

Head160 – Ministry of Environment

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Head 160 - Ministry of Environment for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of financial performance and cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No.19 of 2018. The summary report containing my comments and observations on the financial statements of the Ministry of Environment was issued to the Chief Accounting Officer on 31 May 2023 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Ministry was issued to the Chief Accounting Officer on 31 May 2022 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Ministry of Environment as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Chief Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Ministry is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Ministry and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

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

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's summary 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 and its materiality depends on the influence on economic decisions taken by users 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 procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.

- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Chief Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements

I express the following matters in terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- (a) The following recommendations made by me on the financial statements of the preceding year had not been implemented.

Reference to paragraphs of the report relating to the previous year -----	Recommendation that was not implemented. -----	Paragraph reference in this report. -----
1.6.1. (a)	Action should be taken to correct the indication of expenditure made for the private lands as the lands of the Ministry in the financial statements of the Ministry.	1.6.1. (a) (i)
1.6.1.(b)	Action should be taken to take legal possession of the land and to disclose the assessed value of land in the financial statements.	1.6.1. (a) (ii)

1.6 Comments on Financial Statements

1.6.1 Accounting deficiencies

(a) Property, Plant and Equipment

The following deficiencies were revealed when accounting for property, plant and equipment.

Audit Observation	Comments of the chief financial officer	Recommendation
<p>(i) A sum of Rs.3,791,283 had been stated under the non-financial assets as the project for rehabilitation of degraded private agricultural land in Kandy, Badulla and Nuwara Eliya districts of Central Highlands. It was observed that an asset not actually owned by the Ministry was represented as an asset owned by the Ministry in the implementation of this project under expenditure subject No. 2105 of Land and Land Improvement. It was observed that the relevant value had not been adjusted from the value of asset although this project had been completed by the year 2022.</p>	<p>The cost of this project was reported according to the expenditure head numbers given by the Treasury when preparing the annual budget estimates. Appropriate action will be taken in the future in consultation with the treasury as this project is completed.</p>	<p>The value should be disclosed correctly in the accounts since this value is not actually the value of the land owned by the Ministry.</p>

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| (ii) | Actions had not been taken to disclose the assessed value of the land on which the “Sobadam Piyasa” building is located, and conducting activities by the Ministry of Environment, amounting to Rs.261,000,000 under non- financial assets in the financial statements and to acquire the legal possession of the land. | The Urban Development Authority has been informed several times since 2017 to transfer the legal title of the land to this ministry. | The assessed value should be disclosed in the financial statements and action should be taken to legal possession of the land. |
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(b) Imprest Balances

The following deficiencies were revealed when accounting for the imprest balance.

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(i) An amount of Rs. 260,361 that should have been charged in connection with a fraud committed by an officer in the Management Service of the Ministry remained as the imprest balance as at 31 December 2021 and that figure was not reflected in the financial statements as the opening balance of the imprest account in the year 2022. Action had been taken to collect the outstanding balance monthly and a sum of Rs. 130,180 remained as to be collected according to	The amount of Rs.238,664.25 has been received from July to May 2022 and settled out of the imprest amount of Rs.260,361.36 which should have been settled. The remaining imprest balance of Rs. 21,697.11 to be settled in June 2023.	Opening and closing balances should be accurately accounted in the financial statements.

treasury Print as at 31 December 2022 but the amount of to be collected by 31st December 2022 had not been shown in the accounts as an unsettled imprest balance

(c) Not maintain records and books

The Ministry had not maintained certain documents as follows and it was observed during the sample audits that certain documents had not been maintained properly and up-to-date.

Audit Observation	Comments of the Chief Accounting officer	Recommendation
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(i) Stock Book

<p>Stock books had not maintained as per Financial Regulations 751 and 763.</p>	<p>It is observed at the time that there has been some delay in updating the stock books and it kindly informed that officials have been instructed to update the documents regularly.</p>	<p>Stock books should be maintained as per Financial Regulations 751 and 763.</p>
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(ii) Surety Register

<p>A surety register containing the particulars of the officers and employers required to be surety was not prepared in terms of Finance Regulation 891(1).</p>	<p>Even it has also become very difficult to assign duties to the officers who hold the positions to be collected surety, but collecting bail from those officials has become problematic in practice. the surety register will also be maintained in the future.</p>	<p>A surety register should be maintained of the officers to be surety, containing the information referred to in Section 891(1) of the Finance Regulations.</p>
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2. Financial Review
2.1 Expenditure Management

