

Central Provincial Council – Year 2022

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Central Provincial Council for the year ended 31 December 2022 comprising the Statement of Financial Position as at 31 December 2022, 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 30 May 2023 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 31 May 2023 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 2022 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

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The expenditure related to the year was Rs. 559,539,846 under special projects (World Bank aids) 560-74-4-3-2602 according to the treasury computer printed notes, but the expenditure was Rs. 559,694,139 according to the note 7 submitted with the account and due to that, there was a difference of Rs. 154,293 between the treasury computer printouts and the final account.	The journal entry related to Rs. 154,293 sent by the Health Department was not recorded in the treasury computer printouts due to an omission. The relevant value is recorded in the data system.	The correct expenditure should be indicated in the treasury computer printed note.

(b) Due to loan interest payments of Rs. 265,633 have been considered and accounted as loan instalment payments in addition to the loan instalments charged by the Provincial Revenue Department in the months of June to December 2020, the balance of the advance B account of the department and the balance of the advance B account of the provincial public service officers in the statement of financial position of the financial statements of the provincial council were indicated less than that amount.

We acknowledge the said accounting deficiency and after received approval for journals, it will be corrected. Corrections should be made immediately.

(c) Out of 80 vehicles used in a ministry, 06 departments and 03 offices and a commission of the provincial council, 30 vehicles with a value of Rs. 279,290,000 and 50 vehicles, whose value was not stated, were not accounted in the institute that has the right of registration for those vehicles or in the institutes currently using them.

The ownership of 9 vehicles has been taken over by the Governor's Secretariat office. Out of two vehicles not taken over the ownership, one is used by the Hon. Governor and it is informed that is owned by the Chief Secretary, Central Provincial Council and the other vehicle belongs to the Provincial Health Ministry of the Central Province,

Action should be made to taken over the vehicles, which are not taken over and used in the relevant institutions, and assessed and accounted the taken over and assessed vehicles.

The Chief Secretary has the three vehicles used by the Council Secretariat and the Chief Secretary will inquire and arrange to include those vehicles in the fixed assets register.

As that the vehicle used by the Provincial Audit Department is owned by the Central Provincial Chief Secretariat, it is not recognized as the asset of this office.

That arrangements are being made to taken over the 12 vehicles used by the Provincial Educaion Department to the Department,

02 Vehicles registered under the name of the Chief Secretary used by the Ministry of Road Development to be taken over under the name of the Ministry,

That necessary arrangements are being made to take over the cab No. CP PE-2892 under the Chief Ministry and the car bearing No. CP KG-1295 registered under the name of the Chief Secretary to the Cooperative Employees Commission,

That the vehicle bearing No. CP PE-2896 has been taken over to the Department of Textiles,

That the Department of Agriculture is in the taken over process of 9 vehicles,

26 vehicles under the name of Secretary, Ministry of Agriculture are being taken to register under the name of “ Central Provincial Animal Production and Health” and other 08 vehicles under the name of “Central Provincial Animal Production and Health” are being taken action to taken over,

That the 05 vehicles used in the Central Provincial Irrigation Department are registered under the name of the Secretary of the Ministry of Agriculture and it has been informed that all these vehicles will be taken over, assessed and accounted in future.

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

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.

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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

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. .
- 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
1.5.1 Head 540 – Governor’s Secretariat Office

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Without verifying that they are actually in the service according to section 2.1 of chapter VIII of the Establishment Code of the Democratic Socialist Republic of Sri Lanka and paragraph XIII of National Budget Circular No. 03/2022, Rs. 757,515 and Rs. 448,700 respectively were paid to the drivers of the Governor’s personal staff as overtime allowances and bata allowance without proper supervision of the running chart summaries submitted by the drivers of the Governor’s official vehicles and security vehicle with stating that was tarveled with the Governor for duties in areas far away from Kandy city such as Galle, Colombo, Nuwara Eliya on the days when the Governor had participated in various official meetings and discussions at the office premises.</p>	<p>Official car driver and security car driver are employed for scheduled duties and urgent duties of the Hon. Governor and their duties are recommended by the Coordinating Secretary of the Hon. Governor and submitted for the payment. There were cases of the official vehicle is gone to areas far away from Kandy city such as Galle, Colombo, NuwaraEliya for special tasks of the Governor when he participates in various official meetings and discussion in the official premises, but I am informed that they are very limited and henceforth the secretaries of the Hon. Governor have been informed to pay special attention for the payment of overtime allowances and travelling expenses of the drivers.</p>	<p>Should be act as per the Establishment Code and the circular.</p>
<p>(b) According to the instructions in paragraph 7.3 of the Secretary to the President’s Public Expenditure Management Circular No. CS/CSA/11-18 dated 12 October 2018, Rs. 930,020 had been paid in relation to 6720.21 liters of additional fuel for 02 official vehicles used by the Governor in addition to the fuel allowance for the period of 24 months from May 2020 to April 2022.</p>	<p>According to the decision of the Governor’s forum held on 22 September 2021, the Hon. Governor of the Central Province has been reimbursed for the amount of additional fuel spent when traveling for duty outside the province.</p>	<p>Should be act as per the circular.</p>

- (c) 02 samsung LED television sets (UA55H 6400AKK) of 55 inches purchased for the Governor's official residence by the Governor's Secretariat office from voucher number 42 dated 23 May 2018 were not included in the inventory documents and these television sets were also not physically identified by the board of survey staff under the items not inventoried in the 2018,2019,2020 and 2021 board of survey reports.

As per voucher No. 42 dated 23 May 2018, 02 Samsung TV sets with 55 inches has being purchased. Details about that televisions are mentioned in page No. 80 of the inventory book No. 03. But it is mentioned only one TV set by mistake. Philips LED smart TV is bought again on 25 June 2019. Accordingly, 03 television sets with 55 inches are in this office from the year 2018 until now. There were 02 television sets in the Governor's official residence and 01 in the office physically as mentioned in the following details.

Details of 02 television sets purchased from voucher No. 42 should be disclosed.

