

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Northern Provincial Council for the year ended 31 December 2024 comprising the Statement of Financial Position as at 31 December 2024, Statement of Financial Performance, Cash flow Statement, significant accounting policies and the summary of other explanatory information was carried out, for the year then ended, under my direction in pursuance of provisions in Article 154 (3) of the constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 23(1) of the Provincial Council Act No. 42 of 1987 and Provisions of the National Audit Act No. 19 of 2018. The summary report was issued on 30 June 2025 in accordance with the provisions of Section 23(2) of the Provincial Council Act and sub-section 11(1) of the National Audit Act No. 19 of 2018 and the detailed management audit report was issued on 16 July 2025 in terms of sub-section 11(2) of the National Audit Act. This report is submitted to the Parliament in terms of Article 154(6) of the Constitution and sub-section 10(1) of the National Audit Act and a copy of the report is submitted to the Governor for tabling at the Provincial Council under Section 23(2) of the Provincial Councils Act No. 42 of 1987.

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

1.2 Basis for Qualified Opinion

1.2.1 Accounting Deficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The Provincial Council's arrears of Rs. 4,212,000 were understated by Rs. 4,212,000 due to the non-stated of arrears of rent for government lands provided on long-term lease basis in the Kandawalai area during the 30-year period from 16th of December 2016 to 15th of December 2046 in the financial statements of the year under review.	The Chief Accounting Officer's comments have been included in the financial statements for the year 2025 and instructions have been given to recover the remaining amount.	Arrears of lease payments should be accounted for correctly.

(b)	Although 21 non-financial assets belonging to 06 categories of the Northern Provincial Road Passenger Transport Authority had been disposed of after the annual inventory survey, non-current assets had been overstated as their cost had not been removed from the value of non-financial assets.	Adjustments to the financial statements have been advised.	The correct value of non-financial assets should be indicated.
(c)	The total non-financial assets of the Provincial Fund were understated by Rs. 488,513,648 due to understatement of non-financial assets of the institutions in the capital asset purchases, improvements and disclosures made by 01 Ministry, 10 Departments and 03 Provincial Institutions up to the year under review.	Action have been taken to include understated assets in non-financial assets.	The value of non-financial assets should be corrected.
(d)	Due to capital asset classification errors and double counting errors in 05 departments and 01 provincial institution, the value of their non-financial assets was overstated, resulting in the total non-financial assets in the financial statements being overstated by Rs. 81,582,470.	Now corrected.	Action should be made to accurately state the value of non-financial assets.

1.2.2 Lack of Audit Evidences

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The Governor's Secretariat's repairs worth Rs. 1,110,730, vehicle repair expenses worth Rs. 941,350, and the event details and signatures of the participants for the entertainment expenses of Rs. 1,468,570 were not submitted as evidence to confirm that they were actually incurred, such as vouchers and garage bills, and it was not possible to satisfactorily vouching the audit.	No answer was given.	A confirmation should be attached with the ensure payment .

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

1.3 Responsibility of Management for the Financial Statements

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

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

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

1.4 Responsibility of the Auditor for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,
- as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. .

- Obtain an understanding of internal control of the Provincial Council relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding significant audit findings, significant deficiencies in internal control and other matters that were identified during my audit.

1.5 Comments on Financial Statements

1.5.1 Non- Compliances

Non-compliance with Laws, rules and Regulations

	Reference to Laws, Rules and Regulations	Non- compliance	Comments of the Chief Accounting Officer	Recommendation
(a)	Establishment code of the Democratic Socialist Republic of Sri Lanka			
(i)	Section 2.2 of Chapter IX	25 percent of the Rs. 1,032,000 paid by the Department of Labor during official hours as resource allowances to officers for training courses conducted under the funds provided by the International Labor Organization (ILO) had not been recovered and deposited into the accumulated Fund.	Should be accordance with the sections of the establishment Code.	Should be accordance with the sections of the establishment Code.

(b) Statutes of the Northern Provincial Road Passenger Transport Authority No. 1 of 2016			
(i) Section 2 (g)	Arrangements had not been made to prepare a formal integrated bus timetable to ensure fair competition and effective passenger service between the National Transport Board and the private transport sector.	Positive action should be taken.	Active action should be taken.
(ii) Section 54 (2)	The Road Passenger Transport Authority had not taken adequate Action to enforce the timetables for bus operations from bus stops or stops, supervise the staff involved in timetable management, and provide instructions and guidance to such staff.	The timetables are set according to the timetables and fines are collected through random inspection officers.	Necessary and appropriate measures should be taken.
(iii) Section 54 (3)	Action had not been taken to appoint sufficient staff to manage timetable.	Staff has been recruited and submitted for approval to the Department of Management Services.	Action should be reviewed and Action should be taken for relevant recruitment.
(c) Government Procurement Guidelines 2006			
(i) Guideline 2.11.2	A separate attendance register had not been maintained at the Council Secretariat to confirm the attendance of the members of the Procurement Committee and Technical Evaluation Committee.	Currently, a separate budget is maintained to confirm the attendance of members of the Procurement Committee and Technical Evaluation Committee.	An attendance register should be maintained.

