

## North Central Provincial Council - 2024

### 1. Financial Statements

#### 1.1 Qualified Opinion

The audit of the financial statements of the North Central Provincial Council including the financial statements for the year ended 31 December 2024 comprising Statement of Financial Performance, Cash flow Statement, significant accounting policies and other explanatory information was carried out, for the year then ended, under my direction in pursuance of provisions in Article 154 (3) of the constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 23(1) of the Provincial Council Act No. 42 of 1987 and Provisions of the National Audit Act No. 19 of 2018. The Comprehensive Report was issued on 30 May 2025 in according to the provisions of Section 23(2) of the Provincial Councils Act and Sub-section 11(1) of the National Audit Act No. 19 of 2018 and under the provisions of Section 11(2) of the National Audit Act, Detailed Management Audit Report was issued on 30 May 2025. This report is submitted to the Parliament in terms of Article 154(6) of the Constitution and Sub-section 10(1) of the national Audit Act and a copy of the report is submitted to the Governor for tabling at the Provincial Council under Section 23(2) of the Provincial Councils Act No. 42 of 1987.

In my opinion, except for the effects of the matters described in paragraph of Basis for Qualified Opinion of this report, the accompanying financial statements give a true and fair view of the financial position of the North Central Provincial Council as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                    | Comments of the Chief Accounting Officer                                             | Recommendation                                                                                         |
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| a) Although the comprehensive trial balance generated by the PTRBK program must be submitted with the financial statements in accordance with Section 2.1 of the Provincial Treasury Circular 2024/16 dated 31 December 2024 of the Chief Secretary of the North Central Province, such action had not been taken regarding 20 financial statements of the Provincial Council. | Ten comprehensive trial balances had been submitted along with financial statements. | Financial statements should be prepared and submitted in accordance to Treasury circulars.             |
| b) There was a difference of Rs. 3,469,072,942 between the value of 08 types of non-current assets included in the financial statements of the North Central Provincial Council and the values included in the financial statements of                                                                                                                                         | Necessary action will be taken to correct these errors in the future.                | The difference should be identified and corrected all assets must be entered into the asset management |

the ministries and departments, Rs. 18,810,045,165 non-current assets value had not been entered to the asset management software by ministries and departments as at 31<sup>st</sup> December of the year under review.

software.

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| <p>c) Under the Provincial Councils and Local Government Ministry's Regional Development Assistance Project had been released Rs. 50,487,805 to the North Central Provincial Council on 26<sup>th</sup> December 2024, it had not been accounted as imprest, had instead been recorded as an unidentified deposit as of 31<sup>st</sup> December of the year under review.</p> | <p>This amount was expended in the year 2024 and accounted for in the year 2025. Will be preventing such shortcomings in the future.</p>                        | <p>Expenditure should be properly accounted for year under review.</p> |
| <p>d) The Provincial Council had received Provincial Specific Development Grants of Rs. 1,848.4 million, and there was a difference of Rs. 52 million resulting of the grants value of Rs. 1,900.4 million according to the imprest note.</p>                                                                                                                                  | <p>This change has occurred because provincial council funds have also been released in addition to the amount of money received from the General Treasury.</p> | <p>The imprest notes must be prepared correctly.</p>                   |

## 1.2 Basis for Qualified Opinion

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

## 1.3 Responsibilities of Management for the Financial Statements

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

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

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

#### **1.4 Responsibility of the Auditor for the audit of Financial Statements**

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

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

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

## 1.5 Comments on Financial Statements

### 1.5.1 Head 600 – Governor Secretariat Office

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Comments of the Chief Accounting Officer                                          | Recommendation                                                                                                                                                                                                                                                                                                                       |
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| a) Under the implementation of proposals to resolve the human-elephant conflict, an expenditure of Rs. 32,400,000 was incurred through the Provincial Council for the build of 81 guard posts to protect the elephant fences in the North Central Province. However, due to the failure to conduct a feasibility study prior to carrying out the project, the expected objectives could not be achieved. Due to the lack of follow-up and review of the previous situation, there were damage to lives and cultivation before and after the commencement of that project.                                                                                                                                                                                                                             | Project supervision has been assigned to the Provincial Secretary of Agriculture. | Follow-up should be conducted to determine whether the desired objectives have been achieved.                                                                                                                                                                                                                                        |
| b) According to paragraphs 2.1, 2.2, 2.3, 2.4, and 2.5 of the State Finance Circular No. 01/2021 dated 29 <sup>th</sup> September 2021, construction projects funded by Provincial Council allocations should be carried out through the Office of the Deputy Chief Secretary (Engineering). However, during the year under reviewed, instead of following this procedure, the Hingurakgoda Divisional Secretariat and the Elahera Divisional Secretariat had each awarded 05 contracts at once to a single community, while the Medirigiriya Divisional Secretariat had awarded 10 contracts at once to a farmer's organization located outside its administrative area. As a result, issues had arisen regarding the supervision of construction activities and the quality of the completed works. | This inquiry should be sent to the relevant Divisional Secretary.                 | Contracts should be awarded under the supervision of the Deputy Chief Secretary (Engineering). Furthermore, no more than three contracts should be awarded at once to any community-based organization. As these are Provincial Council funds, all activities must be carried out in accordance with the provisions of the circular. |

### 1.5.2 Head 602 Provincial Public Service Commission

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                          | Comments of the Chief Accounting Officer                                                              | Recommendation                                                                                                                |
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| a) Although the Provincial Public Service Commission was required to conduct efficiency bar examinations twice a year, but for 21 posts only one examination had been held in the year 2024. Furthermore, three efficiency bar examinations that were expected to be conducted from the Department of Examinations of Sri Lanka for the year 2024 had not been held.                 | The Efficiency Bar Examinations were to be held only once for the year 2024.                          | Efficiency bar examinations should be conducted within the prescribed time periods.                                           |
| b) The North Central Provincial Public Service Commission had appointed two applicants to Grade 3 I(A) of the Sri Lanka Teacher's Service on 25 <sup>th</sup> September 2017, despite the fact that they had been rejected at the interview as unqualified candidates. However, no investigation had been conducted or had any disciplinary action been taken regarding this matter. | Would like to inform that further action will be taken based on the preliminary investigation report. | Formal disciplinary action should be taken promptly against officials who have given appointments to unqualified individuals. |
| c) The termination of service of seven officers, who could have been dismissed during their probationary period in five schools in the Anuradhapura District and in the Department of Animal Production and Health, the probationary period of service had not been extended, yet due to various reasons and had been delayed for periods ranging from 8 to 25 years.                | No answer for this.                                                                                   | The basic qualifications of officers should be tested during the probationary period before making the service permanent.     |

### 1.5.3 Head 610 - Ministry of Chief Minister and North Central Provinces Law and Order, Finance and Planning, Local Government, Rural Infrastructure and Special Projects, Tourism, Education, Information Technology, Engineering Construction and Cultural Affairs

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Comments of the Chief Accounting Officer                                                                                               | Recommendation                                                                     |
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| The Chief Ministry of the North Central Province had commenced work on an urban road development project based on an agreement signed with the Central Consultancy Bureau prior to the year 2021. However, the Chief Ministry had failed over several years, to recover an advance payment amounting to Rs. 128,316,501 granted to that institution without obtaining an advance security. Furthermore, this matter had not been disclosed in the financial statements. | Advances were debited to the expense item and accounted for as an expense. Therefore it was not disclosed in the financial statements. | Action should be taken against officers who have neglected their responsibilities. |

