

Sabaragamuwa Provincial Council -2023

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sabaragamuwa Provincial Council for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154 (3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 23 (1) of the Provincial Councils Act, No. 42 of 1987 and provisions of the National Audit Act, No. 19 of 2018. The Summary Report was issued on 31 May 2024 in terms of Section 23(2) of the Provincial Councils Act and provisions in Subsection 11(1) of the National Audit Act, No. 19 of 2018. The Detailed Management Audit Report was issued on 12 June 2024 in terms of Sub-section 11(2) of the National Audit Act. This report is presented to Parliament in pursuance of provisions in Article 154(6) of the Constitution and Subsection 10 (1) of the National Audit Act and a copy of the report is submitted to the Governor for tabling at the Provincial Council in terms of Section 23(2) of the Provincial Councils Act, No. 42 of 1987.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion Section of this report, the financial statements of the Sabaragamuwa Provincial Council give a true and fair view of the financial position of the Sabaragamuwa Provincial Council as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a)	The withholding tax amounting to Rs.3,001,541 relating to the investment interest income had been credited to the accumulated fund instead of crediting the income to interest income.	That future accounts are prepared correctly.	Accounts should be prepared accurately.
(b)	Capital expenditure of Rs. 584,584,187 had been incurred for roads solely for the year 2023 and for the last 4 years even though 2653km of 594 provincial roads had not been capitalized.	Action will be taken to account or disclose this in the future.	-Do-

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| (c) | Non-current assets amounting to Rs.41,723,295 had been understated in the financial statements. | Instructions had been given to rectify those errors. | Accounts should be prepared accurately. |
| (d) | The amount of Rs.314,992,689 received from the Semaul Globalization Foundation of the Korean Government with the contribution of the Provincial Council and the assets generated through that had not been disclosed in the financial statements from the year 2015, when the project had been started, until the year 2023. Moreover, those transactions had not been included in the financial statements of the Republic of Sri Lanka. | It has been noted down to prepare a programme for accounting in the future. | -Do- |
| (e) | Equipment and 24 pairs of gold earrings belonging to the social service sector totalling to Rs.7,820,900, and land and buildings belonging to 02 child detention homes had not been accounted. | Land and buildings have been submitted for government valuation. All the assets will be accounted in the future. | -Do- |

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 Responsibility 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 misstatements, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatements 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 the internal control of the Provincial Council.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.5 Comments on the Financial Statements

1.5.1 Head 800 - Governor's Secretariat

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
A government accountant was appointed for the accounting work of the Governor's Secretariat and Rs. 430,452 was paid from September 2012 up to now. In addition, a monthly allowance of Rs.1,000 had also been paid to the cash assistant in that office to perform the duties of an accountant.	Since as the post of Accountant has not been approved, the service of a Supervising Accountant is being obtained. As the Finance Assistant performs the duties related to that post, an allowance of Rs.1000 is paid with the approval of the Honourable Governor.	There is no need to pay the salary of an accountant as the work of an accountant is done by the cash assistant.

1.5.1.1 Emergency Fund

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
Even though amounts determined by the other statutes should be credited to this fund according to the statute, through which the Fund had been established, any amount of money had not been credited to the fund though 24 years had passed since the fund had been initiated.	Due to the limits in the funds and as emergency situations had not been arisen, funds had not been allocated and I have made a note to allocate some amount of money for the estimate of the year 2025.	Action should be taken according to the statute.

1.5.2 Head 801 – Provincial Council Secretariat

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) The Sabaragamuwa Provincial Council had implemented 02 insurance schemes for all MPs from the year 2011 until the year 2017, at the time the Provincial Council had been dissolved, and for the Governor and the Chairman after the dissolution of the Provincial Council based on the decision of the Cabinet of Ministers. The following matters were observed.		

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| (i) | The approval of the Governor had not been granted for any of those schemes. However, the Secretary of the Provincial Council had informed the audit that there had been no reference about the approval of the Governor as per the cabinet decision, through which these schemes had been approved. | There is no possibility to override the decision of the Cabinet of Ministers and the Provincial Council. | Action should be taken as per the applicable laws, rules and regulations. |
| (ii) | Since the insurance cover provided by these insurance schemes had not complied with Section 02 of the Provincial Council (Payment of Salaries and Allowances) Act No. 37 of 1988, a sum of Rs. 53,895,838 had been overpaid from the Provincial Council Fund as annual premiums from the year 2011 to the year 2022. | An overpayment had not been made through these schemes introduced by the Ministry of Local Government and Provincial Councils. | Action should be taken in compliance with the Act. |

1.5.3 Head 804 – Provincial Chief Secretariat

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a)	Although the necessary approval had been received for the land worth Rs.9,280,000, on which the Sabaragamuwa Provincial Council complex is located, it had not been transferred even by April 2024.	It has been informed to the Urban Development Authority to transfer the land.	The land should be transferred to the Provincial Council.
(b)	Although the internal telephone system of the Provincial Council complex had been repaired in the year 2019, it could not be restored. Therefore, the sum of Rs. 1,609,055, spent for that had become a useless expense. Because of that reason, Sri Lanka Telecom had submitted an estimate of Rs. 4,566,578 in the year 2022 for a new telephone system. Although it had received the recommendation of the Technical Evaluation Committee, any procurement activity had not been carried out. Therefore, it had not been possible to activate the internal telephone system though five years had passed.	There is no need for an internal telephone system as mobile phones of officers are also used for duties.	Internal telephone system should be established as the expenses for the fixed telephone are high.

1.5.4 Head 805- Deputy Chief Secretary (Personnel and Training)

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) Thirty-eight (38) officers, who had taken local and foreign leave under the Public Administration Circular No. 14/2022 dated 22 June 2022 had not paid their contributions for pension even by March 2024.	The Heads of the institutions of the Provincial Council have been informed of this matter through letters.	Action should be taken as per the Circular.
(b) There had been vacancies for 16 and 157 officers for the essential posts of accountants and technical services by the end of the year 2023.	Approval has been received to recruit officers for 02 Accountant posts and 20 retired officers for technical service.	Vacancies should be filled.

1.5.5 Head 806- Deputy Chief Secretary (Planning)

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
Although a five-year plan had been prepared for the Province from the year 2019 onwards by spending foreign aid amounting to Rs.14,694,555, its progress had not been checked. Attention had not been focused on including the unfulfilled goals of the plan in future plans.	The unachieved goals of that plan will be included in future provincial development plans.	The progress of the plan should be checked and future plans should be prepared.

