

North Western Provincial Council- 2023

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 2023 comprising the statement of financial positions at 31 December 2023 and the statement of financial performance and cash flow statement for the year then ended and notes to the financial statements, including material accounting policy 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 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 Subsection 11 (1) of the National Audit Act No. 19 of 2018 was issued on 31 May 2024 and the Detailed Management Audit Report was issued on 31 May 2024 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 2023, 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

Audit Observation	Comments of the Chief Accounting Officer/ Accounting Officer	Recommendation
(a) Head No. 213 – An amount of Rs.28,063,378 payable and expenses made in advance amounting to Rs.611,181 pertaining to Provincial Education Department as at 31 December of the year under review had not been shown in the statement of financial position.	It was informed that payables and payments made in advance pertaining to 213 has been omitted by a mistake when preparing the relevant schedules and actions will be taken to amend comparative data relating to 2023 and enter while preparing final accounts of the year 2024 .	The expenditure relating to the financial year should be accurately identified and accounted for.

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| (b) | Evidences for the adjustments of Rs.76,762,840 made by the accounting units in relation to the office buildings of the Chief Ministry of North Western Province had not been furnished to audit. | It has been informed that clarification for Office Buildings - Rs.76,762,840 will be provided later. | Accurate information should be submitted to the audit in a timely manner and there should be confirmations for all the balances. |
| (c) | Statement of Non-Financial Assets
No relevant audit evidence whatsoever pertaining to the documents, schedules and value related to confirm the balances of 07 categories of assets totalled to Rs.23,152,346,099 in the Format ACA 6 was submitted for audit. | It has been informed that the accurate schedule will be presented in future. | Evidences required should be submitted to audit. |
| (d) | Although non-financial assets to be further reported should be identified and accounted for at the accurate value in terms of Paragraph 8.1 of Provincial Treasury (Accounts and Payments) Guideline No. 2023/05 dated 29 December 2023, a water motor, a wheelchair and a hydro bath device received as donations for the Provincial Ayurvedic Department in the years 2021 and 2022, had not been valued and accounted for. | A donated water motor and wheelchair and hydro bath equipment are included in the a Register of Assets. It has been informed that it will be included in the financial statement of the year 2024 and brought to accounts. | Arrangements should be made to account for. |
| (e) | Head 260 – Although the furniture and office equipment of the Chief Secretariat was Rs.71,175,676 as per the statement of non-financial assets, thus the balance was Rs.72,039,616 as per the financial statement of the year under review, there was a difference of Rs. 863,940. | Assets have been consolidated in the Chief Secretariat and Divisional Secretariats. | Actions should be taken to identify the mismatches remained furthermore and correct. |

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 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 Non-compliance with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules, and Regulations and Non-compliance	Comments of the Chief Accounting Officer	Recommendation
----- Ten employees out of 15 in the personal staff of the Governor of North West Province were recruited despite they had not fulfilled the relevant qualifications in accordance with the Public Expenditure Management Circular No. 2 dated 12 October 2018 of Presidential Secretariat No. PS/CSA/11-18 and a total of Rs. 2,407,368 had been paid as wages from May to December 2023 .	----- In the appointment of drivers, cooks, office assistants and other staff members of the Honourable Governor's personal staff, the Honourable Governor has ordered to give appointments to these people without considering educational qualification and considering the safety and reliability of the Honourable Governor and personal reasons, based on the fact that these positions will over at the end of the Governor's Term and it has been informed that these appointments have been made as per that order.	----- Actions should be taken in accordance with the Circular.

1.5.1.2 Idle / Underutilized Assets

Audit Observation	Comments of the Accounting Officer	Recommendation
----- Even though the Mercedes Benz car valued at Rs. 13,790,000 held by the governor's office was handed over to the North West Chief Secretary in 2013, the	----- Although the original ownership of the Mercedes-Benz car belongs to the Office of the Governor, it has been informed that it has been handed over to the Chief	----- Actions should be taken not to maintain assets idle or underutilized.

ownership had not formally been transferred, the said vehicle had been parked in the Provincial Council area in an unsafe manner. Secretariat on 04 January 2013.

1.5.1.3 Losses and Damages

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>-----</p> <p>The car used by a former governor had experienced with an accident on 01 July 2020 and even though the Provincial Council had paid Rs.5,286,460 for the repair of that car, since only Rs.3,865,731 had been received from the insurance company, and although it had decided to charge the remaining amount of Rs.1,420,729 from the driver, the amount had not been collected even by the date of audit 06 March 2024 .</p>	<p>-----</p> <p>It has been informed that a case has been filed against the driver in the Colombo District Court regarding the collection of that amount, the case is scheduled to be called again on 27 November 2024, and future activities will be done according to the judgment of that case.</p>	<p>-----</p> <p>Actions should be taken to recover losses and damages.</p>

1.5.2 Head 202 - Provincial Council

1.5.2.1 Unresolved Audit Paragraphs

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>-----</p> <p>Despite a vehicle that was given to the use of the North Western Provincial Council Secretariat Office was given to the Deputy Chairperson of the Provincial Council and actions had not been taken even by 19 January 2024 to recover the loss caused by total fire on the vehicle that had been parked insecurely on 11 October 2002 without having a formal approval .</p>	<p>-----</p> <p>A copy of the judgment or information about the current situation has not been received even by now.</p>	<p>-----</p> <p>Actions should be taken in respect of obtaining a copy of the judgment and recovery of damages.</p>

1.5.3 Head 203 - Public Service Commission

1.5.3.1 Unresolved Audit Paragraphs

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Even though actions had been taken by the Secretary of the Chief Ministry of North Western to recover the financial loss of Rs.2,564,595 which was pointed out by the audit to the Ibbagamuwa Zonal Education Director and confirmed by the Investigation Board, only from 04 subject clerks, an amount of Rs.1,084,712 had not been collected from one officer. Similarly, even though a list of the names of the officers responsible for the related financial irregularity had been given according to the relevant delegation of power No. 04 of that special investigation report, actions had not been taken against the other responsible officer.</p>	<p>An amount of Rs. 640,000 has been collected by May 2024 from the total amount to be collected from Mrs. G.S.S Dharmathilaka and it has been informed that the further amount to be received is Rs.839,712 .</p>	<p>Necessary actions should be taken in respect of the responsible officers mentioned in the special investigation report.</p>
<p>(b) The investigation was conducted only based on the facts mentioned in the audit query of the National Audit Office in the special investigation report related to the financial fraud of the Ibbagamuwa Zonal Education Office and similarly, it had been stated in the inspection report that a long inspection should be done for this. The relevant responsible officers had not taken actions to conduct such an investigation.</p>	<p>It has been informed that the future actions will be taken.</p>	<p>A thorough investigation should be carried out in this regard.</p>

1.5.4 Head 210 - Chief Minister of North West and Provincial Minister for Finance and Planning, Engineering Services, Law and Order, Education, Local Government and Provincial Administration, Economic Promotion, Environmental Affairs, Water Supply and Water Drainage and Tourism.

1.5.4.1 Failure to receive Expected Out put

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>-----</p> <p>Even though an expenditure of Rs.209,673,158 had been incurred from the year 2017 to the year 2020 for the construction of the Auditorium in Janakala Kendra, the project had stalled by 31 December 2023. Even though newspaper advertisements had been published spending Rs.734,376 in the year 2021 as well as in the year under review for the reconstruction of this building, due to the fact that the pre-existing condition is still remained, this expense had also become an idle expense by now. This situation had arisen due to failure of doing proper feasibility studies before commencing the Project.</p>	<p>-----</p> <p>The observations have been accepted. It had been informed to audit that, the approval of the Governor has been received for the construction of the Auditorium proposed by the Public Private Partnership (PPP) and further work is being done accordingly.</p>	<p>-----</p> <p>Money should be used economically and effectively.</p>

1.5.4.2 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>-----</p> <p>(a) The construction project of the six-storied building to be jointly built by the North-Western Provincial Council and the Kurunegala Municipal Council</p> <p>-----</p> <p>By having to pay a price variation of Rs.13,196,156 due to not commencing this contract within the planned period and starting late an</p>	<p>-----</p> <p>The facts such as stopping of the commencement of construction within the planned period on 20.12.2019 on the order of the</p>	<p>-----</p> <p>Actions should be taken to complete the projects within the stipulated time</p>

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| additional expenses had to be borne for the Provincial Council Fund. | Honourable Governor, informing to start again on 06.01.2020 by the Honourable Governor and failure of controlling by any party due to the existing of health rules and restrictions imposed because of the covid pandemic situation have caused. It has been informed that the price variation payments are made only as per contract conditions. | frames. |
| (b) Only a sum of Rs.24,237,977 had been charged in the eighth (08) bill paid in the amount of Rs.185,124,755 which was the advance amount given to the contractor for the project on 24 December 2020. Accordingly, the amount of advance that was not collected from the contractor from the date of signing the contract to the audit date of 28 November 2023 was Rs.160,886,778. | The method of charging advance in a contract is clearly stated in the Contract Conditions 14.2 and actions have been done accordingly, and after the termination of the contract, the banks that are supposed to be notified of the recovery of outstanding advances have been notified and the contractor has obtained an interim injunction order from the Colombo District Court and has temporarily suspended the collection of the advance and performance guarantees and as soon as the process is over, actions will be taken to determine the charges and get the employee's full rights through a final payment certificate. But it has been stated that after paying the advance, settlement to the Provincial Council cannot be done without terminating the contracts. | Actions should be taken to recover the advance amount paid. |
| (c) In payment of advances, a sum of Rs.13,884,356 had been paid for value added tax of 15% on Rs.92,562,377 pertaining to the first advance and as the value added tax has been reduced to 08 per cent | When making bill payments, the amount to be paid should be added the VAT percentage to be paid at that time and payments should be made. When the government changes the VAT | Actions should be taken to pay taxes at prescribed rates. |

before the construction of the building commenced because of the tax applicable to the advance was Rs.7,404,990, the amount overpaid as VAT was Rs.6,479,366 .

rate from time to time, we do not clear the VAT and it has been informed that the Inland Revenue Department has the prior authority for that.

- (d) The contract termination notice had been issued on 05 October 2022 on the recommendation of the Attorney General's Department that the contract may be cancelled due to the reasons mentioned in conditions 15 (1) and 15 (2) (a) (b) of the contract agreement of the said Project and the Chief Secretary of North Western Province had informed the banks to release the bank security on 06 October 2022. Even though the contractor had obtained a court order on 14 October 2022, suspending the release of bond money, it had been dismissed by the Colombo District Court on 31 May 2023. Accordingly, the responsible parties had not taken actions in the relevant cases, to get released 03 bonds in the name of the Chief Secretary of the North Western Province totalled to Rs.260,618,293 .

The contractor has directly filed a case in Colombo District Court on 14 October 2022 and, the contractor's claim has been dismissed by declaring the judgment in that case on 31 May, 2023. It has been informed that on the same day, the Chief Ministry has submitted letters to the bank to make cash the related bonds.

Actions should be taken as per the conditions of the agreement.

1.5.5 Head 211 - Department of Local Government -North Western Province

1.5.5.1 Management Inefficiencies

Audit Observation

 Relevant actions had not been taken by the responsible parties in respect of 07 surcharge certificates issued by the Auditor General totalled to Rs.3,325,756 regarding the activities of the local government bodies in the North Western Province during the period from 1996 to 2014 .

Comments of the Accounting Officer

 It has been informed that the measures to be taken to charge according to the decisions given regarding these 07 surcharge certificates related to 03 local government bodies will be implemented.

Recommendation

 Actions should be immediately taken for the recovery of surcharges.

