

North Western Provincial Council - 2024

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the North Western Provincial Council for the year ended 31 December 2024 comprising the statement of financial positions at 31 December 2024 and the statement of financial performance and cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 23 (1) of the Provincial Council Act No.42 of 1987 and provisions of the National Audit Act No. 19 of 2018. The summary report in terms of Section 23 (2) of the Provincial Council Act and Subsection 11 (1) of the National Audit Act No. 19 of 2018 was issued on 30 May 2025 and the Detailed Management Audit Report was issued on 30 May 2025 in terms of Section 11 (2) of the National Audit Act No. 19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Sub-section 10 (1) of the National Audit Act, No.19 of 2018 and the copy thereof will be submitted to the Governor to table in the Provincial Council in terms of Section 23 (2) of the Provincial Council Act No.42 of 1987

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

1.2 Basis for Qualified Opinion

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Due to the non-approval of the cost write-off of the Land Rover Discovery vehicle worth Rs.24,970,000 owned by the Governor's Office, which was destroyed by fire in 2022, it was further accounted for under property, plant and equipment, and no disclosure had been made in the accounts.	The written off value of the vehicle has been re-entered under account adjustments since no approval has been given by the Chief Secretary to write off from the documents.	The true value should be disclosed in the financial statements.

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| <p>(b) The fixed asset schedules and sub schedules to verify the balances of 06 asset categories totaling Rs.16,956,802,973 of the Department of Education - North Western Province had not been submitted for audit.</p> | <p>The relevant documents for the balance for the year 2024 are attached to the file and no expenses have been made for furniture and electronic equipment in the year 2024.</p> | <p>Relevant documents should be updated and schedules should be prepared and submitted for audit.</p> |
| <p>(c) 31 lands belonging to the Department of Health and buildings of 35 institutions had not been accounted for due to non-valuated and non- revaluation.</p> | <p>Actions are being taken to obtain valuation reports promptly in coordination with the valuation department and include in the financial statements.</p> | <p>Actions should be taken to include the accurate value of land and buildings in the financial statements.</p> |

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

1.3 Responsibilities of Management for the Financial Statements

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

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

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

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

1.5 Comments on the Financial Statements

1.5.1 Head 202 - Provincial Council

1.5.1.1 Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Accounting Officer	Recommendation
Regulation 104(4) of the Financial Regulations Code of the Democratic Socialist Republic of Sri Lanka	According to the final report dated 01 March 2005 of the board of inquiry appointed regarding the loss caused by the vehicle No. 253-6132 which was given for the use of the office and	Since a report on the verdict in this case has not yet been received, there has been no opportunity to recover the loss as per the report on the loss dated 01 March 2005.	Should be acted in accordance with financial regulations.

was completely destroyed by fire on 11 October 2002, although the loss was Rs.550,000, no actions had taken to recover the said loss from the relevant parties.

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

1.5.2.1 Non-compliance with Laws, Rules and Regulations

Reference to Non-compliance Laws, Rules and Regulations	Comments of the Chief Accounting Officer	Recommendation
Section 19(2) of the Provincial Councils Act, No. 42 of 1987	Although the Provincial Council Fund money should not be used for purposes other than purposes provided for in the Act, in violation of this, Rs.150 million of Provincial Council funds had been provided to the contractor through the Chief Ministry for payment of VAT related to a project implemented by the Kurunegala Municipal Council.	In the absence of the Provincial Council, an advance of Rs.150 million has been provided to the Kurunegala Municipal Council from the Provincial Council funds with the approval of the Honorable Governor of the North Western Province, who is the chief financial and administrative officer of the Provincial Council.
		Provincial council funds should be spent in accordance with the Act and for the functions provided for in the Act.

1.5.2.2 Failure to achieve Expected Out put Level

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Due to the failure to properly conduct feasibility studies before commencing the project, the expenditure of Rs.209,673,158 incurred from the year 2017 to year 2020 for the construction of the auditorium at the Janakala Center, as well as the expenditure of Rs.734,376 for publishing newspaper advertisements incurred in 2021 and the year under review for the reconstruction of this building, had become a waste of money.	Payments of Rs.205,967 million have been made for Phase 1 of the auditorium. Although procurement activities were also initiated for the construction of the auditorium for Phase II at a cost of Rs.813 million, there was no opportunity to conduct procurement activities again due to the inability to find a suitable contractor and the Covid pandemic situation. The construction was stopped midway due to the financial crisis that arose later.	A proper feasibility study should be conducted and projects should be initiated.

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

1.5.3.1 Management Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
As at 31 December 2024, no action had been taken regarding 03 surcharge certificates amounting to Rs.2,006,330 issued by the Auditor General in respect of the activities of local government bodies in the North Western Province in the years 1995 and 1996.	Agreed.	Action should be taken to recover.

1.5.4 Head 212 - North Western Province Engineering Department

1.5.4.1 Deficiencies in Contract Administration

Audit Observation	Comments of the Accounting Officer	Recommendation
Due to the lack of good communication between the Divisional Engineers Office, the Department of Agrarian Services, the Irrigation Department and the Project Office regarding the removal of soil and silt, the soil and silt were not delivered, accepted and auctioned properly, and as a result, the government lost an income of Rs.6,784,392 that could have been obtained.	At the beginning of the Suhuru Irrigation Project, clear instructions were not given for the removal of soil and silt. Accordingly, since the removed soil was piled up near the lakes, which also hindered the soil removal activities, the Agricultural Service Center was informed and the soil was removed as per their recommendation.	Good coordination between institutions should be maintained in the implementation of the project and actions should be taken in a manner that is beneficial to the government.

1.5.5 Head 213 - Department of Education North Western Province

1.5.5.1 Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Accounting Officer	Recommendation
(a) Provincial Financial Rules 54	According to the report regarding the financial fraud that had occurred at the Holy Family Girls' College Kurunegala since year 2021, it had been confirmed that the School Development Society's money of Rs.3,285,000 and the donation money of Rs.50,000, totaling Rs.3,335,000, had not been deposited in the	This situation has arisen because the principal was entrusted with a number of responsible duties, such as the interruption of school attendance by school teachers and school students during the aforementioned academic years due to the COVID-19 pandemic, the interruption of office	Formal disciplinary investigations should be conducted regarding financial fraud and disciplinary action should be taken against the relevant parties.

bank in the years 2021 and 2022. Later, although Rs.1,600,000 was credited to the School Development Society account in March of the year under review and another Rs.1,735,000 in May as unidentifiable receipts, disciplinary action had not been taken against the officers responsible for this temporary money fraud.

work, the quarantine of teachers, and the responsibility of implementing various programs to improve the health of school teachers and students.

- (b) Circular No. 16/2017 dated 14 March 2017 as amended by Section 02 of the letter of the Secretary to the Ministry of Education No. ED/04/60/01/S. Allowances/2017 dated 29 March 2017
- Although the Acting Principal's Allowance should be given only to the officers of the Sri Lanka Educational Administrative Service or the Sri Lanka Principal's Service class 1,2 and 3 who are regularly serving in a Principal's post or are acting in that post, Inconsistently, allowances of Rs.35,572,900 had been paid to 199 teachers of the Acting Teachers' Service of the 08 North Western Provincial Zonal Education Offices.
- Due to the shortage of principals, acting principals have been appointed, and the payment of acting allowances has been made with the approval of the Governor.
- Action should be taken to balance the officers in the Principal Service and make appointments as Principals, and the payment of Principal Allowances should be made in accordance with the circulars.
- (c) Circular No. 05/2019 dated 25 February 2019 of the Secretary of the Ministry of Education
- Although it is the duty of the Zonal Education Office to verify the accuracy of the student information system completed by the school
- Actions are being taken to release the relevant money after obtaining the account numbers from the schools.
- Actions should be taken to provide that money to the scholarship beneficiaries without delay.

during the implementation of the Grade 05 online scholarship payment program and forward it to the relevant bank branches for payment, due to the failure to correctly identify the scholarship recipients, scholarship grants amounting to Rs.1,883,000 were withheld in the general deposit account in relation to 60 cases in 03 Zonal Offices from April 2022 to the year under review.

1.5.5.2 Staff Administration

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the total number of vacancies in the Principal grade in relation to the 08 Zonal Offices is 598, due to the existence of an excess of 57 persons in Principal grade in the Kurunegala Zone, no actions had been taken to balance the Principal vacancies.	The Chief Ministry is currently working to implement the annual transfers of officers of the Sri Lanka Principals' Service in the North Western Province from 26 May 2025, and the relevant list of names has been made public.	Action should be taken to balance the excess principals.

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

1.5.6.1 Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Accounting Officer	Recommendation
Clause ii (a) of Section 05 of the Code of Procedure for the Management and Administration of the Cooperative Fund approved by the Minister of Cooperative Development of the North Western Province, effective from 05 October 2018	Although the necessary credit facilities should be provided for the working capital deficit of the cooperative societies, in the year 2024, loans of Rs.151,941,687 were provided for the construction of the third phase of the new hospital building of the Kurunegala Cooperative Hospital Society Limited and Rs.16,900,000 were provided for the solar power project of the Coconut Triangle Milk Producers Cooperative Society Limited.	In accordance with clause II (a) of Section 05 of the Procedure Code for the Management and Administration of the Cooperative Fund, a loan of Rs.151,941,687 has been provided to the Kurunegala Cooperative Hospital Society Limited at an interest rate of 2.5 percent. This loan has been provided for the implementation of the project to construct a new hospital building. All loans from the Cooperative Development Fund are provided to meet the working capital requirements of the societies, taking into account their working capital.	Should be acted in accordance with the code of procedure.

