

had not been taken to dispose of expired chemicals in an environmentally friendly manner.

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| (k) | According to the Action Plan, the total estimated allocation for 09 subdivisions related to 08 major projects was Rs.8,381,000 and the unutilized amount was Rs.6,935,050. It was observed that its percentage ranged from 68 per cent to 97 per cent of the total allocation. | Necessary action should be taken to implement the projects contained in the Action Plan. | Action has been taken to continue the activities up to the year 2021. | Action had not been taken according to the Action Plan. |
| (l) | By the year 2025, the Authority had identified 05 major targets under Sustainable Development Goal No.14 in the Annual Action Plan. Of these, at the examination of the performance of key targets such as daily coral reef cleaning, coral reef restoration, mangrove restoration and mangrove cultivation, it was observed that the effectiveness of the implementation for achievement of expected targets by year 2025, was not sufficient. | The progress of the implementation of plans should be reviewed. | Identification of cultivation lands to restore the quantity of coral reefs. Replanting these mangroves by the Puttalam Divisional Secretariat, in collaboration with the Ministry of Environment and a private institution. | Progress of achievement of sustainable development goals is not adequate. |

68. Condominium Management Authority

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

	Audit Observations	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a)	A sum of Rs.4.28 million had been spent in the year 2018 for conducting awareness programmes relating to the registration of management corporations and committees and renewal and activation of inactive committees relating to the Government, private and Tsunami condominium properties. The title deeds of the condominium properties were not registered and the deeds were not issued ,and even though it had been targeted to earn a sum of Rs.2.77 million during the year 2019, the targets have not been achieved for a sum of Rs.1.76 million.	Measures should be taken to streamline the process of issuing compliance certificates and deeds and to expedite the establishment of management corporations.	Condominium plans for over 95 % tsunami condominium properties had not been registered and deeds had not been issued there for. As such, management corporations also could not be established.	There are 116 certified condominium properties that have not established management corporations. There are delays in the registration of committees until the end of year 2021.
(b)	According to the revised procurement plan of the year 2018, an amount of Rs.110.8 million was	The procurement process should be streamlined and efficient.	Rs. 75 million rupees have been allocated to buy a land. The Urban Development Authority has	The related activities had not been done by the end of 2021.

estimated to buy a land and buy 04 vehicles for the construction of an office building, but the procurement works has not been done.

informed in anticipation of getting a government land.

- (c) Out of the fees to be charged for the issuing of completed Condominium certificates, 1/3 of the chargeable fee should be recovered when issuing of primary plan finalizing letters. However, the fees to be charged when issuing of the above letter amounting to Rs.2,907,375 had not been charged for the amendments made for 23,259 square meters in a Project in the year 2015. That amount had not been accounted for as receivable income too.
- Action should be taken to calculate and account the income correctly.
- An independent investigation will be conducted and reported regarding the relevant matters.
- An investigation is being carried out and arrangements have not been made to recover until the end of the year 2021.
- (d) The payables to the Management Corporations by the Authority as at end of the year 2019 amounting to Rs.1,080,532 had been deposited in a current account and accounted as bank balances. However, action had not been taken
- Actions should be taken to identify the liabilities and take expedite actions.
- The income of the “SwayanSaviya” Project in the year 2012 had been deposited in that account and action should be taken to obtain that money to the Management Corporation. After legally establishment of the legal Management Corporation of government
- The amount due to the management corporation has been decided and since the Edmonton home owners have not been given the title deeds, the amount cannot be given because the

to account the related liability thereon. Further, even though a sinking fund amounting to Rs.13,563,311 of the Edmonton Housing Scheme has been accounted for as the creditors, action had not been taken by the Authority to settle that funds which include the balances over 5 years or to correctly identify the liability in order to take necessary actions.

Edmonton Housing Scheme, management the sinking fund should be released to that Management Corporation. corporations have not been legally established.

- (e) The receivables as at 31 December 2020 from the Gampha and Negambo Hospitals relating to maintenance of hospital's water pumps amounted to Rs.7,393,054. Without being taken action to get the settlements of those balances which were in outside the scope of the Authority had been continuously shown as debtors. Further, debtor balances as at 31 December 2020 amounted to Rs.12,899,599 and out of that balance, 12 debtor balances totaling Rs.7,370,329 had been Arrangements should be made to settle the outstanding balances promptly. A letter had been sent to the Director General of Public Enterprises through the Secretary to the Ministry to write – off the outstanding balance amounting to Rs.2,529,698. Action to be taken to write-off the due for final condominium certificate from year 2010 to 2015 from the debt balances after being informed the Board of Directors and obtaining formal approval. It has not been settled until the end of year 2021.

brought forward for over 5 years. Those balances represented 57 per cent of the total debtors.

- (f) Without being published paper advertisements and conducted structural interviews, the officers had been recruited in the year 2017 and 2018 for 3 posts of the Assistant General Manager (Finance), the Customer Service Officer and Administration Officer. In the year 2019, 14 officers had been recruited for 5 posts, without obtaining the approval in terms of Paragraph 1:10:1 of the Establishment Code. The officer recruited for the Assistant General Manager (Finance) post in 2019 had been back dated to the year 2013 and increments had been offered by the Chairman of the Authority.
- The recruitments should be made according to the referred regulations.
- A Board paper had been furnished to the Board of Directors as per the recommendations of the Audit and Management Committee. The Board had decided to conduct Preliminary investigations and related reports had been submitted to the Chairman. That reports had been furnished to the Board meeting.
- No action is taken till 28 February 2022 as per the recommendation of the Audit and Management Committee, and salary increments were paid by back dating.
- (g) In terms of the Paragraph 13:1 and 13:2 of Chapter XLVIII of volume II of the Establishment Code, a direction should be given by the authorize officer,
- It should be complied with the referred rules and regulations.
- Due to the multiplicity of duties, it has not been possible to issue the final reports immediately after receiving the reports of the officials. In the future,
- Disciplinary investigations are being carried out slowly and final reports have not been submitted.

who ordered to conduct a preliminary investigation relating to the misconducts, for completing period of the investigation, by taking into account the nature of each incident. However, action had not been taken accordingly with regard to the disciplinary actions taken against 07 officers of the Authority in 10 instances. Even though the observations and recommendations should be promptly furnished to the investigation officer or the committee relating to the misconducts, the observations and recommendations had not been furnished, relating to 5 incidents took place in the year under review, even up to 30 April 2021.

according to the nature of the preliminary investigation related to the preliminary investigation examination, the time limit for the report will be fixed and the appointment letters will be issued.

(h) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

(i) F.R.218

Special precautions should be taken, to avoid double payments for one payment. However, photocopied bills amounting to

Should comply with the referenced regulation.

The Managing Assistant in charge of the subject has been instructed to attach the original copy of the documents proving the payment with the relevant

Such cases were observed in the year 2021 as well.

Rs.2,298,748 for settlement of bills of the authority of the year under review had been attach to the payment vouchers and the payments had been made without being considered that.

(2020 1.7 (d) (i))

(ii) F.R.231

Even though the vouchers should contain complete details so that they can be checked for correctness without checking any other document, in the sample check of the year 2020, the supporting documents for the payment of Rs.60,101,890 had not been submitted with the voucher.

Should comply with the referred regulations.

payment voucher.

The relevant managing assistant in charge of the subject has been informed in writing to attach the original copies of the bills from the year 2021 with the relevant payment voucher and mention the same on the face of the voucher.

In the year 2021 also, there were cases where there was no evidence confirming the payments.

(i) Rs.181,171,713 had been invested in 8 various investment sources without the concurrence of the Minister of Finance in terms of the paragraph 8.2..2 and section 11 of the Finance Act No. 38 of 1971.

Should comply with the referred currency regulations.

These funds have been held as short-term deposits for the purpose of purchasing land for the construction of an office building for the Condominium Management Authority. The Ministry of Finance will be informed in this regard, and arrangements will be made to obtain approval for the same.

Approval had not been obtained until the end of 2021.

- (j) Even though it was directed to made remittance amounting to Rs.47 million and Rs. 6 million (33 ½ per cent) to the Treasury as tax from the profit after tax (33 ½ per cent) for the year 2018 and year 2019 in terms of the letter issued by the Director General of Public Enterprises No.PE/1/CMA/4/11 (1) dated 09 September 2019, it had not been dealt with accordingly.
- Should be compliance with applicable rules.
- It is expected to use the profit earned to purchase a land for the authority and build an office building as it does not receive treasury allocations for daily expenses of the Condominium Management Authority. However, it is expected to get the approval of the Finance Minister for the same.
- Approval had not been obtained until the end of 2021.
- (k) Return on the investment had not been received from the Housing Development Finance Corporation Bank (HDFCR) for the investment made amounting to Rs.3,000,000.
- Action should be taken to get the returns on investments.
- At the Board meeting held on 21 January 2021, it was discussed about the selling of shares of the HDFCB. Hence, in order to obtain the approval, a letter had been furnished to the Director General of Public Enterprises.
- Dividends for the year 2020 had not been paid and shares had not been paid.
- (l) Even though a sum of Rs.4,460,772 had been paid as the annual rent for the office building and payments made as the annual maintenance costs amounting to Rs.64,710,000, Rs.4,593,220 and Rs.1,434,114 for the year
- Contracts should contain accurate and formal clauses.
- The Housing Development Authority had increased the monthly rental from Rs.404,055 to Rs.700,000 and although the authority agreed to pay a sum of Rs.7.7 million of arrears in full from January 2020, it was problematic to do so. Therefore, signing the
- In the year 2021, there were no contracts.

<p>2018,2019 and 2020 respectively, a formal agreement had not been signed thereon.</p>	<p>agreement was delayed as it was unable to get a final decision.</p>
<p>(m) The revision of the Common Amenities Board Law No. 10 of 1973, which was included in the action plan with target dates in the past few years, had been extended until June 2020. The revised drafts of these Acts, which were forwarded to the Legal Draftsmen Department on 30 June 2017, had not made any progress until the end of the year 2020.</p>	<p>Action should be taken to achieve the planned targets.</p> <p>The draft was revised and submitted to the Cabinet of Ministers for approval on 16 December 2019 by the Legal Draftsman’s Department. Accordingly, a Cabinet Sub-Committee was appointed. The recommendations dated 10 November 2020 has been forwarded to the Cabinet of Ministers by the sub-committee.</p> <p>The amendments of the act had not been made by the beginning of the year 2022.</p>
<p>(n) A motor vehicle purchased for Rs.5,890,000 in the year 2011 had been insured for the above value in the year under review. The motor vehicle had been allocated to the Deputy Director General (Finance) since the year of purchase. The motor vehicle had been met with 16 accidents since the year 2012 to January 2021, and actions had been taken only on two occasions in terms of</p>	<p>Vehicle system management should be streamlined.</p> <p>The approval for the self-driving had not been obtained by the Deputy Director General (Finance) for the relevant period. It is further informed that other senior officers of the Authority have obtained required approvals now for self-driving.</p> <p>It had not been dealt with the F.R. 104(3) regarding vehicle accidents.</p>

FR 104(3) and 104(4). Even though a sum of Rs.1,682,160 had been received as insurance claims for 13 accidents, those details had not been included to the files. Though this motor vehicle had been driven by said officer himself, an approval had not been obtained to do so.

- (o) Even though the above motor vehicle had been met with an accident on 01 October 2019, the internal control procedures of relating to the Motor vehicle of the Authority had been violated without having the police reports and the technical reports, action had been taken. An invoice amounting to Rs.570,295 and bills amounting to Rs.251,350 had been furnished by the Private Garage to the Authority and to Insurance Corporation respectively indicating difference values. The claim received from the insurance amounted to Rs.144,019 only. Even though the Garage had informed that Vehicle management should be streamlined. After conducting preliminary investigations, a formal investigation (FR 104) has been conducting. According to the findings of the investigation, further actions to be taken. To release the motor vehicle from the Garage, discussions are conducting with them. The investigations have been finished. The officer has requested to revise the disciplinary orders and no amount has been recovered from the loss so far. The vehicle was not retrieved from the garage till 28 February 2022 and no disciplinary action was taken against the officer.

finishing of the repairing
on 23 December
2019, action had not been
taken to bring the motor
vehicle from the Garage to
the Authority

69. Ocean University of Sri Lanka

Opinion of the Auditor General relating to Financial Statements 2018 - Qualified Opinion

2019 - Qualified Opinion

2020 - Qualified Opinion

	Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a)	Even though fees could be charged for the academic courses and for the training programmes conducted by the University in terms of Section 5(1)(a) of the Ocean University of Sri Lanka Act, No.31 of 2014, fees had not been charged for the courses and training programmes conducted from the year 2017. The Revenue billed for the year 2016, of which the fees being finally recovered, had been a sum of Rs.19.8 million.	Action should be taken to charge fees in terms of the Act.	Action will be taken to charge course fees, in the future.	Charging of the fees for the courses in terms of the Act, is not being carried out even by 31 December 2021.
(b)	A sum of over Rs.86,792,671 had been spent for the lease rent and other expenses from the year 2018 to the year 2020 for a building obtained on lease basis without paying attention towards constructing a	Attention should be paid towards utilizing Government monies in an economical manner.	The student development for the courses in the Vocational Training and Higher Education Division had occurred from the year 2015 to the year 2020 and, the building had been obtained on lease basis by following proper	A sum of approximately Rs.109 million had been spent for the leased building by the end of the year 2021.

new building, in the instance where sufficient space remained for the construction of a new building.

procurement procedures on not having sufficient space in the Mattakkuliya Regional Centres and the financial provisions not being provided for the construction of a permanent building.

70. - Sri Lanka National Freedom from Hunger Campaign Board

Opinion of the Auditor General relating to Financial Statements	2018 - Qualified Opinion
	2019 - Qualified Opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) In 2017 and 2018, the soil in the tanks was removed and sold to the expressways, which was not an objective stated in the Sri Lanka National Freedom from Hunger Campaign Board Act, No. 15 of 1973. A sum of Rs.3,370,595 had been spent for the removal of soil and revenue of Rs.81,134,631 was earned from the sale of soil to the expressways. Although it was stated that the tanks should be developed to the proper standard under the engineering guidance of the Department of Agrarian Development after obtaining funds from the relevant farmers' organizations for the soil provided by the tank project and using that money along with the Government allocations,	Action should be taken in terms of the Board Act and steps should be taken to deploy the collected money for the relevant function.	Instructions had been given to the Board to utilize the money of the Institution for Generation Projects at the Progress Review Meeting held with the former Minister of Agriculture and, instructions were given to carry out the restoration of those tanks by utilizing the provisions of the Department of Agrarian Development.	Even though those moneys had been securely accounted, the targeted objective had not been executed.

instead of that Rs.77,764,036 was kept in a fixed deposit account.

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| (b) | Action had not been taken to carry out inquiries relating to the misplacement of 37,223kg of Soybeans valued at Rs.4,094,596, occurred in the Upuldeniya Stores in Anuradhapura in the year 2018 and to recover the losses from the parties responsible. | Action should be taken to carry out inquiries without a delay and to recover the losses in terms of Financial Regulations. | Inquiries had been carried out in terms of the Financial Regulation 104 by the Investigation Officers by the Ministry of Agriculture, relating to the shortage of the soybean stocks in the year 2018. | The inquiry in terms of the Financial Regulation 104 relating thereto, had been carried out by the Ministry. The losses had not been recovered even up to 31 January 2022. |
| (c) | Although Rs. 2.8 million has been spent on the soybean food production project in the last 03 years, the Board has not introduced such products to the consumer in the year 2020. | The final product should be presented to the consumer by the Board. | A discussion was held relating thereto between the State Secretary, Finance Consultant and Officers of the Board and, instructions had been given by the Secretary on the manner that this project should be carried out. Action would be taken accordingly. | Action has been taken to conduct a discussion with the State Secretary on 11 February 2022 for holding a discussion of the future activities of this project. |
| (d) | A number of 14,243 stickers used for nutrition and mother nutrition products of the research unit, 26,087 inside covers and blank covers used for the nutrition bag and 14,062 packs of 200 | Unnecessary purchases should not be made. Steps should be taken either to utilize or to dispose of these materials. | Action would be taken under proper approval to utilize these covers for the activities of the Plant Shop. | Action has not been taken to utilize those covers for the use of the Plant Shop, by way of obtaining the approval. |

grams packs of nutrition
nut, had remained unused
for over a period of 05
years.

- (e) According to the Action Plan of the Thanamalwila Farm, it had been planned for processing of 75 metric tons and 20 metric tons of dry dung in the year 2019 and in the year 2020 respectively. However, those productions had not been carried out during 02 years.
- Functions should be carried out in compliance with the Action Plan.
- Could not be properly implemented on a shortage prevailed in dry manure. It is intended to carry out the further activities by collaborating with an Entrepreneur.
- Action has not been taken to initiate the manufacturing activities.

71. Hadabima Authority of Sri Lanka

Opinion of the Auditor General on Financial Statements 2018 - Qualified Opinion
 2019 - Qualified Opinion
 2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Hadabima Co-operative Society Ltd has taken into custody and used 204 units of non-assessed furniture, including desks, chairs, shelves, electric equipment including computers and cash collectors, and other items used for sales by the sales unit of the Sri Lanka Hadabima Authority from 01 February 2019 as per the cabinet decision. However, approval of the Governing Board of the Authority had not been received for such transfer assets. The Cooperative Society has also used the premises of sales buildings at Getambe and Weligama without the approval of the Governing Board the Authority.	Action should be taken as per the Cabinet decision.	It is specified in the Cabinet Paper dated 31 March 2017 that if the properties, assets or funds belonging to the Hadabima Authority will be transferred to the proposed society, the approval of the Board of Directors should be obtained. However, action had not been taken accordingly. Necessary legal action is being taken to take over goods and other assets again.	Measures for rectification had not been taken even by the end of the year 2021.
(b) According to the decision taken by the Cabinet on 25th April 2017 by	Action should be taken as per the Cabinet decision.	The Minister, in Charge of the Subject has published the said Gazette notification	The Gazette notification has not been

approving the Cabinet Memorandum submitted by the Minister of Regional Development on 31 March 2017 on expanding and modernizing the scope of the Hadabima Authority of Sri Lanka, it had been decided to publish the recommendations of the expert committee which prepared the Cabinet Memorandum as an order through a Gazette and to submit the said Gazette notification in Parliament, and to register the Marketing Promotion Unit as a Co-operative Society and to recruit employees as employees of the said Co-operative Society. However, action had not been taken accordingly.

dated 07 July 2017. However, it was not specified in the said Gazette notification that it had not been published subject to observations of the Attorney General. Hadabima Co-operative Society Ltd has been functioning since 01 February 2019 as an independent institution from the Hadabima Authority. As such, current information could not be obtained.

submitted to Parliament and a Co-operative Society has been established and the service of 12 employees has been terminated.

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| (c) | The total loss of the two farms at Kotmale and Pallekele from 2015 to 2019 was Rs.9,933,656 and it was Rs.3,496,573 and Rs.4,503,158 in the year 2020 respectively. According to the letter No:04/04/07 dated 04th March 2015 of the Secretary to the Ministry | A formal business plan should be formulated and implemented. | A Business plan has been prepared and submitted to the Board of Directors. | Action had not been taken as per the Plan even in the year 2020. |
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of Irrigation and Agriculture, it had been informed to develop a business plan that specifically identified production and income with monthly subdivisions for the said two farms and to take action to make the farms profitable. However, no action had been taken accordingly even by the end of the year 2020.

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| (d) | Although a nursery, vegetable and green leaves plantations, a cattle ranch and a shop were maintained as cultivations, only 03 acres had been utilized while the Kotmale farm covers an area of 05 acres. | Action should be taken to utilize the assets to the maximum for achieving objectives. | Hence this situation has arisen due to scarcity of water, it has been planned to obtain water. | Action had not been taken to solve the water problem and to utilize lands to the maximum. |
| (e) | The Authority had constructed buildings for long term use without formally taking over the lands belonging to other institutions. The buildings worth of Rs.5,724,114 in the years prior to last year and the sales outlet at Kundasle worth of Rs.3,176,631 in the previous year had been | According to Guideline 2.3.1 (b) of the Government Procurement Guidelines, as constructions should be carried out after the acquisition of lands, action should be taken accordingly. | Action is being taken to vest relevant lands. | The ownership of the Pallekele farm has been vested in the State Ministry. Action is being taken to vest the said farm in the Authority. |

constructed on these lands. However, some of these buildings had remained idle. The building constructed at a cost of Rs.535,100 to maintain a training center at the Kotmale farm and the old stables on the farm had not been utilized for any purpose.

72. Hector Kobbekaduwa Agrarian Research and Training Institute

Opinion of the Auditor General on Financial Statements 2018 - Qualified Opinion
 2019 - Qualified Opinion
 2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) A sum of Rs.12,874,881 was recoverable as at 31 December 2020 from debtors with foreign scholarships, of the Institute remaining prior to the year 2020 and the Institute had failed to recover the said balance	Taking appropriate measures by conducting inquiries thereon and recovery of moneys.	The Institute has instituted lawsuits against the debtors with foreign scholarships and the said debtors have been informed in writing to repay loans.	A sum of Rs.12,825,129 was recoverable from debtors with foreign scholarships as at 31 December 2021.
(b) As such, no money out of the sum of Rs.3,634,110 recoverable as at 31 December 2019 could not be recovered even during the year 2020 and the Institute had not drawn its attention to find out the said address.	Legal action should be taken after finding the address.	Various measures are being taken to communicate through other methods with debtors in the year 2021, whose current addresses cannot be found.	It is not possible to proceed with legal proceedings due to non-availability of current addresses.
(c) The Bio Gas Unit installed at a cost of Rs.1,031,020 during the period between 2012-2015 had been inoperative since the year 2016 and even though a balloon had been purchased instead of that by paying Rs.22,500 as	Steps should be taken to utilize or dispose of in an appropriate manner.	Responsibilities have been assigned properly at present in the implementation of projects.	Inquiries are being held relating to this Bio Gas Unit.

advances in the year 2018, the said balloon had not been installed due to defects in other devices of the Unit. Moreover, the total expenditure of the Unit by 31 December 2020 had been Rs.1,053,520. Devices of the Unit had become inoperative and unserviceable due to being remained without repairing for a long period.

- (d) Action had not been taken to recover the sum of Rs.8,895,470 recoverable for the period from September 2015 to July 2018 for renting out rooms of the hostel for the security officers of the Minister of Agriculture. Rentals should be recovered. The Governing Board has decided not to provide hostels on long terms basis. Recoveries have not been made even in the year 2021.

73. Homeopathic Medical Council

Opinion of the Auditor General on the Financial Statements 2018 - Qualified Opinion
 2019 - Qualified Opinion
 2020 - Unqualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) Although an examination should have been held for registration of medical professionals as per section 30 of Homeopathy Act, No 10 of 2016, registration of medical professionals had been delayed since such examination could not be conducted even till 30 June 2021 due to the non completion of formulation of rules and regulations needed for conducting the examination for which applications had been called in 2018.</p>	<p>Formulation of rules and regulations should be expedited and registration of medical professionals should be done without any delay.</p>	<p>That the task of formulation of rules and regulations has been completed and it is possible to conduct the examination and grant the registration once the regulations are gazetted.</p>	<p>Since only the handing over of regulations to the Ministry had taken place for the purpose of gazetting them by 31 January 2022, the examination had not been conducted.</p>
<p>(b) As per Sub-section 31 (1) of Homeopathy Act, No 10 of 2016, although a register for registration of homeopathy pharmacists should have been maintained, such register had not been prepared even by 31 December</p>	<p>Regulations should be formulated and provisions of the Act should be implemented.</p>	<p>That it is expected to formulate the regulations expeditely and register the pharmacists as soon as possible.</p>	<p>Regulations had not been formulated even by 31 January 2022.</p>

2020 due to non formulation of regulations intended for implementing these provisions.

- (c) As per Section 16.1 of Chapter II of the Establishments Code, although the Head of the institution should be responsible for conducting the Efficiency Bar Examinations on scheduled dates, action had not been taken to conduct the Efficiency Bar Examinations even by 30 June 2021, the date of audit for 20 officers who had been recruited in the years 2012, 2014 and 2015. Due to this reason, these officers could not be confirmed in their posts and no action had also been taken to extend the probationary period of these officers.
- These examinations should be conducted as soon as possible and till such time, the probationary period of the officers should be extended.
- That the activities necessary for conducting the Efficiency Bar Examination are being currently carried out.
- The Efficiency Bar Examinations had not been conducted even by 21 January 2022.
- (d) As per provisions of the Homeopathy Act, No 10 of 2016, a building had been constructed in 2008 for the inception of Homeopathy Medical Collage and furnitue and other equipment had been Immediate steps should be taken to use the constructed building and the purchased equipment for the intended purpose.
- That it has been planned together with the Ministry and the University Grants Commission to use the constructed building and equipment for the intended purpose.
- Legal framework for establishing a medical college had not been prepared even by 31 January 2022.

purchased incurring Rs.1,199,254 in the year 2019. Since legal framework related to the commencement of the academic activities had not been prepared, such activities could not be started even by 15 July 2021. Accordingly, the fixed assets and the related building had remained idle for a period over 12 years.

occured at Digana in Kandy had not been paid.