1.5.6 Head 212 - North Western Province Engineering Department

1.5.6.1 Management Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) A contract value of Rs. 21,472,169 had been entered into with a private company for the construction of the Bihalpola Medical Health Office, which commenced construction in 2021 and works valued at Rs. 16,196,304 had been completed by November 2023 and as a total of Rs.22,257,222 had been paid with price variation payments of Rs.6,060,918, the price variation had been 28 per cent of the contract value. Due to the cancellation of this contract agreement and withdrawal of the contractor from the contract, the work was delayed for 1 year and 7 months to re-bid and enter into a new contract with another private firm for the remaining work and therefore, due to incur the initial cost of Rs.626,000 for the work again the government had to incur a loss from that amount and since it had to enter into an agreement for a contract value of Rs 16,698,451 with the new contractor at the first instance for the remaining work valued at Rs.3,282,270, the government had to bear a loss of Rs.13,416,182 .</p>	<p>As responses to audit queries have not been received from the Regional Health Services Directors, it has been informed that answers will be given promptly.</p>	<p>It should be achieved to be able to fulfill the desired benefits in the economic efficiency and effective manner of project execution.</p>
<p>(b) In the physical inspection carried out in connection with the construction of the Primary Care Unit of Gokarella District</p>	<p>There are cracks and fissures causing excessive expansion due to exposing the slab of the building to sunlight, closing the doors and</p>	<p>Construction should be done in a standardized manner to minimize defects.</p>

Hospital, which is under construction from the year 2019 to the year under review valued at Rs.155,911,068, there were fissures and cracks in the walls of record room, clinic building, blood collection unit, minor staff rest room and it was found that the tiles in the bathroom of the minor staff rest room had cracked and the tiles used for the walls of the director's room of the hospital were not properly fixed.

windows of the building, etc., changes in thermal expansion of tiles, bricks, concrete due to contractor's construction defects and, defects are being corrected.

1.5.7 Head 213 - Department of Education North Western Province

1.5.7.1 Non-compliance with Laws, Rules, Regulations and Management Decisions

Non-compliance to Laws, Rules, Regulations	Comments of the Accounting Officer	Recommendation
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(a) The retired Provincial Education Director had taken 4243 liters of fuel valued at Rs. 1,628,735 for 03 pool vehicles in the preceding year exceeding the limit of 135 liters of fuel per month for officers entitled to assigned official vehicles without obtaining the approval of the Chief Secretary, in contrary to Public Administration Circular No. 13/2008 (vi) dated 29 December 2021 .	It has been informed that it will be implemented from 01.04.2023 as per the said Circular.	Actions should be taken in terms of the Circular.

- (b) Grade Five Bursaries of 04 Zonal Offices pertaining to 168 cases valued at Rs.2,612,744 had been retained in the deposit account from year 2020 without identifying the scholarship holders and being paid, in terms of Ministry of Education Circular No. 05/2019 dated 25 February 2019 . Letters have been sent to the schools to correct the bursary information where wrong account numbers exists and send with. Actions should be taken to accurately identify the scholarship holders who need to be paid the bursaries and provide the payments to the respective students.
- (c) The provisions of Provincial Council had been spent Rs. 1,436,000 to repair the van which was driven by the driver and experienced an accident in Samanpura area on Dambulu Road on 03 January 2020 without obtaining the permission of the Department in terms of Rule 54.4 of Provincial Financial Rules. Even though the above vehicle was fully insured, the Sri Lanka Insurance Corporation had reimbursed only Rs. 403,650 in the matter of the driver's drunkenness. Accordingly, actions had not been taken even by 10 April 2024 in this regard. This driver has been reinstated subject to disciplinary orders with immediate effect subject to non-payment of arrears related to the period during which he was suspended and it has been informed to pay the loss of Rs.1,391,350 which is the remaining amount received after deducting the amount of Rs. 403,650 reimbursed by the insurance company from the total loss to the van. Actions should be taken in terms of Provincial Financial Rules.
- (d) Although all government employees are required to confirm their arrivals and departures from their workplaces through fingerprint recording machines, in terms of Public Administration Circular No. 03/2017 dated 09 April 2017, no school had done so. It has been informed that finger scanner machines are not being used in any school. Actions should be taken in terms of the Circular.

1.5.7.2 Procurement

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>-----</p> <p>A number of 100 Gymballs valued at Rs. 1,290,000 had been purchased at a cost of Rs. 12,900 each (without VAT) for use in the therapy of special education children. Nevertheless, in the failure to carry out the evaluation of the information deemed necessary for the evaluation of bids through the organization that submitted the lowest price of Rs 2,400 before rejecting the firm when called for quotations without submitting specific specifications, a loss of Rs.1,050,000 had occurred.</p>	<p>-----</p> <p>It has been informed the company (Trampoline equipment) which has the lowest price out of the bids submitted by the two companies to provide clear details and pictures of the equipment. It has been informed that although they have been notified through telephone calls and email messages, response has not been received.</p>	<p>-----</p> <p>Actions should be taken in accordance with procurement objectives. Arrangements should be made to recover the loss incurred by the government from the respective officers.</p>

1.5.7.3 Management Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>-----</p> <p>(a) Although only 61 plots out of 1215 plots of land owned by Department of Provincial Education have been assessed by the Valuation Department at Rs.933,625,750, the remaining 1,154 plots of land had been assessed and accounted for by the Department of Education for Rs.44,968,590,125 accordingly, actions had been taken to account for 1154 land plots without proper assessment.</p>	<p>-----</p> <p>Comments have not been given.</p>	<p>-----</p> <p>The value should be accurately assessed.</p>
<p>(b) Actions had not been taken to confirm the ownership of the premises /lands of 364 schools belonging to 03 zonal offices belonging to the Department of Provincial Education even by 20 February 2024.</p>	<p>It has been informed that the actions are being taken to confirm ownership of lands in the future.</p>	<p>Actions should be taken to confirm the ownership of lands.</p>

- (c) The transfer scheme of principal grades in schools in the North-Western Province are implemented in accordance with the Decision No. 61/ අමස / 2015/ 30 of the First Ministerial Board of the Sixth Provincial Council held on 22 April 2015 and accordingly, although principals with more than 5 years of service period in post of principal in the same school should be transferred, there were 72 principals who were working in the same school for between 05 and 14 years in Kurunegala Zone alone due to failure of implementing of the transfer scheme of principals in the North-Western Province.
- The transfers of those principals are scheduled to be implemented on 03.06.2024. Arrangements have been made to transfer the principals who have worked in the same school for 5 to 14 years in the Kurunegala Zone.
- Actions should be taken in terms of the Decision No. 61/ අමස / 2015/ 30 of the First Ministerial Board of the Sixth Provincial Council held on 22 April 2015 .
- (d) A sum of Rs.7,425,000 had been given to the Kurunegala Zonal Office under the provision of school-based grants for the development of targeted subjects under the Secondary Education Sectorial Development Programme. Out of Rs.2,700,000 allocated for the 05 colleges that underwent the audit test check, a sum of Rs.1,870,380 had remained in idle in the account as at 10 July 2023, the date of audit.
- The principals have been informed by letter dated 09.08.2023 that, if the money provided by this project has not been spent, to spend the expenses immediately.
- Actions should be taken to receive maximum benefits from the allocations received.
- (e) An amount of Rs. 52,000,000 had been given to the Department of Provincial Education, North Western in the year 2021 and to establish and implement School Innovation Labs under the Secondary Education Sectorial Improvement Programme (SESIP) and even though the provisions had been distributed to 65 schools
- Out of the Rs.32,500,000 allocated for the purchase of fixed equipment of 65 provincial schools, an amount of Rs. 25,687,434.14 has been spent up to 31 December 2023 and a provision of Rs.6,812,565 had saved. The last date to spend this money has been extended to 31 December 2024 .
- Out of the Rs.19,500,000 allocated
- Funds should be used in a manner that fulfills the objectives of the project.

with Rs 800,000 per each school, a follow-up on how the allocation was spent or on the physical progress of the programme had not been carried out. Similarly, out of the allocation of Rs.4,000,000 given to the 05 schools which were undergone audits in the Kurunegala Zone of the North-Western Province, a provision of Rs.2,325,923 had been saved.

for depreciable materials, 65 provincial schools have spent a sum of Rs.4,555,494 and a provision of Rs.14,944,506 had saved.

1.5.8 Head 220 - North Western Provincial Ministry of Cooperative Development and Trade, Lands, Power and Energy, Sports and Youth Affairs, Cultural and Arts Affairs and Information Technology Affairs

1.5.8.1 Delayed Projects

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

 Although the work for the supply and installation of solar power sets valued at Rs. 8,750,186 should be completed on 11 December 2023 according to the contract agreement entered into for the beneficiaries in the North-Western Province in the year 2023, though the date was extended up to 31 March 2024 according to four extensions since then, actions had not been taken to complete and hand over this project even by 02 April 2024 the date of audit.

 The installation of solar devices in the project was delayed due to import restrictions in the country and the supervision has been assigned to the Divisional Engineer - Puttalam by a mistake when importing and installing electrical equipment and after that, the engineering and technical officers of the relevant regional engineering divisions that are going to implement the solar power proposals are carrying out supervision and as there are number of institutions involved in these projects, the contractual period has been extended again due to insufficient time span and it has been informed that actions will be taken to complete these projects as soon as possible.

 Necessary steps should be taken to complete the project expeditiously without doing unnecessary extensions of dates.

1.5.9 Head 221 - Department of Co-operative Development

1.5.9.1 Non-compliance with Laws, Rules, Regulations and Management Decisions

Non-compliance to Laws, Rules, Regulations	Comments of the Accounting Officer	Recommendation
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(a) Actions had not been taken to recover Rs.113,462,281 of outstanding contributions to the Cooperative Fund from 677 registered societies belonging to 04 Cooperative Assistant Commissioner Divisions by 31 December 2023 in terms of Rule 43 (I) and Rule 43(ii) of the Co-operative Societies Act No. 05 of 1972 and the Co-operative Rules of 1973 .	It has been informed that the balance of the arrears of fund contribution to be collected by 31 March 2024 was Rs.79,335,136 .	Actions should be taken to recover the arrears receivable to the fund promptly in terms of Section 43 (I) of the Co-operative Societies Act No. 05 of 1972 and Section 43 (II) of the Co-operative Societies Rules, 1973.
(b) Even though a period of 01 months to 31 months had delayed for 287 and 93 files related to Mahawa and Kuliapitiya Assistant Commissioner's Offices respectively and for a total of 380 files valued at Rs.50,078,991 related to debts and various disputes, judgments had not been given in terms of Sections 58 and 59 and Rule 49 (v) (c) of Chapter xi of Co-operative Societies Act No. 05 of 1972 and Co-operative Rules of 1973 .	Comments have not been given in respect of the observation.	Actions should be taken in terms of Co-operative Societies Act.

1.5.9.2 Management Inefficiencies

Non-compliance to Laws, Rules, Regulations	Comments of the Accounting Officer	Recommendation
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(a) Even though frauds and cash shortages of Rs. 88,381,074 had been reported from 149 responsible officers of 61 co-	It was informed that a sum of Rs.3,742,548 from Mahawa and Rs.9,775,490 from Kuliapitiya have been collected.	Investigations should be completed promptly and actions should be taken to

operative societies located in Division 04 of the Cooperative Assistant Commissioner of the North Western Provincial Department of Cooperative Development at the end of the year under review, the investigations related to it were at a weak level.

recover the amount receivable.

- (b) Although documents addressed to arbitrator should be immediately returned to the Registrar on failure to act in connection with the arbitration by him in terms of Section 49 (V) (d) of the Co-operative Societies Rules 1973, eighteen files with a value of Rs 4,233,588 related to 04 societies belonging to the two Assistant Commissioner Divisions of Mahawa and Kuliapitiya had been retained for between 06 months and 13 months and had been handed over back without providing any arbitral decision.
- Arbitral Dispute Files have been returned without giving resolution by the officers appointed for Arbitration due to their duty and personal inconvenience and in addition to these Arbitral Files, no Arbitral Files have been handed over to those officers.
- Actions should be taken in terms of Co-operative Rules.

1.5.10 Head-222 Land Commissioner's Department

1.5.10.1 Revenue Management

Audit Observation

Comments of the Accounting Officer

Recommendation

 The outstanding long-term lease receivable from 55 institutions and individuals as at 31 December of the year under review was Rs.107,864,841 as per the report of arrears of revenue as at 31 December 2023 submitted for audit by the Land Commissioner's Department North Western Province.

 It had been mentioned that the balance receivable at the end of the year under review was accurate.

 Actions should be taken to recover arrears of lease rent promptly.