(ii) Guidelines 2.14.1 & 3.4(2)	35 roads worth Rs. 397 million, which is 53 percent of the total road maintenance works carried out in the year under review, were awarded road maintenance works in the districts of Jaffna, Kilinochchi, Mullaitivu, Mannar and Vavuniya by obtaining bids from contractors selected at the discretion of the Department through the shopping method.	At the end of November, Rs. 384 million was received and these works were awarded taking into account past performance as stated in Section 3.4 of Procurement Guidelines 2.14.1.	Action should be taken to follow the procurement procedure.
(d) Financial Rules of the Northern Provincial Council Rule 70.5	The Department of Agriculture's investigation report on the vehicle involved in the accident had been completed a year ago, but that report had not been submitted.	The investigation conducted by the Ministry of Agriculture has not been completed and the report has not been received.	The investigation report should be submitted within the stipulated time.
(e) Ministry of Public Administration and Management Circular No. 30/2016 dated 29th December 2016	Fuel tests had not been carried out for 33 vehicles of 08 institutions.	A fuel review is conducted after the correction is made.	Fuel testing should be carried out at appropriate time intervals.
(f) Paragraph 4.3 of Presidential Secretariat Circular No. PS/CSA/11-18 dated 12 October 2018	Although it was stated that fuel payments should be paid monthly and not through reimbursements made on receipts, instructions were given to fill a vehicle of the Governor's Secretariat office with fuel through a fuel supply order and fuel was already being filled through orders.	Currently paid as a monthly payment.	Should compliance with the circular

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| (g) | Public Administration Circular No. 03/2017 dated 19th April 2017 | Overtime payments were made to the Provincial Governor's personal staff in 2024 without attendance registers or fingerprint machine confirmation of arrival and departure. | No answer has been given. | Action should be taken in compliance with the circular. |
| (h) | Northern Province Finance Circular No. PF/06/2015(ii) dated 30th April 2020 | Although the limit of power given to the regional institutions in purchasing goods through the market establishment process is Rs. 1 million, contrary to this, a contract was awarded to supply dry food to the Chettikkulam Base Hospital. | Although it will be held in 2023, Action have been taken to ensure that it does not happen in the future. | Action should be taken compliance with the financial circular. |
| (i) | Procedures of the Northern Provincial Public Service Commission | | | |
| | (i) Rules 257 (II) and 257 (I) of Chapter XVIII | The Disciplinary Authority had not taken any disciplinary action against the Heads of Department who had not taken Action to release 23 officers who had received transfer orders in accordance with the 2023, 2024 and 2025 Annual Transfer Policy. | The officer concerned could not be relieved as important examinations and efficiency tests were ongoing and it was not possible to immediately hand over the confidential duties to another competent officer responsible for carrying them out. | Appropriate action should be taken. |

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| (j) | Section 08 of Public Administration Circular No. 06/2006 dated 10th November 2006 | Without revising the grade and salary for promotions in compliance with the circular, 04 research officers were promoted contrary to the circular and additional salary payments were made. | No response has been provided. | Action should be taken compliance with the circular. |
| (k) | Circular No. 2020/06 of the Department of the Commissioner General of Lands | The Land Division of the Kandawalai Divisional Secretariat had not taken any action to issue notices to the leaseholders regarding the quarterly collection of annual lease payments to encourage lease payments and to implement the relevant process in a proper manner. | Action will be taken to maintain records in the future. | Action should be taken to maintain records. |
| (l) | Financial Regulations 371(5) as amended by Ministry of Finance Circular No. 1/2020 dated 28th August 2020 | Although the issuance of sub imprest could only be given to staff grade officers up to Rs. 100,000 at a time, the Sports Department had given granted sub imprest to non-staff grade officers. | In the future, action will be taken only for senior officials. | Should be compliance with the circular. |
| (m) | Section 21 (a) of the Pesticides Control Act, No. 33 of 1980, as amended by Acts No. 31 of 2011 and No. 6 of 1994 | The sale of pesticides to any person other than a person holding a certificate issued by an officer appointed by the Director General of Agriculture was prohibited, but persons without a license in the province were permitted to sell them. | Due to staff shortage, it has not been possible to conduct observation work. However, legal action will be taken. | Action should be taken to correct. |

1.5.2 Head - 400 – Governor’s Secretariat Office

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
From 2021 to August 2024, the Northern Provincial Governors received their fuel allowances through fuel orders rather than cash, resulting in the loss of tax revenue due to the government from the financial benefits payable.	During the period 2021-2024, as directed by the Hon. Governor, their designated vehicle was not supplied with fuel and was filled from a fuel source.	Should be compliance with legal requirements.

1.5.3 Head – 401 - Provincial Public Service Commission

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to the examination schedule for the year 2024, out of the 48 examinations planned by the Provincial Public Service Commission, 18 efficiency tests, 02 promotion tests and 04 recruitment tests had not been conducted.	The examination was delayed due to lack of facilities in the hall and the promotion examinations were not held due to disqualifications and amendments to the service rules. Remedies are currently being implemented.	Action should be taken to ensure that the examination schedule is followed.
(b) Although the recommendation letter of the National Salaries Commission addressed to the Chief Secretary dated May 05, 2021 had stated that the promotion of the Research Officer to Research Officer Grade I after 10 years of service would adversely affect the entire government and provincial services, the Provincial Public Service Commission had, on the recommendation of the Secretary to the relevant Ministry of Local Government, granted an erroneous promotion to Grade I with a salary increase of Rs. 748,562, disregarding that.	The National Pay Commission has misled the National Salaries Commission by concealing the instructions already given to the Chief Secretary of the Northern Province through Annexure I and Annexure II during the promotion process. Letter NSCC/12/74/6/SA dated 2021.05.05 has been received from the Salaries Commission.	Action should be taken to correct it.