Audit Observation	Comments of the chief financial officer	Recommendation
<p>(a) The net allocation of Rs. 5,400,000 had been left in fully from net provision of 07 expenditure objects for the year 2022.</p>	<p>The capital nature rehabilitation or improvement was not needed in the year of 2022, Unable to utilize provision due to expenditure control circulars issued in 2022, this provision had remained due to the goods ordered had not been received by the end of the year and not requested of funds for payment.</p>	<p>Expenditure should be reviewed periodically and properly estimated.</p>
<p>(b) It had been left over of the fifty percent of the amount of Rs.78,600,000 which allocated for the year of 2022.</p>	<p>Not need for repairs, Delay in engagement of resource persons for conducting official language programs, Existence of requirements of a minimum amount than the provision had been allocated, new purchases and training programs have to be suspended due to the expenditure control circulars issued in the year 2022, this provision was remained due to expenditure control circulars issued in the year 2022 and all purchases and entering into contracts were suspended.</p>	<p>Expenditure should be accurately estimated, timely reviewed and revised as necessary.</p>

- (c) The amount of Rs. 5,175,000 had been given as supplementary estimate allocation for 02 projects for the Ministry of Environment by “Supplementary Support Services & Contingent Liabilities” Project mentioned in Section 6(1) of the Appropriation Act No. 30 of 2021 and it was observed that an amount of Rs. 1,078,805 was left unspent from that provision.
- Incurring expenditure less than estimated on air tickets for overseas travel, this amount had been saved as because some vehicle repair could not be carried out due to market condition and difficulty in finding spare parts.
- Action should be taken in accordance with the provision of Act and action taken intensively to prepare the estimation.
- (d) It was observed that approximately 75 percent of the total expenditure related to 11 projects was incurred in the last quarter when conducting the examination of the expenditure for capital projects incurred by the Ministry in the year 2022. Accordingly, it was observed during the audit that there may be difficulties in achieving the desired performance level in carrying out those project tasks due to the release of provisions during the last quarter.
- The main reason for the increasing the expenditure in the last quarter was that did not receive sufficient funds in the first quarters which had been released provision under F.R 208 to this ministry as well as other ministries and departments.
- Action should be taken intensively to deploy the capital expenditure according to a plan so as to achieve the desired objectives by incurring expenses.

2.2 Non compliance with Law, Rules and Regulation

The instances of non-compliance with the provisions of laws, rules and regulations observed during sample audits are analyzed below.

Reference to laws, rules and regulations.	Observation Value Rs.	Non compliance	Comments of the Chief Accounting officer.	Recommendation
(i) Statutory provisions				
Sections 23 (a) and (b) of the National Environment (Amendment) Act No. 47 of 1980.	-	It was observed that the wastewater treatment system of the Ministry of Environment had been operated without obtaining an environmental protection license for more than 5 years from the date of commencement of use up to the audited date of 03 May 2023, although it is stated that waste which may cause environmental pollution shall not be discharged into the environment except under	An application has been forwarded to the Central Environment Authority on 17.10.2022 to obtain an Environmental Protection License as per the provisions of the Environmental Act. The amount of Rs.7076.64 has been paid so far and the required action has been taken to obtain the environmental protection license so far.	Action should be taken in such a way as to set a precedent.

the authority of a license issued by the Authority and in compliance with any other standards and other sub-measures that may be prescribed under the said Act.

(ii) **Code of Finance Regulations of the Democratic Socialist Republic of Sri Lanka.**

Finance Regulation 104 (1) (4)

Although a full report should be submitted within 03 months from the date of the damage, action had not been taken as at 21 April 2023 even though more than a year had passed since 02 vehicles belonging to the Ministry were involved in an accident. Further time delays were observed for submitting full reports between 02 and

It is not possible to give an estimate of the repair cost for 02 vehicle due to lack of availability of spare parts in the market. The full reports related to 04 vehicle accidents have been delayed due to lack of spare parts.

Action should be taken according to the Finance Regulation.

04 month
regarding to 4
vehicle
accidents.

(iii) **Treasury circulars**

Treasury Circular No.
2/2017 dated 31
December 2017.