1.5.7 Head 221 - Department of Co-operative Development

1.5.7.1 Non-compliance with Laws, Rules and Regulations

	Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Accounting Officer	Recommendation
(a)	Sections 58 and 59 of the Cooperative Societies Act, No. 05 of 1972, as amended by the Cooperative Societies Amendment Acts, No. 32 of 1983 and No. 11 of 1992.	As at 31 December 2024, a balance of court fines Rs.58,298,132 which had been in existence for almost 06 years since 2019, collected by enforcing an arbitration dispute, the relevant societies were no longer identified and released, was still being held in the Kurunegala Assistant Commissioner's Office.	(I) This value also includes a balance of Rs.47,610,432 to be released in the year 2024. (II) Out of the total court fines of Rs.138,559,741 as at 31 March 2025, an amount of Rs.75,373,309 has been released to the societies after 31 December 2024, in addition to the Rs.22,500,000 credited to the Cooperative Fund on 29 June 2024.	Actions should be taken in accordance with Sections 58 and 59 of the Cooperative Societies Act, No. 05 of 1972.
(b)	Section 43 (iv) of the Rules as amended by Extraordinary Gazette No. 2091/63 dated 04 October 2018	Although every registered society is required to pay an amount not less than 10 percent of the annual net profit and not less than Rs.500 as contributions to the Cooperative Fund every year as prescribed by the Registrar, actions had not been taken to recover Rs.24,252,187 as contributions from 219 cooperative societies in 08	It is reported that a total of Rs.24,252,187 is still to be collected from various services, school cooperatives, agricultural welfare, self-reliance and other cooperative societies belonging to the Kurunegala Division, and that the	Proceedings should be taken in accordance with Section 43(1) of the Cooperative Societies Act, No. 05 of 1972 and Rule 43(II) of the Cooperative Rules, 1973.

divisions of Kurunegala as at 31 December 2024 and Rs.1,113,522 from societies in 12 zones of Chilaw Division as at 30 March 2025 to the Cooperative Fund.

outstanding balance of more than one year as at 31 December 2023, is being collected in relation to the 12 cooperative society zones of the Chilaw Division.

- (c) Sub sections 58 and 59 of Section IX of the Cooperative Societies Act, No. 05 of 1972 and Sections 49(V)(c) and (d) of the Cooperative Societies Rules, 1973
- Although an arbitrator appointed to settle debt disputes is required to act promptly on the settlement, complete the hearings and render a decision within three months of his appointment, as at 30 May 2025, 23 files related to debt disputes worth Rs.3,321,479 that had been entrusted to 07 arbitrators for the settlement of debt disputes and 05 files worth Rs.5,714,764 that had been handled by several arbitrators had not been rendered, although a period of 02 to 34 months had passed since his appointment.
- Extensions of time are being obtained for these disputes and the hearings are being conducted. Due to the issues related to the presentation of facts by both parties and the use of future dates by the parties, the disputes will not be resolved quickly.
- Proceedings should be made in accordance with Section 49(v)(d) of the Cooperative Societies Rules, 1973.
- (d) Section 43 (X) of the amended Gazette for Cooperative Societies Rules
- Although a fine of 01 percent per month should be levied for non-payment of contributions within 06 months from the date of submission of the audit report to the society, 19 societies related to the Kuliyaipitiya zone and 19 societies related to the Kurunegala zone had to be levied a fine of Rs.608,001 and Rs.394,010 respectively, totaling Rs.1,002,011 as at 30 July 2024.
- The necessary actions have been taken to collect from the Cooperative divisional Officers before 6 months passed since the allocation of the Cooperative Fund hereafter.
- Action should be taken in accordance with Section 43(x) of the Gazette as amended for the Cooperative Societies Rules.

1.5.7.2 Management inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) There were balances worth Rs.984,322 in relation to 76 cases that could not be identified Specifically for payment of fines levied by the courts in relation to Chilaw Cooperative Commissioner office and in this balance there were also balances related to the years 2021 to 2024.	The relevant court registrars have been informed to send information to identify unidentified court fines, and once confirmation is received, actions will be taken to return the money to the court that is confirmed to be irrelevant.	The relevant cooperative societies should be identified and Court fines should be paid promptly.
(b) In terms of Section 58 of the Cooperative Societies Act No. 05 of 1972 as amended by the Cooperative Societies Amendment Acts No. 32 of 1983 and No. 11 of 1992, 3704 requests were received for enforcement in court, including 1931 requests originating from the year 2023, and by the end of the year, there were 1,866 requests for resolution of arbitration disputes that were no longer enforceable by the courts.	The significant decrease in court appearances is due to restrictions on accepting court enforcement from certain courts.	The arbitration dispute requests that are not enforced by the court, should be enforced in courts promptly.
(c) The Ministry of Commerce and Food Security had instructed not to continue the scheme of providing immediate loan relief to small and medium scale rice mill owners as a revolving loan fund, not to reissue the loans held by the Commissioners, and to hand over all the recovered money to the Food Commissioner's Department, but on 29 January 2024, an amount of Rs.08 million to the department was held in the General Deposit Account for	The amount of Rs.08 million in the General Deposit Account is being remitted to the Food Commissioner, and since this is being implemented as a revolving loan, this department will only provide an intermediary service in accordance with the direct instructions given by the Food Commissioner.	The money held in the general deposit account should be handed over to the Food Commissioner.

more than 09 months as at 24 April 2025 without being handed over to the Food Commissioner.

1.5.7.3 Operational Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
Out of a total of 3,284 disputes, only 2,310 arbitration disputes were resolved during the year under review, including 590 unresolved arbitration disputes at the beginning of the year 2024 and 2,694 arbitration disputes received during the previous year.	Out of the 940 disputes, the office has received 629 pending files as at 31 March 2025, and 227 files are under arbitration by the arbitrators. According to Section 49 (V) (c) of the Cooperative Rules, a period of three months is given for the resolution of a dispute file, and accordingly, the Registrar will extend the time to such extent as he deems fit.	Necessary actions should be taken to resolve unresolved arbitration disputes in accordance with Section 49(v)(c) of the Cooperative Rules.

1.5.7.4 Visual disorders

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the Ministry of Trade, Commerce and Food Security had provided Rs.82 million under 04 phases to the Puttalam District Rice Producers' Cooperative Societies and Rs.69 million under 6 phases to the Kurunegala District Rice Producers' Cooperative Societies under the program of providing credit relief to small and medium-scale paddy mill owners, by the end of April 2025, the outstanding amount from the Puttalam and Kurunegala societies were Rs.74 million and Rs.69 million	The Food Commissioner's Department has released loans to these cooperative societies. The North Western Provincial Cooperative Development Department has only acted as an intermediary in this process.	Actions should be taken in accordance with the terms and conditions of the agreements signed with the Kurunegala and Puttalam District Rice Producers' Cooperative Societies.

respectively, totaling Rs.143 million.

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| <p>(b) As per the agreements entered into with the cooperative societies, a late fee of 1.5 percent per month was not charged for overdue loans before the expiry of 06 months from the date of disbursement of the loan, and action had not been taken to charge the late fee of Rs.4,920,000, which was to be charged on the overdue loan of Rs.25 million released to the Kurunegala District Society from December 2023 to year 2024, and the late fee of Rs.7,080,000, including Rs.2,160,000, for the amount of Rs.22 million released to the Puttalam District Society.</p> | <p>The Food Commissioner's Department has released loans to these cooperative societies. The North Western Provincial Cooperative Development Department has only acted as an intermediary in this process.</p> | <p>Actions should be taken in accordance with the terms and conditions of the agreements signed with the Kurunegala and Puttalam District Rice Producers' Cooperative Societies</p> |
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1.5.8 Head -222 Land commissioner's Department

1.5.8.1 Operational Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
Although a period of 01 month to 08 years has passed since the submission of 852.15 hectares of land to the Commissioner General of Lands for approval with the recommendations of the Divisional Secretaries and the Commissioner of Lands of the North Western Province for the use of 198 applicants on a long-term lease basis for residential, agricultural, commercial, other activities and government institution needs, the approval of the Commissioner	The progress of 198 long-term lease files which has been submitted to the Land Commissioner's Department for approval are presented in annexure 08.	Relevant actions should be taken to obtain approval from the Commissioner General of Lands.

General of Lands had not been received by 18 November 2024, resulting in delays in preparing long-term lease agreements and the inability to collect the long-term leases due to the government as scheduled.

1.5.9 Head 231 – Department of Health Services

1.5.9.1 Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Accounting Officer	Recommendation
Subsection 22.1 of Chapter XLVIII of Part II of the Establishment Code of the Democratic Socialist Republic of Sri Lanka	There were 08 instances where disciplinary investigations were conducted against officers of hospitals, primary medical care units and health medical officer offices under the Puttalam Regional Health Services Directorate, where additional time was obtained without approval, but disciplinary investigation reports were not provided.	Comments were not given.	Approval for additional time should be obtained as per the Establishment Code. Disciplinary investigation reports should be provided promptly.

1.5.9.2 Management Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The value of expired medicines in the health institutions in Puttalam and Kurunegala districts under the North Western Provincial Health Department	Answers will be obtained and promptly from the Director of Regional Health Services and will be submitted.	Actions should be taken to provide medicines to the necessary hospitals before expire, and actions should be taken

was Rs.873,597 and the value of substandard medicines was Rs.268,624 as at 31 December of the year under review.

to dispose of expired and substandard medicines.