1.5.10.2 Resources given to Other Government Institutions

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>-----</p> <p>A piece of land in extent 01 acres and 4.3 perches of plot No. 01, මු.පි.ක 736 of Malkaduawa village, under the No. 839 Nagara Madhya Grama Sevaka Division of Kurunegala Divisional Secretariat Division had been handed over on long-term lease of 30 years to Kurunegala Private Educational Institution by letter No. 4/10/22512 dated 30 December 2014 of the Land Commissioner General and this land was earlier acquired for the business functions of the Paddy Marketing Board. Although this land has been declared to be handed over again to the Paddy Marketing Board through a court order on the problems occurred in collection of lease rent and on problematic situations arising in carrying out lease agreements, the private entity had not handed over the ownership of the land to the Divisional Secretary and the commercial activity on which the lease had based was not currently being carried out on the respective land and the possession of the land had been held by the lessee and a sum of Rs. 4,800,000 had remained to be collected as lease rent amount and interest thereon, from the date of long-term lease of the respective land</p>	<p>-----</p> <p>There is a legal issue regarding the acceptance of land possession and it has been informed that further works will be done according to the judgments of the High Court case.</p>	<p>-----</p> <p>It should be entered into agreements after resolving legal issues and actions should be taken to recover the arrears of lease rent receivable as well.</p>

1.5.10.3 Operational Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>(a) A 100 - acre government land located in the Kusala Grama Niladhari Division of the Arachchikattu Divisional Secretariat was leased out to a private company under a long-term lease agreement, and the lease was canceled on 26 January 2004 under Section 87 of the Government Land Ordinance Act because it had been in default of payment since 1997, and arrears of lease rent and penalty interest receivable up to 30 May 2013 had been calculated as Rs.36,587,033 and the amount had not been recovered during the year under review.</p>	<p>It has been informed that the persons related to the company have not been found by now and a case has been filed in the Colombo District Court to recover the relevant lease rent.</p>	<p>Arrangements should be made to collect the arrears of lease rent immediately and actions should be taken to recover arrears of lease rent and related penalty interest in case of defaulting lease rent.</p>
<p>(b) The government land of about 29 acres and 10 perches belonging to the Manativ Grama Niladhari Division of Puttalam Divisional Secretariat was leased out to a private company for a period of 30 years from 29 June 1988. The land given to that private company was sold by that company to another private company on 11 June 2008 without obtaining the approval of the Provincial Land Commissioner.</p>	<p>It has been informed the audit that, at the time the lease was requested to be cancelled on 08 January 2014 on notification of the Divisional Secretary, Puttalam, it has been informed to the Divisional Secretary to take necessary steps to resolve the disputed situation based on the request made by the individual company dated 29 January 2014 and the Commissioner General of Lands has informed the private company to suspend the lease cancellation order on 17 April 2023 and after that, considering the situation</p>	<p>If the relevant company has sold the relevant land to a private company without obtaining approval, legal actions should be taken against that company.</p>

of disputes and the demands of the concerned stakeholders, further work has been done on the advice of the Commissioner General of Lands.

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| <p>(c) The government land of about 20.234 hectares belonging to Manativ Grama Niladhari Division of Puttalam Divisional Secretariat had been leased out on 24 February 1993 to a private company for a period of 30 years. Accordingly, the outstanding lease rent amount to be collected on 28 May 2021 was Rs.1,753,228. Similarly, as per the lease agreement, it had ended on 24 February 2023, and the total arrears of lease rent and penalty receivable from the company till that date was Rs. 505,602, and the Puttalam Divisional Secretariat had not taken necessary measures to recover it.</p> | <p>It has been informed that the outstanding amount to be received is Rs.305,127 .</p> | <p>Actions should be taken to immediately recover the remaining arrears of lease rent and fines receivable from the respective private company.</p> |
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1.5.11 Head 230 - North Western Provincial Ministry of Health, Indigenous Medicine, Social Welfare, Probation and Child Care Services, Women's Affairs and Council Affairs

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>Although it has been emphasized that every government owned vehicle used by every government institution should be registered in the name of that institution, actions had not been taken to take over the registration of ownership of 07 vehicles belonging to Ministry of Health valued at Rs. 70,200,000 .</p>	<p>Necessary activities are being carried out to take over the registration of ownership of 06 vehicles owned by the North Western Chief Secretary and the registration of ownership of Prado vehicle number KR-3391 is held by the Ministry of Agriculture, North Western Province. The Secretary of the Ministry of Agriculture of the North Western Province has been</p>	<p>Actions should be taken to take over the registration of ownership of vehicles.</p>

informed to take over the registration of ownership of the said vehicle and it has been informed that further activities in this regard is also being done.

1.5.12 Head 231 – Department of Health Services

1.5.12.1 Activities Outside of the Objectives

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Out of the amount of Rs.1,511,398,023 allocated for the Primary Health Services Empowerment Project to the North Western Provincial Council for the year 2023 an estimate of Rs. 20 million has been approved for the construction of the entrance road to the office of the Director of Health Services and it had been entered into agreement of Rs.14,355,803 with the contractor on 12 October 2023. Arrangements had been made to use the funds for the construction of the entrance road of the Director's Office of Health Services which is not relevant and essential to the purpose of the Project without performing the essential functions to be performed by the PSSP Project itself.	The old guardhouse related to the construction of the entrance road to the Provincial Health Service Complex has been planned after considering the demands of the human resources authority, to be able to facilitate the fulfillment of the basic needs of the security personnel working there and new construction has been done. The new road has been designed to remove the narrowness of the old road and the constant disruption of daily needs.	Projects should be executed in a manner that achieves objectives effectively, economically, efficiently, and achieves desired benefits.
(b) Due to lack of proper interpretation of the primary objective and cost related indicators of the PSSP (Primary Health Care System Empowerment Project) DLI, there were 05 constructions and 03 purchases of	Annual plans for PSSP work items and purchases are submitted and will be executed after receiving the approval of the Project Director. Accordingly, it has been informed that all the	Projects should be carried out effectively in a manner that achieves objectives.

office equipment which were not in accordance with the basic purpose valued at of Rs. 28,252,376 during the year under review.

work items that have been done under the project have been done directly to achieve the objectives of the Project to empower the primary health care system.

1.5.12.2 Failure to obtain Desired Output

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>-----</p> <p>Although the Hospital Health Information Management System (HHIMS) should be established to cover all aspects of the hospital since the system had not been established to cover all the units including the Scan Unit, Operating Room and Laboratory in Dambadeniya, Galgamuwa and Nikaveratiya Hospitals, the goal of establishing the HHIMS system was not reached the goal of providing patient care services quickly and easily and 22 laptops, 20 code readers, 02 printing machines, 04 sticker printers and 15 sticker rolls that had been given to Dambadeniya, Galgamuwa and Nikaveratiya hospitals remained in idle.</p>	<p>-----</p> <p>Since responses to audit queries have not been received from the Regional Health Services Directors, it has been informed that answers will be obtained and submitted promptly.</p>	<p>-----</p> <p>Appropriate actions should be taken to achieve in an economical, efficient and effective manner to achieve the desired benefits in execution of projects and in respect of idle equipment.</p>

1.5.12.3 Idle and Underutilized Assets

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>-----</p> <p>(a) Despite sufficient biomedical equipment has been deployed for the needs of the inpatient wards and other units of the 02 Nikaweratiya, Dambadeniya</p>	<p>-----</p> <p>There are excess equipment in the hospital in the form of donations by various organizations during the Corona epidemic and in</p>	<p>-----</p> <p>Proper actions should be taken regarding surgical instruments.</p>

- Base Hospitals and Narammala Divisional Hospital in Kurunegala District, 101 units of 15 types of surgical instruments with a gross market value of Rs.10,109,760 in 2023 provided to hospitals from the year 2017 to November 2022 had been stored in surgical stores.
- distribution of biomedical equipment by Line Ministry of Health. Several devices remain as backup devices by this and Directors of Regional Health Service have been informed to distribute all other equipment to the hospitals where there is a need and it has been informed that the Regional Health Services Director has informed that further actions will be taken accordingly.
- (b) Thirteen units of 09 types of medical equipment that have not been repaired since more than 02 years in the 04 Base Hospitals of Kurunegala District and the Emergency Treatment Unit, ECG Unit, Special Infant Care Unit, X-RAY Unit and Operating Rooms of Narammala Divisional Hospital had remained in idle.
- Due to lack of required spare parts in the market to repair medical equipment, these equipment remain unrepaired and it has been informed that the Director of Provincial Health Services has informed that repairs will be carried out as soon as the raw materials are available.
- Necessary steps should be taken to repair medical equipment without delay.
- (c) Activities of the Siambalangamuwa Primary Medical Care Unit built in 2018 at a total cost of Rs.18,589,459 for the Medical Care Unit and Quarters had been commenced on 31 March 2022 and as the Chief Medical Officer working there was released from that place for training from 06 January 2023, the patient care services were stopped and the Unit had remained in idle and closed.
- It has been informed that a new medical officer provided by the Line Ministry of Health will be assigned to Siyambalangamuwa Primary Medical Care Unit.
- A medical officer should be assigned and the Primary Medical Care Unit should be started as soon as possible.

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| <p>(d) Four Emergency Trolleys and 08 Drugs Trolleys purchased under the PSSP Project valued at Rs.1,163,100 had remained in idle for 14 months at Marawila Hospital warehouse without being distributed even by March 2024.</p> | <p>It has been informed that the equipment requirements will be promptly looked into and the reasons for not distributing the materials will be submitted to audit with the register stating that to which institution material needed and were distributed.</p> | <p>Appropriate actions should be taken in respect of the equipment which is in idle in the warehouses.</p> |
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1.5.12.4 Uneconomic Transactions

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>(a) A contract value of Rs.21,472,169 has been entered into with a private company for the construction of Bihalpola Medical Health Office, which started construction in 2021 the works valued at Rs 16,196,304 had been completed by November 2023 and as a total of Rs.22,257,222 had been paid with price variable payments of Rs.6,060,918, the price variation was 28 per cent of the contract value. Due to the cancellation of this contract agreement and the contractor withdrawing from the contract, due to having to re-bid for the remaining work and enter into a new contract with a private company, the work had delayed for 1 year and 7 months and there was a cash loss of Rs.626,000 to the government by having to pay back the initial cost for the work done and the government had to bear a loss of Rs.13,416,182 because it had</p>	<p>As responses to audit queries have not been received from the Regional Health Services Directors, it has been informed that answers will be obtained and submitted promptly.</p>	<p>The projects should be performed to accomplish in an economic efficiency and effective manner and in such a way as to achieve the desired benefits.</p>

to enter agreement with the new contractor at a contract value of Rs.16,698,451 for the remaining work at the first instance valued at Rs.3,282,270.

- (b) The construction of Primary Care Unit of Gokarella District Hospital was started in 2019 under 03 agreements with 02 organizations under contract value of Rs.155,911,068 and parts of work valued at Rs. 109,783,998 had been completed by 10 October 2023. Despite the interest payments have been approved for delay in payment of bills for price variances for approved extension of days without completion of work as per agreement accordingly, due to delays in payment of bills at the request of the contractor, because of cancelling the existing contract with the first contractor and entering into new contracts with the same contractor for the third time, the government had incurred a loss of Rs.21,606,021. In addition to that, by having to bear the costs incurred under term contracts like insurance, bid security, advance security etc. as primary cost again due to entering into a new agreement, the government had to bear an approximate additional cost of Rs.1,616,500.
- Comments have not been given.
- The projects should be performed to accomplish in an economic efficiency and effective manner and in such a way as to achieve the desired benefits.