1.5.6 Head 808 - Deputy Chief Secretariat (Engineering Services)

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) There were 40 official quarters built on 24 plots of land with an area of about 10 acres owned by the office, and ownership of 20 plots of land, out of that, had not been transferred.	Activities for transferring the ownership of the lands are being carried out.	Ownership of lands should be transferred.
(b) In the year 2023, 970 barrels of tar and 120 barrels of colas had been purchased by paying Rs.43,507,90. At that time, when the warehouses had sufficient stocks and when there had been the ability to exchange stocks between the	Due to unavoidable circumstances, the barrels of colas planned to be used had not been consumed. Instructions have been given to use them in the year 2024.	Needs should be identified and purchases should be made.

Executive Engineering Offices, stocks had been purchased again and as a result, 904 barrels of tar and barrels of colas worth Rs.36,188,610 had been kept in the warehouses as surplus stocks from a period of 07 months.

1.5.7 Head 809 – Department of Provincial Revenue

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) Revenue arrears of the year 2023 had increased by 58 percent when compared to the previous year.	If information on payment is received promptly, the tax arrears will be much less.	Arrears of revenue should be charged.
(b) The sum of Rs.7,554,095, out of the revenue arrears of Rs.90,769,688 prevailed as at 31 December 2023, had been in arrears between 10 to 22 years, and Rs.2,487,429 had been in arrears between 05 to 10 years and Rs.80,728,164 had been in arrears between 01 to 05 years. There had been 174 cases that had not been completed by 31 December 2023 after taking legal action in this regard.	Accepted. Legal action is being taken to recover the revenue arrears.	-Do-
(c) Stamp duty amounting to Rs.2,261,380 had not been paid for 139 deeds registered by a notary in the years 2016 and 2017. However, the Commissioner of Department of Provincial Revenue had written off an amount of Rs.532,950, out of Rs. 710,600 identified as penalty.	A case has been filed against him. Efforts are being made continuously to recover the arrears. A portion of the penalty has been written off by virtue of the powers vested on the Commissioner.	Revenue arrears should be collected. Non-payment of the collected revenue is a financial fraud and therefore, penalty should not be written off.

1.5.8 Head 810 - Provincial Ministry of Law and Order, Finance and Planning, Local Government, Health, Indegeneous Medicine, Women's Affairs, Cooperatives, Trade and Food, Transport, Estate Welfare, Environment, News, Housing and Construction and Religious Affairs

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) Although the construction of Pussella Primary Medical Treatment Unit had been completed in February 2022, it had	It is possible to complete the building based on allocation to be received in the future.	Assets should not be left unused.

not been constructed in a way that it could be used and the amount of Rs.3,811,135 incurred on that has not yet become effective.

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| (b) | Despite the garage of the ambulance with the rest room of the drivers in Aheliyagoda Base Hospital had not been completed in a way that it could be used, the agreement had been cancelled on mutual agreement and therefore, Rs.4,098,180 incurred on that had become an idle expense. | The work of a portion of the building has been completed and the agreement has been terminated on mutual consent. Furthermore, the rest of the construction will be included in the future plan. | -Do- |
| (c) | Thirty-Two (32) construction industries with an estimated value of Rs.165,298,000 in the year 2023 had been awarded to the Development Construction and Machinery Authority on the recommendation of the Chief Secretary and the approval of the Governor without following any procurement method. | All these industries have been awarded on the recommendation of the Chief Secretary and approval of the Honourable Governor. | Action should be taken to in accordance with Procurement guidelines. |
| (d) | Although the maximum procurement limit of a provincial department had been Rs. 02 million according to the instructions of the Chief Secretary, in contrary to that 40 procurements amounting to Rs. 543,621,184, which had exceeded Rs. 05 million, had been carried out by the Procurement Committee of the Department of Health and the covering approval and related purchases had been made by the Chief Ministries. | The approval of the Procurement Board of the Chief Ministry has been granted due to exceeding the procurement limit of the Department of Health. There will be no issue in the future as the Department of Health has got the limit up to Rs.5 million at present. | Laws, rules and regulations should be followed. |

1.5.8.1 Development Construction and Machinery Authority of Sabaragamuwa

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) Comments of the Financial Statements		
(i) According to inventories, that stock had been overstated in the financial statement by Rs. 9,155,451 than the value of the press stock as at 31 December 2023.	The verification of goods could not be carried out.	Financial statements should be prepared accurately.

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| (ii) | According to the progress report of the civil sector, the value of work done for 125 construction projects had been understated by Rs.57,187,500. | Action necessary to rectify is being taken. | -Do- |
| (iii) | According to the income statement, there had been a difference of Rs. 4,563,201 between the balances of 08 income categories and the balances according to the income reports of the respective sectors. | Adjustments will be made in the future by Journal entries. | -Do- |
| (iv) | As per the Debtor Schedule, the debtor balance had been overstated by Rs. 5,209,100 in the financial statement. | The actual debtor balance should be Rs.60,868,675. | -Do- |
| (v) | Schedules or survey reports had not been received for 03 asset items amounting to Rs.26,714,087. | The source information is rechecked and corrected. | Necessary evidence should be provided. |
| (b) Operational review | | | |
| (i) | A sum of Rs. 13,919,162 had not been paid to the Provincial Council for 06 industries, of which the work had been completed from the year 2016 to the year 2019. | Fifty (50) per cent of the profits of the civil industries will be abated from the Ministry to settle these unsettled advances. | Arrangements should be made to settle unsettled advances. |
| (ii) | Even though sub contractors had requested guarantee deposits amounting to Rs.2,168,803 as work had been completed, the amount had not been settled due to the financial difficulties of the Authority. | I will release the guarantees in the future as and when money is received. | Guarantee deposits should be released promptly. |
| (iii) | Debtor balance amounting to Rs.22,969,240, which had been older for more than 05 years, had been 38 percent, out of the total debtors. | The Chief Secretary has been requested to appoint an "Arbitrator" for this purpose. | Action should be taken to collect the amounts to be recovered. |
| (iv) | Sixty seven (67) cheques amounting to Rs.21,305,045 drawn in the year 2023 for the VAT payable had not been sent to the Department of Inland Revenue even by 30 April 2024. | It has been scheduled to discuss with the Department of Inland Revenue in this regard. These cheques will not be issued until then. | Action should be taken in accordance with laws, rules and regulations |

(c) Procurement

Although contractors had been selected for 15 contracts totalling to Rs.43,181,037, any procurement guidelines had not been followed.	A number of procurement committees had to be convened within a short period of time and the relevant files could not be properly maintained.	Action should be taken in accordance with the Procurement guidelines.
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1.5.8.2 Pinnawala Iperanigama Theme Park

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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According to the statute, by which the park had been established, the creations representing the features of a traditional ancient village in Sabaragamuwa province had not been added to the theme park.	The proposed constructions will be created after the income situation is stabilized.	Action should be taken in terms of the Statute.