### 1.5.4 North Central Province Development Design and Machinery Agency

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                                         | Comments of the Chief Accounting Officer                                                                        | Recommendation                                                                                                                        |
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| a) The school book sales division, which had been started without a market feasibility study or the approval of the Provincial Council's Financial Advisory Committee, had incurred a loss of Rs. 2,411,352 at the end of the year under review.                                                                                                                                                    | A feasibility study has been conducted regarding the market and steps have been taken to initiate new projects. | Projects should not be initiated without conducting a formal feasibility study and ensuring that is appropriate to begin the project. |
| b) The Provincial Security Unit which is run as a sub-project, the institution had not been registered as a private security agency by the Ministry of Defence.                                                                                                                                                                                                                                     | The Ministry of Defence verbally stated that the registration certificate could be obtained within two weeks.   | It is necessary to taking action to register the Ministry of Defence.                                                                 |
| c) During the year under review, paper required for the printing press (60 GSM blank papers (24"x34")) had been purchased on three occasions at a total cost of Rs. 24,755,195. However, although the Technical Evaluation Committee had provided difference recommendations regarding the selection of the supplier at each occasion, those recommendations had not been taken into consideration. | The procurement process has now been streamlined.                                                               | The provisions of the Procurement Guidelines should be followed.                                                                      |

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| d) | During the year under review, vehicle spare parts value of Rs. 24,312,572 were purchased for the mechanical sector outside the normal procurement procedure. | The procurement process has been streamlined. | The provisions of the Procurement Guidelines should be followed. |
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### 1.5.5 Early Childhood Development Authority

|    | Audit Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Comments of the Chief Accounting Officer                                                                                               | Recommendation                                                                      |
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| a) | Since the building plan had not been approved prior to commencing the construction of the Authority's administrative building, the Anuradhapura Municipal Council had suspended the construction work. According to the decision of the three member committee appointed by the Secretary to the Chief Ministry on 29 <sup>th</sup> January 2020. It had been recommended that the contractor should pay Rs.3,812,085 as compensation for non-performance. However, the responsible officers had failed to take action to recover that amount. | The main ministry has decided to conduct an investigation into this matter within 03 months.                                           | Action should be taken to recover the loss incurred by the Authority.               |
| b) | A person who had served as the Director of Management of the Authority from 14 <sup>th</sup> November 2013 to 19 <sup>th</sup> March 2015 had obtained an amount of Rs.900,000 belonging to the Authority, which was allocated as the October 2014 allowance for preschool teachers and used it for personal purposes. In addition, equipment belonging to the Authority valued at Rs. 285,250 had not been handed over. However, no formal departmental investigation had been conducted or had action been taken to recover the loss.        | It has been stated that it is not possible to conduct a departmental investigation as the relevant documents are not in the authority. | An investigation should be conducted and steps should be taken to recover the loss. |

### 1.5.6 Library Services Board

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Comments of the Chief Accounting Officer                                                                                      | Recommendation                                                                                          |
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| a) According to the minutes No. 164/2023 of the 33 <sup>rd</sup> Board of Directors meeting of the North Central Provincial Library Services Board held on 08 <sup>th</sup> March 2023, approval had been granted by the Board to conduct reading promotion programs in collaboration with primary schools, 10 programs in the Polonnaruwa District and 10 programs in the Anuradhapura District. However, only 5 programs had been implemented in the Polonnaruwa District. | It has been informed that the resources were sufficient to conduct only 05 reading camps.                                     | Program plans should be developed that can be implemented practically according to available resources. |
| b) According to Section 19(a) of the Statute, the funds determined by the North Central Provincial Library Services Board may be utilized for the development of library and information services within the North Central Provincial area. However, during the year under review, no payments had been made from the fund for that purpose.                                                                                                                                 | The Director of Management has been informed to carry out future activities in accordance with the provisions of the Statute. | Existing funds must be used effectively to achieve the objectives set out in the statutes.              |
| c) Without taking steps to achieve the intended objectives for which the North Central Provincial Library Services Board was established, a sum of Rs. 2,860,000 together with interest had been invested for a long period by renewing fixed deposits yearly.                                                                                                                                                                                                               | It has been announced that one project will be implemented.                                                                   | Action must be taken to achieve the objectives for which the fund was established.                      |

### 1.5.7 Head 611 Department of Local Government

| Audit Issue                                                                                                                                                                                                                                                                                                   | Comments of the Chief Accounting Officer                                                                                                                                                            | Recommendation                                                                                                      |
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| a) Under the Provincial Development Assistance Project, over payments amounting to Rs. 2,925,875 had been made for 27 uncompleted work items related to 3 out of 7 construction projects implemented by 7 local authorities. In addition a sum of Rs. 31,172,946 had been paid exceeding the estimated amount | It has been stated that in the future, proper approval will be obtained for additional works, exceeding of estimates, and price variations. Performance guarantees have been received for 18 items. | Estimates should be prepared in a manner that minimizes additional works and excess quantities and action should be |

as extra work for 6 projects. Furthermore total of Rs. 15,938,324 had been paid for price variations, which ranged between 21% and 35%. Moreover, payments amounting to Rs. 4,890,873 had been made for 41 items without obtaining the required performance guarantees.

taken to obtain the relevant performance guarantees.

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| <p>b) When purchasing a Gully browser for the Padaviya Pradeshiya Sabha in 2024, price quotations had been called without following the provisions of the Procurement Guidelines. As a result of it the supplier who had properly responded and was recommended by the Technical Evaluation Committee had not been approved, and the Procurement Committee had decided to recall. Consequently Rs.240,000 financial loss of had been incurred in the purchase of the Gully browser.</p> | <p>The Procurement Committee based on the recommendations of the Technical Evaluation Committee, has decided that due to deficiencies in the bid documents, this bids should be cancelled and recalled.</p> | <p>The provisions of the Procurement Guidelines should be followed.</p> |
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### 1.5.8 Heading 612 - Provincial Education Department

- | Audit Issue                                                                                                                                                                                                                                                                                                                                                                                         | Comments of the Chief Accounting Officer                                                                                                                                                                                           | Recommendation                                                                                                                                                                |
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| <p>a) Although payments totaling Rs. 6,453,413 had been made in 10 installments for the construction of two storey building (90 x 25) at A/Kebitigollewa primary school, a special certificate of completion of work had not been obtained yet as required by rule 164 of the North Central Provincial financial rules and sections 8.12.1 and 8.12.2 of the Government Procurement Guidelines.</p> | <p>Provincial Engineering Department has been informed the two storey building has not been constructed in accordance with the specified conditions. Further information regarding this matter will be provided in the future.</p> | <p>A special certificate of completion should be obtained after the construction work is completed. Final payments should not be made without obtaining this certificate.</p> |
| <p>b) In accordance with rule 177 of the North Central Provincial financial regulations, payments of Rs. 2,881,500 and Rs. 2,322,846 respectively were made for Galenbindunuwewa Central College</p>                                                                                                                                                                                                | <p>It is not possible to provide answers as the relevant documents have not been handed over to the present principal.</p>                                                                                                         | <p>When making the payments for each voucher, it should be checked whether it has been certified by the relevant responsible</p>                                              |

