

Local Government Enhancement Sector Project (Pura Neguma) - 2021

The audit of financial statements of the Local Government Enhancement Sector Project (Pura Neguma) for the year ended 31 December 2021 was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Article IV of the Loan Agreement No. 2790-SRI(SF) dated 21 October 2011 and 3431 – SRI(SF) dated 02 November 2016 entered into between the Democratic Socialist Republic of Sri Lanka and the Asian Development Bank. My comments and observations which I consider should be reported to Parliament appear in this report

1.2 Implementation, Objectives, Funding and Duration of the Project

According to the Loan Agreement of the Project, then Ministry of Provincial Councils and Local Government, presently Ministry of Public Administration, Home affairs, Provincial Councils and Local Government is the Executing Agency and Provincial Councils of 07 Provinces are the Implementation Agencies of the Project. The objectives of the Project are to achieve improved Local Government Infrastructure Activates of the Project and effective delivery of services through accountable and financially and technically strengthened local authorities. The objective of the subsequent loans of the project is to improve the infrastructure and services delivered by the Local Authorities and National Water Supply and Drainage Board in less-developed areas of 07 Provinces in Sri Lanka which affected by chronic diseases. Therefore, the issues relating to the improvement of water supply systems, infrastructure basic service delivery local government policy reforms and strengthening capacities are expected to be addressed. As per the Loan Agreement 2790 SRI (SF), the estimated total cost of the Project was US\$ 68.8 million equivalent to Rs. 8,940 million and out of that US\$ 59 million equivalent to Rs 7,670 million was agreed to be financed by Asian Development Bank. The balance of the estimated cost US\$ 9.8 million equivalent to Rs.1,339.33 million contributed by Government of Sri Lanka. As per the subsequent loan agreement No.3431 SRI (SF) additional loan of US\$ 60 million equivalent to Rs.8,700 million was obtained in the year 2017 to scale up well performance of the original project. The estimated total project cost is US\$ 67.8 million equivalent to Rs.9,771.47 million with US\$ 7.8 million equivalent to 1,071.47 contribution of Government of Sri Lanka. The Project had commenced its activities on 01 July 2012 and scheduled to be completed by 30 June 2015. However, the date of completion of the activities of the Project had been extended up to 31 March 2023.

1.3 Opinion

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Project as at 31 December 2021, statement of expenditure and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.4 Basis for Opinion

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

1.5 Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

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

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

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

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

2. Comments on Financial Statements

2.1 Non-Compliance with Laws, Rules and Regulations

No	Reference to the Laws Rules and Regulations	Non-Compliance	Response of the Management	Auditor's Recommendation
(a)	Presidential Secretariat Circular No PS/SP/SB/Circular/06/2019 of 19 December 2019 and Paragraph 4.d of National Budget Circular No 05/2020 of 03 September 2020	The period of the agreement made with the consultant company for project management has been extended by 24 months without ending on 31 December 2019.	As the duration of the project had to be extended due to unavoidable reasons, consultancy service also extended for 24 months from 31.12.2019 after obtaining all the relevant approvals as per the requirement of the project.	Action should be taken to expedite project consultancy works.
(b)	Paragraph 9.3 of Management Service Circular No 1/2019 of 15 March 2019	The Meetings of the Project Steering Committee required to be held once in 02 months. However, only 04 meetings had been held during the year under review.	No Comments	The meetings of the Project Steering Committee required to be held as per the Circular Instruction.

3. Physical Performance

3.1 Physical progress of the activities of the Project

According to the Project Implementation Plans, the Project had supported to 105 Local Authorities in 07 Provinces to enhance their infrastructural requirements and respective development works of 178 Local Authorities had been completed at the end of year 2017. Further, it was scheduled to carry out 29 water supply projects, 35 construction works in 29 Local Authorities under the supplementary loan facilities and out of that 11 water supply projects and 23 infrastructure projects were completed at the end of the previous year. 08 water supply projects and 02 infrastructure Projects were completed during the year under review. The issues relating to the physical Progress of such projects are given below.

3.1.1 Delays in completion of the sub projects

 The following observations are made.