Although every government vehicle used by every government institution should be registered in the name of that institution before 30 June 2018, action had not been taken to transfer of 04 vehicles used by the Ministry of Environment in the name of the Ministry.

There have been delays in transferring of the vehicles mentioned in this para due to various practical reasons and observe that certain reasons are beyond the responsibility of this ministry.

Proceedings of legal expropriation and follow up.

(vii) **Public Finance Circulars**

Public Finance
Circular No. 04/2020
dated 09 November
2020

The Ministry had not opened up the procurement of security services to the private sector and it was observed that all eligible interested parties were

Although it has been mentioned that 15% special priority should be given in financial evaluation if the service is obtained from public enterprises. but since the procurement of providing security

It should be taking action in such a way as to get the maximum economic benefit in terms of circular.

not given a fair, services awarded equal and to C/s LRDC maximum Services (Pvt.) opportunity to which was a participate in government the subsidiary procurement. company, there was no need such special prioritize

2.3 Improper Transactions

The following observations are made

(i) **Unauthorized payments.**

The following payments were made without formal approval.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>* Although a contract agreement should be signed with the concerned institution after the acceptance of the bid as per the guideline 8.9.1 (b) of the procurement guidelines, the Ministry had signed the contract agreement in the year 2022 for providing of security services on 17 August 2022 and it was revealed during the audit that Rs. 5,383,470 had been paid without a legal agreement for the period from January 2022 to 17 August 2022.</p>	<p>There was no exchange of information in writing in some cases since LRDC Services (Private) is a government-affiliated company, since it had provided the security service of the Ministry for several years and since there was a mutual understanding between the Ministry and that institution. Further an acceptance letter has not been issued since this company only had submitted the prices. Also, the signing of the agreement was delayed due to various practical reasons but the organization continued to provide security services without any interruption due to understanding with the organization</p>	<p>Accurate guidelines should be followed in the procurement procedure and the Government money should not be spent exterior of legal agreements.</p>

2.4 Deposit Balances

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) A deposit balance of Rs.30,737,540 for more than 06 years from the year 2015 and 2016 under Treasury General Deposit Account No. 6000-0-0-16-0-61 related to retain money for contracts was incorrectly stated in the deposit age analysis for a period of 2 to 5 years was shown as an outstanding balance. Further, action had not been taken relating to above balance according to Financial Regulation 570 and 571(3)	Payments have been made for all the bills presented by CECB So far and kindly inform that the contract payment will be released after the final bill is certified by the Department of Building.	Financial regulations should be followed and true and fair information should be presented in the financial statements.

3. Operating Review

3.1 Abandoning the projects without finish.

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) It had been spent Rs.150000 for evaluation the project proposal of use the Bio- Char as a stimulus for environmentally friendly organic fertilizer. But this project had not been included in the annual action plan and not	The Feasibility study report recommended that the project is not suitable for implementation and although it was recommended that project proposals of small-scale bio-char producers be implemented locally, the recommendation could not	Projects should be commenced after conducting the feasibility study with proper planning and necessary financial allocation before implementation and the expenditure should be managed so that the desired objectives can be achieved.

provided allocation from the annual budget. Therefore, the audit was observed that the expenditure was an idle expenditure due to the project was not implemented.

be implemented as the annual allocation to the Biodiversity Sector was insufficient.

3.2 Locally funded projects

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the criteria and their capacity should be considered while selecting entrepreneurs, to the implementation of nurseries under the Environment Conservation Program through the promotion of green entrepreneurship and not doing so 28 entrepreneurs were abundant from the program. Accordingly, it was observed during the audit that due to the selection of unsuitable and unviable beneficiaries, the entrepreneurs who should actually be entitled and qualified to the benefits had lost the opportunity and the government funds had been spent in idling.	Applications certified by the Divisional Secretaries as low-income family units were selected in the selection for this program. All these selections are only selected from those who have been selected with the approval of the District Secretary and the Divisional Secretary. The various reasons have been forced to the discontinuation of the program. It has not been received money given as benefit from two beneficiaries and received the receivable amounts from 17 others out of the 28 beneficiaries mentioned in the report. The district secretaries have also been informed to collect the balance.	Actions should be taken according to relevant observations and criteria.