1.5.8.3 Sabaragamuwa Road Passenger Transport Authority

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Operational review		
(i) The bus stops and those buildings owned by the Sabaragamuwa Provincial Council had not been assessed and accounted.	The ownership will be ascertained and the values will be accounted for	The ownership should be obtained and the assets should be accounted.
(ii) There had been a difference of Rs.1,284,573 between the trial balance and the ledger accounts prepared as at 31 December 2023.	It will be corrected.	Financial statements should be prepared accurately.
(iii) According to Section III of the Public Enterprises Circular No. 8/2022 dated 21 December 2022, the dividends related to the previous year should be paid to the Fund of the Provincial Council in the payment of allowances on saved leave and funds should not be taken from the General Treasury for recurrent expenses. However, in contrary to those conditions, Rs.1,569,210 had been paid as such allowances in the year 2023.	According to Section 16 of Employees' Statute of the Sabaragamuwa Road Passenger Transport Authority, allowances had been paid from the year 1994 on the saved leave.	Action should be taken as per the Circulars of the Central Government.

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| (iv) | The inspection reports of a cab involved in an accident in the year 2022 with an expected repair cost of Rs.1,074,200 had not been provided even by January 2024. Moreover, the parties responsible for the damage amounting to Rs. 594,200, not covered by insurance have not yet been identified. | A request had been made from the Chief Secretary to write off Rs.594,000 from the books. | Investigations should be completed promptly. |
| (v) | Although Rs.3,441,110 had been spent on security cameras, those cameras have been inactive since 2018. | The cameras are currently inactive. | Assets should not be left unutilized. |
| (vi) | Three hundred (300) litres of fuel per month had been provided to the Chairman from November 2023 on the approval of the Governor, which had been obtained in contrary to the Presidential Circular No. PS/SP/Circu/01/02/2020 dated 03 January 2022, which had stipulated 150 litres of fuel for the Chairmen of the government institutions. | Additional fuel has been provided with the special approval of the Honourable Governor. | Action should be taken in accordance with the Circulars. |
| (b) | Noncompliances | | |
| | In the Road Passenger Transport Service Statute No. 01 of 1994 in the Sabaragamuwa Provincial Council, | | |
| (i) | Although a passenger service license cannot be transferred according to Section 17, passenger service licenses worth Rs. 19,485,000 had been transferred to other persons in 197 cases only in Ratnapura district in the year 2023. | Any Transferring of null and void road permits has not been carried out. | Action should be taken in terms of the Statute. |
| (ii) | A sum of Rs.535,905 had been paid for the employees' provident fund and employees' trust fund of the Chairman, who had not been a member of the staff of the Authority according to Section 25 from the year 2020 to the year 2023. | The Department of Labour has informed that EPF and ETF should be levied on the earnings of all those working in the Authority. | -Do- |
| (iii) | A certain percentage of the annual profit of the Provincial Authority had not been paid to the Provincial Council Fund according to Section 27(4). | Instead of paying the dividend, Rs.14 million to be paid to the Authority by the Chief Ministry will be credited to the provincial fund itself. | -Do- |

- (iv) According to Section 30 (2), fees for passenger service licenses and road inspector fines had been levied on Board decisions, although the rules made shall not be come into force until approved by the Provincial Council and published in the Gazette. Action will be taken to gazette in the future. -Do-
- (v) A sum of Rs. 3,535,350 had to be collected as license fees and surcharges from 192 buses, which had no passenger service licenses according to Sections 09 and 19, Fines and surcharges will be charged. -Do-
- (c) Revenue Management
Fines amounting to Rs. 913,852, which had been in arrears and old for 03 years, had not been collected from 168 buses. Moreover, a log sheet income of Rs. 6,365,023 had to be collected from 119 buses, and inter-provincial entrance fees of Rs. 1,132,050 had to be collected from 86 buses as at 31 December 2023. Action had been taken to recover fines and surcharges and log sheet fees amounting to 6,365,023 and inter-provincial entry fees amounting to Rs.3,132,050 are still in arrears. Arrears should be collected promptly.
- (d) Human Resource Management
Even though it had been indicated that recruitment to the posts should be done on the basis of paying salaries from the earned revenue and as per the provisions of the approved scheme of recruitment as per the letter of the Director General of Management Services bearing No. DMS/SG/0505 dated 29 May 2017, there was no evidence that action had been taken accordingly. Moreover, in contrary to that, Rs. 26,000,000 had been obtained from the Chief Ministry to pay the salaries of the Authority in the year 2023. The recruitment and promotion scheme of the institute will be continued after 23 February 2023 and money has been taken from the Chief Ministry to pay salaries with the permission of the Finance Commission. Salaries should be paid from revenue earned.

1.5.8.4 Central Library Theater Advance Account of Sabaragamuwa Province

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) Non-compliance		
Sabaragamuwa Provincial Council Finance Statute of the Democratic Socialist Republic of Sri Lanka		
(i) In contrary to Financial Rule 369.4, the maximum expenditure limit of the advance account had been exceeded by Rs.66,128 in the year 2023.	The General Treasury has been informed to increase the maximum expenditure limit.	Action should be taken in terms of the financial rules.
(ii) According to Financial Rule 377.1, the accumulated depreciation of capital assets amounting to Rs.6,769,793 had not been credited to the Depreciation Reserve Fund from the inception of the advance account up to 31 December 2023.	Will be credited to the reserve fund as scheduled from this year.	-Do-
(iii) Supplementary provision had not been obtained as per Financial Rule 380.2 (c) to settle the debit balance of Rs.3,191,817 existed as at 31 December 2023 in the Provision Appropriation Account .	Action will be taken to correct this during this year.	-Do-

1.5.8.5 Sabaragamuwa Province Housing Development Fund

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
The fund had been inactive since 2017 and an amount of Rs.292,959 has remained unused since that year up to this moment.	Action cannot be taken in relation to the fund as Board of Trustees has been appointed due to the dissolution of the Provincial Council.	The objectives of establishing the fund should be fulfilled.

1.5.9 Head - 811- Provincial Department of Health

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Five (05) printers and 25 scanners received in the years of 2019 and 2020 for the activities of registration of patients at Kahawatta Base Hospital remained unused and 25 laptops received for that purpose had not been used for those tasks and they had been given to the officers of the staff for using.	This programme has been scheduled to be started in the future.	Assets should not be left unused and should be used for the intended purposes.
(b) Private medical institutions cannot be established or maintained without a registration certificate obtained from the Private Health Services Regulatory Council according to the Private Medical Institutions Registration Act, No. 21 of 2006. However, 34 private medical institutions without such registration are being operated in the Province by 31 December 2023.	The Private Health Services Regulatory Council of Colombo is the competent body to take further action in this regard.	Action should be taken according to the Act.
(c) The X-ray room, of which constructions had been completed in the year 2021 at a cost of Rs.3,411,683 in Godakawela Regional Hospital remained idle from the date of constructing the room, and from the date of receiving 02 X-ray machines from other hospitals in the year 2019 and from the date of receiving a generator in the year 2021.	The X-ray room remains idle until an X-ray machine is received.	Assets should not be left unused.
(d) Seventy-five (75) Barcode Scanners, 52 Barcode Printers and 04 Servers totalling to Rs. 9,256,591 purchased by the Provincial Ministry of Health during the period of 2021 to 2023 for the implementation of Networked Health Management Computer Information System in 04 hospitals, which had been the main objective of the Primary Health Systems Strengthening Project (PSSP). Remained idle even by February 2024.	Embilipitiya General Hospital has been transferred to the Central Government. The project is being implemented in Eheliyagoda Hospital and the project is not being implemented in 02 hospitals.	-Do-