1.5.12.5 Management Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>(a) A sum of Rs.1,863,392 for 21 doctors attached to Regional Directorate of Health Services, Kurunegala and a sum of Rs.1,241,141 for 11 doctors attached to Regional Directorate of Health Services Puttalam had been paid as overtime for the year 2022 and 2023 for the one hour period from 12.00 noon to 1.00 p.m including the 30 minutes period for lunch break included in the scheduled daily working hours.</p>	<p>As instructions have been given to the Secretary of Provincial Health Ministry to propose a unified payment system for line and provincial institutions, after having discussions with the Chief Secretary North Western in the Provincial Audit Committee in this regard, it is informed that actions will be taken in the future as per those instructions.</p>	<p>Measures should be taken as per laws, rules and circulars while making payments.</p>
<p>(b) An amount of 4943.4 liters of fuel was given to 02 vehicles in the year under review exceeding the 135 liter monthly fuel limit for officers entitled to attached official vehicles without having the prior approval of the Chief Secretary by the Director of Provincial Health Services as per Section 2 (a) of Public Administration Circular No. 13/2008 (vi) dated 29 December 2021. Accordingly, 4943.4 liters of fuel valued at Rs.1,989,376 had been obtained exceeding the monthly fuel limit, without having prior approval during the period from 01 January 2020 to 31 March 2023 .</p>	<p>Cabs numbers PJ - 4705 and PG - 9401 are the pool vehicles of the Department Provincial Health and as there are no fuel limits for pool vehicles an approval has not been obtained from the Chief Secretary for supply of fuel. It has been informed that the fuel has been obtained from Polonnaruwa General Hospital for those duties on the approval of the Director General of Health Services to provide additional fuel for the vehicles used for central government duties by the Provincial Director of Health Services.</p>	<p>Actions should be taken in terms of circulars.</p>
<p>(c) An amount of 1,380 liters of fuel had been used for a vehicle during the year under review by</p>	<p>Due to frequencies in field supervision duties of Regional Directorate of Health Services,</p>	<p>Actions should be taken in terms of circulars.</p>

the Regional Health Director without obtaining the prior approval of the Chief Secretary in excess of the 135 liters of fuel per month for officers entitled to assigned official vehicles as per Section 2 (a) of Public Administration Circular No. 13/2008 (iv) dated 29 December 2021 . Accordingly, the value of 1380 liters of fuel which was obtained during the period from 01 January 2022 to 31 March 2023, exceeding the monthly fuel limit without obtaining prior approval, was Rs 383,796.

no official vehicle assigning has been done in any Regional Directorate of Health Services offices so far. Therefore, it has been informed that the supply of fuel to the vehicle No. PI-0886 was considered as supply of fuel to a pool vehicle.

- (d) When making payments for raw food in the first quarter for multi purpose cooperatives that will supply raw food to the hospitals of Dambadeniya, Galgamuwa, Polgahawela, Maho and Nikaveratiya in Kurunegala district by the year 2023, despite those societies offered a value lower than the determined price, a loss of Rs. 758,239 had occurred to the government by paying the determined price without paying that price.
- Prices have been determined on the recommendations given by the Bid Evaluation Committees appointed to evaluate the bids.
- Arrangements should be made as per procurement rules and actions should be taken in a manner that does not disadvantage the government whilst making procurement decisions.
- (e) Even though the security camera system installed for Dambadeniya Base Hospital on 25 January 2022 at a cost of Rs.1,974,000 had become inactive during the warranty period actions had not been taken in this regard.
- It has been informed that the security camera system is functioning in a proper order by now.
- Immediate actions should be taken to repair equipment.

- (f) Even though 3 ½ years and 02 years and 03 months had elapsed since two vehicles belonging to Regional Directorate Health Services, Kurunegala were experienced in an accident, as disciplinary investigations had not been completed after finishing preliminary investigations, total losses of Rs.18,334,550 had not been recovered from the respective responsible parties.
- It has been informed that the LW-1790 ambulance was experienced in an accident due to the fault of the driver and to recover the total loss of Rs.11,705,790 (including Department fees) from the driver and disciplinary orders have been issued to dismiss the offending driver and also that investigation works are being carried out by a Committee related to the accident of the cab PE-4736.
- It should conduct disciplinary investigations without delay as per Provincial Finance Rules and the recommendations received should be implemented.
- (g) Due to the fact that the quantities and values of locally purchased medicines carried out by Kurunegala RMSD had only been entered into the computer system called Medical Logistics Information Management System maintained by RMSD without entering into the Pronto System, 18 types of medicines purchased locally from January 2022 to 30 June 2023 on 21 occasions, at a total cost of Rs. 3,732,685 had been omitted from Pronto System.
- As the necessary activities such as registration of institutions, calling of quotations, preparation of purchase order forms etc. are carried out by the Regional Health Services Directors' Offices to carry out pharmaceutical procurement activities, local purchase information is not entered into the Pronto computer system. The quantity and value of purchased medicines are entered and maintained in the Medical Logistics Information Management System.
- Information regarding medicines purchased locally should also be included in the existing medicines supply system.
- (h) Actions had not been taken to remove a quality failed stock of pharmaceuticals which were provided for the need of pharmaceuticals in Kurunegala and Puttalam Districts valued at Rs.12,679,248 as at 31 December.
- It has been informed that it was made aware, the process related to the disposal of drugs that failed in the quality is to be started after July 2024.
- Actions should be taken to remove the stocks of drugs that are failed in quality.

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| (i) Due to poor medication management, there were stocks of expired medicines valued at Rs.538,048 in hospitals in Kurunegala and Puttalam Districts by 31 December 2023 and actions had not been taken to dispose them. | The Provincial Health Services Director has informed that, as there was a lack of patients coming to hospitals due to the Covid epidemic situation and it was also not possible to send expired medicines to other hospitals and for this reason, the relevant medicines and surgical materials have expired. | Arrangements should be made to deliver the medicines to the required hospitals before their expiry date and actions should be taken to dispose of expired drugs. |
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1.5.13 Head -234 Department of Probation and Child Care Services

1.5.13.1 Non-compliance with Laws, Rules, Regulations and Management Decisions

Non-compliance to Laws, Rules, Regulations	Comments of the Accounting Officer	Recommendation
Despite it was not included in the approved staff of the North Western Provincial Department of Probation and the North Western Provincial Social Services Department, officers had been appointed to cover the duties of Accountant post without complying with Section 13.7 of Chapter II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, a sum of Rs.630,579 from July 2019 and Rs.1,250,137 from April 2013 respectively had been paid as duty cover allowances as at 31 December.	It has been informed that, as a post of Accountant has not been approved for Probation Department, the approval of the Governor has been received to obtain the services of an accountant until a position is approved as per the requests stating the problem faced by the Department and it has been sent to the Department of Management Services to create a permanent post.	Actions should be taken in terms of Procedural Rules of Public Service Commission .

1.5.13.2 Idle and Underutilized Assets

Audit Observation	Comments of the Accounting Officer	Recommendation
The activities of the care center for unmarried pregnant mothers built in Meegalewa Amila Sewana Children's	Since it was informed that the Department of Probation and Child care Services (National)	Actions should be taken to complete the construction

Home Premises at a cost of Rs.4,866,842 under Provincial Specific Development Grants of the Department of Probation and Child Care Services in the year 2022 had remained unused due to the delay in the remaining work of the home and the construction of the wall and gate of the home.

will make provision in the year 2023, to complete the rest of the care center for unmarried pregnant child mothers built at Amila Sevana Children's Home Premises in Meegalewa, though it was not included to construct, because the provision was delayed by the Department of Probation and Child Care Services (National), it was unable to complete the work and necessary arrangements are being made to complete the work during this year.

work and start.

1.5.14 Head 241 - Provincial Road Development Department

1.5.14.1 Deficiencies in Contract Administration

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>(a) Out of the 05 bids received in the procurement process related to the engineering estimate of Rs.3,997,320 for the construction of the pipe culvert on the Panangoda Sagaragama road belonging to Chilaw Engineering Office, despite low bids of 23.9 per cent and 22 per cent of the estimated price were submitted due to awarding the bid to the third lowest bidder who submitted 7.3 per cent lower price, the government had incurred a minimum loss of Rs.511,075 .</p>	<p>It has been informed that the Procurement Committee has taken procurement decisions considering the considerable reduction up to the limit of 21 per cent applicable to all contracts in general.</p>	<p>The construction should be completed in a standardized manner and in accordance with the specifications so that it remains at a good level for a sufficient period of time and a proper supervision should be done in this regard.</p>
<p>(b) In the analysis of the prices related to gravel, sand and ABC obtained by the Anamaduwa Executive Engineer Office and Chilaw Road Development Authority for</p>	<p>Comments have not been given.</p>	<p>In analyzing of price for procurement of construction materials for direct labour industries</p>

industries related to the year 2021, the government had incurred a minimum loss of Rs.6,042,152 by taking actions for higher rates to be paid by the Anamaduwa Executive Engineer's Office .

realistic rates should be used to the accurate extent for the respective specific locations and in accordance with the prices etc. of the District Price Committees.

- (c) Although the price of 01 cube of gravel approved by the Puttalam District Price Committee Report for the first half of 2021 in execution of development works by the Executive Engineer Office of Anamaduwa was Rs. 2,000 (including loading and Royalties), a sum of Rs.2,085,000 had been overpaid by purchasing 5,907 cubic meters or 2,085 cubes of gravel in the year 2021 using the higher price of Rs.3,000 indicated by the North Western Provincial Price Committee.
- The Provincial Price Committee is used as an institution belonging to the Provincial Council and both the District Secretaries of Puttalam and Kurunegala have informed that the price is included in the Committee.
- If the decisions given in two committees attended by the same officers are differ, specific reasons for the same should be given with decisions.

1.5.15 Head 244 - Department of Rural Development

1.5.15.1 Management Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>-----</p> <p>On the appointment of a Permanent Textile Instructor post to a Substitute Textile Instructor in Department of Textile Industries from 01 November 2012, due to confirmation that this officer has submitted fake result documents and also by making the appointment null and void by the North Western Provincial Public Service Commission, actions had not been taken to recover the gross salary</p>	<p>-----</p> <p>The appointment of the officer has been considered as null and void and abolished by conducting a preliminary investigation by the Assistant Secretary.</p>	<p>-----</p> <p>Actions should be taken to get confirmed the results before recruiting the officer and arrangements should be made to recover the salary paid, from the officer .</p>

paid to this officer for a period of 10 years amounted to Rs3,639,584 even by 31 December 2023

1.5.16 Head 250 - Ministry of North Western Province Agriculture, Irrigation, Fisheries, Animal Production and Health and Agrarian Development

1.5.16.1 Vehicle Utilization

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>-----</p> <p>A loss of Rs. 6,019,533 had incurred in relation to the accident that occurred on 30 December 2014 in the dual purpose cab allocated to the political authority before the dissolution of the Provincial Council on 10 October 2018 and an amount of Rs. 3,960,000 had been reimbursed by the insurance company. Necessary arrangements had not been made to recover the balance of Rs. 2,059,533 from the respective responsible parties even by 08 August 2023 .</p>	<p>-----</p> <p>A case against the relevant driver is currently pending in the Chilaw District Court to collect the outstanding amount of Rs. 2,059,533 on the vehicle. Likewise, the new chassis number has been forwarded to the Government Factory and printed and it has been informed that the future actions will be taken inquiring government factory about the possibility of revising this.</p>	<p>-----</p> <p>Actions should be taken to recover the value of damages from the respective parties by conducting formal investigation on damages occurred to public property or filing a case.</p>

1.5.16.2 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>-----</p> <p>As per the Land Commissioner General's letter No. 4/14/76 dated 09 May 2007, an extent of 119 acres 12 perches of Mawathagama Denverwatta land and had been handed over by the Mawathagama Divisional Secretary to the North Western Provincial Ministry of Agriculture on 16 May 2007 for the establishment of a dairy cattle breeding center and training farm. Since that day, the Ministry had prepared and implemented plans to achieve the desired</p>	<p>-----</p> <p>An extent of 119 acres and 12 perches of Mawathagama Denver Estate land were handed over to this Ministry on 16 May 2007 and an agreement has been entered into with the Sri Lanka Navy to develop this land as an animal husbandry and agricultural farm in a manner that fulfills the purpose of handing over this land to the</p>	<p>-----</p> <p>In case of long term lease of government lands prior approval of Land Commissioner General should be obtained.</p>

objectives through a commercial advance account. The financial statements related to the commercial advance accounting activities had been prepared and submitted for audit from the year 2007 to the year 2022. A portion of 91 acres of the land was handed over to the Sri Lanka Navy Headquarters on 19 July 2022, for use for a period of 30 years through a Memorandum of Understanding without obtaining the prior approval of the Land Commissioner General.

Ministry and the Ministry has full ownership of the land. Therefore, as this land has not been handed over to the Navy, it has been informed that prior approval of the Land Commissioner General has not been obtained.

1.5.17 Head 251 - Agriculture Department

1.5.17.1 Vehicle Utilization

Audit Observation	Comments of the Accounting Officer	Recommendation
----- 03 vehicles used in the Agriculture Department of the North Western Provincial Council had been registered under private names.	----- Answers have not been given.	----- Actions should be taken to settle registration of ownership.

