

## **Central Provincial Council – Year 2021**

### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Central Provincial Council for the year ended 31 December 2021 comprising the Statement of Financial Position as at 31 December 2021, Statement of Financial Performance, Cash flow Statement, significant accounting policies and the summary of other explanatory information was carried out, for the year then ended, under my direction in pursuance of provisions in Article 154 (3) of the constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 23(1) of the Provincial Council Act No. 42 of 1987 and Provisions of the National Audit Act No. 19 of 2018. The summary report was issued on 12 December 2022 in accordance with the provisions of Section 23(2) of the Provincial Council Act and sub-section 11(1) of the National Audit Act No. 19 of 2018 and the detailed management audit report was issued on 15 December 2022 in terms of sub-section 11(2) of the National Audit Act. This report is submitted to the Parliament in terms of Article 154(6) of the Constitution and sub-section 10(1) of the national Audit Act and a copy of the report is submitted to the Governor for tabling at the Provincial Council under Section 23(2) of the Provincial Councils Act No. 42 of 1987.

In my opinion, except for the effects of the matters described in paragraph of Basis for Qualified Opinion of this report, the accompanying financial statements give a true and fair view of the financial position of the Central Provincial Council as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with Generally accepted Accounting Principles.

## 1.2 Basis for Qualified Opinion

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) The invoice value of 50 cabs and 10 vans of Rs. 144,713,400 purchased to the Central Provincial Council under the financial lease system in the year 2020 and which had been completed the payments was not stated in the statement of financial position as at 31 December of the year under review.	The lease installments of the vehicles have been paid. Those vehicles have been handed over to the respective offices and consolidated information will be submitted after the value of the vehicle is reported by those offices through the summaries of accounts.	The value of vehicles that have been paid off should be disclosed in the financial statements.
(b) The value of Rs. 11,690,000 of land owned by the textile department was not disclosed in the financial statements of the department and the financial statements of the Central Provincial Council as at 31 December of the year under review.	As the value of Rs. 11,690,000 of assessed land could not be correctly entered into the CIGAS programme, the land value of Rs. 11,690,000 was debited and re-credited to remove that value from the CIGAS programme and accordingly, there is no double counting error in the notes of the accounts.	The value of the land should be included in the financial statements.
(c) Vehicles, office equipment and machinery worth Rs. 7,942,059 purchased by the Central Provincial Council Agriculture	Out of this value, assets of Rs. 2,570,752 have been purchased from the provincial office and those assets have been	All assets purchased during the year should be disclosed in the financial statements.

Department for the Provincial Director's office and deputy Director's offices during the year under review were not mentioned under non-financial assets in the financial statements of the department and the Central Provincial Council.

accounted by the CIGAS programme in July 2022. I will account the remaining assets of Rs. 5,371,307 belonging to the offices of the Deputy Directors of Agriculture in the following period of this year through the CIGAS programme.

- (d) Due to the understatement of Rs. 1,903,836 outstanding advances in the rent and work advance account of the Provincial Health Services Department, assets in the statement of financial position of the department and provincial council financial statements of the year under review were indicated less by that amount.
- When preparing the financial statements for the following year, I will disclose all the information about the unpaid rent and work advances related to this year in the financial statements.
- The correct balance of rent and work advance account should be included in the statement of financial position.
- (e) Due to non-disclosure of the total worth Rs. 48,022,381 of property, plant and equipment belonging to the Provincial Ayurvedic Department as at 31 December of the year under review, property, plant and equipment worth Rs. 3,618,853 belonging to the Provincial Governor's office and 11 vehicles cost of Rs. 129,800,000 in the financial statements, those assets were
- The total value of acquisition of property, plant and equipment of Ayurvedic Department is Rs. 73,292,810. Out of that, the amount spent under acquisition of capital assets and building construction is Rs. 37,306,520. The value of the equipment to be accounted as assets
- The correct asset value of the Provincial Ayurvedic Department and the Governor's office should be identified and accounted.

understated in the statement of accounts of the Central Provincial Council and the statement of financial position.

from expenses related to other development activities including the acquisition of fixed assets is Rs. 30,318,179 and the value of the goods which do not need to be included in the assets register is Rs. 140,670 and the value of other services is Rs. 5,510,343. Accordingly, equipment worth Rs. 25,270,429 to be accounted as assets has been accounted as assets and the value of the equipment to be further accounted was Rs. 5,047,750.

- This difference has occurred due to the entry of only the value of purchases made in the year 2020 of the Governor's office as the opening balance.

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

### **1.3 Responsibilities of Management for the Financial Statements**

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

Management of the respective institutions including the Provincial Treasury is responsible for the financial reporting process of the Provincial Council.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Central Provincial Council is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable to prepare annual and periodic financial statements.

### **1.4 Responsibility of the Auditor for the audit of Financial Statements**

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercised 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.

- A fraud is caused by intentional omission or omission of internal controls.
- Obtain an understanding of internal control of the Provincial Council 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 its internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## 1.5 Comments on Financial Statements

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### 1.5.1 Head 540 – Governor’s Secretariat

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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(a) Salaries and wages of Rs. 1,990,147 were paid to 09 employees of the Governor’s personal staff during the year under review without written confirmations of employees’ arrival and departure from work, leave taken, etc as per paragraph	I am informed that records are maintained regarding arrival and departure, leave taken etc, and salaries are paid accordingly after pointed out by the audit.	Should be act as per the circulars.

07 of Public Administration Circular No. 09/2009(i) dated 17 June 2009 and Public Administration Circular No. 02/2021(v) dated 01 October 2021.

- (b) Without preparation of a master procurement plan or an annual detailed procurement plan by the office of the Governor of Central Province in related to the year under review as per guideline 4.2 of the Code of Government Procurement Guidelines, equipment worth Rs. 3,767,537 had been purchased.
- I am informed that Should be followed the arrangements have been made procurement guidelines. for the year 2022 to prepare the procurement plan as indicated by the audit.