- (b) Although the cheques had been issued in the year under review, the process of compensating has not been done properly due to recommendation of files based on non-updated information at the time of issuing cheques to beneficiaries and paying of compensation to them. The beneficiaries had not claimed even by 31 March 2021 for compensation amounting to Rs.1,860,758 that has completed more than one year as at 31 December 2020, belonging to 34 beneficiaries.
- Recommendation for Action is taken to issue payment of cheques updating information on compensation should be made based on the updated information on beneficiaries.
- North Eastern Provinces through District Compensation officers of the Office for Reparations based on correct account details.
- Untill 25 January 2021, only 03 beneficiaries out of 34 have been paid compensation after receiving correct information. Further, unclaimed compensation that has remained for two years is sent to the Treasury.
- (c) Where compensation was paid on account of Easter Sunday attack, the advance amount Rs.300,000 paid to beneficiaries had not been reduced when the remaining amount was paid on 15 May 2019, Rs.300,000 had been overpaid.
- The Accounting Officer should take action in terms of Financial Regulation 128 (1) in respect of losses caused to the Government due to delay, negligence and fraud or error done by officers/employees.
- Further strengthening of internal controls by working responsibility and accountability to avoid such incidents from happening in future.
- It has been informed to the Ministry of Public Administration to appoint relevant Investigating Officers to carry out a primary investigation as per the decision of the Committee Membership Board (Directors).

- (d) There were 21 vacancies of the Board including 19 vacancies at secondary level and 02 vacancies at primary level as at the end of the year under review due to the inability of maintaining a effective service level and carrying out a timely review of the cadre. In addition, appointments to the post of Director General and to the posts of 02 Directors had been made on acting basis without recruiting on permanent basis.
- Timely review should be done and make adjustments accordingly to maintain an effective service level.
- Appoitment for the vacant post of Director General has been made and necessary action is being taken to make new recruitments for the post of Director and 02 Assistant Directors. Further, an Interview Board has been named for 19 vacant posts of Aperations Assistants at secondary level. All recruitments to be made have been temporarily suspended through a Cabinet Paper.
- Nineteen vacancies at secondary level, 02 at primary level vacant posts and 02 in the post of Director and Assistant Director existed by the end of 2021.

75. German Technical Training Institute

Opinion of the Auditor General on the Financial Statements

2018 - Disclaimer of Opinion

2019 - Disclaimer of Opinion

2020 - Unqualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) In terms of paragraph 92 of the Sri Lanka Public Sector Accounting Standard 07, the fully depreciated fixed assets costing Rs.483,212,984, which are still being used had not been revealed in the financial statements and no action had been taken to review the estimate on useful life of those assets and to make adjustments to the financial statements in terms of the Sri Lanka Public sector Accounting Standards 03.	Action should be taken in accordance with Accounting Standards.	Action is being taken to revalue the office equipment, wooden equipment and machinery and enter those values in books.	Rectifications had not been made even in the year 2021.
(b) Confirmation of balances totalling Rs.14,999,141 of debtors and creditors had not been made available to Audit. As such, existence and accuracy thereof could not be verified.	Documentary evidence should be submitted for confirmation of balances.	Letters of confirmation of balances have been referred to the Debtors.	Letters of confirmation of balances had not been received even for the year 2021.
(c) Establishment of regional centers for carrying out technical and vocational	Action Should be taken in terms of Sections of the Act.	Centres have not been commenced due to failure in taking action to maintain	Action had been taken to establish only one regional

trainings and providing education in relevant fields in terms of Section 4 (h) of the Ceylon German Technical Training Institute Act, No. 15 of 2017.

the quality of the training centre. courses which should be maintained in such a way.

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| (d) | Although Equipment related to install a server and new computer network had been procured by spending Rs.3,586,990 in the year 2018, only the internet facilities had been obtained without installing computer network for main activities. | The key functions expected to be achieved should be achieved by installing the computer network. | Action had not been taken to achieve relevant objectives. | The objective of installing the computer network had not been achieved to the maximum even in the year 2021. |
| (e) | Even though construction works of the 06-storey students' hostel on behalf of the Institute had been commenced in November 2018 on a land owned by the Road Development Authority, action had not been taken to vest the legal ownership of the land in the Ceylon German Technical Training Institute. | Action should be taken to vest the legal ownership of the land in the Institute. | Action had not been taken to take over the legal ownership of the land. | The land had not been legally vested even in the year 2021. |
| (f) | Management had not paid attention to the acquisition of land worth of | Action should be taken to take over the relevant assets to the Institute. | Since this Institute was under the SLTB, deeds of the lands of the Institute are | Vesting activities had not been carried out even in |

Rs.1,149,350,000 on which the Ceylon German Technical Training Institute has been operating since a longer period.

in the possession of the SLTB. the year 2021.

- (g) Even though the enrolled percentage for the full time courses had been between 20 to 30 per cent out of the applicants who have fulfilled the basic requirements during the year 2018 and the last 05 years, the Institute had not taken action according to a proper plan for enhancing the capacity of the Institute in line with the demand increased annually. Thus, 3075 applicants had been deprived of the opportunity to follow the courses only in the year 2018.
- Action should be taken as per a proper plan to increase the capacity of the Institute.
- Further, due to the dearth of instructors in the staff for enhancing the capacity, 20 trained Demonstrators have been temporary recruited on contract basis for a period of one year. Necessary legal action is being taken to acquire 4 acres of land near to the Institute owned by the Urban Development Authority for the purpose of constructing new workshops, class rooms and laboratories for providing facilities to meet the demand increased.
- Adequate steps have not been taken to increase the number of students even in the year 2021 and to take over the land owned by the Urban Development Authority.
- (h) There was a debtors balance of Rs.3,603,442 in the Statement of Financial Position as at 31 December 2020 and it included a debtors balance of Rs.1,111,415, older than 10 years and a debtors balance of
- Action should be taken to recover the debtors balances or to take action in terms of Financial Regulations.
- A letter dated 07/12/2021 has been forwarded through the Secretary of the State Ministry of Skills Development, Research and Innovation to the Chief Executive of the SLTB for settling these balances. Accordingly, steps will be
- Action had not been taken to recover loan balances or to write-off from books.

Rs.2,109,449 between 5 and 10 years.

taken to settle this balance through discussions between the two parties as soon as possible.

- (i) Although the Secretary to the Ministry had instructed to provide the necessary safety equipment through the Student Insurance Benefit Fund for the relevant trainees in providing practical training by the Institution, action had not been taken accordingly even as at 31 January 2020. Moreover, the types of safety equipment that the trainees should be wear had not been identified.
- (j) Taking action in terms of paragraph 38 (1) (d) of the National Audit Act, No. 19 of 17 July 2018 to table Annual Reports in Parliament
- (k) Failure in taking action to prepare equivalent pay scales for educational qualifications in relation to the five key vacancies and to discuss in this regard with the Treasury and to
- The Student Insurance Benefit Fund should be utilized for the protection of the students.
- Measures had not been taken to provide the relevant safety equipment without delay. A Technical Evaluation Committee had been appointed and procurement activities are in progress to purchase equipment for washing apprentices' eyes.
- Relevant safety equipment had not been purchased and provided to students by using Student Insurance Benefit Fund even in the year 2021.
- Annual Reports should be tabled in Parliament on due dates.
- Arrangements are being made to submit Annual Reports relating to years 2018 and 2019 to Parliament as soon as possible.
- Action had not been taken to table the Annual Reports for the years 2018 and 2019 in Parliament even by January 2022.
- Action should be taken to fill vacancies in accordance with the Scheme of Recruitment.
- A letter dated 05.03.2020 has been referred to the Director General of the Department of Management Services and Chairman of the National Salary Commission through the
- Action had not been taken to fill vacancies even in the year 2021 and to rectify the issues that have arisen due to granting fake

take action to fill those vacancies.

Secretary of the Line salary increments. Ministry proposing a special salary scheme for the institute.

76. Sri Lanka Press Council

Opinion of the Auditor General on the Financial Statements	2018	-	Qualified Opinion
	2019	-	Qualified Opinion
	2020	-	Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) An advance of Rs.200,000 had been paid to the Department of Mass Media of the University of Kelaniya on 24 November 2015 to conduct a research and submit a report on a comparative study of Sri Lanka Press Council and the Press Complaints Commission and even though the relevant report should have been submitted within a month after making payments, the said report had not been submitted even by 10 March 2021.	Action should be taken to obtain the relevant report	This was also discussed at the Audit Management Committee meeting and it was suggested that the relevant research be completed after obtaining the report on which the research has been completed and agreeing that no further payments will be made.	The said report had not been submitted even in the year 2021.
(b) In terms of paragraph 1 of the letter No.CA/1/17/1 dated 14 May 2010 of the Presidents Secretariat and the Directive No. 7 of the Committee on Public Enterprises on 10 July 2012, the Council should be maintained in a Government building.	Further discussions should be carried out with Government institutes in order to find out a suitable building.	Necessary action has been taken to obtain a Government building with the intervention of the Ministry.	The Ministry of Mass Media has been informed to provide space facilities required to the Council after completing development activities of the “Visumpaya”

However, the Council has been functioning its operations in private buildings which were rented out since 21 years from the commencement and a sum of Rs.26,108,800 had been paid as building rentals from 2010 up to the year 2020.

premises owned by the Ministry of Mass Media.

- (c) Although, a system is in existence to investigate the newspapers published daily in accordance with the Code of Ethics published in the Gazette Extra Ordinary Notification No. 162/5 A of 14 October 1981 relating to journalists, a limited number of investigation reports had been furnished with compared to the newspapers published. Reasonable attention had not been paid by the Board of Directors to take follow up actions with regard to the code of ethics as included even in such investigation reports.
- The Board of Directors should pay adequate attention towards the evaluation on investigation reports and on compliance with ethics.
- Action has been taken to draw more attention of the Board of Directors in this connection.
- Appropriate measures have been taken thereon.

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| (d) | No action had been taken to formulate the necessary rules and regulations regarding newspapers issued to the market without being registered in terms of Section 30 of the Press Council Act. | The Council should take action to investigate newspapers sold without registration. | Action has been taken to make aware of in this regard in all programmes and seminars conducted throughout the island. | Formulation of Laws and Rules has not been carried out even in the year 2021. |
| (e) | Although the Board was required to take action against newspapers and editors under Section 09 of the Press Council Act, the total number of complaints was 133, including 71 complaints received from the public and various institutions in the year 2020 and 62 unresolved complaints brought forward in the year 2019 and 69 complaints out of those, had not been resolved even by the end of the year 2020. | Action should be taken immediately to provide solutions for newspaper complaints. | Action has been taken to conduct inquiries by overcoming difficulties arisen in hearing complaints. | Out of 69 complaints, 24 have not been resolved even by 31.12.2021 |

77. National Institute of Post-Harvest Management

Opinion of the Auditor General on Financial Statements	2018	- Qualified Opinion
	2019	- Unqualified Opinion
	2020	- Qualified Opinion

	Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a)	Action had not been taken to recover 06 receivable balances totalling Rs.1,082,708 brought forward over the period from 2003 to 2018.	Action should be taken to recover the receivable balances.	The amount due from the Mahaweli Authority has been identified as an irrecoverable balance. Accordingly, having obtained the approval of the Board of Directors, it has been submitted to the Ministry of Agriculture for approval to write off from the accounts.	Only a loan balance of Rs.1,675 has been recovered. The remaining outstanding loan balances should be recovered.
(b)	It had been revealed in the year 2019 that a Management Assistant working in the Accounts Division of the Institute had swindled Rs.787,932 by changing documents and the relevant preliminary investigation report had not been submitted to the Institute even by 31 December of the year 2021.	Action should be taken in terms of provisions in paragraph 13.2 of Part II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka	The preliminary investigation on the financial fraud has been completed by now and the final report thereon is being prepared.	Preliminary investigations have not been completed even in the year 2021.

- (c) One of the main objectives of the Institute was to minimize the post-harvest loss of agricultural crops and a preliminary survey conducted thereon in 2009 had identified that the post-harvest loss of perishable crops was between 30 per cent and 40 per cent and the Institute lacked a database that would identify the percentage of post-harvest losses that had been minimized by 2020.
- A database that is capable of identifying the amount of post-harvest losses that had been minimized should be maintained.
- Arrangements have been made to implement the researches in this regard in 2021
- A database had not been identified
- (d) Although Rs.9,572,715 had been spent on patenting and commercially promotion of the research findings of the Induction of Fruit Ripening Organic Method research implemented from the year 2016 to August 2019, this project was not operational by 31 December 2020.
- In planning projects, those should be implemented so as to achieve the expected objectives.
- This was a new finding and 03 research publications have been made in this connection.
- The Project has not been implemented in a manner of achieving objectives.
- (e) Although one of the main objectives of the Research Division of the National Institute of Post-Harvest Management was to manufacture and socialize innovative machinery
- In planning projects, those should be implemented so as to achieve the expected objectives.
- In socializing manufacturing machines, they have to be specifically functional and it takes some time to bring the machines to that level. Accordingly, necessary measures are
- The Project has not been implemented in a manner of achieving expected objectives.

after a research process, out of 19 innovative machinery manufactured from 2000 to the year 2021, 18 had not been socialized.

being taken by the Engineering Services Division with regard to the machinery to be thus improved.

- (f) According to the project proposal submitted in 2016 for completion within 06 months to obtain the certificates of accreditation, although new equipment was purchased and laboratory repairs were carried out at a cost of Rs.47,101,187, it had not been possible to obtain accreditation certificates even by the end of the year 2021.
- In planning projects, those should be implemented so as to achieve the expected objectives.
- It is expected to obtain Accreditation for several analyses by the end of the year 2021.
- Expected objectives of the Project had not been achieved due to failure in obtaining Certificates of Accreditation.
- (g) With the use of provision of the Ministry of Agriculture, 500 sample tests had been carried out at a cost of Rs.1,956,120 in the year 2017 for the project implemented to ascertain whether the 04 types of heavy metals were contained in 07 food items import under the National Food Production Programme. According to
- As it has been confirmed that there were 500 sample tests had been carried out at a cost of Rs.1,956,120 in the year 2017 for the project implemented to ascertain whether the 04 types of heavy metals were contained in 07 food items import under the National Food Production Programme. According to
- The final report was submitted to the Ministry after analyzing 500 samples.
- The research report has not been forwarded even in the year 2021 to all responsible parties for taking proper action.

the relevant project report, it had been ascertained that certain foodstuffs had contained heavy metals such as Cadmium, Arsenic and Lead exceeding the maximum safety level. However, the cost incurred for the research had become a futile expenditure due to failure in providing information to all responsible parties in order to take necessary measures.

- (h) The Gas Chromatograph Mass Spectrometer which had been purchased at a cost of Rs.15,216,575 in the year 2015 for researches and operates under fully air condition atmosphere while incurring an annual maintenance cost of Rs.275,000 remained idle without being used for any purpose even by the end of the year 2021.
- Action should be taken to ensure the maximum use of relevant assets.
- Measures have not been taken to utilize assets.
- Action has not been taken to utilize assets to the maximum.
- (i) As the relevant equipment purchased in the year 2018 for the Project titled Supply and Value Chain Management of Project should be planned and implemented so as to achieve the expected objectives.
- It is kindly informed that the above devices are being used for the research projects presently in operation at the Institute.
- The Project had not been implemented.

Agricultural Crops in Sri Lanka implemented from the year 2017 to 2019, had not been effectively used, a sum of Rs.7,292,332 spent for the above project had become an uneconomic expenditure.

78. Sri Lanka Foundation

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

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Retention tax of Rs.1,375,812 due from the Department of Inland Revenue related to the time period from 2006 to 2009 had not been settled even by the end of the year 2020.	Action should be taken to get the due balances settled on submission of written documents that are capable of proving the fact that such balances are due from the Department of Inland Revenue.	Although attempts had been made on several occasions to get back this money, Department of Inland Revenue had not taken steps to pay the money.	This balance has not been settled in the year 2021.
(b) Internet connection of a monthly rent of Rs.87,500 had not been transferred to a wider connection of Rs.175,000 without any technical study. The Foundation had to pay a bill of Rs.1,242,250 relevant to that period due to the action had been taken to stop using this connection after a short period of two months.	Decisions like this should be taken based on a technical evaluation report.	The institution had to pay that amount due to a decision taken unanimously by the former Chairman.	No action had been taken by the Sri Lanka Foundation in connection with this useless expenditure.
(c) A sum of Rs.1,049,124 had been paid for a contract to obtain consultancy services for	Action should be taken in compliance with the Procurement Guidelines.	According to a decision taken by the management of the Sri Lanka Foundation, this project of	No action had been taken to finish this construction by the end of the year 2021.

the construction of a proposed studio in the year 2018 in contravention of Procurement Guidelines. According to a decision taken by the management, due to a funding issue the project of constructing this studio was suspended as result of which the consultancy fee incurred had become a useless expense.

constructing a studio had been halted confining it to planning stage.

- (d) A building valued at Rs.5,283,015 including the value of the land located on the Independence Avenue owned by the Sri Lanka Foundation, had been given for use by external parties without written agreement and charging a rent and no action had been taken by the governing body to streamline this.
- Although we took steps several times to get this property transferred it was not possible to acquire it.
- Action should be taken to acquire the properties used by external parties.
- No step had been taken in this regard in the year 2021.

79. Road Development Authority

Opinion of the Auditor General on the Financial Statements	2018 - Qualified Opinion
	2019 - Qualified Opinion
	2020 - Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) Even though the total length pertaining to the A and B grades roads owned by the Authority was 12,225 km, only a 2,237 km belonging to 105 roads as at 31 December 2020 had been capitalized. Accordingly, the value of highways related to Grades A and B that had the length of 9,988 km owned by the Road Development Authority had excluded from the statement of financial position.</p>	<p>All highways owned by the Authority must be represented in the financial statements at fair value.</p>	<p>Two Special Committees on Road Capitalization and a system to be introduced by the TCAM Project will be implemented from 2022. The Action Plan for the Assessment and Capitalization of Roads, Lands and Buildings for the Year 2021 - 2023 has been approved by the Board of Directors.</p>	<p>The situation observed remains unchanged. Measures expected to be taken therefor by the TCAM Project remains at the preliminary stage.</p>
<p>(b) The adjustments required had not been made according to the Sri Lanka Public Sector Accounting Standards No. 01 and the Accounting Entity Concept for the 72,400 square feet area used by the Ministry of Highways and the State Ministry located in the</p>	<p>According to Sri Lanka Public Sector Accounting Standards No. 01 and the Accounting Entity Concept, the 72,400 sq. Ft. Area used by the Ministry of Highways and the State Ministry in the headquarters building of the Road</p>	<p>The Treasury provision has not been received to pay rent for the used buildings. Action is being taken to hand over this part of the building along with other assets used by the Line and State Ministry.</p>	<p>Action is being taken to hand over this part of the building to ministries, used by the Ministry of Highways and the State Ministry. However, it is in progress. The Ministry of</p>

<p>Headquarters Building Development Authority belonging to the Road Development Authority which was capitalized at a Rs.684.49 Million, and the relevant annual depreciation of Rs. 11, 87 Million approximately.</p>	<p>should be transferred to those Ministries and general expenditure should be divided in proportionally.</p>	<p>Highways has sought instructions from the Ministry of Finance with regard to the vesting of the parts of buildings used by the Ministry and incurring of expenditure on maintenance thereof.</p>
<p>(c) In terms of Sri Lanka Public Sector Accounting Standards 07, in carrying out road improvements and widening, value of those lands costing Rs.51,262 million had not been indicated in the Register Assets separately. The value of these lands had been depreciated under the depreciation rates of highways.</p>	<p>Lands acquired during road improvements and widening should be identified separately in accordance with Sri Lanka Public Sector Accounting Standards 07.</p>	<p>Matters in this regard are being examined and necessary adjustments will be made in the future. In future, action will be taken to indicate the value of those lands in the Assets Register separately under the roads.</p>
<p>(d) A number of 426 vehicles and buildings belonging to the Authority, costing Rs.1723 Million and Rs.179 Million respectively had been fully depreciated by 01 January 2020 and only 258 vehicles out of that had been re-valued. Nevertheless, those assets were not disclosed in the</p>	<p>All assets, including vehicles and buildings owned by the Authority, should be presented in the financial statements at the current fair value.</p>	<p>A number of 285 vehicles have been re-valued in the year 2021 and the revaluation of the remaining vehicles has been commenced. The assessment of buildings covering all provinces has been sent to the Valuation Department and however, it has been delayed due to Covid-19 situation.</p>

financial statements in accordance with Public Sector Accounting Standards 07 and action had also not been taken to rectify the estimated error on useful life of those assets in accordance with Public Sector Accounting Standard 03.

According to the Action Plan, it is scheduled to be revalued and brought to account the all buildings by 2023.

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| (e) | The cost of the building constructed for the Thelagapatha Police which does not directly benefit to the Road Development Authority amounting to Rs. 80.8 Million and the annual depreciation of the aforesaid building amounting to Rs. 4.04 Million had been shown in the accounts of the Authority continuously in compliance with Sri Lanka Public Sector Accounting Standard 01. | According to Sri Lanka Public Sector Accounting Standard 01, the cost and depreciation of the building constructed for the Thelagapatha Police which does not directly benefit the Road Development Authority should be eliminated from the financial statements. | The Highway Police Division facilitates the safety and convenience of road users by being directly involved in the operations of those roads. As they are not involved in external activities and the Authority directly benefits from traffic control, the consideration of this building as an asset of the Authority applies to the Accounting Standards. | The situation observed remains unchanged even in the year 2021. |
| (f) | A sum of Rs.11,242 Million had been identified as assets for roads other than the National Highways that were partially completed during the year 2020 under the Project on Rehabilitation of | A detailed accounting policy, including the relevant accounting policies, should have been prepared and disclosed in the financial statements. | Had not commented. | The situation observed remains unchanged even in the year 2021. |

Alternative Roads of 100,000 km, implemented by local bank funds and Rural Roads Project Unit out of the regular scope of the Road Development Authority and it had been revealed from the notes with the financial statements that they would be written off as expenses after they were fully completed. However, after handing over these roads to the relevant Institutions, accounting policies for adjustments to be made in parallel had not been prepared.

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| (g) | Action had not been taken to value 07 plots of land of 11 acres in extent that had been alienated from the Outer Circular Highway Phase II Project to the Road Development Authority and to indicate them in the financial statements. | Action should be taken to value the relevant lands to indicate in the financial statements. | Three out of 07 plots have been replaced so far. Necessary adjustments will be made in the future after receiving information about the remaining lands. | The situation observed remains unchanged even in the year 2021. |
| (h) | The liabilities totalling Rs.46.5 Million comprising Rs.9.6 Million, Rs.27 Million and Rs. 9.9 Million which had been entrusted respectively | Internal control should be strengthened to minimize errors of omission. | Necessary adjustments will be made in the future. | Information on Rs.9.6 million relating to the Padeniya-Anuradhapura Road Project is being |

from the projects of Padeniya - Anuradhapura Road Project, Rajagiriya Polgahawela and Ganemulla Flyover Construction Project and Regional Bridge Project Phase II which were closed in the year 2020, had not been adjusted by the Authority to its accounts.

examined.

- (i) A cost of Rs.606,419 million incurred for the construction of expressways as at 31 December 2020 was taken into the assets of the Authority and credited to the Government Grant Account. However, the supporting documents based on accounting of government grant value and cost, were not made available to Audit. As such, cost of roads and the accuracy of Government grants represented the said accounting, could not be determined. Moreover, this matter had been disclosed in reports of the Auditor General for the years 2018 and 2019 as well.
- Action should be taken to make available to Audit, the written evidence provided by the Authority to take the relevant value as a grant to the Authority and to account relevant grants based on that evidence.
- Approval of the Department of Public Enterprises has been received.
- The situation observed remains unchanged even in the year 2021.