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| (b) | Due to the failure to enter into a contract with a specific institution for servicing the sewage system at the Galgamuwa Base Hospital during the year under review, the servicing could not be completed within the stipulated time and repairs had to be carried out at a cost of Rs.10,374,560 during the year under review. | No answers have been received from the Director of Regional Health Services. | Service agreements should be entered into. |
| (c) | Although 3 ½ years and 02 years and 03 months had passed since two vehicles belonging to the Kurunegala Regional Health Services Directorate were involved in an accident, a total of Rs.18,334,550 in damages had not been recovered from the relevant responsible parties due to the fact that the preliminary investigations had been completed and the disciplinary investigations had not been completed. | <p><u>LW - 1790 Ambulance</u></p> <p>The loss for this ambulance, amounting to Rs.11,705,970.15 (including 25 percent departmental charges), was not paid by its driver, C.D.M.J. Wijebandara, and further actions are being taken to recover the amount.</p> <p>The driver of the cab bearing number PE-4736 belonging to Office of the Medical Officer of Health Ridigama has been acquitted and released from the case pending in the Magistrate's Court.</p> | Disciplinary investigations should be concluded promptly and actions should be taken to recover damages. |

1.5.10 Head 232 - Department of Ayurveda North Western Province

1.5.10.1 Management Inefficiencies

Audit Observation

Comments of the Accounting Officer

Recommendation

According to the circular No. 2024/06-01 of the Secretary to

Fuel is issued daily for 07 vehicles belonging to the

Action should be taken in accordance with the

the Ministry of Health dated 05 March 2024, the Department of Ayurveda was able to obtain 1,630 liters of fuel per month for vehicles and generators, or 19,560 liters annually, under the Japanese Government grant, but in the year 2024, only 7,803 liters were obtained under the said grant and Rs.1,651,650 was spent on fuel through the departmental expenditure code. department. The petrol required for the KC-1789 car is not issued under this system and it is being issued as a normal fuel issue. circular.

1.5.11 Head 233 - Department of Social Services North Western Province

1.5.11.1 Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Observation	Comments of the Accounting Officer	Recommendation
Section 13.7 of Chapter II of the Establishments Code	During the period from April 2013 to December 2024, an amount of Rs.1,392,982 was paid as duty covering allowances to an accountant for covering the duties when there was no approved accountant position in the North West Province Social Services Department.	The duty covering allowances have been paid as per the approval of the Chief Secretary of North Western and the Governor's Secretary of North Western .	Should be acted in accordance with the Establishment Code.

1.5.11.2 Operational Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
An amount of Rs.1,100,000 had been provided to the health fund account of the Wevodagama Elderly Home in	Instructions were given to use the health funds of the Wevodagama Elderly Home to maintain the good health of the	The money should be used to achieve the objectives of the Health Fund.

07 installments from year 2010 residents. to year 2023, and the money was not used to maintain the health facilities of the residents, which is the objective of the health fund, and an amount of Rs.1,063,160 had been kept idle in the account for many years.

1.5.12. Head -234 Department of Probation and Child Care Services

1.5.12.1 Non-compliance with Laws, Rules and Regulations

	Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Accounting Officer	Recommendation
(a)	In accordance with Section 13.7 of Chapter II of the Establishment Code of the Democratic Socialist Republic of Sri Lanka	Although there is no approved Accountant post in the North Western Province Probation and Child care Services Department, Rs.761,520 was paid as duty coverage allowance during the period from 15 July 2019 to 31 December 2024 to cover the duties of that post.	This post is not a vacant post as provided for in Chapter II of the Establishments Code, but it is an appointment made to cover the duties of the post of Accountant with the approval of the Honorable Governor. In granting the said approval, the Honorable Governor has also approved the payment of an allowance equivalent to ¼ of the starting salary of Class III of the Sri Lanka Accountants Service, and the payment has been made accordingly.	should be acted in accordance with the Code of Establishment.

1.5.12.2 Management Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
An agreement had been entered into to provide a portion of the third floor of the Probation and Child Care Services Department for the establishment of the Kurunegala Regional Consular Office of the Ministry of Foreign Affairs from 27 July 2021, but as no condition was included regarding the charging of a rental fee, no ground rent had been charged for a period of 04 years, although the monthly rent had been assessed at Rs.60,000 for 03 years from the beginning of 2024, the agreement had not been entered into until 30 July 2025.	The contract has been forwarded to the second party to enter into the agreement on 03 March 2025.	Arrangements should be made to assess and obtain a land rent.

1.5.12.3 Operational Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
The Care Center for Unmarried Pregnant Mothers, built in the Amila Sevana Children's Home premises in Meegalewa at a cost of Rs.4,866,842 under the Provincial Specific Development Grants of the Department of Probation and Child care Services in the year 2022, could not be started due to lack of staff and remained idle.	It is expected that child mothers will be retained after staff are recruited in the future.	Actions should be taken to start a care center.

1.5.13. Head 241 – Povincial Road Development Department

1.5.13.1 Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Accounting Officer	Recommendation
Regulation 571 (2) of the Financial Regulations Code of the Democratic Socialist Republic of Sri Lanka	Action had not been taken to settle or credit to the State Revenue 15 expired deposits worth Rs.6,248,991 which had been overdue for more than 02 years from the date of deposit in the Department.	It has not been possible to release funds due to the non-expiration of the contract period related to 07 projects. Action will be taken to release the remaining deposits promptly.	Should be acted in accordance with the Financial Regulations

1.5.13.2 Deficiencies in Contract Administration

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) It is not being practical and economical filing approximately 2,807 cubic meters of ABC and 6” x 9” stones in the Construction Project of Puttalam Industrial Estate Internal Road System by workers and it could be done at a very low cost by using machines, but without preparing such estimates, actions were taken to prepare estimates for the work to be done by workers, and a payment of Rs.1,072,400 was made for the relevant work. It was also not formally confirmed that the supply of said materials had been provided in the prescribed quantity.	According to the current price analysis, prices have only been provided for the use of workers for filing, and since no price has been provided for filing using machines, it is not possible to apply a price for filing using such machines in the estimation.	It is the responsibility of the institution to make and use the rates and actions should be taken to minimizes losses in a manner.

(b) Observations regarding the construction of the Wennappuwa Blacksmith Road Box Culvert Construction Project.

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| <p>(i) While Rs.75,000 had been paid to the house owner for 05 months at a rate of Rs.15,000 per month for the office, an overestimate of Rs.300,000 had been made and paid so that Rs.375,000 could be spent under estimate number 1.09.</p> | <p>The approved rates for the year 2024 have been used in preparing the estimates for the building used for the worksite office and warehouse of this project.</p> | <p>Estimates should be prepared as accurately as possible. If work has been completed in addition to the estimated work, information regarding that work should be maintained.</p> |
| <p>(ii) Rs.7,549,793 had been paid to the contractor without properly certified file measurement reports that 2127 cubic meters of soil, gravel, ABC and sand were actually used in the project.</p> | <p>The 803 cubic meters of gravel used at the beginning of the project have been measured based on vehicle capacity. The gravel and ABC have been filed, inspected and permission has been granted. Since the work has to be completed within the limited timeframe of the project until the materials are filed and written approval is received for paving after the inspection of the headquarters engineer, there are times when permission is obtained and work is carried out without delay.</p> | <p>Payments should be made after full and close supervision and specific certification.</p> |
| <p>(iii) Payments of Rs.6,036,860 had been made for machinery and labour based on the daily labour records/checkrolls submitted by the contractor without the full-time supervision of an Industrial Officer or other close supervisor acting on behalf of the Department to</p> | <p>Due to the shortage of technical officers, it is not possible for a technical officer to stay at one work site full-time, and payments are made on a daily basis and their monitoring is carried out periodically during the day, and in order to confirm the time, information is also obtained from the labours, in addition to the supplier of the</p> | <p>In the direct labour system, executive engineering offices should also maintain signature records, rather than making payments based on suppliers' signature records.</p> |

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| | supervise the activities of the industry. | relevant machine and the machine operators. | |
| (iv) | The project had estimated a sum of Rs.1,179,545 to construct a coffer dam, but the relevant work was not carried out, and the existing culverts were blocked with soil removed from the site, false bills were submitted claiming that the relevant work had been completed, and Rs.958,920 had been paid for the work that had not been completed. | It has been estimated that the construction of this embankment will require approximately 717.60 cubic meters of soil, and It was estimated at the same time that the soil generated during the excavation of the culvert Cell would be used to construct the coffer wall, and the remaining 274 cubic meters of soil required for that purpose were procured from outside. | Close supervision should be maintained for direct labour industries and actions should be taken to ensure that payments are not made for work not done. |
| (v) | During the construction of the project, an estimated cost of Rs.1,500,000 was estimated under item number 2.09 for removing water for 1000 hours and a payment of Rs.712,200 was made indicating that water was removed for 653 hours. The use of water motors for that payment is unusual and according to the details and photographs submitted by the Technical Officer, it is confirmed that such a quantity of water motors and time were not used and false and unusual bills were submitted and payments were made. | If only one water motor was used, there would be no opportunity to remove the water leaking from the right side when the left side was removed from the coffer dam, and the water coming from the right side would flow over the concrete and reach the motor on the left side, so in practice two water motors were used. | Estimates should be prepared as realistically as possible and actions should be taken to prevent fraudulent payments. |
| (vi) | The project had used 2883 cubic meters of soil to prepare the additional access road and the embankment to prevent water from flowing in, and | The excess amount is calculated due to the amount of soil removed during the construction of the WING WALL being placed there. | Proper supervision should be maintained regarding the projects and should be done in a way that is beneficial to the government. |

the total amount of soil that could not be used after the construction of the bridge was approximately 465 cubic meters. Accordingly, there was a shortage of about 1918 cubic meters of soil between the amount of input at the beginning of the work and the amount of removal at the end.