Governor's official residence

Trade name	Serial No	Size
Samsung	03NK3K5K600	55''
JVC	035123100015	55''

Office Main Hall

Trade Name	Size
Philips LED Smart TV	55''

- (d) 03 Land and building units of unspecified value were not taken over to the Governor's office and accounted.
- The land belonging to the Central Province Governor's office has not been handed over to the institution yet. Therefore, the value of the land has not been assessed and accounted.
- The land and buildings belonging to the institution should be taken over, assessed and accounted.

**1.5.2 Head 541 – Council Secretariat
Audit Observation**

**Comments of the Chief
Accounting Officer**

Recommendation

A loan balance of Rs. 92,176 of a dead member older than 05 years and a loan balance of Rs. 157,114 of a provincial council member who left from the position for more than 16 years had not been settled according to articles 4.2.5, 4.3, 4.4, 4.5, 4.6 of chapter XXIV of the Establishment Code.

A loan balance of Rs. 92,176 should be collected and advise has been taken from the Attorney General's Department to recover the loan balance of Rs. 157,114 to be charged from a former provincial council member.

The loan should be recovered as per the provisions of the Establishment Code and with the advice of the Attorney General.

1.5.3 Head 542 – Chief Secretariat Office

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The land and building on which the Provincial Council was located had not been taken over and accounted.	That value will be mentioned in the financial statements of next year.	The ownership of the building should be taken over and accounted.

1.5.4 Head 543 – Chief Secretariat – Personnel and Training

Audit Observation	Comments of the Chief Accountin Officer	Recommendation
The value of 3 buildings belonging to the personnel and training division of the Chief Secretariat office had not been assessed and accounted.	The buildings have not been assessed yet and the relevant valuation work will be done by referring to the Valuation Department.	Buildings should be assessed and accounted.

1.5.5 Head 549 – Provincial Audit Department

Audit Observation	Comments of the Chief Accountin Officer	Recommendation
The Provincial Audit Department had planned to audit 305 institutions out of the 2551 institutions or 12 percent to be audited in the year under review. Accordingly, the percentage of the number of institutions that were not audited in the year under review was 88 percent and there were 304 institutions (excluding schools) that had not been audited continuously for 04 years or more at the time of planning the audit.	The number of approved Internal Audit Officers in related to this office is 56. No recruitment has been done for those positions yet and 22 Development Officers and 08 Management Service Officers assigned to this office are carrying out the related audit tasks. This staff is not sufficient at all for the audit of 2551 government institutions in the Central Provincial Council.	The main institutions and the institutions under it should be identified and prioritized separately and the audit should be planned.

1.5.6 Central Provincial Regional Economic Development Institute

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Due to that the depreciation of Rs. 5,059,270 cut off from fixed assets in the previous year was accounted as income from the recurrent expenses in the statement of financial performance, the surplus of the year was overstated by that amount.	The profit and loss accounts for the year 2022 have been prepared as “diferred income” by adding the depreciation value of the previous year to the income in the final accounts of the Regional Economic Development institute since the year 2014.	Depreciation should not be accounted as income from recurrent expenses.
(b) Due to the abatement of more than the amount to be recovered from the employee’s salary for the insurance coverage of the employees in security and sanitary services, accumulated amount of Rs. 1,418,085 as at 31 December 2022 was mentioned under liabilities in the statement of financial position as overcharged insurance deposits.	Action will be taken to make contract with the insurance company in future according to the amount charged from the monthly salary of the employees in accordance with the provided insurance coverage.	Should not be abated beyond the contracted amount with the insurance.
(c) Although the institution has to prepare a recruitment procedure to recruit public sector or private sector staff according to article 05 of the Central Provincial Regional Development institute Charter No. 01 of 2008, no such arrangements were made till the audited date of 13 January 2023.	The necessary deemed regulations in addition to the Establsihment Code and the Central Provincial financial rules are being discussed with the management board officers and that the necessary drafts for the preparation such a code of regulations will be prepared in future.	The staff recruitment procedure should be prepared immediately.
(d) According to Treasury Deputy Secretary’s Assets Management Circular No. 02/2017 dated 21 December 2017, it has been emphasized the need for every government vehicles used by every government institute to be registered under the name of that institute, but 05 vehicles with a value of Rs. 7,330,000 owned by the Regional Economic Development Institute were not acted	Although requests have been made to hand over the motor vehicle belonging to the Central Provincial Ministry of Industry to the Regional Economic Development Institute, the Secretary of the Ministry of Industry has informed that it is not possible to act accordingly. Requests have not been made to take over the cab owned by the	According to the circular, action should be made to take over the vehicles used by the institute.

accordingly.

Chief Secretariat. Action will be taken as mentioned in the audit query regarding the other 03 vehicles.

- (e) According to the authority 268 of Pradeshiya Sabha Act and the sections 5/6(1) of the Housing and Urban Development Ordinance, while the Chairman of the Kothmale Pradeshiya Sabha had been given order to the Director of the Regional Economic Development Institute on 30 April 2021 to demolish the Katukithula rest house, which was built at an expenditure of Rs. 6,500,000 in the year 2010 without a plan, and considered it to be an unauthorized construction, Rs. 1,078,459 had been incurred for the renovation of the building in this year.
- It is impractical to demolish this building built for the welfare of the people. The value of this building at now has increased heavily. Therefore, the demolition of the relevant building is a huge loss to the government and the Chairman of the Kothmale Pradeshiya Sabha has been informed in writing to consider it. The repair works of the building were carried out by considering the value of the building and the need for its operation and bearing the relevant expenses.
- Should not be act beyond the Pradehsiya Sabha Act and the Housing and Urban Development Act.
- (f) Although 03 years have passed the building was handed over as at 16 January 2023, the amount of Rs. 3,167,023 to be collected from Greenpark Holdings, which had leased Katukithula rest house from 20 August 2012 to 30 September 2018, had failed to recovered by the institution.
- Proceedings are being taken to legal action against to the Greenpark Holdings.
- Action should be taken to recover the tax arrears.
- (g) The Regional Economic Development Institute had over paid Rs. 241,419 to the contractor for the non-completed work of the Poonaoya falls access road development project implemented by the Kothmale Pradeshiya Sabha and it was confirmed in the second phase inspection that the deficiencies of Rs. 314,951 mentioned by the audit query for the first phase of this project were not corrected.
- The relevant society was informed that the defects of the first phase mentioned in the audit query should be promptly repaired or the amount of Rs. 208,063 for laying 13 meters of interlock stones and to be paid Rs. 304,951 as the amount of Rs. 96,888 for crushing corry dust between the interlock stones and The Kothmale Pradeshiya Sabha has also indicated to correct the deficiencies of Rs. 101,747 in the 2nd phase.
- Action should be taken to recover overpaid money or correct deficiencies.