1.5.4 Head – 411 - Provincial Ministry of Agriculture

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The project, which was contracted for a total of Rs. 13,538,245 during the year under review, had cost a total of Rs. 5,411,837 by the end of the year under review, but the relevant project had not been completed by the Provincial Ministry of Agriculture by that date.	Actions are being taken to complete the project by this year month of June.	Action should be taken to ensure completion of work within the stipulated time.
(b) During the year under review, an office building, titled "Repair of the Agricultural Manager's Residence", was being constructed by the Provincial Ministry of Agriculture at a total cost of Rs. 48,370,000.	Since it is a traditional building, the construction project to equip it with modern facilities has been initiated and is ongoing.	Construction should only be carried out with proper approval.

1.5.5 Head 412 - Provincial Ministry of Education

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
A generator was purchased on 30th October 2018 and after sale services were provided for this for a full 03 years. However, due to inappropriate location and lack of adequate ventilation, the machine became inoperative in January 2023. A new machine was purchased by the Provincial Ministry of Education for Rs. 2,551,012 during the year under review.	Although the new machine was installed on the old platform, according to the investigation team's report, Action were taken to physically protect it from ATS panel factors.	Security of assets should be ensured.

1.5.6 Head– 413 – Provincial Ministry of Health

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although the Ministry of Health had filled 53 staff vacancies in the Department of Health Services during the year under review, the Ministry had not taken adequate action regarding the filling of 224 vacancies at the senior, secondary and primary levels in the Department of Indigenous Medicine and 113 departmental staff vacancies in the Department of Probation and Child Care Services.	Since permission has been obtained to carry out limited recruitment activities, limited recruitment activities have begun from those already serving in various positions.	Effective Action should be taken to fill personnel vacancies.

1.5.7 Head – 425 – Provincial Inland Revenue Department

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The total revenue estimates for 04 state revenue codes, Rs. 3,350,000, remained unchanged reconciled to the previous year's estimate, but the variations in those revenue codes ranging from 17 to 65 percent revealed that the revenue estimates were not made more realistically based on the revenue sources when the Provincial Revenue Department prepared the estimates.	These are collected by the secretariats at the regional level and sent to us. The tax is collected based on the sales volume of the minerals.	Estimates should be prepared more realistically.

1.5.8 Head – 430 - Provincial Buildings Department

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Three rest rooms worth Rs. 6,869,000 belonging to the Vavuniya Chief Engineer's Office of the Department of Buildings remained unused, while an executive engineer's rest room worth Rs. 4,200,000 remained without repair.	That arrangements will be made to recruit the officer as soon as possible.	Action should be taken to utilize the dormitories and the Executive Engineer's Rest Room should be repaired and put into use.

1.5.9 Head 431 - Irrigation Department

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The Provincial Irrigation Department had abandoned 02 projects without completing them, despite having incurred only Rs. 1.3 million in expenditure at the end of the year under review, at an estimated cost of Rs. 20.5 million.	The work was suspended and the contract was terminated due to the failure of the water level in the pond to decrease and the onset of monsoon rains. Furthermore, the work is being carried out properly within the provisions of this year.	Action should be taken to fully implement the projects.
(b) During the renovation work of the Mannar Kuraikulama project of the Irrigation Department, worth a total of Rs. 10,832,130, the tank embankment had been washed away by rain and floods due to the fact that grass had not been planted systematically.	This situation was caused by heavy vehicles passing through the dam despite the ban on heavy vehicles. The detention will also be rectified in due course.	Should be ensure that it is built to the appropriate standard.

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| (c) | While 240 acres of Yala paddy cultivation had been carried out by providing irrigation facilities through the Wanerikulam road, Rs. 93.66 million had been spent on irrigation renovations with the aim of carrying out Yala season cultivation on 800 acres. However, since the work had not been completed within the stipulated time, the expected level of output of the project could not be achieved.. | The Devankattu Pond is located within the Panikandamadu Reserve Forest and is therefore considered an obstacle to the Forest Conservation Department. I would like to inform you that if the project is approved, all the work can be completed as planned. | Actions should be taken to ensure that the work is completed and benefits are received within the stipulated time. |
| (d) | Due to the Spill Structure project for the Kalmadukulam Dam not being included in the estimate and implemented, Rs. 522.82 million had been spent but it was not possible to retain more rainwater. | An application has been submitted to the Forest Conservation Department seeking permission to increase water consumption in the pond. | Action should be taken to ensure that the program is effective. |
| (e) | The Provincial Irrigation Department had retain the Inland Revenue Department's deposit account for a period of 5 months to 2 years without paying the Value Added Tax (VAT) totaling Rs. 2,507,342 for 15 contract works. | Action have been taken to convert it into government revenue. | Positive action should be taken. |

