

## North Western Provincial Council- 2022

### 1. Financial Statements

#### 1.1 Qualified Opinion

The audit of the financial statements of the North Western Provincial Council for the year ended 31 December 2022 comprising the statement of financial positions at 31 December 2022 and the statement of financial performance and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 23 (1) of the Provincial Council Act No.42 of 1987 and provisions of the National Audit Act No. 19 of 2018. The summary report in terms of Section 23 (2) of the Provincial Council Act and Sub-section 11 (1) of the National Audit Act No. 19 of 2018 was issued on 31 May 2023 and the Detailed Management Audit Report was issued on 19 June 2023 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 to be read in conjunction with Sub-section 10 (1) of the National Audit Act, No.19 of 2018 and the copy thereof will be submitted to the Governor to table in the Provincial Council in terms of Section 23 (2) of the Provincial Council Act No.42 of 1987.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the North Western Provincial Council as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standard.

#### 1.2 Basis for Qualified Opinion

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
<b>(a)</b> Revenue of Rs.1,347,750 pertaining to the year under review and the revenue Rs.9,872,990 receivable for 06 preceding years for the nursing homes and private hospital registration charges coming under the Revenue Head 1003-07-01 had not been brought to account.	Action has been taken to include under this head the money to be received in the future.	Revenue should be brought to account under the correct revenue heads.

- (b) Although the value of furniture and office equipment under Object No.2102 in the ACA 06 Statement of Non-Financial Assets in the Chief Secretary's Revenue Head-260 had been stated as Rs.57,541,473, that value had been stated as Rs.58,405,413 in the provincial council statement of financial position. Accordingly, the value of the non-current assets had been overstated by Rs.863,940 in the financial statements of the provincial council.
- Action will be taken to correct the values by adjusting this difference in the future.
- The value of the assets should be correctly identified.

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standard 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.

The management of each institution including the Provincial Treasury is responsible for overseeing the Provincial Council's financial reporting process.

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

### **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 misstatements, 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 the economic decisions of users taken on the basis of these financial statements.

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

- Appropriate audit procedures were designed and performed identify and assess the risks of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the provincial council’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 the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## **1.5 Comments on the Financial Statements**

### **1.5.1 Head 201 –Governor of the North Western Province**

#### **1.5.1.1 Management Inefficiencies**

<b>Audit Observation</b>	<b>Comment of the chief Accounting Officer</b>	<b>Recommendation</b>
<p>-----</p> <p>According to the final investigation report issued on 15 June 2022 relating to the vehicle accident caused on 01 July 2020, a decision had been reached to recover a sum of Rs.1,420,728 from the driver. However, that amount had not been recovered even up to the end of the year under review.</p>	<p>-----</p> <p>Action will be taken to file court cases.</p>	<p>-----</p> <p>Action should be taken to recover the loss suffered by the Government.</p>

**1.5.2 Head 203 –North Western Provincial Public Service Commission.**

**1.5.2.1 Management Inefficiencies**

<b>Audit Observation</b>	<b>Comment of the chief Accounting Officer</b>	<b>Recommendation</b>
<p>(a) Activities of 15 disciplinary inquiry files related to the period from 2015 to 2022 had not been completed even by the end of the year under review.</p> <p>(b) It was possible to identify during the audit sample test that there were 07 cases of delays from 02 years to 06 years between the issuance of charge sheets and issuing of disciplinary orders.</p>	<p>There are 03 inquiries already delayed and 07 inquiries are currently in progress. 05 inquiries have been completed.</p> <p>Out of 07 inquiries with delays, 03 inquiries have been completed and action is being taken to issue disciplinary orders at present.</p>	<p>Action should be taken to complete disciplinary inquiries expeditiously.</p> <p>Action should be taken to issue disciplinary orders without delay.</p>

**1.5.3 Head 210 –North Western Provincial Minister of Finance and Planning, Engineering Services, Law and Order, Education, Local Government and Provincial Administration, Economic Promotion, Environmental Affairs, Water Supply and Drainage and Tourism Affairs**

**1.5.3.1 Operating Inefficiencies**

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>In relation to the exercise books worth Rs.34,241,700 provided by the Ministry for education offices, schools and various institutions from the year 2019 to 31 December of the year under review to sell to the school students under the project for the distribution of exercise books under concessionary prices, the amount further remained receivable was Rs.4,627,877.</p>	<p>Action will be taken to recover the arrears.</p>	<p>Action should be taken to recover the arrears.</p>

**1.5.3.2 Failure to Achieve Expected Out Put Level**

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>(a) Reconstruction of the old auditorium of the WayambaJanakala Foundation started at a contracted provision of Rs.10 million under the provincial</p>	<p>Action will be taken to provide information soon after it is provided by the Planning Division of the Chief Ministry.</p>	<p>Works should be completed within the prescribed timeline.</p>

specific development grants in 2010 had not been completed even up to the year under review.

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| <p>(b) Although Rs.139,449,306 had been spent for the construction of new auditorium of the WayamabaJanakalaFoundation by the year 2019, its constructions had not been completed up to the year under review. Similarly, the transformer installed at a cost of Rs.7,780,112 and the water tank and substation building constructed at a cost of Rs.8,304,789 and Rs.11,456,578 respectively remained idle up to the end of the year under review.</p> | <p>The Procurement Committee of the project has decided it is suitable to recall the bids again for the contract and accordingly award the contract.</p> | <p>Action should be taken to promptly complete the relevant constructions.</p> |
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#### 1.5.4 Head 211 –North Western Provincial Department of Local Government

##### 1.5.4.1 Management Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>No expeditious action had been taken on 07 surcharge certificates worth Rs.3,325,756 issued by the Auditor General during the period 2009 to 2014.</p>	<p>It has been informed to take action according to Sections 172 (9) (8) or 172 (10) of the PradeshiyaSabha Act in relation to the surcharge.</p>	<p>Action should be taken to recover the surcharge.</p>

#### 1.5.5 Head 213 - North Western Provincial Department of Education

##### 1.5.5.1 Performance

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>When comparing the exam results of the North Western Province in the year 2021 with the other provinces, it occupied the 06<sup>th</sup> place according to the Grade 5 Scholarship Examination results, the 8<sup>th</sup> place for Ordinary Level examination results and the fourth place for Advance Level examination results and in the year 2020, these results occupied third, eighth and first places, respectively.</p>	<p>Limitation of school conducting days, lack of opportunity for conducting supervisions at divisional, zonal, and provincial levels, failure to conduct term tests or evaluation tests for student evaluation resulted in that situation.</p>	<p>Action should be taken to upgrade the overall results of the North Western Province.</p>

### 1.5.5.2 Assets Management

#### Audit Observation

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A total of 318 equipment and accessories in the special education unit of the Wariyapola training center, which are capable of performing hearing tests, eye tests, and intelligence level tests have remained idle for more than 10 years without being used.