### 1.5.2 Head 541 – Council Secretariat

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
Salaries and wages of Rs. 7,260,274 were paid to 13 employees of the Central Provincial Council Chairman’s personal staff during the year under review without written confirmations of employees’ arrival and departure from work, leave taken, etc as per paragraph	The salary and wages of the personal staff have been made according to the certificates given by the Honorable Chairman regarding the attednace of the personal staff for each month in previous	Arrival and departure records should be maintained as per circular.

07 of Public Administration Circular No. 09/2009(i) dated 17 June 2009 and Public Administration Circular No. 02/2021(v) dated 01 October 2021. years as well as in the year under review and directed to maintain an attendance register to record the arrival and departure of the personal staff of the Chairman as per General format 18 with effect from 01 August 2022.

### 1.5.3 Head 542 – Chief Secretariat Office

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Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>The land on which the Central Provincial Council complex is located and the buildings established there was not included in the financial statements as at 31 December of the year under review.</p>	<p>It is referred to the Chief Assessor to obtain an insurance policy for the provincial council building and premises and I further inform that after receiving the assessed value, it will be reported in the financial statements and after formally taking over the land where the provincial council complex is located, the assessed value of the land will be obtained.</p>	<p>The land should be expeditiously acquired and the value of the land and buildings assessed and included in the financial statements.</p>



#### 1.5.4 Head 545 – Financial Management of the Province

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) As per finance rule 116, the collecting officers should be attentive and very careful about the recovery of arrears of revenue and although he is also responsible for making arrangements for dealing with laws within the prescribed time in necessary cases, no action had been taken regarding the recovery of arrears of Rs. 96,651,994 in 05 revenue subjects as at 31 December of the year under review.	I state that the facts indicated are correct. The amount of tax arrears, which is calculated as a sum of several years, is presented by the arrears control account and as indicated by you, the estimated amount of tax arrears for 36 divisional secretariats on 01 January 2021 was Rs. 65.96 Mn. Accordingly, the arrears tax amount of Rs. 30,189,910 that should have been recovered on 31 December 2021 should be revised as the tax arrears of Rs. 29,655,237 as at 31 December 2021 according to the observations pointed out by the audit and the omissions identified during the follow-up.	Arrangements should be made to recover arrears of revenue as per financial rules.
(b) Although the provincial council had received stamp duty of Rs. 1,764,133,363 to be distributed to the local government institution	An amount of Rs. 151,549,482 has been repaid in the year 2021 out of Rs. 1,764,133,363 collected	Should be correctly identified the local authorities and made payments.

for the year under review, the provincial council had distributed only Rs. 151,549,482, which was 8.5 percent of the amount received and retained the stamp duty of Rs. 1,612,583,881. It also included the stamp duty of Rs. 115,989,520 collected due to the ambiguity of the relevant local government institution.

during the year under review. When paying, all the schedules collected on the transfer of property rights are submitted by each district registrar to the local government commissioner. An amount of Rs. 13,749,756 has been paid in the year under review out of the collected amount of Rs. 129,739,276 due to the above ambiguity on 30 September 2022. The balance of the amount will be paid according to the related schedule.

#### 1.5.5 Head 548 – Public Service Commission of the Central Province

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Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>According to the letter of Co-Chairman of the National Salary and Cadre Commission No. NSCC/3/01 Allowances dated 05 December 2006; the monthly allowance of the Chairman and members of the provincial public Service Commission was Rs. 15,000 and Rs. 10,000 respectively. Monthly allowances of Rs. 1,280,000 were paid to the</p>	<p>The letters issued by the Secretary of the Governor of the Central Province regarding the payment of allowances to the members including the Chairman of the Central provincial public service commission have been applied. Accordingly,</p>	<p>Should be followed the Managment Circular No. 03/18 dated 18 July 2018.</p>

Chairman and members only for the year under review with the Governor's approval without the recommendations of the National Salary and Cadre Commission and the prior approval of the treasury in accordance with paragraphs (i) b and (ii) of Management Services Circular No. 03/2018 dated 18 July 2018 of the Secretary of the Ministry of Treasury, Finance and Media addressed to the Provincial Chief Secretaries.

- I. In respect of Rs. 15,000 and Rs. 10,000 respectively as per letter G/C/P/2/01/37 dated 06 October 2010 issued by the Secretary to the Governor of the Central Province,
- II. Then, according to the amendment given by the Governor's Secretary's letter No. GCP/10/03/02 dated 21 October 2020, payments of Rs. 35,000 and Rs. 25,000 respectively have been made from January 2021. The Management Service Circular No. 03/2018 dated 18 July 2018 of the Secretary of the Ministry of Finance and Media has issued instructions to public sector institutions regarding staff recruitment, salary and allowance payments to approved staff and I also state that appoint provincial public service commission by the sections 32 and 33 of

the Provincial Council Act No. 42 of 1987 and the salaries to be paid to the members of the Provincial Public Service Commission under section 33(5) are determined by the provincial council for that province. Accordingly, I am informed that it is observed that it is not necessary to obtain the prior approval of the treasury as per the said circular.

### 1.5.6 Central Provincial Regional Economic Development Institute

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Direct purchases (Dry food items) of Rs. 1,587,200 had been made in excess of the approved purchase limit of the head of the department contrary to provincial financial rule 422 (Amendment of procurement committee limits) dated 11 November 2020 and the section 3.5.1 of the code of procurement guidelines.	Rs. 1,587,200 spend to provide dry food for 640 security service and cleaning service employees under the normal methods authorized to obtain the goods required to the department in paragraph 457(a) of the code of provincial financial rules from the Kandy sepcu super,	Should be followed the provincial rules and procurement guidelines.

Central Province Multi  
purpose cooperative society  
Ltd.

- (b) An amount of Rs. 5,671,895 was given as salary and remuneration for 07 employees without extending the service period of the personal staff employed in the institution after 01 August 2019 and 05 employees out of that were given loans of Rs. 1,000,000 by Rs. 200,000 per each on the basis of repayment from 03 years.
- It was decided by the management board letter No. 47 dated 21 May 2018 that only the 05 people who are currently working in the staff and directly recruited according to the charter of the Regional Economic Development Institute will be absorbed from 01 April 2018 for the positions under the interim provisions as if it were personal for them. Due to the inability of the employees of this institution to get it on a concessional basis, the loan amount of two lakh rupees was given subject to the approval of the management board on the request of the officers.
- Therefore, the driver who was hired on a temporary basis for these 05 officers was extended the service period and the other two drivers were paid salary.
- Salary payments and loans should not be issued to employees without extending the service period.