1.5.10 Head 432 - Road Development Department

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Under the World Bank Financial Program COVID-19 Emergency Response Program implemented the construction of grain warehouses in the Mulangavil and Punneiniravi areas of the 2021 Warehouse Facility Project was completed and handed over to the Deputy Provincial Director's Offices, but after 16 months, they were handed over to the Seed Production Societies that were supposed to use them. Two years had passed since the handover, but they had not been used for construction purposes until now.	Currently, some additional work is being carried out on the building. Once this is completed, Action will be taken to use it for its expected purpose.	Action should be taken to use it for a specific purpose
(b) Although the Chief Engineer's Office, Kilinochchi Road Development Department's air compressor worth Rs. 2,266,000 and plate compactor worth Rs. 216,332 were in need of repair, no action had been taken to repair them by the end of the year under review.	We have taken over the bidding process for re-equipment of this machine this year.	Action should be taken to repair and use
(c) It was observed that there were deficiencies in road development activities due to the fact that contractors were selected without taking into account factors such as previous work experience, who were not registered in the list of contractors for the year 2024, and who were not registered in the list of contractors for capital works worth Rs. 397,450,361 in the Northern Province during the year under review.	2.14.1 As per sub-paragraph 3.4 of the guideline, the award was made based on the declared past performance. However, registered contractors will be considered and the procurement process will be carried out in the future.	Action should be taken to award contracts to contractors registered on the suppliers' list.

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| (d) | It was observed that there were shortcomings in road development activities as the Road Development Department had constructed roads by obtaining bids under the shopping method, contrary to the procurement guidelines, without inviting bids for 02 capital works worth Rs. 24.91 million in the year under review, and by selecting contractors. | The selected contractor, who has completed the work efficiently in a short period of time in our department, has been request to complete the work on time and has completed the work properly. | The procurement process should be followed. |
| (e) | As stated in guideline 2.14.1 of the Procurement Guidelines, without preparing or taking into account estimates for the performance of the contract works, without documentary evidence and on the same day, at the discretion of the Department, bids were invited from only 05 contractors for 05 works for 05 road maintenance works totaling 80 million rupees, and contracts were awarded through the shopping method. | Bids were called from 06 contractors who had undertaken the largest portion of the work under the Vavuniya District and had demonstrated good performance with appropriate status approvals through the shopping method. The lowest bidder was selected after considering the bids of the contractors. | Procurement guidelines should be followed. |
| (f) | The total bid amount of Rs. 1,617,081 of the bidder selected for the project related to the maintenance of the Karukkaithivu, Kaveikulam road of the Road Development Department had been revised twice with fraudulent intent, and those bids had also been accepted. | No answer has been given. | Appropriate investigations and actions should be taken regarding price changes. |
| (g) | 09 official hostels of the Road Development Department worth a total of Rs. 21,498,610 remained idle, while the official hostel number 9B, worth Rs. 1,294,609, located in the Deputy Engineer's Office, Vavuniya, remained idle for more than 05 years without being repaired. | House number 11 could not be provided as it was not in a suitable condition for use. | Action should be taken to use assets efficiently. |

1.5.11 Head – 441 - Provincial Probation and Childcare Services

Service Department

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	The Mannar Security/Guard House, which was constructed in 2019 at a cost of Rs. 17,138,008 from the Provincial Specific Development Grant (PSDG) fund, has been unused for the past 03 years and the Provincial Probation and Child Protection Services Department had paid a total of Rs. 1,641,460 as salaries of the security officers related to that building.	No answer was given.	Appropriate action should be taken to use the buildings.
(b)	Appropriate action had not been taken regarding the loss of computer sets worth Rs. 220,500 and Rs. 106,360 and the damage of Rs. 523,139 at the Atchuveli Certified School of the Provincial Probation and Child Care Services Department.	Action will be taken regarding the loss of property after receiving the decision of the Provincial Public Service Commission.	Appropriate action should be taken regarding losses.

1.5.12 Head 450 - Provincial Department of Health Services

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	The equipment provided to implement the HHIMS system in the outpatient departments of hospitals in the Northern Province was being successfully implemented in 06 hospitals, but the equipment provided for the relevant purposes had not been used in other districts and base hospitals in the Northern	Due to the severe shortage of software workers for specific uses, a request has been made to fill the vacancies.	Action should be taken to expand and update the computerized health information system.

Province, and further Action had not been taken to expand the computerized health information system in all health institutions.

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| (b) | Due to the fact that the doctor who worked as a Histopathologist Consultant at the Kilinochchi Hospital in the year under review had gone abroad to pursue a foreign study course, 366 Histopathology samples and 54 Cytology samples were not examined during the relevant period of time at the hospital, and the patients were not given the prescribed treatment. | Inform you that due to the medical specialist being abroad, the unanalyzed samples are currently being sent to the Mannar District General Hospital for testing. | Action should be taken to provide continuous treatment to patients. |
| (c) | Provincial Driver Service Officers have served with the health sector for a long time and have been transferred by transfer orders in the last 03 years, but the Health Department administration had not taken Action to release drivers who had caused accidents several times based on the annual transfer order. | He will be released soon. | The annual transfer order should be implemented as required. |
| (d) | The Microbiologist has been working at the Kilinochchi Hospital for over a year and Rs. 1,348,938 has been paid to that medical specialist during the relevant period, but the samples taken for those tests had been sent to the Jaffna Teaching Hospital. | The microbiologist has been transferred to the Monaragala Hospital and the samples are currently kept in Jaffna. | Action should be taken to keep the microbiology laboratory operational. |