1.5.18 Head 253 - Department of Irrigation

1.5.18.1 Non-compliance with Laws, Rules, Regulations and Management Decisions

Non-compliance to Laws, Rules, Regulations	Comments of the Accounting Officer	Recommendation
----- The North Western Provincial Department of Irrigation had awarded 05 contracts valued at Rs 5,401,331 to a farmer organization at the same time as per the Provincial Treasury Circular No. 3/2020 dated 10 November 2021 .	----- Accept. It has been informed that internal procedures have been strengthened to prevent such a situation from occurring in the future.	----- In selecting contractors for contract award it should be done in accordance with the relevant circular.

1.5.19 Head 260 - Chief Secretariat

1.5.19.1 Revenue Management

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
<p>Actions had not been taken to provide court fines payable to 30 Local Authorities amounted to Rs. 275,288,113 and stamp duty payable to 22 Local Authorities amounted to Rs. 353,502,801 pertaining to the year under review to Local Authorities even by 31 December of the year under review.</p>	<p>The Local Authorities have not requested to return the unpaid stamp duty amount of Rs. 353,502,801 till 31/12/2023. Those revenues are to be paid to the Local Authorities in the first quarter of 2024. The court fines to be paid to the Local Authorities are also the revenues received by the North Western Provincial Council in December 2023. It has been informed that these revenues are expected to be paid in the first quarter of 2024 .</p>	<p>Actions should be taken to provide the relevant charges promptly to the Local Authorities.</p>

1.5.19.2 Non-compliance with Laws, Rules, Regulations and Management Decisions

Non-compliance to Laws, Rules, Regulations -----	Comments of the Chief Accounting Officer -----	Recommendation -----
<p>Actions had not been taken to settle the balance of Rs. 42,160,591 for more than 02 years in the general deposits excluding land deposits at the end of the year under review related to 09 Ministries and Departments in terms of 571.2 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.</p>	<p>It has been informed that actions will be taken to settle the deposit balances of more than 2 years in the general deposit account.</p>	<p>Actions should be taken in terms of Financial Regulations.</p>

1.5.19.3 Procurement

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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<p>A Member of Parliament sent a letter on 06 March 2019, to the Governor of the North-Western Provincial Council naming a private company to install solar power systems on the roofs of government institutions belonging to the North-Western Provincial Council and according to the request, a direct contract award had been made to the respective company in contrary to the Guidelines 3.5, 3.10, 3.11 and Paragraph 9 of the Procurement Guidelines.</p>	<p>It has been informed that the Memorandum of Cabinet of Ministers submitted for the implementation of this Project has been approved by the Governor by the letter of the North Western Governor's Secretary No. NWP/GOV/AD/02/15/2019 dated 20.08.2019. It has been informed that this Project has been implemented accordingly .</p>	<p>Actions should be taken in terms of Procurement Guidelines.</p>

1.5.19.4 Failure of Receiving Income Due from Assets

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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<p>(a) Actions had not been taken to recover the lease rent of Rs. 1,841,347 receivable to the Chief Secretary from the private company related to the implementation of the solar power system installation project of the North Western Provincial Council from 20 August 2020 to 30 September 2023 .</p>	<p>The respective company has been continuously informed to pay this lease rent promptly.</p>	<p>Immediate actions should be taken to collect lease rent .</p>
<p>(b) Actions had not been taken to receive the rental income from the buildings given to the Bank of Ceylon and the Office of the National Insurance Trust Fund in the North Western Provincial Council for a long time.</p>	<p>Letters have been sent to the Valuation Department to obtain an assessment amount for the Bank of Ceylon Building and the National Insurance Trust Fund Building in the Provincial Council Complex and actions</p>	<p>Actions should be taken to assess buildings and collect revenue.</p>

will be taken to obtain the rental income from the Provincial Council after assessing the relevant buildings from the Valuation Department.

1.5.19.5 Idle and Underutilized Assets

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>-----</p> <p>A number of 28 vehicles, a motorcycle, a three-wheeler and 05 machines had remained in idle in 13 institutions of the North Western Provincial Council.</p>	<p>-----</p> <p>Comments have not been given.</p>	<p>-----</p> <p>Actions should be taken to utilize or dispose of assets.</p>

1.5.19.6 Resources given to Other Government Institutions

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>-----</p> <p>(a) Land Plots of Kurunegala City North Grama Seva Division Dakunu Weva Rawuma Village had been leased out to the Kurunegala Lions Club for 30 years from 05 November 1997. It was observed that trade stalls were built and leased out to private institutions for commercial purposes without being used for the purposes of the society, and although the respective land was used for commercial purposes, arrangements had not been made to charge lease rent on commercial basis.</p>	<p>-----</p> <p>As the land is on a commercial basis it has been informed that the actions will be taken to receive necessary instructions to amend the lease agreement from the Land Commissioner General.</p>	<p>-----</p> <p>Actions should be taken to revise lease agreements and collect lease rent.</p>
<p>(b) A piece of land in extent about 20 perches from the plot number 144/42 of the last village map of T.S.T.P 58 in Kurunegala town was leased out to the Sri Lanka Commercial Textile Corporation for a period of 30 years</p>	<p>Future actions have been taken to cancel the lease agreement and take back the possession.</p>	<p>Actions should be taken to recover the possession.</p>

from June 1974 and a formal lease agreement had not been entered into. A part of the buildings located in this land had been sub-leased to a private company. Accordingly, the said company had not done any commercial activity in the land for nearly 49 years without paying any lease rent, and had sub-leased it to a private company for a monthly amount of Rs. 15,000 .

- (c) A total of 2.88 hectares of lots No. 01, 03 and 04 of මු.පි.ක. 1558, Galketiya Village, Goluwaaya Grama Niladhari Division No.1198, Wariyapola District Secretariat had been given to two persons as long-term lease for the cultivation of agricultural crops for a period of 30 years from 11 March 1987 . This lease period has ended on 11 March 2017 and even though Rs. 19,142 had been collected as lease rent from the year 2018 to 2021 without taking actions to extend the lease agreements, lease rent collection had been stopped due to a land dispute.
- Since it takes a long time to prepare new leases, previous lease has been collected and actions have been taken to collect arrears after processing new leases.
- Actions should be taken to recover the arrears of lease rent by extending lease agreements until new leases are processed.
- (d) An extent of 35 perches of land No. 09 L and 15 C on අ.ග.පි. Map No. 978 in Kuliapitiya Grama Niladhari Division No. 394 of Kuliapitiya Divisional Secretariat Division, had been leased out to the Bank of Ceylon, Kuliapitiya for a period of 30 years from 17 January 1984 and even though the lease period ended on 17 January 2014, lease agreements had not been prepared for the second lease period. Arrears of lease rent amounted to Rs.1,173,642 for this lease
- The Provincial Land Commissioner has been sent to obtain the approval related to the second lease period. It has been informed on many occasions that arrears have been taken.
- Actions should be taken to prepare new leases and to collect arrears of lease rent.

agreement from the year 2020 to 31 December 2023 had to be received.

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| (e) | <p>A piece of government land in extent 09 acres 03 roods 27 perches 3 of plot No. 2014/39 drawn by the Kachcheri surveyor at Kirindigalle Village in Kiridigalla Grama Niladhari Division No. 328 of Nikaweratiya Divisional Secretariat had been handed over as a long term lease for 30 years from 09 September 2016 for agricultural activities and 02 acres of this portion of land had been given by the lessee to two other persons without obtaining proper permission.</p> | <p>Advices have been requested from the Commissioner General of Lands in respect of revision of lease approval and further steps to be taken.</p> | <p>Actions should be taken as soon as possible asking the Commissioner General of Lands in respect of revision of lease approval and further steps to be taken.</p> |
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1.5.19.7 Vehicle Utilization

Audit Observation

According to the information obtained from the Department of Motor Traffic and the Electronic Revenue Permit Issuance System regarding the registration of 288 vehicles, 38 vehicles registered in the name of the institutions of the North Western Provincial Council were not in possession of the institutions of the Provincial Council.

Comments of the Chief Accounting Officer

As it was not mentioned in the existing documents of the office, it is unable to confirm.

Recommendation

Actions should be taken to check in respect of missing vehicles registered in the name of the Provincial Council.

1. 5.19.8 Transactions in Contentious Nature

Audit Observation

- (a) According to the assignment letter No. NWP/CS/L-01 dated 11 October 2017 of the Deputy Chief Secretary (Administration), a legal officer had been assigned the duties of the

Comments of the Chief Accounting Officer

The legal situation exists regarding the relevant payment is being checked and it has been informed that the actions will be taken

Recommendation

The attention of top management should be drawn in respect of the payment of allowances for the

Department of Housing and Construction and although he was assigned the duties related to providing services as a Notary Public in notarial affairs related to the Provincial Council, a sum of Rs.544,425 had been paid from the Provincial Council Fund for the land deed writing fees and related services of the North Western Housing and Construction Development Fund, which was an expense to the North Western Provincial Council Fund in the years 2020, 2021, 2022 and 2023 .

accordingly and the audit will be made aware in the future.

performance of duties related to assignment of duties in addition to the salary and allowances received from the Provincial Council by the officer assigned the duties of the relevant institution.

- (b) A legal officer employed by the North-Western Provincial Council was appointed for the Individual Investigation Council against the mayor of the Kurunegala Municipality conducted by the Governor's Office, an allowance of Rs.125,000 had been paid from the Provincial Council Fund for that in the year under review.

An allowance formally approved by the Governor has been paid for individual investigation activities.

Attention was drawn to the payment of additional allowances for the duties performed by an officer receiving Provincial Council Allowances during the period of duty.

1.5.19.9 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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<p>(a) Even though it had elapsed from 1 1/2 years to 23 years since lease approval had received for the 23 plots of land leased out on long term in relation to 07 zdivisional Secretariat Divisions of Kotawehera, Ibbagamuwa, Nikaveratiya, Ridhigama, Pannala, Wariyapola and Kuliapitiya (West) , actions had not been taken to lease out by preparing lease agreements.</p>	<p>It has been informed that the necessary actions will be taken to prepare lease agreements.</p>	<p>It should enter into agreements preparing lease agreements without delay.</p>

- (b) An arrears of lease rent amounting to Rs. 7,800,774 had to be received as long-term, productive and annual lease rent as at 31 December 2023 in 5 Divisional Secretariat Areas namely Nikaweratiya, Kotawehera, Polpithigama, Ibbagamuwa and Pannala. Arrangements will be made to inform the respective lessees to recover the arrears. Actions should be taken to recover arrears promptly.
- (c) Lot No. 19 of Gallajgama Village B.S.V.G 3829 in Ehatuewa Divisional Secretariat No. 116 Ninogama Grama Niladhari Division had been leased out to a company for 30 years from 10 August 2021 for commercial purposes. This piece of land was occupied by the respective P.L.C company from the year 2007 and while giving the approval for lease, by granting approval for lease from the year 2021 without paying attention to the 14 years that the respective company had occupied the land portion, the government had lost the lease receivable for 14 years. Comments have not been received. Actions should be taken to recover lease rent revenue receivable to the government.
- (d) The government land plot of about 01 rood in Kanadullawewa village belonging to Kuliapitiya Regional Revenue Officer Division, Katugampola South Korale, Kuliapitiya (West) Regional Secretariat Division had been leased out to Ceylon Transport Board for 30 years from 14 August 1966 for the construction of a well required for C.T.B. Depot. Although 17 years had elapsed since the end of the lease period in 1996, a formal lease agreement had not been entered into for the second lease period and a lease rent amount of Rs.167,670 should have been collected from the year 2020 . It has been informed to pay the relevant lease rent. Arrangements should be made to recover arrears of lease rent.