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| <p>(vii) The amount of soil removed at the end of the said construction was 120 cubic meters, and 06 lorries, 03 each, were used to transport that amount 05 kilometers from the work site in 02 days. An abnormal amount of Rs.5,664 was paid for transporting 01 cube of soil 05 kilometers at a cost of Rs.40,000 per lorry, and Rs.150,858 was falsely overpaid for the transportation of that soil.</p> | <p>From the removed gravel suitable gravel was transported to the nearest location to the field using lorries, and payments were made at the relevant approved prices.</p> | <p>Proper supervision should be maintained regarding the projects and should be done in a way that is beneficial to the government.</p> |
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1.5.13.3 Staff Administration

Audit Observation

There are vacancies in 04 out of 07 approved posts of senior level engineer, 04 posts of tertiary level technical officers and 18 out of 45 posts of secondary level technical officers, and due to the presence of vacancies of essential officers for construction work, there were problems arisen in carrying out the

Comments of the Accounting Officer Recommendation

It is inevitable that there will be difficulties in properly managing the duties related to 45 technical posts, from the 28 actual staff.

Lack of engineers and technical officers is a problem for carrying out construction work, approvals should be obtained and actions should be taken to recruit them.

construction work with proper supervision.

1.5.14 Head 243 - Northwestern Industrial Development Department

1.5.14.1 Management Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
Although 03 months have passed since the submission of the final report regarding the shortage of goods and cash of Rs.2,263,980 at the Boyagane Textile Stock Center for the year ending 31 December 2023, the necessary arrangements for disciplinary action had not been taken.	The necessary steps have been taken without delay regarding the disciplinary action and legal action that should and can be taken by the department regarding this irregularity and that further action will be taken after receiving the report of the preliminary investigation.	Disciplinary actions should be expedited.

1.5.15. Head 250 - Minister of North Western Province Agriculture, Irrigation, Fisheries, Animal Production and Health and Agrarian Development

1.5.15.1 Transactions of Contentious Nature

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The North Western Provincial Ministry of Agriculture had granted the right to use 91 acres of the Denaverwatte land to the Navy Headquarters for a period of 30 years through a Memorandum of Understanding from 18 July 2022. However, the Land Commissioner's Office only grants the right to use government lands to government institutions, and it had been transferred to another institution without	With the approval of the Honorable Governor of the North Western Province, an amount of land of 88 acres, 02 perches, and 16 perches has been entered into agreements to be given only for the right of use for a period of 30 years to the Navy, from 19 July 2022.	It is more appropriate for the Ministry itself to take actions to increase the productivity of the lands used by the Ministry.

being used for the intended purpose, and the legal provisions of that transfer could not be uncovered, which led to problems during the audit of the legality of this Memorandum of Understanding.

1.5.15.2 Performace

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although it was planned to produce 2500 plants per month at the Denaverwatte Tissue Culture Laboratory, the maximum number of plants produced in a single month from January to October 2024 was 500. The total number of banana plants produced during the year under review was 4659. Accordingly, the tissue culture laboratory had not achieved the expected targets by the year 2024.	The expected target for year 2024 was 10,000 plants, but the target plant production could not be reached due to infection conditions.	Actions should be taken to achieve the goals.

1.5.15.3 Vehicle Utilization

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
An official vehicle of the Ministry had been involved in an accident on 30 December 2014, a loss of Rs.6,019,533 was incurred. Out of this, Rs.3,960,000 had been reimbursed by the insurance	A case has been filed in the Chilaw District Court to recover the outstanding amount of Rs.2,059,533 from the driver after receiving Rs.3,960,000 as insurance compensation in relation to the accident that occurred on 30	In relation to an accident vehicle, investigations should be carried out promptly and arrangements should be made for recovery.

company, and according to the investigation, the necessary actions had not been taken to recover the remaining Rs.2,059,533 from the relevant responsible parties as at 31 December 2024.

December 2014 and the case is pending.

1.5.15.4 Operational Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the Ministry had approved the disbursement of Rs.325,235,000 to 1319 beneficiaries from the Agricultural Revolving Credit Fund in the year 2024, loans of Rs.80,475,000 had been issued to only 418 beneficiaries. Accordingly, 901 beneficiaries, or 69 percent of the approved beneficiaries, have not been issued loans by the bank.	To expedite the disbursement of loans, agricultural promotion officers are currently selecting beneficiaries in discussion with bank officials.	should be worked together with the bank to achieve the desired objectives of the loan fund.
(b) The total loan amount of Rs.1,341,414, provided by The Ministry of Agriculture which was Rs.359,655 given to the Mawathagama Livestock Cooperative Society, Rs.431,789 given to the Dambadeniya Development Foundation, and Rs.550,000 given to the Agri-Entrepreneurship Development Foundation was to be receivable to the Ministry by 31 December 2024.	Since the Mawathagama Livestock Development Cooperative Society is not functioning, actions will be taken to pay the loan after liquidation. Information on the loan provided by the Dambadeniya Development Foundation is to be collected at the Divisional Secretariat level and discussed in the future.	Action should be taken to promptly recover outstanding loan balances.

1.5.15.5 Transactions of Contentious Nature

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
In contravention of Sections 1.1.1 (C) and (D) of Chief Secretary Circular No. 01/2014 dated 28 January 2014, The Secretary of the Provincial Ministry of Agriculture had received allowances of Rs.10,000 each for 02 Authorities while acting as the Chairman of the North Western Road Passenger Transport Authority and the North Western Regional Resource Development Authority from June 2022 to July 2023. Accordingly, allowances of Rs.65,000 for 13 months at Rs.5000 each had been received in contravention of the circular.	It is stated that actions will be taken in the future to recover the amount of Rs.65,000 paid in violation of the circular to this authority.	Action should be taken to promptly recover the money which has been paid against the circular.

1.5.16 Head 251 - Agriculture Department

1.5.16.1 Idle / Underutilized Assets

Audit Observation	Comments of the Accounting Officer	Recommendation
At the end of the year under review, out of the 29 vacant official residences owned by the Provincial Department of Agriculture, 09 were in a repairable condition, while 02 houses had unauthorized occupants. The responsible officers had not taken steps to repair these houses and remove the unauthorized occupants.	The reason why 09 official residences owned by this department have not been renovated is that this department does not have the ownership of the lands on which those official residences are located and there are no applicants, and the process of acquiring these lands is underway.	Unauthorized residents should be promptly evicted and government houses should be protected.

1.5.16.2 Uneconomic Transactions

Audit Observation	Comments of the Accounting Officer	Recommendation
Due to the non production of compost fertilizer, the cost of Rs.48,977,600 spent on purchasing 112 Huller machines has now become a wasteful expense.	Due to the policy measures taken by the government, These machines were given to these beneficiaries at that time because of the use of organic fertilizers. Again, due to the decrease in the production of organic fertilizers due to the use of chemical fertilizers instead of organic fertilizers, they remain idle.	While purchasing machinery and equipment at a high cost, a proper feasibility study should be conducted before purchasing.

1.5.16.3 Procurement

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Under the project to promote a non-toxic farmer's market in the North Western Province, the North Western Provincial Department of Agriculture purchased 50 solar dryers for Rs.15,930,000 with 50 percent government contribution to be provided to the beneficiaries identified in the North Western Province. Of these, 06 machines were provided to the Kurunegala Plantation Company, of which 03 machines were lying idle in an unsafe manner at the Dodamgaslanda farm. During the purchase of the machines, attention was not paid to training the beneficiaries on the operation of the machines, timely servicing and maintenance of the machines, obtaining the necessary knowledge from the supplier to carry out	Since a request has been made to provide these solar dryers for the entrepreneurs of the plantation company, the machines were provided on the basis of 50 percent contribution from the beneficiary entrepreneurs to use these machines for productive work instead of keeping them idle. It is clear from the examination of the documents that the maintenance, servicing and procurement of spare parts of the machines have been mentioned in the relevant documents during the preparation of the specifications, the preparation of the bid notices and the evaluation of the bids by the Technical Committee, and that	The purchased machines should be distributed in a manner that achieves the objectives of the project. Furthermore, purchases should not be made without a proper feasibility study.

repairs, and obtaining spare parts. As a result, 06 machines remained idle.

the Technical Evaluation Committee has paid attention to this. It is also clear that training on these machines has been conducted on 05 November 2024.

- (b) Under the Organic Fertilizer Production Entrepreneurs - 2021 Project, the North Western Province Department of Agriculture had purchased 107 of a SRW 08 model Multi Chopper Diesel machine made in Sri Lanka from a private institution at a cost of Rs.395,000 each, with a government contribution of Rs.31,698,750, or 75 percent, for a total of Rs.42,265,000. Out of these, the Technical Evaluation Committee had recommended that 70 machines meet the specified specifications, and the remaining 37 machines had been accepted into the warehouse without being recommended for purchase after the Technical Evaluation Committee had examined whether they met the specified specifications. 06 of these Multi Chopper Diesel machines were physically inspected during the audit, and all 06 of these machines had remained idle since the date of delivery due to the inability to be started using human power.

It has been stated that these machines are difficult to operate, but the sample provided for purchase was tested and the machine operated without any difficulty. Accordingly, these machines were purchased.

In addition to a single sample of the purchased machines, a larger number of machines should be inspected before purchasing, and the purchase should be done including clauses that allow for reparations in the agreement.