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|    | and A/Kaluvila Sena College in the year 2024 without certifying vouchers.                                                                                                                                                                                                                                                                                                                                            | officer.                                                                                                                                                                                                                                                                                                                 |
| c) | In accordance with rule 189.3 of the North Central Provincial financial regulations, 16 vouchers value of Rs. 2,252,680 since the year 2022 to the year 2024 at Galenbindunuwewa model primary school had not been submitted to the audit.                                                                                                                                                                           | It is clear that 16 vouchers have not been submitted for audit.<br>Payment vouchers must be submitted when requested by the auditor.                                                                                                                                                                                     |
| d) | According to paragraphs 2.1, 2.2, 2.3, 2.4, and 2.5 of State Finance Circular No. 01/2021 dated 29 <sup>th</sup> September 2021, the Hingurakgoda zonal education office had awarded contracts of Rs. 45,056,867 in 2024 to community based organizations. Out of these, five contracts valued at Rs. 5 million had been awarded to a single organization without considering its experience and financial capacity. | That the provisions of the circular will be followed when awarding contracts in the year 2025.<br>Action should be taken in accordance with the provisions of the circular.                                                                                                                                              |
| e) | According to paragraph 3.9.1 of the Government Procurement Guidelines sub contract is not permitted for work awarded under the work contract. However during the year under review, three School Development Societies had sub contracted three contracts valued at Rs. 9,427,670.                                                                                                                                   | Written instructions have been issued to all Principals informing them that sub contracts should not be awarded.<br>Procurement guidelines should be followed.                                                                                                                                                           |
| f) | Under the General Education Modernization Project (GEMP), an excess payment of Rs. 594,990 had been made for the installation of air conditioners at the mathematics resource center due to failure to consider market prices. Further excess payment of Rs. 773,643 had been made as a result of changes in the scope of work.                                                                                      | Payments were made by comparing the price stated on the invoice with the market price and payments were made based on the price of construction materials in a manner that was not disadvantageous to the government.<br>The provisions of the Procurement Guidelines and Provincial Financial Rules should be followed. |

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| g) In the Polonnaruwa District 495 schools belonging to three educational zones were without toilet facilities while 1,008 schools were in need of toilet repairs. Furthermore 92 schools lacked access to drinking water facilities. However no action had been taken for several years to address these needs.                                                            | The renovation of the plumbing system in schools has been carried out by the main ministry.                                                                                         | Providing drinking water for schools and repairing toilets should be considered a priority.                                                |
| h) According to the G.C.E. (O/L) examination results, the North Central Province had continuously ranked 9th among all provinces in the years 2021 and 2022. The pass rate of the province remained below the national average. However no proper program had been prepared for the school level to improve the provincial examination results and overcome this situation. | Programs were identified and implemented at the provincial, regional, and school levels to improve examination results.                                                             | To improve results a comprehensive program to develop student's subject knowledge at the school level should be developed and implemented. |
| i) Out of the four zonal offices in the province, 116 principal's quarters and 500 teachers quarters were in need of repairs and 100 quarters of both types were in a condition that required remove, while 238 houses remained underutilized.                                                                                                                              | No answers were given.                                                                                                                                                              | Should be attention to renovating official residences and utilizing underutilized quarters.                                                |
| j) Out of the 10 vehicles belonging to the Provincial Department of Education, 6 vehicles as well as 4 motorcycles belonging to the Anuradhapura Zonal Education Office had been out of the running condition from several years. However by the end of the year under review, no action had been taken either to repair or to dispose of those vehicles.                   | Action had been delayed due to the failure to transfer the ownership of those vehicles from the registered owners to the name of the Chief Secretary of the North Central Province. | Obtained Technical recommendations and the vehicles should either repair or disposed of accordingly.                                       |

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| <p>k) As at 31<sup>st</sup> December of the year under review, according to the approved cadre there were <b>38</b> vacancies including the posts of Additional Provincial Director of Education (Administration), one Deputy Director of Education and six Assistant/Deputy Directors of Education positions. In addition there was an excess of eight Development Officer Position. Furthermore two driver positions and several office assistant positions had been filled by temporary employees.</p>                                                                                                              | <p>Informed to the Ministry of Education about these vacancies.</p>                                                                               | <p>The necessary steps for recruitment should be taken promptly.</p>    |
| <p>l) There are 323 vacancies in the Principal positions of the Provincial Council schools in the province, while there is an excess of 114 Deputy Principals. In addition there are 948 vacancies for secondary level teachers, 51 vacancies for management service officers, and 66 vacancies in primary level positions such as laboratory assistants and watchmen. Furthermore there is an excess of 391 officers in the Development Officer Service and 50 excess school office assistants. It was also observed that 10 primary level employees not belonging to the approved staff cadre had been deployed.</p> | <p>The Public Service Commission and the Department of Management Services have been informed regarding the relevant vacancies.</p>               | <p>Necessary steps should be taken to fill the essential positions.</p> |
| <p>m) As at the end of the year under reviewed, there were 2,238 teacher vacancies in Sinhala, Tamil, and English medium subjects in provincial council schools under the Northern Central Provincial Department of Education.</p>                                                                                                                                                                                                                                                                                                                                                                                     | <p>The relevant gazette notification for recruitment to the existing teacher vacancies has been prepared and forwarded to the Chief Ministry.</p> | <p>Steps should be taken to make the necessary recruitments.</p>        |

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| <p>n) Due to weaknesses in internal control procedures, during the printing and distribution of school term examination papers and related activities, there had been several instances during the reviewed year where question papers and approved answer scripts were leaked prior to the examinations. Moreover during the conduct of the Grade 5 Scholarship Examination, which is a national level examination, question papers were released on social media before the exam concluded at one of the examination centers in the province.</p> | <p>A preliminary investigation is underway in this regard.</p>                                                                                                  | <p>Disciplinary action should be taken against the officers involved in this.</p>                                   |
| <p>o) During the year of under reviewed, the Provincial Department of Education had directly purchased 854 units of furniture and office equipment value of Rs. 71,185,440 and fixed assets worth Rs. 47.7 million purchased for the department under expenditure items of the main ministry had not been entered or updated in the asset management system or recorded in the fixed asset register.</p>                                                                                                                                            | <p>Will take steps to promptly take over those items from our department.</p>                                                                                   | <p>Assets must be entered, updated and maintained in the management system.</p>                                     |
| <p>p) 293 computers in 14 computer labs in the Dimbulagala and Polonnaruwa zonal offices were inactive. No steps had been taken to activate the data systems of inactive computers in the laboratories of schools in the province operational.</p>                                                                                                                                                                                                                                                                                                  | <p>Computers are old and difficult to find accessories and that minor repairs are being carried out.</p>                                                        | <p>The Director of Technical Subjects should take steps to maintain the computer lab in a functional condition.</p> |
| <p>q) According to section 4.4, 4.5 (3) of the Gazette Extraordinary No. <b>1963/30</b> of the Democratic Socialist Republic of Sri Lanka issued on <b>20<sup>th</sup></b> April <b>2016</b> under the Compulsory Attendance of Children in Schools Order No. <b>01</b> of the year <b>2015</b>, the</p>                                                                                                                                                                                                                                            | <p>Although awareness programs had been conducted regarding the implementation of the Compulsory Education Orders, it was reported that the appointment and</p> | <p>Compulsory education regulations must be implemented properly.</p>                                               |

authorities in the Polonnaruwa District had failed to identify school dropouts and take necessary actions to minimize the number of children lacking basic literacy and those vulnerable to social irregularities.

updating of committees had not been carried out properly due to a shortage of officers.