- (j) The losses from the accidents of Expressway Operations and Maintenance and Management Division amounting to Rs.10.3 Million including the loss of Rs.06 Million to the Expressway on the Colombo-Katunayake Expressway had not been recovered. Further, action had not been taken to account for a sum of Rs. 4.6 Million that should have been recovered for the damage caused to the expressways due to accidents.
- Taking action to recover the relevant dues immediately and Introduction of standards to streamline the process of estimating the damage caused to the expressway by an accident and internal controls should be strengthened to minimize errors of omission.
- Legal action has been taken in connection with several accidents and necessary adjustments will be made thereon.
- The amount recoverable further is Rs.10.2 million.
- (k) A sum of Rs.1,073 Million had to be received to the Authority from the Ministry of Economic Development, the Board of Investment, the Ministry of Civil Aviation and the Hambantota District Secretariat for projects carried out in the Southern Province within the value of Rs.16,128 Million remained under the debtors in the financial statements furnished as at 31 December of the year
- Action should be taken to recover the relevant amounts.
- Comparisons are being made regarding some of the balances to be recovered and provisions have been received to settle some more balances. Cash has not yet been received regarding BOI balance.
- Provision and imprests relating to a sum of Rs.502 million have been received. Amounts receivable from the Board of Investment and the Hambantota District Secretariat have remained further unrecovered.

2020 including values of the years 2018 and 2019.

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| (l) | The client deposit balance stated in the Financial Statement as at 31 December 2020 of Road Development Authority was Rs.3,334.9 million. This balance included a balance Rs.1,735.26 million remained unsettled between 2 and 4 years. | The remaining balances should be credited to the revenue so as to remain only the on-going balances in the client deposits. | Arrangements to settle the balances will be made in the future. | A sum of Rs.1,641,74 million had remained unsettled further for a period between 2 and 4 years. |
| (m) | Retention money amounting to Rs.1,877 million stated under current and non-current liabilities of the Authority of the year 2018 were exceeded by the 03 to 04 year, 04 to 05 year, over 05 year and their values were Rs. 405, Rs.224, Rs.406 million respectively. However, the amount of retention money retained further without any reason and due to no request made by the contractor, was Rs. 629 million. | Review the retention money and take appropriate action on according to the reason of non-settlement. | The Management has not commented. | Further action should be taken in respect of Rs.508.51 million. |
| (n) | According to the Financial Regulation 570, retention deposits of Rs.1,010.17 million which exceeded | Overdue retention money and maturing client deposit should be taken into the revenue in | After analyzing of the overdue retention money, action is being taken to credit those moneys to the | Action has been taken to credit the long-term retention money of Rs.104.08 |

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| <p>the liability period of Road Development Authority, completed client deposit of Rs.1,190.24 million and other deposits amounting to Rs.361.22 million had not been credited to the revenue of the Authority and even though another Rs.291.41 million would have been taken in to the revenue, it had not been so done.</p> | <p>accordance with revenue of the Authority Financial Regulation and all provincial directors & chief Engineers were informed about it.</p> | <p>million to the revenue during the period from 2019 to 2021.</p> <p>Action has been taken to credit the other long-term deposit of Rs.25.1 million to the revenue during the period from 2019 to 2021.</p> |
| <p>(o) According to the Financial Regulation 763, in case of holding large quantities of stores, the Authority had not prepared articles and procedures on stores to be maintained and the stock remained as at the date of the balance sheet was Rs.760.30 million.</p> | <p>The Stores Articles and Procedures should be prepared by the Authority.</p> | <p>A circular will be issued for information.</p> <p>The situation observed remains unchanged even in the year 2021.</p> |
| <p>(p) According to Sections 01 and 05 of the Public Administration Circular No. 02/2018 dated 24 January 2018, the Authority had not introduced a methodology for human resource development and action had not been taken to sign annual performance</p> | <p>Signing the annual performance agreements with the staff, introducing a performance appraisal system and preparation of a human resource development plan should be done.</p> | <p>Action will be taken thereon in the future.</p> <p>The situation observed remains unchanged even in the year 2021.</p> |

agreements or performance evaluation methodology for the staff.

- (q) According to a Section 9.3.1 of the Public Enterprises Circular No. PED-12 and 02 June 2003, the Road Development Authority had not prepared and approved a scheme of recruitment. Action should be taken to prepare and approve a scheme of recruitment without delay. A consultant, expert in the field of administration has been appointed and the draft report on the staff indicator has been submitted to the Management by now. Immediately after approving it, action will be taken to prepare the Scheme of Recruitment and to obtain the approval from the Department of Management Services. Even though the Scheme of Recruitment has been drafted, action has not been taken to approve it.
- (r) Approval had been given to implement the recommendations on restructuring the staff of the Authority submitted by the Department of Management Services subject to preparation of a Scheme of Recruitment and Promotion prepared in accordance with the Public Enterprises Circular No. 30 (1) dated 01 June 2009 and Regulations and Guidelines No. 30 dated 22 September 2006 of the Department Management Services. However, Getting the approval for the recruitment procedure of the Authority expeditiously, Correction of payments outside the requirements of the Department of Management Services and relevant payments should be recovered from the officers who dealt with overpayments. The Scheme of Salary scales Recruitment up to the year 2005 has been implemented with the approval of the Board of Directors. The new Scheme of Recruitment has not yet been approved by the Department of Management Services. Accordingly, all recruitments and promotions have been made with the approval of the Board of Directors. Granting promotions outside the salary codes approved by the Department of Management Services have been granted to posts recruited recently. However, matters relating to this observation remain unchanged.

contrary to those Regulations, promotions had been made on decisions of the Board of Directors and salary scales which were not approved had been granted to new posts. Accordingly, the overpayment of the salaries only in the year 2020 was approximately Rs. 157 Million due to the substitution of higher salaries exceeding the approved salaries.

Department of Management Services has been suspended.

- (s) In terms of Sections 2.3.3 (a), (b) of Management Services Circular No. 01/2019 dated 15 March 2019, employees should not be released for more than 05 years for projects. However, out of 447 employees of the permanent staff so released, 306 had been released to projects for more than 05 years.
- When releasing employees to projects, action should be taken in a way that gives everyone a fair opportunity and adheres to the circulars.
- Currently, the Management has decided to make mandatory transfers in addition to the annual transfers. Accordingly, mandatory transfers have been implemented in some regional offices in the recent past. Action will be taken in the future to implement those mandatory transfers for officers working in project.
- The situation observed remains unchanged even in the year 2021.
- (t) According to Guidelines 4.2.1 (a), (b), and (e) and 4.2.2 (a) of the National Procurement Guideline 2006, a Master Procurement Plan and a Procurement Time Schedule should be prepared according to the National
- This will be done in the future
- It has not been submitted to the Board of Directors even up to 31 December 2021.

Procurement Plan for a Procurement Guidelines.
 period of at least 03 years
 and to be regularly
 updated in a period not
 exceeding 06 months and
 a Procurement Time
 Schedule that
 systematically describes
 the steps in the
 procurement process had
 not been prepared by the
 Road Development
 Authority.

- (u) According to Guidelines 4.3. 1(a), 5.3.3 and 7.8.4 (e) of the National Procurement Guidelines 2006, non- formal total cost estimates, non- elaborating on the need for procurement in the bidding documents, and evaluation of bids that have not been substantially unresponsive had been made in respect of the procurements relating to obtaining tipper service, purchase of granite, purchase of tar effluent and purchase of bituminous emulsion with estimated value of Rs. 463 Million by the Authority in the year 2020.
- Taking action to prepare formal total cost estimates with respect to procurements, explain in detail the need for procurement in bidding documents and not to evaluate bids that have not been substantially responded.
- Approval has been obtained for the estimates by now. Bids will be evaluated in the future as per the Procurement Guidelines.
- It has been reported that rectifications have been made up to 31 December 2021.

- (v) According to the Guideline 8.8.1 (b) of the National Procurement Guidelines 2006, the failed bidders should be informed the reasons for the unsuccessfulness of their bids. However, the procurement entity had not made such a notification.
- Failed bidders should be informed on reasons for the failure of bids.
- Even though explanations have been made orally, written notices will be forthcoming.
- Action had not been taken to inform in writing.
- (w) Contrary to Sections 13 and 14 of the National Thoroughfares Act, No. 40 of 2008 and provisions in paragraph 07 of the Gazette Extraordinary No. 1732/12 dated 18 November 2011, out of revenue of Rs.52,056 Million collected from expressways as at 31 December 2020 from the date of commencing operations in expressways, nearly a sum of Rs.15,000 Million that is about 30 per cent of the revenue had been provided as fixed deposits and remittance to the Treasury and the rest of 70 per cent had been spent for the maintenance of expressways and the general expenses, salaries and payments of projects
- The provisions of the above Gazette notification regarding the expenditure of expressway revenue should be complied with.
- Further, expenditure incurred on behalf of the Police Department should be limited to essential recurrent expenditure.
- A sum of Rs.1,500 million of the revenue collected from expressways has been pledged by a loan obtained from the Bank of Ceylon for the construction of the Central Expressway. A sum of Rs. 4,000 million has been provided as Treasury levies.
- Revenue from expressways was used with the permission of the Treasury to fund the shortfall in salaries. Expenses for operations and maintenance of expressways are met from expressway revenue and since the duties of the Police Division are directly related to the operations of the Expressway, that cost is
- It has not been rectified even in the year 2021

of the Authority and to facilitate the officers of the Police Department which fall excluding the provisions of the above Gazette. Moreover, sums of Rs.24,379 million and Rs.15,657 million had been spent in the same manner in the years 2018 and 2019 respectively.

also borne by the Expressway Revenue.

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| (x) | According to Section 4(3) of the National Thoroughfares Act, No. 40, an “Action Plan for Integrated Road Network Development and Maintenance” had not been prepared. | An “Action Plan for Integrated Road Network Development and Maintenance” should be prepared in terms of requirement of the Act. | Covid-19 has made it difficult to deal with this. At the District Development Committee meetings, a function similar to that of this Action Plan is performed. | It has not been rectified even in the year 2021 |
| (y) | According to Section 7(1) of the National Thoroughfares Act, No. 40, the “District Road Network Development Coordinating Committee” had not been established. | The “District Road Network Development Coordinating Committee” should be established in terms of requirement of the Act. | Covid-19 has made it difficult to deal with this. The Road Development Authority reports on matters related to road development and maintenance at the District Coordinating Committee meetings. | Action had not been taken in terms of the Act. |
| (z) | Out of the 50 per cent of the amount of advance given to the Central Engineering Consultancy Bureau contrary to the Guideline 5.4.4 of the | The supervisory process of the Authority should be strengthened to recover the money due to the Authority or to carry out the assigned | Measures for rectifications had not been taken. | Action had not been taken to recover due moneys. |

Procurement Guidelines, a task. sum of Rs.3.86 Million could not be able to recover due to non-completion of contract works.

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| (a.a) | The financial loss occurred to the Authority was Rs.8.2 Million due to the failure in collecting lease rent as required and the write off of arrears of lease rent relating to the road reserve of 81.8 perches in extent leased out by the Road Development Authority to a private company. | Assets owned by the Authority should be managed in such a way as to bring maximum economic benefits. | The Director General has approved the recommendations made by the Remuneration Committee of the Assets Management and Revenue Division to write off arrears. The Authority has gained a financial advantage by leasing land without any income. | Action had not been taken to recover the loss. |
| (a.b) | No action had been taken to establish an asset management system to regulate assets purchased by the authority from the time of issue of the order to the time of disposal of the assets and from the work being carried out on the assets under construction to capitalization. | Action should be taken to establish an assets management system. | Action will be taken in future in this regard. | An assets management system had not been established even in the year 2021. |
| (a.c) | The construction works on the first phase of the Central Expressway had been awarded to China | Projects should be started after planning the projects properly and making sure that they | It can be accepted that the contract for the construction of Part 1 of this Central Expressway | The loan relating to this project had been approved by the Exim Bank on 22 |

Meteorological Company are funded. in contrary to the provisions of the Procurement Guidelines at a cost of Rs. 158,386 million to reimburse the expenses incurred by the Company in Northern Expressway. Similarly, The Road Development Authority had entered into a construction agreement with the relevant company on 18 August 2016 without a funding agency. Further, the amendments proposed by the Attorney General on 02 October 2018 in respect of the rights and obligations of the parties of the agreement in complying with Chinese law, had not been accepted by the Company at the time of entering into the agreement. Further, a sum of Rs. 5 Million and Rs. 83 Million which had to be borne by the Contractor for occupational compensation insurance under the Packages 1 and 2 respectively had been entered in the Bills of Quantity as a separate work item.

Further, to ensure that every project award is in accordance with the provisions of the Procurement Guidelines and Preparation of Bill of Quantities for maximum financial benefit to the procurement entity.

has been awarded outside the relevant procurement procedures.

The contractor had not made a written request to reimburse such an expense and there was no agreement for that. At the same time, the liability of the relevant contractor for this project or any other Central Expressway project has not been taken into account.

It is also correct to state that a sum of Rs. 5 Million and Rs. 83 Million which had to be borne by the Contractor for occupational compensation insurance under the Packages 1 and 2 respectively had been entered in the Bills of Quantity as a separate work item.

March 2019 and monies from that loan had been provided to pay 11 bills to the value of Rs. 9,838.82 million submitted by the contractor and 09 bills out of them had been submitted to the Bank after being checked.

Accordingly, in comparison of the bills submitted as at 31 January 2022 with the total loan amount, the financial progress could be computed as 6.4 per cent.

The amendments made by the Attorney General have not been included in the Chinese loan agreement.

The addition of occupational compensation insurance as a separate item, which should be borne by the contractor, has

not been excluded from Bills of Quantities.

- (a.d) It had been spent in vain Rs.94.39 million for the project operation unit and Rs.392.64 million for the consulting service in the year 2019 because of the lack of certainty the fund received and poor financial planning. And also it had been paid Rs. 449.02 million without considering contractors physical progress by the consultant.
- Projects should be started after the specification of fund receiving and project planning. And also project consultant should always evaluate physical progress of contractor.
- Project management unit can be established before signing the fund agreement if the project is a cabinet approved project. Management unit of central expressway project had been established after cabinet approval and also approval of Department of National Planning of Sri Lanka. Department of External Resources of the General Treasury is liable for certifying the allocation of funds for the project.
- Action had not been taken to recover payments made without foundation.
- (a.e) Although the incentives amounting to Rs. 30 Million had been paid to expedite the process of land acquisition, the work had not been completed even by 10 August 2021. Even though there should be an agreement with the funding agency for the project at the time of implementation of the project, as per the Circular of the Department of Management Services No.
- Preparations of Bills of Quantity for maximum benefit to the institution and clear the site as soon as possible by accelerating the process of land acquisition.
- Although an incentive of Rs. 30 million had been paid to expedite the process of land acquisition, the work had not been completed even by 10 August 2021.
- The process of land acquisition had not been completed even up to 31 December 2021. An agreement had not been entered into with the funding agency for the project.

1/2016 dated 24 March 2016, the Project had been in operation for nearly five years without such an agreement.

- (a.f) The estimated cost of the road projects which were inspected had been overestimated by Rs. 212.2 Million in 61 projects implemented in the Karunagala District during the year under review with the estimated cost of Rs.2,743 Million under National, Regional and Rural 100,000 km Alternative Road Rehabilitation Project because of the reasons such as estimating of 34 work items in the estimates above the price rates mentioned in the standard rates for highways, estimating wastes on an extraordinary scale, overestimating transport costs and overestimating of costs exceeds requirement. Similarly, laying of ABC was not done to the required standard in the total length of 16.27 km. roads and 9 roads with an
- Action should be taken to prepare a suitable specification for roads that non-highway and to regulate the Authority's supervision regarding the Construction.
- Estimates based on 2019 HSR prices were revised later. Although the waste is estimated at 10 per cent by concerning the transportation, topographic weather conditions, the situation was then checked and reduced to 5 per cent and the estimates were revised. Although estimates have been prepared based on the authorized licensed raw material supply points of the authority, it is then advised to consider new locations where cheaper and quality raw material can be obtained.
- Even though overestimates were reviewed and revisions made as a result of discussions held on 29 March 2021 with the participation of the Government Audit Officers and the Secretary to the Ministry of Highways, the observation on the estimate of Rs. 278.29 million for the road distance of 16.27 km remains unchanged.

estimated value of Rs.278.29 Million. This condition directly affects the durability of the road and payments had also not been made to contractors for the constructions which were lack of proper standards.

- (a.g) A length of 50.58 km, which was recently developed and has a quantitatively suitable condition for use, had been re-estimated under the 100,000 km Alternative Road Rehabilitation Project valued at Rs. 923.91 Million for re-development and had been rehabilitated.
- In selecting roads for development should be taken up the road that should be given the highest priority and the scarce resources should be managed accordingly.
- Coordinating the relevant local authorities will identify the roads to be developed and the engineers of the authority will decide way it's developed. These roads will be handed over to the relevant agencies after development and the Authority will assist in their maintenance.
- An arrangement has not been made to manage scarce resources according to priority.
- (a.h) The roads and bridges construction contracts awarded for a Rs. 103.49 Million to several private contractors in 2013 had been suspended due to poor performance and the construction works had been completed by using the direct labor of the authority. Further, a sum of Rs.7.58 Million out of the mobilization advance given for these contracts
- Prior to awarding the contract the ability of the contractor to complete the work prior to awarding the contract should be carefully identified and the work should be completed by the contractor within the expected time. Also, contractors who do not make the expected progress should not be re-awarded contracts and
- The settlement process for this has been halted and no agreements have been entered with the contractors in 2019 and 2020. A provision has been made for that due to inability to take legal action because time is running out. It has been decided to refer the matter to the Attorney General for further advice.
- Effective measures had not been taken in this connection even up to the end of the year 2022.

had remained in the hands of the contractors furthermore. Further, The mobilization advance balance was Rs.2.1 Million due to failure to enter into a written agreement with the contractor for three contracts awarded to another private contractor in 2012 amounting to Rs.25.7 Million and stop of the contract works within the given contract period without completing the contract works.

If the existing laws are not adequate for that, action should be taken immediately to that.

- (a.i) There were 28 vacancies in the Senior Management Level of the Road Development Authority as at 31 December 2020 and the existence of vacancies in these posts had a direct impact on the management as well as the performance of the Authority. Further, there was also an excess of 958 officers as at the same date and the total expenditure on salaries for the year 2020 had been Rs.10, 287 Million. The value of the grants received from the General Treasury for this was
- Obtaining approval for the staff and increasing the use of technology in comparison to the expansion of the Authority's activities, to fill vacancies in the engineering and technical service, which will have a direct impact on the road construction and maintenance sector which is the main operation of the Authority and to make all recruitments within the approved cadre.
- Due to the expansion of road construction and maintenance activities, the number of employees has been increased beyond the approved staff. By the end of the year under review the number of redundant employees has decreased. Funds from the Authority have been used to pay salaries due to insufficient annual provisions. A consultant with knowledge in the field of administration has been appointed to calculate the optimal staff required for the Authority and the draft
- The vacancies in the 11 posts of Additional Director and one post of Provincial Director have not been filled. The excess cadre as at 31.12.2020 stood at 844.

Rs.7,399.5 Million. An additional amount of Rs.2,887.5 Million had been paid from the funds of the Authority to pay salaries to the entire staff including excess number of employees.

report on the staff index has been submitted to the management. It determines the optimal number of employees and obtains approval from the Department of Management Services.

- (a.j) Although it is essential to have an accurate data base to measure the performance of a task, the Authority had not worked out an accurate database to measure the achievement of the Sustainable Development Goals. Provision made therefor was inadequate and trained employees were not available as well. The activities identified by the Authority for achieving the Sustainable Goals were not included in the Annual Plan and the financial provisions required to accomplish those tasks had not been included in the Annual Budget.
- Performance indicators should be identified for all functional aspects of the Authority and a data base should be created for measuring and evaluating them. The activities identified to achieve the Sustainable Development Goals should be included in the Annual Plan and the provision should be included in the Annual Budget.
- It is informed that necessary action is being taken to include the activities already identified to achieve the Sustainable Development Goals in the Annual Plan and make provision in Annual Budget.
- Necessary action had not been taken even in the year 2021 in this regard.

80 National Institute of Plantations Management

Opinion of the Auditor General on Financial Statements 2018 - Qualified Opinion
 2019 - Qualified Opinion
 2020 - Qualified Opinion

	Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a)	<p>Even though adequate physical and human resources to conduct training programmes on sugar cane and cinnamon were available in the Institute and it had been included in the Action Plan, no action had been taken in the years 2018 and 2019 to enroll trainees and conduct programmes as planned. Further, no programme whatsoever had been conducted in respect of sugar cane and cinnamon in the years 2015, 2016 and 2015, 2017 respectively.</p>	<p>The Institute should take action to increase the number of participants through the options such as revision of syllabuses and fees of relevant training courses.</p>	<p>Preventive measures had not been taken.</p>	<p>Activities necessary for conducting courses had not been carried out even up to 31 December 2021.</p>
(b)	<p>A Memorandum Of Understanding had been signed with the Wayamba University on 22 June 2016 with the intention of exchanging knowledge of Agricultural Science, research and development activities, planning</p>	<p>The Institute should take action to conduct courses required for the achievement of objectives stated in the Memorandum of Understanding.</p>	<p>Courses have not been conducted.</p>	<p>Activities necessary for conducting courses had not been carried out even up to 31 December 2021.</p>

Agriculture research projects, developing workshops, conferences, training courses jointly and providing internship opportunities for Technical staff. Nevertheless, such courses had not been conducted.

- (c) The number of students registered in the 02 Diploma Courses in 06 courses including the National Diploma in Plantation Management, Plantation Management and Bookkeeping Certificate Course conducted by the institute, was 259 and out of them, 103 students or 40 per cent had dropped out of the course. However, the reasons were this, not focused on improving the quality and productivity of the courses.
- Identify issues that are unable to complete the courses successfully and appropriate action should be taken therefor.
- As a Learning New System has been introduced in December 2021. Management System has been introduced so as to relisten to lectures, it is reported that drop out of courses will be minimized.
- (d) The Institute had planned to conduct 08 academic and vocational training programs with the participation of 157 students in the year 2020 and had conducted only 02 academic and 06 vocational programs in the face of
- The syllabus should be revised while required facilities should be improved and attention should be paid to maintain appropriate programs
- The NVQ certificate course has been introduced to increase the number of participants for the academic and vocational training programs. Courses are
- Buildings necessary for improvement of facilities, are being constructed. New Degree courses have not been commenced.

02 programs with the participation of 47 students and considering the situation of the last 04 years, it was planned to conduct 50 programs with the participation of 760 students and 38 programs were held with the participation of 609 students. In addition, it was planned to conduct 5 skill development programs with the participation of 74 students in the years 2019 and 2020 and only 3 programs were conducted with the participation of 38 students. It was observed that this situation was due to failure to improve the required facilities after revision of syllabus of these courses timely.

the Covid epidemic.

frequently updated so as to adapt to the industry. Necessary steps have been taken to introduce 2 new Degree courses.

- (e) It was observed that the existence of 16 vacancies including Training Specialist (Plantation Management), Assistant Director (Marketing, Business Promotion and Planning), and Training Officer (Plantation Engineer) out of 71
- Necessary action should be taken to approve the recruitment procedures and to fill the vacancies in accordance with the regulations.
- It has been reported that it is expected to take action on recruitment immediately after obtaining approval therefor.
- Vacancies could not be filled even up to the year 2021.

approved cadre of the Institute will affect the achievement of the intended objectives of establishing the Institute. In addition, although 08 posts have been approved under 06 titles in the years 2019 and 2020, recruitments could not be made due to non-approval of the relevant recruitment procedures.

81. Lakshman Kadirgamar Institute of International Relations and Strategic Studies

Auditor General's Opinion on Financial Statements	2018	- Unqualified Opinion
	2019	- Unqualified Opinion
	2020	- Qualified Opinion

Audit Observations	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Although the Board of Management of the Institute should appoint an International Advisory Council consisted of five persons in terms of the section 10(a) of the Sri Lanka Institute of Strategic Studies (Amendment) Act No. 32 of 2006, no such Advisory Council had been appointed.	An International Advisory Council should be appointed in accordance with the provisions of the Act.	The Board of Management should be informed in this regard and further actions will be taken accordingly.	An international advisory council had not been appointed.
(b) Although all the money which had credited in a certain account maintain by the Bandaranaike International Diplomatic Training Institute should be transferred to the Fund of the Institute in terms of the section 10(e) (2) (i) of the Amendment Act, actions had not been taken accordingly.	Actions should be taken in accordance with the provisions of the Act..	The Board of Directors of Management will be informed and actions will be taken accordingly in due course.	In the year 2021 also, no money had been credited to the institution's fund.