1.5.7 Head - 550 – Chief Ministry

1.5.7.1 Provincial Library Services Board

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The board calculates the selling price on the basis of a profit margin of 20 percent on the purchase price and the cost of the sales materials was overstated by Rs. 3,215,518 due to the cost of value of the printed materials should be Rs. 647,347 according to the sales mentioned in the statement of financial performance of the year under review, but it was mentioned in the financial statements as Rs. 3,862,865.	It is accepted that Rs. 3,215,518 has been over stated on the cost of sale of printed materials as mentioned by the audit and since this is the first account prepared by the Library Services Board, such deficiencies have occurred.	Correct values should be disclosed in the financial statements.
(b) Although the value of the final stock of printed materials as per stock register is Rs. 1,184,977, that has been mentioned as Rs. 2,000,973 in the financial statements due to the closing stock was overstated by Rs. 815,995.	Accept that the value of the closing stock is overstated by Rs. 815,995.	Correct values should be disclosed in the financial statements
(c) Rs. 3,145,011 to be charged to the Central Provincial Library Services Board as tax money from August 2018 to December 31 of the year under review was not collected from the Central Provincial Regional Economic Development Institute.	It is informed that a decision will be taken after discussion with the Chief Secretary of the Central Province, the Secretary to the Ministry of Chief and Education and the relevant parties regarding the recovery of this money.	Tax arrears should be recovered.

1.5.8 Head 551 – Department of Local Government

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Rs. 8,682,675 of surcharge amounting to 10 surcharge certificates issued by the Auditor General for 05 local government institutions in the Central Province between the year 2019 and 2022 had	Currently, 10 surcharge amounting to Rs. 8,682,675 to be recovered. That is, <ul style="list-style-type: none">• Matale Municipal Council – Rs. 2,337,907 will be collected from 02	Action should be taken to recover the surcharges immediately.

not been collected by the Department of Local Government at the end of the year under review.

surcharges. (Appeal decisions have not yet been received.)

- 02 Surcharges of Rs. 1,020,465 and Rs. 64,820 will be collected from Udunuwara Pradeshiya Sabha.
- Rs. 3,619,800 will be collected from 02 surcharges from Raththota Pradeshiya Sabha (Appeals pending)
- Rs. 408,773 will be collected from 03 surcharges from Dambulla Municipal Council.
- Rs. 1,230,910 will be collected from 01 surcharge from Kundasale Pradeshiya Sabha (Appeals pending)

1.5.9 Head 552 - Department of Education

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Acting Principals had been appointed for 505 Principal vacancies at the end of the year under review in the 15 zonal education offices belonging to the Central Provincial Department of Education, but there was a surplus of 188 graded Principals in Kandy, Denuwara, Gampola, Katugasthota, Waththegama, Naula, Theldeniya, Hanguranketha and Matale zones by the end of the year under review.	Acting principals have been appointed to cover the duties from Teaching Service I officers in vacant schools until the principals are formally recruited and placed by the Chief and Education Ministry.	Excess Principals should be assigned to schools where principal vacancies exist and fill the vacancies.
(b) The Hanguranketha Zonal Education Office had discovered that an irregularity of Rs. 14,239,938 had been committed from the current account maintained at the Hanguranketha Peoples' Bank from the year 2011 to December 2021 by the balance of teachers' salary and abatements and an amount of Rs.	The person who committed the irregularity has been informed in writing to pay the amount of Rs. 3,696,920 that was to be further recovered from the total amount discovered in the financial irregularity that has occurred in the Hanguranketha Zonal Education Office. The Criminal	The responsible parties should take legal action to recover the loss as soon as possible.

10,423,348 from that amount had been recovered. An amount of Rs. 3,816,590 was to be recovered as at 31 December 2022. The Central Provincial Chief Secretary has sent the report of the initial investigation in this regard appointed under No. CPC/CS/01/05/01/01/99 dated 08 June 2022 to the Secretary to the Central Provincial Chief and the Education, but no further action had been done in this regard by the end of the year under review.

Investigation Department is also conducting an investigation in this regard. According to the initial investigation, the two teaching service officers and the employee of the schools labor position, who were accused of this irregularity in the service of the Department of Education, have been suspended from their duties.

- (c) Although there were 63 school employee assistant positions approved for Theldeniya Zonal Education Office, 74 persons were excess by the end of the year under review due to the employment of 137 persons.
- Although there are more school employee assistant in excess of the approved staff, all those workers are employed for various tasks in the schools and I further inform that the school employee assistants employed at the moment are not enough to carry out the activities of all the schools in the zone.
- Excess staff should be approved as necessary or assigned to vacant areas.
- (d) A loan balance of Rs. 1,919,102 to be charged from the transferred officers in Theldeniya zone was not acted in accordance with section 1.1.6 of the National Budget Circular No. 118 dated 11 October 2014 and a loan balance of Rs. 78,363 to be recovered from three retired officers in Denuwara zone had not been settled according to sections 4.2.5, 4.3, 4.4, 4.5, 4.6 of chapter XXIV of the Establishment Code.
- An amount of Rs. 139,700 has been settled in the year 2022 from the loan balances to be recovered from the transferred officers in Theldeniya zone and the loan balance of Rs. 1,781,264 is still to be settled. The outstanding loan balance in Denuwara zone is Rs. 78,363.
- Should be recovered as per the provisions of the circular and the Establishment Code.