- r) During the procurement process in two instances where bids had been submitted in compliance with technical specifications and with the presence of an authorized representative for after sales services, the lowest bids were rejected on the grounds of not having a service center. As a result of it the purchase of 135 smart boards led to a loss of Rs. 4,050,000 and the purchase of 207 desktop computers resulted in a loss of Rs. 7,890,840.
- It has been stated that the bid had been rejected due to non-fulfillment of the specifications and conditions requested during the pre-bid examination.
- The provisions of the Procurement Guidelines should be followed.

#### **1.5.9Head – 620 Ministry of Provincial Agriculture, Agricultural Marketing, Animal Production and Animal Health and Fisheries**

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Comments of the Chief Accounting Officer                                                  | Recommendation                                                              |
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| Although there are approximately 3,000 irrigation tanks within the North Central Province under the Provincial Ministry of Agriculture, only 57 fisheries societies were selected for the project to release fish fingerlings into tanks. Out of 75 opportunities provided, fish fingerlings were released into only about 41 tanks. In the year 2024 fish fingerlings were released at a cost of Rs. 7,223,038, which is approximately 48 percent of the annual expected target. | Will take steps in the future to increase the financial strength of fishing associations. | A goal should be realistic and efforts should be made to achieve that goal. |

#### 1.5.10 Head – 622 Provincial Animal Production Department

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                                      | Comments of the Chief Accounting Officer                                                                                      | Recommendation                                                                                                                                                                                                                                                   |
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| (a) Under the Provincial certain development Grant, a Livestock farm information and data management system was established in 2021 at a cost of Rs. 14,472,387. However out of the 19,267 active farms in the province, data had been collected from only 12,221 farms and those data had not been fully entered into and completed in the system.                                              | Hope that officers and other facilities will be provided for this.                                                            | A feasibility study conducted and based on that, steps should be taken to acquire such systems in comparison with the installation cost. Furthermore necessary actions should be taken to achieve the intended objectives after the system has been established. |
| (b) Although improving livestock management is one of the main objectives of the Department of Animal Production and Health in the North Central Province, the number of registered livestock farms which stood at 45,399 in 2021, had decreased to 26,132 by 2024. This reduction of about 57 percent indicates that there had been no improvement in livestock production within the province. | It has been stated that the exact number of farms cannot be confirmed and need a farm census should be done for this purpose. | Should be maintained accurate data on livestock farms and the livestock population in the province should be increased.                                                                                                                                          |

#### 1.5.11 Head – 630 Ministry of Provincial Health, Local Medicine, Social Welfare, Probation and Childcare Services, Environment and Provincial Council Affairs

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                                                               | Comments of the Chief Accounting Officer | Recommendation                                              |
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| a) Regarding 40 incidents related to the North Central Provincial Ministry of Health, Department of Social Services, Department of Probation and Child Care Services and Department of Ayurveda preliminary inquiry boards had been appointed but as at 30 <sup>th</sup> August 2025 period ranging from 6 months to 12 years had elapsed, these inquiries had not been completed and the reports had not been submitted. | Did not answer.                          | Action should be taken to complete the preliminary inquiry. |

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| <p>b) An officer of Director of Planning of the Provincial Ministry of Health had gone abroad without formal approval. In accordance with Section 13 Chapter XLVIII of Volume II of the Establishments Code, a suitable officer had been appointed to conduct a preliminary inquiry within one month and to proceed with disciplinary action. Although more than a year had passed since the submission of the relevant inquiry report and draft charge sheet, the Secretary to the Ministry of Health had failed to send that to the Public Service Commission.</p> | <p>Did not answer.</p> | <p>A preliminary investigation should be conducted and further action taken.</p> |
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#### 1.5.12 Head 631- Provincial Health Services Department

| Audit Issue                                                                                                                                                                                                                                                                                                                                     | Comments of the Chief Accounting Officer                                                                                                                            | Recommendation                                                                                                   |
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| a) Although a period ranging from 1 to 7 years had elapsed for 44 vehicles belonging to the Polonnaruwa Regional Director of Health Services Office, fuel testing had not been carried out in accordance with Section 03.1 of Public Administration Circular No. 30/2016.                                                                       | Planned to complete the fuel inspection of the remaining vehicles soon.                                                                                             | Action should be taken as per the circular provisions.                                                           |
| b) In accordance with Section 2 (iv) of Public Administration Circular No. 09/2009, should be verified attendance and departure using fingerprint machines. However during the year under review, two Regional Director of Health Services Offices in the province had paid Rs. 1,677,255,654 as overtime allowances without such verification. | There were found defects of new fingerprint machines were purchased in January 2024. However those defects can be rectified and the machines can be use thereafter. | Overtime allowances should be paid only after confirming attendance and departure using the fingerprint machine. |
| c) Although the authorized limit for the District Procurement Committee to purchase goods under the competitive bidding procedure is Rs. 7.5 million according to Table No. 01 of Treasury Circular No. 2024/08 dated 24 <sup>th</sup> July 2024 issued by the Chief Secretary, Regional Director of Health Services                            | Acknowledged that procurement activities have been carried out in excess of the approved limit of the District Procurement Committee.                               | Purchases should be made within the limit as per the provisions of the circular.                                 |

Office had incurred an expenditure exceeding that limit by purchasing 57 air conditioners valued of Rs. 8.9 million. Furthermore disregarding the said authorized limit an additional expenditure of Rs. 8.75 million had been incurred during the year under review for the purchase tyres.

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| <p>d) 50 percent of the fees collected through the regulation of private medical institutions should be remitted by the Private Health Services Regulatory Council to the Provincial Council In terms of Section 5 of the Private Medical Institutions Registration Act No. 21 of 2006. However although a sum of Rs. 1,452,950 pertaining to the period up to the year 2021 had been remitted by the Private Health Services Regulatory Council to the Office of the Provincial Director of Health Services that amount of Rs. 1,452,950 had not been transferred to the Provincial Council.</p>                                                                                                                                                                  | <p>Will take the steps to send the amount of Rs. 1,452,950 to the Provincial Treasury.</p> | <p>This money should be send to the Provincial Council.</p>                   |
| <p>e) Primary Health Care System Strengthening Project was launched in 2019 with World Bank assistance with the objective of improving the quality of primary health care in Sri Lanka by providing comprehensive, promotive, preventive, curative, rehabilitative, and palliative health services throughout the life span of the population and by identifying and managing individuals at risk of non-communicable diseases. Contrary to those objectives from 2019 to 31<sup>st</sup> July 2024, spent a sum of Rs. 335,691,431 from the project on the construction of a new seven storey administrative building for the Provincial Department of Health Services and a further Rs. 51,609,432 had been spent on purchasing equipment for that building.</p> | <p>Did not answer.</p>                                                                     | <p>Action must be taken to achieve the desired objectives of the project.</p> |