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| (e) | In the outpatient departments of the regional and base hospitals in the Vavuniya district, the Kilinochchi District Hospital and the Atchuvveli Regional Hospital, doctors had been issuing prescriptions without signing them in one section every day. | Due to the increasing number of patients coming for medical treatment and consultations and the fact that medical officers have mistakenly not signed outpatient prescriptions, it has been advised that signatures should be placed without fail in the future. | Doctors should take Action to sign prescriptions. |
| (f) | Omantha Hospital (Type – C) had been upgraded to a Type C hospital with effect from 04 January 2022, but as of the reporting date, Action had not been taken to operate as a hospital of that status. | The relevant hospital is can only be operated as a regional hospital if it has the necessary staff, equipment and all the facilities. Requests have been made for this and ongoing action is being taken. | Action should be taken to operate as a regional hospital. |
| (g) | During the random hospital inspection, although three doctors were supposed to be on duty from 8.00 am to 12.00 pm as per the duty list, only one doctor was on duty at the Nedungkeni District Hospital and during the field inspection conducted at the Navvi base Health Service Centre, both the doctor and the Pharmaceutical compounder were not on duty. Similarly, the officer in charge of the Poovarasamkulam District Hospital was also not on duty on the relevant day. | During the field visit, the Medical Officer in Charge was off duty as he had gone to the local health service workshop for lunch and for pharmaceutical complex office work. | Action should be taken to act according to the task list. |
| (h) | The audit had reported that Pharmaceutical compounders and pharmacists were not on duty during the audit field inspection at the Chettikulam, Mallavi, Base Hospitals and Akkarayan Regional Hospital, but the management had not taken appropriate action. | Instructions have also been issued to observe the duty hours of employees, and the compounder in question has now been transferred to the Vanerikulam Hospital. | The host company should take appropriate action regarding absenteeism to duty. |

(i)	The hospital food supplier, which was selected as a supplier during the COVID period at Krishnapuram Epidemic Disease Hospital, but had not provided services and had received overpayments of Rs. 1,973,028, was not taken action against, and bids were awarded to the hospitals currently under the administration of the Kilinochchi Regional Directorate of Health Services as the supplier of cooked food and dry food in the district.	A bid was called for through the National Competitive Bidding System for the year 2025/2026 and a qualified supplier was selected based on the conditions requested in our procurement document.	An investigation should be conducted and relevant actions should be taken.
(j)	The machine in the scanning unit of the Kilinochchi Hospital had not been repaired by the end of the year under review, disruption the provision of patient treatment services.	Since the machine has not been serviced twice a year, a letter has been sent to the company concerned requesting that the machine be inspected and a report submitted.	Action should be taken to repair and use it.

1.5.13 Head 451 - Provincial Department of Indigenous Medicine

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Ministry of Health had not taken Action to provide the necessary machinery to increase the efficiency or production capacity of the 79 types of medicines manufactured by the Achchuveli Local Pharmaceutical Manufacturing Unit.	An amount of Rs. 30 million has been allocated in the 2025 PSDG for the purchase of necessary machinery and equipment for the Achchuveli Pharmaceutical Manufacturing Unit.	Action should be taken to increase production by purchasing the necessary machinery and equipment for pharmaceutical production.

1.5.14 Head 460 - Provincial Department of Education

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) At a time when the Governor had instructed to conduct disciplinary investigations against the English subject teacher who worked at the MU/Visuwamadu Maha Vidyalaya, the Provincial Director, through the Mullaitivu Zonal Education Director, had transferred the teacher, but he had not accepted the transfer and had served in Jaffna on temporary attachments several times and had been suspended from service for not reporting to his place of work even after the completion of his attachments . However, Rs. 247,340 had been wrongly paid for that period.	Accrued leave (leave remaining from the year in which leave was taken and the previous year) has been prepared in accordance with Chapter XII, Section 8.2 of the Establishments Code and the above leave has been prepared. The teacher was paid Rs. 247,340.00 as arrears of salary.	Necessary Action should be taken according to the Establishments Code.
(b) The Principal had not followed the provisions of the Ministry of Education Circular No. 17/2023 regarding giving priority to students living near the school when admitting students to the middle/secondary classes of J/Hartley College.	School principals have been instructed to obtain school licenses in accordance with Ministry of Education Circular No. 17/2023.	Action should be taken to compliance with the circular.
(c) The overpayment of Rs. 2,344,000 paid to the contractor of the Government Nutrition Project for the students of the J/Kokavil Hindu Primary School during the year 2023 had not been recovered and the overpayments made after that period had also been identified and action had not been taken to recover them.	As the value of the loss was found to exceed Rs. 500,000, the Prime Minister's Secretary has appointed a loss assessment committee.	Action should be taken to recover excess payments.