#### Comment of the Accounting Officer

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The failure to appoint a suitable teacher after the retirement of the teacher in charge of this center resulted in this situation and action has been taken to maintain the center at the functional level by temporarily appointing a teacher advisor as a temporary remedial measure.

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Action should be taken to use the equipment for the relevant purpose.

### 1.5.5.3 Management Inefficiencies

#### Audit Observation

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**(a)** The total sum pertaining to 30 cases involved in recovery, writing off or omission was Rs.4,175,496, of which 10 cases valued at Rs.1,670,940 were applicable to a period of more than 05 years.

**(b)** A vehicle that had been involved in an accident in January 2020 was repaired at accost of Rs.1,436,000. Despite having full insurance coverage for the said vehicle, payment of insurance indemnity had been refused due to the driver's drunkenness. Nevertheless, the driver had not been issued a disciplinary order even up to the end of the year under review.

**(c)** The activities related to the financial irregularity that occurred in the Giriulla Zonal Education Office during the period from 2007 to 2010 had not been completed up to the end of the year under review and the amount to be recovered in relation to this matter was Rs.13,609,655 according to the financial statements of the provincial council.

#### Comment of the Accounting Officer

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A certain amount of this amount has been written off and action will be taken to correct the error in the future.

Not commented.

It has been revealed by the investigations that the negligence of several officers of the Giriulla People's Bank had led to these irregularities. Therefore, 03 discussions have been conducted with the officials of the People's Bank chaired by the Chief Secretary of the North Western Provincial Council.

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Action should be taken to make settlement.

Action should be taken to recover the loss incurred by the North Western Provincial Fund by expediting the investigations in accordance with the Provincial Financial Rules.

Relevant investigations should be conducted promptly.

#### 1.5.5.4 Operating Inefficiencies

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
<p>-----</p> <p>The audit sample test was able to identify that despite a shortage of teachers for special education in the North Western Province, 20 such teachers were engaged in teaching other subjects over a long period in the schools where there were no classrooms for special education. Information regarding the duration of attachment for each of these teachers to the school was not submitted to the Audit.</p>	<p>-----</p> <p>Action has been taken to provide transfers to the teachers in the North West Provincial Schools to the relevant special education units.</p>	<p>-----</p> <p>Since there is a shortage of teachers for special education in the North Western Province, said teachers should be referred to the relevant schools.</p>

#### 1.5.6 Head -221 –North Western Provincial Department of Co-operative Development

##### 1.5.6.1 Management Inefficiencies

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
<p>-----</p> <p>(a) In terms of Section 43 (i) of the Co-operative Societies Act No. 05 of 1972, every registered society shall pay an amount not exceeding 10 percent of the annual net profit and not less than Rs.500 as contribution to the Co-operative Fund every year as prescribed by the Registrar. However, the amount that remained receivable to the Cooperative Fund from the societies of the four Cooperative Assistant Commissioner Divisions was Rs.76,701,822.</p>	<p>-----</p> <p>Letters have been sent to the active societies informing them to pay the relevant money and arrangements will be made to offset against the assets in liquidation of the inactive societies.</p>	<p>-----</p> <p>Action should be taken to obtain contributions to the Co-Operative Fund in accordance with the Co-operative Societies Act.</p>

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| <p>(b) Although financial frauds or shortfalls of Rs.98,992,459 were reported in the cooperative societies located in two Cooperative Assistant Commissioner's Divisions at the end of the year under review, the conduct of related investigations was at a weak level.</p> | <p>Money is being recovered from 05 societies, legal actions will be taken in relation to 09 societies, while arbitration activities will be carried out in relation to 03 societies. The responsible individuals relating to 03 societies have died and it has not been possible to confirm the loss related to one society.</p> | <p>Relevant investigations should be completed expeditiously.</p> |
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## 1.5.7 Head - 222 –North Western Provincial Land Commissioner's Department

### 1.5.7.1 Revenue Management

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
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<p>(a) The arrears of tax that remained receivable as at 31 December of the year under review under the yield tax and annual land tax related to Nikaveratiya Divisional Secretariat division was Rs.3,367,201.</p>	<p>A part of the tax in arrears has been recovered and action will be taken to recover the remaining outstanding tax.</p>	<p>Action should be taken to recover this tax within the due timeline.</p>
<p>(b) The arrears of tax as at the end of the year under review under the long-term land tax in the jurisdictions of 10 Divisional Secretariats relating to a period of time ranging from 01 year to 12 years pertaining to 17 cases were Rs.97,804,188 .</p>	<p>Measures such as informing the institutions which have arrears in tax, taking legal action, charging the dues in installments, and canceling tax agreements are being taken.</p>	<p>Action should be taken to recover the relevant tax within the prescribed timeline.</p>



## 1.5.8 Head - 231 –North Western Provincial Department of Health Services

### 1.5.8.1 Non-compliance with laws, rules and regulations

Reference to laws, rules and regulations and non-compliance	Comment of the Accounting Officer	Recommendation
<p>-----</p> <p>In terms of Section 3 (5) of the Private Medical Institutions (Registrations) Act No. 21 of 2006, 50 percent of the fees charged by the Private Health Services Regulatory Council shall be paid to the relevant Provincial Council. Nevertheless. A sum of Rs.1,347,750 remained recoverable as at 31 December 2022.</p>	<p>-----</p> <p>Necessary arrangements will be made to recover the amount of Rs.1,347,750 receivable for the year 2022.</p>	<p>-----</p> <p>Action should be taken to recover the relevant money in accordance with the Act.</p>