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| f) | Under the National Kidney Disease Prevention Program the Methsiri Sevana Kidney Disease Relief, Care and Research Center constructed at a cost of approximately Rs. 500 million and was handed over to the public on 20 <sup>th</sup> March 2019. However the ownership of the building has not yet been transferred to the Provincial Director of Health Services Office and as a result of it issues have arisen regarding the maintenance of the building.                                                                                                                                                                                                                         | A certain decision regarding this building has not been made so far.                                                                          | The issues regarding the ownership of this building must be resolved.       |
| g) | According to paragraph 2.1 (II) of Provincial Treasury Circular 2014/14, even if a certain land has not been formally assigned by deed if an institution is currently in possession and utilizing that land, it should be recognized and recorded as an asset of that institution. However the Polonnaruwa Regional Director of Health Services Office had not identified and entered into the asset management system 161 plots of land that are being used by institutions under its purview. In addition 240 lands and buildings belonging to the Polonnaruwa, Dimbulagala, and Hingurakgoda areas as well as 04 official quarters had been identified as assets but not recorded. | Informed that there is a delay in entering the information into the asset management system as the collection of information takes some time. | Action should be taken in accordance with the Provincial Treasury circular. |
| h) | There is a shortage of 24 specialist medical officers within the province, as well as shortage of 335 other medical officers. In addition there is a shortage of 54 nursing officers, 51 technical service officers and 510 health service assistants, subordinate and other staff members.                                                                                                                                                                                                                                                                                                                                                                                           | Did not answer.                                                                                                                               | Steps should be taken to appoint officers to vacant positions promptly.     |
| i) | The FCR Prima 72 CR system machine valued of Rs. 6,100,000 (exclusive of VAT) which had been received by the Kahatagaskedigiliya Base Hospital on                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Will promptly take steps to deploy this machine for patient care.                                                                             | Steps should be taken to utilize the radiation department.                  |

13<sup>th</sup> December 2022 had remained idle and unused as of the audit date 30<sup>th</sup> September 2025. An old building at the hospital had been renovated and upgraded as a radiology unit to install this machine, incurring an additional expenditure of Rs. 3,524,634. Although a total of approximately Rs. 9,624,634 had been spent to establish the hospital's radiology unit it had remained inactive for nearly three years without being utilized for patient care and the machine's two year warranty period had also expired.

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| j) | During the year under review the Office of the Regional Director of Health Services Polonnaruwa, had purchased 20 patient trolleys, 30 IV trolleys and 30 dressing trolleys valued of Rs. 3,693,800 from a supplier who did not possess a certificate from the National Medicines Regulatory Authority.                                                                                                                                 | Although the bidding documents stated that NIMRA approval was required, the Biomedical Engineer had informed that an NIMRA approved certificate was not necessary for the purchase of this equipment. | Action should be taken to prepare the bidding documents correctly.                                 |
| k) | In the procurement of biomedical equipment such as wheelchairs, patient trolleys, IV trolleys, dressing trolleys, multipara monitors, ECG machines and electronic weighing scales for the Office of the Regional Director of Health Services Polonnaruwa, delay charges amounting to Rs. 394,668 that should have been recovered from the suppliers were not collected and the full value of the equipment was paid in one installment. | Delay charges were not recovered, taking into fair consideration that delays had occurred due to reasons beyond the control of the suppliers.                                                         | Must be followed the agreements made with the supplier.                                            |
| l) | When purchasing 20 Multipara Monitors for the Office of the Regional Director of Health Services, Polonnaruwa, bids submitted by the two lowest bidders were rejected without providing valid reasons and the equipment was purchased from                                                                                                                                                                                              | The two lowest bids were rejected due to changes in the bid security dates and the goods had to be imported and supplied through the manufacturing                                                    | Procurement should be carried out in accordance with the provisions of the Procurement Guidelines. |

the third lowest bidder. As a result of it company.  
financial loss of Rs. 4,012,000 had been incurred.

- m) Although an estimated amount of Rs. 1,600,000 had been allocated in the annual procurement plan for the purchase of chairs for the auditorium of the Office of the Regional Director of Health Services, Polonnaruwa. The procurement was made at the lowest bid price of Rs. 2,600,000 (excluding VAT) thereby exceeding the estimated amount. Furthermore the total amount of Rs. 3,068,000 had been paid before receiving the quality inspection report.
- It has been informed that the purchase was made as it was permissible to procure the items even though the price exceeded the estimated amount, provided it remained within the annual allocation limit for the relevant expenditure item. It was also stated that since the ordered chairs were required to be fixed to the floor and the supplied ones did not meet that specification, a decision had been made to modify them using additional components.
- Final payments should be made only after receiving the quality inspection reports and the chairs should be installed in the auditorium and put into use.

### 1.5.13 Probation and Child Insurance Fund

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Comments of the Chief Accounting Officer                                                                                                                     | Recommendation                                                              |
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| The main function of the North Central Province Child Protection Services Fund is to provide the essential facilities required for the physical, mental and moral development of children within the province, as well as to ensure their protection and welfare. To achieve this objective the action plan for the year 2024 had been prepared under five sub programs. However as it had not been possible to implement these programs as expected by the end of the year, the plan had been revised on 21 <sup>st</sup> October 2024 and again on 30 <sup>th</sup> December 2024 that is at the end of the year. | It has been stated that these revise were made to the objective of providing benefits to children who met the eligibility criteria for receiving assistance. | Action should be taken to fulfill the tasks in the action plan as expected. |

#### 1.5.14 Head 632- Provincial Ayurveda Department

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Comments of the Chief Accounting Officer                                                                                       | Recommendation                                                                   |
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| a) According to Public Administration Circular No. 09/2009 (i) dated 17 <sup>th</sup> June 2009 ten fingerprint machines purchased valued at Rs. 649,000 and installed by the Provincial Department of Ayurveda but these machines had not been use.                                                                                                                                                                                                                                                                                                                                                                                                                                   | Did not answer.                                                                                                                | Action should be taken in accordance with the provisions of the circular.        |
| b) Two separate contracts the kitchen at the Minneriya Ayurveda Hospital had been renovation. Under one contract valued at Rs. 3,331,725 works worth Rs. 975,747 included in the original estimate had not been completed, while instead, other works valued at Rs. 1,017,456 which were not included in the original estimate had been carried out. Similarly under the other contract valued at Rs. 2,731,180 works amounting to Rs. 984,429 had not been executed and instead other works valued at Rs. 1,065,958 had been carried out without proper approval. It was observed that the failure to prepare an accurate estimate had been the main reason for these irregularities. | It has been informed that the measurements of the building increased during the physical renovation, over the estimated value. | Estimates should be prepared to minimize variations by monitoring the work site. |
| c) Although a position of Public Health Surveillance Medical Officer had been approved for the Provincial Department of Ayurveda, due to the vacancy of this post, the entire allocation of Rs. 3,600,000 provided in 2024 under the department's patient care services project for programs promoting traditional medicine, awareness programs, workshops, conferences and training activities had not been fully utilized.                                                                                                                                                                                                                                                           | Applications have been invited to appoint a qualified doctor for the relevant position in the future.                          | Steps should be taken to fill the vacant medical officer positions.              |

