

Sabaragamuwa Provincial Council – 2020 year

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sabaragamuwa Provincial Council for the year ended 31 December 2020 comprising the statements of financial position as at 31 December 2020 and the statement of financial performance and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory 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 the Section 23(2) of The Provincial Council Act and Provisions in Sub Section 11(1) of the National Audit Act No. 19 of 2018 was issued on 16 November 2021 and the Detailed Management Audit Report in terms of Sub Section 11(2) of the National Audit Act was issued on 22 October 2021. This report is submitted to parliament in pursuance of provisions in 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 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 this report, the accompanying financial statements of Sabaragamuwa Provincial Council give a true and fair view of the financial position of the Sabaragamuwa Provincial Council as at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

	Audit Observation	Comments of The Chief Accounting Officer	Recommendation
(a)	The sum of income receivables related to 05 income codes had been understated by Rs.68,145,975 at the end of the year under review in the Financial Statements.	An error occurred while identifying the receivables. Noted to make adjustments in the submission of 2021 annual financial statements.	Mistakes should be corrected in the preparation of financial statements for the year 2021.
(b)	The value of the machinery had been under stated by Rs. 40,525,000 as at 31 December 2020 in the statement of financial position.	Necessary actions have been taken to rectify in the future.	Decreased machinery value should be included in the financial statements of 2021.
(c)	Due to the inclusion of the total value of Rs. 2,133,500,000 received as capital grant for the year ended 31 December 2020 and the total value of 993,635,356 incurred as capital expenditure (Provincial Investment Expenditure) in to the statement of financial performance, it also included the value of fixed assets of Rs. 720,484,435 capitalized during the year under review.	All grants are stated in the general accounting process and are included in the statement of financial performance as a part of performance , as the purchase of fixed assets is a process.	Financial statements should be prepared in accordance with Generally Accepted Accounting Principles.

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 Responsibility section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management for the Financial Statements.

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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 misstatements, whether due to fraud or error.

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

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

1.4 Responsibility of the Auditor for the audit of Financial Statements.

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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. Misstatement 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 misstatements 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.

- A fraud is caused by Intentional omission or omission of internal controls.
- 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 its internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.5 Comments on Financial Statements.

1.5.1 Head 804 – Chief Secretariat

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
-----	-----	-----
(a) According to the revenue account presented for 2020 there was a deficit income of Rs. 75,685,652 at the beginning of the year under review and out of that Rs. 14,058,895 which is 19 % of the deficit income had been collected during the year under review.	The process of recovering the deficit income was unable to carry out properly due to the epidemic situation.	Actions should be taken to maintain the process of recovering the deficit income efficiently.

- (b) As per paragraph 6.1 of Divisional secretaries had been Should act in circular No.96/5 dated 1st directed to take actions to accordance with the august 1996 of the Land recover taxes from defaulters, circulars and arrears Commissioner, the annual institutions and to recover the of taxes should be land tax amount should be ownership of the land if further recovered. levied on or before January defaults.

1st of any year Nevertheless, actions had not been taken by 17 divisional secretariats in the Rathnapura district to recover up to date the total annual tax of Rs. 35,430,569 and the fine of Rs. 8,270,056 as at 31 December 2020 and no action had been taken to recover the possession of the land in case of non-payment of tax in accordance with paragraph 7(1) of that circular.

Also, in terms of paragraph 6.11 of the above circular, no action had been taken to recover the outstanding long term taxes and fines amounting to Rs. 7,159,607 as at 31 December 2020 by 03 divisional secretaries in the Rathnapura district and 03 divisional secretaries in the Kegalle district

1.5.2 Head 808 – Deputy Chief Secretary (Engineering Services) Office

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
(a) In appointing the members for the Technical Evaluation Committee of the Sewerage System Construction Project for the Sabaragamuwa Provincial Council, no action had been taken to appoint An Environmentalist and external member in accordance with guidelines 2.8.4 (c) and (d) of the Procurement Guidelines 2006.	Professional engineers have an understanding of environmental requirements and have appointed Executive Engineer-Rathnapura as an external member.	The procurement guideline should be followed correctly.
(b) At the end of the year under review there were 97 vacancies including 04 Engineer (civil) II/III senior level vacancies, 01 Technical Officer Special Service vacancy, 09 Tertiary level vacancies including 04 Designer special grade vacancies and 48 Technical Officer (I/II/III) vacancies.	The Public Service Commission has been informed by Chief Secretary about the vacancies.	Vacancies should be filled.