1.5.17 Head 252 - Department of Animal Production and Health

1.5.17.1 Activities out of the objectives

Audit Observation	Comments of the Accounting Officer	Recommendation
Although a dairy cow management unit was constructed in the Umandawa Ashram on 2,500,000 allocation in year 2021 with the aim of conducting training programs for young entrepreneurs, only one training program was conducted from year 2022 to year 2024. Accordingly, the basic objectives of constructing the cow management unit at a cost of Rs.2,440,677 had not been achieved.	A huge task is already being carried out in the ashram, including maintaining a sustainable farm, producing by-products, producing and utilizing biogas, and educating beneficiaries interested in animal husbandry. Accordingly, this project is achieving a higher result that exceed the amount spent.	When allocating funds, efforts should be made to allocate funds only to the most productive sectors.

1.5.18 Head 261 – North western Provincial Internal Audit Department

1.5.18.1 Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Accounting Officer	Recommendation
Sub-sections 3:1 to 3:6 of Section 3 of Chapter VIII of the Establishment Code of the Democratic Socialist Republic of Sri Lanka	Although overtime payments cannot be made in relation to normal work, 22 officers were paid overtime payments of Rs.98,554 during the period from March to June 2024, of which 18 were for duties related to the preparation of audit reports.	Overtime allowances had to be paid due to the existence of staff vacancies, the need to supervise the duties of new officers, and the need to engage in special audits.	Actions should be taken in accordance with the Establishment Code.

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

1.5.19.1 Abandoned projects

Audit Observation	Comments of the Accounting Officer	Recommendation
Module 03 and Module 06 of the project, which had a contracted cost of Rs.4.5 million under 06 modules to create an internet-based information management system for the Provincial Investment Program, had been cancelled, and an advance payment of Rs.230,696 had been made for the cancelled Module 03. However, by the end of 2024, only a part of Modules 04 and 05 had been completed.	At the time of making the final payment, the advance amount of Rs.230,696 will be deducted from the amount due upon completion of Modules 04 and 05.	Actions should be taken to settle the advance payment.

1.5.20. Head 263 - Provincial Revenue Department

1.5.20.1 Management Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
Out of the outstanding stamp duty of Rs.99,180,399 as at 01 January 2024, after collection of Rs.43,963,745 as at 31 December 2024 and adjustment of fines, exemptions and write-offs during the year, there was a further outstanding balance of Rs.52,134,103 as at 31 December 2024.	The department will take all possible actions to recover the outstanding amounts.	Action should be taken to settle the outstanding amounts.

1.5.20.2 Failure to achieve the desired output

Audit Observation	Comments of the Accounting Officer	Recommendation
Out of the outstanding tax balance of Rs.17,900,819 as at 01 January 2024, Rs.8,483,385 had not been recovered as at 31 March 2025 after adjusting for charges and write-offs during the year.	Approval was given to waive the tax and fine related to one case file. 09 case files are pending in court as at 31 December 2024.	Action should be taken to settle the outstanding amounts.

1.5.21 Commercial Advance Accounts

1.5.21.1 Code No. 24302 – “Carpentry Commercial Advances Account” of the North Western Province Industrial Development Department

Audit Observation	Comments of the Accounting Officer	Recommendation
As at 31 December of the year under review, the value of the lands pertaining to 19 centres and the buildings of 17 centres not transferred to the Department of Industrial Development was Rs.120,753,500 and Rs.47,343,350 respectively. The buildings situated on these lands had been maintained for a long time without taking over the right of use of these lands and could not be accounted for as assets under property, plant and equipment in the financial statements..	The department had not taken over 19 plots of land where centers and outlets are run in relation to the industrial sector, and the committee for assessing the lands under this department has informed that there is no assessed value for this land.	Actions should be taken to acquire the right to use the lands that are being used, and the value of the lands that have not been assessed should be assessed and accounted for.

1.5.21.2 Code No. 24303 - Commercial Advance Account for “Maintenance of Textile Centres” of the Department of Industrial Development

Audit Observation	Comments of the Accounting Officer	Recommendation
Cost value of Rs.167,275,580, being used by Janasalu Center and outlets of the department and the ownership of 68 lands where Janasalu centers are run and industries in 67 centers in 68 Divisional Secretariat Divisions with a total value of Rs.437,438,500 had not been taken over to the Department.	the further work related to acquisition of un acquired lands is being carried out.	Action should be taken to take over the ownership.

1.5.21.3 Bearing Code No. 25003 - Mawathagama Denawarwatte “Tissue Planting Laboratory” Commercial Advance Account

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Construction work has been underway at the Mawathagama Denawarwatte Government Farm since year 2019, and the ownership of the land on which the tissue culture laboratory is located, worth Rs.21,963,616, had not been acquired.	The acquisition of land ownership and valuation will be carried out this year.	Assets related to entity should be properly identified and accounted for..

1.5.21.4 Bearing Code No. 25102 - Commercial Advance Account for "Management of Farm Activities and Supply of Seed Paddy"

Audit Observation	Comments of the Accounting Officer	Recommendation
The Wariyapola Government Farm, which is about 104 acres in size, was established around 1918, and development work was carried out on this land at a	Answers were not given.	Arrangements should be made to transfer the land to the Department of Agriculture.

cost of Rs.10,257,904 during the year under review, but the ownership of the land on which the farm is located had not been acquired by the end of the year under review.

1.5.22 North western Human Resources Development Authority

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although an officer who had been accused of misappropriating funds of cooperative societies had been suspended by the letter of the Chairman of the Authority dated 10 June, 2024, no disciplinary action had been taken against that officer.	It has been referred to the Chief Ministry for further investigation.	The investigation should be completed promptly and appropriate action should be taken.
(b) The specifications were not clearly presented when calling for quotations for the purchase of uniforms required by the defense sector for the year 2024, and the specific reasons for rejecting the lowest price were not provided in the Technical Evaluation Committee reports, and the Authority suffered a loss of Rs.447,280 due to the purchase at a price higher than the minimum price.	The purchase was made based on the fact that other registered suppliers did not submit samples and the prices offered were reasonable.	Should be acted in accordance with Procurement guidelines.
(c) A contract had been entered into with a private company without conducting a competitive bidding process to select a company to develop a payroll processing software for the Security and Sanitation Service. No bid security had been	Arrangements have been made for utilization by July 2025.	Action should be taken to utilize it.

submitted as per 5.3.13 of the Procurement Guidelines. As at 31 December 2024, the Authority had not used the software and had only entered the information of the officers of the Sanitation and Security Division into the data system. Accordingly, the amount of Rs.1,195,000 paid by the Authority had become a waste of money due to the fact that the software completed since year 2022 has not been implemented to date.

1.5.23 Wayamba Janakala Foundation

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) During the year under review, the Kurunegala Viscum Niwasa had incurred losses for 09 months, the Chilaw Viscum Niwasa for 11 months and the Wayamba Export Center for 6 months. The management had not taken any significant measures to bring those Viscum house to a profitable state.	Arrangements are being made to erect a name board in front of the Kurunegala and Chilaw Viscum houses, and necessary steps have been taken to carry out the necessary publicity through the Wayamba Janakala Foundation's website, Facebook social media, and YouTube channel.	Actions should be taken to maintain the outlets at a profitable level.
(b) During the year under review, when leasing out 28 stalls owned by the Janakala Foundation on a temporary and permanent basis, the procurement process based on the assessed value had not been followed.	The Board of Directors has approved the appropriateness of leasing out shop spaces for the year 2025 on the basis of an annual rent increase of 10 percent.	The procurement process should be followed based on the government assessments and leases should be awarded.

1.5.24 Early Childhood Education Development Authority

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The Northwestern Early Childhood Education Development Authority had printed 107,145 Muthuketa and Miniketa magazines at a cost of Rs.5,892,480 between year 2011 and year 2013, and due to the fact that more magazines had been printed, 24,514 magazines remained.	Currently, preschool teachers have expressed their willingness to sell the remaining stock of books, and it has been decided that the teachers will be consulted about their needs and the sale will be made accordingly, and that money will be credited to the gratuity account.	Procurement activities should be carried out by accurately predicting the need, and efforts should be made to put the remaining workbooks to useful use.
(b) (i) The first Preschool Teacher Training College in the country of the North Western Province Early Childhood Education Development Authority and the Sakura Model Preschool, which was established under the JICA project in 1994 to provide a model for the preschool sector in the North Western Province, had been falling into disrepair/dilapidation due to lack of maintenance for many years.	The Wayamba Pre-School Teacher Training College is located on an area of about 4 ½ acres and the Authority does not have sufficient funds to carry out its maintenance work at once. However, year after year, renovations have been carried out in the hostel, day care center, preschool section, main hall, etc. of the college using various projects, ministry allocations and Authority funds.	Maintenance work should be carried out and actions should be taken to utilize it at maximum capacity.
(ii) Although only a portion of the boundary wall of Sakura Model Pre-School was completed during the year under review at a cost of Rs.1,895,000, the responsible officials had not taken necessary	The first phase of the work has been completed with an estimated expenditure of Rs.1,895,359 out of an estimated expenditure of Rs.2,596,531. An amount of Rs.50 lacs has been forwarded for approval as the second phase under the Provincial Specific	Needs should be prioritized and actions should be taken to reduce risks.

action even though a portion of the boundary wall was close to the point where that portion was completed and was on the verge of collapsing. Development Grants in the year 2025.