- (e) Ratnapura Medical Supplies Division of Ratnapura had received 60,000 surgical gloves worth Rs. 4,857,000, sent by Medical Supplies Division though Ratnapura Medical Supplies Division had not submitted an order. The Deputy Director General of Medical Supplies Division of Colombo gave instructions to distribute to regional warehouses as there is no storage space. Arrangements should be made to accept only the required amount.
- (f) It was confirmed from the following facts that there are severe disparities in the distribution of health staff.
- (i) There are 108 vacancies in the post of medical officer in 28 health institutions including hospitals, and there was a surplus of 50 in that posts in 26 institutions. There were 154 vacancies in the post of nursing officer in 21 institutions, and there was a surplus of 59 in that post in 25 institutions. The Line Ministry has the authority to attach these officers. Vacancies should be filled and surpluses and vacancies should be matched.
- (ii) Ten (10) posts of specialist medical officer remained vacant in 04 base hospitals in Ratnapura district. Moreover, 02 posts remained vacant in Mawanella Base Hospital and there had been surpluses of 01 post each in Karavanella and Warakapola Base Hospitals. -Do- -Do-
- (iii) The post of medical superintendent remained vacant in 04 hospitals, out of 05 base hospitals in Ratnapura district. -Do- -Do-
- (iv) The approved number of the post of nursing officer in A-group regional hospitals in the Province was in the range of 10-18, the approved number of the post of nursing officer in Rambukkana Regional Hospital had an unusual figure such as 42. Twenty-nine (29) posts of nursing officers have been approved. A review should be carried out and corrected.
- (v) In attaching medical officers for primary medical treatment unit, 02 medical officers had been attached to one unit each with the daily average number of 03 patients, 03 medical officers each had been attached for 02 units with 24 and 86 such patients and 04 medical officers had The Line Ministry has the authority to attach these officers. A review should be carried out and corrected.

been attached to one unit with daily average number of 48 patients.

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| (vi) | The posts of nursing officer in 107 primary medical treatment units established in Ratnapura and Kegalle districts and posts of medical officers in 85 units, and the posts of dispenser in 68 units had not been approved as at 30 April 2024, the date of audit. | The consent of the Department of Management Services had not been received. | Posts should be approved. |
| (g) | Purchases of Rs.10,316,412 had been made in 03 instances by exceeding Rs. 02 million, which had been the financial limit of the Procurement Board of the Provincial Department. The Provincial Director of Health Services had admitted that the purchase in this manner was wrong. | Action should be taken to obtain the approval of the Governor for that purpose. | Action should be taken according to laws, rules and regulations. |
| (h) | Even though 02 years had passed since the occurrence of the shortage of 21 bottles of DIFF LYSE Reagent worth Rs. 836,138 in Eheliyagoda Base Hospital, the loss incurred by the government had not been recovered from the persons responsible for that. | Further action will be taken as per the decision of the preliminary inquiry board. | The loss should be recovered from the officers responsible for that. |

1.5.10 Head - 812- Provincial Department of Ayurveda

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a)	Even though the requirement of medicine in the hospitals could be met by starting herbal gardens within the hospital premises according to the instructions of the Commissioner of Ayurveda, Panawala, Rakwana, Embilipitiya, Walgama and the Department of Ayurveda had not carried out that function properly.	As there was a severe shortage of workers, the herbal gardens were not functioning properly. However, the herbs that can be grown are being grown in a certain extent.	Herbal medicine farming should be encouraged.

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| (b) | The land belonging to the Mahaweli Authority, where Ambilipitiya Ayurveda Hospital is located, and the land of Rakwana Hospital, which is located on a land area of about 06 acres had not been transferred. | Forward action in relation to the transfer will be carried out expeditiously. | Ownership of the lands should be transferred. |
| (c) | The building with paying wards beloned to Kegalle Ayurveda Hospital, of which construction had been completed in the year 2020 at a cost of Rs.66,886,932 remained unused even by January 2024. | Although the starting of the paid wards had been delayed due to the issue of necessary equipment and human resources, it will be started this year. | Assets should not be left unused. |
| (d) | The amount of Rs. 86 million spent for the building and equipment had not been a productive expenditure as only two patients had obtained treatments within the period of 04 months from the beginning of the paid ward complex in Ambilipitiya Ayurveda Hospital, which had been started in August 2023. | The attendance of patients has been reduced due to the prices that were charged. | -Do- |
| (e) | There were 201 vacancies and a surplus of 33 officers, out of 633 approved staff. Moreover, 124 officers had been appointed for 13 unapproved posts. | The Provincial Public Service Commission has been informed to make the recruitments. | Vacancies should be filled and surpluses and vacancies should be matched. |
| (f) | Appointments should be provided by the Provincial Public Service Commission for the post of Medical Officer in charge. However, the Commissioners of Ayurveda had appointed 12 medical officers without the sanction of the Provincial Public Service Commission. | There was no formal programme for this, and action will be taken to prepare a procedure for the Sabaragamuwa province by working out the procedures of the other provincial councils and the procedure of the Navinna Ayurveda Department. | Recruitments should be made systematically. |

1.5.10.1 Pinnawala Panchakarma unit

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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Although the place, where the Panchakarma Unit is established is a popular tourist spot for local and foreign tourists visiting Elephant Orphanage, Zoo and Iparanigama Theme Park, which were of high tourist attraction, only two local	Advertising activities were carried out in connection with the institution. There is currently no website for the Provincial Department of Ayurveda and it is anticipated	Arrangements should be made to fulfill the purpose of establishing the institution.

people per day and three foreign tourists to establish a special website per year had received treatment due to the for the Panchakarma Unit poor maintenance of the institution, through allocation of funds in inadequate staff and lack of publicity. the future.

1.5.11 Head -813 – Provincial Department of Cooperative Development

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) A Loan amounting to Rs. 11,383,326, out of the loans given to 12 cooperative societies by the Cooperative Development Fund during the period of 2000 to 2018, remained outstanding as at 31 December 2023.	Obtaining approval from the honourable Governor to write off the outstanding interest, making arrangements to settle the loan amount and that the loan is being collected.	Prompt action should be taken to recover the loans.
(b) According to the bank statements of the Cooperative Development Fund, Arbitration Fund and Liquidation Fund as at 31 December 2023, the bank balance had been Rs.58,647,672 and the fund had fixed deposits amounting to Rs.124,930,851. Rules made for the administration of these funds had not been approved. Accounts had not been prepared since the inception of the funds up to this moment and these balances had not been disclosed in the fund account of the Provincial Council.	The rules have been made. However, it has not been possible to approve the rules as the Provincial Council has not been formed.	Arrangements should be made to approve the rules.