- (b) Although this program was planned to be implemented all over the island, the program was not implemented as expected due to the non-participation of some districts and it was observed that the participation of Hambantota district is almost 20 percent out of the 336 beneficiaries involved in this program. Thus, did not submit basis and reason to the audit about selection a large number of beneficiaries through Hambantota district.
- A number of applications were received from some districts exceeding the minimum and accordingly all the applications received were evaluated and selected from the merits and it did not exceed the maximum limit of 650 nurseries. However, the Hambantota District Secretary had sent more applications for this green entrepreneurship program and a greater number of applications from that district were eligible During the evaluation.
- Actions should be taken according to the decisions of the Cabinet of Ministers and relevant observations and attention should be laid to give the reasonable opportunities.
- (c) The Ministry had spent Rs. 2,499,450 for the training programs conducted from March 2022 to December 2022 in relation to the program and technical and other training to be imparted to the beneficiaries to make the project successful but had not been provided to the beneficiaries before the commencement of the project activities. Accordingly, it was observed during the audit that the amount spent on training programs achieved the desired results at a minimal level.
- The Green Entrepreneurship Promotion project has arranged to provide training during the project while training the selected beneficiaries for the environmental conservation project. The training was given during the program as there is a possibility that the relevant training will not be participated without starting the project.
- The training programs should be organized in such a way that the desired objectives can be achieved and should be done according to the decisions and observations of the Cabinet of Ministers.

- (d) It was observed during the sample audit that two non-low-income earners in Ambalantota Divisional Secretariat were given Rs. 600,000 although low-income earners should be targeted as a basic criterion of this project. Low income is a criterion as per the selection criteria while selecting the beneficiaries and applicants were selected on the recommendation of the Divisional Secretary while checking the income conditions and this process was also followed in Ambalantota area. The relevant criteria for the implementation of the projects should be prepared and action should be taken accordingly.
- (e) The 28 number of beneficiaries who received money to implement the first phase of this program Rs.150,000 each have stopped continue the program and it was observed during the audit that the amount of Rs.1,411,581 due to the Ministry has not been collected from 09 persons. Also, the confirmation was not submitted to the audit that Rs. 296,500 due from two of the above beneficiaries was repaid. Also, the amount of Rs.85,231 was incurred by the project funds as administrative expenses while giving installments to the above beneficiaries, which was observed in the audit as an idle expenditure. The amount due has been recovered from 17 out of the 28 beneficiaries so far. And provision was released for two more beneficiaries but they have not received the respective amount. Arrangements are also being made to get the relevant money from the remaining 09 beneficiaries. Accordingly, the district secretaries have been informed in writing to take immediate action in this regard. Government funds should be spent in such a way that the projects can achieve the desired objectives.
- (f) The two nurseries were not in operating condition at the time of audit in physically and it There have been difficulties in conducting these kinds of enterprises according to the economic conditions that Project monitoring and review should be done properly.

was also observed that it had not been a formal program to sell the plants produced under this program. Accordingly, it was observed that there is uncertainty in the continuation of plant nurseries operating under this program.

have arisen in the past and the nursery activities will be carried out as usual when the economic condition of the country improves. The beneficiaries have an understanding of the existing local market.

- (g) It was further observed that the 05 positions of the Sri Lanka Agriculture Service included in the approved staff of the Ministry have been vacant for two years, and the opportunity to acquire knowledge that could have been gained during the implementation of such projects has also been lost, which may lead to a decrease in the performance level of such projects.
- The Department of Management Services has been informed in writing to revise the approval for creating the posts since the Ministry of Environment does not directly carry out activities in the agricultural sector, so the need for these posts does not arise. The training was provided for the relevant entrepreneurs within the institutions of the Department through the intervention of the officials of the Department of Agriculture when training programs were conducted.
- A review and evaluation of the ministry role should be conducted before approval for staffing.

3.3 Procuments

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to the guidelines of 8.9.1 of the Code of Procurement Guidelines, although a	The LRDC Services (Private) is a government-affiliated company and it had provided the security	Action should be taken according to the provision of the Procument Guidline.

formal letter of service of the Ministry for acceptance should be several years and since there issued to the relevant was a mutual understanding institution after the bid between the Ministry and has been accepted by that institution since this procurement firm, but a company only had submitted a letter of acceptance had the quotation even though a letter of acceptance was not issued to the institute by the Ministry specifically issued. in relation to providing security services.