1.5.3 Head 809 – Department of Provincial Revenue

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
Assigned to the Provincial Council under 36.12 of first list of 9 th schedule of 13 th amendment to the Constitution and in accordance with	The Ministry of Environment, the Department of Wildlife Conservation and the Ministry of Local Government and	Actions should be taken to bring the Entrance fees of the park to the

Article 13 of chapter VIII of The Provincial Council have been Sabaragamuwa Financial Charter (Supplementary informed in this regard and the Provincial Council Provisions) No 10 of 1994 of the relevant actions are being taken Fund regularly and to Sabaragamuwa Provincial Council in consultation with the Legal recover the arrears that approved on 20 February 1995, Division of the Provincial existed from the year entrance fee of Udawalawa Council. 2001. National Park should be charged to the Sabaragamuwa Provincial Council as a fee charged under the Wildlife Conservation Ordinance. It was also informed that according to the letter No. ටඹ/2/11/2 and dated 26th June 2002, of Director of Wildlife stating that from October 2001, except 50% of the park fees in Udawalawa which is credited to the Wildlife Conservation Fund and 40% from remaining balance will be credited to the Sabaragamuwa Provincial Council and the money will be remitted to the provincial council by General Treasury. However, Rs.24,956,756 for the period from October 2001 to November 2007 and the amount due from December 2007 to 31 December 2020 had not been paid to the Provincial Council by the Wildlife Department or the General Treasury.

1.5.4 Head 810 – Ministry of Law and Order, Finance and Planning, Local Government, Health, Indigenous Medicine and Women’s Affairs, Co-Operative, Trade and Food, Transport, Estate Welfare, Environment, Media, Housing and Construction and Religious Affairs.

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
<p>(a) With the aim of expanding the production of textiles using hand machines and providing the employment opportunities for the rural women, the ministry had spent Rs.9,219,299 in 2017. In order to construct the upstaire of the textile building in Kegalle. Even though the upstaire of that building had been handed over on 25 December 2017 to the Kegalle Textile Weavers Co-Operative Society Ltd, the building was idlling for 02 years and was given on rental basis for a private International School since 01 January 2020. Accordingly the desired objective had not been achieved from the above mentioned expenditure.</p>	<p>The work was delayed due to the fact that the Co-Operative society did not have sufficient financial strength to purchase the power machinery required for the production of textiles. Requests have been made to the Commissioner of Co-Operative Development on purchasing machinery under the loan facility from the Co-Operative Development Fund.</p>	<p>(i). The Kegalle textiles weavers co-operative society ltd should inquire the reasons for its inability to implement this and the appropriate actions should be taken against any officer who has made mistakes in this regard.</p> <p>(ii). The building should be used immediately for the intended purposes of the ministry.</p>
<p>(b) Although appropriate recommendations were made exposing the deterioration of financial discipline and administrative deficiencies including financial frauds and irregularities of the Development Construction and</p>	<p>The recommendations will be implemented after receiving the report of the committee appointed in this regard.</p>	<p>The recommendations of the internal audit report should be implemented.</p>

Machinery Authority by the Special Internal Audit report No. අඒඅ/178102001 dated 20 may 2020, those recommendations were not implemented until March 2021.

- (c) 15 specifications for 02 devices had not been evaluated in the bid evaluation for the project to install and activate a Solar Power System at a cost of Rs.32,775,000 for the Sabaragamuwa Provincial Council Complex during the year under review.
- All specifications are tested by the Sustainable Energy Authority of Sri Lanka and permission has been granted for the import of equipment and these items have been approved.
- All specifications set out in the bid documents should be evaluated by the Technical Evaluation Committee.