- (c) Although the Early Childhood Education and Development Authority Charter No. 04 of 2003 and Section 01 of Schedule III of the Order No. 1395/25, 03 June 2005 issued in relation thereto, early childhood education and development institutions operating in the North Western Province for children between the ages of 3-5 years must be registered under the Authority, out of the 2152 preschools operating in the North Western Province as at 31 December of the year under review, 713 preschools were operating in the North Western Province without registration, but due to shortcomings in the statutes, there had been no supervision by the Authority and no management decisions had been taken in this regard, and the responsible officers had not taken steps to amend the statutes. Since the legal provisions to be taken for these preschools have not been specified, it is hoped that appropriate action will be taken through a future charter amendment. Pre-schools operating within the province should be regulated and supervised.
- (d) Although early childhood development should be highly standardized, all the pre-schools established in the province in the form of newly emerging international schools had become business organizations with only a There are also pre-schools that are run on a commercial basis, and since the Authority's statute is not powerful enough to deal with those pre-schools, the necessary rules and regulations have been included in the draft charter to resolve these issues in Early childhood education and development institutions should be regulated.

certificate of business the upcoming statute registration, which were not amendment. regulated by the Provincial Council or the Central Government.

1.5.25 North Western Provincial Environmental Authority

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) (i) Although employees were to be recruited in accordance with the recruitment procedure as per Section 12 (1) of the North Western Province Environmental Act No. 12 of 1990, a recruitment procedure had not been prepared and approved for the Authority as at 31 December of the year under review, and employees had been recruited, promoted and assigned to work outside of this.	Answers were not given.	Arrangements should be made to get the recruitment procedure approved as soon as possible.
(ii) Although the Authority has not approved a recruitment procedure as per Management Services Circular 03/2018 dated 18 June 2018 and 2 (I) of Management Services Circular 02/2020 dated 26 October 2020, the approval of the Department of Management Services	The Human Resources Development Authority has assigned the position of Management Services Officer. Since the recruitment procedure has not been approved and there is a shortage of staff in the Management Services Officer position, the position has been assigned based on service requirements with the approval of the Board of Directors.	Recruitment should not be made without approval.

should be obtained before recruiting employees, 05 officers have been recruited for the Authority in the last 05 years without approval.

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| <p>(b) The amount of Rs.215,803 due for EIA tests, which has been included under other financial assets in the statement of financial position for many years, had not been recovered in the year under review.</p> | <p>Answers were not given.</p> | <p>Action should be taken to recover those outstanding amount.</p> |
| <p>(c) In terms of Section 1.2.1 of the Chief Secretary of the North Western Province Circular No. 01/2014 dated 28 January 2014 and amendments, the Executive Director is entitled to a monthly fuel allowance equivalent to the value of 116 liters. The Chief Secretary of the Ministry had allocated the vehicle PH – 0262 as an official vehicle to the Director of the North Western Provincial Environmental Authority by letter dated 26 June 2019, and 4,068.9 liters of fuel worth Rs.1,574,187 had been obtained for that vehicle in exceeding of the limit in the year 2023 and up to the year 2024 August.</p> | <p>Answers were not given.</p> | <p>Actions should be taken to recover the value of fuel paid in exceeding of the limit.</p> |

1.5.26 North Western Industrial Services Bureau

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The Industrial Services Bureau and the Ministry of Agriculture had entered into an agreement for the implementation of the Agricultural Sector Modernization Project for a value of Rs.167,763,500 and although 14,000 beneficiaries in 12 districts were to be trained, the number of beneficiaries actually trained was 6,259. The total value received and receivable for the project by the end of the year under review was Rs.108,375,243. Accordingly, the Bureau had lost an income of Rs.59,388,257 that could have been obtained.	11,347 beneficiaries could be recruited from the selected farmers as it was a very difficult task to get the participation of farmers in such programs beyond the daily routine and to retain their presence continuously.	Work should be planned and carried out with thorough study, formal guidance and supervision to generate contracted income and achieve objectives.
(b) An amount of Rs.1,933,962 was paid as salary for two excess posts under the approved post title of Senior Advisor in the year 2023. However, due to the promotion of both those officers to the post of Assistant Director during the year under review, when there was only 01 vacancy, the salary paid for an unapproved post from 01 April 2024 was Rs.96,255. As a result, the amount paid as salary irregularly from 2023 to 31 December of the year under review was Rs.2,030,217.	The Board of Directors of the Bureau has approved the promotions of these officers based on the performance they have achieved and the full recommendation of the Executive Director.	Employees should be recruited only for the approved number of positions.

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| (c) | While no recruitment procedure had been approved for the institution, 10 officers were recruited for 06 posts during the year 2024, of which 07 officers exceeded the approved staff limit and the amount of salaries paid during the year under review in relation to these unapproved posts was Rs.3,601,860. | The work related to getting a recruitment procedure approved is currently being implemented. | Only the approved number of staff should be recruited according to an approved recruitment procedure. |
| (d) | 07 officers were promoted and given several salary increments at once in the year 2024, and for that an additional amount of Rs.250,740 was paid to those 07 officers during the period from April to December of the year under review. | These promotions have been granted to 07 officers of the institution based on performance evaluations of the year 2023, with the full approval of the Board of Directors. | Recruitment procedures should be approved and salary increments should be paid for employees accordingly. |
| (e) | As a result of 04 officers in the Bureau being irregularly given 2-3 salary increments at once and promoted during the period from 2021 to 2023, an amount of Rs.235,695 had been irregularly paid as excess salaries up to March of the year under review. | Human resource management and administration is a very important part of the Bureau and this staff revision has been sent to the Chief Secretariat for approval. | Recruitment procedures should be approved and salary increments should be paid for employees accordingly. |
| (f) | Although the Bureau had earned a net profit of Rs.2,252,673 and Rs.11,512,185 for the years 2022 and 2023 respectively, the relevant tax had not been paid to the Inland Revenue Department as per Section 2 (1) of the Inland Revenue Act No. 24 of 2017 up to the audit date of the year under review. | The Industrial Services Bureau, established in accordance with the North western Industrial Services Bureau charter No. 11 of 1990, has been established as a non-profit state statutory body. A controversial situation has arisen regarding the payment of income tax as a state body in accordance with the fund maintained as a cumulative fund. However, the matter you have pointed out will be considered in the future. | Action should be taken in accordance with Section 2 (1) of the Inland Revenue Act, No. 24 of 2017. |

- (g) Due to the fact that the estimates were prepared without proper study or planning of the tasks to be carried out in relation to the projects carried out by the Bureau, the officers of the Bureau were given high-value imprests. Although the value of the imprests given on 48 occasions was Rs.5,647,600, without spending any of those imprests, 6 officers had not used the imprests worth Rs.2,030,600 for any work and had kept them in hand for a period of between 2 and 4 working days, while the remaining imprests worth Rs.2,088,007 kept in hand for a period of between 1 and 23 working days, exceeding the period of 14 days and had been settled.
- The advances issued were issued with great care and in some cases, these funds have had to be settled due to postponement, cancellation of planned work, etc. The Bureau will continue to pay special attention to this matter and will investigate formal reasons and take appropriate action in case of returning of funds or overspending.
- Advances should be provided based on accurate estimates.
- (h) According to Section 2.1 of Chapter III of the Establishments Code, Section 30 of Chapter IV of the Code of Procedural Rules of the North Western Provincial Council and Section 2 of Chapter IV of the Administrative and Establishments Code approved by the Industrial Services Bureau, a recruitment procedure should be prepared for each post, but even though almost 12 years have passed since the posts related to the Bureau were approved, no steps had been taken to prepare and get a recruitment procedure approved.
- According to the staff available at that time on 18 September 2012, approval had been received from the Department of Management Services for 34 employees, and based on those positions, the Industrial Services Bureau had prepared recruitment procedures and submitted cut off.
- A recruitment procedure for each post should be prepared and approval should be obtained in accordance with Chapter III, fact 2.1 of the Establishments Code, Chapter IV, Section 30 of the Code of Procedural Rules of the North Western Provincial Council and Chapter IV, Section 2 of the Code of Rules.

1.5.27 Wayamba Development Authority

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although there were up to 10 objectives in accordance with Part I, Paragraph 4 of the Wayamba Development Authority Charter No. 01 of 1993, the Authority is not currently carrying out the work related to 08 of these objectives, and although the Authority is working towards achieving other objectives, no steps have been taken to amend the Statute including those objectives.	The charter of the North West Development Authority has been amended and referred to by the cutoff.	The institution should direct its activities to achieve the relevant objectives.
(b) Madurankuliya Tourist Information Center was leased to a private entity on 01 September 2018 for a period of 5 years, but the outstanding lease amount up to 15 January 2025 was Rs.10,609,212 and according to Section 6 of the lease agreement, the surcharge due for payments made after the due date was not collected. The previous lessee, who failed to commence and maintain operations during the 05 years from 2018 to 2023 and did not pay any rent, had been informally given a lease again for a period of 30 years from 12 January 2024 by the Governor's letter No. 012/23 dated 24 June 2023 without calling for tenders, but the center had not commenced operations.	In view of the Easter attack in year 2019 and the Covid-19 pandemic situation in March 2020, requests for grace periods have been submitted to the Board of Directors and the grace periods have been given according to the instructions given by the Secretary of the North West Chief Ministry. Since the operations of the site had not commenced during this period, it was not possible to collect lease and surcharges during that period.	Arrangements should be made to start operational activities.

