

Performance Report on Improving Road Accessibility between Rural Community and Socio-Economic Centres under the Integrated Road Investment Programme



RAH/A/PA/2019/25

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1. Executive Summary

According to the loan agreement of the Integrated Road Investment Programme, then Ministry of Higher Education and Highways, presently the Ministry of Roads and Highways is the Executing Agency and Road Development Authority is the Implementing Agency of the Project. The objective of the Programme is enhance the road accessibility between rural communities and socio economic centres. The long term impact of this is to improve the efficiency of national and provincial roads. As per the Loan Agreements, the estimated total cost of the Programme amounted to US\$ 906 million equivalent to Rs.117,780 million and out of that US\$ 800 million equivalent to Rs.104,000 million agreed to be provided by the Asian Development Bank under 06 Multi-Tranche Financing Facilities. Out of that, 04 separate Loan Agreements had been signed upto 31 December 2019 to finance Rs.75,195 million under first 04 tranches and out of such receipts, Rs. 61,533 million had been utilized for the rehabilitation of rural roads by 31 December 2019. The purpose of this audit was to evaluate the performance of these functions.

As per the physical progress reports issued by the Project Consultant as at 31 December 2018 and the recent field inspections conducted by the audit, it was selected to conduct a performance audit under this programme due to observing the physical progress of the project had not reached the expected targets by the due date. Out of the total 42 contract packages being implemented under the programme, 8 contract packages that did not reach the expected targets as at 31 December 2018 were selected and their progress was inspected deeply. Accordingly, only roads in the Kurunegala and Puttalam districts of the North Western Province were selected for physical inspection.

Out of 42 contract packages awarded for the rehabilitation of 3,143 km of rural roads in Kalutara Districts in Western, North Central, Sabaragamuwa, Central and Southern provinces under the Integrated Road Investment Programme, the 25 contract packages, ie KU 01, KU 02 package in the Kurunegala District of the North Western Province, all packages in Central Province, MA 02, MA 03 packages in the Matale District and the NE 02 package in the Nuwara Eliya District were only rehabilitated. Also, M01, M02 and M03 packages in the Matara District of the Southern Province, G2, G3 Packages in the Galle District and H01, H02, H03 Packages in the Hambantota District were completed by 30 October 2019. Further, the AP 01, AP 02, AP 03, AP 04 in the Anuradhapura District of the North Central Province and the P01, P 02, P 03 in the Polonnaruwa District and the KL 01 Package in the Kalutara District were completed on 04 November 2019. The R 03 package in the Ratnapura District of the Sabaragamuwa Province only had been completed.

In addition, 12 out of the 42 contract packages offered for the above rural road rehabilitation, ie 3 packages in Kurunegala District (KU 03, KU 04, KU 05) and 2 Packages in Puttalam District (PU 02, PU 03) and MA 01 package in Matale District, G 01 Package in Galle District, KE 01 package

in Kegalle District, the two packages (R 01, R 02) in the Ratnapura District and the two packages (KL 02, KL 03) in the Kalutara District had been abandoned by the road rehabilitation contractors.

Also, the road rehabilitation work of 05 contract packages namely the PU 01 package in Puttalam District, NE 01, NE 03 packages in Nuwara Eliya District and KE 02, KE 03 packages in Kegalle District was progressing slowly as at 31 December 2019. Further, the project had failed to recover the performance bonds of Rs.2,577 million furnished by the contractors under the above 12 contract packages by 30 November 2019.

As mentioned above, a sum of Rs.2,994 million out of the Mobilization Advances amounting to Rs.3,434 million given to 12 contractors who had abandoned works on road rehabilitation works, had failed to be recovered by 30 November 2019.

A sum of Rs.23 million had been paid up to the month of August 2019 by interim payment No.39 as salaries and allowances, housing, office facilities and vehicle facilities for maintenance of the staff of the employer and the engineer (Consultant) who were attached to the contract packages after the abandonment of works on these contract packages and contract package numbers KU 01, KU 02 and PU 01 were used as variation orders to make those payments.