- (e) Even though a portion of land of 02 roods from the land called Badabedda Wattha located in the Grama Niladhari Division number 1550 of the Pannala District Secretariat Division had been requested by the private company on a long-term lease basis since 2011, the portion of the respective land had been leased out to this institution for a period of 30 years from 28 October 2019. The respective lessee of this land had paid annual lease from 1987 to 2011 and even though the same lessee had occupied the respective land from 2011 to 2020 the lease related to 09 years had not been recovered. It has been informed that the actions will be taken to recover unpaid lease rent for the respective period of 09 years . Actions should be taken to recover arrears of lease rent for previous years.
- (f) The Moragoda Mookalana Sogam Watta land in extent 5.206 hectare, located at Pothuwewa Village, අ.ඉ.පි. 2493 Additional 4th Plan No. 170, Wariyapola District Secretariat Division, has been given to an individual under a 30 year lease from 28 May 1993 and the lease period had ended on 28 May 2023. The leased land had been transferred to a son of the above leaseholder by lease deed No. 604 with the approval of the Land Commissioner General. But due to failure of having entered into a formal lease agreement with the lessee, it was not possible to collect lease installments under a new assessment. Documents related to land transfers have been prepared and sent to the Commissioner General of Lands. Actions should be taken to enter into agreement and collect lease rent under new assessments.

1.5.20 Head 262 - Department of Provincial Policy Formulation and Plan Implementation

1.5.20.1 Failure to Obtain Desired Output

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
<p>A sum of Rs. 1,365,822 had been paid for modules 1, 2 and 5 in the years 2019 and 2020 for Provincial Planning Department for programmes to create internet-based information management system consisting of 06 modules with a total cost of Rs 3,911,764 and an advance payment of Rs.1,350,000 had been made for the modules in addition to that. Accordingly, although the total amount spent in 2018 and 2019 was Rs. 2,715,822, and also more than 04 years had elapsed, the Provincial Council has failed to achieve the desired result through this system and that is, according to the physical progress of the project, although 03 modules are at the completed level and also more than 69 per cent of the total project value had been paid 05 years ago, actions had not been taken to achieve the desired output/ benefit to the Provincial Council.</p>	<p>The creation of this system has been divided into modules. The module related to the preparation of the Annual Capital Needs Assessment and Medium Term Development Plan submitted to the Finance Commission has been completed. The module related to preparation of Annual Development Plan has been totally completely. The module on finance has been completed and about 95% of the Project has been completed by now.</p>	<p>Arrangements should be made to complete the work as per the agreement and fulfill the expected objectives.</p>

1.5.21 Provincial Revenue Department

1.5.21.1 Revenue Management

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
<p>(a) Out of additional stamp duty levied in relation to 81 property transfer deeds amounted to Rs.14,150,335, the stamp duty amounting to Rs</p>	<p>Out of the number of 4952 deeds for which additional stamp duty imposed for the years 2022 and 2023, the</p>	<p>The prescribed stamp duty value should be recovered.</p>

9,506,996 had been exempted and the value of stamp duty charged was Rs.4,643,339. Accordingly, out of the stamp duty value imposed, 67 per cent had been exempted.

number of deeds for which the lease rent or penalty was partially exempted was 81. It is 1.63% of the number of deeds on which additional stamp duty is levied. As per the Section 79(1) and 79(11) of the North Western Provincial Council Finance Charter No. 08 of 1990, the lease rent can be waived in whole or in part in resolving appeals. Accordingly, the whole or part of the penalty shall be waived and revised assessments shall be issued and additional stamp duty levied.

- (b) The number of property transfers registered at the Land Registry Office in the years 2018 to 2022, was 345,733 and actions had been taken to levy additional stamp duty in relation to 10,239 property transfers out of 77,795 property transfers sent to the Provincial Revenue Department. It was as low as 13 per cent of the property transfers sent to the Provincial Revenue Department.

Similarly, the number of assessment officers employed in the Provincial Revenue Department is 15 and there is only one Tax Officer. Also, all the posts of Commissioner and Deputy Commissioner in the Department have been vacant for some time. The duties of the vacant post of Commissioner are also performed by a Senior Assessor Officer. Apart from assessment activities, collection of information, checking, collection and other activities related to collection of stamp duty are maintained by this limited number of officers. Therefore, the maximum possible capacity will be working with as per the capacity of the officers of the Department, Therefore, the number of deeds being

Actions should be taken to recover additional stamp duties.

checked is limited to the number of officers occupied.

1.5.21.2 Non-compliance with Laws, Rules, Regulations and Management Decisions

Non-compliance to Laws, Rules, Regulations	Comments of the Accounting Officer	Recommendation
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A total of Rs.473,165 had been paid pertaining to the first half year of the year under review under the North Western Provincial Income Incentive Scheme, to 04 officials of the Incentive Approval Committee who belong to the staff of the North Wesernt Provincial Council and are not bureaucrats of the Provincial Revenue Department in contrary to 104(a) (3) (b) of the Financial Statute. No. 08 of 1990 not in accordance with	These officers are involved in direct supervision and contribute to the management of the Department in order to ensure the efficiency of the Department. Accordingly, since the incentive approval committee makes a direct contribution to guide the work of this Department towards the set revenue targets, I would like to mention that the payment of incentives for these 04 non-departmental officials is not a problem. In addition to this, the tax deduction case files are reviewed and the decisions related to those files are also made by this Committee.	Actions should be taken in terms of Financial Statute.

1.5.22 Commercial Advance Account

1.5.22.1 Commercial Advance Account for "Maintenance of Peshakarma Centers" Account No. 24303 of the North Western Department of Provincial Industrial Development.

Audit Observation	Comments of the Accounting Officer	Recommendation
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The outstanding balance as at 31 December 2023 was Rs.46,579,904 and the debt balance within that to be collected from 02 years to 24 years amounted to Rs. 9,880,130 had not	It has been submitted to the Provincial Treasury for the necessary approval to write off the amount and it is informed that it was decided	Actions should be taken to efficiently recover previous debt balances.

been recovered even by the year under review.

in the meeting of the Audit and Management Committee of Rs.505,295,059 of the Ministry to take legal actions to recover the amount of Rs.3,204,354 belonging to Salusala Institution. It has been referred to the Attorney General regarding the loan balances of 2012 remained under the outlets, and it has been informed that after receiving the disciplinary orders regarding the loan balances of the years 2013 and 2014, further actions will be taken and all the loans of the year 2017 have completely been paid.

1.5.22.2 Commercial Advance Account for "Management of Farm Activities and Supply of Seed Paddy" Account Number 25102 of the North Western Provincial Department of Agriculture

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) The onion warehouse of Galgamuwa Government Farm which was completed and handed over on 02 February 2022 valued at Rs. 3,662,756 had remained in idle without being utilized even by the end of the year under review.	Comments have not been given.	Actions should be taken to put the idle assets to the relevant purpose.
(b) The total income of Wannigama Integrated Farm Development and Training Center for the year under review was Rs.12,575,277, and the total recurrent expenditure and capital expenditure were Rs.34,007,822	The average monthly income from 2022 to 2024 has roughly doubled in the recent few years income of Wannigama Farm. It is currently being implemented according to a plan to	Necessary arrangements should be made to systematically plan the farm activities to earn the annual estimated income and

and Rs.1,543,609 respectively. Accordingly, the farm had not earned enough income to cover even the recurrent expenses of the year under review.

continue to increase the income in this way. It has been informed that it is expected to invest recurrent expenses in the future.

to achieve the desired objectives by controlling the recurrent expenses.

1.5.22.3 Code No. 25003 Wariyapola Tissue Cultural Laboratory Commercial Advance Account

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Due to inability to generate sufficient income to meet the expenditure related to Tissue Culture Laboratory Commercial Advance Account for many years, the amount payable to the Depreciation Reserve Fund as at 31 December of the year under review was Rs.7,077,921.	It has been informed that actions will be taken to be settled in future on the income received from the Commercial Advance Account.	Actions should be taken increase the revenue and settle.
(b) Actions had not been taken even by during the year under review to take over the ownership of the extent of land where the Tissue Culture Laboratory is located and where the construction work is being carried out from the year 2019 at the Mawathagama Denverwatta government farm and to assess its value and include it in the financial statements.	The land has been assessed. Accordingly, it has been informed that it was noted to enter in the Register of Fixed Assets and in the financial statements 2024 .	Actions should be taken to take possession of the land in use and to assess its value and brought to accounts.

1.5.22.4 Commercial Advance Account of North West Training Institute Code No. 26002

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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Even though the Chief Secretariat had spent Rs.15,922,298 to install a 100KVA three-phase generator on 28	It has been informed that all repairs of the generator have been completed and are ready	Fixed assets should be efficiently utilized.

March 2022 at the North Western Training Institute, it had not been used by 02 March 2024, the date of audit. for use as of today.

1.5.23 Other Advance Accounts

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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The arrears of balance receivable under the Advances to Public Officers at the end of the year under review was Rs.1,430,298,716 .	It has been informed that it will be settled in the year 2024 .	Actions should be taken to get settled the arrears of balance.

1.5.24 North Western Human Resource Development Authority

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Out of the loan amount of Rs. 24,286,413 given to 178 people for 08 projects by the Human Resource Development Authority during the period 2006-2017 a sum of Rs. 7,502,349 had remained to be collected by 31 December 2023.	The amount of Rs. 8,992,220.00 remained as at 31.05.2023 related to the loan balances indicated by the audit was able to reduce to Rs.7,502,349.00 by 31.12.2023 .	Long term arrears of debts should be recovered promptly.
(b) Out of the amount of Rs.24,786,413 granted by the Authority for 193 individual loans by 31 December of the year under review the arrears amount for over 5 years was Rs.7,821,459 that is 32 per cent as at 31 December 2023, and the interest thereon was Rs.2,668,003.	The amount of Rs. 12,430,165 remained as at 31.05.2023 was able to reduce to Rs. 10,489,462 by 31.12.2023 . Further, this was also included in the Annual Development Plan to strengthen the collection in the year 2024 .	Arrears of debts should be recovered promptly.
(c) Out of 64 institutions where the authority provided sanitation services as at 31 December of the year under review, a sum of	Comments have not been given	Actions should be taken to earn total revenue.

Rs.167,161,682 from the billed income of Rs.390,732,589 had not been recovered.

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| (d) | Hall rent and room rent income of Rs.434,700 had not been collected from Mahagedara Resort in relation to 27 cases as at 31 December of the year under review. | Comments have not been given | Arrangements should be made to recover arrears of revenue. |
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1.5.25 Wayamba Janakala Foundation

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----	
(a)	There was a decline in income due to the facts such as "Sri Subha Mangalam" service, which was a quality and responsible source of income in the past, has become a situation of no income, failure of taking measures to increase revenue from the rental of the North Western Wave Sound System, failure of working to generate income from the auditorium, failure of working to generate income through the outdoor theatre.	The anticipated revenue targets for the year 2023 of the projects implemented as income generation projects of the Cultural Division of North Western Janakala Foundation could not be achieved due to various reasons.	Measures should be taken to increase revenue.
(b)	A 45 per cent of the total value of Rs 20,794,508 of goods purchased for sale that is goods amounted to Rs 9,283,361, had been purchased from suppliers outside the North Western Province in contrary to the objectives of the Statute related to the foundation.	It has to compete with other public and private sector outlets as well as increasing sales revenue which is the main source of income for Janakala Foundation in order to protect the continuity of the institution.	Priority should be given to fulfill the objectives of the Foundation.

1.5.26 Early Childhood Education Development Authority

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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<p>(a) Although all pre-schools in the North Western Province should be registered under the North Western Early Childhood Education Development Authority, 910 pre-schools out of 2152 pre-schools operating in the North Western Province had not been registered as at 31 December of the year under review. Accordingly, 42 per cent of the number of pre-schools located in the North-Western Province had not been regulated by the Authority.</p>	<p>Preschools that are related to international goals, and preschools that have been started without obtaining the permission of the Authority and in proper standards are belonging to these 386 pre-schools. Since the legal measures to be taken by these pre-schools have not been mentioned in the Statute, although it is not possible to take action against this, it has been mentioned that appropriate action is expected to be taken through amending of the Statute in the future.</p>	<p>Early childhood development institutions should be registered and legal actions should be taken against institutions not complied.</p>
<p>(b) There was a problematic situation regarding achieving of the goals mentioned in the Early Childhood Education Development Authority Statute No. 04 of 2003 due to lack of power to close the preschool when it starts without standard as per the Statute, failure of implementing management decision that pre-school registration should be renewed once in 02 years, failure of functioning to follow a general policy regarding the start of pre-school and giving vacation, lack of powers to act with the appointment of unqualified people as pre-school teaching assistants, and lack of legal provisions thereon.</p>	<p>As there is no power to close preschools according to the Statute of North Western Early Childhood Education Development Authority, it has been informed that, after the revision of the Statute, it is expected to take action for this purpose, and the activity of renewing the pre-school registration has been started and so far 54 applications for the renewal of the registration have been received, and since the registration is renewed every 2 years, the said problem can be avoided, due to special reasons some pre-schools have been started before the date mentioned in the school term plan and this</p>	<p>Early childhood development institutions should be registered and actions should be taken</p>

has been done in order to make some adjustments and currently the Early Child Development Officers have given instructions to enroll only assistant teachers who have fulfilled the educational qualifications.

