

Northern Provincial Council – 2023

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Northern Provincial Council for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154 (3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 23 (1) of the Provincial Councils Act No. 42 of 1987 and provisions of the National Audit Act, No. 19 of 2018. In terms of Section 23 (2) of the Provincial Councils Act and Section 11(1) of the National Audit Act, No. 19 of 2018, the summary report was issued on 15 July 2024. In terms of Section 11(2) of the National Audit Act, the Detailed Management Audit Report was issued on 29 July 2024. This report is submitted to Parliament in terms of Article 154 (6) of the Constitution and Section 10 (1) of the National Audit Act and a copy of the report is submitted to the Governor for tabling it at the Provincial Council in terms of Section 23 (2) of the Provincial Councils Act, No. 42 of 1987.

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

1.2 Basis for Qualified Opinion

1.2.1 Accounting Deficiencies

The following observations are made.

	Audit Observation	Comments of the Chief Accountant Officer	Recommendation
(a)	The buildings worth Rs. 116,653,375, which had been completed and handed over to Base Hospital of Point Pedro in the year 2022 had not been capitalized in the provincial council fund account	This has not been disclosed due to an error in the financial statements. However, it will be disclosed in the financial statements for the year 2024.	Arrangements should be made to indicate the correct value in the accounts.

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| (b) | The non-financial assets had been understated in the statement of financial position of the provincial council fund account by not including 39 assets totaling to Rs.203,091,050 of a ministry and 11 departments of the provincial council in the statement of financial position of the respective institutions. | A sum of Rs.113,557,740 of the assets not included in the statement of financial position have been accounted and action has been taken to account the balance. | -Do- |
| (c) | Assets totalling to Rs.993,930,350 had been overstated in the provincial council fund account due to lands without titles in 06 provincial institutions and indicating certain assets twice in the financial statements. | Action has been taken by the 06 departments mentioned by you. | -Do- |
| (d) | Three (03) Provincial Ministries and 05 Departments had eliminated 56 motor vehicles amounting to Rs.16,970,739 from the financial statements of the relevant institutions and transferred to the Provincial Treasury during the year under review for selling them at auction. These motor vehicles had not been auctioned even by the reporting date and the cost of these assets physically available had not been included in the non-financial assets of the statement of financial position of the Provincial Council. | The value of these unused motor vehicles had not been included as a non-financial asset in the financial statements for the year 2023 as the activities pertaining to sell the assets in the auction were being carried out. | Action should be taken to disclose in the statement of financial position. |
| (e) | Assets including buildings built and handed over to Base Hospital of Point Pedro with medical equipment and furniture at a cost of 4 billion by the Government of Netherlands had not been included in the non-financial assets of the Department of Provincial Health and therefore, they had not been disclosed in the assets of the Provincial Fund Account. Furthermore, the Provincial Council could not obtain the benefits of the medical equipment during their warranty period as the Provincial Council had not taken action during the previous year to attach the nurses, doctors and related staff needed to the special emergency unit of the hospital and provide health services. | The emergency unit had been temporarily handed over to us in October last year and it was officially handed over in March in the current year. Therefore, the details of those assets are relevant to the current year. Disclosures will be made in the financial statements. | Arrangements should be made to indicate the correct value in the accounts. |

1.2.2 Non- Availability of Evidence for Audit

Audit observation	Comments of the Chief Accountintg Officer	Recommendation
(a) Since bills amounting to Rs. 478,554 related to the additional fuel purchases of the Provincial Land Commissioner and Industries Department had not been submitted to audit, they could not be satisfactorily vouched or accepted.	The procedure of attaching bills related to the fuel transactions is followed at present.	Bill attachment procedure should be followed.
(b) Even though a sum of Rs. 687,142 have been paid by the office of the Deputy Provincial Director of Agriculture of Mannar to finalize the works of the Compost manure shed, outlet and net house project, the related bills of measurement and bills of quantities had not been prepared.	In the future, steps will be taken to make payments only after the works are fully completed and the bills of measurements, bills of quantities etc. are duly recommended for payment.	Bills of measurement and bills of quantities should be prepared.