1.5.12 Head - 814 – Department of Local Government

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Even though 3 years have passed since receiving the surcharge of Rs.129,600 issued by the Auditor General to the Warakapola Pradeshiya Sabha, the surcharge had not been collected as the decision for the appeal has not been received.	It is not possible to proceed further in this regard until the decision for the appeal is received.	The delay in receiving the decision for appeal should be looked into.

- (b) A sum of Rs.598,555 had also been paid as composite allowance and fuel allowance to the Commissioner of Local Government, in addition to a converted travelling allowance of Rs.131,885 for the same period in contrary to Section 12.1 of Chapter xiv of the Establishments Code. The converted travelling expenses have been paid as per the instructions of the Circular bearing No.CS.07/04/01/01 dated 24.10.2019 issued by the Chief Secretary on the approval of the Honourable Governor. Action should be taken according to laws, rules and regulations.
- (c) A revenue collection plan for the year 2023 had not been prepared and the progress in the recovery of revenue arrears in 17 local government institutions had been in a percentage less than 50 percent. Assistant Commissioners of Local Government in Ratnapura and Kegalle have been informed. Revenue arrears should be charged.
- (d) According to the Public Administration Circular No. 33/2017 dated 07 December 2017, the post of Engineer in the Department of Local Government had not been included in the category of field officers in the Provincial Public Service. Moreover, the Provincial Council had not recognized this position as a position entitled to travelling expenses. However, a sum of Rs.180,020 had been paid to the Engineer of the Department of Local Government as travelling expenses for the period of 2021 to 2023. The converted travelling expenses have been paid as per the instructions of the Circular bearing No.CS.07/04/01/01 dated 24.10.2019 issued by the Chief Secretary on the approval of the Honourable Governor. Action should be taken according to laws, rules and regulations.
- (e) The instances of not functioning in compliance with the national policy on waste management are as follows.
- (i) Any contact with the National Solid Waste Management Support Centre had not been maintained. It has been difficult for the Local Authorities to prepare the plan owing to lack of knowledge in scientific planning and scientific solid waste management. Future work will be completed after receiving the necessary technical support from the Ministry of Local Government. Action should be taken in accordance with the National Policy on Waste Management
- (ii) Any Local Authority had not maintained a solid waste management data system.
- (iii) A five-year plan had not been prepared.

- (f) A quantity of 6,001,815 kg of fertilizers had been kept in warehouses in 08 local government institutions by November 2023 as the quantities could not be sold. Even though registration should be made at the Fertilizer Secretariat to obtain a quality certificate in order to establish a market for organic fertilizers as a solution to this issue. However, none of the local government institutions had taken necessary action to register with the Fertilizer Secretariat and sell the fertilizers.
- All the Heads of the Local Government Institutions have been informed about the registration at the Fertilizer Secretariat. Accordingly, several local government institutions that produce enough organic fertilizers have taken steps to obtain registration at the Fertilizer Secretariat.
- Arrangements should be made to obtain a quality certificate and to sell organic fertilizers.

1.5.13 Head- 820- Provincial Ministry of Provincial Road Development, Rural Infrastructure, Tourism and Sports and Youth Affairs

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
The road development authority had checked the samples taken from the stock of colas supplied and confirmed that they did not conform to the approved technical specifications. However, the full amount of Rs. 5,319,900 had been paid to the supplier.	Payment has been made for the bill on the relevant engineering recommendations.	Purchases should be carried out in accordance with the prescribed technical specifications.

1.5.14 Head 821- Provincial Department of Sports Development

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) According to the Sabaragamuwa Provincial Sports Statute, any functions, such as the establishment of provincial, district and regional sports control boards, maintaining a sports fund account, registration of sports associations, establishment of sports scholarships and sports schools had not been fulfilled.	There was no Sports Minister due to the dissolution of the Provincial Council and therefore, the provisions of the Statute could not be executed.	Action should be taken according to the Statute.
(b) Prizes had been awarded to recognize the sportsmen / sportswomen and coaches, who had performed well in the 47th National Sports Festival and in the international competitions during the	Since the occurrence of such informal activities is detrimental to the development of provincial sports and the reputation of the Department, the Secretary of the	The team management should take action to make the suitable sportsmen /

period of 2020 to 2023. The team management had not taken action to make the top performers participate in the 100x4 relay (men's) event. However, in evaluating the skills of sportsmen / sportswomen, the opportunity to win a medal in a sports event of the National Sports Festival, where a medal could be achieved, had been lost.

Ministry has appointed a sportswomen preliminary investigation committee to investigate this sports competitions. matter.

1.5.15 Head 830- Provincial Ministry of Social Welfare, Probation and Child Care Services, Rural Development and Rural Industries

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Four (04) students had been enrolled for Ratnapura Carpentry School in the 04 years from 2020 to 2023 and all those 04 students had left the course. Eleven (11) students had been enrolled to the Thibolketiya Carpentry School during the period of 2020 to 2023, and 04 students, out of those students, had left the course. The Department had no system to attract and retain students in carpentry schools.	Awareness has been created in writing and verbally through the skills development officers of the Divisional Secretariats to enrol students for the courses.	Appropriate arrangements should be made to enrol students to carpentry schools and to retain them until the end of the course.
(b) Only 03 production orders worth Rs.556,661 had been received to Ratnapura Carpentry School in the year 2023. Only 03 orders worth Rs.112,890 had been received for Thibolketiya Carpentry School in the years of 2020, 2021 and 2023. There had been no production or sale in the government carpentry schools of Perakatiya, Atawakwala and Kella in the year 2023. The Department had not prepared a proper system or plan to maintain the carpentry schools at an operational level and to enrol students.	A letter has been submitted to the Chief Secretary requesting to refer the orders for production to this department when obtaining timber equipment to the institutions of the Provincial Councils.	Appropriate arrangements should be made to maintain carpentry schools at operational level and to enrol students.
(c) The land, on which the Aheliyagoda Atsalu Institute is located, and which is belonging to the Road Development Authority had not been transferred.	Request has been made to transfer, however, not yet transferred.	The ownership of lands should be transferred.