1.5.10 Head 553 – Provincial Land Department

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to the revenue collection report of the Provincial Land Department, 31 percent of the estimated revenue or Rs. 34,093,392 of the estimated revenue for the year under review in relation to 36 Divisional Secretariats remained in arrears as at 31 December of the year under review.	Immediate action will be taken to reduce the tax arrears in future.	Arrears tax should be recovered immediately.
(b) Although the thirty year lease period of the 0.2056 hectare government land given to the Bank of Ceylon branch in Matale on a long-term lease basis had expired on 31 December 2017, due to the new lease agreement had not been entered, the Provincial Land Department had failed to collect any tax amount from the branch of the bank from the year 2018 until now according to the current assessment.	A letter has been sent to the Divisional Secretary of Matale informing to take the necessary steps to collect the tax as the tax collection should be based on the approval of the Land Commissioner General's letter No. 4/10/22146 dated 02/08/2021 and action will be taken to collect the tax accordingly by the Divisional Secretary.	All taxes related to the period of non-payment of taxes should be recovered.

1.5.11 Head 557 – Central Provincial Co-operative Development Department

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Out of the loan amount of Rs. 1,950,000 given by the Provincial Co-operative Development Department in the year 2006 to Ududumbara Multi-services Co-operative Society Ltd, although 16 years have been passed until the end of the year under review, the loan amount to be recovered was Rs. 1,494,220. Also, only a loan amount of Rs. 292,000 was settled in a period of 21 to 31 years out of the loan amount of Rs. 750,000 in the 10 years from the year 1991 to 2001, that was given to Minipe Multi-services Co-	It has been agreed to pay from the rental income of the buildings of the society on the recommendations of the legal officers regarding the outstanding loans of the Ududumbara Multi-services Co-operative Society. An amount of Rs. 316,280 has been collected from the society's court fines in the year 2023 and the balance is Rs. 1,272,320 as at 22 May 2023. Allowed to pay in installments of Rs. 5,000 for	Arrears should be recovered immediately.

operative Society Ltd. on several times and a loan balance of Rs. 458,000 was to be settled by 31 December 2022. Minipe society. The balance is Rs. 433,000 as at 22 May 2023.

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| (b) | Although the accounts of 1,127 societies out of 1,799 registered co-operative societies in the Provincial Co-operative Department were planned to be audited during the year, only 32 percent or 358 societies' accounts had been audited and 68 percent or 769 societies' accounts had not been audited by the end of the year under review. Although the overdue audit was planned for the accounts of 297 societies, the audit of only 82 societies had been completed. | All overdue audits and current audits will be completed before the end of this year and disciplinary action will be initiated against officers who do not act accordingly. | Audit of Co-operative societies should be done in the relevant time. |
| (c) | 06 Investigations of 46 (1) that were given to the officers by the Provincial Co-operative Development Department were almost 01 to 04 years have passed as at 17 February 2023, but the investigation work had not been completed and the reports had not been given. | Orders have been given that disciplinary actions will be initiated against those offices who have not submitted their reports before 31 May 2023 after completion of 46 (1) investigations. | Reports should be obtained and action should be taken as the recommendations of that. |
| (d) | A land owned by the department worth Rs. 104,936,000 was not taken over and accounted. | This land is to be handed over to the Kundasale Divisional Secretary and the Housing Development Authority is carrying out the work of that. | Action should be taken to take over and account or transfer to the Divisional Secretary of Kundasale. |

1.5.12 Head 561 – Central Provincial Health Services Department

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Housing rent of Rs. 1,120,541 to be charged from 13 government residents in 03 offices under the Provincial Department of Health had not been collected at the end of the year under review with contrary to Article 05 of Chapter XIX of the Establishment Code as amended by Public Administration	The arrears of rent to be charged for the scheduled official residence reserved for the Director of Health Services of Central Province have been collected.	Action should be taken to collect the arrears of rent.

Circular No. 04/2016 dated 26 August 2016,

Due to that charged the less rent money of the arrears after obtaining a new assessment from the Valuation Department for the residence No. 321/1, Heda acharini official residence, arrears of residence money from 01 July 2019 to April 2020 and 08 official residences from 01 January 2021 to 31 July 2022 from officers residing in the 10 official residences provided for Digana Rehabilitaion hospital, that uncollected arrears will be collected in future.

The arrears of rent for the official residence of the Family Health Service Officer have not been collected yet.

(b) Out of the Rs. 3,114,905 paid as fraudely for the painting of health equipment by Kandy District Health Services Director office, which was recommended to be charged from 14 relevant responsible officers by the Central Provincial Chief Secretary on 09 May 2019, Rs. 2,584,716 had not been recovered from 12 officers at the end of the year under review.

The further amount to be surcharged for the painting of health equipment by the Kandy District Health Services Director office is Rs. 2,555,816.

Surcharges should be recovered immediately.

(c) Although 15 refrigerators were purchased at an extra expenditure of Rs. 661,550 outside the specifications approved by the Technical Evaluation Committee during the purchase of medical and non-medical equipment in the year 2022 under the Primary Health Enhancement Project, no action was taken against the respective responsible parties.

15 Refrigerators were purchased within the limited allocation as there were also restrictions on imports of electrical equipment.

Purchases should not be made outside the approval of the Technical Evaluation Committee.