3.4 Assets Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The 02 numbers of items were reported as deficient items continuously which had been identified in the annual board of survey conducted in 2019, 2020, 2021 and 2022 and action had not been taken to rectify this until 31 March 2023.	A committee will be appointed to look into this matter and take recommendations and take appropriate action in the future.	The recommendations should be implemented as per annual stock verification reports.
(b) It was revealed that the inventory books had not been updated that should be maintained by some sections of the ministry even at the time of the board of survey according to the board of survey report of the year 2022.	There have been delays in updating when the officers of the divisions do not have adequate knowledge to update the inventory books of the divisions but with the support of the board of survey and the officers in charge of the warehouse, the relevant inventory books were updated.	The inventory book should be maintained up to date.

- (c) The number of 05 items which were given to the climate change section by a project in the climate change section of the ministry in the year of 2022 and those items had not been included in the main inventory register. Accordingly, it was observed that the value of non-financial assets of the Ministry was understated as at 31 December 2022.
- These items were received to this ministry in the year 2022 and those have now been included in the inventory books and the financial value will be brought from the relevant projects and those values will also be included in the non-financial assets promptly.
- Inventory books should be monitored and reviewed periodically.
- (d) The number of 07 items had been were identified as surplus items during the annual board of survey and those items had not been included in the main inventory register and it was observed that the value of the assets owned by the ministry is understated because of those goods are not represented in the value of the non-financial assets included in the financial statements of the ministry for the year 2022.
- These items are included in the inventory book at present and will be included in the non-monetary assets as soon as the financial value is determined.
- The recommendations should be implemented as per the board of survey reports.
- (e) It was observed that 03 new computer desks, 02 management assistant desks and 8 wooden containers prepared to be used for holding flower vases are idle in
- The items are purchased during operating the ministry as the Ministry of Mahaweli Development and Environment and have been utilized at that time. As there is not enough space to keep
- Action should be taken to utilize the government assets effectively, efficiently and retain safely manner.

the records room of the ministry and it was further observed that 03 wooden shelves arranged for placing photocopiers in the open premises of the 09th floor were also idle.

the items in the warehouse, they are currently kept on the 9th floor safely. There is a possibility of using these at any time in the future.

- (f) A system had not been implemented to get the used tires to the warehouse, which are removed during the purchase of new tires for the vehicle of the Ministry. It was observed that the removed tires had not been stored in the ministry premises although 74 new tires were used for vehicles in the year 2022 and action had not been taken to obtain those tires to the Ministry and auctioned as required.
- The old tires were not received back to the ministry which removed from the vehicles as the ministry did not have a suitable storage facility for storing old tires. However, it is planned to prepare a suitable storage area for this purpose and implement a proposed method in the future.
- The internal control systems should be implemented related to vehicle maintenance.
- (g) The 06 numbers of vehicles are parked in the garages and in the ministry premises that need to be repaired from the pool vehicles owned to the Ministry of Environment and these vehicles had not been repaired although those vehicles were parked for a period between 01 and 10 years. Further it was
- Delay in repairs due to lack of funds, planned to be given to government agencies as it is a vehicle that needs to get valuation reports for discard, the repair is delayed, although it has been informed that the repair will be started after giving an advance and there is no provision for such an advance as per the financial regulations and actions have been taken for appointing
- Internal control systems should be implemented related to vehicle maintenance.

observed that 02 discard committee for the vehicles were parked at discarding of vehicles. the possession of private parties and garages for between 05 and 10 years.

- (h) If the vehicles have not been discarded that are not in running condition and the repair is not productive which reported to the office of the Comptroller General office as at 31 August 2020 in accordance with paragraph 02 (a) of Asset Management Circular No. 04/2022 dated 25th January. Although the disposal process of such vehicles should be completed immediately 2022 as per the instructions given in 02 (a) of Asset Management Circular No. 5/2020, action had not been taken to in relating to 02 vehicles as per the above circular.
- Although it was attempted to hand over the vehicle to the government institutions by identifying the vehicles numbers bearing 65-1578 and HQ-4331 through the board of survey for determining the discarded vehicles, but it has not been possible to do so. Attention is to be directed to this by the discarding board to be appointed this year.
- Action should be taken in accordance with the provisions of the circular.
- (i) A waste water treatment system has been established at the cost of Rs.3,479,520 in “Sobadam Piyasa” building premises and although it was expected to produce and use the biogas, the biogas was released into the
- It has been informed by the letter No. 02/03/Seva/01/23 and dated 2019.10.08 of the Additional Secretary (Admin) to carry the biogas from the biogas unit to the canteen and prepare it using the necessary devices and the concurrence has been expressed regarding this repair in a discussion held
- Resources should be used effectively.