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| <p>(c)</p> | <p>The assessed rental value for the hotel school operated in the building owned by the Authority in the year 2024 was Rs.5,400,000, but the rental value paid for the year 2024 was Rs.3,360,000, so Rs.2,040,000 less rent was collected and the financial loss incurred due to the under collection in the years 2022 and 2023 was Rs.4,080,000. Accordingly, the total loss incurred to the Authority for the past 03 years was Rs.6,120,000.</p> | <p>Considering the economic and non-economic benefits to the province and the authority, both parties have agreed to pay Rs.280,000 as monthly rent and have agreed to pay the assessed value of Rs.450,000 related to the year 2025.</p> | <p>Actions should be taken to recover the assessed value of the government.</p> |
| <p>(d)</p> | <p>Although the assessed value of shop rooms 03 and 04 in the main building of the Badagamuwa premises was Rs.50,000, the loss incurred to the Authority due to charging Rs.33,000 each for the relevant property for a period of almost 13 months from 15 March 2021 to 28 April 2022 was Rs.221,000, and the loss incurred to the Authority due to charging Rs.32,500 each for 27 months from 01 September 2022 to 31 December 2024 was Rs.472,500. Accordingly, the total loss incurred due to undercharging of rent for these two shop rooms was Rs.693,500.</p> | <p>Both shops No. 03 and 04 are one shop and when calculating the assessed value, it is considered as 02 shops and the assessed value is given as Rs.50,000. The minimum lease rent for the shop has been calculated as Rs.32,000 and lease has been levied according to the bid amount submitted..</p> | <p>Actions should be taken to recover the assessed value of the government.</p> |
| <p>(e)</p> | <p>The value of the outstanding lease rent to be collected from 06 shops and premises belonging to the Authority from the year 2021 to the end of the year 2024 was</p> | <p>Comments were not given.</p> | <p>Action should be taken to recover the outstanding amount.</p> |

Rs.436,231,while the total value of the late fee to be charged from 08 premises from October 2022 to December 2024 for the late fees to be charged as per the agreement due to the delay in payment of rent lease for the shops was Rs.502,222.

1.5.28 North Western Machinery and Equipment Authority

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The balance receivable as at 31 March 2025 in terms of rental charges, repair charges, service charges and civil works charges was Rs.19,000,459, of which Rs.8,736,646 was overdue for more than 05 years. No action had been taken to recover the outstanding balance or to take legal action or any other appropriate action by the end of the year under review.	An amount of Rs.19,000,459 remained as outstanding as at 31 March 2025,	Necessary actions should be taken to recover loan balances.
(b) The position of Managing Director of the Authority had been vacant since December 2015, and officers had been appointed on an acting basis for a period of 09 years without appointing a permanent officer.	The North western Chief Ministry has been informed on several occasions about the need for a full-time officer for the position of Managing Director of the Authority.	An officer should be recruited for the position of Managing Director on a permanent basis.
(c) 04 vehicles belonging to the Authority worth Rs.9,300,000 had been lying idle for a period of 06 months to 05 years without being used,	The tipper vehicle bearing number 68-5439 is undergoing repairs to the gear system while the water bowser bearing number 26-0005 is in running	Arrangements should be made for utilization, transfer to another necessary institution, or disposal.

while a lorry and a tipper truck worth Rs.3,200,000 had remained idle due to non-repair. condition and will be put into service after a suitable work site is found. Vehicles bearing numbers 28-3594 and 28-3595 are mobile service vehicles used by the institution about 15 years ago. However, since there is no need to carry out repairs using these mobile vehicles at a high cost at present, these vehicles are not being used. However, the equipment available in the workshop of these vehicles has been used.

1.5.29 North Western Road Passenger Authority

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) It was stated in Section 28 of the Road Passenger Transport Services charter No. 04 of 1995 that a passenger service permit could not be transferred, and the Passenger Transport Services Amendment charter No. 07 of 2018, approved on 16 December 2023, did not contain any provision regarding the transfer of permits. The preparations of orders related to the issuance of permits were also not prepared until February 2025, and without any provision, 140 road permits worth Rs.51,700,000 were transferred in the year 2024.	Provisions have been made regarding the transfer of licenses under No. 19 (I) of section 11 of the Passenger Transport Services Amendment charter No.07 of 2018, published on 31 December 2023, under the powers and functions of the Provincial Road Transport Services Authority. The work of making powers and functions for the amendment charter is currently underway. The new amended charter has conferred powers to regularize ownership.	Formal rules regarding the issuance of licenses should be formulated and implemented.

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| (b) | Action had not been taken to recover the monthly running chart fees due to the Authority for the period from the year 2013 to 31 December 2024 amounting to Rs.12,425,500 and the late fees amounting to Rs.2,452,150. as at 31 March 2025 | Those outstanding monthly running chart fee and late fee as at 31 March 2025 are Rs.12,425,500 and Rs.2,452,150 respectively. | Action should be taken to recover the revenue due. |
| (c) | No actions had been taken to recover or take appropriate action on the entry fee revenue of Rs.2,040,800 and late fees of Rs.362,200 for the period from the year 2013 to year 2022. | Late fees that have not been collected, have not been collected even as at 31 March 2025.. | Action should be taken to recover the revenue due. |
| (d) | Additional travel revenue receivable of Rs.2,440,000 and late fee of Rs.692,100 relating to the period from the year 2019 to year 2022 had not been recovered during the year under review. | The additional travel fee to be charged is Rs.2,322,000 and the late fee is Rs.661,100 as at 31 March 2025. | Action should be taken to recover the revenue due. |
| (e) | The outstanding service charges of Rs.89,000 due as at 31 March 2025 related for the period from the year 2014 to December 2023 remained uncollectible at the end of the year under review. | Since buses with outstanding service fee balances have been withdrawn from service and cancelled, actions will be taken to recover them on occasionally. | Action should be taken to recover the revenue due. |
| (f) | The Authority had not taken necessary actions to recover the outstanding amount of Rs.2,096,000 in respect of 23 licenses issued for payment in installments during the period from the year 2011 to 31 year 2024 December, when issuing new licenses through tenders | The outstanding license fee balance is Rs.2,096,000. Those licenses have been withdrawn from operation and are in invalid status. | Action should be taken to recover the revenue due. |

and under the regularization of ownership.

- (g) The operating loss of the Driving School during the year under review was Rs.2,977,420, it was increased by Rs.792,320 compared to the previous year. This situation was caused by the decrease of trainees by 71 compared to the previous year due to not taking the necessary measures to increase the performance and productivity of the driving school.
- Especially in the year 2023, various societies and government institutions such as the Probation Department sent groups for training under various provisions. However, in the year 2024, due to the lack of such groups, the income situation was decreased.
- Attention should be paid to the activities of the Driving training school and arrangements should be made to increase income.
- (h) 132 road permits that had not been renewed since the year 2019 had been cancelled in the year 2024, and the monthly running chart income and late fees due from the year 2016 to year 2022 for the buses related to those permits, amounting to Rs.1,118,100, had been removed from the financial statements of the year 2024 without any approval.
- Since it is not possible to collect the arrears related to these licenses, they have been removed from the register by mistake. Since this write-off has not been done according to a formal procedure, actions will be taken to formally write it off after obtaining the approval of the Board of Directors and the Honorable Governor.
- Proceeds should be taken to remove receivables from accounts only after obtaining formal approvals..
- (i) Although a cab owned by the Authority was sent to the Machinery Authority for repairs on 20 November 2023 and repaired at a cost of Rs.3,400,000, the vehicle remained unused for over a year as the cab was not taken to the Authority for payment of the fees until 28 February 2025.
- The Board of Directors decided on 29 April 2025, to implement the recommendations of the committee appointed by the Chief Secretary regarding the repair of the cab, and accordingly, further actions are currently being taken to obtain the cab.
- The vehicle should be taken to the authority and arranged for utilization.

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| (j) | Although, as per Section 13.2 of Chapter ii of the Establishments Code, an acting appointment should be made as a temporary remedy until appointment to a permanent post, officers had been appointed to all posts at the management level of the Authority for a period of 02 to 05 years for acting, but attention had not been paid to the recruitment of permanent officers. | Taking into account the experience of the officers currently in service, these acting positions have been given to ensure the proper implementation of the daily duties of the institution. It is stated that the necessary actions are being taken to recruit permanently in the future. | The provisions of the Establishments Code should be followed. |
| (k) | Although the Accounts Committee held on 11 September 2014, had informed that a formal method be selected and gazetted for issuing passenger road permits, 09 years had passed since the decision was made, no actions had been taken to rectify it. | Road permits have been issued following the tender procedure in the years 2016, 2019, 2023 and 2024 under Section 02.01 of Article 17 of the Charter No. 04 of 1995. | Licenses are issued under both the transfer of ownership and the tendering method, and actions should be taken to select one method. |

1.5.30 North Western Regional Resources Development Authority

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) In accordance with the Section 23 (1) of the North West Regional Resource Development Authority Charter No. 01 of 2001, as the Chief Executive Officer of the Authority, the Board of Directors shall appoint a full-time capable person, hereinafter referred to as the Managing Director in this	If direct recruitment is done for the position of Managing Director, the amount of salary and allowances to be paid is so large that the institution cannot control it, and it can only be agreed if provision is made by the Provincial Council	Actions should be taken in accordance with Section 23(1) of the North Western Regional Resources Development Authority Charter No. 01 of 2001 and Section 12.2.3 of Chapter VII of the Establishments Code.

charter. Also, in accordance with Section 12.2.3 of Chapter VII of the Establishments Code, the position to which a person is appointed to act must be full-time or a position for which a full-time officer is intended to be appointed in the near future, but an officer had been appointed to act in that position continuously from 2017 to 30 April 2025.