**1.5.7 Provincial Library Services Board**

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
According to section 17 of the library charter No. 02 of 1995, the financial statements related to the library fund of Central Province have not been submitted for audit since its beginning.	Agreed. I would like to mention that the financial statements related to the year 2022 will be prepared and submitted for audit.	Financial statements should be prepared and submitted to audit in accordance with the charter.

**1.5.8 Head 551 – Department of Local Government**

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) The surcharge amounting to Rs. 1,943,303 in relation to the 05 surcharge certificates issued by the Auditor General for 05 local government institutions between 2013 and 2020 had not been collected by the Local Government Department at the end of the year under review.	Currently, 05 suchcharges amounting to Rs. 1,943,303 will be charged. Accordingly, <ul style="list-style-type: none"> <li>• Three persons will be charged Rs. 229,018 and three persons will be charged Rs. 119,000 from 02 suchcharges of the Matale Pradshiya Sabha.</li> <li>• Matale MC – appeal decisions not yet been received. Rs. 510,000 will be charged.</li> </ul>	Suchcharges should be collected immediately.

- 02 Suchcharges of Rs. 1,020,465 and Rs. 64,820 will be collected from Udunuwara Pradeshiya Sabha.

(b) There were 268 employees were exceeded the approved number of employees and the number of vacant employees was 1676 in comparison the approved number of employees and the actual number of employees in 47 local government institutions and there were 15 vacant secretary positions. Although there have been Arrangements requests on several occasions to fill up the vacancies related to the posts to be appointed by other appointing authorities, the vacancies have not been filled until now and I would like to mention that officers of the Sri Lanka Administrative Service and Management Service have been appointed to work and perform duties until the vacancies are filled.

### 1.5.9 Head 552 - Department of Education

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Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the probationary period of 09 teachers in schools belonging to the Nuwara Eliya Zonal Education Office had been completed, the fixed period of confirmation of service had been delayed from 01 year to 14 years	I inform that the deficiencies in the files are being completed.	Teachers who have completed their probationary period should be confirmed or extended their probationary period.

by the audited date of 03 November 2021 due to non-confirmation of results and non-completion of related documents. But in this regard, no steps were taken to extend the probationary period or cancel the probationary appointments as per 11.2.3 of chapter II of the Establishment Code.

- (b) The arrears of Rs. 1,540,595 of 22 teachers in the Hatton Regional Education Office who were appointed in the new salary scales from May to december 2019 were not paid until August 2021 and no any teacher was assigned for 20 children in 04 schools of special need children in Hatton region. It has been informed that Arrangements should be payments will be made as made to pay salary soon as the provision is made arrears immediately and and there are vacancies of employ teachers based teachers in schools of special on the need of service. need children.
- (c) The officer who was engaged in the salary preparation work of the Hanguranketha regional education office was misused by maintained a total of Rs. 14,239,939 through 09 private bank accounts and 21 unidentified bank accounts in the Peoples' Bank of the Regional Education Director in a period of 10 consecutive years using property loan deductions and salary balances through provincial council's current account. Out of It was revealed that fraud had arisen in the processing of salaries and the chief secretary of the Central Province was immediately informed about it and instructions were given to conduct an investigation in accordance with F.R. 104 (3). Accordingly, arrangements have been made to recover an amount of Rs. 10,543,018 from the person who has All frauded money should be collected and the law should be strictly enforced against the parties responsible for it.



this amount, an amount of Rs. 3,696,920 was to be recovered by 07 September 2022.

committed the money fraud of Rs. 10,423,348 after obtaining the approval of the Chief Secretary.

The chief secretary conducted a basic investigation in this regard and according to the investigation, it has been revealed that an amount of Rs. 14,239,939 or close to it has been frauded. Accordingly, the relevant officer has been informed to pay the amount of Rs. 3,696,920 to be recovered from the total amount that has been revealed to have been misused to the provincial education department.

The officer who committed this fraud has suspended the work of his wife, who was an officer in teaching service, and an office assistant in the zonal office, who had illegally credited money and I would like to inform you that necessary steps are being taken to carry out disciplinary actions in this regard.

- (d) Out of 3 cool boxes given as a promotional work by Toyota Lanka Pvt Ltd., which is the vehicle agency, for 03 KDH high roof vans purchased by the Central Provincial Education Department in 2016, 02 cool boxes were missing by the end of the year under review and necessary action was not taken in that regard.
- Due to the cool box belonging to the vehicle bearing No. CPNC-5565 is attached to that vehicle and the 02 cool boxes pertaining to the two vehicles bearing No. CPNC-6051 and CPNC-5564 are missing as per basic investigation, an investigation has been conducted according to F.R. 104 (4) and further action has been recommended and an investigation board has been appointed for that purpose.
- Formal investigations should be conducted regarding the misplaced goods and should be done recovery of losses.
- (e) According to the information submitted by the provincial education department, between 01 and 15 years have passed since the accidents happened regarding the total loss and damages of Rs. 5,268,674 in relation to 70 accidents that happened to the vehicles attached to the departments, but no action was taken in that regard.
- Investigations have been completed in 15 cases, but no charges has been taken.
- Action should be taken immediately regarding the accidents and recovered the loss and damages.
- (f) Out of the 147 schools belonging to the Hatton region of the provincial education department, 28 out of the 297 government houses in 121 schools were in dilapidated condition and 62 were idle.
- According to the calling information from the Chief Secretariat to convert dilapidated quarters into usable quarters, information has been submitted about 20 out of the 28 existing quarters. It is informed that the 62
- Dilapidated houses should be reconditioned as soon as possible and idle houses should be used as effectively.

quarters mentioned in the audit query are still idle as no requests have been made for quarters in the Hatton region.