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| (d) | At the time of the sample audit of provincial schools, no action had been taken for a period of 01 to 28 years to take further action and make adjustments in accordance with the financial regulations regarding the losses totaling Rs. 5,528,950 incurred due to war, theft, etc. in schools belonging to 06 education zones. | An investigation committee has been formed to investigate losses caused by theft and other causes and further action is being taken in this regard. | Action should be taken accordance with financial regulations. |
| (e) | The position of Provincial Vocational Training Coordinator for a teacher working in the Thunukkai Education Zone had been terminated in 2019 and the motorcycle provided for the performance of duties related to this position had not been returned to the Zonal Office Director by the end of the year under review. | Although the teacher who worked at this training center has been transferred, he has not yet handed over his responsibilities. Despite repeated requests, he has not come forward. | Action should be taken to get the motorcycle back. |
| (f) | In accordance with Section 203 of Rule VIII of the Northern Provincial Public Service Institutions Procedure Code, 22 academic and non-academic employees had received annual transfers, but had not assumed duties at the duty station to which transferred form more than a year. | <p>Thenmarachchi
Documents have been sent to confirm the position. Actions are being taken for other officers.</p> <p>Valikamam
Change of names on high school certificate, verification of graduation certificate can not take..</p> <p>Mullaitivu
Action will be taken to confirm the status once the documents are completed and submitted.</p> | Disciplinary action should be taken against officers who are transferred but do not assume duties at their place of duty. |

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| (g) | In accordance with Government Procurement Guidelines 8.9.1 and 8.9.3, the Provincial Education Department had not taken actions to enter into agreements when purchasing Mathematics tool kits worth Rs. 1,136,000 for secondary level schools and 230 external hard disks worth Rs. 3,910,000. | Considering that the suppliers were ready to deliver the goods and that the suppliers had provided a bond, we immediately purchased and inspected the goods and did not enter into the above contract. | Action should be taken according to the acquisition guideline. |
| (h) | The Provincial Technical Training Center, managed by the Thunukkai Education Zone, remained closed from October 6, 2023 until the end of the year under review, leaving 323 pieces of equipment purchased with government funds for the development of student technical skills idle. | This training center is still closed due to the decrease in the number of students applying for training at this training center. | Action should be taken to utilize assets. |

1.5.15 Head – 461 - Provincial Sports Department

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	The badminton carpet worth Rs. 684,000 purchased for Sanganai Badminton household needs on 4th of December 2023 had not been used by the Provincial Sports Department during the past year.	Due to unexpected and necessary repairs, it had to be postponed for later use. Action will be taken to currently being put into use.	Actions should be taken to use it for the specific need.
(b)	The Provincial Sports Department had not fully utilized the Boxing ring purchased for Rs. 2,301,000 by the last day of the year under review.	Once the fixing is complete, actions have been taken to seek advice from the Sri Lanka Boxing Association. Once the advice is received, Action will be taken to implement it as soon as possible.	Actions should be taken to fully utilize

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| <p>(c) The basketball court at Kn/Dharmapuram Central College was constructed with Rs. 3.3 million from the Provincial Specific Development Fund in the periods 2017/2018 and 2021/2022. This court was not properly utilized and maintained and the security fences had not been constructed by the Provincial Sports Department.</p> | <p>The District Sports Officer, Proper use and coaches and sports officials have maintenance should been instructed to submit reports also be carried out. related to training.</p> |
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1.5.16 Head 470 - Department of Local Government

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The Jaffna Municipal Council had not taken effective steps to recover the arrears of rates tax and other revenue totaling Rs. 210,946,322 relating to previous years.	In previous years, mobile services were conducted and fees were collected.	Effective actions should be taken to recover arrears of revenue.
(b) Action had not been taken to settle the total advance amounting to Rs. 6,668,065 given by the Jaffna Municipal Council in previous years from the past 05 years.	Actions are being taken to regarding recover Rs. 5,294,066, which were unidentified, undocumented and irrecoverable, from before 1995.	Necessary actions should be taken regarding officers who have defaulted on advance payments.

1.5.17 Head – 471 - Provincial Rural Development Department

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although one of the main objectives of the Rural Development Department is to establish close links between the people and village level organizations, the department had not taken further steps to make the activities of Society 2525 more effective.	As at March 2024 and March 2025, 260 and 92 Rural Development Societies and 374 and 113 Women's Rural Development Societies have been activated respectively, and it is also clear that the highest number of societies have been renewed in the first quarter of 2025 compared to 2024.	Action should be taken to improve village-level institutions.

1.5.18 Head 480 - Department of Agriculture

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) ILO project funds of Rs. 1,206,665 held in the deposit account of the Provincial Department of Agriculture had been transferred to government revenue without being utilized for the relevant purposes.	The majority of the approved projects have been completed and the remaining amount has been transferred to the revenue account as it cannot be used for other project proposals.	Action should be taken to use the funds for the expected purpose.
(b) During the past 1 to 10 years, 22 vehicles belonging to the Northern Province Department of Agriculture remained idle without being repaired.	Action will be taken to correct this this year.	Action should be taken to make repairs and use them.
(c) It was reported that 11 vehicles in running at the Northern Provincial Department of Agriculture were not transferred to the name of the Chief Secretary but were given in the names of institutions, individuals and without being registered.	The details of 8 vehicles have been submitted to the Provincial Transport Department along with the completed documents for the approval of the Vehicle Controller. We have submitted a request for advice from the Motor Vehicle Inspector of Vavuniya for the remaining vehicles that do not have registrations.	Action should be taken to transfer ownership.
(d) Action had not been taken regarding the lost of two motorcycles from the Vavuniya Deputy Director of Agriculture's office and the missing of 282 items from the Jaffna District Agriculture Training Center for over 25 years.	Documents related to the transfer of 280 items that went missing in the Jaffna district during the 1995 war have been found.	Action should be taken according to the Finance Act.