1.5.27 North Western Provincial Environment Authority

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) A sum of Rs.4,525,000 had been paid as executive allowances from 2015 to 31 December 2023 to the executive officers of the North Western Provincial Environmental Authority without having legal provisions.	An Investigation Committee has also been appointed to investigate and report the facts for this purpose and the Circular 05/2017 has been made relevant from the statutory date of 25.10.2017 of the North Western Provincial Council accordingly. They are working to recover the money that has been paid in excess for the previous periods accordingly, and it has been informed that the information about the charges will be reported in the future.	Actions should be taken in accordance with the circulars.
(b) A sum of Rs.2,326,163 had been paid to 3 officers from the year 2018 to December 31 of the year under review for the position of Acting Assistant Director Without any without having legal provisions in contrary to Section 12.5.4 of Chapter VII of the Establishments Code by the Provincial Environment Authority.	i. Payments have been made as per letter No. NWP/CM/AD/11/6/5 dated 25.01.2023 of Secretary, North Western Chief Ministry. ii. Payments have been made as per letter No. NWP/CM/AD/11/6/5 dated 03.05.2023 of the Secretary, North Western	Appointments should be made in accordance with the provisions of the Establishments Code and get refunds of money which were paid without having legal provisions, should be made.

Chief Ministry.

iii. Payments have been made as per letter NWP/CM/AD/11/6/5 dated 26.09.2022 .

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| (c) | An amount of 2401.3 liters of fuel valued at Rs. 1,007,363 had been taken by the Director of the North Western Provincial Environmental Authority for the vehicle assigned as an official vehicle in contrary to amendments and Section 1.2.1 of the North Western Provincial Chief Secretary's Circular No. 01/2014 dated 28 January 2014 . | Even though it has been assigned as an official vehicle due to the lack of vehicles of the Authority, and due to having to constantly use it as a pool vehicle, necessary arrangements have been made to obtain the approval of the Honourable Governor. | Actions should be taken to recover the value of excess fuel used. |
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1.5.28 North Western Regional Resources Development Authority

Audit Observation	Comments of the Chief Accounting Officer	Recommendation	
(a)	A Deputy Planning Director of the Ministry of Agriculture was appointed to work as Acting Director of Regional Resource Development Authority Management and a payment of Rs.1,572,148 had been made from 01 June 2017 to 30 November 2023 in accordance with Section 23 (1) of the North Western Regional Resource Development Authority Statute No. 01 of 2001 and in contrary to Section 115 of Chapter IX of the Procedural Rules of the North Western Provincial Council and Section 12.2.3 of Chapter VII of the Establishments Code.	Comments have not been given.	Actions should be taken in accordance with the laws, rules and regulations.
(b)	Loans amounted to Rs.600,000 had been given to 06 Ministry of Agriculture officers who were	This constitution has been approved by the Board of Directors of the Authority on	Loans should not be paid to non-permanent assigned

temporarily assigned to work, without complying with the Constitution of the Loan Scheme for the permanent staff of the Regional Resource Development Authority, and those 06 officers had also taken distress loans from the Ministry of Agriculture. 29.04.2015. These restrictions and conditions have been imposed considering the financial situation during that period. However, even though the 06 officials indicated by the audit as having obtained these loans, were attached to the Authority and work on a temporary basis, those officers are also permanent employees of the government. However, it has been informed that this will be rectified after being notified by the audit. officers in contrary to the Regional Resource Development Authority Statute.

1.5.29 North Western Industrial Service Bureau

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Seventeen officers had been recruited from the year 2013 to the year 2023 without an approved Scheme of Recruitment for the North Western Provincial Industrial Service Bureau and a total of Rs. 20,710,812 had been paid in the years 2022 and 2023, as Rs.10,936,955 and Rs. 9,773,857 respectively as salaries.	The recruitment was done with the approval of the Board of Directors of Industrial Services Bureau and salaries and wages have also been paid for that.	Actions should be taken to get approved the Scheme of Recruitment and to recruit for the respective posts.
(b) Although each entity should pay the annual rent before 31 May of each lease year as per the lease agreement entered into for a period of	Even though Rs. 957,897.00 had to be charged as lease rent by the date of audit, I would like to inform that it has been recovered a sum of	Actions should be taken to recover arrears from respective institutions.

- 20 years with the institutions operating in the Heraliawala Industrial Park and the Industrial Services Bureau, actions had not been taken to recover the total rent of Rs.957,897 related to 16 institutions on 31 December 2023 by the relevant institutions.
- Rs. 303,048.10 at present that is, by the month of April 2024. By that date, the amount of outstanding lease rent had reduced to Rs 699,552.43. It is also informed that the actions will be taken to recover the remaining amount as soon as possible.
- (c) Actions had not been taken to recover outstanding water bills of Rs.955,194 as at 31 December 2023 in relation to 56 institutions out of 57 institutions operating in Heraliawala Industrial Park. Outstanding water bills amounted to Rs.955,194 receivable as at the date of the audit and it has been reduced to Rs.236,338 as at present that is 31 April 2024. Actions will be taken to recover remaining outstanding balances also promptly. Actions should be taken to recover arrears from respective institutions.
- (d) A sum of Rs.3,299,488 receivable to Industrial Development Fund (IPF) by the currently operating and non-operating institutions in Heraliawala Industrial Park relating to the period from 2006 to 2016 had not been recovered in accordance with Paragraph No. 05 of the Board of Directors Paper dated 24 August 2023 . I would like to mention that relevant measures will be taken in the future. In addition to that, it has been informed that the instructions given by the Board of Directors will be implemented in the future. Arrangements should be made to recover the amount receivable promptly.
- (e) Sub imprests totalled to Rs. 3,668,900 had been issued exceeding the maximum of Rs.100,000 to 06 officers of the Bureau on 20 occasions in contrary to Provincial Financial Rules 261.2.2 . It has been informed that it is confirmed that such amount has been taken as advance only for the payment of daily allowances of the participants related to the projects. Advances should be issued subject to approved limit as per Provincial Financial Rules.

- (f) A Toyota type double cab was procured with the approval of the Main Contract Work and Procurement Committee at a cost of Rs 2,880,000 per annum on a rental basis of Rs. 240,000 monthly for a period of one year using the funds of the said project for the use of PLASTICS project implemented by the Bureau of Industrial Services during the year under review and although the Chief Accountant and Director (Project Management and Consultancy Services) of the Ministry of North Western should be included as a committee member within the composition of the said Procurement Committee, without those officers, only the officers working in the Bureau had participated and done the procurement work. Even though it had been mentioned that the maximum monthly rent excluding VAT was Rs.165,000 per vehicle on procurement of a double cab, due to the procurement of a cab by the Bureau to pay the monthly rent of Rs.240,000, the Bureau had overpaid Rs.675,000 from April to December 2023 for the payment of the monthly lease rent of Rs.240,000 in procuring a Cab.
- It has been informed that it has been done on the basis of monthly rent subject to the approval of the Procurement Committee.
- Measures should be taken as per Procurement Guideline.

- (g) Although the project is scheduled to be completed on 20 November 2021 according to the agreement entered into on 21 September 2021 by the Bureau and the Department of Industrial Development pertaining to the modernization of the waste water treatment system of Godawela Peshakarma Center valued at Rs.2,914,000, due to the failure of the Bureau of Industrial Services to carry out the relevant work and bring the system to operational level, the work had been completed without making final payment on the agreement of both parties. Although the income received by the Bureau in relation to this, was Rs. 2,039,800 by the date of audit, an expenditure of Rs. 2,495,023 had been incurred from the year 2021 to 2023. Accordingly, a loss of Rs. 455,223 had occurred to the Industrial Services Bureau.
- The relevant task could be able to complete with the agreement of both parties so as not to be a problem or hindrance to either party and the relevant officers have made sure not to incur a financial loss to our organization. Nevertheless, it has been informed that there was no financial benefit from this work to the institution .
- Before entering into a contract, it should be satisfied with the capacity and strength of the company.
- (h) The North Western Machinery Authority had determined on 28 September 2022 that the assessed value to be Rs. 3,500,000 for the disposal of a motor vehicle belonging to the Bureau of Industrial Services. Despite the cooling system has been assessed as
- It was decided to dispose of the vehicle No. HV 9875 which was unusable subject to approval of the Board of Directors and it has been accepted that it took several months for that as pointed out in the audit. It has been informed that due to a considerable run was done
- Before disposal of assets, it should be clearly identified which assets are to be disposed and the assets that are in usable condition should be utilized as much as possible and the disposal should be done

satisfactory under the general condition of the vehicle, the Industrial Services Bureau had spent a total of Rs. 150,470 for other repairs including the renewal of the air conditioner of the motor vehicle in the year 2022. Accordingly, after incurring an expense of Rs.150,470 in addition, without carrying out disposal on the condition existing at the time the vehicle was assessed, a loss of Rs.216,234 had occurred due to the sale for a Rs.3,283,766 .

from the date of receipt of the first assessment report considering the cost of re-inventing of tenders, the vehicle No. HV 9875 has been disposed for the said amount subject to the approval of the Tender Committee.

in a way that is more beneficial to the institution.

1.5.30 Wayamba Development Authority

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) When leasing out the building belonging to the North Western Development Authority for 02 years to run hotel school, it had been leased out the building with the goods and equipment on 27 December 2021 without having an assessment report for a Rs. 200,000 per month without taking an assessment report, and the monthly rent of the building with goods and equipment had been assessed at Rs.360,000 by the Valuation Department on 10 January 2022. Therefore, the	Even though an amount of Rs. 360,000 has been assessed, by running 25 per cent courses by them considering the services rendered by Sri Lanka Tourism and Hotel Management Institutions, students in other provinces including the North-West Province have got a great opportunity to develop their professional skills. Further, as they maintain the security expenses related to this premises, electrical and other minor maintenance works it has been informed to pay a	Actions should be taken to enter into an agreement so that the institution does not incur any loss after obtaining a government assessment while transferring the relevant assets to a third party.

total loss incurred by the North Western Development Authority for the years 2022 and 2023 was Rs 3,840,000 due to entered into contracts for the years 2022 and 2023 less than assessed lease rent. sum of Rs. 280,000 as lease rent.

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| (b) | None of the 10 objectives mentioned in the North Western Development Authority Statute No. 01 of 1993 dated 16 September, 1993 had not been done by this institution. | Objectives have been formulated in relation to previous tasks and it has been informed that actions will be taken to revise these objectives according to the amended Statute. | Actions should be taken as per the Statute. |
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1.5.31 Wayamba Machinery and Equipment Authority

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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The total amount of balances receivable as rent charges, vehicle repair charges, service center charges and civil works charges at the end of the year under review was Rs.63,212,432 and the value of outstanding debt balances within that for more than 05 years was Rs.10,427,151 .	A Committee has been appointed by the North Western Chief Ministry of to take the necessary steps to remove this money from the accounts and after receiving the report of the committee, the necessary activities will be carried out to implement its recommendations.	Necessary actions should be taken to recover outstanding debt balances.

1.5.32 Road Passenger Transport Authority

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Necessary actions had not been taken to recover the monthly log sheet fees of Rs.13,490,500 and late fees of Rs.2,706,150	A Committee has been appointed by the Chief Ministry Western Province to take the necessary steps to	Actions should be taken to recover the monthly log sheet fees receivable.