2. Introduction

2.1 Commencement of Integrated Road Investment Programme

The Integrated Road Investment Program had been commenced on 02 July 2014 in accordance with a Cabinet Memorandum submitted by the Minister of Finance and Planning. The total investment of this is US \$ 906 million and out of this US \$ 800 million in aid from the Asian Development Bank and the remaining US \$ 106 million was also planned to be financed by the Government of Sri Lanka. According to the above Cabinet Memorandum, one thousand villages were expected to be selected as rural hubs based on population density and development needs and it will be planned to upgrade or rehabilitate the rural, provincial and national roads leading to those villages under this programme. This investment programme is expected to improve 2,200 km of rural roads and 400 km of national roads in the Southern, Sabaragamuwa, Central, North Central, North Western and Kalutara Districts of the Western Province through 05 projects. The selected roads proposed to be upgraded were to be improved to withstand all weather conditions and it was planned to maintain by this project up to 03 years after upgrading the rural roads and a maximum up to 5 years for national roads till the completion of the project after upgrading the national roads. In addition, it was also planned to do activities related to the capacity improvement by the investment programme in related institutions for road development such as Road Development Authority, then the Ministry of Highways and Shipping now the Ministry of Roads

and Highways and divisions such as Project Management, Contract Administration and Road Assets Management of Provincial Road Agencies and Local Authorities.

The aid of US \$ 800 million is obtained from the Asian Development Bank was obtained under a multi-tranche financing facility and that financial facility will be implemented in six phases. Accordingly, it was expected to be implemented

- The first phase in the month of October 2014 by US \$ 100 million
- The second phase in the month of December 2014 by US \$ 100 million
- The third phase in 2016 by US \$ 200 million
- The fourth phase in 2017 by US \$ 150 million
- The fifth phase in 2018 by US \$ 150 million and
- Final Phase in 2020 by US \$ 100 million

2.2 Implementation of Integrated Road Investment Programme

- 2.2.1. The approval had been granted by the Cabinet paper No.14/0870/504/088 dated 11 July 2014 for the Cabinet Memorandum submitted by the Minister of Finance and Planning on 02 July 2014 under the heading of Financial Assistance from the Asian Development Bank for the implementation of the first phase of this programme.

Under this first phase, it was proposed to establish a network of developed roads between selected rural areas and socio-economic centres in the Southern Province, increasing the capacity of the Southern Provincial and Local Government Road Development Agencies including the Ministry of Highways and Shipping and the Road Development Authority, preparation of surveys, feasibility studies and engineering plans for projects to be financed under the remaining stages.

The total investment cost of the first phase above is US \$ 118 million and the government contribution is US \$ 18 million. For this, the loan amounting to US \$ 100 million had received from the Asian Development Fund of the Asian Development Bank. It was agreed to grant this loan in SDR currency calculated at the prevailing exchange rate on the date of negotiation. The annual interest rate on this loan is 2 per cent and due to be repaid in equal installments over 25 year period, including a 5 year grace period.

- 2.2.2. The approval had been granted by the Cabinet paper No.14/1565/504/138 dated 29 October 2014 for the Cabinet Memorandum submitted by the Minister of Finance and Planning on 30

October 2014 under the heading of Financial Assistance from the Asian Development Bank for the implementation of the second phase of the programme. Under this phase, it was expected to finance the first batch of projects to be implemented in the North Central and North Western Provinces and the project to be implemented for the Sabaragamuwa Province and the Kalutara District.

The loan of US \$ 107 million was to be provided as the second phase of the multi-tranche financing facility for that phase also. It consists of a loan of US \$ 98 million receive from the General Capital Resources Fund of the Asian Development Bank and a loan of US \$ 9 million receive from the Asian Development Fund. The government investment for the second phase is US \$ 12.5 million.

- 2.2.3. The approval had been granted by the Cabinet paper No.15/1478/706/013 dated 29 October 2015 for the Cabinet Memorandum submitted by the Minister of National Policies and Economic Affairs on 12 October 2015 under the heading of Financial Assistance from the Asian Development Bank for the implementation of the third phase of the Integrated Road Investment programme.

Under this phase, 2,548 km of rural access roads including Pradeshiya Sabha and Provincial Roads and 118 km of National Roads are expected to be upgraded and maintained. The proposed third phase was planned to finance the second stage of all contracts financed by the first and second phases. The total investment for this is US \$ 223.88 million. Out of this, the government contributed US \$ 23.88 million and the remaining US \$ 200 million was provided by the Asian Development Bank through two loan agreements.