- (c) A Register of Fixed Assets had not been maintained in respect of the Fixed Assets valued at Rs.6,362,668 in terms of the Treasury Circular No. 842 dated 19 December 1978.
- (d) In terms of the Public Administration Circular No. 09/2009 dated 16 April 2009, the Institute had not taken actions to install a finger scanner and the overtime expenses had been made based on the period which was not ascertained by a finger scanner in terms of the Circular.
- (e) Although the Annual Reports for a particular year should be tabled in Parliament before 31 May of the following year, the Institute had not tabled its' Annual Reports in Parliament from 2007 to 30 June 2021 in terms of the Public Enterprises Circular No. PED/12 of 02 June 2003.
- Actions should be taken in accordance with the provisions of the Circular.
- Arrangements should be made to obtain confirmations from the finger scanner machine when paying overtime allowances.
- Actions should be taken in accordance with the provisions of the Circular.
- The necessary arrangements have been made to complete and continue it properly from the year 2021.
- Necessary actions would be taken by submitting the facts on the installation of a finger scanner machine again to the Board of Management.
- In the year 2021 also the fixed asset register was not completed.
- A finger print scanner would not be installed.
- Annual reports were not tabled.
- Necessary arrangements will be made to give the annual reports to the Ministry of Foreign Affairs and the State Ministry of Regional Cooperation for tabling.

- (f) Although schemes for recruitment and promotion should be prepared for each post, a Scheme of Recruitment and Promotion for the Institute had not been prepared and approved. Action should be taken in accordance with the circular provisions. Action to be taken together with the Ministry of Foreign Affairs and the Ministry of Regional Cooperation to get the relevant approval. Recruitment and promotion procedures were not drawn up and approved.
- (g) In terms of the Paragraph 02 (v) of Management Circular No. 02/2020 dated 26 October 2020, all the recruitments / vacancies should be filled only under the salary/ salary code given to the relevant post by the Department of Management Services and even though it has been stated that the determination of staff salaries and allowances should not be done by each institution, such requirements had not been fulfilled. Actions should be taken in accordance with the provisions of the Circular. Action should be taken together with the ministries to get the approval. Relevant approvals regarding salaries and allowances had not been obtained.
- (h) Even though the approval with regard to the establishment of the Institute has been granted to transfer the ownership of the property at No. 24, Horton Place, Colombo 07 to the Institute by Actions should be taken to take over the ownership of the property to the Institute, That it will be taken over with the relevant institution. In the year 2021 also the ownership of the property was not taken over.

exercising the powers
vested in His Excellency
the President under the
State Land Ordinance in
terms of Section (a) of the
Cabinet Decision No.
003/214/0202/06
dated 23 February 2006,
actions had not been taken
to take over the property.

extraneous to the computer system through journal entries and financial statements had been prepared based on those balances. Accordingly, it was observed that the facility for the preparation of financial statements using the computer system was not available in the computerized accounting system. Therefore, it is emphasized that it is risky to prepare financial statements without using the computer system.

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| (c) | It was observed at the audit test check that action had not been taken according to the Constitution relating to 15 members whose loans were outstanding more than 6 installments. | Action should be taken in compliance with the Constitution. | Action will be taken to recover installments with outstanding amounts or to cancel the membership after recovery of loans. | Action had not been taken in compliance with the Constitution even by 09 February 2022. |
| (d) | Even though loans totalling Rs.3,010,058 had been obtained in the year 2020 and in the preceding year by 18 members who had obtained the membership of the Association in the year 2018, it was observed that | Steps should be taken expeditiously to recover the loans. | Money is being recovered from three persons at this moment and action would be taken expeditiously to recover other amounts of money. | There were recoverable balances even by 09 February 2022, the date of Audit. |

any loan installment whatsoever of it had not been recovered even up to the end of the year under review.

- (e) It was observed that 10 members with a loan balance totalling Rs.10,100,701 had failed to make the payments of the loans as at the last date of the year 2020, in the audit test check carried out with the computer system relating to the property loans provided by the Association.
- The procedures of recovering loans should be implemented expeditiously and action should be taken to recover the loan balances.
- It has been scheduled to initialize legal actions.
- The said balances had not been recovered even by 09 February 2022.
- (f) The total amount of unclassified remittances received by the Association as at 31 December 2020 was Rs.7,956,077, Instead of being properly identified and accounted, for it had been showed as current liabilities of the Financial Statement. It was observed that this balance had increased by Rs.4,885,020 or 159 percent compared to the previous year. However, the association had not
- The system should be upgraded so that the remittances to the Association can be properly Identified.
- However, out of these direct remittances, Rs.1,367,045.48 was settled and the balance will be settled as soon as possible.
- There had been balances so unsettled even by 28 February 2022.

introduced a system to obtain the information required by the bank or the remittance institutions to identify remittances made directly to the bank.

- (g) The credit balance of Rs.19,279,643 in the contribution account of the members whose membership had been terminated as at 31 December 2020 and had not been properly identified and settled. That amount was represented in the financial statements under the creditors.
- Need to take steps to settle immediately.
- This balance is comprised due to non-presenting of members to receive their money and the shortcomings in the documents. These payments will be made following the prescribed procedure as soon as the owners come forward to receive the money.
- There had been balances so unsettled even by 28 February 2022.
- (h) The balance in the donation payable for deceased members as current liabilities for the year 2020 was Rs.5,735,000. According to the list of death payable members submitted to the audit in respect of this balance, the death grant balance payable for 30 members over 5 years of age was Rs.1,420,000.
- Need to find information and take action to resolve it immediately
- Owing to the deficiencies in the files and the non-presentation of the heirs, it is included in the payable list and the owners are awaiting the grant payment as soon as they submit it.
- Payable loan balances for which documents were not properly submitted, still remained.

- (i) Even though death grants should be paid to the beneficiaries of members within 02 months after notifying their deaths, grants totalling Rs.5,735,000 payable to such beneficiaries had not been paid even by 31 December 2020. Necessary provisions should be implemented to fulfill requirements of the Association. Grants entitled to a member is paid within 02 months after notifying his death and if not paid, the reasons therefor had been reported as the relevant beneficiaries had not properly submitted necessary documents such as the originals of the Death Certificate, Marriage Certificate and Birth Certificates of children and failure in submitting relevant receipts for claiming money. Forms are issued for nominating a beneficiary to members who have not still nominated a beneficiary. It is expected that the said delays will be avoided to a great extent.
- (j) The rules approved at the 133, 134, and 155 General Meetings of the Association were not published in the Gazette. Action should be taken in accordance with the Constitution. The rules approved at the 133, 134, and 135 General Meetings have been drafted and are being expedited for publication in the Gazette. It had not been published in the Gazette even by 09 February 2022.
- (k) In terms of Financial Regulations of the Republic of Sri Lanka, the board of survey was conducted on 31 Should comply with Financial Regulations. Due to the current Corona situation in the country, the board of survey has not been carried out so far and I will take action to Relevant reports on board of survey had not been submitted to Audit even by 09 February 2022.

December 2020 and the report had not been submitted to Audit .

submit the report as soon as possible.

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| (l) | In terms of Section 05 of the Public Enterprises Circular No. PED 12 dated 02 June 2003, the Association had not prepared a Corporate Plan for the years 2018, 2019 and 2020. | Should act in accordance with the circular provisions. | Action will be taken to prepare a Corporate Plan in the future. | The Corporate Plan had not been prepared for the 03 years. |
| (m) | In terms of Public Finance Circular No. 1/2014 dated 14 February 2014, the Association had not prepared an Action Plan for the years 2018, 2019 and 2020. | Should comply with applicable rules and regulations. | Action will be taken to prepare an Action Plan in the future. | The Action Plan had not been prepared for the 03 years. |
| (n) | The Association had defaulted on a property loan of Rs.2,020,357 given to 07 members up to 31 December 2019. | Immediate action should be taken to recover the loan. | Action is being taken to recover arrears from members who have defaulted on loans and legal action will be initiated to recover money from defaulting members. | Loan balances had not been recovered even by 09 February 2022. |
| (o) | At the end of the year 2020, the number of non-performing members of the pilgrimage loan was 15 and the total amount due was Rs.1,194,853. | Need to take immediate action to recover the outstanding loan installments. | Necessary action will be taken in the future to recover the money from all non-performing members and those activities were hindered during the preceding year due to the lock down of | Loan balances had not been recovered even by 09 February 2022. |

the country as a result of the Covid pandemic which prevailed in the country and action will be taken to expedite necessary action.

- (p) The growth of the membership of the Association during the period from 2015 to 2020 was 168, 1333, 336, 568 and 98 respectively. Accordingly, the recruitment of members had decreased by 82 percent in the year 2020 as compared with the year 2019.
- Need to take action to recruit new members.
- During the last year, the country did not have a conducive environment for recruitment campaigns, so there was a sharp decline in recruitment and other strategic plans were promoted to recruit members.
- The membership was at a low level as compared with the increase in Public Service.

83. Sri Lanka Accounting and Auditing Standards Monitoring Board

Opinion of the Auditor General on the Financial Statements	2018	- Unqualified Opinion
	2019	- Unqualified Opinion
	2020	- Unqualified Opinion

Audit Observation	Recommendation of Preventive Measures the Auditor General Taken by the Auditee	Current Position
(a) In terms of Paragraph 9.14 of Circular No. PED/12 Public Enterprises Guidelines for Good Governance, a manual of procedures had not been approved by the Board even up to the date of audit.	The Board should comply with the relevant circular.	The said Manual of Procedures is to be submitted to the next Board Meeting for approval of the Board prior to submitting to the Ministry.
(b) The Board had entered into a rent agreement with the Ceylon Bible House to utilize the first floor as an office for the period of four years with effect from 01 July 2017 and paid Rs.4,149,492 as the rent for the year 2020. However, it was observed that the Board was unable to utilize that floor area for the intended purpose, and the commencement of construction of internal partitioning was not yet started.	The expenditure should be incurred in economical and efficient manner.	As SLAASMB had the intention of recruiting additional staff to monitor compliance with Public Sector Accounting Standards, SLAASMB was searching for additional floor space in proximity to the existing office to accommodate additional staff. During the early months of the year 2017, the process leading to internal partitioning work of the 1 st floor had been deferred due to some interruptions encountered with pile driving for

construction of a high rise building in the adjoining land.

- (c) The Board had paid higher remuneration and extra benefits to the two employees who were recruited on contract basis which is contrary to the approval given by the Department of Management Service. The approval should be taken for the payment of remuneration and other benefits. The positions of Director General and Deputy Director General were filled on contract basis purely due to the inability to attach technically competent senior Chartered Accountants with required years of experience within the salary scale approved for these positions under the permanent cadre. Approval for payment of salaries and other benefits had not been obtained even in the year 2021.
- (d) According to the Section 5 of the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995, the Standards adopted by the Institute under the Act shall be applicable to all Business enterprises specified in the schedule in the Act. Thus, the main function of the Board is to monitor the compliances with the Sri Lanka Accounting and Auditing Standards by the Specified Business Enterprises (SBEs). However, a formal mechanism to identify the A formal mechanism to identify the SBEs should be introduced. SLAASMB is currently in the process of amending Act No 15 of 1995. The amendment includes a clause which specifies that a copy of the financial statements of any entity should be submitted to the SLAASMB if requested, to enable SLAASMB to determine whether such entity is a SBE or not. This will facilitate the identification process as such entities, when called upon will need to prove they do not meet the threshold criteria, if they A proper mechanism had not been introduced even as at 20 March 2022. to identify Special Business Entities (SBEs)

	<p>SBEs after being enacted the Companies Act No.7 of 2007, had not been introduced or implemented by the Board in order to efficiently perform its main functions.</p>	<p>are to refrain from submitting auditing financial statements to SLAASMB.</p>		
(e)	<p>No action had been taken by the Board to monitor compliance requirements with the quality controls for Audit firms engaged in the audits of the SBEs.</p>	<p>Further action should be taken to monitor the non-compliances with SLSQC 1.</p>	<p>Accordingly the current Act does not mandate for firm wide inspections of Auditors of SBEs. The amendment sought includes monitoring compliance with SLSQC 1 by SLAASMB</p>	<p>Such monitoring powers had not been assigned to the Board even as at 20 March 2022.</p>
(f)	<p>A Management Information System (MIS) scheduled to be implemented by the Board since the year 2015, in order to conduct the monitoring functions of the Board effective manner. However, the system had not been implemented even up to 2021.</p>	<p>A formal Management Information System, should be implemented according to the plans.</p>	<p>Presently, the Ministry Procurement Committee (CPCM) is in the process of evaluating the three Proposals submitted by bidders in response to the Request for Proposals (RFP) advertised in the Newspapers and in the SLAASMB website.</p>	<p>The contract of design, development and implementation of the Management Information System had been awarded to a selected Software Engineer for Rs.38 million.</p>
(g)	<p>The total identified SBEs as at 31 December 2020 were 1,657. However, the Board had received 1,232 financial statements, including 394 financial</p>	<p>Prompt action should be taken to implement a mechanism to review the financial statements.</p>	<p>SLAASMB adopts a process of close follow up on entities which do not submit financial statements. The series of reminders are sent to such</p>	<p>A number of 1,830 financial statements had been received during the year 2021 and 552 financial statements had been</p>

statements relating to the preceding years during the year 2020.

entities and in instances where there has been no response from a SBE, SLAASMB has been sending officers to visit the SBE to find out the reason for not receiving any response for any of the reminders sent. reviewed during the year 2021.

- (h) Out of the above received financial statements during the year 2020, the Board had reviewed only 732 financial statements, indicating 59 per cent of the progress. Nevertheless, 619 financial statements, out of the reviewed financial statements were related to the preceding years. The reviewing process should be updated. Action had been taken to review the financial statements available for review during the first few months of the year in 2020, usually the financial statements for the prior years. Instead of reviewing financial statements by 100 per cent, financial statements had been reviewed through a risk based approach in the year 2021.
- (i) Only 27 audit inspections had been conducted during the year under review covering total identified SBEs indicating 02 per cent coverage. As compared to 45 inspections carried out in the previous year, a gradual decrease in the inspections was observed. The number of audit inspections should be increased. However, in 2020, 732 financial statements were completed. Accordingly on average 74 sets of financial statements were reviewed by the staff during 2020. Thirty four audit inspections had been conducted in the year 2021 using online method.

- (j) Seventeen vacancies were in the Board as at 31 December 2020. Out of these vacancies, 13 vacancies were related to executive level posts. The vacancies should be filled according to the requirement. The Post of Finance and Administration Executive Officer was advertised on 2 May 2021 and the interviews have been concluded and SLAASMB is in the process of finalizing the selection of a suitable candidate for the post. Sixteen vacancies were available in the staff as at 31 December 2021. Five of them were in the Executive Grade.

84 Welfare Benefits Board

Opinion of the Auditor General on the Financial Statements	2018	- Qualified Opinion
	2019	- Qualified Opinion
	2020	- Unqualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) According to the Action Plan furnished to audit, the activities scheduled to be completed up to end of the year 2020, i.e. implementation of Disaster Recovery Management System for server operations, establishment of Social Registry Information System (SRIS) and conduct of knowledge transfer session for the Board from the SRIS, introduction of an IT and security policy for internal stake holders of SRIS, conducting of surveys for total quality management system, organizing and implementation of IT audit for the SRIS is in the operation, development of a formal hardware and records disposal procedure with relevant authorities</p>	<p>Special attention should be given to achieve the objectives mentioned in the Welfare Benefits Board Act.</p>	<p>Social Registry Information System (SRIS) Maintenance document has been submitted to procurement committee of Ministry of Finance. Social Safety Nets Project (SSNP) has already been completed the Development of Data verification application as well as Training process going on.</p>	<p>The relevant activities had not been completed as planned even by 09 March 2022.</p>

related to SRIS, restructuring of organizational structure to support live operation of SRIS, and establishment of a formal communication system, had not been completed according to the plan.

- (b) The actual Cadre of the Board as at 31 December 2020 was 09, compared to the approved cadre of 18. Therefore, 09 posts were existed as vacant including the Chairman post and all employees had been recruited on acting, secondment and temporary basis. Although the Board was established in the year 2016, the Board had failed to prepare a proper recruitment procedure even up to 31 December 2020.
- Action should be taken to recruit the relevant officers.
- Regarding Cadre Since it has been decided to make a structural change in the composition of the board, the vacant staff including the chairman had not been appointed by March 09, 2022. As a decision has been taken to make a structural change in the composition, the vacant staff including the Chairman had not been appointed even by 09 March 2022.
- Approvals, discussions had been held with the Secretary to the Treasury. The possibility of restructure will be decided by the Board.

85. National Science Foundation

Opinion of the Auditor General on Financial Statements	2018 - Qualified Opinion
	2019 - Unqualified Opinion
	2020 - Unqualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) Even though the research and financial progress should be presented as at 15 June and 15 December of every year in terms of paragraph 5 of the Research Project Guidelines, an audit test check carried out in the year 2020 revealed that reports on expenditure pertaining to 07 projects valued at Rs.13,988,789 had not been obtained within the due period.</p>	<p>In terms of paragraph 5 of Research Project Guidelines, the research and financial progress should be presented as at 15 June and 15 December.</p>	<p>Taking action to brief the Grantors on significant Sections of the agreement, include a Section in the agreement that non-compliance with terms and conditions of the agreement for new application will be taken into consideration and to improve the process obtaining reports duly through implementing current procedure continuously.</p>	<p>A Section for that physical and financial progress reports should be submitted on time, has already been included in the agreement and measures taken on behalf of grantees who breached the said Section have been included in the revised Standard Operating Procedure-2021. Further, steps have been taken in the year 2022 to create a database so as to examine whether the action is taken by new grantees in accordance with Guidelines of the Foundation.</p>
<p>(b) Out of the 18 projects valued at Rs.46,768,435 which were completed</p>	<p>A methodology should be formulated to direct the researchers to make</p>	<p>Taking measures already to distribute output of grants for reaping social</p>	<p>Action has been taken to upload the booklet including</p>

under research grants in the year 2020, 16 projects valued at Rs.41,980,228 had not been used for economic and social development purposes even by 31 March 2019, the date of audit.

the society aware of and economic benefits summaries on project research outputs in every thorough publishing reports completed possible instance and newspaper articles, from 2016 to 2020 on develop those outputs conducting exhibitions, the official website of awareness programmes, the National Science directing the grantors to Foundation in the taking action on further second quarter of the developments or to year 2022. follow up as per the instructions given by the Foundation, sending to the Technical Division to follow up grants with patent output, and making recommendations through “ Policy Summaries” for relevant industry partners or to policy makers etc.

- (c) The main objective of giving technical assignments is to provide financial assistance for generating new enterprises based on a modern technology. Nevertheless, out of 40 grants valued at Rs.82,700,248 of which the activity was completed from technical assistance provided from the year 2011 to 2017, twenty projects valued at Rs.40,643,471 were not commercialized.
- A methodology should be formulated to direct the researchers to make the society aware of research outputs in every possible instance and develop those outputs further.
- Steps have already been taken as mentioned under the said item. In addition to that, action will be taken to connect grantors with the industry or with investors.
- Guidance for the technical improvement has been provided through 18 un-commercialized projects.

- (d) The contribution of the National Science Foundation for the Technical Grant Project TG/2013/TECH/D/03 commenced on 01 October 2013 amounted to Rs.3,642,990 and that project should be completed by 30 June 2016. The approval of the Governing Board has been received for extensions in 3 instances up to 18 months and the last date of completion was 02 October 2018. The objective of the said project is to develop a Rehabilitation Arm for patients while necessary action had not been taken to check the suitability of the developed arm for the requirements of relevant patients even by the end of the year 2020.
- The researchers should be encouraged to expedite the future development activities of the research and a Methodology should be formulated to socialize the benefits of research.
- Even though several extensions have been already made for carrying out the project onward at the request of the grantor, the grantor was failure to reap the expected output by April 2019 as planned. As such, the Working Committee on Technology had not recommended another extension of 06 months. The Working Committee on Technology had mentioned that even though another 06 months are extended, it cannot be completed due to non-receipt of quotations to the University of Moratuwa for the purchase of motor required to the second unit.
- As it was ascertained that this project is further delay due to failure in implementing as per the plans, this project was terminated at the Phase 1 with effect from May 2019. As such, provision made for the Phase 2 has been settled on 06 February 2020. The grantor had been informed to improve it and to use it for testing of patients based on the success of the unit developed by the Phase 1.
- (e) The software- OFFICE 365, valued at Rs.5,786,158, which had a validity of one year only and purchased last year, had been brought to account as Intangible Assets and the license of the software had been
- The said provision should be used for the purpose of allocating funds for research and development expenditure. Action should be taken to get maximum benefits from this software or to buy a
- The version of Office 365 A1 which is provided free of charge to educational institutions, has been referred. However, considering the requirement of necessary facilities for functions of the Foundation, which are
- The Foundation had applied for the version A1 of the Office 365 Academic Package provided free of charge under certain limits to educational institutions by the

renewed by spending a sum of Rs.5,789,249 during the year 2020 and the said expenditure had been accounted as development and research expenditure in the Income and Expenditure Account in the year 2020. The Audit was not satisfied with the need for such software.

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| <p>(f) Contrary to provisions of the Public Enterprise Circular no. PED 2/2015, the National Science Foundation has paid total amount of Rs.6,456,170, up to the approved monthly maximum limit, to 45 officers entitled to telephone allowance without paying attention on communication bill value during the period of</p> | <p>software package at a low cost.</p> <p>Action should be taken in terms of circular provisions.</p> | <p>not provided by the said version, relevant facilities have been provided by making payments only for the staff that has the said requirement.</p> <p>As this methodology is controversial, an investigation is currently conducted by the Commission to Investigate Bribery or Corruption and further steps will be taken on payments from May 2018 to December 2020 based on its decision.</p> | <p>Microsoft Institute considering charges for renewal of licenses to be incurred annually and action was taken accordingly with permission given therefor in September 2020. As software which cannot be installed in the computer are not included in the said A1 version, the A3 version of the said package has been provided by making payments at a very low cost only for the Senior Management Staff based on the service requirement.</p> <p>The decision of the Commission to Investigate Bribery or Corruption with regard to the payment of communication allowance during the period from May 2018 to December 2020, has not been received so far and further steps will be taken in compliance</p> |
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32 months from May 2018 to 31 December 2020.

with the said decision.

Communication bills were reimbursed as per the circular since February 2021 and approval of the Board of Directors was obtained therefor.

- (g) According to paragraph 5.1 of the Research Projects Guidelines, even though the semi-annual financial progress of a grant should be submitted to the Foundation on 15 June and 15 December of each year, and the final financial report of the completed research projects should be returned to the Foundation within one month after the completion of the project, no action had been taken in such manner regarding the cumulative value of Rs.8,282,388 relevant to 13 research projects.
- Action should also be taken to immediately recover Government grants held by external parties by reporting financial progress in accordance with the guidelines.
- Beneficiaries have been informed to settle the remaining balance. Reminders have been sent.
- Action has been taken to send reminders on due time to submit the final financial report within a month after completing project reports and to settle the remaining balance and to make only minimum amount of provision required for the final year.
- (h) The approved cadre of the foundation is 144 and the number of vacancies is 27. Out of these vacancies, 16 have been
- Action should be taken to recruit for the required posts as soon as possible and to revise the recruitment
- One of the vacancies existed as at 31 December 2020 was recruited in 2021 and other qualified candidates
- As new recruitments have been encouraged during the year 2022, the approval of the

held for a period between 07 years and 10 months and the Foundation had not taken action to fill the vacancies even by March 2021.

procedure if there are any difficulties in doing so.

could not be recruited due to non-application, cancellation of recruitments due to Presidential election, non-attendance of recruited candidates, Covid 19 epidemic situation etc.

Ministry has been sought to fill vacancies in 16 posts considering the service requirement.

86. National Craft Council

Opinion of the Auditor General on the Financial Statements	2018	- Qualified Opinion
	2019	- Disclaimer of Opinion
	2020	- Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
<p>(a) Kavantissapura Industrial Village was established on the state land of 16187 hectares in extent in the Kavantissapura Grama Niladhari Division belonging to the Tissamaharama Divisional Secretariat Division in the District of Hambantota. Even though a total sum of Rs.1,656,869 had been spent for vesting the land, action had not been taken to vest the land by signing a legal lease agreement and this village had not been used for an effective investment.</p>	<p>A legal lease agreement should be signed and the village must be used for an effective investment activity.</p>	<p>2021 Hambantota Kavantissapura Village is planned to be maintained as a production village in due course.</p>	<p>It has not been used for an effective investment up to the end of the year 2021.</p>
<p>(b) Allocating provision annually for providing facilities for training centres had been reduced. Moreover, Provision made as well had been saved without being utilized. Even though the</p>	<p>Action should be taken to make maximum use of the provisions and to implement training at all centers.</p>	<p>The allocations for the year 2020 have been reduced compared to 2019, and even though allocations were made for the training of trainers, the training could not be carried out</p>	<p>The situation remains unchanged. Out of 85 training centres planned during the year 201, only 56 training centres had conducted training courses. A number 70</p>

Shilpa Sabha had 112 training centers, only 41 of them had conducted training courses

due to the situation prevailed in the country. training courses had been commenced during the year. Even though, 737 apprentices had been enrolled at the beginning, the number of apprentices by September 2021 had decreased to 350. The Council had failed to create any trained apprentice at the end of 27 training courses.