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

1.3 Responsibility of the Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Northern 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 Responsibility for the Audit of the Financial Statements

My Subjective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the summary report of the Auditor General that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with 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 Financial Statements

1.5.1 Non-compliance

Noncompliance with Laws, Rules, Regulations and Managemtn Decisions

Reference to Laws, Rules and Regulations	Value Rs.	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
(a) Northern Province Road Passenger Authority Statute No. 1 of 2016				
(i) Section 61 (a)	-	The Northern Province Road Passenger Authority had not taken action to form and register a group of owners of private buses, three-wheelers, light vehicles and heavy vehicles.	Instructions have been given to get the basic approvals related to the registration of the societies from the relevant parties and to register them subsequently.	A group of vehicle owners should be formed and steps should be taken to register them.
(ii) Section 15	-	The Northern Province Road Passenger Authority had granted road passenger transport licenses based on the certificates of fitness obtained from private mechanical engineering institutions, which had not been registered and regulated.	An agreement has been entered in to and approved that the relevant certificate can be obtained only from registered private mechanical engineering institutions and instructions have been provided to all private bus owners in this regard.	Must act in accordance with the Statute

(b) Government Procurement Guidelines 2006

(i) Guideline 2.11.2	-	A separate attendance register had not been maintained for the confirmation the attendance of the committee members of the procurement committees and the Technical Evaluation Committees by 06 institutions in the current year.	Sine now, the attendance register is maintained.	The action should be taken in compliance with the procurement guidelines.
(ii) Guideline 5.4.8	81,975,012	The performance securities had not been obtained from the specified percentages for 34 procurements implemented by Vauniya and Mulathivu Regional Health Services Director Office and Department of Child Care Services in the year under review.	The instructions had been given that the performance securities should be obtained for extra 28 days from the contracted period and a performance security of 10 percent from the contracted amount should be obtained in the procurement of goods.	-Do-
(iii) Guideline 8.9.1 (b)	33,026,498	The services had been obtained for 18 supplies of cooked food and dry rations without signing the agreements by Mulathivu Regional Health Services Director's Office and Department of Indigenous Medicines.	The instructions had been given not to occur these types of faults in due course.	-Do-

(c)	Northern Provincial Council Financial Rules				
	(i) Rule 107	17,944,996	The 25 vouchers of 02 institutions had been paid without certifying.	The internal control had been improved not to occur these types of faults in the future.	The action should be taken in compliance with the Provincial Financial Rules.
	(ii) Rule 109	1,432,934	A formal approval had not been obtained for the payments in relation to 04 schools.	-Do-	-Do-
(iii)	Rule 131.3	20,168,905	The Farm Manager of the activities of Commercial Advance Account of Department of Agriculture had obtained the receipts without signing and setting the official frank in the collection of money in 2022 and 2023.	Presently, all the receipts are signed and set the official frank and filed.	-Do-
(d)	Financial Regulations 773(2)(b) of Democratic Socialist Republic of Sri Lanka	-	The action had not been taken to provide the iron goods which were 22,559 Kg and removed from Iranamadu Tank to Factory Engineer in terms of the Financial Regulations since 2018.	The instructions had been given to take the proper action enabling to earn the income to the provincial council.	The action should be taken as per the Financial Regulations.

(e)	Circular of Ministry of Public Administration and Management No. 30/2016 dated 29 December 2016	-	Even though the vehicle emission tests should be carried out subsequent to inspection of all fuel in the vehicles and elapse of 12 years, no vehicle emission tests had been carried out for 33 vehicles.	The action is being taken to carry out the vehicle emission tests in 2024.	The action should be taken in compliance with the provisions of the circular.
(f)	Assets Management Circular of Ministry of Finance No.05/2021 dated 09 December 2021	-	Even though the assets should be revalued once in every 05 years, the revaluation had not been performed again in relation to the assets of 03 institutions even elapse of 05 years.	It is kindly informed that the revaluation is being performed.	The action should be taken as per the provisions of Assets Management Circular.
(g)	2.4 paragraph of Public Finance Circular No.01/2021 dated 29 September 2021	6,725,000	The approval of Regional Secretary had not been obtained when giving 06 direct contracts for community based organizations of the Department of Agriculture to Manthai South Multi Services Co-operative Society.	In due course, more than 03 contract activities will be avoided to give only one society.	The action should be taken as per the provisions of Public Finance Circulars.
(h)	Sections 2.4 and 2.5 of circular of Ministry of Finance No.01/2021 dated 29 September 2021	2,588,463	The contracts had been awarded to one organization in same community based level by Vauniya Regional Health Services Director's office within same period of time under 06 agreements on which there was no due authority and	The instructions had been given to award the contracts in compliance with the circular in the future.	The action should be taken as per the provisions of the circular.