1.5.4.1 Road Passenger Transport Authority.

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
<p>-----</p> <p>The authority had lost a total of Rs.3,550,300 due to the being leased out of shop spaces without a leasing agreement, charging of lower rent rates from shop spaces that had been leased with lease contracts and non re-leasing of shop spaces with void lease agreements when leasing shop spaces in the premises of bus stations in Kegalle, Karawanella, Yatiyanthota, Bulathohupitiya and Deraniyagala.</p>	<p>-----</p> <p>Action had been taken to recover the arrears.</p>	<p>-----</p> <p>All the deficiencies in the observation should be corrected.</p>

1.5.4.2 Development Construction and Machinery Authority

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
<p>(a) Two precast mixing machines worth Rs. 29,900,000 purchased under JAICA provincial road development project, had been received by the authority in the year 2015 and had not been utilized since the date of acceptance. By 09 April 2021, these machines were being destroyed due to improper maintenance and 03 security guards which are attached on these machines were paid Rs. 699,100 in the year under review.</p>	<p>The Chief Secretary and Hon. Governor were constantly informed that the authority could not make effective use of these machines and that the salaries paid to the guards were not effective.</p>	<p>Should be utilized, if unable to do so should be disposed.</p>
<p>(b) The audit had not confirmed the existence of two machines physically or in writing at the Kegalle sub office at 11 January 2021 which was stated to be in the possession of the Kegalle sub office by the head office.</p>	<p>The Plate Vibrater machines will be inspected by a committee and a report will be issued in the future.</p>	<p>An investigation under FR 104 should be carried out immediately and appropriate action should be taken.</p>

1.5.5 Head 811 – Department of Health

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
<p>(a) By the end of 2019, the Medical Supplies Division of the Ministry of Health, Nutrition and Indigenous Medicine had provided 118 computers and 37 printing machines to 33 health care institutions in the Sabaragamuwa Province under the initial phase of the Medical Supply Management Information System, which aims to enhance the Efficiency and Effectiveness of the medical supply management of regional health services operated by the medical supply division. However, 86 computers which were provided to 24 healthcare institutions could not be used for the intended purpose by 2021 due to the lack of software installed in the above management system.</p>	<p>The office of the Provincial Director of health service only directs the officers involved in the training in relation to this information system and providing of computers and software is done by the medical supplies division. Therefore providing of machinery, installation of software and training of officers is beyond the control of the office of the Provincial Director of Health Service.</p>	<p>Action Should be taken with the coordination of Medical Supply Division to make the project success.</p>
<p>(b) During the inspection of the construction/ repair work of 21 institutions, it was observed that the construction/ repair work of 17 institutions had been identified as 95 small parts at a total cost of Rs.13,451,196 by The Office of Regional Director of Health</p>	<p>Prior to the repair work, the recommendation of the provincial engineer is obtained for a labor day estimate. Workers are hired on a daily basis. Please be informed that payments will not be made beyond the recommended</p>	<p>In accordance with the procurement guideline, contracts should be awarded in such a way that the government gets the maximum cost benefits.</p>

Services during the year 2020. It was observed that the work was carried out by selected persons on the recommendation of the Regional Director of Health Services or the heads of the relevant institutions without any selection of contractors in accordance with the Procurement Guidelines. Accordingly, it was observed that the cost benefits that government could have obtained as per guideline 1.2.1 (a) of the Procurement Guidelines had been lost and that the interested parties who have qualified had not been given an equal and maximum opportunity to participate to the Procurement as per the Guideline 1.2.1 (c).