- (d) A Medical Officer who had been transferred to Ulapane Regional Hospital since November 2021 had not reported for service and Rs. 1,638,105 was paid as salary from November 2021 to September 2022.
- A Medical Officer who was working in Kandy Regional Health Services Director Office has been permanently transferred to Ulapane Regional hospital. But, it is pointed out that while this Medical officer was assigned to Ulapane Regional hospital, he was temporarily transferred to Nawalapitiya hospital and reported to work there.
- Should be paid salary after confirming that it has reported to work.
- (e) Although a drug shortage of Rs. 3,195,083 was identified during the sample audit inspection conducted at the end of the year under review in the hospitals operating under the Provincial Department of Health, the responsible officers had not been identified and necessary action had not been taken.
- It has been mentioned that there are drug shortages amounting to Rs. 3,195,083 during the sample audit inspection in the year 2022. Drugs are issued to the departments from the main drugs store in the institution. All the drugs are issued and then notes are made in the main ledger in such cases without entering those quantities in the main ledger. Thus, these deficiencies have been pointed out due to audit before being entered in the main ledger. After updating the main ledger, there is no shortage of those drugs. This has also been confirmed in the stores survey conducted at the end of the year.
- Records should be kept up-to-date on issuing of drugs and the documentation should not be done after issuing the drugs.
- (f) According to the information submitted by the Provincial Department of Health, although the losses and damages of Rs. 65,198,101 related to 79 accidents that occurred to the vehicles attached to the department between 01 and 18 years have passed since the accident occurred, immediate action was not taken to recover losses and other investigations were not completed.
- The subject officers and relevant officers of the Regional Health Services Director offices of the Central Provincial Department of Health Service have been called and held meetings in this regard to aware them on how to proceed and actions are
- Investigations should be completed immediately and steps should be taken to recover losses and damages.

being taken to recover the losses and complete other investigations.

- (g) Two officers who were prepared salary had fraudly remitted an amount of Rs. 53,038,638 as Rs. 51,961,088 to 14 personal bank accounts of themselves and their relatives and Rs. 1,077,550 to non-confirmed by bank accounts in the preparation of salary during the period from the year 2016 to 2021 in Kandy Regional Health Service Director office, which is under the Provincial Department of Health. The relevant authorities had not conducted a formal investigation in this regard incident in terms of Financial Regulation 104 (4) and identified the responsible parties to recover the defrudded money and to identify the responsible parties and take disciplinary action against them.
- Due to the salary fraud of the Kandy Deputy Regional Health Service Director office, the service of two officers who were currently on payroll duty have been suspended. The legal action in this regard is carried out by the Criminal Investigation Department and that the arrangements have been made as per F.R. 104 (4) by the Central Provincial Ministry of Health. An amount of Rs. 200,000 has been credited to the account of the kandy Regional Health Services Director office by only one officer in response to the letters sent by registered post on 05 January 2022 and 10 January 2022 to the officers relevant to pay the amount discovered as per the emergency inspection conducted by the audit division of the Central Provincial Ministry of Health.
- Full recovery of the loss incurred and disciplinary action should be taken against the cheaters.
- (h) A sum of Rs. 43,726,909 had been spent during the year under review for 17 tasks which were contrary to the purpose of the Primary Health Care System Enhancement Project implemented by the Provincial Department of Health.
- Renovation of Medical Officers' and staff official residences in regional hospitals.
 - Renovation of field health clinics and family health service officers' official residences.
 - Improvement of Regional health
- Action should be taken to achieve the objective of the project.

Services Director
offices and
Provincial Health
Service Director
office.

- Construction of a new building for the Kadugannawa Regional Health training center- Basic work and essential work have been done.

- (i) The total amount of Rs. 11,943,694 in 04 institutions operating under the Provincial Health Services Department remained inactive due to the non-use of 34 machines and equipments. These had not been inspected, repaired, put into use or disposed.
- These equipments were repaired at the Biomedical Engineering unit, but they cannot be used as they are repeatedly malfunctioning and it is to be checked possible to further use and if it is not, that will be disposed.
- Action should be taken to repair and put into use and dispose things that cannot be done.
- (j) Although 42 non-running condition vehicles belonging to the Provincial Department of Health have been parked for a period between 01 and 10 years, that vehicles had not been repaired and used or disposed.
- Estimates have been prepared for the repair of 04 vehicles. Estimates for 07 vehicles have been prepared and submitted for approval. 02 Vehicles have been referred to the Technical Evaluation Committee for decision.
- 02 Vehicles have not been referred for replacement due to lack of spare parts. 05 Vehicles are being handed over to the Chief Secretary, 03 vehicles are being handed over to the Kandy Municipality Council and 02 vehicles have been handed over to the Chief Secretary's office.
- 08 vehicles have been disposed and 03 vehicles are currently not owned by the institute. Out of the remaining vehicles, 04 vehicles are in running condition and another vehicle is being repaired and the other vehicles
- The vehicles which were in inactive condition should be repaired and used or disposed.

has been referred to get recommendation of the engineer.

- (k) As per circular No. 18/2001 of the Secretary of the Ministry of Public Administration dated 22 August 2001, every officer who has worked in the same work place for more than 05 years should be subject to the transfer proceeding, but 213 officers working under the department have been working in the same work place for more than 31 years from 05 years. Implementation cannot be made while the transfers of these employees cannot be effected till the new recruitments and as a result, as a very limited number of transfers can be made during the annual transfers, there are persons who cannot transfer for a long time at the same place. Should be act as per circulars.
- (l) According to section 1.1.6 of the National Budget Circular No. 118 dated 11 October 2014, a loan balance of Rs. 21,045,704 of 426 officers who were transferred had not been settled eventhough more than 05 years passed from 03 months. Out of the loan balance of Rs. 21,045,704 of 426 transferred officers, Rs. 37,000 have been settled yet and the necessary arrangements are being made to settle the remaining balance of Rs. 21,008,704. Should be act as per the circular.
- (m) According to section 1.1.7 of the National Budget Circular No. 118 dated 11 October 2014, a loan balance of Rs. 16,643,408 of 348 officers who have been transferred had not been settled that balances even though more than 05 years have passed from 03 months. That the necessary arrangements are being made to settle the loan balance of Rs. 16,643,408 of 348 officers who have been transferred. Should be act as per the circular.
- (n) A balance of Rs. 742,899 of 15 deceased officers older than 05 years and a loan balance of Rs. 1,627,812 more than 04 years of 115 retired officers had not been settled according to sections 4.2.5, 4.3, 4.4, 4.5, 4.6 of Chapter XXIV of the Establishment Code. That the necessary action will be made to settle the balances of deceased officers and the loan balance of retired officers in future. Should be act as per the Establishment Code.