- (g) Two non-technical employees who were appointed to CP/Wat/Lunuketiyamadiththa College and CP/Wat/ Keheliya Rambukwella primary school belonging to the Waththegama regional education office of the provincial education department have not been employed in the duties of those schools and belong to the Central Provincial Chief ministry since July 2014 and September 2018 respectively and attached to the provincial media unit and the salaries of the said schools had been paid from the total of Rs. 3,995,299 as Rs. 3,043,724 and Rs. 951,575 respectively over a period of 6 to 3 years from the pay rolls of the said schools till December of the year under review.
- The two employees of the non-technical service mentioned in the query have been appointed by the principal and the secretary of the Ministry of Education to CP/Wat/ Keheliya Rambukwella primary school and CP/Wat/Lunuketiya Madiththa College and I inform that assignments have been made to the Central Provincial media unit and Nenoda division of the Chief Secretary through the letters of the Secretary of the Chief Ministry and accordingly, the salary payment has been made from the regular workplace.
- Recruitment should be done in accordance with the purpose of recruitment.
- (h) There were 170 primary teacher vacancies in 134 schools belonging to 03 regional education offices of Katugasthota, Kothmale and Hanguranketha and there was a surplus of 67 primary teachers in 38 schools belonging to the 02 zonal education offices of
- According to the circular 01/2016 in the year 2018, an academic staff of 29747 has been approved for the Central Provincial Council based on the previous number of students and not on a school basis but as a total number of
- The need of primary teachers should be considered and the allocation of teachers in the zones should be done.

Kothmale and Hanguranketha. teachers for the region.  
Necessary arrangements were not As the approved staff does not  
made to transfer these excess matched with the current  
teachers to vacant schools. practical recruitment of the

teachers in schools, vacancies  
of teachers and excess of  
teachers have been created in  
schools in the same region.

According to the circular  
06/2021 issued by the  
Ministry of Education to  
determine the academic staff,  
the academic staff based on  
the number of students in  
May 2021 has been forwarded  
to the Department of  
Management Services for  
approval. I inform that after  
the approval of the school-  
based academic staff, there is  
no longer any possibility of  
maintaining excess teachers in  
a school.

- (i) Teachers were appointed for the duty cover up in 284 schools of 08 zonal education offices in Kandy and Nuwara Eliya districts without being filled the vacancies in the principal positions and 122 excess principals were employed in schools belonging to 03 offices out of the 08 zonal education offices mentioned above.
- The placements of principal graders for the Central Province are done by the Ministry of Education of the Central Province.
- There are 325 sinhala medium principal vacancies and 250 tamil medium principal vacancies related to 15 zones as at 31 May 2021. In cases
- Placement of principal grade holders should be done correctly.

where it is not possible to employ another principal grader when the position of principal is vacant in these schools, a suitable senior teacher in the school has been appointed to work in the position of principal and arrangements have been made to continue the learning process of the students.

As per the notification of the line ministry dated 29 December 2021, applicants are called for the recruitment of principal grades and 614 principal grade graduates are being recruited from that as 335 sinhala medium and 279 tamil medium for the Central Province.

#### 1.5.10 Head 553 – Provincial Land Department

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>Although the provincial land department had paid an amount of Rs. 62,342,772 to 21 divisional secretariats from the year 2010 for the year under review for the acquisition of school land in 58 schools, the acquisition had not been completed at the end of the year under review.</p>	<p>Land acquisition is being done in all the schools mentioned in the query.</p>	<p>Acquisition should be completed expeditiously.</p>

**1.5.11 Head 555 – Provincial Engineering Services Department**

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) There were 51 vacancies related to 13 posts in the provincial engineering services department and 06 officers were excess for 02 posts including one unapproved post.	<p>There were 51 vacancies until 30 September 2022.</p> <p>As there were 03 posts of Technical Service Officer (Civil) special grade and 15 posts of Technical Service Officer (Civil) grade I/II/III vacant by 31 December 2021, 02 Technical Service Officer (Civil) special grade posts and 11 Technical officers have been recruited on contract basis under Public Administration Circular 03/2018.</p> <p>But, currently there is only 01 officer on contract basis. I inform that once the permanent officers are available in the transfer policy, the service of that officer will also be canceled.</p> <p>Although the approved staff of Development Officer is 31 by 28 February 2022, 37 people have been provided. As there was a shortage of 05</p>	Arrangements should be made to fill up vacant posts and approved excess staff.

Management Service officers, the shortage has been overcome by excess Development Officers. Applications has been made through the letter dated 10 May 2021 to the Department of Management Services for approval of the post of Laboratory Worker.

- (b) According to section 40 of the National Audit Act No. 19 of 2018, the provincial engineering services department had not taken action to establish an internal audit unit consisting with proper professional qualifications to investigate the ongoing construction projects in the central province and identify the quality and the irregularities that have occurred, identify the damages and report that to the government.
- As 18 Technical Officer posts are vacant in the Engineering Services Department, it has become difficult to appoint investigation officers for the internal audit unit. It is hoped that officers will be delegated and referred to that unit for internal investigation work in future.
- Should be established an internal audit unit.

### 1.5.12 Head 557 – Central Provincial Co-operative Development Department

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Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>Out of the loan amount of Rs. 2,945,813 given to 08 societies from 1991 to 2016 from the cooperative fund of the cooperative development department, the loan amounting to Rs. 2,514,188, which had been taken 05 to 20 years, had not been recovered as at the end of the year under review.</p>	<p>There were 06 inactive societies and according to the decision of the provincial audit committee held on 25 August 2022, the secretary has informed to review the assets and liabilities of the societies and consider the ability to settle the loans.</p> <p>According to the letter dated 18 October 2022, responsibilities have been assigned to the district commissioners.</p> <p>It has been informed that the assets of the society will be taken and liquidated and the assets will be sold to settle the loan and the Ududumbara multi-purpose cooperative services Ltd will pay the loan amount from the income of the building as soon as the legal dispute of the built building with the loan amount and the agricultural cooperative society of Nuwara Eliya will be informed to pay the loan amount.</p>	<p>Action should be taken to collect the loan amount immediately.</p>



