

## **Uva Provincial Council -2021**

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### 1. Financial Statement

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#### 1.1 Qualified Opinion

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The audit of the financial statements of the Uva Provincial Council for the year ended 31 December 2021 comprising the statements of financial position as at 31 December 2021 and the statement of financial performance and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154 (3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 23 (1) of the Provincial Councils Act, No. 42 of 1987 and provisions of the National Audit Act, No. 19 of 2018. The Summary Report was issued on 08 December 2022 in terms of Section 23(2) of the Provincial Councils Act and provisions in Sub-section 11(1) of the National Audit Act, No. 19 of 2018. The Detailed Management Audit Report was issued on 16 September 2022 in terms of Sub-section 11(2) of the National Audit Act. This report is presented to Parliament in pursuance of provisions in 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 in terms of Section 23(2) of the Provincial Councils Act, No. 42 of 1987.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion Section of this report, the financial statements of the Uva Provincial Council give a true and fair view of the financial position of the Uva Provincial Council as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

## 1.2 Basis For Qualified Opinion

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Audit Observation	Comments	of	the	Recommendati
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(a) The profit totaling Rs. 72,397,124 earned in 08 Advance accounts in the year 2021 had not been credited from Commercial Advance Accounts under profit recovery heads or miscellaneous revenue recovery heads, to the Provincial Council revenue as per the Provincial Council Financial Rule 510.2 (b).	All income is accounted under cash basis only. Action will be taken in future to account this revenue only after they are received to the Provincial Council funds Accounts.			Provincial Council Financial Rule 510.2.
(b) Fixed assets depreciation amounting to Rs. 20,863,181, set aside in relation to 08 commercial advance accounts in respect of the year 2021, had not been credited to the Depreciation Reserve Fund Account of the Provincial Treasury as per Provincial Council Financial Rule 509.1.	Funds of the institutions to which Provision for depreciation has been remitted has been credited to that Fund and the other institutions have been informed to send in such money in future years.			Action should be taken as per Provincial Council Financial Rule 509.1
(c) Stamp duties levied in terms of chapter X of the Financial Statute of the Uva Province No 08 of 1990, should be credited to a fund maintained by the relevant Local Government institution as per 129 (2) (b) of the Pradeshiya Sabhas Act and 158 (2) (b) of the Urban Council Act and the	Stamp duties levied in terms of 36.6 of the eighth schedule of the 13th Amendment to the Constitution and provisions in the			Action should be taken to pay the court fines and stamp duties receivable to

provisions mentioned in 185 (2) (c) of the Municipal Council Ordinance. Accordingly, even though the stamp duties collected annually by the Uva Provincial Revenue Department should be identified as a liability till the same is remitted to the relevant Local Government Institutions, it had been identified under tax revenue in the financial statements of the Uva Provincial Council. Accordingly, the stamp duties to be paid to the Local Government Institutions, included under tax revenue in the Consolidated Revenue Account in the year under review, stood at Rs. 444,106,516.

Financial Statute of the Uva Province No 08 of 1990, are credited to the Provincial Council Fund. As per chapter 2 of the Stamp Duty Ordinance No 05 of 1993, the said stamp fee can be repaid by the Provincial Council to the Local Government Institution whereupon a written request is made before two years elapse by the Chief Administration Officer to the Minister in charge of the subject. This takes the form of a legal contingent liability and, provision has been made under Object No. 1504 of the Annual Financial Statement.

them to the Local Government institutions.

(d) The sum of 359,065,520 being the total of work in progress as at 31 December 2021 relating to the Department of Road Development of the Uva Province and the Deputy Chief Secretary (engineering Services) Office had not been shown in consolidated financial statements.

The value of work in progress information submitted by each institution for keeping accounts had not been submitted.

The value of work in progress should be identified and disclosed in financial statements.