### 1.5.8.2 Management Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>-----</p> <p>(a) Out of the drugs received by the Kurunegala Regional Health Office from the Medical Supply Division (MSD) during the period 2014 to 2022 for the requirement of drugs in the Kurunegala district, drugs worth Rs.15,226,949 and 37,716 items of surgical materials, of which value could not be identified, were failed in quality and no action had been taken to remove them even up to the end of the year under review.</p>	<p>-----</p> <p>Once the Medical Supply Division informs the method of removing the drugs, the necessary steps will be taken to remove these drugs.</p>	<p>-----</p> <p>Action should be taken to remove the quality failed drugs and surgical materials.</p>
<p>(b) No action had been taken to remove drugs worth Rs.3,408,612 that had expired in the year 2021 and preceding years in Nikaveratiya, Alavwa, and Mawathagama hospitals and 19 types of expired medicines approximately worth Rs.1,740,825 according to the Stores even number report, 2021 of the Puttalam District Drug Store, even as at the end of the year under review.</p>	<p>Disposal process has been initiated regarding the expired drugs.</p>	<p>Action should be taken to dispose of the expired drugs.</p>

### 1.5.8.3 Idle and Underutilized Assets

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) The equipment including 09 laptops, 07 printers, 25 barcode readers, given by the Ministry of Health in the year 2019 for the project of networking the outpatient department of Marawila Base Hospital, had been stored in the warehouse up to the end of the year under review without being used.	Lack of trained staff with computer knowledge required to implement the project has led to this situation.	The expected objectives of the project should be achieved by obtaining the necessary trained staff.
(b) Puttalam Base Hospital had received 33 laptops for networking between medical departments in 2017, out of which only 26 computers had been distributed to 16 departments. All the computers, including distributed computers, remained idle till the end of the year under review and their warranty periods also had expired.	There has been some delay due to the problem regarding the employment of sufficient number of medical officers and plans have been made to complete the defects and start the programme in the future.	Necessary arrangements should be made to use the relevant equipments.

### 1.5.9 Head - 232 –North Western Provincial Department of Ayurvedha

#### 1.5.9.1 Assets Management

Audit Observation	Comment of the Accounting Officer	Recommendation
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The gas room with a gas furnace system installed in the year 2021 at a cost of Rs.806,095 for the drug manufacturing plant of Narammala Ayurveda Hospital and the nurse’s restroom that had been built at a cost of Rs.504,624 were not utilized up to the year under review.	This will be used after the receipt of gas cylinders. As a request had been made to convert Narammala Ayurveda Hospital into a base hospital, the nurse’s lounge and room have been constructed	Action should be taken to use relevant assets.

## 1.5.10 Head– 243 –North Western Provincial Industrial Development Department

### 1.5.10.1 Implementation of Project

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
A sum of Rs.9,727,058 had been spent in the year 2020 for the construction of Walakumbura clay production and training center under the Provincial Specific Development grants, whereas the project had not been completed even as at the end of the year under review.	Plans have been made to complete the constructions in the year 2023.	Action should be taken to complete the project and make use of it for relevant purposes.

### 1.5.10.2 Assets Management

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) There are five dilapidated buildings belonging to textile centers at Koshenagara, Mirihanegama, Wennaruwa, KosgahaAla and Randenigama, and these centers remain idle and underutilized at present.	Steps have been taken to report this matter regarding the lands on which these buildings are located to the Divisional Secretary to use them for effective government purposes.	Relevant building should be used for a useful purpose.
(b) Although Rs.3,148,922 had been spent under criteria-based provisions and provincial specific development grants for the modernization of the Godawela wastewater treatment plant during the year under review, the treatment plant remained inactive since the repair work had not been carried out properly.	It has been decided at the meeting with the Chief Secretary held on 10.05.2023 to carry out the relevant work by initiating the procurement activities once again.	Action should be taken to use the treatment plant promptly.

### 1.5.10.3 Management Inefficiencies

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) For the purpose of upgrading 04 textile centers, 20 batik handloom machines worth Rs.2,048,400 had been received on 31	Action will be taken to distribute those machines once those dilapidated	Machines should be used for the intended purposes.

December of the year under review to distribute among those handloom centers and those machines remained undistributed in the Malkaduwa warehouse even by the date of audit in May 2023. centers were repaired and opened.

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| <p><b>(b)</b> Investigations into the financial frauds and stock shortages worth Rs.3,206,282 that occurred in 4 Janasalu centers owned by the Department had not been completed till the end of the year under review, and according to the investigation reports, an amount of Rs.643,014 due to be recovered in relation to 4 cases had not been recovered up to the end of the year under review.</p> | <p>Action will be taken to re-conduct the investigations and to take disciplinary actions to recover the dues from the relevant officers.</p> | <p>Relevant activities should be completed without delay.</p> |
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### 1.5.11 Head 251 –North Western Provincial Department of Agriculture

#### 1.5.11.1 Assets Management

Audit Observation	Comment of the Accounting Officer	Recommendation
<p><b>(a)</b> A harvester machine of Harvest brand of which value had not been identified and received under the Japaneseaid in the year 2013 has been parked on the premises of Wariyapola farm without using from that year up to the end of the year under review.</p>	<p>Arrangements are being made to hand over this machine to the Agrarian Development Department in Kurunegala.</p>	<p>Relevant assets should be used effectively.</p>
<p><b>(b)</b> The Department had installed a drip irrigation system at a cost of Rs.310,000 for the cultivation of one acre of banana in the Galgamuwagovernment farm in the year 2022. It was revealed at the inspection carried out on 20 January 2023 that the drip irrigation system was inactive.</p>	<p>Since the main water pump connected to that system has been inactive, it has been unable to use the irrigation system.</p>	<p>Action should be taken to use the drip irrigation system.</p>

### 1.5.11.2 Transactions of Contentious Nature

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
Out of 50 Solar Power Dalers purchased by the Department on 31 December 2021 at accost of Rs.15,930,000, 04 machines and 07 machines provided to the Agricultural Zonal Offices of Kurunegala and Wariyapola and 08 machines provided to the Wariyapola farm had not been distributed to the farmers even up to the end of the year under review. It could not be identified that the department had carried out follow-up to ascertain whether 31 machines provided to the farmers were being used effectively.	Lack of contribution of the farmers resulted in this situation. Action will be taken to provide machines after payment of money by the farmers.	Action should be taken to use the assets for relevant purposes.