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| (e) | As per the Government Procurement Manual 5.3.10 guideline, the expiry date of bids for works costing Rs. 2 million to Rs. 5 million is 63 days. However, the expiry date for bids for the work costing Rs. 3.6 million at the Jaffna Department of Agriculture was reduced to 40 days without obtaining approval. Also, the agreements were entered into on 29th of November 2023 before the performance guarantee was obtained. | Appropriate action will be taken to prevent such errors from occurring in the future. | The procedure should be followed according to the procurement manual. |
| (f) | Action had not been taken to install and generate income from the solar panel systems worth Rs. 7,433,835 that should have been installed at Theravil Farm, Mullaitivu Farmers Training Center and Mannar Training Offices under the projects implemented in the year under review from the Annual Provincial Specific Development Fund by the end of the year under review. | Although solar panels have been installed at the Mullaitivu Farmer Training Center and the Mannar Training Office, the Electricity Board has rejected the connection request and the connection has not been established due to the delay by the Electricity Board. Furthermore, the solar panel at the Therawe Training Office is currently being used. | Actions should be taken to generate income from projects. |
| (g) | 19 of machinery worth Rs. 2,767,000 at the government seed production farm were in a state of Unusable level. | This year's PSDG program is allocate for revision. | Action should be taken to correct and use. |

1.5.19 Head – 481 - Provincial Land Commissioner Department

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	The Provincial Land Commissioner's Office building had been constructed at a cost of Rs. 93,480,086 without take over the ownership of the land.	It has been sent by the Provincial Land Commissioner to the Commissioner General of Lands for approval.	Action should be taken to acquire land rights.
(b)	13 Tablet PCs worth a total of Rs. 635,935 were lying unused in the storage room and the Northern Provincial Land Commissioner's Department had not taken effective action to use them.	Action have been taken to transfer the above two to other appropriate departments.	Action should be taken to use assets efficiently.
(c)	A total of 22 laptops worth Rs. 2,035,700 were lying idle in the storeroom, while 39 laptops lying unused in the office had been issued to other government departments, but during the year under review, 04 laptops worth Rs. 1,023,060 were purchased by the Northern Provincial Land Commissioner's Department.	As the updated E Slim. GPS device of our field officers has been found to be technically unfit for use, actions have been taken to transfer the old laptops to other appropriate departments.	Action should be taken to use assets efficiently.
(d)	Although the number of civil servants was not sufficient, the distribution of staff had not been made based on the size of the land in use and undeveloped lands and the approved staff in the 05 districts of the Northern Province. As a result, although there was a requirement of 6 to 19 staff in Vavuniya, Mullaitivu and Mannar districts, 7 to 10 staff were allowed to be excesses in Jaffna and Kilinochchi districts for non-duty reasons.	During the annual transfers, arrangements are being made to transfer excesses staff to required positions.	Necessary actions should be taken to deploy staff efficiently.

(e)	After the Northern Province government lands were given for long-term lease and business purposes and they were in a position to earn income from those lands, actions had not been taken to recover arrears of rent totaling Rs. 20,195,120 for the period from 2019 to 16th April 2025.	As at 31.12.2024, the long-term tax arrears on Northern Province government lands are Rs. 20,807,720, of which Rs. 651,100 has been recovered up to 2025, and actions are being taken to recover the remaining Rs. 20,156,620.	Action should be taken to recover the outstanding amount.
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1.5.20 Head 482 - Department of Animal Production and Health

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	Dairy production machines, generators and machinery worth Rs. 1,706,157 at the Aninjayankulam Government Livestock Breeding Farm have been lying idle for the past 12 years and although there were opportunities to use that equipment, alternative actions had not been taken to utilize the government resources effectively.	With the permission of the Prime Minister, requests have now been made again to know the current status of the above organizations. Once their decisions are received, steps will be taken to provide the above to those organizations.	Action should be taken to use resources efficiently.
(b)	The Rs. 3,000,000 building constructed for the Machinery Manufacturing Unit had been lying idle for 11 years.	Actions have been taken to release the Anichiyankulam-Padanidu Dairy Farm building to the aforementioned Cattle Breeding Cooperative Society.	Action should be taken to use resources efficiently.