- (e) A difference of Rs. 381,246 was observed since a sum of Rs. 10,379,495 in the Seed Potato Special Advance Account, recoverable from officers has been shown as Rs. 9,998,249 in the Uva Provincial Consolidated Financial Statements.
- The balance receivable from the outset to the Provincial Treasury has been noted. If there is a difference of reporting in Seed Potato Special Advance Account, action will be taken to correct it in future.
- The balance included in the Consolidated Financial Statements should tally with the balances shown in the Advance Account.
- (f) Opening and closing balances of Property, Plant and Equipment purchases and disposals mentioned in Uva Provincial Consolidated Financial Statements as at December 2021, had not tallied by Rs. 1,403,860,519 with said balances mentioned in each Appropriation Account.
- The difference in Individual Accounts shown as at 31 December 2021 was noted to be corrected in the Control Account.
- The balance mentioned in the Consolidated Financial Statements should tally with the balances shown in Appropriation Accounts.
- (g) In accordance with the Uva Provincial Council financial statements as at 31 December 2021, the imprest balance receivable from 05 institutions of the Provincial Council including a Divisional Secretariat stood at Rs. 26,047,543. 2021
- It is being corrected in the year 2022.
- As per Financial Rule 366.5.2 of the Uva Province, should be settled as at 10

January of the following year or as at the date prescribed by the Treasury.

- (h) Although the balance receivable from the Light Engineering and Handloom Commercial Advance Accounts to the Uva Provincial Council in accordance with the consolidated financial statements of the Uva Provincial Council as at 31 December 2021 stood at Rs. 4,816,374, the balances to be settled to the Provincial Council had not been shown in accordance with that Commercial Advance Account.
- Instructions will be given to identify this amount as a liability to be paid from the Accumulated Fund of the Commercial Advance Accounts and action will be taken to resettle it.
- The balance included in the Consolidated Financial Statements should tally with the balances in Commercial Advance Accounts.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuS). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section in this report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatements, 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 Provincial Council is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable to preparation of annual and periodic financial statements. In terms of Sub-section 38(1) (c) of the National Audit Act, the Management shall ensure that an effective internal control system for the financial control of the Provincial Council exists and carry out periodic reviews to monitor the effectiveness of such system and accordingly make any alterations as required for such systems to be effectively carried out.2018

### 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 misstatements, 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 materiel misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

1.5 Comments on the Financial Statements

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1.5.1 Head 700 – Governor’s Office

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Non- Compliance

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Non-compliance with Laws, Rules and Regulations.

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Reference to laws, rules, regulations etc.	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
Chapter 4.1 of the Circular of Presidential Secretariat PS/CSA/11-18 issued on 12 October 2018 under the Head ”Managem nt of Government Expenditure”.	Even when an allowance for a maximum fuel quota has been given in respect of the Governor and the Coordinator of the Governor, additional sums of Rs.909,322 and Rs.426,100 had been paid in respect of 5,247.37 liters and 3,420 liters respectively for the period from September 2020 to 31 December 2021.	When the Honorable Governor participated in official duties outside the province, additional fuel bills have been reimbursed considering it as a special case and as per the orders given by the Honorable Governor, the fuel bills submitted for carrying out duties by the Coordinating Secretary outside the province have been reimbursed.	Action should be taken as per Circular of the Presidential Secretariat No PS/CSA/11-18 dated 12 October 2018

1.5.2 Head 701 - Council Secretariat



(a) Non-compliance

Non-compliance with Laws, Rules and Regulations

Reference to laws,  
rules, regulations etc.

Non-compliance

Comments of the Chief  
Accounting Officer

Recommendati  
on

Chapter (II) of the  
Management Services  
Circular No. 03/2018  
dated 18 July 2018

Special allowances  
amounting to Rs. 13,222,231,  
being the aggregate amount  
of 25 per cent of the  
basic salary of 30 officers of  
the Council Secretariat had  
been paid to them for the  
period from August to 2017  
to June 2022.

A committee has been  
appointed for the  
submissions to be made  
to regarding legality and  
fairness of this payment.  
Future action will be  
taken accordingly.

Action should  
be taken as per  
the  
Management  
Services  
Circular No.  
03/2018 dated  
18 July 2018.