- 2.2.4. The approval had been granted by the Cabine Paper No.17/2078/706/108 dated 04 October 2017 to the proposal for obtaining a loan of US \$ 150 million from the General Capital Resources Fund of that bank with Asian Development bank as per Cabinet Memorandum under the heading of Financial Assistances of Asian Development Bank submitted by Minister of National Plannig and Economic Affairs dated 14 September 2017 for implementation of the fourth phase of the programme.

2.3 Entering into loan agreements with the Asian Development Bank

According to the above Cabinet decisions, between the Asian Development Bank and the Democratic Socialist Republic of Sri Lanka, it was entered into,

- Loan Agreement No. 3171 SRI (SF) dated 05 November 2014 for Phase I,
- Loan Agreement No. 3221 SRI and 3222 SRI (SF) dated 28 May 2015 for Phase II,
- Loan Agreement No. 3325 SRI and 3326 SRI (SF) dated 11 December 2015 for Phase III,
- Loan Agreement No. 3610 SRI (SF) dated 15 December 2017 for Phase IV.

2.4 Reason for Selecting the Audit

Failure to reach the expected targets of the physical progress of the project during the last field inspections conducted by the audit and Financial and Physical Progress Report issued by the Project Consultant as at 31 December 2018 and some contractors had abandoned the works, led to conducting a performance audit about the programme.

2.5 Authority for Audit

This audit was carried out in accordance with the provisions of Article 154 of the Constitution of the Democratic Socialist Republic of Sri Lanka and the National Audit Act No.19 of 2018.

2.6 Scope of Audit

It was deeply inspected by selecting 705 km in 114 rural roads in 8 contract packages which did not reach the expected targets by 31 December 2018 out of the 3,143 km of rural roads and 400 km of national roads of the entire 42 contract packages being implemented under the programme. Accordingly, 20 roads in the Kurunegala and Puttalam Districts of the North Western Province were selected for physical inspection.

2.7 Scope Limitation

- (i) As this programme is spread over 13 Districts in 06 provinces, due to limited human resources and time for field inspection, it had to be selected only roads in the Kurunegala and Puttalam Districts in the North Western Province for physical inspection.
- (ii) Conducting an audit base on the criteria determined by the programme is accurate.

- (iii) There were no contractors, relevant officers, laboratory facilities and equipment to inspect the quality of the roads in the Kurunegala and Puttalam districts where the field inspections were carried out. Therefore the condition of selected roads on a sample basis couldn't be inspected and the audit had to be conducted based on information received due to the limitation of obtaining evidence.

2.8 Audit Methodology

The following methodologies were followed for this audit.

- (i) Study the policy decisions, relevant regulations, procurement guidelines, Asian Development Bank Guidelines, contract documents, circulars and other relevant documents related to the Integrated Road Investment Programme.
- (ii) Study and analysis of data from the Economic Analysis Report and the Traffic Survey Report issued on the preliminary studies based on the implementation of this programme.
- (iii) Review other relevant documents and obtain necessary clarifications from the concerned officers and institutions.
- (iv) Monitoring the physical condition by the field inspections and obtaining public feedback.

2.9 Audit Sub-objectives

Among the sub-objectives of this performance audit were to check whether the following functions to be performed by the management have been duly performed to achieve the desired objectives of the programme.

- (a) Evaluate the effectiveness of achieving the desired goals through proper planning of the programme.
- (b) Evaluate the performance of road identification, selection of relevant contractors and implementation and completion of relevant projects within the stipulated time frame according to priority in the implementation of the programme.

- (c) Evaluate whether the programme has been economically implemented in such a way as to enable the utilization of local and foreign funds to achieve a high level of performance in the implementation of its objectives.