- (o) The advance balance of Rs. 171,988,242 which had been given to the Health Department of the Central Government, which had been coming from continuously, had not been settled. These accounting errors will be examined and necessary action will be taken to correct them in future. Should be settled the imprest balance.

1.5.13 Central Provincial Ayurvedic Department

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
While purchasing 790 liters of honey stock for the Ayurvedic pharmaceutical manufacture in the year under review, a supplier was selected and purchased at a a high price without following the recommendations of the Technical Evaluation Committee and the results of the sample testing.	It has been decided to buy 790 liters of honey according to the decision 26 of the procurement committee in the year 2022, but only 480 liters of honey have been purchased based on the existing provisions. Bills related to this supply have not yet been settled. After testing all drug samples, the Technical Evaluation Committee had recommended the purchase of honey at the lowest price. As the minimum price is Rs. 900, since this price is unrealistically low when compared to the price of honey in the market and a member of the evaluation committee has noted that the quality of the honey cannot be satisfied, the procurement committee unanimously decided to check whether the honey complied to the Sri Lankan Standard (SLS 464) and then the test reports were obtained from the laboratory of the North Western Provincial Ayurvedic Department. Accordingly, the procurement committee has selected to purchase honey with a standard that is close to the SLS 464 parameters after	Purchases should be made as per the recommendation of the Technical Evaluation Committee and recommendation of the laboratory report.

scientifically weighing the most important evaluation sub-parameters of honey according to SLS 464 parameters.

1.5.14 Head 570 – Central Provincial Ministry of Road Development

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
04 Lands with a value of Rs. 32,875,000 owned by the ministry and 09 lands whose value was not mentioned had not been taken over and accounted.	Surveying and a valuation of 2 lands are being done. The use and control of 6 lands are carried out by the Road Development Authority and the assets of the authority have been entered into register and accounted and one land owned by the ministry has been entered into the fixed assets register and accounted. Out of the remaining 04 lands, 03 plots of land are under the Road Development Authority and the other land is used by the Passenger Transport Service Authority.	Lands should be taken over, assessed and accounted.

1.5.14.1 Central Provincial Passenger Transport Services Authority

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to the Financial Regulation 571, deposits of Rs. 1,291,196, which exceeded 02 years, had not been taken as income.	Further action is being taken regarding the deposit of Rs. 1,291,196.	Overdue deposits should be taken to the income.
(b) The arrears rent for 196 out of 219 shops belonging to the authority located in Kandy, Matale and Nuwara Eliya districts for the period from the year 2001 to 31 December 2022 was Rs. 15,565,370 and the amount had not been recovered till the audited date. Agreements were not signed for 13 shops.	Out of the arrears of shop rent as at 31 December 2022, an arrears of shop rent of Rs. 5,163,486 and surcharge amount of Rs. 21,719 related to that have been collected until 23 May 2023.	Arrears of rent should be recovered.

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| (c) | 71 Percent of the total staff of the authority had been paid an additional allowance as KMTT allowance by utilizing the remaining project money of Rs. 24,228,128 in the project of Kandy multipurpose transport terminal development as at 31 December 2021. | Although the basic stage agreement related to the Kandy bus control programme expired on 31 December 2021, base on that the method of payments in the first stage to the employees who assigned the responsibility of the implementation of functions included in this control programme until the completion of construction of Kandy multi purpose transport terminal, allowances were paid as per the requests of the groups of employees who only contributed to this control programme and not to all employees as approved by the Board of Directors . | Staff allowances should be paid as per the agreement. |
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1.5.14.2 Central Provincial Road Development Authority

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Work subject 2.10 (b) of the revised estimate of Gatanethenna Medagammedda road laying carpet and development project, Rs. 3,396,594 estimate was made by the unit price of Rs. 13,892 for 244.5 MT of Asphalt Binder and the authority had calculated the core thickness as an average of 62.5 mm for this. According to the measurement sheet of the bill submitted by the contractor, Asphalt Biner paid for 244.5 MT. But, according to the ABB laboratory test reports conducted in 05 cases, as the average value of core thickness was 30.8 mm, the amount of Asphalt Binder of 123.5 MT was exceeded and the contractor was paid an extra amount of Rs. 1,680,932 for 121 MT.	When taking core samples in ABB layers, the surface parts of ABB more spread may not be included in these core samples. Accordingly, there may be a difference between the amount of ABB calculated by taking the average of the core samples and the amount of ABB in the estimate. Accordingly, payments have been made based on the amount of ABB brought to the site for this project.	Overpayments should be recovered.

- (b) 03 cases out of the 11 cases of Asphalt Core Cutting (ABB), the value of the core thickness (ABB) was not stated in the Udispathtuwa Galmaloya road laying carpet and development project chemical test reports conducted about using of Asphalt Binder. The contractor had paid for 300 MT of Asphalt Biner as per the submitted measurement sheets in the completed project. Due to that quantity of Asphalt Binder to be paid as per the average value of core thickness in chemical test report (ABB) was 199.16 MT, the contractor had been paid Rs. 1,313,441 for 100.84 MT by Rs. 13,025 per each exceeded 1 MT .
- Asphalt binder is used to level the uneven surface of the road. Therefore, the calculation by the thickness of Asphalt core cutting is not correct. Accordingly, the methodology used for the calculations is not acceptable. As per SSCM, payments for binders are made on the basis of metic tons of binder supplied to the site.
- Overpayments should be recovered.
- (c) A driver who is paid salary by the authority is attached to the Provincial Ministry of Transport and Power since 02 July 2013 and salary and allowances of Rs. 3,924,829 had been paid by the authority from the date of attachment to 31 December of the year under review.
- He has been appointed as a permanent driver in the Provincial Raod Development Authority since 02 July 2013 and also he has been assigned to the Provincial Ministry of Raod Development on the basis of service requirement. Action will be made to assign the driver to this authority in future based on the driver requirement of the Provincial Road Development Authority.
- While there are vacancies in the Road Development Authority, its employees should not be assigned to other institutions.