(b) Controversial Transactions

Audit Observation

Comments of the Chief  
Accounting Officer

Recommendati  
on

As per chapter 3.1 of the Circular of the Presidential  
Secretariat No PS/CSA/11.18 dated 12 October 2018,  
Chairman of the Provincial Council is entitled to 02  
official vehicles and 03 security vehicles. A sum of  
Rs. 12,960,000 had been paid as travel allowance to the  
Chairman of the Provincial Council in respect of 02

As per section 7(2) of the  
Provincial Council Act  
No 42 of 1987, the post  
of Chairman of the  
Provincial Council does  
not terminate and there is

The paid  
amount should  
be recovered  
since there is  
no provision as  
per the

official vehicles and one security vehicle for the period from 08 October 2019 to 31 December 2021 as the post of Chairman had become a nominal post following the termination of the 6<sup>th</sup> Uva Provincial Council 2018

no legal provision to reduce the benefits entitled to by the Chairman. 1987 Circular. to pay a traveling allowance

(c) Irregular Transaction

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(i) A sum totalling Rs. 8,867,895 had been paid in gratuity in the year under review to 187 officers who were serving in the personal staff of the Members of 6th Uva Provincial Council, on the basis of 12 per cent of the paid monthly allowance in respect of the period they had served, stating it as a last payment made and such payment had been made on account of the termination their service in October 2019. There had been no legal provision to make this payment.

1983 අංක 12 දරන Irregularly Government Departments made payments and Ministries cannot be should be considered as an recovered. Employer of the Payment Circular No 12 of Gratuity Act No.12 of 1983. This Act will be of 1983. effective on Government Statutory Institutions and Co-operations. These payments have not been made as per the provision of that Act.

(ii) A sum of Rs. 14,034,374 of salaries and allowances had been paid to 11 officers of the private staff of the Chairman whose post had become nominal following the termination official tenure of the 6th Uva Provincial Council and such payment had been made for the period from 08 October 2019 to 31`December 2021 without obtaining any service to the Uva Provincial Council.

As per section 7(2) of the Paid amounts Provincial Council Act should be No 42 of 1987, the post recovered since of Chairman of the there is no Provincial Council does legal provision not terminate and there is to make no legal provision to payments to the reduce the benefits private staff of entitled to by the the Chairman. Chairman.

Head 704 – The Chief Minister and The Ministry of Finance and Planning, Law and Order,  
1.5.3 Education, Local Government, Lands, Power and Energy, Constructions and Infrastructure  
Development.

(a) Non-compliance

Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Non-compliance	Comment of the Chief Accounting Officer	Recommendati on
Uva Provincial Council Financial Rules 215.3.1	Even though Rs. 2,486,500 had been transferred to the General Deposit Account on 31 December 2021 for the purchase of equipment to the Uwa Community Radio, it remained idle without using even by 31 May 2022.	This has been referred to the Provincial Treasury for the postapproval.	In terms of F.R.215.3 of the Uwa Provincial Financial Rules, no provisions should be transferred and retained in the reserve for the immediate payments.

(b) Uva Community Radio

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Audit Observation

Comment of the Chief  
Accounting Officer

Recommendati  
on

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As has been confirmed the Auditor General by the Secretary of the National Salaries and Cadre Commission through the Letter No. NSCC/10/79/GE/AL dated 07 March 2022, the Governors have not been conferred the direct powers to determine salaries and allowances of the officers in the Provincial Public Service. Nevertheless, the programme producers and the persons who bring the programmes to the Uwa Provincial Radio had been paid commissions totaling Rs. 1,035,225 at the rate of 5 per cent to 10 per cent as incentives relating to the year 2021.

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This incentive has been paid on a decision taken during the period in which the Cabinet had been vested with the powers. Action will be taken in accordance with the letter of the Secretary of the National Salaries and Cadre Commission.

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The commission paid without approval should be recovered.

1.5.4 Head 706 – Ministry of Agriculture, Irrigation, Animal Products and Fresh Water Fisheries

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Management Inefficiencies

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Audit Observation

Comment of the Chief  
Accounting Officer

Recommendati  
on

(a) The debit balance of the Special Advance Account on Seed Potato that had been continued to exist as the assets in the financial statements for over a 20 years was Rs. 10,379,495 as at 31 December of the year under review and this balance should have been recovered monthly from 398 officers who had obtained

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This loan balance is being recovered and the relevant officers have been informed to recover the loan.

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Action should be taken to recover the loan expeditiously.

seed potatoes on credit basis. A sum of Rs. 323,850 only had been recovered from 21 officers during the year under review and accordingly, it was observed that the above loan had not been properly recovered.\

- (b) The loss of Rs. 29,800,401 that had to be incurred by the provincial fund due to the negligence and unplanned activities of the programme implemented to import and sell seed potatoes to cultivate in the Maha season of the year 2002 had not been recovered from the responsible officers and after 20 years, it had been written off during the year under review by making provisions through a supplementary estimate.