			contrary to the relevant provisions.		
(i)	Northern Province Financial Circular No.PF/06/20 15 dated 14 July 2015	35,955,165	The goods had been procured for the laboratory by Kilinochchi District Hospital without establishing the Technical Evaluation Committees for 15 procurements more than Rs.0.5 million.	Since 2024, these procurements will be performed as per the reports of technical Evaluation Committee and decisions of the procurement committees.	The action should be taken in accordance with the provisions of Provincial Financial Circulars.

2. Financial Review

2.1 Financial Results

In accordance with the financial statements submitted, there was a surplus of Rs. 3,265,159,717 in the fund of provincial council for the year ended 31 December 2023 and correspondingly, the surplus was Rs. 2,645,712,973 in the preceding year.

3. Statutory Accounts and Commercial Advance Account

3.1 Statutory Account

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The approval had been granted to maintain the canteen of Killinochchi Bus Stand for two years without an agreement by calling bids for lease a one year and no income had been charged by Northern Province Road Passenger Transport Authority even at the end of the year under review.	The period of lease had been changed as 02 years and mentioned as 02 years in the bidding documents due to appearance of their requests as fair by the Chairperson of the procurement committee.	The steps should be taken to charge the income pertaining to a specified period within that time.

3.2 Commercial Advance Account

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Even though 16 machineries purchased in 2013 for processing of milk allied products in Aninjayankulama Breeding Farm had been revalued to an amount of	The measures are being taken to lease these machines to Animal Breeding Cooperatives for	The steps should be taken to use the resources belonging to the farm in

<p>Rs. 2,550,504 again in 2018, these machineries which had elapsed 10 years presently had rusted in unusable condition. Similarly, a building of Rs. 3,000,000 had been idle since 10 years.</p>	<p>a specified period of time owing to non-availability of milk products and other resources in Aninjayankulama Breeding Farm.</p>	<p>optimum level.</p>
<p>(b) A grant of 126 hundredweights TSP fertilizer worth of Rs. 1,386,000 had been received to the Government Seed Production Farm from Food and Agriculture Organization as a donation. However, since the value of the above fertilizer utilized in the year under review had not been deducted, the income of Commercial Advance Account of the Department of Agriculture had been overstated by Rs. 1,386,000 in the year under review.</p>	<p>The actions are being taken to rectify these faults by the Profit Adjustment Statement in 2024.</p>	<p>The steps should be taken to show the accurate value of the fertilizer utilized in the statement of financial position.</p>
<p>(c) Two machineries purchased by the Northern Provincial Department of Agriculture during 2021/2023 at a value of Rs. 440,000 and handed over to Government seed production farm, had been shown to the value of Rs. 17,000 rather than the value of purchase. As such, the value of machinery had been understated by Rs. 423,000 in the financial statements under the commercial advance account of the Department of Agriculture.</p>	<p>Action is being taken to correct this error occurred in 2023 through the profit adjustment statement of the year 2024.</p>	<p>The correct value should be shown in the statement of financial position.</p>
<p>(d) A cold storage received to protect cereal seeds from the JPN Project in the year 2013 under the commercial advance account of the Department of Agriculture, had been valued to the amount of Rs. 1,335,000. Nevertheless, the cost thereof had not been shown in the financial statements of the commercial advance account of the Department of Agriculture.</p>	<p>The value of assets of the year under review will be revalued and disclosed in the financial statements.</p>	<p>- Do.</p>
<p>(e) The value of closing stock of current assets shown in the financial statements of the year under review presented to the Audit, amounted to Rs. 37,352 as per the</p>	<p>Corrective measures will be taken on this stock through the final accounts of the year 2024.</p>	<p>Correct value of the stocks should be shown in the statement of</p>

stock ledger, but that value amounted to Rs. 1,887,500, thus observing a difference of Rs. 1,850,148.

financial position.