- (c) In the year 2019, the Chief Ministry had purchased 02 CT scanner machines at a cost of Rs. 137,450,000 and these machines are required to perform maintenance and all services free of charge during the warranty period, Nevertheless they have entered into an agreement with the supplier to pay for the service including warranty period. Accordingly, Rs.4,981,500 had been paid in the year under review for the service rendered in the machine installed at Embilipitiya hospital in 2019. Also,
- Action will be taken in the future to recover the money paid during the warranty period.
- Action should be taken to renew service agreement and recover the money paid during the warranty period.

according to Section 4.7.2 of the agreement these machines were required to be serviced 4 times a year but serviced 02 times during the contract period. The warranty period was expired on 30 April 2020 and no contract had been entered for service thereafter. Accordingly, no service was done on the 02 machines during the year under review.

- (d) It was observed that the approved staff of the provincial health sector in comparison with its actual staff, there was a surplus in some hospitals, Offices of Medical Office of Health etc. in respect of 20 posts while in other institutions were shortages in respect of those posts. Accordingly, it was observed that this situation could adversely affect the performance of the provincial health service.
- Service requirements have exceeded the existing approved cadre and requests have been made to increase the approved cadre. Until those approvals are received in order to get the maximum service from the new physical resources, attachments have been made in excess to the approved cadre to the institutions where service requirements exist.
- Actions should be taken in order to balance the staff members between the institutions.

1.5.6 Head 812 – Department of Indigenous Medicine

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
(a) The Department of Indigenous Medicine had purchased a stock of local and imported dry medicine by spending Rs.6,809,885, Rs. 14,036,825 and	The Department of Management service has been requested to increase the staff as there is a shortage of manpower to cultivate the lands	Attention should be paid to starting locally pharmaceutical cultivation using existing lands.

Rs. 11,172,783 during the years 2018, 2019 and 2020 respectively from the external suppliers in order to fulfill the annual dry medicine requirements. The area of the land which can be used to cultivate medicinal herbs is more than 09 hectares out of the lands where 23 institutions of the Department are located. However no attention had been paid to promote the Herbal Plants Cultivation project which enhances the production of medicine.

- (b) At the end of the year under review, The Department of Indigenous Medicine had 27 vacancies in 06 senior level posts and 189 vacancies in 21 other posts and it consisted of an Assistant / Deputy Commissioner, 11 Ayurvedic Medical Officers, 12 Specialist Ayurvedic Medical officers (Traditional) an Administrative Officer, 34 Nursing Officers, 10 Pharmacists and 41 Attendants. In addition 15 ordinary and 70 Sanitary Labourers were recruited in excess of the approved number of posts.
- The central government and the Provincial Public Service Commission have been informed regarding the completion of these posts. These redundancies will be avoided with the filling of vacancies in category PL – 2 posts.
- Vacancies should be filled.

1.5.7 Head 813 – Department of Co-Operative Development

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
<p>(a) According to Article 44 (i) of the Co-Operative Charter, even though every registered society should be audited at least once a year, 128 societies out of 243 active societies had not been audited for the year 2019 and auditors had not been appointed for 35 societies for audit of 2019. Also there were 59 societies which were not audited in the years before 2019 and some of them had not been audited since 2012.</p>	<p>Audit of several societies out of 59 societies is being carried out and reports of finalized audits of other societies are to be received by the institute. Also, officers have been appointed to audit several societies and other societies are scheduled to conduct audits in 2021.</p>	<p>Audits should be carried out periodically in accordance with the provisions of the Charter.</p>
<p>(b) Balances which are not returned to the relevant societies after incurring the expenses from the money paid by the societies to The Department of Co-Operative Development as arbitration fees for resolving disputes of the co-operative societies had been retained in the arbitration fee bank account and most of the balances in that account consist of those fees. Accordingly, as per the bank statement as at 31 December 2020, the balance in the arbitration fee bank account was Rs.23,152,335 and in addition, Rs.30,898,997 had been invested in 06 fixed deposits in the name of the Assistant Commissioner of Co-Operative Development.</p>	<p>Some money may be remains saved after payment for resolving disputes from the amount charged by societies. It has not been returned to the societies and that money remains in the arbitral fund.</p>	<p>Arrangements should be made to pay the balances to the relevant societies.</p>