### 1.5.12 Head 260 – North Western Provincial Chief Secretariat

#### 1.5.12.1 Revenue Management

Audit Observation -----	Comment of the Chief Accounting Officer -----	Recommendation -----
According to the outstanding revenue statement for the year ended 31 December 2022, the outstanding revenue older than 03 years related to toddy tavern toll bearing the revenue code No. 1002-04-03 and the local liquor licences bearing the revenue code No. 1002-04-05 amounted to Rs.15,886,819 and Rs.800,000, respectively.	Notifications have been sent via letters and telephones regarding the outstanding balances that have been outstanding for more than 03 years. Legal action will be taken against the parties whose outstanding balances cannot be so recovered.	Action should be taken to recover the outstanding revenue.

#### 1.5.12.2 Operating Inefficiencies

Audit Observation -----	Comment of the Chief Accounting Officer -----	Recommendation -----
The CCTV system of the North Western Provincial Council has been inactive for more than one year, but no action had been taken to restore the system.	The SLT was informed to check the CCTY system and provide a report regarding the activation of the same. Accordingly, since the existing camera system contains outdated technology, a proposal to suit to new technology has been submitted by that institute.	Action should be taken to activate the camera system.

### 1.5.13 Head 262 –North Western Provincial Department of Policy, Planning and Implementation

#### 1.5.13.1 Implementation of Projects

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
<p>(a) According to the agreement reached on 01 September 2018 for the project for the development of internet based information management system for the provincial investment programme, work should have been completed by 31 March 2019. However, project activities had not been completed even by 31 December of the year under review and it remained at the same level as it was in the year 2020. The amount spent for this purpose was Rs.3,803,156 by 31 December 2020.</p>	<p>As considerable time was taken to prepare the structural plan of the development plan, the project could not be completed within the contracted period.</p>	<p>Action should be taken to expedite the relevant plan.</p>
<p>(b) Out of the provisions received under the United Nations Development Programme in the year 2017 for the preparation of a five-year middle-term development plan of the North Western Provincial Council, an expenditure of Rs.9,821,000 had been incurred. Although the five-year plan had been prepared for the period from 2020 to 2024, the achievement of relevant objectives as per the plan was not at an adequate level, despite more than half of the relevant period having elapsed.</p>	<p>The United Nations Development Programme had provided us with about 480 printed copies of the development plan and it has been provided for all the public institutions, statutory bodies, all the Divisional Secretariats of the North Western Province (46) as well as all ministries and departments of the central government.</p>	<p>Action should be taken to achieve the targets and objectives of the five-year plan.</p>

### 1.5.14 Head 263 – North Western Provincial Revenue Department

#### 1.5.14.1 Revenue Management

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
<p>The arrears of revenue under two revenue codes were Rs.116,926,499 by the end of the year under review. Out of</p>	<p>Court actions have been taken to recover the arrears of additional stamp duty on the transfer of</p>	<p>Action should be taken to recover the outstanding</p>

this total, a sum of Rs.89,717,594 or 77 percent represented additional stamp duty on the transfer of properties and Rs.52,442,219 or 58 per cent of which was the arrears related to the years before 2021. The total arrears of Rs.27,208,855 under the business turnover tax were related to the years prior to 2021. Similarly, arrears of Rs.13,384,385 related to two revenue codes had been written off during the year under review.

**1.5.15 Item No. 24302 –Carpentry Commercial Advance Account**

**1.5.15.1 Operating Inefficiencies**

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
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Although the objective of this advance activity was to provide necessary training and facilities to promote and maintain local and traditional industries in the North Western province, any training programme had not been carried out in 06 out of 11 carpenter schools, 01 of 04 Falk art centers and 01 of 03 light engineering centers. Similarly, the number of individuals who received training in the remaining 05 carpenter schools, 03 Falk art centers and 03 light engineering centers was 14, 04 and 08, respectively.	The rapid decrease in the participation of the youth community in these centers due to their attitudes and the shortage of instructors have given rise to this situation.	Action should be taken to carry out training by introducing new courses.

**1.5.15.2 Accounts Receivables**

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
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According to the age analysis on the debtors, the debtor balance due from 93 individuals for a period of more than 10 years was Rs.2,102,970.	A committee consisting of staff grade officers has been appointed relating to loan balances older than 10 years. Necessary further action will be taken in accordance with those recommendations.	Action should be taken to settle outstanding loan balances.

### 1.5.16 Item No. 24303 - Textile Commercial Advance Account

#### 1.5.16.1 Accounts Receivable

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
----- The receivable debtor balance as at 31 December of the year under review was Rs.46,549,904 and it included a balance of Rs.9,880,130 remained receivable from 02 to 24 years.	----- Further action regarding the personal and invoice debtors will be taken according to the recommendations made by the Provincial Treasury. Facts have been referred to the Attorney General to take legal action regarding the debtors balance of the year 2012 and formal disciplinary inquiry will be conducted regarding the loan balances of 2013 and 2014.	----- Action should be taken to obtain a solution regarding the outstanding loan balances.

### 1.5.17 Item No. 25002 –Entrepreneurship Development Services Integrated Breeding Farm Mawathagama

#### 1.5.17.1 Operating Inefficiencies

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
----- In accordance with the instructions of the Land Commissioner General’s letter dated May 04, 2007 the Divisional Secretary, Mawathagama had transferred 119 acres and 12 perches of MawathagamaDenverwatta land to the North Western Provincial Department of Agriculture, Irrigation and Animal Production on 16 May 2007 for the establishment of a milk cow breeding center and training farm. However, the objective of transferring the land had not been achieved even by 31 December of the year under review.	----- Action will be taken to handed over 15 acres to the Palwatta Dairy Industries (Pvt) Company and 88 acres 02 rood and 16 perches to the Sri Lanka Navy so as to fulfill the purpose of acquiring the land.	----- Action should be taken to achieve the expected objectives.