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| <p>(b) As per the decision of the Board of Directors on 01 April 2021, the difference between the starting salary of the acting posts and the starting salary of the regular post was approved as acting allowance in accordance with Section 12.5.3 of Chapter VII of the Establishments Code for the officers appointed to act in the approved posts of the Department of Management Services. However, since these officers do not perform any duties in the permanent post and perform their duties full-time in the acting post, the basis for payment of an acting salary was not disclosed.</p> | <p>The difference between the starting salary of the acting positions and the starting salary applicable to the permanent positions, has been approved by the Board of Directors on 01 April 2022 as an acting allowance and will not exceed the starting salary of the acting position as per 12.6.2 of the Establishments Code.</p> | <p>Provisions should be followed.</p> |
| <p>(c) 07 assets worth Rs.23,385,000 owned by the Authority were remained idle.</p> | <p>Arrangements are being made to utilize.</p> | <p>Action should be taken to utilize.</p> |

1.5.31 Fishermen's Revolving Fund

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) During the year under review, Rs.4,400,000 had been given as loans to 13 beneficiaries, and more than 4 times of that amount had not been given as loans to the beneficiaries and an amount of Rs.18,690,000 had been retained in the revolving fund as fixed deposits. Accordingly, the objectives of 5 (I), (II) and (III) of the revolving fund rules had not been fulfilled.	The loan amount will be disbursed to the beneficiary in installments after the documents and guarantors requested by the bank are completed. There may be some delays in disbursing the loan amount due to any issues with the guarantors or other factors requested by the bank.	Funds should be spent in a manner that achieves the objectives of the fund.
(b) An amount of Rs.13,200,000 had been provided for loans in the year under review under the Provincial Specific Grants, of which only Rs.4,400,000 had been provided as at 31 December 2024. Accordingly, 67 percent of the provisions received had not been spent for the relevant purpose and had been retained in the Revolving Fund Account.	We always submit revolving loan applications to our bank as appropriate to our financial situation.	The provisions received should be properly spent for the respective purpose.

1.5.32 Agri-Entrepreneurship Development Revolving Fund

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although 11 objectives of the Revolving Loan Scheme were stated under Rule No. 03 of the Revolving Loan Scheme of the North Western Province	The objectives of the Agri-Entrepreneurship Development Revolving Loan Fund are long-term objectives and the necessary initial actions are	Action should be taken to achieve the objectives.

Ministry of Agriculture, the necessary arrangements had not been taken to achieve 08 of these objectives. currently being taken to achieve those objectives.

1.5.33 Irrigation Sustainable Maintenance Fund

Audit Observation	Comments of the Accounting Officer	Recommendation
In accordance with the Irrigation Charter No. 2 of 2014, a total of Rs.69,822,856 had been invested in fixed deposits as at the end of the year under review, without utilizing funds from the Irrigation Sustainable Maintenance Fund, for the relevant purposes.	According to the relevant Irrigation Charter No. 02 of 2014, since the sources of income to achieve the objectives of the charter have been blocked, these funds have been invested for emergency maintenance payments and maintenance activities.	Action should be taken to achieve the objectives of the Charter.

1.5.34 Co-operative Development Fund

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the Cooperative Fund is constituted by a contribution not exceeding 10 percent of the annual net profits and not less than Rs.500 as regulated by the Registrar of Cooperative Societies in terms of Section 43 (1) of the Cooperative Societies Act No. 05 of 1972 and Rule 43 (ii) of the Cooperative Societies Rules, 1973, A court fine balance of Rs.99,206,271 which has not been identified	If information is revealed to release court fines, that money has been credited to the Cooperative Fund subject to release.	Action should be taken in accordance with Section 43 (1) of the Cooperative Societies Act No. 05 of 1972 and Section 43 (ii) of the Cooperatives Rules, 1973 and court fines should not be credited to the Cooperative Development Fund.

and released to the relevant societies remained in the Cooperative Fund illegally.

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| <p>(b) Although Rs.701,568 was paid from the Cooperative Fund for visas and pariskara allowances for the trips to Thailand, Malaysia and Egypt that officers of the Department of Cooperative Development participated in 03 occasions, there is no information to confirm which training program was attended, whether a formal invitation was received from a foreign country, whether the knowledge gained can be utilized for cooperative development, and whether the officers who participated in the trip took steps to impart the knowledge and experience they gained to other officers, thus these expenses were incurred contrary to the objectives of the Cooperative Fund.</p> | <p>Since those trips are foreign study programs related to the cooperative movement, they have been paid for from the pariskara allowance fund. It has been instructed to submit study reports and project reports.</p> | <p>Officers who participated in the foreign trip should submit an observation report, and the institution should maintain the necessary detailed files and documents.</p> |
| <p>(c) During the period from the year 2008 to year 2021, Rs.47,310,171 had been provided as loans to 11 societies from the Cooperative Fund, out of which Rs.14,721,914 was due as on 01 January 2024, a loan balance of Rs.5,504,559 had been recovered in the year under review, but no interest had been collected on those loans.</p> | <p>Answers were not given.</p> | <p>Interest should be charged on loans granted as per the agreement.</p> |

1.5.35 North Western Provincial Chief Minister's Fund

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although Section 06 of the North Western Province Chief Minister's Fund Charter No. 02 of 1990 provides that the funds of the Fund may be used for the relief of poverty in the North Western Province, the development of education or knowledge in the North Western Province, the promotion of religion in the North Western Province, and for making a grant to those who have rendered service to the North Western Province or for any other purpose for the welfare or benefit of the public in the North Western Province, the Chief Minister's Fund had not been spent on any other purpose for which funds could be used, except for medical aid payments, in the previous years as well as in the year under review.	Currently, priority is being given to providing assistance to patients, providing assistance for educational activities, and providing assistance for sports activities.	Actions should be taken to fulfil the functions without limiting to one function of fund.
(b) Although it was stated in Section 5(2) of the Charter that the Fund could be financed from various other sources during the year under review, only Rs.2,900, that is 0.058 percent of the total income, had been received from other sources and accordingly, 99.042 percent of the total receipts, that is Rs.05 million, had been provided under Provincial Councils' Sub-	As a step towards securing funds from other sources in accordance with the charter, a program is currently being implemented whereby public officials in the North Western Provincial Public Service voluntarily donate Rs.50 from their monthly salary to the fund.	In accordance with the charter, arrangements should be made to procure funds from other sources as well.

Measures, but no effort had been made to raise funds for the Fund from various other sources.

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| (c) | <p>While 47 beneficiaries were provided medical assistance from the Chief Minister's Fund in the year 2022 and 35 beneficiaries in the year 2023, only 08 beneficiaries were provided medical assistance in the year under review. Out of which 04 medical assistance payments were requests from the previous year, and only the remaining 04 were benefit requests from the year under review. Accordingly, there was a decrease in the providing benefits from the Chief Minister's Fund in the year under review.</p> | <p>The criteria for providing assistance from the Chief Minister's Fund are prepared by the Chief Minister's Fund Governing Board headed by the Honorable Governor of the North Western Province and it has been stated that the ability to make payments has decreased due to the change in those criteria from time to time based on the need for services. Applications were largely rejected due to non-compliance with the criteria. As a remedy, the criteria for providing assistance have now been revised.</p> | <p>Efforts should be made to provide maximum benefits to the people of the Northwestern Province annually based on approved formal criteria, without changing the criteria from time to time.</p> |
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1.5.36 Northwestern Province Housing and Construction Development Fund

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although an expenditure of Rs.33,440,145 had been incurred as at December 31, 2024 for the lands purchased under the Sustainable Cities Phase vi and Phase viii owned by the Fund, it was not possible to develop the lands to a condition suitable for sale by the end of year 2024.	The situation highlighted by the audit has arisen because development activities have to be carried out jointly with institutions and individuals outside the control of the Authority.	Prompt action should be taken to fulfill the purpose of the fund as planned and work should be done in accordance with the plan.
(b) The construction of the sewage drainage system on the existing land under the Sustainable City Phase vi was carried out in the year 2024 at a cost of Rs.1,301,811 and since the cost	Since the selling price includes a 25 percent profit on the costs incurred and expected to be incurred for the plots, there will be no increase in the price of the remaining plots.	In order to calculate land prices more accurately, actions should be taken to make the land marketable before

of filling the soil up to the drain level of two plots of land had to be borne, an advance of Rs.2,000,000 had been paid and reserved for Lot No. 07 and 08 in the years 2023 and 2024 based on the previous valuation value. After the completion of the development activities, the cost of the same could not be collected for the plots for which the advance was paid and reserved, so there was a possibility of the prices of the remaining plots increasing.

selling it.

1.5.37 Co-operative Employees' Pension Scheme

Audit Observation	Comments of the Accounting Officer	Recommendation
A new computer software was introduced and implemented to computerize the activities of the Cooperative Pension Scheme. For this, monthly contributions and union contributions were to be accounted for from the inception of the scheme to 31 December 2022, and accordingly, the total amount of data to be entered was approximately 666,000. Although proposals were approved through Staff Paper No. 76/2023/03/-03 for the entry of that data, which is part of the daily duties of this fund, Rs.188,764 was paid to the officers who entered and checked 236,020 data for this task, which is part of the daily duties of this fund..	Due to the increasing complexity of the day-to-day operations of the Pension Scheme and the regular duties assigned by the Cooperative Development Commissioner, it was not possible to enter old data into the computer system during normal working hours and arrangements have been made to carry out this task after working hours and on holidays.	No other allowances should be paid in addition to the salary for performing the assigned daily duties.

1.5.38 Wayamba Diriya Revolving Loan Scheme

Audit Observation	Comments of the Accounting Officer	Recommendation
No loan installments or interest had been paid from the initial date for the loans issued to 14 borrowers under the Wayamba Diriya Revolving Loan Scheme from 23 January 2023 to 30 October 2024. Accordingly, there was a weakness in the criteria considered by the Credit Committee when granting approval for the release of loans of Rs.3,600,000 from the Departmental Capital.	A credit committee has not yet been established to implement the "Wayamba Diriya" loan schemes. Currently, on the recommendations of the Zonal Officers, the head of the department approves and forwards to the bank.	A credit committee should be established and the relevant criteria updated.