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| (f) | The Compost Grader worth Rs. 500,000 belonging to the Government seed manufacturing farm under the commercial advance account of the Department of Agriculture, remained unused over the last 02 years. | Due to decreased demand for organic fertilizer, no large scale production was made. Nevertheless, the productions required for the center, are made from time to time. | Resources owned by the farm should be used optimally. |
| (g) | As the non-revalued buildings had been shown as being valued in the commercial advance account of the Department of Agriculture, allocations for depreciation made thus far had been eliminated from the financial statements. As such, the value of net assets had been overstated by Rs. 7,901,713 in the financial statements. | Acquisition of the rights to the land is still in progress. | The correct value should be shown in the statement of financial position. |

3.3 Other Advance Account

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
A total loan balance of Rs. 3,844,025 due from 21 employees of 03 institutions of the Provincial Council who had retired or vacated the post, was not recovered.	Action is being taken for the recovery.	Loan balances of the Government employees should be recovered.

4. Operating Review

4.1 Performance

4.1.1 Government Grants

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
Funds amounting to Rs. 3,235 million out of donations and grants given to the Provincial Council by miscellaneous projects, remained underutilized.		The funds should be utilized in a timely manner.

4.2 Management Inefficiencies

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
a) The Provincial Department of Education had recovered a sum of Rs. 18,950,100 in the year 2023 from students of the grades 06-11 in respect of final term test conducted for the year 2022. Of that, a sum of Rs. 13,926,892 had been spent in that connection, and hence, the excess amount of Rs. 5,023,208 so recovered had become an unnecessary burden on the students. Furthermore, that amount had been retained in the General Deposit Account.	Lesser amount of fees will be charged from the students for the next examination.	Necessary action should be taken.
b) Annual salary increments should be given to the Government officers after evaluating their annual performance, but 01-25 annual salary increments had not been given to 156 officers pertaining to 12 educational zones.	Action has been taken to grant annual salary increments to the officers.	Action should be taken to grant annual salary increments
c) Two principals employed under the Provincial Department of Education had died while in service, but due to failure in properly maintaining their personal files, they had been deprived of death gratuity and other benefits.	Further action is being taken by conducting discussions with the Department of Pensions.	Necessary action should be taken.
d) Even after 03 years since the date of appointment, appointments of 49 officers employed at 20 schools under 10 educational zones had not been made permanent. Furthermore, action had not been taken in accordance with Rule VIII of the Procedural Rules of the Government officers.	Except for those failing to verify the certificates of education, other officers have been confirmed in service.	Suitable action should be taken in accordance with Procedural Rules.
e) A sum of Rs. 5,520,153 had been recovered for contribution to the W&OP for the period April 2015- February 2024 from 04 officers of the Department of Road Development and 39 officers employed at the Department of Buildings as supervisors on 24 October 2014. However, payments had not been made by mentioning the pensions number in a manner that contribution to the pensions would be identified against the names of the officers.	Once appointments are given formally to the relevant officers, W&OP numbers will be registered under the officers mentioned by you	Suitable action should be taken.

(f) Even if it had been informed that the compensations cannot be paid by the Insurance company for 06 vehicles of the Department of Health Services of the Northern Province that met with accidents, no actions had been taken to repair those vehicles or get the compensations. Consequently, it had caused a loss of Rs. 22,573,727.

The actions have been taken in respect of 06 vehicles that met with accidents.

(g) The incinerator machine of Peduruthuduwa Hospital that belonged to the domain of Northern Provincial Department of Health Services purchased at a cost of Rs.8 million in October 2016 was in a non-functional level due to careless and unsafe use, and its chimney for the removal of smoke had been fully corroded and totally inactive.

The operations of the said incinerator were stopped due to the objections of the people and the Pradeshiya Sabha has agreed to purchase and provide a land of 20 perches.

(h) The sub-meters had been fixed separately for two telephone communication towers of the Government Hospital of Vavuniya. The Electricity Tariffs had not been charged from each communication institutions within the due period and the electricity tariffs had been paid by the District Hospital of Vavuniya itself. Also, as the revenue of the telephone communication towers was transferred to the Vavunia District Patients Welfare Association within the period from 01 February 2016 to 31 January 2022, the tower rental revenue of Rs. 4,538,106 had also been lost.

The instructions have been given to renew the agreements by the hospital administration in future and to collect the revenues.

The monthly rent was collected from one of the two private banks located in the Vavuniya District Hospital premises and the amount had been deposited in the patients' welfare association account without being transferred to the revenue of the Provincial Council. Also, any rent had not been charged from the other private bank.