1.5.8 Head 814 – Department of Local Government

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
<p>Due to failure to implement a proper waste management process in 13 out of 29 local government institutions in the Sabaragamuwa Province, the department's objective of ensuring that a proper waste management process is implemented in every local government body had not been achieved.</p>	<p>With or without a waste management center, a formal waste management process is being maintained currently by local authorities.</p>	<p>Action should be taken to achieve the objective of the department on waste management.</p>

1.5.9 Head 820 – Ministry of Provincial Roads Development, Rural Infrastructure, Tourism and Sports and Youth Affaires

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
<p>(a) 07 extensions were granted on 06 instances due to poor planning of the procurement process in accordance with paragraph 4.1.1 (a) of the procurement guideline for the construction of four storied building which contracted value is Rs. 125,267,510 for the Pinnawala hotel school.</p>	<p>The delay is due to some essential changes being made on the site inspections during the construction and inability to get electricity connection due to the Corona Epidemic.</p>	<p>The requirements should be clearly identified in the planning process and construction should be commenced with the consent of relevant parties.</p>

- (b) The storage room and garage on the construction site of above hotel school which were belonging to the Sabaragamuwa Provincial Department of Agriculture had been demolished and rebuilt. Without following the procurement process the procurement committee of the ministry of provincial roads had decided on 31 August 2016 to enter into an agreement for this construction for the value of Rs. 3,298,064 with the contractor who constructs the hotel school and had been paid Rs. 2,927,585 for the construction.
- Advised by letter No. CS/08 dated 24 August 2016 of the Chief Secretary of the Sabaragamuwa Province, the ministry has taken procurement decisions and carried out this construction within the allocation limit for contingencies of the project.
- The procurement process should be followed after identifying all construction requirements and preparing preliminary estimates.

1.5.10 Head 830 – Ministry of Social Welfare, Probation and Childcare, Rural Development and Rural Industries.

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
(a) Although The Ministry of Industries had allocated Rs.4,500,000 for the purchase of power handlooms for rural industries under the Provincial Specific Development Grants in the annual action plan of 2020 it had not been completed the task of purchasing the power tools required by the Department of Industrial Development during the year under review.	After assigning the work it will take minimum 06 months for the construction and the work had to be abandoned due to the insufficient time period.	Be sure to perform the tasks as planned.

- (b) Material aid worth Rs. 1,278,183 had been provided by the Ministry of Industries for the construction of work sheds for 25 beneficiaries in Horepola and Hinguraara villages. During the physical inspection of the sheds on 3 February 2021, work sheds had not been built using the materiel aid of Rs. 555,005 given to 10 out of 17 beneficiaries. Although one year had elapsed since the material aid provided, the work sheds had not been set up and the shed operations had not been carried out.
- Industrialists who have not built work sheds have been informed by adding the district officer of the National Craft Council to construct the sheds as soon as possible and they have agreed to this.
- Proper monitoring should be done during the implementation of projects.

1.5.10.1 Industrial Development Authority

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
<p>(a) Seven powers and functions had not been implemented related to the development of the industrial sector mentioned in Article 14 of the Industrial Development Authority Charter No. 14 of 2017 of the Sabaragamuwa Provincial Council.</p>	<p>Focusing on this in the future, these powers and functions will be executed.</p>	<p>Attention should be paid on the implementation of powers and functions.</p>

- (b) At the end of the year under review 18 trade debtors equal to sum of Rs. 1,549,130 from total outstanding which was Rs, 19,692,264 were in arrears for more than 5 years and 7 debtors equal to sum of Rs. 565,268 were in arrears for more than 10 years.
- So far, letters of intent have been sent to the debtors to recover the debts and actions will have been taken to recover debts from all debtors and to take legal action against defaulters.
- Action should be taken to recover the outstanding debtor balance.