### 1.5.18 Item No. 25003 Tissue Culture Laboratory, Wariyapola

#### 1.5.18.1 Operating Inefficiencies

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
----- The Wariyapola tissue culture laboratory operated as a Corona virus quarantine center, was not resumed as a tissue culture laboratory until the end of 2020. Although Rs.20,760,503 had been spent to build a new tissue culture laboratory at MawathagamaDenverwatta Government Farm in 2019, its construction had not been completed even up to the end of the year under review.	----- Due to reasons such as non-completion of all the construction works at the time of handing over the MawathagamaDenverwatta tissue culture laboratory by the contractor, and lack of electricity supply for the laboratory, it has not been possible to start the work of the laboratory.	----- The construction works of the tissue culture laboratory should be completed and thereby, desired objectives of the advance account activity should be achieved.

### 1.5.19 Item No. 25102 - “Management of farm activities and supply of seed paddy”

#### 1.5.19.1 Accounts Receivable

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
----- The debtor balance as at 31 December of the year under review was Rs.2,085,402, and the age analysis was not submitted to the audit to identify the outstanding debt balances that continued to exist over a long time.	----- The age analysis has been prepared for the debtor balance as at 31 December of the year under review.	----- Action should be taken to recover the debtor balance.

#### 1.5.19.2 Accounts Payable

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
----- No action had been taken to settle the creditor balance of Rs.499,458 which has been in existence from the beginning of the year under review.	----- Information was looked for many preceding years and was unable to find evidence of that information.	----- Action should be taken to settle the creditor balances.

### 1.5.19.3 Idle and underutilized assets

Audit Observation -----	Comment of the Chief Accounting Officer -----	Recommendation -----
The onion stores worth Rs.3,662,756 which had been completed and handed over on 02 February of the year under review, had not been used for the related purpose even by the end of the year under review.	Leaving the farmers away from onion cultivation and not storing the harvest when there is a high price for the harvest in the market had contributed to this situation.	Constructions should be carried out by identifying requirements.

### 1.5.20 Item No. 26002 –Maintenance of the activities of Wariyapola Training Institute

#### 1.5.20.1 Operating Inefficiencies

Audit Observation -----	Comment of the Chief Accounting Officer -----	Recommendation -----
(a) The “Pahasara” canteen at the North West Training Institute remained idle since 2020 and by the time of the audit on 15 February 2023, the canteen and the kitchen inside had become dilapidated beyond further use due to lack of maintenance activities.	Action will be taken to clean the Pahasara canteen and use for trainees in the future.	Assets should be used for relevant purposes.
(b) Although the post of warden has been approved for the institution, it had fallen vacant. Therefore, it had been difficult to carry out proper supervision and management of the hostels. Further, due to the vacancy of 06 posts of electrician, office assistant, and labourer, the activities such as electrical maintenance, daily cleaning and beautification of the premises of the training institute, and maintenance and cleaning of quarters and hostels had been found difficult.	Action will be taken to rectify these shortcomings in the future.	Action should be taken to fill vacancies.

## 1.5.21 North Western Provincial Industrial Services Bureau

### 1.5.21.1 Accounts Receivable

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
----- The receivable balance that continued to exist over a long period under 09 items was Rs.4,252,309 as at 31 December of the year under review.	----- Measures will be taken to recover the amount that remains receivable from the relevant parties and adjust the accounts after identifying the balances to be adjusted.	----- Action should be taken to recover the receivable balances.

### 1.5.21.2 Accounts Payable

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
----- The receivable balance that continued to exist over a long period under 05 items of liability was Rs.1,748,508 as at 31 December of the year under review.	----- Action will be taken to settle it after reconfirmation of the relevant balances.	----- Action should be taken to settle the payable balances immediately.

## 1.5.22 North Western Provincial Environmental Authority

### 1.5.22.1 Operating Inefficiencies

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
----- In terms of Section 21 (2) and 21 (3) of the North Western Provincial Environmental Statute No.12 of 1990, the valid period of the environmental protection licence should be explicitly stated and a licence shall not be issued for a duration exceeding one calendar year at a time. However, there was no control system put in place to examine whether a new licence was obtained or existing licence was renewed on the expiration of each environmental licence issued by the Provincial Environmental Authority.	----- The licence issuing process of our institution has been computerized at present. Accordingly, one month prior to the expiration of a licence, the owner of the relevant business will be informed about the necessity for the renewal of the licence by sending a SMS to his mobile phone via the data system.	----- There should be access to examine the information in the computer system and its functionality should be checked regularly.

### 1.5.23 WayambaJanakala Foundation

#### 1.5.23.1 Operating Inefficiencies

<b>Audit Observation</b> -----	<b>Comment of the Chief Accounting Officer</b> -----	<b>Recommendation</b> -----
(a) Although the Foundation had earned money in preceding years by conducting private classes for the local arts such as dancing, music etc. with the involvement of competent teachers obtained from institutional level, it has now been rented to a private sector and only a ground rent is being recovered for the premises.	As a considerable income could not be earned by conducting courses, that music room has been given on rent basis.	Action should be taken to conduct qualitative courses.
(b) No action had been taken to maintain an attractive shop in the building, provided free of charge by the Chillaw Urban Council for maintaining the ChilawViskamPiyasa, by giving publicity through the advertisement boards to promote the existence of the shop.	Plans have been made to adopt suitable sales promotional methods in the future.	It should be converted to a place that can win consumer attraction.

### 1.5.24 North Western Machinery and Equipment Authority

#### 1.5.24.1 Accounts Receivable

<b>Audit Observation</b> -----	<b>Comment of the Chief Accounting Officer</b> -----	<b>Recommendation</b> -----
Out of receivable income of Rs.48,276,393 which includes rental fees, vehicle repair charges, service centers charges, and civil work charges, a balance totaling Rs.8,885,039 remained unsettled for more than 05 years.	Not commented.	Action should be taken to recover the receivable income.

### 1.5.24.2 Management Inefficiencies

#### Audit Observation

-----  
Although tax levied on a specific charge shall be remitted to the Commissioner General of Inland Revenue on or before 15 of the month following the month in which the relevant tax is levied as per the Inland Revenue Act, no action had been taken to settle tax amounting to Rs.9,860,836 to be remitted relating to 2021 and prior years.

#### Comment of the Chief Accounting Officer

-----  
Payments have been omitted due to the financial difficulties currently experienced by the Authority and action will be taken to pay the amount due in six installments.