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| (d) | Although the female trained technicians in Janasalu establishments were aged between 50 and 89 years, there had been no promotional programme to recruit new female technicians. Because of this, there was a risk of maintaining the handloom textile industry in the future. | Awareness had been created by participating in awareness programmes through Divisional Secretariats in order to recruit new female technicians . | A promotional programme should be developed to recruit new female technicians. |
| (e) | A formal inquiry had not been conducted even by April 2024 as Accountant of the Ministry, Director - Planning and Finance Assistant had not paid due attention to the recommendations made by the Director of Internal Audit regarding the retention of an amount of Rs.478,409, entitled by a contractor, without providing the amount to the contractor. | Forward action is being taken. | A formal inquiry should be carried out promptly. |

1.5.15.1 Provincial Social Service Fund

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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Even though regulations had been enacted for the Fund in the year 1994 according to the Statute that had established the Fund, regulation No.s 04, 06, 15 and 24 had not been executed.	Noted down to take action in this regard in the future.	Action should be taken according to the Statute.

1.5.16 Head 831- Provincial Department of Industrial Development

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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Eighty one (81) percent of the estimated raw materials i.e. Rs.33,599,200 could not be purchased as necessary specifications had not been clearly mentioned in the bidding documents in contrary to the Procurement Guidelines.	The relevant technical evaluation committees have been instructed to proceed according to the Procurement Guidelines in the future.	Purchases should be carried out in accordance with the Procurement Guidelines.

1.5.16.1 Industrial Development Authority

	Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a)	Gratuity paid amounting to 639,996 had been accounted as an expense for the year as allocation had not been made for the gratuity.	25 percent of the total gratuity amount has been allocated annually.	Allocations should be made for gratuities.
(b)	Sixty three (63) journal entries amounting to Rs.26,328,586 had been made without obtaining the formal approval.	All these entries had been accepted and signed by the Chairman and the other officers.	Formal approval should have been obtained for Journal entries.
(c)	There had been loan balances in relation to Balawinna precast concrete yard amounting to Rs.2,997,330, which had been prevailing for more than 01 year and had not been settled even by 31 December 2023.	A programme is being implemented for recovering these loans.	Loan arrears should be collected promptly.
(d)	The unit selling price for the products produced by Balawinna precast concrete yard had been determined based on the prices of raw materials prevailed in April 2022. Although 1½ years had passed, the goods were sold at the old price without doing any price revision again.	It has been decided to re-determine the prices of the products with effect from 01 June 2024.	The price revision should be done appropriately.
(e)	The concrete mixer of 1½ bags of cement, which had been used to efficiently maintain the production process at Balavinna precast concrete yard, had been out of order since 2021 and the concrete mixer with hopper purchased in January 2022 worth of Rs.960,000 had also been out of order for more than one year.	Fundamental work is being carried out to repair and use these two machines.	Fixed assets should be properly maintained.

1.5.16.2 Establishment and Administration of Textile Industrial Workshops

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Non compliances The Sabaragamuwa Province Finance Statute of the Democratic Socialist Republic of Sri Lanka – 2008		
(i) According to Financial Rules 377.1, a sum of Rs.45,010,863 related to the period of 2011-2023 had not been credited to the Depreciation Reserve Fund.	I will take action to send after the financial position of the advance account is better.	Action should be taken in terms of the Financial Rules.
(ii) According to Financial Rule 378.2, the cumulative net profit of Rs. 27,484,016 related to the period of 2016-2023 had not been credited to the miscellaneous revenue head of the Provincial Council.	-Do-	-Do-
(iii) According to financial rules 380.2 (c), it had not been possible to get supplementary provision in the year 2023 to cover the loss of Rs.2,448,102 in the profit and loss account of the year 2021.	Provision has been requested to write-off the working loss and provision has not yet been made for that purpose.	-Do-

1.5.16.3 Establishment and Administration of Small-Scale Industrial Workshops

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) The Tertiary and Vocational Education Commission had agreed to offer an NVQ certificate to students undergoing training at selected light engineering centres and carpentry schools. However, the trainees had lost the opportunity to get a recognized certificate by not correcting the shortcomings pointed out by the Commission.	Deficiencies are being completed to award the NVQ qualifications.	Action should be taken to complete the criteria and to issue the relevant NVQ certificate.

- (b) According to financial rule 377.1 of the Sabaragamuwa Provincial Financial Statute - 2008, the depreciation of capital assets related to the year 2023 amounting to Rs.1,431,146 had not been credited to the depreciation reserve fund. I will remit the depreciation value within this year. Action should be taken as per the Financial Statutes.

1.5.17 Head 832 - Provincial Department of Probation and Child Care Services

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) Although there had been 98 day care centres in the province, only 17 centres had been registered by the Department.	Requests are being made for registration of day care centres and they are checked and registered.	Centres should be registered and supervised.
(b) One hundred and forty-three (143) hearing aids worth Rs.1,973,400 obtained in 2021 and 44 crutches worth Rs.5,561,100 purchased in the year 2023, 98 commode wheelchairs, 04 wheelchairs, 22 commode chairs, 84 walking frames, 63 support of the hands and 72 air mattresses had been idle in the warehouse even by March 2024.	The goods will be released after ascertaining whether the persons, who had made requests for them, further need those goods.	Arrangements should be made to provide those goods promptly to those who need them.
(c) The rental of 02 regional offices for the year 2023 amounting to Rs.539,000 had been paid to private institutions.	This building has been selected as the most suitable option.	Attempts should be made to conduct offices in a government institution.

1.5.18 Head - 840- Provincial Ministry of Education, Information Technology and Cultural Affairs

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) Since the construction of a laboratory in Ke/Dehi/Yogama Primary School at an estimated cost of Rs.7,618,337 had been abandoned mid-way, the laboratory equipment had to be stored in boxes.	-	Construction work should be completed.
(b) Information technology equipment had been purchased for the education offices by spending Rs.19,919,150, out of the provision	Since zonal offices, departments and ministries function on administrative	Arrangements should be made to use the provision

- allocated for buildings and constructions required for primary education under Provincial Specific Development Grants (PSDG). Equipment worth Rs. 4,794,375, out of the equipment, had been used by the Provincial Ministry of Education.
- purposes, the equipment has been purchased for that purpose.
- given for specific tasks only for that purposes.
- (c) Even though the e-workshop of Ke/Dehi/Maliboda Tamil College had been completed in April 2022 after paying Rs.2,122,590, it remained unused even by 31 December 2023.
- The zonal directors have been informed to make the principals notified to avoid the occurrence of such situations.
- Action should be taken to use the building.
- (d) Even though 20 complaints, out of the 68 disciplinary complaints received on corruption and frauds in the last 3 years, had been delayed for more than a year, they had not been completed.
- The respective complaints have been forwarded to the respective zonal offices for inquiry and for the issue of reports.
- Disciplinary complaints should be finalized promptly.
- (e) The investigation regarding the librarian of Ke/Mawa/Hirivadunna Maha Vidyalaya had been initiated. However, it had not been completed even though more than 03 years had passed in contrary to paragraph 21.1 of Chapter XLVII of volume II of the Establishments Code.
- The officer handling the complaint has been informed to avoid delay.
- Action should be taken in terms of the Establishments Code.