**1.5.13 Head 561 – Central Provincial Health Services Department**

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>(a) According to the National Budget Circular No. 118 dated 11 October 2004, the loan balances of the officers who were gone from transfers should not be shown after 03 months and the loan balances of officers who were came from transfers should not be shown after 02 months, but the total loan balances of Rs. 21,117,773 of the 422 officers transferred to other ministries/ departments, local authorites and other institutions within the central provincial council and out side as at 31 December 2021 by the provincial health services department and the total amount of Rs. 20,326,816 of 345 transferred officers had not been settled from 03 months to more than ,05 years. Although the loan balance amounting to Rs. 2,947,542 to be charged from 164 retired officers had exceeded 30 years from 03 months, their pensions were not recovered from pension gratuity.</p>	<p>Loan balances amounting to Rs. 2,947,542 to be charged from 164 entired officers from this department have been collected from 15 officers amounting to Rs. 400,209 yet and I would like to inform that further necessary arrangements are being made to settle an amount of Rs. 2,547,333 from 149 officers.</p>	<p>Should be followed the National Budger Circular and loan balance of the retired officers should be charged from the retirement gratuity.</p>

- (b) According to the bank reconciliation report of Nawalapitiya District General Hospital in December of the year under review, the “further bank reconciliation difference” amounting to Rs. 3,901,263 from the year 2019 was not settled in the year under review.
- The letter dated 25 October 2022 from the Accountant of Nawalapitiya District General Hospital has informed that the difference in the bank reconciliation report will be corrected on 31 December 2022 as the bank reconciliations are being re-arranged from the year 2013.
- Further action should be taken with identifying the difference of bank reconciliation.
- (c) When the payment of salary by two officers working in the salary division of the provincial health services department office during the period from 2016 to 2021, an amount of Rs. 51,961,088 and Rs. 1,077,550 which are not confirmed by bank account numbers, totaling Rs. 53,038,638 were remitted incorrectly to 14 personal bank accounts of themselves and their relatives. Due to failure of submission files and documents related to salary sets, computer software backup with properly and completely and forgetting passwords, existing of technical errors, it was problematic to specifically identify the total amount defrauded in relation to that period due to the inability to access to the backups of 02 computers.
- The services of some officers who have been on payroll duty have been suspended in relation to the financial fraud that has occurred in the Kandy Regional Health Services office and I would like to mention that investigations are being carried out by the Criminal Investigation Department, National Audit Office, Internal Audit division of the Ministry of Health.
- Investigations should be conducted continuously to identify those responsible and determine and recover the defrauded amount.
- Also, investigation as per the F.R. 104(4) is also being conducted by the Central Provincial Chief Secretariat office to identify the officers involved in this incident.

(d) Due to failure of identify the required hospitals and distribute or inform to medical supplies division and send the excess medicines due to that failure to identify and order, the stock of drugs worth Rs. 15,414,781 in Kandy medical supplies division, Kandy chest hospital and Matale General Hospital had expired as at 31 December of the year uner review and a period of 03 to 14 years had passed since some of the drugs from that had expired. Also, it was observed that medicines worth Rs. 10,426,052, which are about to expire, are available in the above institutions.

Kandy Regional Health Services Director Office An immediate arrangement should be

Due to the covid epidemic situation in the year 2021, there was no demand for drugs for the estimated quantity and due to the decrease of patients and non-conducting of clinics, the stock of drugs remained,

Kandy Chest Clinic

Due to the decrease of the number of patients coming to the hospitals due to the covid-19 epidemic, there was a decrease in the release of drugs from the hospitals, which was remained due to the refusal of other hospitals to obtain drugs that were near to expire,

Matale General Hospital

As the Matale District General Hospital has been handed over to the Central Government from the year 2022, I am also informed that it will be disposed by a disposal board under the Ministry of Health of the Central Government.

- (e) According to the information submitted by the provincial health department, no action was taken regard the damages of Rs. 32,525,081 related to 65 accidents that happened to the vehicles attached to the departments even though 01 to 15 years had passed since the accidents occurred, but no action had been taken in that regard.
- Updated information regarding these 65 vehicle accidents has been requested from the regional offices and I will compare information with the office information as soon as receive it.
- Action should be taken immediately regarding the accidents and should be collected the damages and losses.
- (f) According to the police report and the motor vehicle inspector's report regarding the ambulance attached to the Theldeniya base hospital which was faced an accident on 19 November 2018, when it was mentioned that the accident occurred because the driver was unable to control the vehicle due to high speed without any mechanical fault in the vehicle, irrespective of those reports, the amount of Rs. 7,409,132 incurred by the government due to the accident was recommended by the Secretary of the ministry to cut off from the book by the Financial Regulation 104 (4) inspection report and after submitting to the Chief Secretary, it was approved on 13 August 2020 and the loss was cut off.
- As the accident of ambulance No. WP LW-1134 belonging to the Theldeniya district base hospital on 19 November 2018 with the loss of Rs. 5,727,869 was not due to the delay, negligence or careless driving of the ambulance driver, F.R. 109 reports have been recommended to be cut off from the damage and loss register and submitted to the Central Provincial Health Secretary for approval by letter dated 20 October 2022.
- The police report and the motor vehicle inspector's report should be taken into consideration for the F.R. investigation.

- (g) A total of Rs. 21,060,274 had been spent during the year under review for 16 tasks contrary to the purpose during the sample test of the programmes and procurement activities of the Primary Health Care System Strengthening Project implemented by the provincial Health Department.
- Expenditures are incurred for purchasing furniture for the family health department (Digana rehabilitation hospital) and purchasing a dining table and 06 chairs for Digana hospital, repair work and purchase of equipment at Kadugannawa regional health training centre, repair the office auditorium of Nuwara Eliya P.S.S.D. office, renovation of provincial health services Director office and purchase of equipment, renovation of Kandy regional health services Director office, renovation of Rikillagaskada base hospital specialist doctors' office, training programmes of the regional health services Director offices and 2021 Esala perahera volunteer passes/ book covers of regional health services Director office. I would like to inform that this is not an action contrary to the purpose as the above mentioned expenses for the provision of the necessary facilities to maintain the essential,
- Provisions should be made as that fulfill the objective of the project to strengthen the primary health care system.

primary health related first aid and disease control activities for the public.