- (c) There were 18 trade stalls at the handicraft village in Sigiriya, and only 04 stalls therefrom had been used by the craftsmen. A large number of trade stalls had broken roofs and damaged walls. Those stalls were observed to have been encroached by wilderness with animals making them their habitats. As the village was not administered or managed in a manner that attracted tourists, the craftsmen had left the stalls due to lack of income. The responsible officers of the Council
- The management should take measures to provide trade stalls for the craftsmen and maintain them in a manner that attracts tourists.
- The Assistant Director (Development) has informed by the Letter dated 03.02.2021 that all stalls have been closed down by March 2021 due to Covid pandemic. Moreover, the then chairman had removed all stall holders from the village from 30.06.2020.
- It is being planned at the ministerial level to develop under the partnership of the Government and the private sector.

had not brought their attention to productively make use of those assets and protect them.

87 University of Vocational Technology

Opinion of the Auditor General on the Financial Statements	2018	- Unqualified Opinion
	2019	- Unqualified Opinion
	2020	- Unqualified Opinion

Audit Observation	Recommendation of Preventive Measures the Auditor General Taken by the Auditee	Current Position	
<p>(a) In the absorption of the staff of the National Institute of Technical Education of Sri Lanka to the University of Vocational Technology on 12 October 2012, 10 officers had been recruited to the post of Senior Lecturer II under the personal to the holder basis, contrary to the letter No. DMS /E4/47/2/280/1 dated 27 July 2009 of the Department of Management Services and nevertheless, 06 officers of the above had not acquired the necessary minimum qualifications until now. However, in order to eliminate the salary anomaly, a total sum of Rs.5,638,012 had been paid as salary arrears, additional allowances, academic allowances, research allowances and</p>	<p>Salary should be paid with the proper approval after completing the required qualifications for the post.</p>	<p>Based on a request made by them, permission for the relevant conversion had been given by the 93rd Board of Governors until the relevant salary scale is given to them by the Department of Management Services.</p>	<p>It has been referred to the National Salaries and Cadre Commission to find out the possibility of salary conversion and in case of an error or revision in the process of salary conversion carried out, it has been mentioned that taking action as per instructions given by them is appropriate.</p>

entertainment allowances as per the decision of the Governing Body in accordance with the University Grants Commission Circular No. 17/2016 dated 05 December 2016, with effect from 01 January 2016.

- (b) As per the Cabinet decision dated 03 January 2017, provision totalling Rs.927.34 million has been made for the construction of a workshop, a hostel and a canteen for the University from the year 2018 to the year 2020. However, only an amount of Rs. 22.5 million of that had been spent as the consultancy fees and action had not been taken to commence the project even by the end of the year.
- (c) The contract for the renovation of the faculty building of the University was awarded to a private company on 10 September 2016 for an amount of Rs.14,506,548. Although it had been
- Provision should be utilized with maximum efficiency and effectiveness.
- Cabinet approval has been granted for changes in the construction work and it has been proposed to make provision through the 2021-2023 medium term budget frame work as per the Note to the Cabinet.
- Action should be taken to complete the work of the project expeditiously.
- The remaining work is currently being carried out by the relevant contracting institute and it has been informed to finalize this project before the end of the second quarter of this
- A new procurement committee has been appointed in the year 2021 and submitted for the approval.
- According to the contract agreement, it has been informed that action will be taken to recover liquidated damages and to complete remaining works

informed that work would be finalized within 60 days and an advance of Rs.2,901,285 had been paid on 12 September 2019, work had not been completed even by the end of the year 2021.

year.

before 10 December 2021. Nevertheless, it had not been completed even up to December 2021.

- (d) Two officers had been recruited for 02 posts of Consultant, which had not been included in the approved cadre, on contract basis in the years 2019 and 2020 without obtaining the approval of the Department of Management Services and they had been paid allowances amounting to Rs.6,944,804 up to the end of the year 2020.
- Prior approval of the Department of Management Services should be obtained for the creation of new posts and for making recruitments.
- Action has been taken to obtain the service of these consultants on contract basis until qualified persons are recruited for the vacancies in the posts of Lecturer subsequent to considering the requirement.
- One consultant had been engaged in the service even by 31 December 2021 without approval of the Department of Management Services.

88. National Council for Road Safety

Opinion of the Auditor General on the Financial Statements	2018 - Unqualified Opinion
	2019 - Unqualified Opinion
	2020 - Unqualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Even though 15 years had elapsed since the inception of the National Council aiming to establish the National Commission for Road Safety, the entity had not been established as a Commission. As such, no legal authority required to discharge the functions thereof had been vested, thus hampering the appointment of a formal staff.	Necessary action should be taken to establish the National Commission for Road Safety	The previous draft Act had been amended on 2021.06.15 at a meeting of experts with the participation of the Secretary to the Ministry in accordance with recommendations of the Cabinet approval. The Ministry is taking action to forward the amended draft to the Legal Draftsman.	The Commission had not been established even in the year 2021.
(b) Action had not been taken to obtain approval and recruit a trained staff sufficient for discharging the functions of the National Council for Road Safety. Instead, the Council functioned with 11 officers comprising 05 officers from the Ministry of Transport, 05 officers from the Department of Railways, and an officer	Action should be taken to obtain approval and recruit a staff sufficient for discharging the function of the National Council for Road Safety.	The report relating to the recommendations given by the Department of Management Services in regard of obtaining approval for the staff of National Council for Road Safety, is being prepared.	Forwarded to the Department of Management Services for approval.

from the Sri Lanka Transport Board.

- (c) According to a resolution of the United Nations Organization on Road Safety, of which Sri Lanka is a signatory, it has been recommended that a national policy on road safety be compiled and implemented as a task to be performed by the government. However, it had not been so done.
- A national policy on road safety should be formulated and implemented.
- As the process of transforming the National Council into a Commission is still underway, this could not be done.
- A national policy on road safety had not been formulated even in the year 2021.
- (d) According to the instruction manual of the compensation scheme for persons injured by unidentified motor vehicles, the applicants who requested for compensation should receive compensation without delay, but the National Road Safety Council received 06 compensation applications between the year 2018 and December 2019 and even though 02 years and 06 months have passed since the date of submission, the said
- Compensation should be paid without delay.
- An efficient methodology will be put in place in due course for making compensation.
- Continuous delays in paying compensation are observed.

compensation has not been paid.

- (e) A sustainable development plan had not been prepared contrary to Circular No. NP/5P/5dg/17 of the Ministry of National Policies and Economic Affairs dated 14 August 2017. A sustainable development plans should be prepared as per the Circular. Of the sustainable development targets, the National Council for Road Safety had identified 03 objectives. The Action Plan of the Council will be prepared by including the relevant activities. A sustainable development plan had not been prepared even for the year 2022.
- (f) The Action Plan for the year 2018 had been prepared based on an unapproved budget. Expected results from the activities had not been mentioned therein, and 09 projects had not been implemented. Circular instructions had not been followed, and projects had not been implemented properly as per the audits conducted in the years 2018, 2019, and 2020. Performance remained poor even in the year 2021.
- (g) Driver training had not been carried out successfully by using the driver training equipment received in December 2018 as a donation from Japan and the equipment worth Rs.5,875,351 purchased, and such equipment The existing assets should be made use of efficiently through the proper identification of requirements. Instructions on further action have been sought. Action will be taken in due course once the instructions have been received. Still remains idle. No action had been taken to grant those equipment to a suitable institution.

remained idle due to the fact that the training had been stopped from 21st June, 2019 to March, 2021.

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| (c) | The telephone service 1977 had been set up in year 2013 at a cost of Rs.9,188,396 for customers to know instant market prices and to make quick complaints. The hotline service received 5,104 public complaints from March to December in year 2020 and by the end of the year under review no action had been taken on 3790 complaints. Accordingly, relevant actions had not been taken for 74% of the complaints received during the period of 10 months during the year under review. A database had not been maintained by the Authority for the two months of January and February of the year 2020. | Consumer grievances should be resolved expeditiously. | Not commented on the actions to be taken. | No action whatsoever had been taken on 2646 of the 8056 complaints received for the year 2021 as at 31 December 2021. |
| (d) | An agreement had been reached with the SICPA Security Solutions Switzerland on 24 January 2014 with the aim of developing a system to facilitate the customers to identify the products of the right quality, and the | Action should be taken in accordance with the provisions of the Act. | No preventive measures had been taken. | A sum of Rs.22,162,690 had been incurred on arbitration by 31 December 2021. |

International Chamber of Commerce had intervened for arbitration in this regard in year 2018 due to non-implementation with the relevant institution as per the agreement. According to the Board Memorandum No. CAA / L & E / 20/2020, approval has been received to settle up to Rs.55 million from the Authority's fund regarding this case. Even though the Consumer Affairs Authority Act No. 09 of 2003 specifies the expenditure payable from the funds mentioned in Section 49 (3) of the Act, approval has been given for reimbursement of expenditure of Rs.55 million during the year under review, and based on that approval, the Fund had incurred an expenditure of Rs.22,162,690 on the above arbitration from July to December 2020.

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| (e) | According to Section 61 (3) of the Consumer Affairs Authority Act No. | Action should be taken in accordance with the Act. | The relevant officer had been instructed through a letter. | Not solved even up to the end of the year 2021. |
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9 of 2003, despite 112 samples out of 299 samples tested in the year 2020 were found to be in compliance with the specified standard and the specification, no action had been taken to detain the products without the required standards and non-compliant with the specifications.

- (f) The approved cadre of the Consumer Affairs Authority was 667 and the actual cadre was 531 and there were 136 vacancies. Even though Rs.831,222 had been spent on periodic newspaper advertisements to fill the vacancies in the year 2020, only 3 vacancies had been filled up by the date when audit was conducted 22 February 2021. Similarly, despite the shortcomings such as suspension of salaries due to disciplinary action, failure to pass the Efficiency Bar Examination by the stipulated date, appointments had been Investigations into the appointment of Senior Investigating Officers should be completed expeditiously and necessary action should be taken. No explanations had been made. Not solved even up to the end of the year 2021.

given to 04 senior investigation officers on 01 October 2019, and no criteria had been set for the marks given for additional /professional qualifications.

(b) A mobilization advance of Rs.36,988,498 had been paid on 10 November 2016 to a private construction company to build a four-storied building for the Jaffna Advanced Technological Institute at a land which was not transferred the ownership legally. The Engineer had certified a Bill amounting to Rs.12,956,179 relating to the work completed by 24 July 2017. The court ordered not to enter to the relevant land from 09 March 2017, following a decision in a lawsuit filed by the land owner in the Jaffna District Court's against the institution. Further the buildings of higher education institutes of Labuduwa, Kandy (Ampitiya land), Ampara, Anuradhapura, Baticaloa, Vavuniy, Badulla (New land), Ratnapura (New Land), Nawalapitiya and Trincomalee (New Land) have been constructed, action had not been taken to transfer the legal ownership even up to the

Prior to commencing the construction works, verification on the rights of the land should be obtained. Acquisition of land ownership of the branch offices should be expedited.

The transfer of land has not yet been completed and, The Land Commissioner General's Department is carrying out further work in this regard.

The case on the land relating to the establishment of Advanced Technological Education in Jaffna had not come to conclusion even by 31 December 2021. Once the case comes to a conclusion, action will be taken to legally acquire the land. It has been further informed that prompt action is taken on the other lands as well.

audit date of 31 May 2019.

- (c) A number of 126 hours of practical training should be provided for the first year and second year students for the Advanced National Diploma in Agriculture course conducted by the Institute of Advanced Technological Education in Gampaha. In order to provide practical training, the students had to be taken to a private farm 16 km away from the institute due to the fact that the animals in the animal husbandry unit that existed there until 2017 had been sold. The attention of the management was not focused on purchasing new animals and making the unit operational.
- Action should be taken to reestablish the animal husbandry unit so that the students can be provided with in-house practical training.
- A manager has been employed at the farm. Recommendations of the farm committee will be obtained to maintain the farm by using animals again for practical sessions of the students.
- The abandoned animal husbandry unit had not been actively maintained even by 31 December 2021.
- (d) A professor who had been employed permanently at the University of Sri Jayewardenepura and was released from that service and appointed to the
- Taking disciplinary action against this officer who had violated Procurement Guidelines and Financial Regulations should be expedited.
- Not commented by the management.
- His disciplinary authority was the Vice-Chancellor of Sri Jayawardenapura University and it had been informed to the audit that a formal

position of Director General of the institution, was accused in 2018 of violating Procurement Guidelines and Financial Regulations related to the procurement of janitorial services. Hence, the said officer had temporarily been removed from the post, and the relevant disciplinary actions against him had not been completed till the date of the report.

disciplinary investigation had been conducted against him and the investigation had been completed by now, but the explanations had not been given to the institution.

- (e) The contract for constructing lavatories at Dehiwala Institute of Advanced Technological Education was awarded to a private contractor for Rs. 9.6 million on March 07, 2017. However, the amount of Rs. 2.5 million paid to the institution had become a futile expense to the institution due to the fact that the institution had only laid the foundations and abandoned the construction work in the year 2018.
- The requirement of the project should be correctly identified, and a feasibility study should be conducted thereby implementing the project in accordance with the plans.
- This project had been implemented in accordance with the necessity of the institution, but the project had to be halted following the objection of the dwellers next to the wall of the institution.
- No alternative measures had been taken relating to the settlement of advances even in the year 2021.

- (f) Although the 5 storied Leadership Quality Development Center building at the Dehiwala Institute of Advanced Technology is yet to be completed under the Higher Education Project for the 21st Century at an estimated cost of Rs. 512 million, only 3 floors were completed at a cost of Rs.113.8 million and handed over to the company on 21st February 2017. Due to non-completion of work on the remaining two floors, the building remained idle until the audit date of 30 September 2021, the warranty period for the equipment installed in the building had expired.
- Construction of 03 stories had been completed about 04 years ago. Hence, the building should be made use of by supplying water.
- In order to use the proposed project, the second phase should have been completed as some works related to the first three floors should have been done during the construction of the rest of the floors. The activities to be done include waterproofing the external walls, painting the external walls, covering the elevator opening and installing the elevator, continuing the internal steps and preventing water from flowing into the building.
- (g) Although Rs. 19.8 million had been paid to the Contractor on 07 June 2019 for the completion of the initial work of installing a solar power system to reduce the electricity cost of the Dehiwala Institute of Advanced Technological
- In connection with the installation of solar power systems, plans should be made to obtain bulk electricity connections in parallel.
- Four other similar projects were launched simultaneously and the solar power systems of the Advanced Technological Institutes in Kandy, Ampara and Galle are now successfully operational.
- As the activities relating to obtaining electricity connections were still in preliminary procurement stage, the solar system remained non-functional even up to 31 December 2021.

Education, the system could not be activated due to failure to obtain bulk electricity connection till 30 September 2021. The institute had incurred an idle expenses of Rs. 2.5 million as electricity expenses for the period from June 2019 to December 2020,

91. Coconut Development Authority

Opinion of the Auditor General on the Financial Statements	2018	- Qualified Opinion
	2019	- Qualified Opinion
	2020	- Qualified Opinion

	Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a)	Although the Sri Lanka Rupavahini Corporation agreed in 2016 to set off the amount of Rs.7,060,032 payable to the Authority over several years for the upcoming programs, a sum of Rs.1,524,900 had been paid in cash for the programs broadcast in April 2018 relating to the Sinhala new year festival.	As the sum remained recoverable over many years, the sum should be recovered or an alternative programme should be broadcast.	The Rupavahini Corporation was informed to broadcast two commercials each having durations of 02 seconds with effect from March 2022.	The sum had not been settled even in the year 2021.
(b)	The Authority had paid Rs.1,018,100 from 2013 to 2016 to a private company to complete the tasks related to online bidding for auctioning coconuts, but it had become a futile expense as the online auction had not been conducted.	The issues relating to the use of Internet should be resolved thus conducting the auction promptly.	The possibility of using this software with the relevant updates is being studied.	Due to failure in conducting the online auction, the expense had become fruitless.
(c)	An amount of 1,271,834 out of 3,529,793 stickers valued at Rs.6,084,957 issued from the store had	An inquiry should be held on the shortage of stickers, and the audit should be informed	A database has been created on the stocks of labels, and the data relating to the preceding	Necessary action had not been taken on the shortage.

been sold to the mill thereon. owners and 1,069,391 stickers only had been stored in the Processing Division. Accordingly, action had not been taken about a deficit of 1,188,568 stickers valued at Rs.1,402,507 issued from the store.

years is being input. Once the task is completed, all the information in that connection would be presented.

- (d) As for the printing of sticker-like labels with serial numbers during 2014-2018 in order to stick on the products of the mill owners registered with the Authority when such products were introduced to the market, stickers were printed without considering the production capacity of the mill owners and future requirements. As such, 5,017,133 stickers valued at Rs. 9,262,700 were observed to have been stored in the main store and the processing division without being used.
- The existing stocks of stickers should be properly stored and issued to the manufacturers promptly. Measures should be taken to avoid the stickers from being misused.
- A number of 3,936,434 labels worth Rs. 7,872,868 had remained by February 2022. It is expected to issue them within the next 04 years.
- As 1,634,682 labels had been issued during 2017-2021, it is not observed that the usage had been expedited.
- (e) Debtor of Rs.4,199,681 accounted for due at the end of the year under Immediate action should be taken to rectify the existing deficiencies in Further action will be taken in accordance with the report of the internal A proper internal control system had not been established

review and income of the existing internal audit inquiry held in this relating to the supply of services to the desiccated coconut mills and earning revenue.

Rs.8,996,305 identified in control system regarding connection.

respect of the year under the provision of services to the owners of desiccated coconut mills.

review could not be verified due to factors as desiccated coconut mills.

non-issuance of invoices for services rendered to “Desiccated” coconut mill owners, non-maintenance of debtor ledger, non-availability of proper methodology for recovering and identifying money credited directly to the bank.

- (f) No effective actions had been taken to recover the interest bearing loan of Rs.26,715,037 had given from the Coconut Oil Price Stabilization Fund and the interest free loan of Rs.31,550,000 had given from the Capital Development Fund in 2002 and 2004 to British Ceylon Company Lanka Company in the year 1985 together with the loan amount of Rs.58,265,037 with Rs.52,150,917 interest.
- Necessary steps should be taken to recover the loan and interest.
- Negotiations had been held over many years under various ministries and the Treasury had been informed in writing to recover the debts and interest due. BCC has informed that it would pay this amount.
- The loan had not been recovered even in the year 2021.

- (g) Actions had not been taken to recover Rs.1,376,631 due from 32 Desiccated coconut production mills and 14 coconut milk production establishments in the years 2018 and 2019. Actions should be taken to recover the amount due immediately and to collect the relevant fees before doing investigations from now on. It has been reported that the dues will be recovered for sure despite the delay. Not recovered even in the year 2021.
- (h) No actions had been taken to settle the total amount of Rs.199,277,972 that is Rs.76,277,972 obtained from Coconut Oil Price Stabilization Fund and Rs.123,000,000 from the Government for the Mill Development Fund between the years 2015 and 2020 to provide Jaya Insure Loan. Necessary actions should be taken to settle the loans obtained. It has been informed that there was no necessity for settlement. Loans have been shown in the financial statements of the Mill Development Fund as being payable and no action had been taken for settlement.
- (i) Actions had not been taken to settle the 40 percent of king coconut export service charge of Income Rs.21,802,011, payable to the Coconut Cultivation Board for king coconut promotions from more than 02 Years. Necessary actions should be taken to settle the amounts payable. It has been decided to give the monies for the development of king coconut to the coconut and king coconut cultivators instead of being given to the Coconut Development Board. Not settled even in the year 2021.
- (j) Activities of the Dunkannawa Coir Development and the Action should be taken without delay to achieve the objectives of center, Having repaired the equipment in the training center, a Not commenced even in the year 2021.

Training Centre which was established in the year 2006 with the objective of training relevant parties for the development of coir industry, has been suspended from February 2020 due to shortage of staff and non-repair of machineries and there was a risk of passive extinction of buildings, machineries and furniture including rehabilitation at cost of Rs.1,586,383 in the year 2019 and 2020.

- (k) Although the strategy of producing quality coconut oil and delivering quality coconut oil to consumers has been selected and implemented to fulfill the role of the Authority in maintaining the quality of coconut products produced in Sri Lanka or exported in terms of the Coconut Development Authority Act No.46 of 1971, the 5 star logo for quality oil producers was obtained only 7 mills in 2019.
- Efficient action should be taken to fulfill the responsibility of the Authority to maintain the quality of coconut products.
- Fourteen industrialists had obtained logos by the end of the year 2014. Action has been taken to conduct programs to give instructions on the standard of products and raw materials, and provide driers thereby achieving progress.
- Steps necessary for providing quality coconut oil for the customers had not been completed.

- (l) Although the average amount of coconut oil remaining for domestic consumption is only 23,771 metric tons, 5,516 metric tons were exported out of 29,287 metric tons of the average annual production of coconut oil during the period 2016-2019, since the domestic demand was 93,103 metric tons, deficit of 69,332 metric tons, 5,044 metric tons are met by imported coconut oil and the remaining 69 percent by imported palm oil and the average import of palm oil was 199,433 metric tons during the last 04 years. Accordingly, it was observed that obtaining most of the local coconut oil consumption from palm oil and imported coconut oil without taking steps to increase the production of quality coconut oil is not in line with the objectives of the Authority.
- Attention should be paid to short term and long term remedial measures to increase local coconut oil production.
- Approval of the Ministry Programs had not been received to be implemented with short term and long term plans. import pieces of desiccated coconuts to be used as raw materials for producing coconut oil. Financial assistance is provided for new industrialists to promote local coconut oil industry. The production of local coconut oil being 19,759 metric tons in the year 2020 had increased by 118 per cent by the year 2021 up to 43,038 metric tons.
- (m) In accordance with paragraph 3 of the first schedule of the extra ordinary gazette The existing producers for setting and maintaining quality standards for coconut The number of tests had been increased in the year 2021. As the Coconut Development Authority is Enough measures had not been taken to increase the quality tests.

notification no. 69/4 dated 31 December 1979 published under section 51 of the Coconut Development Act No. 46 of 1971 as amended by Act No. 24 of 1975, although the Authority should set and maintain quality standards for coconut products produced or exported from Sri Lanka, it was observed that 72 percent of the total coconut oil consumption in Sri Lanka had not undergone a standard test.

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| (n) | Objective of the Mill Development Fund established in 1980 for the development of desiccated coconut industry in terms of the Coconut Development Act No. 46 of 1971 was to modernize the mills and meet the requirements for maintaining the mills by depositing in the savings bank accounts in the name each mill owner from the money received from the Cess Fund at the rate of 20 cents for every | products in accordance with the provision of the Act should be improved. | not authorized to conduct mandatory quality tests on the coconut oil industry, action will be taken to contribute to that process as possible. |
| (n) | Objective of the Mill Development Fund established in 1980 for the development of desiccated coconut industry in terms of the Coconut Development Act No. 46 of 1971 was to modernize the mills and meet the requirements for maintaining the mills by depositing in the savings bank accounts in the name each mill owner from the money received from the Cess Fund at the rate of 20 cents for every | The focus should be on achieving the objective for which the fund was established through a well-planned program. | A sum of Rs.3,216,952 had been reimbursed in the year 2021. It is expected to take action in the future to manage those accounts by identifying the issues in the industry. Action had not been taken through a well-planned process. |

01 kg of desiccated coconut exported. But any action had not been taken on that regard in the years 2019 – 2020 and balance in the accumulated fund was Rs.84,206,686 at the end of the year under review and value of the bank deposits was Rs.160,835,956 with the Rs.5,916,064 of Cess Fund received in the year under review. Furthermore no action had been taken to prepare annual budgets, action plans and corporate plans and to make the fund to the statutory condition in order to implement a problem solving program in the industry and to achieve the specific goals while making the activities more efficient.