No.	Activity	Date scheduled to be completed	Delay (Months)	Reasons for Delays
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(a)	Balance work of improvements to the Minneriya water treatment plant – Minneriya PS	24 March 2020	08	01. Due to restrictions of importing materials. 02. Payment delay in ADB & Local funds. 03. Delay in NWSDB approval & delay in supplying of materials by NWSDB.
(b)	Extension of Pipelines to Sewagama Canel 3 area and transmission main extension up to Sewagama water tower – Thamankaduwa PS	24 February 2020	19	01. Pipe laying delayed due to change of pipeline trace by NWSDB. 02. Scarcity of blasting materials & difficulties to obtain blasting permit. 03. Suspension of work by archaeological department. 04. Payment delay in scarcity ADB & Local Fund. 05. Due to design changes of Sewagama Tower.
(c)	Extension of water supply scheme of Thambala	06 Feb 2020	13	01. Scarcity of blasting materials & difficulties to obtain blasting permit. 02. Payment delay due to scarcity of ADB & Local Fund. 03. Additional extra work done due to design changes.
(d)	Capacity improvement to Nuwarawewa water treatment plant.	24 Mar 2020	17	Do

(e)	Improvement of Kalawewa treatment plant	15 Sep 2020	15	There is a delay due to contractor's poor performance in addition to other factors.
(f)	Improvements to Kebithigollewa water supply scheame	22 Jun 2020	08	01. Work varied from normal blasting to control blasting. 02. Scarcity of blasting material & difficulties in obtaining blasting permit. 03. Payment Delays.
(g)	Extension of water supply scheme of Nikaweratiya – Ambanpola	31 Dec 2019	24	Covid 19 critically affected.
(h)	Construction of Panangoda and Kurusawaththa drinking water supply project	29 Apr 2020	17	There is a delay due to contractor's poor performance in addition to other factors.
(i)	Construction of water supply extension to Inamaluwa and Kithulhitiyawa	04 May 2020	12	Additional Pipe laying was approved outside the original scope & hence time extensions granted to the contractor. Not receiving adequate foreign fund allocation & imprest for local funds experienced during later part of the Year 2019 and during the Year 2020.
(j)	Construction of water supply extension to Sigiriya and Habarana.	02 Apr 2020	20	Additional task given with time extension as approved by NSC.
(k)	Construction of PS office, Library and Health care center at Polgolla.	13 Nov 2019	17	This was re-designed due to land issue.
(l)	Construction of Auditorium Kadirana	26 Jun 2019	29	Completed except the furniture. Procurement process is ongoing for furniture.
(m)	Construction of Multipurpose building with market - Mahabage	08 Feb 2019	31	Severely affected by Covid -19 as it located near Welisara Navy Camp.
(n)	Improvement of Kekunadura sub town	07 Mar 2020	18	There was a delay due to shifting front side building by PS.

(o)	Construction of Crematorium and funeral parlour at Warakapitiya	21 Jan 2020	11	Delay in landscaping.
(p)	Construction of Public Market and Car Park with a Toilet Block at Homagama Town	13 Nov 2019	10	Delay in demolishing the toilet by PS.
(q)	Construction of Public Market at Wadduwa	22 Mar 2020	21	Initial delay due to design changes.

Response of the Management It is true that there are poor performing contractors. However following are the main reasons for the drawback of performance,

- Direct and indirect effects of Covid 19.
- Import restrictions imposed by Government.
- All most all the contracts are affected in year 2020 due lack of allocations/ imprest for contract payments.

Auditor's Recommendation The project is required to make influences to the contractor to complete the civil works promptly assuring the required level of quality.

3.1.2 Delays in commencement of the activities of the project

The following observations are made.