- (h) The blood tissue samples and equipment received from the National Tuberculosis Research Laboratory (NTRL) in Welisara up to 20 August 2020 were euthanized and released to the outside environment and although the Auto clave (50 ml) machine had been purchased at an expenditure of Rs. 1,800,000, it remained unused in the chest hospital for more than a year due to the lack of knowledge to implement it.
- In the situation of the covid-19 epidemic situation of the last few years, NTRL was not able to awareness of the laboratory staff about the software of this machine and its operation. But, this Auto Clave machine has been installed by the NTRL institute for service records after getting the instructions related to it. Accordingly, an officer of the NTRL institute has given theoretical facts about the operation of the equipment and its operation and instructions related to the operation of the equipment in operation. Therefore, the attached letter of the institutional medical officer (No signature) has indicated that the equipment is currently used for services.
- It should be ensured that the machine used as actively.
- (i) Although 03 vehicles belonging to the Provincial Health Services Department are not in running condition and have been parked from long time, the vehicles were not repaired and used or disposed.
- The vehicle bearing No. PB-7423 has been repaired and made as running condition and other vehicles, relevant information has been submitted to the Chief Secretariat for auction.
- Vehicles should be promptly repaired and use or auctioned.

- (j) Out of the paid amount of Rs. 3,114,905 as incorrect for the painting of health equipment by the Kandy district health services Director office that was recommended to recovery from 14 relevant responsible officers by the Chief Secretary of the Central province on 09 May 2019, the amount of Rs. 2,825,897 had not been recovered from 12 officers until 02 November 2022.
- Money has been collected As per the from two officers and the total recommendation of the amount that has been over Chief Secretary, all the charged is Rs. 289,008 and money to be recovered the amount to be over charged should be collected promptly. is Rs. 2,825,897.

**1.5.14 Head 563 – Central Provincial Department of Social Welfare Probation and Child Care Services**

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Although people with special needs should be identified and arrangements should be made to purchase the equipment that is determined to be necessary for them and to provide them promptly to those beneficiaries, the equipment worth Rs. 14,607,150, which had been purchased without doing that, had been kept in the warehouse of the Department of Social Welfare Probation and Child	Although the predicted quantities were taken, the quantities of the released stock was changed due to the special crises (Such as Covid) in the country and the world in past years. However, I would like to inform that arrangements will be made to provide the necessary equipment as soon as the need arises.	Equipment should be used effectively.

- Care Services for more than 4 years from 63 days as at the audited date of 04 March 2022.
- Due to the need to provide disabled equipment as soon as a person becomes disabled, a stock is kept in the warehouse.
- (b) There were 23 vacancies in 08 posts as at 31 December of the year under review belonging to the approved staff in the Veralawaththa male children's detention home, women's detention home and Tikiri sewana children's home under the Central Provincial Social Welfare Probation and Child Care Services Department.
- Requests were made by letters dated 03 July 2020/ 22 July 2020/ 26 August 2020 to the Secretary of the ministry to recruit for the posts of the Veralawaththa female and male child detention center, Tikiri sewana provincial child development centre. Due to all institutions has been suspended the recruitment for all existing vacancies in primary service category (PL-1, PL—2 and PL-3) by the management service circular No. 01/2020, the Chief Secretary's letter dated 22 September 2020 has also requested special approval from the Director General of the Department of Management Services in Treasury.
- Vacancies should be filled.



**1.5.15 Head 570 – Central Provincial Road Development Authority**

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**1.5.15.1 Central Provincial Passenger Transport Services Authority**

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) The advance amount of Rs. 124,000,000 given to the Passenger Transport Services Authority by the provincial treasury to bear the recurrent expenditures related to the previous and reviewed years had not been settled by 31 December of the year under review.	The settlement of this advance was delayed, but out of the total advance amount of Rs. 05 million has been settled.	Arrangements should be made to settle the advance.
(b) There were 91 vacancies in relation to the 19 posts in the approved number of employees in the Passenger Transport Services Authority at the end of the year under review. Among them, the posts of Deputy General Manager (Development and Training), Deputy General Manager (Transport and Operations) and Deputy General Manager (Finance and Administration) were also vacant.	Inadequate funds in the institution to allocate provision for new recruits caused to further related vacancies.	Vacancies should be filled.
(c) Below are the details of the audit paragraphs that were not completed following the review back by the central provincial public accounts committee, which were included in		

the Auditor General's reports related to the Passenger Transport Services Authority.

- i. Although fuel allowances of Rs. 406,955 were over paid to the Chairman without complying with the provisions of Public Enterprises Circular No. 50 dated 01 August 2008, only an awareness was done to the relevant party to recover the money.

A letter has been sent to the relevant party to collect the overpaid fuel allowance. Since the payments have not been made yet, I would like to inform that legal advice will be sought to take legal action.

Should be act as per the instructions of the committee on provincial public accounts.
- ii. Only an amount of Rs. 716,753 had been spent on repairs due to the accident that occurred to the jeep No. CP-KB-7924, but only an amount of Rs. 547,446 was covered by the insurance claims. The loss of Rs. 169,307 which were not covered by the insurance had not been determined and the persons responsible had not been assigned responsibility for recovery and investigations according to F.R. 54 have not been conducted till now.

It had not been conducted investigations during that period and the related loss and responsible persons have not been determined according to F.R. 104 and I will conduct investigations regarding this accident according to F.R. 104 and take further action and report to the audit.

Investigations should be conducted immediately as per F.R. 54.
- iii. The Chairman who was accused of accepting bribes was sent on compulsory leave and an amount of Rs. 419,250 was paid as Chairman allowances between

According to the Central Provincial Transport Services Authority Charter No. 01 of 2000, all the powers to appoint and

Action should be taken as per the decision of the committee on public accounts.

October and December 2012 without formal re-position in serice.

disappoint the Chairman are vested in the minister in charge of the subject. The minister in charge of the subject at that time has not issued a gazette announcement regarding the disappoint of this chairman and I inform that the file related to the Chairman was also maintained by the then Ministry of Home Affairs and Transport.