1.5.18.1 Sabaragamuwa Early Childhood Education Development Authority

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Although the registration of pre-schools is a major function of the Authority, the registration of 495 pre-schools, out of 1481 pre-schools, had not been done for the year 2023.	Instructions have been provided to update after the completion of criteria for pre-schools.	Unregistered preschools should be looked in to and updated.
(b) Programme of providing mid-day meals for children enrolled at the preschools with the sponsorship of the UNICEF – 2023		
(i) Although 161 pre-schools in need of nutritional support had been selected, the programme had not been implemented in 33 schools, out of those schools.	It has been decided to provide food for several schools selected according to priority.	Pre-schools in need of nutritional support should be selected.

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| (ii) | Sufficient supervision had not been done by the committee appointed to monitor the provision of food. There had been instances, where food had not been provided according to the prescribed recipes. The delay in making payments to food suppliers had affected the delivery of food according to the prescribed recipes and the quality of food. | Supervision activities have been carried out by employing the relevant officers. Food recipes have been checked and payments were made. | Adequate supervision should be carried out on food that are being provided. |
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1.5.18.2 Meneripitiya and Atalugama Education Development Centre

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
The unauthorized settlers, who had been occupying in the land in extent of one acre, where the Atulugama Development Training Centre is located, for over 20 years had not been removed.	Requests had been made to Dehiowita Divisional Secretary to prepare transfer certificates.	The land should be transferred and unauthorized settlers should be removed.

1.5.19 Head 841- Provincial Department of Education

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----

(a) According to the financial statements, 23 vehicles worth Rs. 105,675,000 and the land,s where provincial offices of education, learning centres and provincial schools were located, had not been assessed and accounted.	Action will be taken to account the assessed value.	Assets must be properly accounted.
(b) Laptops worth Rs. 16,736,960 had been provided by exceeding the number of students in 02 schools, and 20 tables and chairs each had been provided.	The laptop computers provided are being used to the maximum possible level.	Arrangements should be made to give the surplus to another school.
(c) Technical Education Development Programme - (TEDP)		
(i) Since 05 Technological faculty buildings worth Rs.279.9 million had been constructed under this project for 06 schools in Sabaragamuwa Province, and bids have been invited based on regional	Measures will be taken to invite bids by removing this Section when publishing newspaper advertisements in the future.	Bids should be invited as per the procurement guidelines.

priority and CIDA ranking priority as per the Public Finance Circular No. 04/2016(II), eligible parties had lost the opportunity to participate in the procurement as per 1.2.1 (c) of the Government Procurement Guidelines 2006.

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| (ii) | A sum of Rs.121,500 had been overpaid as allowances for the procurement committees and technical evaluation committees. | Necessary action will be taken after obtaining instructions. | Overpayments must be refunded. |
| (iii) | In the construction of Technological Faculty building of Ke/Imbulana Sri Sena Maha Vidyalaya, a sum of Rs.3,200,944 had been paid exceeding the estimated amounts. That percentage had been in the range of 104-4186 percent. Moreover, a sum of Rs.175,646 that had been overpaid for steel wires and for one work item has not yet been recovered. | This will be looked into and action will be taken in the future. | -Do- |
| (iv) | A sum of Rs.265,187 had been paid for the unfinished work and the contractor had also requested a special fee of Rs.1,870,947 due to late payment in the construction of the three-storied Technology Faculty building of Rakwana St. John's Tamil College. | -Do- | -Do- |
| (d) | The recommendations given by the National Building Research Organization regarding the risk of landslides prevailing in 04 schools in Balangoda and Kalawana zones had not been implemented. | It had been inquired from the Landslide Risk Management Project. | The recommendations of the National Building Research Organization should be implemented. |
| (e) | One hundred and forty-seven (147) schools, out of 160 plantation schools in the Province, had not transferred the ownership of their school premises. Lands in extent of 02 perches and 100 perches and 03 buildings in 10 schools occupied by unauthorized settlers had not been re-acquired. | Since this is not a problem that can be solved alone, a request has been made to the Provincial Ministry of Education to intervene in this matter. | Ownership of lands should be transferred. |

- (f) The payment of allowances to the principals and teachers, who were in difficult service, had been started from the year 2009. However, the provision of infrastructure facilities such as the provision of capital resources and electricity, road improvement etc. had been carried out under various projects during the period of 2009 to 2023. However, the allowances had been paid for 13 consecutive years subsequently without any review of the difficulties in those schools. A sum of Rs. 55,356,953 had been paid as difficult and very difficult allowances in the Province during the year 2023 alone.
- Classification of difficult and very difficult schools is a national policy. Therefore, the matter pointed out is beyond my control.
- A review should be carried out in relation to difficult and very difficult schools.
- (g) Under non-formal education, 11 tailoring courses were being operated in 11 centres in Balangoda Zone of Education, and only 05 centres, out of the centres had 08 sewing machines and the trainees of the other 06 centres had no sewing machines. Although beauty culture and hairdressing and coconut carving training courses had been conducted, any equipment had not been provided by the Government for the use in the centres. Four hundred and seven (407) children had participated in 20 courses and Rs.888,000 had been spent for this in the year 2023. However, the number of persons, who had completed the courses and obtained certificates had been 258. Although it had been planned to conduct technical courses in 30 centres in Mawanella zone, the courses had not been conducted in 09 centres.
- Even though the necessary equipment and raw materials for the training activities of these courses have been requested, the requirements could not be completed as the allocation had not been received. At the commencement of the courses, a large number of trainees participated in the courses, but at the end of 06 months, there is a decrease in the number of trainees owing to various reasons.
- Attention should be paid to provide necessary facilities for non-formal educational activities.
- (h) Imprest amounting to Rs. 10 million, out of the provision of Rs.20 million allocated for the year 2023 for the Secondary Education Sectoral Development Programme (SESIP), had been received, and Rs. 9.15 million, out of the imprest had been spent during the year. The matters observed are given below.