No	Activities	Allocation Rs. million	Date of commencement	Delaying Months	Responses of the Management	Auditor's Recommendations
(a)	Improvement of Kalawewa Treatment Plant	387	15 March 2019	24	No comments	Possible increases of costs of the contracts and unnecessary time extensions need to be avoided.
(b)	Kebithigollewa Water supply scheme	35	19 Sep 2019	28	The project completed and handed over.	-Do-
(c)	Water supply extention for Dambulla rural area and Kandalama	564	28 February 2019	22	EOT will be given only for valid reasons. LD will be imposed beyond that period.	-Do-

(d)	Construction of Water supply extension to Inamaluwa and Kithulhitiyawa	491.99	02 January 2019	21	-Do-	-Do-
(e)	Construction of Water supply extension to Sigiriya and Habarana areas	415	02 January 2019	21	-Do-	-Do-
(f)	Supply and laying distribution network in Bathalayaya and Belaganwewa	284	17 January 2019	21	-Do-	-Do-
(g)	Bathalayaya and Belaganwewa treatment plant	506.7	17 January 2019	21	Delays in implementation of bid evaluation process.	-Do-
(h)	Construction of Multi-purpose building at Madurankuliya	30	27 January 2019	21	Completed and handed over to PS	-Do-
(i)	Mahawila krusswatta Drinking water supply project	33	01 March 2019	23	EOT will be given only for valid reasons.	-Do-
(j)	Improvement of kekunadura sub town.	85.24	08 March 2019	23	Completed	-Do-
(k)	Construction of Crematorium at Warakapitiya	50	01 March 2019	23	All most Completed.	-Do-
(l)	Construction of public Market at Wadduwa	63.42	11 March 2019	23	EOT will be given only for valid reasons.	-Do-
(m)	Water Supply Scheme at Karuwalagaswewa	324.77	06 January 2021	33	EOT will be given only for valid reasons. Delay in imports due to restrictions and dollar appreciations	-Do-

(n)	Water supply extension to Pahaladiggalla GN Division	124.89	16 November 2020	43	EOT will be given only for valid reasons. Localize lock down critically affected.	-Do-
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3.1.3 Activities of the project not commenced

Although the following sub projects had to be commenced before April 2017, those sub projects had not been commenced up to 30 June 2022.

No	Activities	Date scheduled to be commenced	Estimated Value	Responses of the Management	Auditor's Recommendations
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			Rs. Million		
(a)	Water supply scheme for Thanamalvila and Hambegamuwa distribution system	2017 April	1,270	Project not implemented due to inadequate capacity of the water source and funds.	Sub project should be commenced as soon as possible or work schedules in Project Administration Manual should be revised.
(b)	Water Treatment plant for Thanamalvila and Hambegamuwa Scheme	-Do-	430	-Do-	-Do-
(c)	Construction of Borehole pump house chlorinators – Central Province (Three numbers)	-Do-	60	Water source yield test result failed and NWS&DB instruct to abandon the project.	-Do-
(d)	Intake tank for Thanamalvila and Hambegamuwa scheme	-Do-	100	Project not implemented due to shortage water source and fund and time.	-Do-
(e)	Construction of PS Building at Kotagala	-Do-	50	Dropped due to land issue as advised by National Steering Committee.	-Do-
(f)	Construction of PS Building at Argarapathana	-Do-	50	Dropped due to land issue as advised by National Steering Committee.	-Do-

3.2 Idle/ Unutilized/ Underutilized Resources

The following observations are made.

I. Front Office System and e-Puraneguma Software

Audit Issue	Response of the Management	Auditor's Recommendation
<p>The IT solution has been implemented known as "Front Office System" providing with hardware for 137 Pradeshiya Sabhas by the project. It was observed that the intended objective could not achieve, due to non-availability of back office system in order to support to newly introduced Front Office System. It was further revealed that out of 41 Local Government Institutions in Central Province and North Central Province, 17 Pradeshiya Sabhas have not practiced totally the above system and 16 Pradeshiya Sabhas have purchased new alternative software without implementing above system.</p>	<p>Some Pradeshiya Sabhas are not charging assessment tax and this system is not functional in such Pradeshiya Sabhas</p>	<p>Actions should be taken to correct weakness of software and use the assets and software for intended purpose.</p>