- (d) According to paragraph 4 of the Memorandum of Understanding on the “Sahana Piyasa” housing loan programme implemented jointly with the Ministry of Road Development, Transport, Power and Energy and Housing and Construction of the Central Province and the Regional Development Bank, the interest amount charged in this programme is 8 percent respectively, but although 75 percent should be credited to the Regional Development Bank and 25 percent to the revolving account of the Housing Development Department, the total interest of Rs. 1,074,687 was credited to a savings account opened in the name of the Housing Commissioner in the month
- According to the agreement dated 12 December 2017 on the Sahana Piyasa housing loan programme implemented by the provincial housing department and the Regional Development Bank, it is stated that 75 percent of the interest to be credited to the Regional Development Bank and the 25 percent to be credited to the housing department’s revolving account.
- The existing agreements should be followed until the new agreement is approved.
- As certain aspects of the agreement should change from time to time, the new agreement drafted to enter

of December 2015 without complying with that provisions. into a new agreement has been forwarded to the Chief Secretary of the Central Province for the approval on October 2021 and the agreement has been forwarded to the legal officer for further work.

#### 1.5.15.2 Central Provincial Road Development Authority

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Out of the 41 vehicles used by the authority, the ownership of 35 vehicles was not transferred to the authority.	The Secretary of the ministry sent a letter of request on 02 april 2021 to the Chief Secretary to transfer the ownership of the vehicles/ machinery currently being used by the Provincial Road Development Authority to the authority. A request letter dated 06 October 2021 was also forwarded to the Ministry of Roads.	Arrangements should be made to take ownership of the vehicles.
(b) Below are the details of the audit paragraphs that were not completed following the review back by the central provincial public accounts committee, which were included in the Auditor General's reports related to the Authority.		

- (i) According to facts mentioned in the running charts of 04 lorries attached to the mechanical engineering unit, although it should be minimally run 4km from fuel liter from 03 lorries mentioned earlier and 3km from fuel liter from other lorry, it was considered as the mileage per liter of fuel in those vehicles are 03 and 02 km respectively and adjusted. Under this situation, the amount of fuel that has been procured for those vehicles was 169,229 liters from the beginning and its procurement value was Rs. 13,572,166. Although the Public Accounts Committee had given orders to recover the excess fuel, it has not been recovered yet.
- A committee was appointed for this purpose and its investigations have been completed. As per the report given by the committee, there has been no loss. Accordingly, the report has been submitted to the audit under the final report on loss under F.R. 104(4). Should be act as per the decision of Committee on Public Accounts.
- (ii) Orders given by the Central Provincial Public Accounts Committee dated 31 July 2017 in relation to 10 road improvement industries including the Puwakpitiya Welamitiyawa road improvement industry at an expenditure of Rs. 15,284,898 had not been implemented.
- Central Provincial Public Accounts Committee has given the same order on 20 July 2018 for these road improvement paragraphs. F.R. 104 committee has been appointed for the 10 roads mentioned in the paragraph. Investigations are being carried out and currently those investigations are in the final stage.
- The F.R. 104 investigations should be completed immediately and the recommendations of the Committee on Provincial Public Accounts should be implemented.

- (iii) 3771 Liters of fuel worth Rs. 96,549 were illegally obtained by writing daily running charts as taken excess fuel beyond the capacity in 301 cases in relation to 03 lorries of the mechanical engineering unit. A committee has been appointed for this. Accordingly, the investigation of F.R 104 has been completed and the report has been given. The matter will be discussed in the next audit and management committee meeting and the relevant charges will be made accordingly. Recovery should be done according to the order of the Committee on Provincial Public Accounts.
- (iv) Although contractors can only make payments for price increases if the price adjustment formula is included in the contract agreement, price increases of Rs. 15,096,045 were paid for 53 contracts contrary to those terms. This report has been prepared. Accordingly, it will be discussed in the next audit and management committee meeting. Should be implemented the orders given by the Committee on Public Accounts.

**1.5.15.3 Commercial Advance Account for Establishment and Administration of Central Provincial Textile Department**

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the net profit related to advance account should be credited to a specific revenue head in the annual revenue estimates, if there is a specific revenue head, and in all other cases to the miscellaneous revenue head of the provincial council according to provincial	Although there is a credit balance of Rs. 90,656,903 in the surplus account as on the end of the year in the commercial advance account, the balance is Rs. 23,224,934 according to the cash book. This amount is used for a	Action should be taken as per the financial rules.

financial rule 378.2, the credit balance of Rs. 90,656,903 was retained in the surplus and deficiency account without doing that as at the end of the year under review.

monthly payment of Rs. 3 Mn. nearly for industrial salary and bearing other production expenditures such as thread, dye and chemicals required for continuing the production activities and annually Rs. 80 Mn. will have to be spent and this money was retained in the account as no fund or provision received from the Central Provincial Council and due to the need to continue the activities of the department.

- (b) There was a surplus of Rs. 4,999,515 from the operations of the commercial advance account for the year ended 31 December 2021 according to the submitted financial statements and after adjusting the fictitious fees for the year, the surplus was Rs. 3,799,515. After adjusting the amount of Rs. 94,338,950 for the salary of textile instructors, guard and labors of textile centers which directly contribute to this commercial advance account activity, the operating result was a deficit of Rs. 89,339,435.
- Due to textile instructor, guard and the post of labor are the approved positions in the department; their salaries are included in the annual budget estimate and allocated annually. Therefore, as the salary expense is also incurred from the provincial council expense account, it is not included as an expense in the advance account. Payments made to technicians who contribute directly to these tasks are adjusted to the trade advance account. As one of the objectives of Arrangements should be made to cover all expenses related to the work of commercial advance account.

establishing this department is to improve the standard of living conditions and job security of the rural people, making profit is not the main objective. But even after adjusting all the expenses directly incurred for the production, a surplus of Rs. 4,999,515 is indicated.

- (c) The outstanding debtor balance was Rs. 27,275,622 as at the end of the year under review and out of that, the loan balance of more than 5 years was 42.8 percent or Rs. 11,684,462.
- Debt recovery activities are ongoing and nearly 46 percent as Rs. 12,020,895 has been collected as at 31 August 2022 from the debtor balance of the year under review on 31 December 2021 and further outstanding balance is Rs. 14,070,797. Out of the outstanding balance of Rs. 11,684,462 over 5 years in relation to the years 2007 and 2008 and that F.R. 104 investigations will be conducted and necessary arrangements will be taken to recover as per the recommendations of the committee. Should be recovered the debt balances.