1.5.15. Head 571 - Central Provincial Housing Department

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Central Provincial Housing Department had not recovered the loan amount of Rs. 5,682,051 given to 880 persons from the year 1994 to 2001 by the cooperative and sanasa institutions under direct loans to fulfill the housing needs.	Although the loan was collected systematically at the beginning of these loan programmes, the borrowers defaulted the loan in later by violating the terms of the agreement. F.R. 104(4) final inspection report has been forwarded to the Secretary of the ministry. After receiving its recommendations, the orders will be implemented promptly.	Arrears should be recovered.

1.5.16 Head 581 – Department of Textiles

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) There was a difference of Rs. 678,643 on comparison of advance control account and single balance classification summary.	This difference has occurred due to an error in settling the loan balances of 14 officers who were transferred from the Regional Secretariat office in Ambagamuwa korala. Action will be taken to settle this by the end of this year.	Should be identified the difference and solved.
(b) 125 Lands of unspecified value were not taken over to the department and that were not accounted.	Necessary actions are being carried out to take over 125 lands.	Assets should be taken over and accounted.

1.5.17 Head 583 - Central Provincial Sports Department

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although provisions have been made to establish a provincial sports fund according to the Provincial Council Sports Charter No. 09 of 1990 of the Central Provincial Council, the provincial sports fund had not been established even at the end of the year under review.	Necessary steps are being taken to start the sports fund mentioned in the Provincial Council Sports Charter No. 09 of 1990.	Action should be taken to establish the provincial sports fund.
(b) According to the Digana sports complex and Sports Development Foundation Charter No. 02 of 2018 of the Central Provincial Council, the provisions had not been made for the administration, maintenance and sports development of the central province Digana sports complex, the establishment of the central province Digana sports complex foundation and related matters.	Necessary activities are being done to open an account named as “ Central Province Digana Sports Complex and Sports Development Foundation”.	Action should be done as per the provisions of the Charter.

- (c) According to the development proposals of the year 2021, the Chief and Education Ministry of the Central Province had purchased 1,332 sports equipment for Rs. 2,049,192 under the project of establishing multi-sports centers, but as multi-sports centers were not established, the sports equipment was given to the local authorities of the Central Province. But, they were kept in warehouses without any use by the end of the year under review.
- The desired objective has not been achieved even if there are officers related to the provincial sports department in the regional secretariats who can actively professional participate, there was no relevant active professional participants in the local authorities.
- Sports equipment should be used effectively.

1.5.18 Head 584 – Central Provincial Rural Development Department

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
A land owned by the department was not taken over and accounted.	The Central Provincial Land Commissioner informed to the Land Commissioner General Department in this regard through a letter dated 05 December 2022. Related work is being done.	The land owned by the department should be expeditiously taken over, assessed and accounted.

1.5.19 Head 590 – Ministry of Agriculture

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although officers of all services should be subject to the transfer policy after the completion of 5 years as per Circular No. 18/2001 dated 22 August 2021 of the Secretary of the Ministry of Public Administration, two Assistant Directors attached to the Provincial Ministry of Agriculture, a Deputy Director and a Development Officer were working in the same place for a period of 09 to 22 years without transfer.	This will be informed to the Chief Secretary and necessary action will be taken.	Transfers should be done as per circulars.

1.5.20 Head 591 – Central Provincial Department of Agriculture

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) 162 cheques of Rs. 307,199 issued in 04 current accounts, but not presented for payment for more than 06 months as at 31 December of the year under review in the Provincial Department of Agriculture had not been act in according to the provincial financial rules 283.4.	That 81 expired cheques amounting to Rs. 198,032 related to Nuwara Eliya Deputy Director of Agriculture office are being taken into government revenue, Also 14 cheques related to the Kandy Deputy Director of agriculture office were canceled and the amount of Rs. 15,925 was credited to the accounts of the farmers and 52 cheques amounting to Rs. 60,452 have been taken to the government revenue. 15 cheques amounting to Rs. 32,789 have not been realized yet.	Expired cheques should be taken into the revenue.
(b) Although at about 08 months have been passed for the distribution of 54 micro-water supply kits of total amounting Rs. 6,212,376 and the related 1500 liter plastic water tanks and 500 liter fertilizer takes to the farmers in Dekinda and Weligodawaththa domains under the II nd stage of the entrepreneurship agricultural export village programme in the year under review under a 70 percent government contribution, that equipmet had been inactive as at the tested date of 04 October 2022.	1500 liter water supply tanks and 500 liter fertilizer tanks are also provided for micro irrigation and fertilizer supply kits. Accordingly, these sets have been installed in the Dekinda domain. As the construction of safe houses in the Weligodawaththa domain has not been done by the agricultural innovation project yet, it has not been possible to install the water tank distribution sets (including water tanks and fertilizer tanks) provided by the Central Provincial Department of Agriculture.	Government funds should be used to fulfill the purpose.

- (c) Rs. 9,096,411 was spent from the provisions allocated under the organic fertilizer production programme and 3 soil laboratories were modernized and 09 months have passed since the audited date of 24 February 2023 for received soil laboratory equipments of Rs. 43,613,714 for that, but due to the non-availability of chemicals and other equipment required for the related soil testing activities, the objectives of this programme have not been achieved until now.
- The initial estimated amount for soil laboratory modernization and equipment purchase is Rs. 24 million. Due to the unlimited increase in the price of goods and equipment with the economic crisis in the year 2021, it was difficult to use money for the modernization of the soil laboratory and the purchase of chemicals as planned due to the need to spend more than Rs. 46 million for the purchase of equipment. The shortage of chemicals required for laboratories in the domestic market made it difficult to purchase all of them in the year 2022. As the laboratory modernization work has been completed yet, the desired objectives can be achieved after the requirement of the completion of relevant chemicals.
- Action should be taken to achieve the objective.
- (d) 2 Weed cutting machines worth Rs. 731,250 which were given to Galpalama farm under the provincial specific development grants in the year 2021 for the compost fertilizer production programme remained idle in the warehouse premises for more than 1 ½ years without provisions to provide three-phase electricity.
- 02 of these machines were purchased for the production of compost in the Galpalama farm. It was not possible to fix a three-phase electrical system for these two machines due to the lack of existing government provisions in the year 2022 and efforts to reduce expenses.
- A three-phase electrical system should be fixed and action should be made to utilize the machines.
- (e) According to the Financial Regulation 571 of the Democratic Socialist Republic of Sri Lanka, 77 overdue deposits worth Rs. 1,780,388 have not been credited to the government revenue.
- It was informed that letters have been submitted to the District Irrigation Engineer for the release of the deposit amount in two projects of Rs. 29,848 in the office of the Deputy Director of Agriculture in Kandy, That 48 deposits of Matale Deputy Director of Agriculture are being credited to income, Provincial Agriculture Director office will be released Rs. 2,971,672 in 10 projects and the necessary arrangements are being made to remit the overdue deposits
- Shuold be act as per the financial regulations.