II Civil and Water supply projects

Nos	Idle Assets	Period of idle Years	Cost incurred	Reasons	Responses of the Management	Auditor's Recommendations
			Rs million			
(a)	Water Supply system at Polpithigama	03 ^{1/2}	58.32	Unnecessary construction.	Browsers have been provided to the Polpithigama Pradeshiya Saabha and necessary actions are being taken to function it.	Action should be taken to mitigate fruitless expenditure.
(b)	Bus stand at Meegahakiula	3 ^{2/3}	48.05	Due to lack of access road.	(a) The bus stand has been commissioned on 17.04.2021 for the single door buses running for short distances. (b) Land acquisition process is in progress to acquire land for road segment to connect with the Mahiyanganaya Badulla Road.	Action should be taken to support to the Pradeshiya Sabha to construct access road in order to utilize the Bus stand.

(c)	Weekly Fair, Multipurpose building, Lavatories, Water Supply System at Bandarawela Pradeshiya Sabha	4 ^{2/12}	35.86	Non available of road access, lack of water resource and water supply to maintain lavatories	Weekly fair is not functioning yet due to space issue. Department of railway agreed to release a land and PS agreed to open it soon with additional space.	Action should be taken to provide necessary facilities to use the building and other development works for intended purposes.
(d)	Weekly fair at Rathota PS	5 ^{3/4}	12.06	The Pradeshiya Sabha has taken action to convert the building to construct the stalls as it was not complied with intended plans.	10 Nos of boutiques were tendered to the vendors by PS and upper floor of the building is being used as the library. However due to effects of Covid 19, all shops and library are not functioning.	Action should be taken to use the building for intended purposes.
(e)	Bus stand at Kirama	4 ^{2/3}	36.29	Non available of access road.	Bus stand (Ground floor) is functioning. PS agreed to use the upper floor for intended purposes.	Action should be taken to provide necessary facilities to utilize the Bus stand
(f)	Crematorium at Wilgamuwa	4 ^{1/4}	16.52	Lack of demand for Crematorium.	Functioning.	Necessity of the construction of Crematorium at Wilgamuwa area should have been properly evaluated and funds provided by the Project should be utilized without being wasted.
(g)	Water Supply system at Wanathawilluwa	03 ^{1/2}	64.83	Water supply facilities had not been provided by the Pradeshiya Sabha as expected.	NWS&DB Connection has been obtained. Project is functioning.	Intended objectives of the Project should be reached in order to provide facilities to the beneficiaries.

(h)	Multy purpose building and the Bus Stand at Redeegama	03 ^{3/4}	44.05	Part of Building and the bus construction was not completed.	Building and the bus stand are opened and functioning.	-Do-
(i)	Bus stand at Mawathagama	04	43.79	Part of construction works was not completed.	Bus stand is functioning. Construction works in upper floor is also started and carried out by PS.	Action should be taken to utilize the Buildings constructed.
(j)	Water supply scheme at Wilgamuwa	4	39.98	There was not proper plan and ground level had not been considered in construction of the water tanks.	Renovation work is ongoing with AW 01 contract under additional financing to consolidate the sub project.	Action need to be taken to consult the specialists and rectify the errors.
(k)	Water supply scheme at Diklanda	4 1/6	28.62	Feasibility studies had not been carried out and as a result the construction was remained idle.	Defects identified in the Project were corrected. Now functioning.	Action should be taken to use the assets for the intended purpose.
(l)	Comfort Centre - Ipalogama	4 ^{5/6}	2.81	Feasibility studies had not been carried out and as a result the construction was remained idle.	Sub project is functioning.	-Do-
(m)	Water Supply Extension to Thambalawewa extensions in Bandiwewa Water Supply Scheme in Polonnaruwa District.	3 ^{5/12}	77.60	Capacity of Minneriya water treatment plant is not enough for this water supply scheme.	Minneriya water treatment plant is being developed by NW&DB	-Do-