**1.5.16 Head 582- Central Provincial Industry Development and Business Promotion Department.**

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**Commercial Advance Account of Production and Sales of Central Provinces Industrial Development and Business Promotion Department**  
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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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(a) Due to non-submission of title deeds, fixed asset schedules and balance confirmations to prove assets balances of Rs. 414,744,164 and 02 liability balances of Rs. 293,350,026 indicated in the financial statements, the balances could not be satisfactorily verified in the audit.	Although the asset management circular No. 01/2017 dated 28 August 2017 indicated the need to document and maintain assets, the assets of the Department of Industrial Development and Business Promotion, which was established on 01 January 2006, had not been assessed and accounted until the year 2021. I will document all the fixed assets and submit them in the year 2022.	Should be submitted the confirmations of the balance of assets and liabilities.
(b) Although the minimum limit of receiving authorized by the annual appropriation act in relation to the production and sales advance account is Rs. 5,000,000, the limit was revised	The actual income of the production and sales advance account received for the year 2021 is Rs. 6,905,744.	Should be act within the approved revised minimum receiving for the year.

to Rs. 9,500,000. But due to the actual limit of receiving for the year was Rs. 6,905,744 as at the last day of the year under review, the minimum receiving limit was not reached by Rs. 2,594,256.

With consideration the income of the government orders received by the department and the total of outstanding debtor balances from 2004-2021 which was Rs. 8,367,606, the minimum limit of receiving was revised to Rs. 9,500,000.

However, the total of outstanding debtor balances from 2004 to 2021 is Rs. 318,066 and Rs. 8,049,540 to be charged for government orders completed in the year 2021 remained unpaid until 31 December 2021. It is effected to not reaching the minimum level of receiving and out of that, Rs. 5,982,240 of income to be charged from government orders has been collected in the year 2022.

Accordingly, I inform that the income has exceeded the revised minimum income limit of Rs. 9,500,000.

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| <p>(c) According to provincial financial rule 378.2, the net profit related to advance account should be credited to a specific revenue head in the annual revenue estimate, if there is a specific revenue head, and in all other cases to the miscellaneous revenue head of the provincial council, but without doing that and a credit balance of Rs. 23,110,343 was retained in the surplus and deficiency account as at the end of the year under review.</p> | <p>According to financial rule 378.2, the cash balance of the commercial advance account could not be credited to the provincial council's miscellaneous income expenditure head in 2021, but I inform that will proceed to credit the various income heads of the provincial council in accordance with the provisions excepting the expenditures can be incurred by the net profit of the advance account in the year 2022.</p> | <p>Action should be taken as per the financial rules.</p> |
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**1.5.17 Head 583 - Central Provincial Sports Department**

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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<p>The land owned by the Central Provincial Sports Department, the indoor stadium, swimming pool, playground, main gallery and the canteen were not assessed and included in the financial statements as at 31 December of the year under review.</p>	<p>That the accounting will be done under the assets owned by the provincial sports department as soon as the values are provided by the valuation department.</p>	<p>All assets should be valued and accounted.</p>

### 1.5.18 Head 584 – Central Provincial Rural Development Department

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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<p>(a) The ownership of the 0.0633 hectare land where the building of the Rural Development Department is located was transferred by the divisional secretary of Kundasale on 16 November 2009 to the personal name of the then Assistant Secretary of the Ministry of Industry and the relevant land had not been taken to the department by 31 March 2022.</p>	<p>The department has already taken action in this regard and I would inform that will further consider and take over the ownership of the land in future.</p>	<p>The ownership of the land should be transferred to the Rural Development Department.</p>
<p>(b) Assets belonging to the 12 women’s development centers in locally by the Central Provincial Rural Development Department assessed 707 units related to 08 subjects and that were not included in the financial statements as at 31 December of the year under review.</p>	<p>The reports of the committee appointed on 22 March 2021 to assess the current value of the goods in the Women’s Development Centers of the Department of Rural Development were received by the department on 22 May 2022. There are more than 700 assets in the 12 women’s development centers in the three districts and currently most of those assets have been included in the CIGAS programme.</p>	<p>Assets should be assessed and included in the financial statements.</p>

### 1.5.19 Head 591 – Central Provincial Agriculture Department

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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(a) The Central Provincial Agriculture Department had not act regarding the deposits of 10 contractors amounting to Rs. 1,517,861 over 02 years in accordance with the Financial Regulation 571.	An amount of Rs. 2,032,643 is still in the deposit account now and out of that, Rs. 1,128,292 withholding money belongs to one contractor. Letters have been sent to the Irrigation Department for request the relevant institution to release the money and give recommendations for the same. Although the relevant beneficiaries were asked for the amount of Rs. 514,782 out of the remaining amount, the money was taken to the government revenue as per article 571 as no response was received and Further, the remaining amount of Rs. 389,569 apply to 9 contractors and request letters have been sent to the Irrigation Department for requesting recommendations to release them.	Action should be taken in accordance with the Financial Regulations regarding the overdue deposits.

- (b) Due to the one and only price received for the construction of two green houses in the Galpalama farm, which had been allocated Rs. 10,000,000 under the Saubhagya agriculture development programme increase by 42.92 percent higher than the engineering estimate, the construction work was abandoned. Due to not re-calling of prices or reduction in the size of the green house or construct at least one green house, the farm had not been able to fulfill the essential greenhouse requirement.
- The prices submitted by only one institution were submitted to the technical committee and as the prices are 42.92 percent higher than the engineering estimate, it is recommended to discuss with the contractor and get discounts.
- The contractor has informed that the price revision cannot be done even if asked about this. Since only one company submitted the price, as no competitive price was offered and the price was 42.92 percent higher than the engineering estimate and there was not enough time to re-call the price and complete the construction, the departmental procurement committee decided to abandon the construction.
- Arrangements should be made to fulfill the purpose of the provisions were allocated.