atmosphere without on 17.05.2023 between the
being used which had officials of this ministry and
been generated in more the representatives of CECB
than 5 years from 14 about the maintenance of the
September 2017 to 23 building.
March 2023 of the date
of audit. Accordingly, it
was observed that the
necessary actions had
not been taken to fulfill
the said objectives in
this waste water
treatment system which
was prepared to produce
and extract biogas at a
total cost of
Rs.3,479,520.

- (j) It had been stated according to the 38th supplement of the procurement process issued on 21 April 2021 and according to the procurement guidelines number 9.3.1 (a), the quotations for vehicle repair and maintenance activities can be attained from the local agencies of the respective vehicles after considering whether they are economically effective. The amount of Rs.4,491,326 had been incurred for servicing the 36 vehicles in 63 terms through the local agent in the year and it was not confirmed in the audit whether the costs incurred for the relevant
- The repair and maintenance can be done from the local agencies of the respective vehicles as per the procurement guidelines. This is the course of action so far existence of servicing the vehicle through the agents. However, relatively more expenses will be incurred in servicing the vehicles due to this action the prices are also being called from the registered garages and the services are being carried out on the approval of the procurement committee.
- Procurement procedures and guidelines should be followed.

services were economically effective.

- (k) It was observed that nearly 34,889 publications such as books, magazines, posters, pamphlets, etc., were stored without using in each department and in the record room which were printed by the consolidated fund, foreign grants or other institutions in the ministry. The cost of the 23,977 publication was Rs.4,470,861 which can be identified from those prints.
- The book and various publications mentioned in this paragraph have been printed under various programs and projects under the Ministry. These programs are long term programs and these prints are made for the use of several years. Also, I will take an action to submit a detailed answer for your audit query No. PSE/D/ME/01/2023/AQ/09 and dated 25.04.2023 regarding this matter.
- The receiving consolidated funds and foreign grants for projects should be used more efficiently and effectively to achieve the desired objectives.
- (l) It was observed 3 Grass Cutters idle in the ministerial office of the ministry out of 4 Grass Cutters which had been purchased at the cost of Rs. 72,220 for the program of “Surakimu Ganga” and it was revealed that the other machine is being used in the ministry premises. Thus, it was observed that these 04 Grass Cutters which had been purchased at the expense of “Surakimu Ganga” program were not used to achieve the desired objectives of the program.
- These Grass Cutters have been reserved for distribution to farmer organizations under the “Surakimu Ganga” Program according to a notification given by the Honorable Minister. One Grass Cutter out of which, is used for cleaning the bordering of canals at the premises of the Ministry and the remaining machines are kept at the office of the minister. The necessary action will be taken to provide for a required location under the “Surakimu Ganga” Project.
- Resources which were purchased using government funds should be used for intended purposes.

- (m) Although the 16 vehicles registered under the name of the Ministry were given to the Central Environment Authority and used in that authority, those vehicles were not transferred legally. Although it has been mentioned that 03 vehicles have been given to the Central Environment Authority according to the information of the Ministry further, but it was confirmed according to the information obtained from the said authority that the above vehicles are not in the possession of the Central Environment Authority. Accordingly, the audit did not confirm the physical presence of the above 03 vehicles (Land Masters).
- A letter dated 29.09.2020 referred to the Director General Central Environment Authority with the signature of the Additional Secretary (Admin) asking to take immediate steps to transfer those vehicles as it has been decided to legally transfer the vehicles which have temporarily attached to the Central Environment Authority. Those were registered under the name of this Ministry already. We have the original copy of the registration certificate of 03 Attractor and this is being investigated by Central Environment Authority.
- Accounting of acquisition and disposal of fixed assets should be done systematically.
- (n) It had not been entered 30 numbers of inventory items(toners,mouse pad and ink) in to the inventory books in the audit of physical stock verification at the warehouse premises of the Ministry and it was revealed that the items
- The items are not the items purchased recently which mentioned as not available in the stock books and the officers in charge of the store has no idea how these items arrived to the store and it is not possible to find the documents of that. **The** proper attention has not been given to
- Stock control systems should be systematic.

are not currently in use. The usability of the items was checked and accordingly it was observed that action had not been taken to utilize or dispose of the items by examine the usability of the items.

these goods due to insufficient space in the warehouse. The instructions have been given to the officers to take necessary action for find out whether there is a possibility of using these items in the future.