The instructions have been given to transfer this revenue to the Provincial Council in the future.

(i) 164 officers working in the Regional Department of Health Services in Mullaitivu have not been given widow and orphan pension numbers for the past 21 years.

The arrangements will be made to obtain the W&OP numbers after they receive the formal appointment letters.

- (j) Any effective action has not been taken in the current year on 77 complaints reported regarding the matters in relation to the local government authority areas in Jaffna, Mannar, Kilinochchi, Vavuniya and Mullaitivu districts of the Department of Local Government in Northern Province.
- The actions have been taken on the complaints received by the Department of Local Government.
- (k) No action had been taken by the Provincial Department of Indigenous Medicines to assess and account 03 buildings and 19 lands.
- The measures have been taken by the Provincial Department of Indigenous Medicines regarding the assessment of 03 buildings and 19 lands.
- (l) The value of Jaffna, Vavuniya, Mannar and Mullaitivu office lands had not been assessed and accounted by the Executive Engineer of the Northern Provincial Road Development Department.
- Further actions will be taken regarding the assessment of land value and the said values will be included in the financial statements of this year.
- (m) 11 vehicles worth Rs.3,200,000 being used by the Irrigation Department had not been transferred to the name of the Chief Secretary of the Northern Province, and the registration books of those vehicles also had not been received even as of the date of report. Also, the state emblem had not been printed on the body of the vehicles so that the vehicles in use could be identified.
- The actions have been taken regarding 11 vehicles of which the ownership has not been transferred to the Irrigation Department.
- (n) The ownership of 02 vehicles worth Rs. 6,200,000 and a vehicle of which the value was not assessed used by the Department of Animal Production and Health had not been transferred to the name of the Chief Secretary of the Northern Province, and the registration books of the said vehicles had also not been received even by the date of reporting.
- The actions have been taken in respect of the vehicles owned by the Department of Animal Production and Health.
- (o) The value of the 10 buildings belonging to the Department of Animal Production and Health had not been assessed and accounted in the non-current assets.
- The letters have been sent to the Valuation Department to carry out the valuation. The values will

be accounted once the assessed values are received from the Valuation Department.

- (p) The drivers of some departments had worked continuously from 06 to 19 years due to non-implementation of annual transfer orders for the officers in Drivers' Service of Northern Province after the year 2017.

The answers have not been given.

4.3 Transactions in controversial nature

Audit Observation	Comments from the Chief Accounting Officer	Recommendation
(a) The allowances of Rs. 10,230,397 paid in excess to the teachers of the Islands Education Zone from the year 2019 up to the year under review without amending the allowances as per the school classification circular had not been recovered to date.	The steps are being taken to recover the allowances paid in excess to teachers.	The steps should be taken to recover the allowances paid in excess.
(b) An amount totaled Rs. 1,384,407 as overtime and combined allowance of the drivers had been given by the Governor's Office without any details such as running charts of the year under review, and annexure 01 as per the Public Administration Circular No. 13/2008 dated 26 June 2008.	The running charts of the vehicles are not submitted at any time considering the security of the Hon. Governor and his Private Secretary.	The appropriate measures should be taken according to the circular.
(c) Even if no indication had been made about the allowances related to the foods to the Governor as per the Circular No. PS/CSA/11-18 dated 12 October 2018 issued by the Presidential Secretariat, a sum amounting to a total of Rs. 4,037,299 for the foods had been paid from December 2021 to May 2023.	As per the orders of the Governor, the payment for the foods had been made to the person mentioned by him through the expenditure head approved by the Hon. Governor.	- Do -