#### Recommendation

-----  
Action should be taken to settle outstanding tax and pay the tax within the prescribed period.

### 1.5.25 Wayamba Development Authority

#### 1.5.25.1Accounts Receivable

#### Audit Observation

-----  
There was a receivable amount of Rs.3,095,595 from 09 debtors by the end of the year under review and out of which, a sum of Rs.1,122,997 was related to the year 2021 and the preceding years.

#### Comment of the Chief Accounting Officer

-----  
Action will be taken to recover the relevant money at least in installments.

#### Recommendation

-----  
Action should be taken to recover the relevant money expeditiously.

### 1.5.26 North Western Provincial Human Resource Development Authority

#### 1.5.26.1 Management Inefficiencies

#### Audit Observation

-----  
Since a current account belonging to the Authority remained in overdraft position over a number of years, a sum of Rs.1,018,643 had been paid as interest on overdraft during the year under review. However, there was a balance of Rs.66,028,930 in 04 savings accounts by the end of the year under review.

#### Comment of the Chief Accounting Officer

-----  
This account is maintained for security and cleaning divisions and the failure to pay the due amount on time by the institutions that obtain these services has led to this situation.

#### Recommendation

-----  
Action should be taken to ensure financial management between divisions.

### 1.5.26.2 Implementation of Projects

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
<p>-----</p> <p>In order to develop the software system for the Authority, an agreement had been signed with a private company for an amount of Rs.1,485,000 for completing the work on 31 March 2021 and an advance of Rs.445,500 had been for that purpose. However, Module 03, 04 and 05, with a contracted value of Rs.620,000, had not been completed even by the end of the year under review.</p>	<p>-----</p> <p>Action will be taken to enter into agreements once again.</p>	<p>-----</p> <p>Necessary modules should be developed without delay.</p>

### 1.5.26.3 Accounts Receivable

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
<p>-----</p> <p>(a) Out of the loan amounting to Rs.37,000,000 provided to 20 beneficiaries for individual businesses during the period from 2008 to 2022, any installment or an interest amount had not been recovered even up to 31 December of the year under review.</p>	<p>-----</p> <p>Information has been provided in writing on several occasions to recover the outstanding receivables. However, as the outstanding has not so far been recovered, action has been taken to inform all the institutions/individuals again.</p>	<p>-----</p> <p>Necessary measures should be taken to recover the loan without delay.</p>
<p>(b) The outstanding loan balances relating to 10 kinds of active loans of the Authority as at 31 December of the year under review totaled Rs.54,763,658.</p>	<p>Action should be taken to identify debtors and recover the dues.</p>	<p>Necessary action should be taken to recover the loans without delay.</p>

### 1.5.26.4 Revenue Management

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
<p>-----</p> <p>(a) There was a receivable income of Rs.56,199,439 and Rs.129,958,953, respectively, in the security service and</p>	<p>-----</p> <p>Most of these incidents are related to the provincial council institutions and discussions are</p>	<p>-----</p> <p>Action should be taken to recover the outstanding revenue.</p>

the cleaning service, which is the main operating income of the Authority, by the end of the year under review, of which the balances that continued to exist for more than a period of one year was Rs.27,990,352 and Rs.13,319,075, respectively.

- (b) There was a balance totaling Rs.516,605, receivable to the Mahagedara tourist resort controlled under the Authority by the end of the year under review, thus including Rs.262,500 receivable exceeding 05 years, Rs.220,605 receivable from 01 to 05 years and Rs.33,500 receivable for the year 2022 in the above sum.
- As the outstanding money has not been recovered so far, action has been taken to inform all the institutions/individuals once again.
- Action should be taken to recover the outstanding money.

### 1.5.27 North Western Provincial Early Childhood Education Development Authority

#### 1.5.27.1 Operating Inefficiencies

##### Audit Observation

-----  
 According to Paragraph 02 of Early Childhood Education Development Institutions Supervision and Regulation in Schedule IV of the North Western Early Childhood Education Development Authority Charter No.04 of 2003, although those institutions should be monitored and regulated

through a form containing recommendations approved by the Board of in order to maintain uniformity and quality of institutions, it had not been so done after the year 2018.

##### Comment of the Chief Accounting Officer

-----  
 This form has been given to the officials for pre-school supervision at present and supervision of pre-school will be done accordingly.

-----  
 Early childhood education development institutions supervision and regulation should be carried out regularly.

## 1.5.28 North Western Provincial Road Passenger Transport Authority

### 1.5.28.1 Revenue Management

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
<p>(a) According to the orders and amendments published in the Gazette of the Democratic Socialist Republic of Sri Lanka on 16 January 2004 by the Minister in terms of Section 17 of the North Western Provincial Road Passenger Service Charter, the determination of the routes that require regular bus services and selection of the license holders through the open minimum tender procedure should be carried out after monitoring the passenger transport needs in the North Western Province. Nevertheless, there were instances where route permits had been given without doing so.</p>	<p>The Bribery and Corruption Commission has also conducted investigations regarding these route permits and reported it to the Authority.</p>	<p>Route permits should be given in accordance with existing laws and rules.</p>
<p>(b) In granting new route permits through the procurement process in the year 2011, they had been granted with a limitation to 05 years period. Thereafter, all route permits had been granted without adhering to the aforesaid limitation. If the 40 route permits granted for a period of 05 years in the year 2011 only had been tendered again at the end of the permit period, the Authority could have earned an income of about Rs.38,575,400.</p>	<p>This condition had been removed in tendering route permits following the year 2016.</p>	<p>Route permits should be given in accordance with existing laws and rules.</p>
<p>(c) The outstanding monthly running chart fee and the outstanding monthly entry fee receivable by the Authority for the period from 2013 to December 31 of the year under review were Rs.15,899,000 and Rs.2,885,400, respectively and the related late fee was Rs.3,238,600 and Rs.494,600, respectively.</p>	<p>Action will be taken to recover the outstanding balances in the future.</p>	<p>Action should be taken to recover outstanding revenue.</p>