3.5 surety of government officials

The following observations are made.

Audit observation	Comments of the Chief Accounting Officer	Recommendation
(a) The requirement of government officials to post surety and the procedure to be followed for the same are mentioned in the provisions from Financial Regulations 880 to Financial Regulations 893 and Officials who are required to post the surety for their duties must undertake in accordance with Authority 612 of the Government Officers' surety Ordinance. Also, the Secretary of the Ministry can decide the amount and method of surety by the government officials as the chief accounting officer according to Section 612 Authority (4) of the Government Officials Surety Ordinance Act, but it had not been done accordingly.	Although it is stated that surety should be collected from officers according to Finance Regulation 89 (I), the assigning of duties in those positions has become very difficult due to the responsibility assigned to officers holding certain positions such as Cashier store Keeper etc. It is difficult to deploy officers belonging to the same service for more responsible duties because the responsibility in other posts of the same service is comparatively less. Therefore, it has become problematic in practice to collect bail from the same officers while it has become difficult to deploy officers for the positions with more responsibility.	Action should be taken in accordance with the Financial Regulations.

3.6 Losses and Damages

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the amount of Rs. 53,200 had been spent for the repairing of an accident involving vehicle number bearing PF-9453, the insurance company had refused to reimburse the relevant amount spent above. Thus, the appropriate action had not been taken to identified the expenditure as loss and damage.	Actions are being taken to record in the register of losses and damages as the insurance company has informed that the loss related to the accident of the vehicle number bearing PF 9453 is not covered by the insurance policy.	Transactions and events should be identified and action should be taken to accounting properly and taking steps to reimbursement.

4. Human Resource Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The number of vacancies in senior level posts in the Ministry was 21 as at 31 December 2022 and it is representing 45 percent of the total number of vacancies.	The Ministry of Public Administration has informed from time to time through the MISCO data system and in writing to fill the vacancies of Sri Lanka Administrative Service, Sri Lanka Engineering Service and Sri Lanka Planning Service at the senior level. The letters have been submitted to fill the post as per Public Service Commission Circular 02/2022 for the recruitment of an officer for the post of	Necessary actions should be taken to conducting the management activities in a formal and efficient manner.

Grade 1 in the Sri Lanka Planning Service. The letters have been submitted for recruitment to the post of Director (Biodiversity) as per 2/2022. It is requested to revise the approved posts of the Agriculture Service and Sri Lanka Engineering Service Grade 1 as they were not in the previous staff of the Ministry of Environment and there is no need for those posts at present.

- (b) The 05 numbers of approved positions for grades I, II and III of the Sri Lanka Agriculture Service were approved as the staff of the ministry which are identified not required for the ministry and all of those 5 posts remained vacant as at 31 December 2022. I have requested to revise the approval given for the said 05 posts as those posts were not in the previous cadre by the letter No. 02/02/ADM/Various-10 and dated 10.09.2020. Necessary actions should be taken to conducting the management activities in a formal and efficient manner.
- (c) The 294 number of Development Officers have been assigned to the Ministry in addition to the approved Development Officer posts for the Ministry of Environment, but the above staff have not been approved even as at 30 May 2023. This Ministry has received the approval for 299 Development Officers from the Department Management Services letter No. DMS/CM/11 and dated 25.01. 2023. Action should be taken to revise the approved staff as per the requirement.
- (d) It was observed that the two approved posts of Technical Officer (Electricity) and The Public Service Commission has informed that it has decided to hold a public competitive Necessary actions should be taken to conducting the management activities in a formal and efficient manner.

Technical Officer (Water and Buildings) are vacant in the year 2020 and 2021 as well as in the year under review. examination for the recruitment under the open stream for the vacancies that have arisen in the posts of technical officers.

Accordingly, the existing details of vacancy of this ministry have been submitted to the Public Service Commission.