1.5.11 Head 831 – Department of Industrial Development

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
<p>Although there were 38 vacancies including 3 technical officer posts, 16 instructor posts and 14 guard officer posts as at 31 December of the year under review .It was observed that an employee had been recruited for the post of welder without taking any approval.</p>	<p>It had been informed to fill the vacancies in future under the Multipurpose Development Programme.</p>	<p>Actions should be taken to fill the vacancies.</p>

1.5.12 Head 832 – Department of Probation, Childcare and Social Services

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
<p>It was observed that 22 vacancies including Assistant Commissioner of Probation and 04 Probation officers had not been filled.</p>	<p>Actions are being taken to fill the vacancies.</p>	<p>Vacancies should be filled.</p>

1.5.12.1 Social Services Fund

----- Audit Observation -----	Comments of The Chief Accounting Officer -----	Recommendation -----
Provisions for the educational and nutritional aids had not provided to the helpless and disabled children as stated in the 6th regulation of the Charter for the Establishment of the Social Service Fund of Sabaragamuwa Provincial Council no: 04 of 1994. The cash balance of the fund at the end of the year under review was Rs.77, 943,752.	Requests on nutritional and educational aids had not been received and if the requests are made necessary actions will be taken to implement them.	Should be complied in accordance with the Charter.

1.5.13 Head 840 – Ministry of Education, Information Technology and Cultural Affairs

----- Audit Observation -----	Comments of The Chief Accounting Officer -----	Recommendation -----
(a) The Ministry of Education of Sabaragamuwa Province had entered in to an agreement with a private company regarding the construction of a technical building for Ke/Ambepussa Maha Vidyalaya on 23 January 2017 at a cost of Rs.20,833,115. According to the agreement the work was supposed to be completed by 15 October 2017, but it had not been completed by the end of the year under review	The contractor had been informed that the legal actions will be taken in future and actions will be taken on the defaulting contractors.	Should be complied in accordance with the terms of the procurement guidelines regarding contract delays.

and the performance guarantee of Rs.1,041,656 had expired on 18 October 2019. An advance of Rs.6,249,934 had been paid and out of it Rs. 4,066,315 had not been settled. However the advance payment guarantee had expired on 31 March 2020.

- (b) There had been 54 number of principals who had served for more than 15 years in the same school, 86 number of principals who had served for a period of 10 to 15 years and 130 number of principals who had served for a period of 8 to 10 years, was still continuing to serve without any transfer in the schools of Balangoda, Embilipitiya, Nivithigala, Dehiowita, Mawanella, and Kegalle educational zones.
- The formal transfer policy had been submitted to the Hon. Governor and transfers can be made after its approval.
- Transfers of principals should be made in a timely manner.

1.5.14 Head 841 – Department of Education

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
(a) A toilet system which had been constructed in 2017 under the Nearest School is the Best School Programme by spending a total of Rs.4,983,545 for 03 schools in the educational zones of	This construction was carried out on the basis of information collected through censuses of the year 2014 and this situation occurred as a consequence of closure of schools due the risk of	A formal feasibility study should be conducted prior to the implementation of the project and the maintenance

- Mawanella and Nivithigala was landslides. activities should be done continuously.
- idelling since 2017 and 2018 due to the risk of landslides and the lack of maintenance.
- (b) It was revealed that there was a shortage of 3,319 numbers of teachers and a surplus of 1,832 number of teachers in each educational zone of the province at the end of the year under review. Although there was a possibility of balancing the number of teachers, it was observed that this had not been done. The comments were not furnished. Balancing the number of teachers should be done within the Educational zones.
- (c) There were 341 official quarters which belong to the Zonal Education offices of Dehiowita, Rathnapura and Embilipitiya. Out of them 99 quarters were not in a good condition to be used and there were 18 quarters that had taken for the other purposes of the school without residing. Also it was observed that there were 02 official quarters that had been acquired by the unauthorized occupants. Actions have been taken to demolish unusable quarters, repair official quarters that need to be repaired and take legal action against unauthorized occupants. The actions should be taken to utilize official quarters effectively by securing and maintaining.
- (d) In terms of Financial Rule 59 of Financial Rules of the Sabaragamuwa Provincial Council no actions had been taken to levy and written off a Financial Rules should be followed and act accordingly. The actions that should be taken to written off the loss will be informed and will be ensured that no such mistakes will be occurred.

loss of Rs. 97,080 under the General Control Programme and a loss of Rs. 1,035,156 occurred in 17 schools under secondary education.