- (o) Although the Coconut Oil Price Stabilization Fund has been set up for the purpose of controlling prices releasing to the market according to the increase or decrease in price by purchasing large quantities of coconut oil
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| <p>This fund, which had been inactive for 29 years, needs to be properly reviewed and action taken. The reasons for abandoning this program since 1981 should be explained.</p> | <p>A further study will be conducted on the management of this account, thereby taking further action.</p> | <p>No action whatsoever had been taken in that connection.</p> |
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in bulk as per the power of Coconut Development Act No. 46 of 1971, this program has been abandoned by the Authority since 1981 and the oil tanks maintained at the port have been handed over to other institutions. However, the financial statements of the Fund were being prepared till the end of the year under review with a total balance of Rs.157,943,367 including Rs.78,865,954 loans outstanding from 1985, an investment balance of Rs. 220,171,884 and an accumulated fund balance of Rs.324,046,799.

92. Arthur C Clarke Institute for Modern Technologies

Opinion of the Auditor General on the Financial Statements	2018	- Unqualified Opinion
	2019	- Unqualified Opinion
	2020	- Unqualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Even though 03 purposes such as the project of Agricultural Drought Monitoring and Early Warning System, collection of data in the data bank of identifying spectra and creation of a geological website had been completed, an appropriate procedure was not available for practically using them in the country.	Adequate measures should be taken for achieving the objectives of the Institute efficiently.	This project monitors and maps agricultural droughts in Sri Lanka. Action is being taken to publish those maps on the website.	The Arthur C Clarke Institute has compiled maps relating to agricultural droughts. As India suspended providing AWIFS satellite data after the year 2018 and the attempts made on several occasions to obtain such data from India had failed, this project could not be continued.
(b) It was observed that the company had lost the revenue of the telecommunication tower which was used to generate revenue for institution from 1st August 2019 due to improper maintenance and failure to provide it to the customers. The revenue lost from July 2019 was Rs.102,763 per month as per the agreement.	The telecommunication tower should be properly maintained to generate revenue and services.	Reminders had been sent. Discussions had been held with officers of the Telecommunications Regulatory Commission, and it is expected to obtain monies for the invoices.	The Telecommunications Regulatory Commission had not recovered the sum of Rs. 2,292,945 receivable with respect to obtaining the service during the period from 01 August 2017 to 19 August 2019.

(c) The agreement signed with the Telecommunications Regulatory Commission of Sri Lanka for a period of one year from 09 August 2016 had expired on 31 July 2017. Although Arthur C. Clarke Centre had drafted an agreement for a period of 05 years from 01 August 2017 to 31 July 2022 and submitted it on an annual renewal basis, the agreement had not been signed by the Telecommunications Regulatory Commission of Sri Lanka as at the audit date of February 2020. Also, the service at the Arthur C. Clarke Centre was discontinued after 31 July 2019.

Formal measures should be taken to sign the agreement.

As the Telecommunications Regulatory Commission had delayed the signing of agreement, attention has been brought on alternative measures.

Action had not been taken even in the year 2021 to sign the agreement.

93. Superior Courts Complex Board of Management

Opinion of the Auditor General on the Financial Statements	2018	- Qualified Opinion
	2019	- Qualified Opinion
	2020	- Qualified Opinion

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) The estimate on the useful life of 03 motor vehicles worth Rs.5,006,511 still in use after being fully depreciated, had not been reviewed in terms of Sri Lanka Public Sector Accounting Standard 03.	The Sri Lanka Public Sector Accounting Standards should be followed.	One of the vehicles was sold through tenders in the year 2021. The administrative and human resources division has been informed in writing to assess the value of other vehicles.	Action had not been taken up to the end of 2021 to revalue the other vehicles.
(b) Due to the unavailability of an accounting policy to classify and identify fixed assets, the equipment and home appliances which were to be considered as inventory items cost at Rs.1,324,156 and Rs.2,392,394 respectively had been shown in financial statements as fixed assets.	The fixed assets and inventory items should be accurately identified and stated in the financial statements.	Action is being taken to obtain approval of the board of management on an in-house accounting policy.	Information required to make adjustments had not been obtained up to the end of 2021

94. Sri Lanka Legal Aid Commission

Auditor General's Opinion on Financial Statements	2018	- Disclaimer of Opinion
	2019	- Disclaimer of Opinion
	2020	- Qualified Opinion

	Audit Observation	Recommendation of Auditor General	Preventive Measures Taken by the Auditee	Present position in that regard
(a)	As a result of non-reviewing of the effective lifetime of non-current assets annually in terms of Paragraph 65 of Sri Lanka Public Sector Accounting Standards 07, although the five motor vehicles cost at Rs. 4,643,333 had been fully depreciated, further being used. Accordingly, actions had not been taken to revise the estimated error in accordance with Sri Lanka Public Sector Accounting Standards No. 03.	Actions should be taken in accordance with Sri Lanka Public Sector Accounting Standards No. 07.	A fix is in progress.	Not fixed until the end of 2021.
(b)	In accordance with the Finance Act No. 38 of 1971 and Public Enterprises Circular No. PED/25 dated 24 July 2004, a sum of Rs.3,500,000 had been invested in fixed deposits during the year under	When investing funds, actions should be taken in accordance with the Finance Act and the relevant circular.	This account has been maintained since 2009.	The approval of the Finance Minister has not been obtained.

review without obtaining the approval of the Minister of Finance.

- (c) In accordance with Section 9.12 of the Public Enterprises Circular No. PED/12 dated 02 June 2003, Initiating a private insurance scheme in the year 2015 without an approval, a sum of Rs.1,169,989 had been paid to an insurance company as 50 per cent of the insurance contribution of 56 employees during the year under review.
- Circular rules should be followed.
- MOJ/E08/LAC/Common and Ministry of Justice's letter dated 12.03.2018 informed that the said insurance scheme should be done following the procurement procedure and has acted accordingly.
- Circular terms have not been complied with.
- (d) The necessary steps have not been taken to execute the key objectives to establish, administer, develop and co-operate in experimental programmes, law clinics and projects respecting any aspect of the provision of legal aid and for such purposes employ staff necessary to initiate, develop and operate the programmes and projects, as mentioned in Paragraph 4 (i) of the Legal Aid Commission Act No. 27 of 1987.
- Actions should be taken to implement the objectives of the Act.
- Making new recruitment and starting new legal aid offices.
- The permission of the Ministry of Justice has been requested for the recruitment but no response has been received.

- (e) Even though the Cabinet had approved the Proposed National Policy on Legal Aid for Sri Lanka on 30 March 2016 with the aim of making State Legal Aid Programme in a more formal empowerment in civil society, it had not been implemented.
- Legal aid programmes should be implemented as stipulated.
- Plans are currently being made with the Ministry of Justice to implement the proposed National Legal Aid Policy.
- The National Legal Aid Policy had not been implemented.
- (f) Out of 45,033 cases in the years 2019 and 2020 for providing legal aid, there were 36,567 cases left with legal assistance / legal aid to settle 8,466 cases in the year under review. It had been 81 per cent of the total cases.
- Actions should be taken to improve performance.
- Due to the number of cases in the courts and the covid epidemic in the country, being able to settle about 19% is a victory for the stakeholders. Efforts will be made to develop the performance in the future.
- Necessary actions had not been taken to improve the performance.
- (g) A sum of Rs.15,000,000 had been estimated by the Commission in the year 2018 to construct 05 Centres at the locations of Ruwanwella, Elpitiya, Galagedara, Anamaduwa and Hettipola. However, constructions had not been commenced even up to the end of the year under review.
- Expenditure on the projects should be accurately estimated and the provision should be obtained by taking into account the feasibility of such projects.
- The projects are being implemented as estimated and the Anamaduwa is expected to be done this year. It is hoped that the Bibile center will be built this year instead of Elpitiya. Wattala Center has been started instead of Ruwanwella Centre.
- Estimated construction work had been changed.

95. Galle Heritage Foundation

Auditor General's Opinion on Financial Statements	2018 - Adverse Opinion
	2019 - Qualified Opinion
	2020 - Non-qualified Opinion

Audit Observation	Recommendation of Auditor General	Preventive Measures Taken by the Auditee	Present position in that regard
<p>(a) Assets amounting to Rs.4,712,294 and liabilities error corrections amounting to Rs.3,236,142 and incorrect adjustments to profit amounting to Rs.4,381,075 had not been corrected in the year 2020. Thus, the audit could not be satisfied that the opening balances shown in the financial statements of the year 2020 were correctly shown in the financial statements.</p>	<p>Deficiencies pointed out in the audit reports should be corrected and correct comparative balances should be presented in the financial statements.</p>	<p>Corrective actions had not been provided.</p>	<p>These deficiencies had not been corrected in the year 2021.</p>
<p>(b) In accordance with Paragraph 7.4.1 of the Public Enterprise Circular No. PED / 12 of 02 June 2003, Although Audit and Management Committee meetings should be held quarterly, Audit and Management Committee meetings had not been held.</p>	<p>Audit and Management Committee meetings should be held in accordance with the Circular.</p>	<p>It is accepted that audit and management committee meetings should be held in accordance with PED/12 dated 2003/06/02 and the Galle Heritage Foundation has duly participated in the audit and management committees held by its line ministry.</p>	<p>Audit and management committee meetings had not been held by the institution for the year 2021.</p>

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| (c) | 19Para 12(1) of Galle Heritage Foundation Act No. 07 of 1994 Part II, as per the provisions of the Act, a fund had not been created to carry out the activities of the foundation. | The purposeful functions of the foundation should be fulfilled. | Corrective action had not been indicated. | In the year 2021 also a Fund had not been built. |
| (d) | Although a Cabinet Memorandum was prepared in 2015 recognizing the need to amend the Galle Heritage Foundation Act No. 7 of 1994 to obtain the necessary powers for the Galle Heritage Foundation and to increase the revenue generation for the Foundation, amendments to the Act had not been made even by 31 December in the year under review. | The activity of amending the Act should be completed as soon as possible. | Since the Galle Heritage Foundation is operating under the Ministry of Housing, Construction and Southern Development in the year 2019, the advice of the Ministry is in the process of seeking for these existing amendments. | Not fulfilled until the end of the year 2021. |
| (e) | UNESCO had named Galle Fort as a World Heritage Site, and accordingly, the management of Galle Heritage Foundation had failed to implement the management plan submitted to UNESCO to protect Galle Fort and to | The management plan should be implemented. | A qualified staff should work under the Galle Heritage Foundation as recommended by UNESCO to formally implement the tasks assigned to implement the management plan. The proposed staff has been re-presented under the | Not fulfilled until the end of the year 2021. |

comply with UNESCO's guidelines.

present Ministry.

- (f) The Management Board had failed to take any action regarding the 22 unauthorized constructions currently identified by the Urban Development Authority in Galle Fort. Furthermore, the Galle Heritage Foundation has no legal provisions to remove unauthorized constructions and the ability to quickly refer other government agencies for the same was at a minimum level. This situation hindered the achievement of the objectives of establishing the Galle Heritage Foundation.
- All related actions should be taken to remove unauthorized constructions.
- Already 36 court actions have been taken for the removal of unauthorized constructions.
- Further constructions are taking place illegally.
- (g) Even though a sum of Rs.11,760,121 had been spent by 31 December 2020 to preserve the old Dutch War Room at the Moon Bastion in Galle Fort and to transform it into an exhibition gallery reflecting the historical heritage of Galle, the said Moon Bastion had not
- The amount spent should be utilized for the specific tasks.
- It was informed that it will be opened in the near future.
- Till the end of the year 2021, the fractions had not been revised. Action had not been taken to open.

been transformed into an exhibition gallery.

- (h) Even though a Cabinet Memorandum had been prepared in the year 2015 recognizing the need to amend the Galle Heritage Foundation Act, No.07 of 1994 to achieve objectives such as obtaining the necessary powers for the Galle Heritage Foundation and increasing the generating of income for the Foundation, relevant amendments to the Act had not been made even by 31 December of the year under review.
- That the relevant documents brought by the Galle Heritage Foundation from the Ministry of Southern Development have been sent to the Ministry of Housing, Construction and Cultural Affairs to proceed with the amendment of the Act.
- The Act had not been amended until the end of 2021.
- (i) Even though sums of Rs.1,784,544 and Rs.2,395,266 had been spent by the Foundation for the first and second phases of fixing street lamps respectively and handed over to the Municipal Council, the sum of Rs.4,179,810 spent therefor, had not been reimbursed from the Electricity Company up to 16 December 2021, the date of audit.
- Approval of the Ceylon Electricity Board should be obtained for the reimbursement of expenditure incurred not for the electricity but for street lamps.
- Due to the fact that these old lights have been inactive for a long time, the community living in the World Heritage Galle Fort and the tourists visiting Galle Fort have been in a very difficult situation, and subject to the approval of the management board of Galle Heritage Foundation had been repaired old lights as a capital project of Galle
- No approval has been obtained for the application of street lights in the year 2021 either.

Heritage Foundation and handed over to the Galle Municipal Council for maintenance.

- (j) The toilet system located behind the building used as Police Quarters on Church Street functioning under the Galle Heritage Foundation, had been renovated by spending a sum of Rs.1,966,306. However, the said toilet system had been locked even by 06 April 2021, the date of audit.
- As the Foundation is able to generate income from the Fort, attention should be paid on generation of income.
- The toilet system, which was built near the old police quarters on the Church Street, and used by the owners of the police quarters, had been also handed over to the Galle Municipal council for maintenance after being repaired.
- The toilet system has been constructed and handed over to the Municipal Council.
- (k) Rs.1,520,000 had been spent to draw 16 canvas paintings in the year 2016 to preserve the old Dutch war room in the Sandu Mura Attala of Galle Fort and turn it into an exhibition gallery that reflects the historical heritage of Galle, but those paintings are still idle in the office premises of the foundation without performing any tasks more than 6 years until the end of 2020.
- The amount of money spent should be utilized for the specific tasks.
- It was decided to develop the Moon War Room as a special gallery for children. Accordingly, the initial theme of the gallery was revised. Also, some works of the gallery are to be done under the World Bank projects.
- It had not been used for exhibition until the end of 2021.

96. University College of Matara

Auditor General's Opinion on Financial Statements	2018	- Qualified Opinion
	2019	- Qualified Opinion
	2020	- Non-qualified Opinion

Audit Observation	Recommendation of Auditor General	Preventive Measures Taken by the Auditee	Present position in that regard
(a) According to the procedure of recruiting students for the courses conducted by the university collage, there should be a group of 35 students who meet the same level of qualifications in one course, but in the last 04 years, the number of students studying the Course on Cosmetics was between 2 and 19.	Emphasis should be placed on conducting promotional programs to recruit students for courses.	That the institute has done promotional activities through newspapers and internet and hopes to expand the awareness of students in the future.	Even by the end of 2021, less number of students had been recruited for the course.
(b) Even though it had been planned to cover 2,230 hours of theory and 1,244 hours of practical training by obtaining the services of 07 visiting lecturers during the period of January to June 2018, only 1,134 hours of theory and 212 hours of practical training had been covered. Accordingly, 51 per cent of theory hours and 19 per cent of	If parts of subjects are covered by self-studies, such subject parts should not be included in time-tables and a lecturer should not be employed for teaching such subjects.	In conducting theoretical and practical studies in the above syllabus, interviews and self-study are covered and That the aforementioned unfulfilled hours are covered by the self-practice test self-reference books for that purpose	Obtaining the service has not been arranged according to a formal plan.

practical training hours had been covered.

- (c) A range of forty eight (48) per cent to 100 per cent out of the hours planned for the provision of practical training for 07 courses within the period of from July 2018 up to December related to the second semester of the NVQ 5 and the First semester of the NVQ 6 through obtaining the services of visiting lecturers had not been covered.
- A certain curriculum of a certain course has to be completed within a certain time frame.
- That the hourly remuneration of an external lecturer was not specified and that they were dismissed and that the subjects missed in the first and second semesters of the year 2019 will be covered.
- Each course has been completed within the respective timeline.
- (d) In relation to 05 courses started in 2015 and 2016, between 26 percent and 100 percent of the recruited students had a tendency to leave the courses. The management did not pay attention to find out the reasons for this and take necessary actions.
- Action should be taken to retain the students recruited students for the courses and to investigate and remedy the reasons for examination failure
- That students are made aware of the importance of these courses.
- The problem of dropping out of courses continues in the year 2021.
- (e) After completing the NVQ courses run by the institute, the Higher Technology Diploma certificate should be issued for those students
- According to the action plan, the courses should be started, the exams should be conducted as per schedule and management should be
- That their course duration has been extended due to occasional student protests, non-participation in lectures, prolonged class strikes
- So far the Academic Calendar has been properly prepared and approved by the Academic Boards.

within 03 years including done to produce a and natural calamities.
the training period, even vocational person in due
though the group of time.
students recruited in the
year 2016 had passed 05
years by December 31,
2021. Certificates had not
issued after completing
the course.

- (f) The Wheel Alignment The equipment used for That there is not enough Even in the year
Gurage Aligner 680- EL students' practical land in this institution to 2021, a piece of land
device which was activities should be used install the relevant has not been found
purchased in December in maximum efficiency. equipment, and that after and equipment
2014 at a cost of the organization receives installed.
Rs.1,250,000 for the an alternative land, the
practical activities of the relevant equipment will
students had not been be installed according to
used for the practical the proper standard.
activities of the students
even on March 29, 2021.

97. Land Reform Commission

Auditor General's Opinion on Financial Statements	2018	- Disclaimer of Opinion
	2019	- Disclaimer of Opinion
	2020	- Disclaimer of Opinion

Audit Observation	Recommendation of Auditor General	Preventive Measures Taken by the Auditee	Present position in that regard
(a) In terms of Land Reform Law No.01 of 1972, balances of Rs.215,914,519 existed in the suspense accounts relating to compensations (Stage-I and II) to be paid for the lands acquired from plantation companies had not been settled even by the end of the year under review and a brief description on the nature of the liability had not been disclosed by notes to the account.	After completing the compensation payments, arrangements should be made to settle the balance and present the nature of the liability through accounting records.	Preventive actions had not been taken.	It has been reported that expect to be released after making requests.
(b) The Commission had not maintained a register containing all the details about the extent of land acres acquired from the date of establishment of the Commission in the year 1972 and the location of each land, the person from whom the acquisition was made, details of the transfer of	An updated land register should be prepared without delay	It has been reported that the preparation of the land register is in progress.	A land register has not been prepared.

possession and relevant gazette notification and all information on the disposal of lands, and the Commission was unable to elaborate them by the subsidiary documents. Accordingly, existence and accuracy of the valuation of the acquired lands worth Rs.676,169,345 shown in the financial statements could not be confirmed in audit.

- (c) A sum of Rs.2,127,271,837 older than 30 years and Rs.8,353,409 older than 10 years that remained receivable from 08 public institutions and included in the trade and other receivables totalling Rs.2,609,227,062 as at 31 December of the year under review had not been recovered even by the end of the year under review.
- Action should be taken to recover the receivables or otherwise, to write off them under an acceptable procedure.
- It has been reported that the relevant documents have been forwarded to the Ministry of Lands on 10.11.2021 to submit a Cabinet paper for taking a decision regarding overdue large-scale debtors.
- Action had not been taken to collect or write off the receivables.
- (d) Although advances of Rs.11,215,815 obtained from 269 persons and included in the land lease rent advance account balance of Rs.14,080,850
- Action should be taken to repay the retained advances or lawfully lease the relevant lands.
- Preventive actions had not been taken.
- The year 2021 financial statements also show rent as an advance.

as at 31 December of the year under review had been retained for more than a period of 15 years, the Commission had not taken steps to lawfully lease the relevant lands or repay the advances.

- (e) According to Section 6.5.3 of Circular No. PED 12 dated June 02, 2003, the annual report must be tabled within 150 days after the end of an accounting year, but the annual reports of the years 2015, 2016, 2017 and 2018 had not been tabled in Parliament by the end of the year 2020.
- Annual reports should be tabled in Parliament on time.
- It has been reported that the annual reports have not been forwarded to the Ministry of Lands on 14.07.2021 for tabling.
- Annual reports had not been tabled in Parliament.
- (f) Because of the Commission had paid a sum of Rs.1,371,750 to the Court as a result of the issuance of a forged low-income deed by the Commission in spite of existing of a dispute case over a land alienating to the Kelani Valley Company in Kegalle District, though the actions should be taken as per the financial regulations from 101 to
- Investigations should be conducted as per the Financial Regulations and the loss incurred should be recovered from the responsible persons.
- It has been reported that the Commission has decided to give a warning based on the fact that the initial investigation report indicates that it is not appropriate to impose a minor or serious punishment other than a warning and a strong warning.
- The loss caused due to the negligence of the officers should be recovered from the responsible persons.

104 to recover the financial loss occurred, it had not been so done.

- (g) The black stone located on a 22-acre land belonging to Oloboduwa, Yahala Kale and Ingiriya estates belonging to the council had been leased in the years 2001, 2004 and 2005, while a black stone located on a 10-acre land belonging to the Millaniya Horekanda estate had been illegally mined from 2003 to 2018. Due to non-payment of rents by the lessees and non-approval by the relevant institutions, the council had canceled the relevant agreements, but had not taken steps to stop the illegal mining. Accordingly, the arrears of rent due on November 30, 2018 is Rs.47,433,56
- Efforts should be made to stop unauthorized mining and collect rent arrears by lease properly.
- It has been reported that the Geological Survey and Mines Bureau has received information about the money charged as the royalty, and accordingly, they have taken action to collect the stone rents and file lawsuits against the non-paying lessees.
- Stopping illegal mining and recovery of tax arrears had not been done.
- (h) A 04 acre, 03 perches, 03 roods from the medde Gedara Watta belonging to the council has been used by an outside party without permission since the year 2002, and a hotel with 04 rooms, 10
- Unauthorized acquisition should be identified and legal action should be taken in that regard or the arrears of tax related to the time enjoyed illegally should be recovered.
- It has been reported that on 04.01.2022, the owner of the hotel has been informed to pay the lease amount of Rs.3,267,810 to the Commission regarding the period of unauthorized use from the
- The hotel was being run without paying any tax to the commission and without permission.

cabanas and a natural swimming pool had been built on that land by an relevant party, A swimming pool about 10 perches in size was also under construction by the year 2018. By the end of 2020, the council had not taken action to acquire the land or give it on lease basis.

year 2002 to 31.12.2021.

- (i) 40 acres of Iranavilawatta land owned by the Land Reform Commission of Puttalam district has been used by 10 people for prawns cultivation Since the year 2000, Until arrangements are made to legally transfer the above land to the long-term lease base, from the year 2014 per acre Rs.10,000 each on approval of the Chairman And although it has been decided in terms of s 22 (1) (a) of the Act to grant the land on lease basis from 17th January, 2001 on the assessment of the year 2000, the decision was not implemented until December 2020.
- The organization should take action to recover the tax due and should act to the officials responsible for it.
- It has been reported that arrangements are being made to grant lease agreements for these projects.
- No action had been taken to collect tax or to make action against the officials responsible for tax recovery.

- (j) Although 59 acres in extent of Kusala B Estate in Puttalam District had been leased out to a private company in the year 1994 for a prawns farming the project, the amount remained in arrears from the year 1999 to 2002 was about Rs.850,000 and the company had obtained a loan mortgaged its lease agreement in the year 2004 and as the loan was not repaid to the bank, though the lease right had been acquired by the bank in the year 2011, the Commission had not taken steps to take legal actions with regard to that and the lease amount of Rs.8,166,687 to be received by the year 2018 had not been collected.
- (k) A 74 acres 2 rood and 23 perches of land in extent called Kumbutukuliya Watta in Puttalam District had been granted on a lease to a private company for a Prawns farming on 10 November 2009 for a period of 30 years. As the above
- Leasing of land according to the prescribed procedures of the institution, follow-up, legal proceedings in respect of tax defaulters within the prescribed period.
- As it has been said that the lessee is enjoying only a part of the land in question, it has been reported that a survey will be carried out to identify the land.
- The Auditor General's recommendations had not been payed attention.
- The district offices should monitor and follow up on the land in the respective districts and collect the due money promptly.
- It has been reported that the collection of the relevant money is being done by the Puttalam District Office and that the lease agreements are being given to the relevant lessees.
- Tax had not been collected In the year 2021

project was not implemented by 2010, although only the possession of the land has been taken back to the Commission, arrears lease in due amounted to Rs.8,250,000 from the year January 1998 to August 2014 had not been recovered up to 30 May 2019 .