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| d) | The post of Provincial Ayurveda Commissioner in the North Central Province Ayurveda Department had remained vacant for more than a year without a permanent officer being appointed. Although seven specialist medical officer positions had been approved for the department no specialist medical officer had been appointed during the year of under review.                                                                                                | It has been informed that this issue is being addressed through the initiation of new recruitment.                                                                                                                            | Steps should be taken to appoint permanent officers.                                                          |
| e) | Rs. 1,122,450 had been spent to construct two water tanks each with a capacity of 7,000 liters to supply drinking water to the Manampitiya Rural Ayurveda Hospital. A technical defect during construction limited each tank's capacity to only 4,000 liters. As a result of it, the hospital drinking water requirements could not be fulfilled. Despite this situation, an additional Rs. 133,767 was paid for extra works without obtaining prior approval. | It has been stated that after properly leveling the two water tanks, would be able to store water at maximum capacity and payments for additional works can be made within a 10% limit based on the engineer recommendations. | The constructed water tanks should be used to their maximum capacity.                                         |
| f) | The main objective of establishing the Panchakarma Unit at the Minneriya Ayurveda Hospital was to provide services to foreign patients but due to staff shortages and a lack of physical resources, not a single foreign patient could be attracted during the year under review.                                                                                                                                                                              | It has so far been impossible to provide services to foreign patients due to staff shortages and lack of physical resources,.                                                                                                 | Measures should be taken to utilize the Panchakarma Unit maximum capacity to achieve its intended objectives. |

#### 1.5.15 Head - 633 Provincial Probation and Child Care Services Department

|    | Audit Issue                                                                                          | Comments of the Chief Accounting Officer                                                                                                                  | Recommendation                                                |
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| a) | Fingerprint machines had not been installed for the nine sub offices of the Department of Probation. | A feasibility study will be conducted to determine which institutions can have fingerprint machines installed and a report will be submitted accordingly. | Fingerprint machines should be installed in all institutions. |

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| b) The Provincial Department of Probation had not approved cardre for the new Probation offices at Nochchiyagama, Medawachchiya and Kahatagasdigiliya which were inaugurated on 22 <sup>nd</sup> April 2022. Additionally, two Development Officers had been assigned to cover two Probation Officer positions and there were four vacancies for the positions of Assistant Officers. | Did not answer. | The staff for the new offices must be approved. |
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#### 1.5.16 640 – 03 -04 Motor transport Department

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Comments of the Chief Accounting Officer                                                                                    | Recommendation                                                                              |
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| Although the North Central Provincial Council introduced a new system called ERL 02 on 3 <sup>rd</sup> October 2022 to replace the ERL 01 system for issuing revenue licenses. The new system could only issue licenses for vehicles registered in the Department of Motor Traffic database. As a result, information on vehicles registered at District Secretariat offices on behalf of the Department of Motor Transport had not been included in the system causing inconvenience to vehicle owners. | It has been reported to the Commissioner of Motor Transport to include the vehicles that were not entered into this system. | The system should be set up so that information on all registered vehicles can be obtained. |

#### 1.5.17 Head - 641 Provincial Co-operative Development Department

| Audit Issue                                                                                                                                                                                                                                                                                               | Comments of the Chief Accounting Officer                         | Recommendation                                                                          |
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| a) Although action should have been taken on appeals submitted to the Registrar by aggrieved parties under Section 58(3) of the Co-operative Societies Act No. 05 of 2009, as at 31 <sup>st</sup> December 2024, out of 71 appeals received by the North Central Provincial Commissioner/Registrar of Co- | It has been informed that the appeal process is being finalized. | Further efforts should be made to resolve disputes that need to be resolved as soon as. |

operative Development only about 25 had been resolved, while no action had been taken regarding the remaining 46 appeals. Deposits totaling Rs. 1,269,128 had been made by the appellants in connection with these appeals.

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| <p>b) Under the limited Weerapura Co-operative Society, deposits totaling Rs. 49,287,765 in the Co-operative Development Bank, managed by three of its officers, had been fraud between 2014 and 2020. As at 30<sup>th</sup> August 2025, this amount had not been recovered and no action had been taken to appoint recovery officers to recover Rs. 15,717,062 relating to the period from 2019 to 2020 from that amount.</p>                                                         | <p>For the years 2014 and 2016 the court had ordered the amounts to be paid in at once a time. Recovery officers have been appointed for the years 2015, 2017, 2018, 2019 and 2020 and the recoveries are pending.</p> | <p>Action should be taken to recover the fraud funds from the responsible officers.</p> |
| <p>c) According to Subsection 1(VIII) of the agreements for the speed Credit Relief Program for small and medium scale rice mill owners, the loan amount provided to a third party should have been fully repaid to the second party within six months. However under the program, out of the Rs. 33 million loan provided in 2021 to the Anuradhapura District Rice Producer's Co-operative Society, Rs. 27.65 million had not been recovered as of 31<sup>st</sup> December 2024.</p> | <p>It has been reported that a further Rs. 27 million remains to be recovered and action is being taken to recover it under the guidance of the Provincial Council legal officers.</p>                                 | <p>Action should be taken to recover the outstanding amount.</p>                        |

#### 1.5.18 Road Passenger Transport Services Authority

| Audit Issue                                                                                                                                        | Comments of the Chief Accounting Officer                                                                   | Recommendation                                                     |
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| Although a road survey should have been conducted to identify roads with existing encumbrances before issuing new road permits accordance with the | It has been indicated that, since the main roads are already fully occupied and there is no possibility of | The procurement process should be followed when identifying vacant |

procurement process. Authority did not follow this procedure and issued new road permits based solely on individual requests.

issuing new road permits.

roads and issuing new road permits.

#### 1.5.19 North Central Provincial Industrial Development Authority

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Comments of the Chief Accounting Officer                                         | Recommendation                                                                       |
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| a) Although the authority had identified five main tasks to achieve the objectives included in the annual action plan, during the year under review financial assistance of only Rs. 6,450,000 was provided to 33 entrepreneurs. Other planned activities, such as providing technical entrepreneurial training, updating and maintaining entrepreneur associations and identifying market opportunities for the sale of manufacturer's products were not achieve. | Actions will be carried out in accordance with the regulations in the year 2025. | Action should be taken to achieve the objectives included in the annual action plan. |
| b) Under the Small Scale Entrepreneurship Loan Programs, the Department of Industrial Development had provided loans in previous years and by the end of the year under review, a balance of Rs. 11,640,262 remained to be recovered from 177 borrowers. From this balance Rs. 61,502 from four borrowers had not been recovered for over five years and Rs. 215,596 had remained unpaid for a period between three and five years.                                | Will work to collect the debt in the future.                                     | Action must be taken to recover the debt.                                            |

#### 1.5.20 Co-operative Employee's Pensions and Social Security Benefits scheme

| Audit Issue                                                                                                                       | Comments of the Chief Accounting Officer                  | Recommendation              |
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| As of the end of the year under review the balances related to account No. 008-1-001-8-1725884 maintained by the fund, 36 cheques | It has been informed that steps will be taken to resolve. | Should be resolved quickly. |

worth Rs. 370,555 issued between 2017 and 2020 but not presented for payment, 201 unidentified receipts totaling Rs. 3,116,258 for the period from 2016 to 2024, Unclaimed deposits from 82 occasions valued at Rs. 1,188,740 for the period from 2011 to 2020, 18 unidentified bank reconciliations worth Rs. 192,609 for the period from 2015 to 2019 had not been cleared.