- (i) Even though provision of Rs. 75.11 million had been allocated for the year 2023 for the promotion of the subjects of Ordinary Level and Advanced Level, 88 percent or Rs. 66.1 million of provision had been saved due to not receiving of imprest. This amount would not be saved if imprest equal to the provision allocated was provided. Imprest should be provided by the Ministry of Education.
- (ii) Even though it had been planned to train 10,499 teachers and 13,312 students for the promotion of the subject, the number of teachers trained had been 1728 and the number of students trained had been 8,869 by the end of the year as imprest had not been received. Action has been taken by managing the amount received. -Do-
- (iii) Even though it had been anticipated to train 2920 teachers by allocating a sum of Rs.6.87 million, only 163 teachers had been trained by spending Rs.0.45 million due to not receiving of imprest. -Do- -Do-
- (i) Twenty-eight (28) quarters, out of 56 principal, teacher and single quarters in good condition in Embilipitiya region remained unused until 31st October 2023. Among those houses, there had been 02 quarters with 11 single rooms built by the nearest school the best school project. Thirty-seven (37) teachers' quarters in Kegalle zone were in a very dilapidated condition for several years and action had not been taken to renovate them. This has been affected by non-availability of adequate provision to renovate the dilapidated quarters in the Kegalle region. A survey should be conducted regarding the use, repair or removal of teacher's houses.
- (j) In contrary to the Code of Instruction issued for School Student Quality Circles and the letter of the Secretary of the Provincial Line Ministry dated 24 October 2023, judges in Balangoda and Dehiowita zones had been overpaid a sum of Rs.254,100. Necessary arrangements will be made immediately after receiving instructions from the Provincial Ministry. Amounts that had been overpaid shall be refunded.
- (k) An allocation of Rs.691 million had been saved as at 21 December 2023, out of the provision of Rs.1458 million provided for the year 2023 for the programme of providing mid-day meal for school Money has been saved due to the reduction in the number of school days and the provision of materials by various institutions. There A data system should be maintained at the zonal level about this programme and attention should be

children. Zones had not maintained a data system for this programme. In addition to the World Food Programme, the Lions Club, Save the children, Rice up Sri Lanka and volunteer groups also provide food to these schools. However, the zonal offices had not maintained any information about the quantity of food materials received by the schools, the quantity issued to the supplier, the damaged stock, the remaining stock in the warehouse, etc.

was a deficiency in notifying the regional offices in relation to the quantity of food provided by Save the Children. Schools have been notified to keep proper records.

paid to maximize utilization of allocation.

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| (l) | There had been a shortage of 49 senior level posts in the Provincial Department of Education as at 31 December 2023, and there had been a surplus of 2047 and 28 posts in the secondary and primary levels respectively. | This has been reported to the Provincial Chief Secretary. | Vacancies should be filled and surplus staff should be attached appropriately. |
| (m) | The approved staff of teachers in the province had been 24,401, and the actual staff had been 20,423. Therefore, the shortage had been 3978. There had been shortages of teachers in all the zones of the province. | -do- | Arrangements should be made to fill the vacancies. |
| (n) | The approved staff for the posts of Principal, Deputy Principal and Assistant Principal had been 1453 in the province, and the actual staff had been 762 and the shortage had been 691. There had been shortages of principals in each zone. | -do- | -do- |

1.5.20 Head 850- Provincial Ministry of Lands, Provincial Irrigation, Agriculture, Animal Production and Animal Health and Fisheries

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) Even though there were 08 rooms, where accommodation facilities for 32 students could be provided, in Karapincha Training Centre, which had been completed in the year 2020 by incurring a cost of Rs.27.6 million, the office is maintained in 04 rooms and the	Residential facilities will be provided to the students in the year 2024 and since it has been scheduled to complete the renovation activities of the office building this year, the 4	Arrangements should be made to use the constructed buildings for the intended purpose.

remaining 04 rooms had become idle. Moreover, since the lecture hall planned to be built with the hostel had not been completed even in the year 2023, the training programmes had been conducted in the dining halls. rooms used for offices can also be returned.

- (b) The ownership of the 02-acre land, where the Wagolla Training Centre is located, had not been transferred. Requests have been made to the Divisional Secretary - Rambukkana in this regard. Arrangements should be made to transfer the ownership of the land.

1.5.21 Head - 851 – Department of Provincial Land Commissioner

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) According to the half-yearly report, the revenue arrears balance as at 31 December 2023 had been Rs.100,960,240.	Tax arrears will be recovered.	Revenue arrears should be collected promptly.
(b) Since there had be no surveyor in the Provincial Council, 137 requests for surveys had not been fulfilled in Ratnapura district alone.	The necessary survey work will be referred to the regional survey offices.	Arrangements should be made to recruit surveyors.

1.5.22 Head 852 – Provincial Department of Agriculture

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) In the year 2023, Marukwatura new farm had incurred a net loss of Rs. 6,183,263.	Instructions had been given to make this institution a profitable institution in the future.	Action should be taken to minimize the loss.
(b) An amount of Rs. 945,090 incurred for the project of popularizing the provincial flower had become a idle expense as one of the 3,975 plants prepared for the project could not be planted.	This was failed. That the remaining 650 plants have been handed over to the Kalawana Vibhavi Organization to be planted near the Sinharaja Forest.	A feasibility study should be carried out before the commencement of the project.
(c) Eight (08), out of the 25 official quarters owned by the Department of Agriculture, had not been utilized.	7 houses were uninhabitable. None had not requested the other house.	Assets should not be left unused.

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| (d) | Financial statements had not been prepared for the transactions of the shop located at Wagolla Farm. In the year 2023, the income of Rs.4,383,142 and the expenditure of Rs.4,583,115 had not been indicated in the financial statements of the Department. | Currently, preliminary work is being carried out to prepare the commercial advance account. | Transactions should be duly recorded and the progress of the institution should be inquired. |
| (e) | The land and building of 03 roods, which had been transferred to the Mahipala Herath People's Relief Foundation in the year 2015, had not been transferred back even by February 2024. | Requests have been made to the Secretary of the Ministry to transfer this land and building. | Lands and building should be transferred. |

1.5.23 Head 853- Provincial Department of Animal Production and Health

Audit Observation	Comments of the Chief Accounting Officer	Recommendation	
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(a)	Even though increasing the egg production by 02 percent in the year under review had been identified as a future target of the institution, the egg production in the year 2023 had decreased by 19 percent compared to the year 2022.	This had been due to the restrictions imposed on imports in the years 2021 and 2022 and decrease in farmers' production in addition to the health problems in the year 2020.	Should try to achieve goals.
(b)	Only 46 percent of the provincial milk production target of 13,300,000 litres for the year 2023 had been achieved. Moreover, only 6,816, out of the target of 20,000 dairy farms, had been established and only 104, out of 200 milk collection centres had been maintained.	The economic crisis prevailed in the country had been the reason for this. That the goals will be achieved through the implementation of development projects in the future.	Should try to achieve goals.
(c)	Only 15 farms were established, out of 25 breeder farms expected to be established for the year 2023.	That the expected targets could not be achieved as provision had not been allocated for the year 2023.	Should try to achieve goals.
(d)	According to the statistical data on livestock population and annual milk production mentioned in the livestock statistical Bulletin of the year 2022 issued by the Department of Animal Production and Health in Peradeniya, Sabaragamuwa province was the lowest province in the island.	Even though this situation arises due to the reasons such as land limitation, climate and attitudes of the people in the Sabaragamuwa province, action will be taken in the future to increase livestock production.	Higher attention should be paid on the development of livestock production.