(n)	Extension of pipelines to Sewagama Canal 3 area and Transmission main extension up to Sewagama Water Tower	1 ^{7/12}	428.35	Water supply facilities had not been provided by the NWS&DB as expected.	NWS&DB is responsible for providing domestic connection according to the signed memorandum of understanding.	-Do-
(o)	Extension of Water Supply Scheme of Thambala in Polonnaruwa District	1 ^{1/12}	269.72	Water supply facilities had not been provided by the NWS&DB as expected.	-Do-	Action should be taken to provide water supply connection.
(p)	Water Supply Extension to Mahailuppallama and Thirappane in Anuradhapura District	2 ^{5/12}	168.66	Water supply facilities had not been provided by the NWS&DB as expected.	-Do-	-Do-
(q)	Water Supply Extensions to Elagamuwa Main and Distribution System in Anuradhapura District	1 ^{1/3}	406.37	Water supply facilities had not been provided by the NWS&DB as expected.	NWS&DB is responsible for providing domestic connection according to the signed memorandum of understanding.	Action should be taken to provide water supply connection.
(r)	Improvements to Kebithigollewa Water Supply Scheme, NCP	2/3	32.23	Water supply facilities had not been provided by the NWS&DB as expected.	-Do-	-Do-
(s)	Improvement to Existing Water Supply Scheme at Rajanganaya, Namalgamuwa and Kandegama in Anuradhapura District	1 ^{3/4}	27.14	Water supply facilities had not been provided by the NWS&DB as expected.	-Do-	-Do-

(t)	Construction of Panangoda and Kuruswta water supply scheme for Nattandiya Pradeshiya Sabha.	1 ^{5/12}	44.77	Water supply facilities had not been provided by the COB as expected.	Pradeshiya sabha is responsible for providing domestic connection according to the singed memorandum of understanding.	Action should be taken to provide water supply connection.
(u)	Water Supply Scheme for Rideemaliyadda (at Kuralawela, Ekiriyankumbura)	2 ^{5/6}	137.92	Water supply facilities had not been provided by the NWS&DB as expected.	NWS&DB is responsible for providing domestic connection according to the singed memorandum of understanding.	-Do-
(v)	Water Supply Extension Project for Rahathangama, Kumaragama and Kukurampola (From Buttala Water Supply Scheme)	1 ^{1/12}	285.94	Water supply facilities had not been provided by the NWS&DB as expected.	-Do-	-Do-
(w)	Construction of Water Supply Extension to Inamaluwa and Kithulhitiyawa	1	491.99	Water supply facilities had not been provided by the NWS&DB as expected.	-Do-	-Do-
(x)	Construction of Water Supply Extension to Sigiriya and Habarana	1 ^{2/3}	415.30	Water supply facilities had not been provided by the NWS&DB as expected.	-Do-	-Do-
(y)	Construction of New Library Building at Dunkannawa for Naththandiya Pradeshiya Sabha	1 ^{5/12}	26.66	Direct and indirect effect of Covid 19 pandemic.	Building is functioning.	Action should be taken to use the assets for intended purpose.
(z)	Construction of New Library Building at Madurankuliya for Puttalam Pradeshiya Sabha	1 ^{5/6}	34.70	Direct and indirect effect of Covid 19 pandemic.	Building is functioning.	-Do-

(aa)	Construction of New Market Complex Building at Polgahawela for Polgahawela Pradeshiya Sabha	2 ¹ / ₆	60.55	There was no proper plan for utilization of New Market Complex Building.	The second phase of the construction is currently being carried out by Local authority and it can be implemented immediately after the completion of the construction.	-Do-
(ab)	Construction of Auditorium/Community Hall at Kadirana for Katana PS	1 ¹ / ₁₂	74.84	There was no proper plan for utilization of Auditorium/Community Hall.	-Do-	-Do-
(ac)	Construction of Pradeshiya Sabha Building and Construction of Weekly fair at Netolpitiya for Tangalla Pradeshiya Sabha	3	56.46	Feasibility studies had not been carried out and as a result the construction was remained idle.	This sub project was selected by the Pradeshiya Sabha, recommended by the provincial council and approved by the ministerial committee. This weekly fair was operated in the initial phase but has been inactive since the covid pandemic. The secretary of the local authority informed that tenders have been called but there is no response.	-Do-
(ad)	Construction of New Multipurpose Building at Kurunegala for Kurunegala Pradeshiya Sabha	1 ¹ / ₄	55.74	There was no proper plan for utilization of Fitness Center and Restaurant.	The fitness center and restaurant are not in operation. Other activities are underway.	-Do-
(ae)	Construction of Multi-Purpose Building including Day Care Centre, Ayurveda Centre, Public Library and PS Office at Pahala Karaghamuna for Mahara PS - Stage 1	2 ¹ / ₃	68.74	There was not proper plan for utilization of Library.	The Local Authority says that necessary arrangements are being made for Ayurveda and the Library and will be activated soon.	-Do-