#### 1.5.21 Head 652 Provincial Land Commissioners Department

| Audit Issue                                                                                                                                                                                                                                                                                                                                                          | Comments of the Chief Accounting Officer                                                                                                                                                                                                                                   | Recommendation                                                                                                                                               |
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| (a) The North Central Provincial Council had lost Rs. 73,404,958 in tax revenue due to the provision of tax relief by the Land Commissioner contrary to Circular 2020/06 dated 01 <sup>st</sup> February 2021 and Cabinet approval Amap/20/1622/322/004.                                                                                                             | It has been informed that the tax relief granted will be withdrawn and steps will be taken to recover the tax dues along with the arrears of tax by the letter No. 04/10/Public/Tax relief/(1,2) dated at 11 <sup>th</sup> June 2025 of the Commissioner General of Lands. | Taxes should be collected properly.                                                                                                                          |
| (b) As at 31 <sup>st</sup> December of the year under review, the long term land license fee payable in respect of 22 Divisional Secretariat Divisions of the North Central Province of the Provincial Land Commissioner's Department was Rs.469,419,077. From Rs. 159,664,553 was due between 1 to 3 years and Rs.204,042,991 balances older than 03 years.         | Action taking to collect the receivable revenue.                                                                                                                                                                                                                           | Steps should be taken to recover the dues of land license fees.                                                                                              |
| (c) The Provincial Land Commissioner has approved the issuance of licenses on a long term lease basis for a period of between 02 and 14 years. Although long term permits had not been issued to the land recipients, in relation to 123 applications for land they were utilizing the lands without obtaining permits and no follow up had been made on the matter. | That will follow up on this matter.                                                                                                                                                                                                                                        | Action should be taken to issue permits for lands for which approval has been given and follow up should be carried out on the use of lands without permits. |

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| <p>(d) Since 2022 land area of 80 acres in the Mahavilachchiya Divisional Secretariat Division had been leased to 20 local investors for period of 35 years under long term lease approval. According to clause “C” of the lease approval letter, the land should have been developed within one year from the commencement of the lease. However 16 leaseholders had failed to do so by the end of the year under review.</p>                                                | <p>Out of the 24 plots of land provided only 04 plots of land have been developed.</p> | <p>Investments should be made to accelerate the development activities in the area.</p> |
| <p>(e) Although incentive payments to officers of the Department of the Land Commissioner should have been calculated based on the new tax revenue and the performance of each officer or on the amount of arrears tax revenue collected. During the year under review, the payments had been made based on total revenue including arrears amounting to Rs. 338,032,027. As a result of it officer’s interest in collecting new tax revenue had remained at a low level.</p> | <p>Special attention will be paid to improving the efficiency of tax collection.</p>   | <p>Tax collection and collection of arrears should be expedited.</p>                    |

### 1.5.22 Provincial Road Development Authority

| Audit Issue                                                                                                                                                                                                                                                                                                  | Comments of the Chief Accounting Officer                                          | Recommendation                                                        |
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| a) The Provincial Road Development Authority incurred loss of Rs. 1,352,153 from 03 development projects and road maintenance projects carried out during the year under review.                                                                                                                             | The Authority will take steps to acquire only projects can get profits.           | Efforts should be made to complete projects without incurring losses. |
| b) According to the financial statements of the Provincial Road Development Authority during the year under review, the Authority had earned machinery rental income amounting to Rs. 42,449,467. However the Authority had not maintained a proper income register to record these earnings systematically. | Steps have been taken to prepare separate documents for income sources from 2025. | The income register must be maintained accurately and continuously.   |

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| <p>c) According to the guidelines on the collection of Advance Personal Income Tax (APIT) issued by the Commissioner General of Inland Revenue on 29<sup>th</sup> March 2023 under reference No. SFC/2023/E/01 and as per Tax Table 07 of the same circular the Provincial Road Development Authority had been required to deduct APIT amounting to Rs. 487,198 in respect of secondary employments held by seven officers. However no evidence was presented for audit to confirm that the tax had been deducted.</p> | <p>The payment of salaries related to this project is carried out by the Project Supervision Office. Accordingly all relevant deductions are made through the Supervision Office in Colombo.</p> | <p>Action should be taken to recover the tax payable on secondary employments.</p> |
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### 1.5.23 Rural Development Fund

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Comments of the Chief Accounting Officer                          | Recommendation                                                                                          |
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| Although the Rural Development Fund should be administered under regulations that can be formulated by the Provincial Minister in charge of the subject. After 13 years since the enactment of the statute such regulations had not been prepared. In instances where the Provincial Council is dissolved the powers of the Ministers are vested in the Governor. However the Governor too had not formulated the relevant regulations. As a result of it during the year under review no funds had been distributed to beneficiaries and a sum of Rs. 1,227,343 remained in the bank account and fixed deposit account belonging to the Fund. | Would like to inform that will take action on this in the future. | The rules of the fund should be formulated and steps should be take achieve the objectives of the fund. |

### 1.5.24 Head -653 Provincial Rural Development Department

| Audit Issue                                                                                                                                                                                                                                                                                | Comments of the Chief Accounting Officer                                                                       | Recommendation                                                                                               |
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| A solar power system with a capacity of 25KW costing Rs. 3,040,000 had been installed on the roof of the North Central Provincial Department of Rural Development office building in 2019. The system was expected to generate about 2,775 electricity units per month. However due to the | Action had been taken to inform the regional electrical engineer of the Ceylon Electricity Board regarding the | Should be taken disciplinary action against the responsible officers for failing to take proper action since |

failure to take necessary action regarding the system's underperformance the expected electricity generation had not been achieved. Although according to the technical specifications agreed to seven conditions in the procurement documents, the contractor had consented to provide maintenance free of charge for the first year and to enter into a maintenance agreement with the Director of the Department of Rural Development. Such an agreement had not been executed by either party as a result of it the Provincial Council had lost a potential income of Rs. 2,777,654 during the period from 19<sup>th</sup> september 2019 to 18<sup>th</sup> october 2024. Furthermore the responsible officers had failed to take appropriate action to rectify the existing defects in the solar power system.

not generation/ low generation of electricity.

the year 2019.

#### 1.5.25 Head -660 Chief Secretariat

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Comments of the Chief Accounting Officer                                                                                                                                                                                                   | Recommendation                                                                                                     |
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| a) From the year 2005 to 2024 the Provincial Council had made payments amounting to Rs. 4,266,400 to the Attorney General's Department for obtaining legal assistance. However since these payments included services obtained prior to the year under review actions had not been taken in accordance with F.R. 115.                                                                                                                                                                                                                          | The relevant officers have been informed to maintain F.R. 115 record hereafter.                                                                                                                                                            | Approvals should be obtained as appropriate for payments made for the previous year.                               |
| b) Although the supplying company had agreed that the solar power system installed on the roof of the North Central Provincial Administration Complex would generate an average of 16,998 KWh per month. Actual average monthly generation had been as low as 5,650 KWh representing only about 33.3% of the expected capacity. Accordingly due to the failure of the company to generate the agreed amount of electricity (KWh) during the first five years the Provincial Council had incurred a loss of income amounting to Rs. 21 million. | The technical verification required to confirm the generation of the average monthly electricity capacity of 16,988 KWh has not yet been carried out. Investigation report copy submitted prepared by the committee appointed this matter. | If solar power system does not generate the expected monthly electricity units, the matter should be investigated. |