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| (d) | Although the officers such as Coordinating Secretary, Additional Secretary, Public Relations Officer of the Governor's Secretariat within the period from December 2021 to May 2023 stating that they are using their owned vehicles, the salaries to the Drivers amounting Rs. 1,344,644 and the overtime allowances and combined allowances had been paid for a period of more than 33 months in addition thereto. | The drivers had been appointed according to the number of vehicles existed for the use of the Governor who served during the period from December 2021 to May 2023. The applications related to the appointment of Drivers perused by the Hon. Governor himself and the appointments had been given as per the instructions of the Hon. Governor considering the security of the Governor. | The appropriate measures should be taken. |
| (e) | Although the chief Assessor had stated that the monthly rent for the Colombo sub-office building on behalf of the governor was Rs. 100,000 contrary to this valuation, the provincial fund had incurred a financial loss of Rs.1,240,000 due to monthly overpayments of Rs. 80,000. | Although Rs.100,000 had been mentioned by the Chief Assessor,the payment had been made with the approval of the Governor. | - Do - |
| (f) | At the same time when 02 buildings had been rented for the needs of the Governor's sub-offices, it was an unnecessary expense to overpay Rs. 630,000 for a period of 3 ½ months for the previously unused building. | With the approval of the Governor, the rent had been paid for the office at Mount Lavinia for a period of 3 ½ months. | - Do - |
| (g) | During the period from October 2021 to 28 January 2022, Rs.319,031 had been paid for the security service of the unused building of the former Governor's sub-office, Colombo. | Security service was obtained for the security of the building and goods. | - Do - |
| (h) | During the period of 18 months from December 2021 to May 2023, post even though they had not been appointed, the officers holding the posts of the private secretary for 16 months, the coordinating secretaries for 04 months, the media secretary for 12 months and the media coordination officer for 03 months, had | Answers have not been provided. | - Do - |

received fuel allowances and transportation allowances entitled to the posts. Rs. 640,000 had been paid as additional allowances due to the use of the respective vehicles relevant to aforesaid officers for personal purposes by the governor.

4.4 Apparent Irregularities

Audit Observation	Comments of the Chief Accounting officer	Recommendation
<p>08 movable equipment worth Rs.2 million received from the Kilinochchi South region of the Foreign Charitable Organization named "Let's protect the children" had been kept idle without being documented in the Inventory and without carrying out the annual board of Survey and had been returned to the respective Charitable Organization in the year 2024.</p>	<p>The inquiry committee appointed by the provincial education department will carry out the investigation regarding the relevant matter. Instructions for further action have been given as soon as the report is received.</p>	<p>Necessary actions should be taken.</p>

4.5 Underutilization of Funds

Audit Observation	Comments of the Chief Accounting officer	Recommendation
<p>A sum of imprest worth Rs. 3,299,000 had been given from the provincial treasury for the training course for providing national professional certificates under the International Labor Conference program on 10 April 2023. 59 percent of those funds or Rs. 1,950,000 had been kept in the Northern Province Agriculture Department's general deposit account even after 11 months.</p>	<p>Answers have not been provided</p>	<p>Necessary actions should be taken.</p>

4.6 Identified losses

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(a) During the period from 01 to 27 years, no further action had been taken and no settlements had been made in accordance with the financial regulations regarding the total losses of Rs.11,587,195 due to war and theft in 35 provincial schools of the Northern Province Education Department.	From the year 1995 until now, investigation committees have been established in accordance with the financial regulations regarding the losses caused to schools due to war and theft and preliminary investigations have been carried out and actions related to cut off are being taken.	Actions should be taken act in accordance with Financial Regulations.
(b) A vehicle belonging to the Northern Province Animal Production and Health Department met with an accident on 13 October 2016 due to the negligence of the driver. At the end of the investigation, it was decided that the loss of Rs.620,760 caused by the accident should be recovered from the driver but the loss had not been recovered as of the date of reporting.	Due to non-payment of damages by the concerned driver, letters have been sent to the Provincial Legal Adviser to take legal action against the said driver.	Actions should be taken to recover.

4.7 Implementation of the Projects

4.7.1 Abandoned projects

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(a) The Northern Provincial Irrigation Department had abandoned 03 projects estimated at Rs.22,900,000 in the year under review after spending a total of Rs.5,334,611 by the end of the year under review.	In the near future, proposals to maintain the tanks under the assistance of the World Bank and the Asian Development Bank are to be submitted and accepted.	Steps should be taken to complete and provide the services within the stipulated time.