in the office of the Deputy Director of Agriculture in Nuwara Eliya to the income.

- (f) A loan balance of Rs. 200,690 of an officer who left the service for more than 04 years was not settled according to the sections 4.2.5, 4.3, 4.4, 4.5, 4.6 of chapter XXIV of the Establishment Code.
- The necessary documents have been submitted to a government advocate of the Attorney General's Department in Colombo to take legal action to recover this amount.
- Should be act as per the Establishment Code.

1.5.21 Head 592 – Provincial Department of Animal Production and Health

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the net surplus of an advance account activity should be credited to the provincial council revenue head as per financial rule 378.2 of the Central Provincial Council, there was a cumulative surplus of Rs. 22,411,955 as at 31 December of the year under review in the Central Provincial Council's medical supplies advance account and it had not been arranged to be credited to the provincial council account annually.	That a system has not been implemented through the provincial treasury to send a part of the profit to the provincial treasury and maintain the money as a reserve account in the provincial treasury to retrieve the funds for the advance account when needed and the surplus amount was retained in the account for medicine purposes.	Should be act as per the financial rules.
(b) According to the President Secretariat letter No. PS/PCMD/SD/01/08 dated 29 March 2012, the allowances paid to the field officers in the provincial pubic service, in addition to the salary, without obtaining the recommendations of the National Salary and Cadre Commission and the Finance Commission, with the approval of the provincial Governor, the Livestock Development Instructors of the Department of Animal Production and Health,	As the powers of the provincial council are not implemented now, after depositing the amount of Rs. 700 charged from the farmers for a artificial insemination in the department's general deposit account, 90 percent of the deposit amount will be reimbursed under the approval of the Hon. Governor of the Central Province.	Should be followed rules and regulations.

who are entitled to a commuted travel allowance, were paid a transport allowance of Rs. 7,106,823 from January to November of the year under review for providing artificial insemination service.

- (c) The amount of Rs. 1,724,669 received by the Provincial Department of Animal Production and Health for the implementation of 42 various development projects in the previous year and the year under review had been retained in the general deposit account for a period of 03 months to 02 years without being used in the related work even on 31 December 2022.
- Out of the various development projects implemented by the department, the money of 5 projects which were held in the general deposit account has been taken into the government revenue yet and although the veterinary surgeon offices have been informed several times regarding the other projects, the relevant balances have been kept in the general deposit account as vouchers have not been submitted for the related projects yet and will be taken them to the government revenue after 2 years.
- The project money should be used to implement the respect projects.

- (d) 10 Beneficiaries of 7 projects in 4 veterinary surgeon ranges in Kandy and Matale districts had been given benefits of Rs. 1,173,500 under 50 percent government contributions during the inspection of the progress of the development projects implemented by the Provincial Department of Animal Production and Health under the provincial specific development grants and line ministry allocations in the year under review and last year, but the expected objectives of the implementation of these projects were not fulfilled due to the equipments were idle without use under the non-fulfilment of tasks such as follow-up activities, implementation of contractual conditions and encouraging the retention of the beneficiaries in the relevant industry .
- The 4 veterinary surgeon ranges identified in the audit are Yatinuwara, Kundasale, Matale and Naula. Its current status is as follows.
- Action should be done to achieve the project objectives on time.

Veterinary medicine range	No. of projects	Current status
Yatinuwara	5	2 Projects are not implemented. One project gave the machine to another veterinary surgeon office.

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Kundasale	5	Three are not implemented. 2 Projects are under finalization.
Naula	2	One project machine is broken.
Matale	3	One beneficiary has left from the project.

- (e) The Department of Animal Production and Health has not distributed 105 items to the beneficiaries in relation to 24 types of equipment of non-disclosed value purchased under the small scale dairy farm programme and the liquid milk product popularization programme in previous years and remained idle in the Provincial Director's warehouse. Although it was stated to the audit that some of these items were used in training programmes, there was no evidence to identify those items separately.
- It is informed that out of 24 types of goods available in the central warehouse, the goods related to 11 types are used for training programmes and other activities carried out by the Provincial Director offices, the products related to 07 types were given to the veterinary surgeon offices for the programme of providing liquid milk to school children with the aim of popularizing the production of liquid milk, but they were inactive due to health and other problems and some of the products purchased for the programme are still in the central warehouse, Goods related to 05 categories have been arranged to be given to the appropriate beneficiaries identified at the veterinary surgeon ranges level under the programmes for the development of small-scale dairy farms, popularization of liquid milk products and promotion of milk-related by-products, that arrangements have been made to provide the items under sub No. 24 to the relevant beneficiaries for use in veterinary surgeon offices.
- Purchased equipment should be used for the intended purpose.

- (f) There was a difference of Rs. 316,752 on comparison of Advance Control Account and individual balance classification summary. Although checked the account books and documents in every possible way to discover the reason for the difference of Rs. 316,715 between the total of the individual balance classification summary and the balance of the departmental control account, the reasons for the difference could not be found. The difference should be identified and solved accordingly.