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| <p>c) During the procurement process for obtaining Full-option insurance coverage for 432 government vehicles belonging to the institutions under the North Central Provincial Council for the period from 01<sup>st</sup> September 2024 to 30<sup>th</sup> August 2025 a qualified bidder who had submitted the lowest bid was rejected. Instead the tender was awarded to another bidder who had quoted higher prices but had not fulfilled all the required conditions stated in the bidding documents. As a result a financial loss of Rs. 2,342,323 had been incurred by the Provincial Council Fund.</p>              | <p>Institutions have been informed to submit details only of the vehicles that are currently in running condition when obtaining full-option insurance coverage in the future. Actions should be taken in accordance to provisions of Procurement Guidelines.</p> | <p>Actions must be taken in accordance with the specific procedures outlined in the procurement guidelines.</p> |
| <p>d) Total of Rs. 7,991,000 had been paid from the Provincial Council Fund from 2017 to 2022 as course fees for postgraduate degrees, postgraduate diplomas and diploma programs followed by officers in the Provincial Public Service. However 46 of those officers had not completed their respective courses and submitted their certificates to the office of the Chief Secretary.</p>                                                                                                                                                                                                                                  | <p>Officers who have not yet submitted their certificates have been notified in writing to submit them.</p>                                                                                                                                                       | <p>Fund provided institution must verify that the relevant courses have been successfully completed.</p>        |
| <p>e) In 2022 the Provincial Engineering Department had undertaken the construction of the four storied Korakahawela Training Centre building. During 2023 an expenditure of Rs. 28,467,095 had been incurred for roofing, Rs. 28,370,425 for tiling and Rs. 2,355,778 for the fire protection system. However as the construction work required to make the building fully operational had not been completed. Only two floors had been used by the end of the year under review. Furthermore the Engineering Department had not formally handed over the completed portions of the building to the Training Institute.</p> | <p>Did not answer.</p>                                                                                                                                                                                                                                            | <p>Action should be taken against officers who have neglected their responsibilities.</p>                       |

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| <p>f) According to Section 16(2) of the National Audit Act No. 19 of 2018, performance reports should be submitted to the Auditor General along with the financial statements of each entity by the accounting officer. However for the year 2024, for 30 entities draft performance reports had not been submitted for audit together with the financial statements.</p> | <p>The institutions under the Provincial Council submit their financial statements for audit by 28<sup>th</sup> February each year and the audited financial statements are subsequently submitted to the Auditor General before 31<sup>st</sup> May.</p> | <p>Action should be taken in accordance with Section 16(2) of the National Audit Act, No. 19 of 2018.</p> |
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#### 1.5.26 Head -661 Provincial Treasury

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Comments of the Chief Accounting Officer                                                                                                                                  | Recommendation                             |
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| a) Regarding to 27 local authorities at the beginning of the year under review, total of Rs. 227,811,612 in court fine revenue and Rs. 424,482,038 had been received during the year making a total payable amount of Rs. 652,293,650 to the local authorities. However during the year under review, only Rs. 269,942,530 representing about 41% of the total amount due had been paid. Furthermore no payments whatsoever had been made to 9 local authorities during the year under review. | All court fine payments for the requests submitted in 2024 have been released and no payments have been made to the Pradeshiya Sabhas that did not submit their requests. | This money should be released immediately. |
| b) At the beginning of the year under review, total stamp duty revenue of Rs. 19,542,031 was payable to 27 local authorities and an additional Rs. 160,602,430 had been received during the year making a total amount of Rs. 180,144,461 payable to the local authorities. However only Rs. 89,643,117 approximately 50% of the total amount due had been paid during the year under review.                                                                                                  | All stamp duty payments for the requests submitted in 2024 have been released and no payments have been made to the Pradeshiya Sabhas that did not submit their requests. | This money should be released immediately. |

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| c) | During the year under review the Provincial Council had not made any stamp duty payments to 13 local authorities. As at 31 <sup>st</sup> December 2024 a total amount of Rs. 90,501,344 remained to be released to 27 local authorities. In addition the Thamankaduwa Pradeshiya Sabha had been liquidated but an outstanding balance of Rs. 394,687 payable to it.                                                                                                                  | All court fine payments for the requests submitted in 2024 have been released, and no payments have been made to the Pradeshiya Sabhas that did not submit their requests. | This money should be released immediately.                                |
| d) | Although the financial statements for the year 2024 should have been submitted to the Auditor General on or before 28 <sup>th</sup> February 2025. The financial statements relating to the Handicrafts Industry Advance Account, the Employee's Co-operative Retirement Benefits and Social Security Scheme and the Pre-Schools Advance Account under the Department of Industries of the North Central Provincial Council had been submitted after 28 <sup>th</sup> February 2025. | The relevant heads of departments have been instructed to prepare and submit financial statements to the audit on the due date.                                            | Financial statements must be prepared and submitted to the audit on date. |

#### 1.5.27 Head - 664 Provincial Internal Audit and Investigation Department

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Comments of the Chief Accounting Officer                          | Recommendation                                                |
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| Although approximately Rs. 1,862 million had been spent in 2024 for the implementation of the school nutrition program in schools of the North Central Province. It was revealed during an internal audit inspection conducted on 24 <sup>th</sup> January 2025 regarding the school nutrition program at Maha Bulankulama Vidyalaya in the Anuradhapura Zone, that progress review meeting reports had not been prepared at school, zonal and provincial levels as required by paragraph 13 of Circular No. 24/2023 dated 19 <sup>th</sup> May 2023, issued by the Ministry of Education for the implementation of the school nutrition program. | Arrangements have been made to hold these meetings in the future. | Arrangements should be made to hold progress review meetings. |

### 1.5.28 Head -665 Provincial Revenue Department

| Audit Issue                                                                                                                                                                                                                                                                                                                                                                                                                   | Comments of the Chief Accounting Officer                                                                                                                       | Recommendation                                                                                      |
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| a) Accuracy of the stamp duties paid had been verified only relating to deeds registered in the year 2022 at the Anuradhapura District Land Registry Offices and those registered in the year 2023 in the Polonnaruwa District As at 31 <sup>st</sup> December 2024.                                                                                                                                                          | It was reported that this was due to the increase in the number of deeds registered in the Anuradhapura district.                                              | Steps should be taken to verify the accuracy of the stamp duties by examining the registered deeds. |
| b) During the year under review, the chemical tax and the drug tax payable based on the annual value of business premises had not been collected from three chemical sales outlets registered under the Pesticides Control Act and thirteen pharmacy outlets registered under the National Medicines Regulatory Authority in the Polonnaruwa District.                                                                        | Tax payments have already been collected from two out of five chemical sales outlets and action is being taken to recover the taxes due from pharmacy outlets. | Steps should be taken to properly recover chemical and pharmaceutical tax.                          |
| c) As at 31 <sup>st</sup> December of the year under review, the long term land permit fees receivable from 22 Divisional Secretariat Divisions in the province amounted to Rs. 469,419,077. In this, Rs. 159,664,553 represented arrears outstanding from 1 to 3 years and Rs. 204,042,991 represented arrears outstanding more than 3 years.                                                                                | Efforts made to collect arrears of revenue.                                                                                                                    | Steps should be taken to recover the land license fees that are due.                                |
| d) During the sample check carried out on the collecting of stamp duties relating to property transfers registered in 2023, it was observed that eight land plots had been undervalued by Rs. 23,880,000 due to the failure to assess them at the minimum base value prevailing in the normal market at the time of valuation. As a result of it the Provincial Council had lost stamp duty revenue amounting to Rs. 938,484. | It has been informed that a representative from the Valuation Department will be participating to this task starting from the year 2026.                       | The calculation of lands value should be done accurately by using appropriate officers.             |