Disciplinary actions have been taken against the officers who should be responsible for the capital loss of Rs. 29.8 million incurred in the seed potato importation of the year 2020 and they have retired after being released from those disciplinary actions.

The Attorney General's Department has informed that the recovery of Rs.4.89 million included in the above amount that has not been covered by the insurance and remained recoverable from the company which imported the seed potatoes will be fruitless. Accordingly, that loss and the unrecovered amount have been written off on the approval of the Honourable Governor.

The loss should be recovered from the responsible officers.

1.5.5 Head 710 - Ministry of Health, Indigenous Medicine, Probationary and Child Protection, Women Affairs and Social Welfare

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(a) Management Inefficiencies

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Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(i) Stocks of drugs worth Rs. 20,465,781 had expired in the Welimada, Diyathalawa, Mahiyanganaya base hospitals and the Banadarawela and Passara District Hospitals under the Uva Provincial Department of Health Services as at 31 December 2021 and drugs worth Rs. 4,648,532 had been identified as the quality failed drugs and removed from the use.	These are the stocks of expired drugs belonging to the years 2018, 2019, 2020 and 2021. The drop of the patients from 45 per cent to 70 per cent in the Out Patient Departments, clinics and wards due to Covid epidemic situation, supply of all the annually estimated stocks of drugs by the Colombo Medical Supply Division and receipt of a large stock of certain drugs with short life span to the Regional Supply Division had attributed to this situation.	A proper system should be put in place in relation to ordering and issuing stocks of drugs.

(ii) Although the Ministry of Health of the Central Government had provided 5 kinds of computers and 52 units of other equipment worth Rs. 1,556,187 and 04 unpriced printers for the Out Patient Department networking project of the Bibila Base Hospital in the years 2019 and 2020, the equipment remained idle for more than one year due to non-implementation of the project.

Requests have been made to obtain assistance of the Health Information Unit of the Ministry of Health to activate the project. Expeditious action should be taken to implement the project.

(iii) Although the Ministry of Health of the Central Government had provided 5 kinds of computers and 53 units of other equipment worth Rs. 1,617,875 to the Siyambalanduwa Base Hospital for the Out Patient Department networking project of hospital in the years 2019, the equipment remained idle for more than 02 years due to non-implementation of the project.

As 90 per cent of the project activities have been completed, action will be taken to complete the remaining works within two months to come. Expeditious action should be taken to implement the project.

(b) Accomplishment of Environmental and Social Responsibility

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 The sewage overflowing form the gully pits of the Bibila Base Hospital and the water mixed with pollutants and toxic chemicals discharged from the hospital were being released into the environment through the hospital drain system without recycling.

A sum of Rs.90 million has been allocated from the Asian Development Bank to construct the sewage system and the drainage system of the hospital. A proper system should be established to discharge wastewater.

1.5.6 Head 711 – Department of Education

(a) Deficiencies in the Contract Administration

Audit Observation

Comment of the Chief  
Accounting Officer

Recommendati  
on

Although the work of the construction of the two-storied Tamil Medium Teachers Training Centre at Haliela which had been contracted at Rs. 24,932,510 on 19 September 2016 by the Uva Provincial Department of Education under the provisions of the Ministry of Education of the central government should have been completed on 18 September 2017, it had not been completed even by 31 December 2021. Nevertheless, action had not been taken according to the agreements regarding the breach of contract agreements. As a result, it had not been possible to recover the late fee of Rs. 1,246,625 which could have been recovered from the contractor in the payment of bills. Despite the recommendations of the Regional Engineer (Buildings) to cancel the agreement, no action had been taken accordingly and as such, it had not been possible to involve another contractor to complete the remaining works.

Not replied.

Action should be taken to use them by completing the constructions expeditiously.

The Tamil medium teachers training activities had been interrupted for over a 05 years and 150 lecture hall chairs worth Rs. 673,000 provided by the Ministry of Education of the central government had been destroyed without being used. A large number of



computers, laptops, photocopiers, multimedia machines and furniture remained insecure without being used.

(b) Assets Management

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Idle and Underutilized Assets

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A number of 605 tablet computers provided to 07 schools by the Ministry of Education of the central government in the year 2020 to be used for teaching activities with the assistance of digital technology to the students of grades 6-11, had remained unused even by 31 December 2021 due to not providing internet facilities.

Not replied.