- |            |                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                          |                                                                                                        |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| <b>(d)</b> | The revenue receivable by the Authority for additional travel turns relating to the period from the year 2019 to December 31 of the year under review amounted to Rs.4,218,000 and the related late fee was Rs.1,139,700.                                                                                                                                                                  | As most of the buses from which these arrears are outstanding have left the bus enterprise, it has become difficult to recover the arrears.                                                                                                                                              | Necessary actions should be taken to recover outstanding revenue.                                      |
| <b>(e)</b> | The new permit service charge income receivable by the Authority for the period from 2011 to December 31 of the year under review was Rs.4,771,000.                                                                                                                                                                                                                                        | From this new permit fee income, the route permits related to the amount of Rs.1,996,000 have been canceled and it has not been possible to recover the fees. Out of the amount of Rs.2,775,000 related to the years 2020 and 2022, a sum of Rs.2,175,000 has been recovered at present. | Action should be taken to recover the dues expeditiously.                                              |
| <b>(f)</b> | Since the number of busses registered with the Authority had not been considered in issuing driver and conductor licences, and as the bus workers do not take steps to obtain licences due to the Mobile Inspection Division not imposing fines on those do not have licences, the Authority incurs an annual income loss of Rs.3,591,100                                                  | The busses are being checked by the Mobile Inspection Division at present.                                                                                                                                                                                                               | It should be confirmed that driver and conductor licences have been obtained for all permitted busses. |
| <b>(g)</b> | Although it is required to renew the driver's licences and the conductor's licences once every 02 years and 03 years, respectively, no action had been taken accordingly. The income that could have been earned if the licences had been so renewed was Rs.896,800.                                                                                                                       | The buses are being checked by the Mobile Inspection Division at present.                                                                                                                                                                                                                | Actions should be taken to identify the cases where the licences have not been renewed.                |
| <b>(h)</b> | Although a refundable security deposit of Rs.10,000 should be recovered to secure the conditions applicable on the issue of new licences, in accordance with 16 (A) of Extraordinary Gazette No. 17580 / 05 dated 15 October 2012, the security deposit amounting to Rs.14,260,000 to be recovered for 1426 licences issued up to the end of the year under review had not been recovered. | That task has not been done so far and the relevant money will be recovered by tendering the roads and issuing new licences in the future.                                                                                                                                               | Action should be taken to obtain security for all licences.                                            |

**1.5.28.2 Operating Inefficiencies**

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
-----	-----	-----
In the computer-based operating system established for the Road Passenger Transport Authority under the financial allocation and direction of the Ministry of Roads at a cost of Rs.18,215,169 from the year 2018 to December 31 of the reviewed year, the deficiencies such as the activities related to receipt of money and payment not being carried out through that system, payments related to route permits, log sheets, etc., not being automatically confirmed, fine papers related to sub offices not being correct, could be observed.	The Authority has given instructions to the relevant officers to update the systems.	Action should be taken to rectify the defects of the system.

**1.5.28.3 Management Inefficiencies**

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
-----	-----	-----
(a) By the end of the year under review, a sum of Rs.1,325,705 remained recoverable from a former chairman of the authority for overpayment of director allowances and fuel allowances.	This matter has been referred to the Legal Division of the North Western Provincial Council. Action will be taken accordingly.	Necessary action should be taken to recover the relevant money.
(b) When issuing new licences, although the Authority obtained an affidavit that the bus owners would comply with the rules and regulations of the Authority, such an affidavit had not been taken when changing the owner of the licence.	Action will be taken to obtain an affidavit when changing the owner of the licence in the future.	Action should be taken to obtain affidavits.

**1.5.28.4 Human Resource Management**

**Audit Observation**

**Comment of the Chief Recommendation Accounting Officer**

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 Without being complied with the recruitment method specified in paragraph 5.4 of the scheme of recruitment dated 29 October 2013, 08 individuals had been recruited for the Management Assistant (Non-Technical) service category and 06 individuals for the primary service category during the period of 2018 to 2022 at the discretion of the Board of Directors and the Chairman.

-----  
 In the future, recruitment to the staff will be made in accordance with the scheme of recruitment.  
 -----  
 Action should be taken in accordance with the scheme of recruitment.

**1.5.29 North Western Provincial Resources Development Authority**

**1.5.29.1 Operating Inefficiencies**

**Audit Observation**

**Comment of the Chief Recommendation Accounting Officer**

-----  
**(a)** Although the Sinnapaduwa hatchery project started in 2005 at a cost of Rs.6,137,000 had been given on lease to an external party in 2015, the project had not been implemented since 2017, and since then, the buildings and equipment have been destroying. Similarly, the outstanding lease amount related to the leased period is Rs.480,000.

-----  
 A suitable person has been selected for giving it on lease basis and action will be taken to give it on lease basis in future on the approval of the Board of Directors.

-----  
 Action should be taken to achieve the objectives of the project.

**(b)** The Mundalama Tourism Observation Center which was started in the year 2007 at a cost of Rs.875,000 remained idle by the year under review without being used for achieving the desired objectives.

This is due to the fact that the individuals did not present themselves for this purpose, although the tender process was carried out.

Action should be taken to achieve the objectives of the project.

- |     |                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                |                                                                                                |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| (c) | Although Rs.4,925,000 had been spent in the year 2008 for the construction of the fish tank on the land where the Authority premises is located, the constructions of the project had been discontinued halfway, and the said construction has become unusable at present. | As it is not suitable to carry out a construction again on the foundation this fish tank, the parts of the tanks have been filled with soil and that land area has been prepared for the use of the Authority. | Projects should be initiated after proper feasibility studies and maintained as planned.       |
| (d) | Although the "PCR" laboratory had been commenced at a cost of Rs.7,511,710 for the control of white spot virus disease affecting shrimp, the laboratory activities had been stopped since 2018.                                                                            | Due to the obstacles and limitations of shrimp farming, competition between the laboratories, etc., the expected targets from the laboratory activities could not be reached.                                  | Action should be taken to maintain the projects as planned and the achieve desired objectives. |

### 1.5.29.2 Assets Management

#### Audit Observation

-----  
 The fish processing project initiated in 2007 and 2008 had been inactive since its inception. As a result, the building worth Rs.4,140,000 remained idle as at 31 December the year under review.

#### Comment of the Chief Accounting Officer

-----  
 Out of the assets related to this project, only the building belonging to it is currently remaining idle.