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| (1) | <p>Although the council had informed the administration of the Kovil that since 1978 to 2009, 04 acres and 02 roods of the land called Glen Alpine Estate located in Haliala Divisional Secretariat of Badulla District had been used by a Kovil illegally for 31 years, it decided to charge administrative fees in 2009 and the relevant charges had not been calculated and informed to the Kovil. Furthermore, the council had not taken steps to collect the lease rent amount of Rs.5,410,964 due from 2009 to the end of 2020.</p> | <p>The illegal land use should be dealt with according to the existing laws and regulations and steps should be taken to regularize the leases and recover the arrears.</p> | <p>Preventive actions had not been taken.</p> | <p>It has been reported that the collection of the relevant money is being done by the Puttalam District Office and that the lease agreements are being given to the relevant lessees.</p> |
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- (m) 75 acres of land called Kotagalawatta, located in Mawanella Divisional Secretariat Division of Kegalle District, had been leased to an orphanage for a period of 30 years, and the relevant lease period had ended in the year 2009. At the end of 2020, the outstanding lease rent amount of Rs.13,265,485 had not been recovered.
- Arrangements should be made to lease the land and collect tease rent according to the existing system.
- Preventive actions had not been taken.
- The children's home is being continued and the outstanding tax amount as on 10.12.2021 was Rs.10,784,610.
- (n) Although 6 acres of land called Leyland Estate in Homagama area had been leased to a private company for 50 years on 09 September 2005, the council had not reached a valid lease agreement by the end of the year under review and the council had failed to collect an outstanding lease rent amount of Rs.12,149,260.
- Arrangements should be made to lease the land and collect tease rent according to the existing system.
- Preventive actions had not been taken.
- The concerned lessee has been informed to pay the arrears tax and it has been reported that after recovery of the arrears, a valid lease agreement will be prepared. As of 31.12.2021, the outstanding tax amount had been Rs. 12,149,260.
- (o) In addition to providing 10 acres of land in Mahahenthenna Watta in Galle district to a social welfare society for a housing development project under the Enterprise Sri Lanka loan scheme, an advance of
- Disposal of land should be done in accordance with existing legal regulations and advances made to outside parties should be settled without delay.
- It has been reported that legal action is being taken.
- Advance amount and interest had not been settled. The housing project had not been started.

Rs.1,000,000 for the development of the infrastructure of the land by an agreement at an annual interest of 10 percent for 6 months had been paid in the year 2019 on repayment basis. By the end of 2020, the relevant housing project had not been implemented, and the council had not taken steps to recover the advance amount or interest.

- (p) A plot of 9.94 rood 02 perches of Kalawilawatta land in Kalutara district was leased to a private company by Lease Agreement No. 8502 on 19 September 2001 for the construction of a tourist resort. Although the concerned company had informed on 02 occasions in the year 2001 that the said land was being used by trespassers, the council had not taken any action in this regard. The concerned company had failed to pay the lease rent since the year 2002, and by the end of the year
- The tax arrears should be collected and processed as per the tax agreement.
- Preventive actions had not been taken.
- No legal action has been taken.

2020, the amount of tax to be collected was Rs.23,894,700.

- (q) From the year 2002 to 2004, the council had been working to hand over the own by use of the land contrary to the system of leasing land for projects, so such leasing had been prohibited by a cabinet paper in 2004. Out of these lands, land assigned for own by use and land not assigned for own by use were not separately identified and recorded. 760 acres and 31 perches of land identified by the audit as lands handed over to Bhukti Own by use) had not been returned to the commission. Advance money given for 1689 acres that had not been handed over to those applicants and no follow-up action had been done on these lands.
- (r) The estimated provision for awarding 60,000 land deeds within a period of 03 years was Rs. 219 million and by 30 April
- A register of lands assigned and not assigned for own by use should be maintained and follow-up activities should be done on those lands and arrangements should be made to confirm the ownership of those lands.
- Preventive actions had not been taken.
- It has been reported that at present, more number of deeds are distributed at the lowest cost during the deed distribution
- Reports have not been obtained from the investigating officers and submitted to the cabinet.
- Preventive actions had not been taken to reduce the costs.

2019, the council had efficiently. ceremonies.

awarded only 2712 deeds
and the cost for that was
Rs.90,915,043.

Accordingly, the
estimated cost for
granting a deed is
Rs.3,650 but the cost
incurred by the council
was Rs.33,523.

- (s) 33,503,021 rupees had Council funds should be Collection of metered By the end of the
been paid to the used economically and charges is slow. year 2021, a sum of
authorized surveyors who Deeds should be issued Rs.6,022,950 had
had measured the lands expeditiously and survey fees should be collected. been collected.
subject to reimbursement
at the time of surveying
and regularization of the
council's lands. In spite of
the fact that the institution
has a fast-track program,
till the end of 2020, only
Rs.945,323 had been
reimbursed.

- (t) By the end of 2020, the Amount of money or Preventive actions had It has been reported
council had not taken related software should not been taken. that the documents
steps to recover the sum be obtained. required to write off
of Rs.17,000,000 paid to a
private company in 2002
for the purchase of a
computer software
package or to obtain the
related software package.
the amount paid in
the books or submit a
cabinet paper for
further action have
been forwarded to the
line ministry on
10.11.2021.

98. National Aquatic Resource Research and Development Agency

Auditor General's Opinion on Financial Statements	2018	- Adverse Opinion
	2019	- Adverse Opinion
	2020	- Qualified Opinion

Audit Observation	Recommendation of Auditor General	Preventive Measures Taken by the Auditee	Present position in that regard
(a) Rs.1,612,898 had been overpaid to an external agency for preparing a feasibility study report for the development of 06 ports, but it had not been recovered for more than 7 years and the officials responsible for the overpayment had not been identified and legal action had not been taken against those officials.	Responsible officials should be identified and legal action should be taken against those officials.	Regarding the recovery of this amount, the Council of Ministers decided to cut the amount. Also, there are further discussions in this regard in the Ministry Audit and Management meeting.	Director Board reports had been forwarded to the Secretary to write off this as an expenditure. Money had not been recovered.
(b) A fish market had been constructed in Beruwala by incurring a sum of Rs.15,245,000 in the year 2014 on a land which was not formally acquired by the Agency in contrary to the objectives of the Agency and the market had remained inactive even by now.	Arrangements should be made in accordance with the objectives and actions should be taken to optimally utilize the assets.	The fish businessmen of the area are being idled because they don't like to conduct business in this market.	Action has not been taken until the end of 2021.
(c) It had purchased two high powered boat engines and commenced production of	Arrangements should be made so as the money spent on the project	As decided after several rounds of discussions by the Ministry Audit and	It has been decided to transfer the two engines to the Navy

- 02 boats incurring a sum of Rs.4,493,052 in the year 2011 to manufacture 02 boats and an additional expenditure of Rs.2,902,938 had been made for that. Never the less, both engines and two uncompleted boats had remained in the warehouse even by the end of the year 2021.
- would not be a idle expenditure
- Management Committee, or Ocean University. further work is underway to transfer it to another government agency. No action has been taken for 02 boats.
- (d) An officer who had not fulfilled the basic qualifications as per the Scheme of Recruitment approved by the Department of Management Services for the post of Director Finance had been recruited for the post of Director Finance and a total of Rs.7,666,842 had been paid as salaries and allowances from May 2017 to 31 December 2020 .Even though this had been pointed out in the previous 02 years, actions had not been taken to rectify it.
- The Regular recruitment should be done as per recruitment procedure.
- An investigation is also being carried out by the Bribery or Corruption Investigation Unit regarding the recruitment, and I would like to inform you further that the relevant actions will be taken in accordance with the answer received and sub-section 11.9 of Chapter II of the Establishment Code. No action has been taken until the end of 2021.
- (e) A statutory payment of Rs.39,930,000 to be settled to the Treasury had
- Since it is a statutory payment, arrangements should be made to
- This settlement has been delayed due to insufficient earnings in
- Action had not been taken to pay the money until the end

not been settled even after negotiate with the previous years. of 2021.
a period of 02 years. Treasury.

- (f) 27 projects worth Rs.20,420,827 which were included in the project creditor balance list have been inactive since 4 to 7 years, but no action was taken to investigate and settle the related liabilities. Also, according to the project schedule and the tender deposit document, it could not be confirmed during the audit that the project reports for 54 projects with a value of Rs.70,554,695 have been submitted to the respective client. Inactive projects should be searched and related liabilities should be settled. Project No. 01 has been completed and procurement is in progress for purchase of equipment. The two projects No. 08 and 09 in the balance list are ongoing projects and should be removed from the list. Project No. 12 has been repaid to the Ministry of Finance. Although projects numbered 14 to 26 were identified as non-functional projects and submitted to the governing body for write off approval, they were kept for re-submission due to non-discussion. No corrective action has been taken in the year 2021 either.

99. National Institute of Fundamental Studies

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

Audit Observation	Recommendation of Auditor General	Preventive Measures Taken by the Auditee	Present position in that regard
(a) According to Regulation 756 of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka, an Annual Board of Survey should be conducted every year, but the library belonging to the National Institute of Fundamental Studies had not conducted Annual Board of Surveys since 2019.	Actions should be taken according to Financial Regulations.	A committee has been appointed to survey the items of the library and the survey of the items has started.	Corrections had not been made in the year 2021.
(b) According to Treasury Circular No. 842 dated 19 December 1978, a fixed asset register had not been maintained in respect of fixed assets valued at Rs.1,073,884,363.	Actions should be taken according to Circular	Preparation of Fixed Asset Register has been started.	Corrections had not been made.
(c) The land belonging to the Hantana estate with an area of 14 acres, 02 roods, 17.5 perches had been handed over to the National Institute of Fundamental Studies by	Arrangements should be made to legally take over the ownership of the land.	The acquisition process has been delayed as there is a case between another person and the Land Reforms Commission regarding the ownership of this land.	Land acquisition activities had not been completed.

the National Estate Development Board on 08 June 1990, but by the end of the year 2020, no action had been taken to obtain its permanent ownership.

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| (d) | The 5 research projects proposed to be implemented in the years 2018 to 2020 with an estimated value of Rs. 566.6 million had not been implemented due to non-approval of the Ministry of Science, Technology and Research. | The relevant approvals should be obtained and the projects should be implemented. | The 05 research projects which the estimated value of Rs.566.6 million suggested to be implemented for the years 2018-2020 have not been approved so far. | Steps had not been taken to get the approvals and start the projects. |
| (e) | Action had not been taken to obtain the relevant patents for 03 projects implemented by the National Institute of Fundamental Studies by the end of 2020. | Obtaining of patents licenses activities Should be followed up. | Steps have been taken to expedite the follow-up process of obtaining patents. | Arrangements had not been made to obtain permits. |
| (f) | Although an agreement had been signed with a private organization on 28 March 2016 to establish an Integrated Software system for the National Institute of Fundamental Studies, an agreement had been signed again on 26 March 2018 due to the | According to the agreement, arrangements should be made to get the future work of this system done quickly. | It has been decided not to implement the system in the future in the Governing Body meeting held on December 30, 2021 due to the fact that the needs of the institution are not being met properly and it is technically obsolete. | Alternative activities had not been considered. |

non-installment of the relevant system. Although the institution had spent an amount of Rs.660,000 in advance and an amount of Rs.6,864,960 for the purchase of computers and accessories, the system had not been installed by the end of 2020.

- (g) An amount of Rs.63,862,681 allocated for capital projects had not been utilized for the related purposes and Rs.51,287,288 had been invested in a bank. Necessary arrangements should be made to utilize the funds expeditiously. So far, only a part of this money has been used for the related works and the related works have been started with the rest of the money. The planned activity had not been completed until the end of the year 2021.
- (h) According to paragraph 9.10 of the circular of the Director General of Public Enterprises No. PED/12 dated 02 June 2003, it is stated that in the staff management, the existing vacancies should be filled in a short time, but as of 31 December 2020, there were 27 vacancies in 09 positions in the staff of the National Institute of Fundamental Studies. Out of which 17 officers were the research staff, It was difficult to achieve the Arrangements should be made to fill up the vacancies expeditiously in accordance with the circular instructions. Arrangements have been made to fill up the vacant posts expeditiously. The scheduled vacancies had not been filled till the end of the year 2021.

basic objectives of the National Institute of Basic Studies established for research purposes.

- (i) For a period of more than a year, the position of internal audit was vacant but no suitable person had been recruited for it and no internal audit was conducted in the institution during that period.
- An internal auditor should be recruited and maintain internal audit activities.
- Arrangements are being made to recruit an Internal Audit Officer.
- An internal audit unit has not been established.

100. Institute of Industrial Technology

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

Audit Observation	Recommendation of Auditor General	Preventive Measures Taken by the Auditee	Present position in that regard
(a) A 06 bank accounts value of Rs.6,443,743 had been maintained as inactive bank accounts for over 6 years.	Necessary action should be taken against inactive bank accounts.	These bank accounts belonging to several projects are being activated.	These accounts was remain inactive until the end of the year 2021.
(b) The amount of Rs.16,799,429 due from 20 officials who violated the terms of the foreign scholarship agreements had not been recovered as of 31 December 2020.	Actions should be taken to recover from the officials who violated the agreements as per the agreement and without delay.	One officer has arranged to pay this amount according to the agreement.	One officer has arranged to pay this amount according to the agreement.
(c) According to Sri Lanka Public Sector Accounting Standard No. 03, the effective life time of the assets should be correctly identified and corrections should be made in the accounting estimates, but the effective life time of the fixed assets, which were fully depreciated but still in use at a cost of Rs.804,936,305, should be re-reviewed and included in the financial	According to Sri Lanka Public Sector Accounting Standard 03 fully depreciable but used assets should be dealt with.	Although the assets that are fully depreciated, but currently in use should be recalculated, it has been difficult to do this due to the practical difficulties for revaluation of these assets and the situation in the country. But for that, we were working to obtain the services of an experienced client.	Necessary actions had not been taken in the year 2021 as well.

statements, but action had not been taken to enter them.

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| (d) | Unrecognized direct bank credits up to 31 December 2020 amounting to Rs.12,756,253 had been shown in the financial statements under current liabilities as payables without any arrangements being made to identify them. | Unidentified Direct Bank Credits should be properly identified | To avoid this situation, some necessary measures to identify and account for the relevant direct banking transactions have been implemented from the end of the year 2021. And the bank has been informed not to allow money to be collected in our account without a proper invoice number. | Unrecognized total credits had not been identified until the end of 2021. |
| (e) | 1 to 7 year old aggregate Rs.14,535,683 in the receivable balance, the sundry debtor balances had not been recovered in the year 2020. | Actions should be taken to recover money from debtors. | The State Ministry of Science and Technology has been requested several times to pay the due rent based on the time spent in the Institute of Industrial Technology on rental basis. The relevant parties have been informed to pay the money for the refundable air tickets and if the money is not paid, legal proceedings will be taken. | The loan had not been recovered until the end of the year 2021. |
| (f) | In order to prevent spending huge fee for foreign countries to obtain drug testing laboratory | Necessary arrangements should be made to obtain the research work done at the expense of foreign | This process is within the primary objective and as it is a national interest, the Ministry of Energy | Taking efficient and effective measures had been failed till the end of the year |

services foreign countries exchange to the and the Public Utilities 2021
was the purpose of setting pharmaceutical laboratory Commission of Sri Lanka
up the pharmaceutical established in the Institute are fully committed to it,
laboratory in the Institute of Industrial Technology. and as per the decision of
of Industrial Technology the Council of Ministers,
at a cost of 99 million activities are underway to
rupees is not fulfilled implement it as soon as
because the testing possible.
activities carried out by
foreign countries are not
directed to be carried out
in this laboratory. It was
not possible to prevent the
expenditure of foreign
exchange.

101. National Engineering Research and Development Centre of Sri Lanka

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

Audit Observation	Recommendation of Auditor General	Preventive Measures Taken by the Auditee	Present position in that regard
<p>(a) According to the request made by the Ministry of Industry and Commerce, dated 15 October 2015, the project for inventing a machine for drying tiles had been commenced on 01 February 2016. The project had been scheduled to complete by 31 December 2016. Although a sum of Rs.2,000,000 had been received in that connection, expenses totalling Rs.5,668,011 had been incurred. However, the streamlining of the machine had not been completed even up to March 2022.</p>	<p>Action should be taken to obtain consent of the relevant institutions prior to incurring expenses.</p>	<p>With the agreement of the union of tile factory owners, the relevant industrialist was given permission to use the machine by employing human labor. Using the knowledge gained from this project, it is expected to work in collaboration with the Ministry of Clay and Brass to handle the industries effectively by using the temperature patterns etc. correctly for the clay related industries.</p>	<p>An additional estimate of Rs.2.7 million was presented for this purpose, but the project was stopped due to the failure of the Ministry of Industry to provide that amount of money.</p>
<p>(b) Twenty new technologies and technology instruments had been invented by the Center relating to the period 2014 – 2018, and a cost of Rs.15,400,882 had been</p>	<p>That the efforts should be made to popularize the identified technologies.</p>	<p>Various improvements were made to the technologies that were not transferred, and even though those technologies were not transferred, steps were taken to</p>	<p>Promotion of other technologies is in progress.</p>

incurred thereon. But by December 31, 2020, only 6 technology and technology equipments costing Rs.2,589,194 had been transferred.

conduct field tests and spread them in association with various institutions.

- (c) Even though Advance of NERDC cremator for Environmental Performance Project of estimated cost amounted to Rs.25,845,838 scheduled to be completed within 07 months period as per the Agreement dated 20 October 2017, it had been extended up to 30 September 2019 as per the amended Agreement dated 01 July 2019. However, the project activities had not been completed as at the same date.
- While deciding the time for the project, taking into consideration the practical conditions, realistic time should be given for the completion of the project and necessary arrangements should be made to complete the project promptly.
- Although several discussions were held with the Mayor of Kurunegala Municipal Council, the acceptance of the project is being postponed due to some reasons.
- The project work had not completed until the end of 2021.
- (d) According to Sri Lanka Public Sector Accounting Standard No. 03, the effective life of the assets should be correctly identified and corrections should be made in the accounting estimates, but due to failure to do so, the assets that have been fully depreciated and are
- The useful life time of fully depreciated but still in use assets should be reviewed and shown in the financial statements.
- A review of the effective life time is underway. No steps have been taken to review the life time in the year 2021.
- A review of the effective life time has not been undertaken in the year 2021 either.

already in use, the effective life of the infrastructure cost of Rs.116,014,265 had not been reviewed and applied in the financial statements.

- (e) The contractual period had been extended for 04 projects planned to be completed in the year 2020 within a time span of 01 to 05 years due to deciding the project period without studying the practical problems that affect it such as technical problems and getting raw materials while deciding the time for the projects.
- The project duration should be determined taking into account the circumstances affecting the practice.
- The crematorium has been handed over. The project of Smart Pet Bottle Cutting Machine was completed in September 2020. 2 projects were Implementation of fuelwood feeding system was extended to April 2021 as major changes had to be made to fit the project. A machine designed to compress coconut dust and obtain coconut oil, but that machine was not successful, so a Korean engineering team came to Sri Lanka and assembled and sent a machine again.
- The Kurunegala Municipal Council had not taken over the crematorium in the year 2021 either. 2 projects were completed and the coconut dust extractor machine was not successful. As expected through this research project, the extraction of coconut oil using discarded coconut dust by the machine produced was not successful.
- (f) 04 new technological inventions completed in 2020 costing Rs.1,731,860 have not been patented, licensed or assigned for use. It was also observed that these technologies are very
- Whenever possible, steps should be taken to obtain patents and to socialize new inventions quickly.
- Technology assignments for completed technologies will be done in future.
- Awareness programs, exhibitions, training programs etc. are conducted to speed up socialization of improved technologies.

important and necessary for society today and they are technologies that should be socialized very quickly.

- (g) the center gives licenses to the entrepreneurs for the purpose of socializing the new technologies identified by the center and It was observed that the entrepreneurs are less responsive to renewing the licenses due to reasons such as after giving the licenses, there is no follow-up on the technologies or giving instructions to improve them. At the beginning of the year under review, there were 102 license holders but only 63 had renewed their licenses.
- After issuing the licenses to the entrepreneurs, the licensees should be placed in the position of renewing the licenses by doing the necessary follow-up actions and giving the necessary instructions.
- Entrepreneurs have been encouraged to work more closely with the NERD Institute by advertising the technologies provided by the Institute and passing on the resulting requests to the respective licensees.
- By the year 2021, about 80 licensees have taken steps to renew their licenses.

102. National Research Council

Auditor General's Opinion on Financial Statements

2018 - Non-qualified Opinion

2019 - Qualified Opinion

2020 - Qualified Opinion

Audit Observation	Recommendation of Auditor General	Preventive Measures Taken by the Auditee	Present position in that regard
(a) A procurement plan/time frame should be obtained from the researcher for procurement of equipment without delay to ensure completion of the research projects efficiently and within the expected period but this had not been done.	Before starting a research, a plan should be made regarding what equipment is needed and how to purchase them.	The panel felt that it would be impractical for over a hundred researches to obtain a time frame and check whether it was followed. Therefore, it was stipulated that all major equipment procurement should be done within the first 09 months of the research.	The National Research Council will return the money reserved which allocated to the main equipment from projects that do not procure the main equipment in the first 09 months to the main account of National Research Council.
(b) 03 projects with a cost of Rs.16,024,000 have been recognized as having the potential to be improved for commercialization, but no action has been taken to do so.	That a system should be introduced to identify commercializable research and improve it.	The three relevant researchers were brought to the National Research Council and the line ministry was informed about the implementation agencies that should be contacted in this regard.	Commercialization and development activities had not been completed.
(c) The relevant projects had been completed and after giving A / A+ grades and after handing over equipment for 50 projects worth Rs.189,442,776 out	Attention should be paid to carry out following up activities and to take further action to bring successfully completed projects into practical use	A follow-up action will be done for the projects that will be completed in the future.	A systematic follow-up process related to practice had not been designed and implemented.

of the projects evaluated in order to get their contribution in the growth in the years 2019 and 2020, any following up of the national economy. activities had not been carried out

- (d) Although it had been inquired by the final report on the future steps and future plans that should be taken by the lead researcher of the relevant research in relation to that research as the national wealth spent on research should ultimately be directed towards the public interest, it was observed that the attention paid by the lead researcher in that regard was in a minimal level and some researchers had not taken action even to complete that section.
- (e) According to the letter of awarding funds to the researcher for carrying out Research Projects, the project is considered as successfully completed one when the result / findings related to the project are presented in a recognized journal,
- This should be taken into consideration when project proposals are evaluated.
- Researchers have been informed to complete and send the relevant sections.
- The research proposal format is being updated to reflect these issues at the time of project proposal evaluation.
- Action should be taken to derive maximize economic benefits from the money spent on research.
- Although it is the National Research Council's method to consider the publication of an SCI as the criterion that determines the success of research projects, publishing an SCI publication as soon as a project is completed
- Efforts have been made to implement the Impact Assessment process more robustly.

especially in a SCI publication. However, it was observed at the audit conducted in relation to 74 projects valued at Rs.321,581,980 evaluated during the years 2016-2019 that 27 projects worth Rs.114,591,296 had not been published by SCI Publications.

has been a difficult task for many researchers because it takes some time. The Impact Assessment process has been strengthened to report the benefits of research conducted.

- (f) The task of coordinating with the institutions that should be involved in the application of the outcomes obtained from research for the needs of the country had not been adequately accomplished and accordingly, the methodology required for the practical application of the outcomes of research had not been developed.
- There should be a proper coordination with the required government institutions to apply the outcomes of the research for the needs of the country.
- These coordination activities are done during various other programs. There are no separate officers for this and we are doing the best we can with the current number of officers.
- Actions had not been taken to create a substantive system with the limited number of officers and to fill the existing vacancies.
- (g) One research amounting to 49,500,000, out of four (04) researches worth Rs.193,086,099, which should have been started in the year 2014 and completed in 05 years with the objective of solving problems of national relevance in
- Efforts should be made to complete researches within the proper scheduled time and to submit the research reports properly.
- In the year 2021, the final reports of 03 grants have been obtained, the evaluation work has been done and the findings have been notified to the relevant ministries through our ministry.
- The project had not been completed even in the year 2021.

relation to the economic development, social welfare and environmental sustainability of the country as Targeted Multi-Purpose Mega projects (TO research), had not been finalized even by 8 of April 2021, the date of audit. The final reports of the other researches, of which the research activities had been finalized had not been submitted and evaluation of research had not been carried out.

- (h) Approximately Rs.50 million had been granted for one research under Targeted Multidisciplinary Grants (TO) and the entire amount had been deposited in the current account for a period of about 05 years. Thus, the amount deposited in current accounts at the end of the year under review was Rs.463,619,984. Moreover, subsequent to selecting researches by the Council, grants
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| <p>Funds received for research should be used with maximum efficiency and research should be started as soon as possible after receiving the grant.</p> | <p>The primary reason for multidisciplinary grants is to finance ongoing research in cases where the Treasury fails to provide funds for the research from time to time.</p> | <p>In the year 2021, the situation did not change and there were delays.</p> |
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amounting to Rs.180,464,683, received for 40 Investigator Driven researches for the period of 2017 to 2019 had been deposited in the current accounts opened for each research for incurring expenses of researches and thereafter, the initiation of researches had been delayed for a period of 03 months to 15 months and as a result, the said amounts remained non-performing in the current accounts.