- (b) For the preparation of surface land of Pavatkulam paddy drying, although 14 months extension had been given contractually for the period from 19 July 2021 to 19 September 2021, the work had been abandoned after paying Rs.605,958 without completing it.
- Time extensions had been given for the project but due to non-completion of the work, the final payment was made after charging Rs. 50,000, which is 5% of the contract value, from the contractor. At present, Deputy Provincial Agriculture Office Vavuniya called for bids under the re-marketing pricing system, selected the contractor and signed the contract and the work is being carried out.
- Do-

4.8 Management of Assets

4.8.1 Non-carrying out of Maintenance and Repair Works

Audit observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although 1,316 Desktop computers, 101 Laptop computers, 186 Tablet computers, 91 Multimedia projectors and 38 Smart boards had been inoperative, steps had been taken to repair and use them.	The inoperative computers available at schools are being repaired by the current zonal staff and the National Hardware staff Our hardware staff needs further training for repairing Smart Boards and Multimedia projectors. These repairs would be undertaken as soon as the relevant training is given.	Action should be taken to repair and use
(b) 07 vehicles worth Rs. 5,046,000 of the Department of Animal Production and Health of the Northern Province had sat idle from 02 to 04 years due to non-carrying out of repairs at the right time. Further, one hostel worth Rs. 3,650,000 out of 03 hostals and two hostels which had not been valued sat idle from 05 to 15 years due to non-carrying out of repairs at the right time.	Action has been taken to repair 05 out of 07 vehicles of the Department of Animal Production and Health (NPKB 9036, NPTH 1096,NPTV 8096,NPVH 5334, NPVH 5337) and no repairs could be undertaken in respect of two vehicles (NPHH 6129, NPVH 5348) due to non-availability of spare parts and funds. Steps have now been taken undertake repairs. It has been planned to repair the relevant three hostels with maintenance expenditure under budget 2025.	-Do-

4.8.2 Lands not acquired properly

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although 06 lands of 06 Government schools of the Northern Provincial Education Department had been forcibly acquired by private and other parties, no proper measures had been taken by the provincial administration to acquire those properties.	Provincial Education Department has taken steps to acquire the lands and faddy fields belonging to the 06 Government schools.	Action should be taken to acquire the Government properties.

4.9 Administration of Staff

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) In the auditing of teacher staff of the Northern Province as at 31 December 2023, It was clear that the distribution of teacher resource of the Department of Education of the Northern Province had not been based on the principles of effectiveness, equality, efficiency and proportionality, and the distribution of teachers had been done in a such way creating 560 excesses and 439 vacancies in 13 zones.	Problems have been created since leave to be spent out of the island, in the island, other long term leave, retiring and vacation of the post etc take place incessantly in addition to the transfers of teacher staff, this problem has been settled to some extent with the transfers taking place at provincial level. And also, since annual teacher transfers between provinces in respect of transfers taken place at provincial level as per the decisions of Appeal Boards and transfers on service requirement and annual transfers between zones are currently taking place, this situation would be settled as much as possible. Further, new appointments have been given to fill the vacancies in G.C.E. (A/L) subjects.	Action should be taken to proportionately distribute the teacher resource.
(b) The relevant promotions had not been given even though 01 to 20 years had elapsed since the time periods of promotions related to the class have come due in respect 96 officers including teachers, principals and	Since it is mentioned in the letter No ED/2/29/02/02/20 dated 01.01.2024 and in the Circular No 50/2023 that professional review is essential for giving promotions to teachers who obtain their appointments after 22.10 2022, the works related to the promotions given following the relevant	

other staff serving in 09 zones.

day were not carried out. Further, the promotions of teachers who do not pass the Efficiency Bar examination remain without being given. Steps have been taken to give promotions to other officers who are not included in the relevant category.

- (c) Although 69 teachers in 30 schools had obtained their promotions belatedly, steps had not been taken to compute and give the outstanding salary amounts. Computing of outstanding salaries and making provisions therefor and the relevant outstanding amounts would be paid in the future as and when advance money is received.

4.10 Procurements

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) As per the Regulation No SBD/03, a fine amounting to Rs. 189,813 had not been recovered from the contractor in respect of non-carrying out of 04 projects within the prescribed time period even though extensions of time period had been given by the Agricultural Development Authority.	Steps have been taken to recover the fines in respect of not completing 04 projects within the scheduled time period.	Action should be taken as per procurement guidelines.
(b) At the auditing of procurements of 04 divisional offices and district offices of the Provincial Health Department, it was found that differences existed in violation of procurement guidelines 2.61, 5.3.10, 7.9.11 and 7.10. in the procurement processes of evaluation of pre-qualifications, evaluation of qualifications, taking into consideration the validity period of quotations, non-carrying out of their duties by the Technical Committees and obtaining efficient services,	Pre-qualifications are evaluated of bidders who are selected in the future.	-Do-