**Action should be taken to use the tablet computers by obtaining the internet facilities.**

1.5.7 Head 712 – Department of Local Government

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Supervision of Local Authorities

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Audit Observation

Comment of the Chief Accounting Officer

Recommendation

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(a) Arrears of Revenue

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The rates and other revenue of Rs. 569,098,265 to be recovered as at 31 December of the year under review by the local government authorities of the Uva Provincial Council for the year under review and the previous years had not been recovered.

Arrangements are being made to recover the arrears of revenue.

Action should be taken to recover the arrears of revenue.

(b) Amount to be Levied for the Surcharge Certificates Issued.

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A sum of Rs. 5,724,219 was due for the surcharges imposed on the officers and the representatives of the local government authorities of the Uva Province as at 31 December of the year under review.

Surcharges imposed on the officers and the representatives of the local government authorities are being recovered. Action should be taken to recover the surcharges.

1.5.8 Head 714 – Department of Agriculture

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Management Inefficiencies  
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Audit Observation  
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Comment of the Chief Accounting Officer  
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Recommendation  
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(a) Under the project of construction of mushroom cultivation houses, an assistance of Rs. 50,000 was to be released to the beneficiaries under 02 phases by the reviewed Office of the Deputy Director of Agriculture, Badulla. Since 17 beneficiaries who were provided assistance under the first phase in 07 Divisional Secretariat Divisions of the Badulla district had not been constructed the relevant mushroom cultivation houses in accordance with the facts stated in the agreement and the specifications, the payment of second installment had been temporarily suspended and due to suspension of the payments, a sum of Rs. 340,000 had been retained in the General Deposit Account. Accordingly, the first installments totaling

As some of the beneficiaries had not completed the works of the mushroom house, the money was not given in the second phase. Further work is to be done by encouraging the remaining beneficiaries under the supervision of the field officers. Action should be taken to construct the mushroom cultivation houses in accordance with the specifications.

Rs. 510,000 paid to the beneficiaries had become uneconomical.

- (b) Due to taking a long time by the Office of the Deputy Director of Agriculture, Badulla in the process of paying compensation to the farmers for Umaoya crop damage from the date of applying for compensation up to the date of approval, compensation of Rs. 8,691,620 payable to the farmers from 26 February 2019 to 26 October 2021 had been retained in the General Deposit Account even up to 31 December 2021. Approval for the revised system for payment of Uma Oya crop compensation was received on 17 November 2020 and compensations have been paid for 4046 applications. One hundred and sixty six applications have been forwarded to the Mahaweli Ministry for approval. Payments for 15 applications with issues will be made in future according to the decisions given by the committee. Action should be taken to release the relevant compensations to the farmers expeditiously.
- (c) More than 10 years have elapsed for the fraud of disappearance of salaries in the Uva Provincial Department of Agriculture, of which an unsettled amount of Rs. 440,990 as at 31 December 2021 had been shown in the financial statements of Uva Provincial Council. This balance further remains as it has not been reported that the legal proceedings have been completed. The unsettled balance should be recovered from the responsible officers.

1.5.9 Head 716 – Land Commissioner General’s Department

Revenue Management

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
<p>Eighty eight licenses of lease had been granted to 87 lessees on commercial basis. Action had not been taken in accordance with Paragraph 02 of the Circular No. 2021/06 of the Commissioner General of Lands dated 13 October 2021 relating to the recovery of dues amounting to Rs. 75,776,346 receivable as at 31 December 2021.</p>	<p>The Divisional Secretaries have been informed in accordance with Circular No. 2021/06 of the Commissioner General of Lands dated 13 October 2021 that the leaseholds failing to pay the lease rents be cancelled and forwarded to the Commissioner General of Lands for taking legal action.</p>	<p>Action should be taken in accordance with Paragraph 02 of the Circular No. 2021/06 of the Commissioner General of Lands dated 13 October 2021 and the lease agreements.</p>

1.5.10 Head 717 – Irrigation Department

Operating Inefficiencies

<p>A period of over 07 months had elapsed as at 31 December 2021 since an agreement had been entered into on 11 May 202 with the Pubudu Farmers’</p>	<p>Due to increased price and scarcity of cement, the Farmers’ Association</p>	<p>Action should be taken on the contractor in</p>
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Association, Mawelagama in view of completing the renovation of minor irrigation canal of Mahakumbura, Galamota Ara, Medagoda at an expenditure of Rs. 1,226,740 before 11 August 2021. However, the relevant work had not been commenced by the contractor.

had not taken steps to commence the work, and no payments were made as well.