103 Ceylon Fisheries Corporation

Auditor General's Opinion on Financial Statements

2018 - Disclaimer of Opinion.

2019 - Disclaimer of Opinion.

2020 - Audit is in progress.

Audit Observation	Recommendation of Auditor General	Preventive Measures Taken by the Auditee	Present position in that regard
<p>(a) According to paragraph 13.3 of Chapter II of the Establishment Code of the Democratic Socialist Republic of Sri Lanka, an acting appointment should be made only as a temporary remedy until a regular appointment is made but 06 officers had been appointed as acting basis for continuous since 2016.</p>	<p>The corporation should act to appoint permanent officers for permanent posts without delay.</p>	<p>No action has been taken to correct the relevant appointments.</p>	<p>The situation remains the same.</p>
<p>(b) No. 01/2015 and Section 01 of public enterprises Circular dated 25 May 2015, 36 MM 1-1 and JM 1-1 category officers who were not entitled to receive transport allowances, 36 officers had been paid transport allowances totaling Rs.3,133,500 during the year under review with the approval of the Board of Directors.</p>	<p>Arrangements should be made to pay transport allowances as per the instructions given in the circular.</p>	<p>Board approvals have been obtained for payment of travel allowances to Port Managers and Deputy Port Managers and this allowance is paid considering the logistical difficulties of the ports due to the considerable distance to travel from the ports to other government agencies.</p>	<p>Allowance payments had been made in the year 2021.</p>

- (c) According to Management Service Circular No. 05/2017 dated 25 October 2017, contrary to the provisions of payment of professional allowances for senior level officers of public corporations, a monthly allowance of Rs.15000 per each per month had been paid for 07 engineers of the corporation during the year under review and a total of Rs.1,080,000 had been paid as allowances.
- Arrangements should be made to pay professional allowances as per the circular.
- In addition to the engineering allowance, the professional allowance payable to the executive officers of the corporation according to the circular but professional allowance had not been paid and engineering allowance had been paid subject to the approval of the board of directors.
- Allowance payments had been made in the year 2021.
- (d) Contrary to the public Enterprises Circular No. PED/12 dated 02 June 2003, the Corporation had released 13 employees of the Corporation to the line ministry and other government institutions and had paid Rs.7,579,704 as salaries and allowances during the year under review.
- Arrangements should be made to pay salaries and allowances as per the circular.
- These employees have been requested in writing to be assigned to the line ministry on a temporary basis on 24 August 2020 and necessary arrangements are being made to reimburse the relevant salaries and allowances from the ministry for this service.
- No action had been taken to recover wages.
- (e) No. 2/2017 and Ministry of Finance and Mass Media circular dated 21 December 2017 as of 31 December 2020, 08
- According to the circular, the vehicle registration should be done in the name of the corporation.
- A written request has been made to the Ministry of Fisheries and Aquatic Resources to transfer the ownership of these assets
- Registration of vehicles had not been done till the end of 2021.

	vehicles had not been registered in the name of the corporation.		to the Ceylon Fishery Harbor Statutory Corporation.	
(f)	In determining the monthly rent, the corporation has not obtained the valuation reports from the government assessor for building and running an ice plant on a land of 40 perches in the Ambalangoda fishing port for a monthly rent of Rs.100,000 and 04 perches for running a shop selling lubricants for a monthly rent of Rs.10,000 and It had been leased to a private company in 2014.	The corporation should get the government reports while deciding the rent and take the decisions accordingly.	It has been forwarded for government assessment and the lease rent will be updated after receiving the relevant assessment reports.	Till the end of the year 2021, the lease rent dues have not been updated.
(i)	According to the technical specification, the capacity of the fuel pumps should be 150 liters per minute, but the capacity of the supplied fuel pumps was 138 liters per minute and due to the non-use of the installed fuel pumps on 11 March 2019, Rs.3,824,200 paid to the supplier was also an idle expense. Furthermore, the	The Corporation should always ensure compliance with technical specifications while making purchases.	The concerned agency has installed 08 pumps in the ports of Kodbe, Dikovita, Beruwala, Galle, Mirissa, Puranawella, Kuduwella, Ambalangoda. Accordingly, the corporation has utilized those pumps, and has only paid the advance amount to that institution, but has not paid any other amount to that institution.	By the end of 2021, the situation remained the same.

necessary actions had not been taken regarding the non-supply of goods as agreed and the supply of fuel pumps that did not match the requirement.

Accordingly, I am informed that the value of the relevant pumps has exceeded the advance amount.

- (j) On 08 November 2017, it was agreed with a private company to supply and install fuel tanks at 06 fishing ports for Rs.11,363,000. Although it was 506 days late than the scheduled time, the installation of fuel tanks was not completed as agreed and from the period of delay from 15 December 2018 to the date of audit 28 March 2019, a late fee of Rs. 11,703,809 had not been collected from those responsible persons.
- Arrangements should be made to recover the delay charges from the responsible persons for the delay in installing the fuel tanks.
- The company had duly supplied the tanks to the ports. But more time had to be given to install the tanks because the work at the places where the tanks were to be installed had not been completed properly. So far, the work of establishing tanks in 05 ports has been completed.
- Action had not been to collect the late chargers.
- (k) In the year 2014, an agreement had been entered into with a private company for the sand removal of Panadura port and an advance of Rs.20,000,000 had been given to that company without obtaining a guarantee. According to the terms of the
- It is the management's responsibility to identify the responsible officials and take further steps regarding the losses incurred without following the government rules.
- The necessary files were handed over to the legal department to carry out the necessary legal proceedings to recover the amount of Rs.16,894,354 which is still to be recovered from the advance amount of Rs.20,000,000.
- Referred to legal proceedings.

additional agreement dated 10 December 2015, the advance amount should be setoff from the money sold by the mined sand by the private company, but the said money was not recovered till the end of the year 2020, but no legal action had been taken till the date of audit.

- (1) Although the corporation had the necessary vessels for sand removal, a contract was awarded to a private company on 23 October 2018 for removal of 20,581 sand cubes, but no contract agreement was signed with the contractor. Although the total amount of sand to be removed is 20,581 sand cubes, from 23 October 2018 to August 2020, only 3,426 sand cubes or 16 percent had been removed and according to the Special Gazette of the Democratic Socialist Republic of Sri Lanka dated 06 March 1997, sand was not removed to allow vessels to enter the fishing port. Therefore,
- As the sand is not removed to allow the vessels to enter the fishing port, the purpose of maintaining the harbor basin should be fulfilled.
- The Corporation had signed the relevant agreement with the contractor and as the sand removal work was not done as per the letter of award, the relevant agreement was suspended on 10 February 2021.
- Actions had not been taken to maintain the port basin.

the purpose of the corporation to maintain the port basin was not fulfilled.

- (m) Modara Fishing Port, When leasing the In the Board of Directors The situation which earned 73 percent property of the meeting held on 28 remained the same of the total operating corporation, formal August 2020, the Board until the end of the profit before 2014, For a agreements should be of Directors has approved year 2021. period of 25 years from made and rents should be the termination of the 30 October 2014, based charged according to the lease agreement, and the on the assessed value of a government's assessment draft letter of termination private valuer, at a values, and in case of of the lease agreement monthly rent of Rs. long-term non-payment has been prepared and 125,000 had been leased of rents, the agreements forwarded to the Attorney to a private entity. Then should be canceled and General's Department. as per condition No. 03 necessary actions should be taken. the additional agreement entered into between the corporation and the lessee on 10 June 2015, the monthly lease rent of the government valuer was Rs.1,700,000 and agreed to be charged, but the harbor basin was not included in the assessed value. Thus, the corporation should have received a lease rent income of Rs.106,203,391 by the end of the year 2020 due to non-payment of monthly lease rent by the government valuer, but no legal action had been

taken to recover the money that was not received.

- (n) As on 31 December 2019, the total prepayment balance was Rs.36,659,355 and it was between 4 and 5 years, over 5 years and over 10 years respectively Rs.614,653, Rs.11,551,997 and Rs.24,492,700 and Although this allowed the private party to use the corporation's assets illegally, the responsible officials had not been identified and legal action had not been taken until the end of 2020.
- (o) The Sayuri vessel belonging to the Corporation had been deployed for dredging operations at Oluwil Fishing Port owned by the Port Authority from 16 December 2016 to 09 March 2017. However, an agreement had not been signed for this and the port authority owed to the corporation Rs.24,840,000 could not
- When employing the vessels belonging to the corporation for the services of other institutions, formal agreements should be signed.
- Written requests have been made on several occasions to recover the relevant money from the Port Authority.
- In the year 2021 also, the receivables had not been collected.

be recovered till the end of 2020.

- (p) According to Section 2 of the State Industrial Statutory Corporations Act No. 49 of 1957 and the Special Gazette of the Democratic Socialist Republic of Sri Lanka dated 06 March 1997, the Corporation had failed to fulfill the purpose of providing repair and maintenance facilities for fishing vessels to the fishermen. Action had been taken to achieve the objectives of the Corporation as per the provisions of the Act. Taken actions had not been presented. The situation remained the same till the end of 2021.
- (q) In spite of the fact that the Treasurer's Representative has pointed out in the Board of Directors meeting reports that the State Finance Circular No. 380 dated January 19, 2000 cannot be applied to the Ceylon Fishery Harbor Corporation, the total Rs.7,031,121 had been paid in 2019 for 23 officers of the corporation as consultancy fees for providing consultancy services for the construction works of Mirissa and Halawata The corporation should not make payments based on circulars that cannot be applied to the corporation and it should take action against the officers who approved the payments and recover the payments made according to the non-applicable circulars. As we later found out that this circular does not apply to our corporation, the payments in this regard have been suspended. In the year 2021 also, these payments had not been recovered.

Fishing Ports from corporation received Rs.9,350,000 as the consultancy service income, based on the said circulars without obtaining the approval of the Treasury. It was also observed that providing these consultancy services is against the objectives of establishing the corporation.

- (r) Although the committee had taken a decision to stop the supply of fuel on credit, fuel of Rs.22,868,579 was provided on credit basis in the year under review and Rs.5,675,373 anchor charges were also outstanding.
- Suspension of supply of fuel on credit basis and formal recovery should be done.
- Fuel is not supplied to fishermen on credit and fuel sales at all ports are accounted for on credit basis. The case bearing case number CFHC/489/12/MR to recover the amount of Rs.5,675,373 due has been filed in the Colombo Commercial Court and is currently under investigation.
- It had not been recovered in the year 2021 either.
- (s) Although the committee had instructed to prepare the new recruitment procedure and submit it for the approval of the Cabinet, the recruitment procedures had not been prepared and submitted
- Regarding the payment of salary increment contrary to the circulars, the management should take steps to correct the said mistakes.
- After preparing and submitting the new recruitment procedure, the approval was received on 14 April 2018.
- Actions had not been taken to recovery of overpaid wages.

for approval from the year 2014 to the year 2020 and the management did not take steps to correct the mistakes regarding the payment of salary increment contrary to the circulars.

- (t) According to the committee decision of the 74th meeting of the Committee On Public Enterprises held on 18 February 2014, Rs.36,659,356 had not been recovered for several years and no legal action had been taken. Actions should be taken to rectify prepayment balances older than 10 years. Since the balances are more than 10 years old, they have been referred to a committee to look into them and do the necessary action to settle the balances. There was no recovery in the year 2021.
- (u) Although the corporation's accounting policies state that the leased property is measured at its fair value and presented in the financial statements, the fair value of 87 properties leased by the corporation had not been appraised and presented in the financial statements and at least, the descriptions of the leased properties in the financial statements did not include the cost. The fair value of the assets should be revalued and those values should be presented in the financial statements. After revaluation of the assets, I took notes to present their values. In the year 2021, the assessed values of tax properties had not been shown in the financial statements.

- (v) There are 21 ports operating under the Fishery Harbor Statutory Corporation, of which the land of 16 ports has not been formally acquired by the end of 2020. The land allocated for the construction of the port should be taken over and accounted for. Management has not commented.
- The acquisition had not taken place till the year 2020.
- (w) According to the agreement dated December 29, 2013, the 100 ton Diyath Maga, employee hostel and mechanical workshop owned by Kodbe Fishery Port had been handed over to a private party on lease basis for repair and use within 06 months. By the end of the year 2020 Diyath Maga improvement year, the corporation had not collected the rent money from the lessee. It is responsibility of the management to collect the rent. Legal proceedings have been taken as per agreement for recovery of tax arrears. The contract has been cancelled. Year 2021 rent arrears Rs.6,174,021 have been filed cases for recovery. Own by use (Bhukti) has been taken over.

104 . Tower Hall Theatre Foundation

Auditor General's Opinion on Financial Statements	2018	- Qualified Opinion.
	2019	- Qualified Opinion.
	2020	- Qualified Opinion.

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) The balance of Other Receivable Account was Rs.4,049,035 as at the end of the year 2018 and a balance of Rs.1,652,321 out of that was outstanding for over a period of one year. The Foundation had not taken proper measures to recover these receivable balances.	Action should be expedited to recover amounts receivable to the Foundation.	Action has been taken by now to settle about 25 per cent of these balances and relevant institutions (Department of Cultural Affairs) have been briefed by letters for settling remaining receivable balances and it is kindly informed that action will be taken to settle them as quickly as possible.	Relevant balances have not been settled so far.
(b) Treasury approval had not been obtained for opening two current accounts and two savings accounts owned by the Foundation.	Action should be taken to obtain the Treasury approval in terms of Financial Regulations.	Further action will be taken to obtain the Treasury approval for these accounts.	Relevant approval has not been obtained.
(c) Although the entire class of property, plant and equipment should be revalued in terms of paragraph 49 of the Sri Lanka Public Sector Accounting Standard 7, only the land and Head	Action should be taken to revalue the entire class of property, plant and equipment to which an asset belongs in terms of the provisions of the Standard.	Even though the Head Office is our own property, it had been leased out for a period of 30 years and as such, its revaluation has not been carried out. Preliminary works have been done on	As the relevant error has not been rectified, it remains the same

Office buildings out of lands and buildings that existed in 2016, had been revalued for Rs.614,000,000 and Rs.163,000,000 respectively and 2 plots of land valued at Rs.328,000,000 and 4 buildings valued at Rs.400,360,931 as at 31 December 2020, had not been revalued even by the end of the year under review.

this re-valuation activities and necessary letters have been sent to the Government Valuation Department. Accordingly, it is kindly stated that steps have been taken to complete this revaluation before 30 June 2022.

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| (d) | <p>When accounting for the value of a cab on 01 January 2019 donated by the Ministry of Education in the year 2018, instead of fair value existed as at the date of acquisition of assets in accordance with paragraphs 25 and 43 of Sri Lanka Public Sector Accounting Standard 7, the value assessed for insurance activities amounting to Rs.4,000,000 in the year 2017, had been brought to account considering as the cost.</p> | <p>Action should be taken to indicate the fair value of assets in the financial statements following the provisions of Standards.</p> | <p>It is accepted that it was an error occurred due to lack of knowledge. Action has been taken to provide a training for relevant officers and the Valuation Department is conducting the revaluation activities by now and it is kindly mentioned that it would be completed by the end of April.</p> | <p>As the relevant matter has not been rectified, it remains the same.</p> |
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| (e) | <p>The Foundation had failed to make available information / files/ documents on 5 accounts balances totalling Rs.79,091,701 brought forward over many years.</p> | <p>Action should be taken to make available the necessary evidence for Audit.</p> | <p>Those balances have been recorded in the books of accounts since the early days of the Tower Hall Theater Foundation. However, it is kindly stated that there is no evidence whatsoever can be found relating thereto.</p> | <p>As the relevant information has not been made available, the said deficiency remains the same.</p> |
| (f) | <p>Even though according to Section 8 of the Tower Hall Theatre Foundation Act, No.1 of 1978, it had been stated that, this land and the buildings on it should not be used for any purpose other than for the task of promoting and enhancing national dance activities and if not used for those purposes, then it will be returned to the Democratic Socialist Republic of Sri Lanka, the Sawsiripaya building owned by the Foundation and the land on which it is located, had been leased out to the Construction Industry Development Authority. The previous lease agreement had expired on 15 May 2016 and although that Authority</p> | <p>Action should be taken to renew the lease agreement and to recover the arrears of lease expeditiously.</p> | <p>It is kindly stated that the arrangements will be made to submit to the Board of Trustees to take necessary action to renew the lease agreement and to recover the amount of lease as per the discussions made with officers of both parties and the Prime Minister to resolve the problematic situation which existed on the Sawsiripaya building.</p> | <p>As the relevant deficiency has not been rectified, it remains the same.</p> |

continued to stay in the building, no rent whatsoever had been paid to the Foundation from 15 May 2016 to 31 December 2021.

- (g) According to Sections 20 (1) and 102 of the Inland Revenue Act, No. 24 of 2017, the Foundation had not taken action to pay income tax for the assessment years 2018/2019 and 2019/2020 and action had not been taken to register for income tax or to obtain tax exemption.
- Action should be taken to exempt the taxes or to register for taxes in terms of Inland Revenue Act.
- The Tower Hall Theater Foundation is a tax-exempted institution and it is mentioned in the Act. However, it is kindly mentioned that necessary action will be taken thereon in consultation with the Inland Revenue Department.
- As the relevant deficiency has not been rectified, it remains the same.
- (h) In terms of Section 7.3 of the Public Enterprises Circular No. PED/12 of 02 June 2003, the approval of the Line Ministry and the concurrence of the Treasury had not been obtained for the Manual of the Foundation, which has been in operation since 1997 with the approval of the Board of Trustees.
- Arrangements should be made to obtain the approval of the Line Ministry and the concurrence of the Treasury for the Manual.
- Action has been taken in terms of the Manual so far. Since the approval for such manuals are not approved by the Treasury at present, it is kindly stated that action will be taken in the future in accordance with the Establishments Code and the circulars issued from time to time.
- As the relevant deficiency has not been rectified, it remains the same.

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| (i) | Steps had not been taken to amend the Tower Hall Theatre Foundation Act, No. 01 of 1978 in a timely manner. | Action should be taken to amend the Act in a timely manner. | It is kindly stated that a Committee has been appointed to carry out the amendments to the Act by now. | As the relevant deficiency has not been rectified, it remains the same. |
| (j) | Even though the artists' pension allowance existed as Rs.3,000 had been increased up to Rs.7,500 by the Decision of the Board of Trustees No. 2019/294/03/01 dated 15 March 2019, any strategy whatsoever had not been introduced to earn additional money. As a result, despite the interest income of the President's Welfare Fund was Rs.6,254,181, a sum of Rs.9,268,500 had to be paid to artists and as such, it had to use another income source to settle the arrears of Rs.3,014,319. | Future financial decisions should be taken by assuring whether the funds are available. | No proposal or measure was furnished by the then Director General to recover the arrears and the then Board of Directors have approved these proposals on the basis of political influence and not on a clear agenda. We will make arrangements not to do such informal things in future. | As the relevant deficiency has not been rectified, it remains the same. |
| (k) | Even though a total sum of Rs.1,603,450 had been estimated for the years 2018-2020 for the project of creating a CD containing Nadagam Songs, a total sum of | Action should be taken to complete project works as planned. | It is kindly stated that release of a CD containing Nadagam Songs has been completed during January 2022. | As the purpose has not been completed, it remains the same.. |

Rs.249,576 comprising
Rs.61,665 and
Rs.187,911 had been
spent in the years 2018
and 2019
respectively. However,
action had not been taken
to release the CD even by
31 January 2022 by
completing the work.

105 National Institute of Post-Harvest Management

Auditor General's Opinion on Financial Statements	2018 - Qualified Opinion.
	2019 - Qualified Opinion.
	2020 - Qualified Opinion.

Audit Observation	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Current Position
(a) Action had not been taken even during the year 2020 to recover 06 receivable balances amounting to Rs.1,082,708 brought forward for a period ranging from the year 2003 to the year 2018.	Action should be taken to recover the receivable balances.	The amount due from the Mahaweli Authority has been identified as an irrecoverable balance. As it is not possible to recover other receivable balances, those have not been recovered.	Only a loan balance of Rs.1,675 had been recovered. The remaining loan balance should be recovered.
(b) It had been revealed in the year 2019 that a Management Assistant working in the Accounts Division of the Institute had swindled Rs.787,932 by changing documents and the relevant preliminary investigation report had not been submitted to the Institute even by December 31 of the year under review.	Action should be taken in terms of provisions specified in paragraph 13.2 of Volume II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka	It has been stated that the preliminary investigation on the financial fraud has been completed and the final report is being prepared at present.	Preliminary investigations have not been completed.
(c) One of the main objectives of the Institute was to minimize the post-harvest loss of	A database that is capable of identifying the amount of post-harvest losses that had been minimized,	Arrangements have been made to implement the researches in this regard in the year 2021 and a	A database had not been identified.

agricultural crops and a preliminary survey conducted thereon in 2009 had identified that the post-harvest loss of perishable crops was between 30 per cent and 40 per cent. Ten years had elapsed since the conduct of that survey as at the end of the year under review, whereas the Institute lacked a database that would identify the percentage of post-harvest losses that had been minimized by the year 2020.

should be maintained.

survey will be conducted on ten economically favourable agricultural crops. The fruits such as banana, papaya, mango, guava and the vegetables such as capsicum, eggplant, tomato, bitter gourd and cabbage are some of the crops thus selected.

- (d) Although Rs.9,572,715 had been spent on patenting and commercial promotion of the research findings of the Induction of Fruit Ripening Organic Method research implemented from the year 2016 to August 2019, this project was not operational by 31 December 2020.
- In planning projects, those should be implemented so as to achieve the expected objectives.
- This is an invention and 03 research publications have been carried out in this regard.
- The project has not been implemented so as to achieve objectives.
- (e) One of the main objectives of the Research Division of the National Institute of Post-Harvest Management was
- In planning projects, those should be implemented so as to achieve the expected objectives.
- Necessary arrangements are being made by the Engineering Services Division on machines which should be
- The project has not been implemented so as to achieve objectives.

to manufacture and socialize innovative machinery after a research process. However, out of 19 innovative machinery manufactured from 2000 to the year under review, 18 had not been socialized.

improved.

- (f) With the use of provision of the Ministry of Agriculture, 500 sample tests had been carried out at a cost of Rs1,956,120 in the year 2017 for the project implemented to ascertain whether the 04 types of heavy metals were contained in 07 food items imported under the National Food Production Programme. According to the relevant project report, it had been ascertained that certain foodstuffs had contained heavy metals such as Cadmium, Arsenic and Leaf exceeding the maximum safety level. However, as per the conclusions and proposals of that report, the Institute had not
- As it has been confirmed that there were food consisted of heavy metals as per the conclusions and the suggestions of the report, all responsible parties should be directed to take appropriate action.
- In planning this project, it had been planned to analyze 1000 samples in two years. However, the final report after analyzing 500 samples, has been submitted to the Ministry as the Ministry of Agriculture has failed to provide money for the second year.
- As accreditation certificates had not been obtained, the expected objective of the project had not been achieved.

conducted further examination on the food items containing heavy-metals and provided information to all responsible parties in order to take necessary measures. As a result, the cost incurred for the research had become a fruitless expenditure.

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| (g) | The Gas Chromatograph Mass Spectrometer (CGMS) Machine which had been purchased for a sum of Rs.15,216,575 in the year 2015 for research activities and operates at fully air conditioned atmosphere while incurring a maintenance cost of Rs.275,000 per year had remained idle without being used for any purpose of the Institute by the end of the year under review. | Action should be taken to utilize relevant assets to the maximum. | The weakness pointed out is accepted. | Action has not been taken to utilize assets to the maximum. |
| (h) | For the Project titled Supply and Value Chain Management of Agricultural Crops in Sri Lanka implemented from the year 2017 to the year 2019, one hundred GPS Trackers Units had | Project should be planned and implemented so as to achieve the expected objectives. | Plans were made in the year 2019 to continue the relevant project and although provision were requested from the Ministry of Agriculture to carry out further activities in the year 2019, relevant | The project had not been implemented. |

been purchased on 05 April 2018 at a cost of Rs.1,290,000 and 130 temperature data loggers had been purchased on 22 March 2018 at a cost of Rs.4,680,000 of which 98 GPS Trackers Units and 70 temperature data loggers remained in the stores even by 25 January 2020 without being used. As the relevant equipment had not been effectively used, a sum of Rs.7,292,332 spent for the above project had become an uneconomic expenditure.

approval was not granted. However, plans are being made to introduce methodologies at State level in the future and therefore, these instruments can be used continuously.