- receivable to the Authority from the year 2013 to 31 December 2023.
- remove this money from the accounts and the necessary activities will be carried out to implement its recommendations after receiving the report of the Committee.
- (b) Necessary arrangements had not been made to recover special running turns income of Rs.2,863,000 and late fees amounted to Rs.798,800 receivable from 2019 to 2022 .
- Out of the special running turns income amounted to Rs.2,863,150 and the balance of late fees amounted to Rs.798,800 from the year 2019 to the year 2022 as at 32 December 2023, the special running turns income of Rs.151,000 and late charges of Rs.34,100,000 as at 31 March 2024 have been recovered .
- Necessary actions should be taken to recover the special running turns income receivable.
- (c) Necessary arrangements had not been made to recover entry permit income receivable amounted to Rs.2,162,900 and late fees of Rs.390,750 from 2013 to December 2023.
- Out of the entry permit income to be received from the year 2013 to 31.12.2023 amounted to Rs.2,162,900, and the balance of late fees amounted to Rs.390,750 the uncollectible balance of inter-provincial buses belonging to Chilaw bus companies was Rs.451,000 and the late fee was Rs.45,100. Out of the remaining amount Rs.1,711,900 and late fees amount of Rs.345,650.00, the entry permit income amounted to Rs.31,900.00 and the late fees amounted to Rs. 5,950 have been recovered as at 31 March 2024 .
- Actions should be taken to recover the revenue receivable.
- (d) Necessary arrangements had not been made to recover new license fee income receivable amounted to Rs.3,621,000 from 2011 to 2023 .
- A sum of Rs.825,000 has already been collected from the new license fee receivable even by 31 March 2024. The
- Actions should be taken to recover the revenue receivable.

relevant road permits valued at Rs.2,096,000 are at invalid condition from 2011 to 2020 .

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| (e) | Although the number of registered buses was 1374 at the end of the year under review thus the number of registered drivers was 882 and the number of registered conductors was 816, an income of Rs. 1,575,000 could not be earned by the Authority Due to failure of taking actions to get registered 492 drivers and 558 conductors. | The number of registered drivers has been increased to 955 by 26 April 2024 and the number of registered conductors to 905 by 26 April 2024 . It has been informed that steps will be taken for further growth in the future. | Relevant actions should be taken to register conductors. |
| (f) | A Passenger Service Permit issued to a person is not transferable to another person in terms of Section 28 of Road Passenger Services Statue No.04 of 1995 and although it had been stated that such transfer shall be null and void, actions had been taken to transfer 112 licenses valued at Rs 50,250,000 to other parties during the year under review. | It has been informed that it has been authorized according to the Road Passenger Transport Service Charter No. 07 of 2018, to regularize the ownership. | Arrangements should be made get licenses updated or to cancel expired licenses and issue new licenses instead of them. |
| (g) | Even though it had been stated that the validity period of a passenger service permit is one year and according to Section 30(b) the permit can be renewed for a period of 12 months from the date of validity of the permit in terms of 24 (2) (b) of the North Western Provincial Road Passenger Service Statute No. 04 of 1995, there were 102 licenses that had expired from the year 2019 to December 2023 and although 01 to 03 years had passed since those licenses had expired, an income of Rs.836,250 had lost due to failure of taking actions for renewing. | According to the Road Passenger Transport Service Statute No. 4 of 1995, since the establishment of the Authority until now, the method of regularization of rights has been implemented and so far, the Authority has earned a large amount of revenue from that. | Arrangements should be made get licenses updated or to cancel expired licenses and issue new licenses instead of them. |

- (h) Due to the fact that the provisions related to the collection of log sheet and entry permit fees for inter-provincial buses entering the province were not included in the North Western Provincial Road Passenger Transport Authority Statute No. 04 of 1995, it was not possible to collect the said fares from inter-provincial buses passing through Chilaw and Kuliapitiya bus stations and the uncollectible log sheet fees and entry permit fees related to Kuliapitiya and Chilaw bus stations are Rs.6,148,000 and Rs.451,000 respectively from the year 2013 to 31 December 2023 and the amount to be collected was Rs. 7,516,500, including the uncollected fine amount of Rs.889,500 in relation to that.
- As the legal background was not set by Statute No. 04 of 1995, these balances are not recoverable. The legal background for that has set from new Statute No. 07 of 2018.
- Necessary actions should be taken to recover the balance to be received.
- (i) Actions had not been taken to enter into a service agreement in respect of the maintenance and service works of the computer system established at a cost of Rs. 13,589,198 under a contract with the Computer Department of the University of Colombo on 15 September 2018, in order to maintain the affairs of the Authority in a transparent and formal manner, with the Computer Department of the University of Colombo for which installed the system and the University had taken actions to demand higher service charges for services after completion of works.
- Since no service agreement has been entered into with the University of Colombo for the maintenance and service of the computer system, a Committee was appointed in this regard and the report was forwarded to Colombo University. Accordingly, because it has been recommended to be given to a professor for the future maintenance and service related to the relevant software, further work will be done in this regard in the future.
- The service agreement should be entered into promptly and formally and necessary arrangements should be made for service contracts at the time of procurement in future developments also.

- (j) Arrangements had been made to provide 40 road permits valued at Rs.19,287,700 on two occasions in the year 2011 for a valid period of 05 years by calling tenders through the newspaper advertisement and even though an amount of Rs. 38,575,400 could have been earned through re-tendering in the years 2016 and 2021 after the validity period of those licenses had ended in 2016, actions had not been taken to re-tender even those 40 licenses .
- It has been mentioned in the newspaper advertisement published in 2011 related to the granting of road permits that the validity period of these licenses is 5 years. But there is no provision related to the imposition of conditions that the validity period of road permits should be limited to 05 years in the Road Passenger Service Statute or the Code of Rules.
- Rules should be formulated in respect of tendering of licenses and validity period of licenses.
- (k) Due to lack of a heavy vehicle instructor for the Ashok Leyland type bus with an estimated value of Rs 1,500,000 purchased in the year 2006 for the training purposes of the Driving Training College, it had been parked in the premises of the Authority without being used for training purposes even by the end of the year under review.
- Two consultants have been employed so far and necessary arrangements are being made to hire a consultant needed to issue heavy vehicle driving licenses in the future. Although the heavy vehicle training by the bus belonging to the Driving Training College has been temporarily stopped by now due to instructor shortage, generating additional income by providing the bus for special trips for public sector, private sector and individuals on rental basis is being done even by now.
- Necessary arrangements should be made to utilize the bus kept in idle.
- (l) Even though the instructions had been given in the Ministry Secretary's letter NWP/MORD /ACC/01/24/5 dated 02 July 2022 to recover the sum of Rs. 1,156,506 to be received from the Former Chairman of the Road Passenger Transport Authority, Actions had not been taken to recover the amount to be received
- Facts were presented to the Board of Directors in this regard and the former Chairman has submitted the driving details of vehicle KX-6392 during the relevant periods to the audit.
- Actions should be taken to recover the amount to be received .

even by the end of the year under review.

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| <p>(m) Even though it had been informed to gazette one formal method to grant road permits in the Committee on Public Accounts held on 11 September 2014 and also, 08 years had elapsed since that decision was given by the end of the year under review actions had not been taken to correct it.</p> | <p>Road permits will be given by tender system from the year 2018 .</p> | <p>In addition to the tender system, since actions have been taken to formalize the possession, one formal system has been selected and rules have been formulated.</p> |
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1.5.33 Fishermen's Revolving Fund

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) The Dheewara Saviya Revolving Credit Fund had been implemented from the year 2008 without having a Statute or Code of Rules or approval.</p>	<p>It has been informed that the series of rules approved on 13 March 2024 will be presented herewith, and the accounting policies and other explanations related to the preparation of those accounts will be presented with the financial statements from the year 2024.</p>	<p>Accounting policies and other explanations should be presented with the financial statements.</p>
<p>(b) Identification of information had not been carried out about loans that are overdue or in arrears on a particular date under the loans given by the Dheewara Saviya Revolving Credit Fund and, the Revolving Debtor Balance of Dheewara Saviya was Rs.16,432,416 as per financial statements.</p>	<p>Whether the debtor settles the debt with the bank or not, the refinance loan interest and installments are credited to the revolving loan fund account at the end of the respective quarter. Appropriate methods are being prepared at the Ministry Level to verify whether the prescribed amount has been credited to the account within the relevant time limit and it has been informed that it will be reported to the audit as soon as required.</p>	<p>It should be confirmed whether the loan installments and interest are received as scheduled.</p>

1.5.34 Agri-Entrepreneurship Development Revolving Fund

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) Even though it had been informed that payment vouchers should be submitted for all payments as per Provincial Financial Rule 151.1, actions had been taken to make payments for the expense of Rs. 273,475 during the year under review without preparing payment vouchers by the Management of the Revolving Fund.	It has been informed that the preparation of vouchers has been started for all expenses incurred from the year 2024 and the vouchers will be prepared for all payments in the future.	Vouchers should be presented for all payments as per Provincial Financial Rule 151.1 .
(b) Eleven objectives of the Revolving Credit Scheme are specified under No. 03 of the Code of Rules for the Revolving Credit Scheme of the North Western Provincial Ministry of Agriculture and necessary actions had not been taken to achieve 08 objectives out of that.	The objectives for the Agri-Entrepreneurship Development Revolving Credit Fund are long-term objectives and it has been informed that the necessary preliminary steps are currently being taken to achieve those goals.	Arrangements should be made to achieve the desired objectives by implementing the Revolving Credit Scheme.

1.5.35 Irrigation Sustainable Maintenance Fund

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) Identifying 1092 tanks of 46 Divisional Secretariat of Kurunegala and Puttalam Districts as the tanks to be maintained annually in North Western Province for the year under review, thus the total cost of maintenance was Rs.25,818,424 according to the estimates prepared for each lake, although 50 per cent of the estimated cost in terms of Section	As the maintenance fund account does not show any progress in financial performance as indicated by the audit it has been informed that from now on, the money received from recurrent expenses will be accounted for as income of this fund and expenses will be incurred in the relevant year itself. Further, it has been informed that	Transactions should be properly accounted for.

35 (1) of Chapter III of the Irrigation Statue No. 02 of 2014 that is Rs. 12,909,212 should be paid from the Irrigation Sustainable Maintenance Fund, only Rs.1,911,051 had been accounted for as maintenance expenses in the financial statements.

corrections have been made in the financial reports of the year 2024.

- (b) The minor irrigation maintenance expenses to be paid at the beginning of the year under review for the year 2022 was Rs.16,415,846 and, only a sum of Rs. 6,307,142 had been paid in cash in the year under review and the balance of Rs.10,108,704 had been adjusted to the previous year's accumulated fund without having proper authority.
- All officials have been informed in respect of making payments at regular intervals from the year 2024 and actions will be taken to make payments accordingly. Further, as the balance payable in the year 2022 has been overestimated although the adjustments have been made to the accumulated fund to correct the accounts it was not possible to get proper authority for that due to a mistake and it has been informed that the relevant authority has been obtained after pointing out from the audit.
- The minor irrigation maintenance expenses payable should be given to the Irrigation Management and Development Committees in due course.
- (c) Without utilizing money from the Irrigation Sustainable Maintenance Fund for the purposes mentioned in the Irrigation Statute No. 2 of 2014, a total of Rs.56,416,541 had been invested in fixed deposits as at the last date of the year under review.
- As the sources of income to fulfill the objectives of the Statute have been blocked as per the Irrigation Statute No. 02 of 2014, It has been informed that these funds have been invested for emergency maintenance payments.
- Actions should be taken to achieve the relevant objectives in accordance with the Statute.

1.5.36 Co-operative Development Fund

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Even though Rs. 72,635,253 were spent from this Fund in the years 2021 and 2022 and 2023 for the construction of the Nattandiya Training Center, arrangements had not been made to take over the legal ownership of the land to the Fund.	The land on which Nattandiya Training Center is located is owned by the Ministry of Cooperatives and since an administrative problem has arisen in taking over the ownership of that land and it has been mentioned that necessary actions are being taken to obtain the approval of the Honourable Governor to account for the expenses incurred for the acquisition of the said land and the construction of capital assets as an asset of the Co-operative Fund.	Actions should be taken to quickly take over the ownership and capitalize on the value of the asset.
(b) Even though 21 months to 220 months had elapsed as at 31 December 2023 by lending loans by the Fund to 15 co-operative societies, the outstanding loan balance to be received amounting to Rs.51,588,060 had not been charged.	Accept.	Actions should be taken to recover outstanding loan balances promptly.