1.511 Head 726 - Office of the Deputy Chief Secretary (Engineering Services)

(a) Deficiencies in Contract Administration

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
<p>A retention wall of 05 meters tall and 12 meters in length had been constructed at Vijaya College, Velimada incurring a sum of Rs. 2,557,872 out of the provision granted by the Uva Provincial Ministry of Education in respect of disaster management at schools. However, a danger was observed as upper end of that wall had protruded 100 millimeters towards the Velimada - Badulla road.</p>	<p>The area above the retention wall had been constructed so that water would not be leaked, and the contractor was informed to take corrective measures on the protruded area of the wall.</p>	<p>Measures should be taken to avoid the danger.</p>

(b) Procurements

<p>A register of attendance for the members of the Procurement and Technical Evaluation Committee had not been maintained contrary to Guideline 2.11.2 of the Government Procurement Guidelines, but a sum of Rs.</p>	<p>Procurement Committees had been maintained considering the responsibility and time of</p>	<p>Attendance Registers should be maintained in accordance</p>
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1,225,780 had been paid by the office of the Deputy Chief Secretary (Engineering Services) as allowances for the Procurement and Technical Evaluation Committee during the year under review without verifying the participation of the members.

the procurement process. with Guideline 2.11.2 of the Government Procurement Guidelines. There exists no requirement to conduct meetings of the Technical Evaluation Committee or the Procurement Committee by recording the attendance at the office.

(c) Advance Account for the Provincial Office of the Mechanical Director.

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 The debtor balance receivable in favor of services supplied up to 31 December of the year under review amounted to Rs. 49,602,508, and that balance amounted to Rs. 32,966,924 as at 24 June 2022. As such, no substantial measures had been taken for recovery of the debtor balances.

Necessary action has been taken to strengthen the debt recovery process by appointing a committee for recovering the debtor balances relating to the preceding years. The outstanding debtor balances should be recovered.

1.5.12 Head 737 - Office of the Deputy Chief Secretary (Planning)

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 Irregular Transactions  
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Audit Observation  
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Comment of the Chief Accounting Officer  
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Recommendation  
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A sum of Rs. 995,456 had been paid to the Pradeshiya Sabha on 31 December 2021 based on a fraudulent bill presented to the Deputy Chief Secretary (Planning) by the Pradeshiya Sabha for constructing the compose yard

The divisional forest office, Monaragala had forwarded the recommendations for disciplinary action should be taken on the failure to

of the Pradeshiya Sabha, Madulla under the Criteria Based Investment Programme -2021. Except for clearing the access road along a distance of 200 meters by 19 January 2022, no other construction work had been commenced. Action had not been taken to take over the proposed land from the Department of Forest Conservation and obtain recommendations from the Central Environmental Authority on environmental feasibility.

handing over the land, to the Department of Forest Conservation. The Divisional Secretariat has been informed to take necessary action.

conduct a preliminary investigation and presentation of fraudulent bills thereby completing the works expeditiously.

1.5.13 Head 738 - Office of the Deputy Chief Secretary (Administration)

(a) Non-compliances

Non-compliance with Laws, Rules, and Regulations

Reference to Laws, Rules, and Regulations	Non-compliance	Comment of the Chief Accounting Officer	Recommendation
Cabinet Decision No. 21/1596/304/134 dated 31 August 2021.	Instructions had been given to restrict expenses by stating that, considering the financial difficulties faced by the Government, the programmes not yet implemented, purchases, constructions, and renovation and modification of buildings, be suspended despite the allocation of provision whilst not taking action to enter into agreements, if not already entered into. Once such a decision had been taken by the Cabinet, the	It was so done as it was the responsibility of the provincial officers to maintain the essential services of the province and utilize the human resources.	Action should be taken in accordance with the Cabinet Memorandum , No. 21/1596/304/134 dated 21 August 2021.

Ministries and Departments of the Uva Provincial Council had spent a sum of Rs. 1,158,783,869 on such activities.