(c)	The small lorry worth Rs. 5,695,000 and the four-wheel trailer that had been removed from the books were idle on the farm.	Due to the shortage of drivers, the above mentioned heavy vehicles cannot be used. The vehicle made of at the time of handing over to the lessees of the Aninjiyankula Cattle Breeding Farm will be taken for departmental use.	Actions should be taken to use resources efficiently
(d)	Although a total of Rs. 672,676 was spent on the operational activities of the Chekkadippulavu Goat Farm in the year under review, only an income of Rs. 379,800 was earned.	A project to address the above deficiencies is being launched with financial assistance from the Central Ministry of Livestock. Once the above projects are completed, there will be opportunities to increase income.	Actions should be taken to use resources efficiently
(e)	The poultry farm operations were carried out from 2015 to 2018 and Rs. 1,258,450 had been spent on the renovation of the building for the poultry farm under the Provincial Specific Development Grants, but it had been abandoned without making any progress for a period of 06 years.	Although the poultry farm has not been used for a long time, a revise was made in the financial year to bring it into use. It will be put into use after the work is completed this year, as electrical connection and equipment for feeding need to be purchased.	Positive action should be taken.
(f)	The Department of Animal Production and Health had not taken appropriate action to utilize the deposits received for 05 different projects totaling Rs. 2,484,251, although the project period had expired as of the reporting date.	JICA amount of Rs. 905,271 is being received by the veterinary offices monthly. After the JSB project payments of Rs. 1,024,858 are made, the remaining amount will be repayment for operational expenses as per the agreement.	Action should be taken to use resources efficiently.
(g)	Two vehicles worth Rs. 4,911,000 of the Department of Animal Production and Health have been lying idle for 5 years due to non-repair within the relevant periods.	In accordance with the provisions of No. 05/2024, actions are being taken to remove 02 vehicles due to increased engine capacity and economic uneconomical reasons.	Action should be taken to repair and reuse damaged vehicles.

(h)	Although a total of Rs. 8,950,654 was allocated for the solar panel installation project under the Provincial Specific Development Grants in the year under review, it was not completed within the stipulated time, and the Provincial Council had lost revenue-generating opportunities for the past 132 days.	Although a total of Rs. 8,950,654 had been paid during the year under review, the Provincial Council had lost the opportunity to generate revenue for the past 132 days due to the work that was scheduled to be completed on 1st of November 2024 as per the contract, not being completed on time.	Action should be taken to generate income within a specific period of time.
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1.5.21 Head – 490 - Department of Industry

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Rs. 595,000 had been recorded in the accounts of 12 weaving/ hand machine centers 10 years ago, and Action had not been taken to revalue and record the current value of the relevant buildings.	A price request has been submitted to the Valuation Department for valuation by letter dated 2025.04.21 regarding the lands and buildings to be assessed.	Action should be taken to include it in the accounts.
(b) Not a single person had been trained at the Nallur Northern Weaving/Handmachine Centre during the past year. The operating cost of the Kandarmadam Centre was approximately Rs. 930,418 per year, but no training had been provided to anyone after August.	As special products require more than one weaver, weavers are employed as per the demand of home weavers. Furthermore, due to challenges in obtaining trainees, weavers are not properly connected to weavers.	Positive action should be taken.
(c) Seven hand machines tool worth Rs. 700,000 purchased in 2022 were lying idle at the Chunnagam Dyeing Center.	Currently, only 3 looms weaving machine are visible in the Chunnagam dyeing factory. They are to be handed over to the Uruthrapuram Weaving Center. The remaining 04 looms weaving machine have been handed over to the weaving Centers.	Action should be taken to use.

(d)	26 payments totaling Rs. 1,218,263 relating to the months of November and December of the financial year remained unpaid and in arrears during the financial year, but these transactions had not been disclosed in the statement of liabilities of the Department of Industries.	The payment has not been disclosed as an authorization and liability. Action will be taken to disclose the liability in the future, considering this fact.	Action should be taken to disclose
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1.5.22 Northern Province Tourism Bureau

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although the approved number of employees at the Northern Provincial Tourism Bureau was 15, the Provincial Council action had not taken to appoint permanent officers and fully implement the institution.	The Provincial Council will be established to operate the Tourism Office as a self-financing institution.	Positive action should be taken.

1.5.23 Advance Payment Accounts of Government Employees

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Provincial Council had not taken appropriate action and settled the advances of government officials amounting to Rs. 2,376,457 due from officials who had worked in 01 Ministry and 06 Departments and had transferred to other institutions, suspended from service, retired and deceased for a period of 01 to 14 years.	No answer was given.	Positive action should be taken.

1.5.24 Government subsidy

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Funds amounting to Rs. 2,386 million had been underutilized from donations and grants provided to the Provincial Council through various projects.	The Chief Accounting Officers and Accounting Officers had been instructed to control recurring expenses.	Action should be taken to maximize the use of budgetary funds.

1.5.25 Identified Losses

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Provincial Council had suffered a loss of revenue of Rs. 113,465,101 over the past 3 years due to the reduction of Rs. 40,000 by the Provincial Governor of the annual tax rate of Rs. 100,000 set by the Government Assessor for sea Leeches farms.	Based on the project report submitted by the Provincial Land Commissioner, the Government Valuation Department determined the revised amount based on the review request of Rs. 100,000 per acre as annual lease rent and approved by the Governor.	Action should be taken to recover revenue.

1.5.26 Resources provided to other government institutions / Resources owned by external institutions

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
03 vehicles belonging to the Provincial Council worth Rs. 59,800,000 had been given to other institutions for use for a period of 02 to 06 years, but no action had been taken to retrieve them from those institutions by the end of the year under review.	Continuous Action have been taken to retrieve the 03 vehicles from the companies.	Necessary action should be taken to use vehicles efficiently.