1.5.15 Head 850 – Ministry of Lands, Provincial Irrigation, Agriculture, Animal Production and Animal Health and Fisheries

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
<p>Through a sample testing it was observed that, out of 33 seasonal reservoirs in Sabaragamuwa Province under the Ministry of provincial Lands the water capacity of 05 existing reservoirs which belong to Rathnapura district had been reduced due to the non-removal of silt for a long period of time and need paying attention on clearing Seasonal reservoirs in order to increase the fish harvest. The full capacity of the reservoirs could not be used at present due to the lack of maintenance and the non-removal of silt for a long period of time.</p>	<p>Most of the reservoirs in Rathnapura district are owned by the Irrigation Department and the Agrarian Development Department. Necessary inquiries should be made with those institutions to check whether they have a plan for the removal of silt. If not, a plan will be prepared and the requests regarding the allocations will be made from the Finance Commission.</p>	<p>Information on the existing reservoirs in Sabaragamuwa province should be collected and a suitable plan should be prepared and implemented for the maintenance of those reservoirs in order to uplift the inland fisheries industry.</p>

1.5.16 Head 851 –Department of Land Commissioner

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
<p>(a) Two state lands with the area of 3 roods and 1 acre in Kukulegama North and Thapassarakanda Grama Niladari Divisions respectively of Kalawana Divisional Secretariat Division had been given to a private party by an annual permit and a Jayabhumi Deed. Those parties had leased 15 and 20 perches of land respectively for 10 years to a private company for the construction of transmission towers. Although the Divisional Secretary was informed by the letter No. PLC 10 dated 27 September 2012 of the Provincial Land Commissioner to take over the ownership of those permits and deeds under the government and to submit proposals to handover the plots of land which were given for the construction of transmission towers to the same companies on long term licenses. But no actions had been taken in this regard.</p>	<p>Divisional Secretary of Kalawana had informed to report on the current progress and the actions that had been taken in this regard.</p>	<p>The orders of the Land Commissioner should be implemented by the Divisional Secretary.</p>
<p>(b) Rs.1, 500,000 of water tax due for the period of April 2017 to April 2021 had not levied by the Divisional Secretary of Nivithigala</p>	<p>The relevant institution had been informed regarding the payment of arrears and the actions will be taken in future to recover the</p>	<p>Actions should be taken to levy the water tax.</p>

relevant to the “Koswathugaga arrears. Small Hydropower Project” which was constructed by a private company in the lands which belong to the Divisional Secretariat Divisions of Kalawana and Nivithigala.

- (c) The approval had been granted on leasing of 05 plots of land in 03 Grama Niladari Divisions of Divisional Secretariat Nivithigala on long term basis by the Provincial Land Commissioner. However no action had been taken to provide a lease deed on long term leasing of land and to levy lease payments for a period of 1 to 5 years from the date of approval by the date of audit.
- The possession of the land had been given to one of them on the payment of dues and the others had been informed to pay the lease payments.
- Actions should be taken to provide a lease deed and to levy lease payments.

1.5.17 Head 852 – Department of Agriculture.

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
<p>Two official quarters of dual labourers which belong to the District Agricultural Training Centre in the village of Karapincha had been acquired more than 10 years ago by some unauthorized occupants.</p>	<p>Immediate actions will be taken to prosecute against those unauthorized occupants.</p>	<p>Legal actions should be taken immediately with this regard.</p>

1.5.18 Head 853 – Department of Animal Production and Health.

Audit Observation	Comments of The Chief Accounting Officer	Recommendation
<p>No action had been taken to fill 49 vacancies including the post of Assistant Director at the end of the year under review.</p>	<p>Provincial Public Service Commission had been informed that the recruitments should be done in order to fill the vacancies.</p>	<p>Actions should be taken to fill the vacancies.</p>