(b) Weaknesses in Internal Control

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Despite the non-receipt of goods as at 31 December 2021, cheques worth Rs. 105,507,626 had been issued by 06 institutions belonging to the Uva Provincial Council through 43 vouchers. Fraudulent entries had been made that goods had been received with respect to 07 vouchers worth Rs. 27,735,048 out of the said vouchers.

The necessity to plan in advance for avoiding such situations was pointed out to the officers. Action should be taken to follow the Financial Rule 139 of the Uva Provincial Council and disciplinary action should be taken against the officer who made fraudulent entries.

2. Financial Review

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(a) Financial Result

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According to the financial statements presented, the financial result of the affairs of the Uva Provincial Council Fund for the year ended as at 31 December of the year under review was a deficit of Rs. 2,205,982,794 as compared to the corresponding deficit of Rs. 1,868,759,546 for the preceding year.



(b) Variance of Revenue and Expenditure

A summary on revenue and expenditure of the year under review and the preceding year in accordance with the financial statements presented, is given below.

Revenue

	2021			2020		
	Budgeted	Actual	Variance	Budgeted	Actual	Variance
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue relating to the Items of Provincial Council						
Tax Revenue	1,768,220,000	1,513,326,027	(254,893,973)	1,708,220,000	1,531,152,211	(177,067,789)
Non-tax Revenue	571,780,000	612,779,708	40,999,708	579,780,000	500,893,829	(78,886,171)
Government Grants	28,343,106,749	28,343,106,749	-	25,476,441,742	25,476,441,742	-
<b>Total</b>	<b>30,683,106,749</b>	<b>30,469,212,484</b>	<b>(213,894,265)</b>	<b>27,764,441,742</b>	<b>27,508,487,782</b>	<b>(255,953,960)</b>

Expenditure

	2021			2020		
	Budgeted	Actual	විචලනය	Budgeted	Actual	Variance
	Rs	Rs	Rs	Rs	Rs	Rs
Recurrent Expenses						
Personnel	22,686,147,768	21,985,850,940	700,296,828	19,254,178,223	20,843,181,286	(1,589,003,063)
Emoluments						
Other Recurrent	5,489,705,855	4,765,456,763	724,249,092	4,480,933,777	4,166,992,029	313,941,748
<b>Sub Total</b>	<b>28,175,853,623</b>	<b>26,751,307,703</b>	<b>1,424,545,920</b>	<b>23,735,112,000</b>	<b>25,010,173,315</b>	<b>(1,275,061,315)</b>
Government Investments	4,058,000,000	3,819,487,572	238,512,428	1,942,498,447	674,302,677	1,268,195,770
<b>Total</b>	<b>32,233,853,623</b>	<b>30,570,795,275</b>	<b>1,663,058,348</b>	<b>25,677,610,447</b>	<b>25,684,475,992</b>	<b>(6,865,545)</b>

The total revenue of the year amounted to Rs. 30,469,212,484 and a sum of Rs. 28,343,106,749 therefrom was Government grants. Five per cent of the total revenue amounting to Rs. 1,513,326,027 represented the tax revenue whilst 02 per cent of the total revenue amounting to Rs. 612,779,708 represented the non-tax revenue. Of the total revenue amounting to Rs. 30,469,212,484 for the year, sums of Rs. 26,751,307,703 and Rs. 3,819,487,572 representing 88 per cent and 12 per cent respectively had been utilized on recurrent expenditure and Government investments.

Management Inefficiencies

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
<p>The sum of Rs. 50,050,722 being the total of deposit balances older than 02 years and belonging to 31 institutions as at 31 December of the year under review, had not been disposed in terms of Financial Regulation 571.</p>	<p>The Heads of the institutions were informed that disposal should be made in accordance with Financial Regulation 571.</p>	<p>Action should be taken as per Financial Regulation 571 on the lapsed deposits.</p>

Operating Review

Provincial Development Plan

Approval had been granted on 2257 project proposals at an estimated value of Rs. 4,085 million in respect of new and continued works under the provincial development plan for the year under review. Progress of those project proposals is given below.

Project Description	No. of New Work Proposals	No. of Continue d Work Proposals	No. of Total Work Proposals	Total Estimated Value of Work Proposals
	s	s		Rs. million
Fully Completed	1905	33	1938	4,085
Completed More than 50 Per cent	160	29	189	
Completed Less than 50 Per cent	98	15	113	
Not Commenced	8	0	8	
Under Contentious Situations	9	0	9	
Total	2180	77	2257	