#### Recommendation

-----  
 Action should be taken to use the building for a specific purpose.

### 1.5.29.3 Accounts Receivable

#### Audit Observation

-----  
 The account balances receivable by the Authority as at 31 December of the year under review amounted to Rs.4,530,776. This amount included a balance of Rs.2,150,000 that remained outstanding over 05 years and was due from the Forest Conservation Department.

#### Comment of the Chief Accounting Officer

-----  
 Although the Forest Conservation Department and the Arachcikattuwa Divisional Secretariat have been informed about the receivable amount of Rs.2,150,000 and Rs.114,850, respectively, no favourable response has been received. Legal advice has been sought regarding the amount of Rs.480,000 due from E7 Lanka Private company.

#### Recommendation

-----  
 Action should be taken to recover outstanding loan balances.

### 1.5.30 Chief Minister's Fund

#### 1.5.30.1 Management Inefficiencies

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
----- With the year-by-year renewal made with the interest, there was a balance of Rs.8,384,823 in a Tsunami deposit account by the end of the year under review. No policy decision had been taken regarding the use of this money.	----- Initiated in the year 2004, this fund still exists, but there is no established method for disclosing it. Therefore, it has been only shown in this Fund.	----- Funds should be used for an activity that is possible to render service to the public.

### 1.5.31 North Western Provincial Sports Fund

#### 1.5.31.1 Operating Inefficiencies

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
----- Although the regional sports associations should be established in terms of North Western Provincial Sports Statute No.04 of 1992 with the objective of uplifting, developing, encouraging and controlling sports and physical education in Divisional Secretariat Divisions, no action had been taken accordingly during the year under review.	----- Action has been taken to establish regional sports associations from the year 2023.	----- Action should be taken to establish regional sports associations.

### 1.5.32 North Western Provincial Co-operative Development Fund

#### 1.5.32.1Accounts Receivable

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
----- The outstanding loan balance that remained receivable to the Fund as at the end of the year under review from 16 societies that had stopped, by the end of the year, the payment of loans granted to the co-operative societies by the Fund as	----- As most of these societies are inactive or on the verge of liquidation, the recovery of loans has become a difficult task. However, continuous efforts will be	----- Action should be taken to recover the outstanding money expeditiously.

at 31 December of the year under review was Rs.26,591,409 and the period of outstanding of the loan ranged from 01 to 22 years. made to recover the loans.

### 1.5.33 North Western Provincial Co-operative Employees' Pension Scheme

#### 1.5.33.1Accounts Receivable

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
-----	-----	-----
<p>For the development of a programme to computerize information including transactions of the pension scheme, an agreement worth Rs.672,000 had been signed with the North Western Training Institute in the year 2010 and an advance of Rs.168,000 had been paid for that purpose. Nevertheless, the North Western Training Institute had abandoned the work. The balance that was further due from the above advance amounted to Rs.140,000.</p>	<p>If the North Western Training Institute does not settle the relevant money, legal action will be taken in pursuance of the agreement.</p>	<p>Action should be taken to recover the money and to prepare the computer programme expeditiously.</p>

### 1.5.34 North Western Provincial Housing and Construction Development Fund

#### 1.5.34.1Transactions of Contentious Nature

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
-----	-----	-----
<p>The officers in the North Western Housing and Construction Development Fund had been paid allowances of Rs.236,000 from the Housing and Construction Fund during the year under review.</p>	<p>On the approval of the Board of Governors, allowances will be paid to the officers in the Housing Department who are employed for the duties related to the Fund.</p>	<p>A formal approval should be obtained.</p>

### 1.5.35 WayambaDiriya Housing Loan Scheme

#### 1.5.35.1 Operating Inefficiencies

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
----- In terms of the Memorandum of Understanding related to the WayambaDiriya Revolving Loan Scheme, the recovery of loan installments and interests should be done by the State Mortgage and Investment Bank. However, the loans ranging from 01 to 57 installments totaling Rs.8,552,065 remained outstanding from 156 beneficiaries who had been granted loans under the revolving housing loan scheme.	----- Proposals have been made to amend the laws to enable the funds receivable by the Fund to be credited to the WayambaDiriya Revolving Loan Scheme.	----- Action should be taken to amend the relevant laws.

### 1.5.36 North Western Provincial Agricultural Entrepreneurship Development Revolving Fund

#### 1.5.36.1 Operating Inefficiencies

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
----- Particulars about loans that have elapsed or are outstanding on a specific date under the loans granted by the Agricultural Entrepreneurship Development Revolving Fund had not been identified and according to the financial statements, the revolving debtor balance amounted to Rs.72,178,374 by the end of the year under review.	----- Although installments and interests are not paid to the bank, the bank is obliged to provide to the Fund with the installments and the interest to be credited to it.	----- Age analysis should be prepared.

### 1.5.37 North Western Provincial Fishery Revolving Loan Scheme

#### 1.5.37.1 Management Inefficiencies

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
Without having obtained approval to establish the Fisheries Revolving Fund by an ordinance or rules, it had been implemented from the year 2008.	Following the second round of amendments to the rules drafted for the Revolving Loan Fund, it has been forwarded to the Governor's Office by the Chief Secretariat for approval.	Approval of the North Western Provincial Council Should be obtained to establish the Fund.

#### 1.5.37.2 Operating Inefficiencies

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
The bank had not provided necessary information to confirm the accuracy of the interest which had been credited quarterly to the Revolving Fund, after calculating monthly for the refinancing loans and Fund also had not put in place a methodology to verify the accuracy of the interest that had been credited quarterly.	Necessary calculations have been commenced for the verification of the accuracy of the interest levied for the refinancing loans provided by the bank under the Fishery Revolving Loan Scheme.	A proper arrangement should be put in place to ensure that the interest is correctly credited to the Revolving Fund.

### 1.5.38 North Western Provincial Sustainable Irrigation Maintenance Fund

#### 1.5.38.1 Accounts Payable

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
The amount that remained payable by the end of the year under review for minor irrigation maintenance was Rs.16,415,846.	Action will be taken to make payments after observing whether the tank maintenance activities have been carried out.	Payments should be made on the due date in order to ensure the regular maintenance of tanks.