(af)	Construction of Office Building including Car Park, Pradeshiya Sabha Main Office, Pradeshiya Sabha Chamber and Auditorium at Waskaduwa Town for Kalutara PS-Stage 1	2 1/6	68.32	There was no proper plan for utilization of Auditorium.	The building is in operation.	-Do-
(ag)	Construction of Office Complex including Ayurvedic Centre, PS Main Office, Sub-Office, PS Chamber and Public Library at Aluthgama for Beruwala Pradeshiya Sabha - stage 1	1/2	70.24	There was no proper plan for utilization of Library.	Ayurveda Centre and library were maintained in an old building. The space allocated for the library is utilized for Ayurveda Centre in the new building and the library is being operated using entire space of the old building.	-Do-
(ah)	Construction of Multipurpose Building at Madurankuliya for Puttalam Pradeshiya Sabha	1 1/6	61.69	There was no proper plan for utilization of shops.	Agreed with observation, two shops are idle.	-Do-
(ai)	Construction of Vehicle Park and Public Market at Gelioya for Udunuwara Pradeshiya Sabha	1 5/6	60.85	There was no proper plan for utilization of shops.	Six shops are being tendered now.	-Do-
(aj)	Construction of Multipurpose Building including Maternity Clinic, Pre-school, Youth Centre, Library and Multipurpose Hall at Nahena for Kelaniya PS	1/3	67.40	There was no proper plan for utilization of Maternity Clinic and Youth Centre.	Agreed with observation, Maternity Clinic and Youth Centre are not functioning.	-Do-

3.3 Matters in Contentious Nature

No	Audit Issues	Responses of the Management	Auditor's Recommendations
(i)	<p>Project Management Consultants</p> <p>The time allocated for the main consultant of the project had increased by 285.65 man-months or 59 per cent. Accordingly the consultancy fee mentioned in the consultancy agreement had been exceed by Rs. 41.5 million as at 31 December 2021.</p>	<p>The project director have signed addendums with the approval of the Ministry procurement committee and the Asian Development Bank for all the variables.</p>	<p>The project should expedite its works and avoid non in vain expenses.</p>
(ii)	<p>Internal Audit Consultant</p> <p>An Engineer had been selected as an Individual Consultant for Technical Audit for one year. According to the agreement signed by Secretary of the Ministry and Technical Audit Consultant, the Technical Audit Consultant should record key issues and recommendations in the final report; however the above report had been not contained any key issues and recommendations, without considering that Rs. 12.47 million had been paid to the Technical Audit Consultant.</p>	<p>Technical Audit Consultant assisted to the Project Management Unit for undertaking procurement of contract.</p>	<p>The project is required to take actions to recover the payment.</p>
(iii)	<p>Assets management software</p> <p>A Sub Project was implemented for seven Pradeshiya Sabhas in seven provinces under a contract agreement signed on 15 December 2018 for Assets Management as a Pilot Project without procurement practices required by the National Procurement Agency. However there was no provision in the above agreement for support and maintenance system of the above software. Further, no feasibility study was done by studying existing rules and manuals in the Local Government sector in Sri Lanka as per the work plan in the above agreement.</p>	<p>Based on ADB's advice, the PMU and the Ministry had followed the CQS method for this procurement to provide opportunity to other similar firms (if any). Hence, no lapse in the process of the procurement.</p>	<p>The project is required to make influences to contractor to complete the work promptly assuring required quality.</p>