2.10 Audit Criteria

- (i) Procurement Guideline
- (ii) Asian Development Bank Guideline
- (iii) Terms on Contract Agreements
- (iv) Circulars,
 - Circulars issued by the Ministry of Highways
 - Circulars issued by the Road Development Authority
 - Public Finance Circulars
- (v) Cost Estimates
- (vi) Approved rates (BSR, HSR)
- (vii) Structures by design plan

3. Audit Observations

3.1 Plainning of Programme

3.1.1. Identify the Road Programme (Change the Scope of the Programme)

According to the basic plans of the programme, 2,200 km of rural roads and 400 km of national roads were expected to be rehabilitated and it had been amended as rehabilitation of 3,108 km of rural roads and 248 km of national roads on two occasions by Cabinet approval dated 29 October 2015. However, the length of rural roads to be rehabilitated had been agreed as 3,143 km in awarding consultancy contracts for the supervision of rural road rehabilitation projects in the Southern Province under the approval of the Cabinet of Ministers No.15/0578/618/016 /TBR dated 28 May 2015 in the Southern Province, for rural roads in the North Central and North Western Provinces under the Cabinet approval No.15/1401/713/008/TBR dated 22 October 2015 and under the Cabinet approval No.15/1401/713/007/TBR dated 22 October 2015 for Rural Roads in Central, Sabaragamuwa and Kalutara Districts in Western Province.

3.1.2. Action Plan

Under the Joint Road Investment Programme, it was planned to rehabilitate 3,143 km of rural roads and 400 km of national roads in the Southern, Sabaragamuwa, Central, North Western, North Central Provinces and the Kalutara District through five projects. Accordingly, the Asian Development Bank had planned to finance in six phases under the multitranche financing facility.

However, according to the financial plans presented by the Asian Development Bank in such a manner, the plan for the utilization of funds required to obtain confirmation of how much of each phase is expected to be spent on road rehabilitation in each province for each financial year and whether the money so allocated has been utilized for the rehabilitation of the relevant roads efficiently and effectively had not been submitted to the Audit.

Further, it was observed that the loan agreement No.3222-SRI (SF) under Phase 02 and the loan agreement No.3326SRI (SF) of Rs.1,199 million and Rs.3,572 million obtained under Phase III had been closed on 07 April 2017 and 27 March 2017 respectively. Assets generated from the proceeds of this loan agreement could not be specifically identified and it was stated that the repayment of the loan should be effective from January 2020.

3.2 Implimentation of the Project

3.2.1. Selection of Roads

Under this program, the Road Development Authority had entered into MoUs with the Provincial Secretaries of the Southern Province, North Central Province, Central Province, Sabaragamuwa Province, North Western Province and the Kalutara District in the Western Province. The selection of roads was done on the basis of the criteria determined with the assistance of the District Secretary, Divisional Secretary, Grama Niladhari and the officials of the Road Development Authority in accordance with the terms agreed upon in the agreements.

The following criteria were considered in selecting roads for rehabilitation.

- Roads that do not have adequate lanes,
- Roads in Ecologically Sensitive Areas,
- The roads which have 50 households or more, except private roads and urban roads,
- Roads with electricity and water facilities,
- Educational facilities (school or training centres access roads),

- Health facilities (access roads to hospital clinic dispensaries),
- Access roads to lands reserved for agriculture,
- All other industries (small, medium or large scale) access roads to weekly fairs and other trade centres, access roads to agriculture crop or other product collection centres.

In addition, the roads were selected also by considering the criteria such as the ability to develop bare lands, minimizing the setbacks due to the inability to access main roads, balancing regional facilities, creating all other development potentials related to rural-urban areas connectivity, help to perform social justice, setting value addition. Further, although a sum of Rs.19 million had been paid as incentives to the Road Development Authority officials in 2016 for road selection, basic engineering activities, field inspections and prepare the bill of quantities, it was observed that the following weakness had occurred in the selection of rehabilitated roads.

- (a) The Road Development Authority (RDA) has selected the 5.90 km length road from Katuneriya to Marawila belongs to the National Roads category under the Rural Road Rehabilitation Programme of the Integrated Road Investment Programme without any formal study and it had been removed later. As a result, the length of rural roads planned to be developed was reduced.
- (b) The partially completed roads through other development projects had been selected for rehabilitation under several packages in the Southern Province. For example, the length of the road from Ekamuthu Mawatha (Kadigamuwa - Palamkada) to Batalawatta (Road No. 43) to be rehabilitated under Hambantota Package 02 (H2) in the Hambantota District was 5.7 km as per the information provided and it was observed that the working scope of the road to be developed under this programme had been reduced to 3.7 km due to nearly 2 km of the road had been rehabilitated by another project.
- (c) Ownership of Rajapaksa Mawatha across the Gonadenihena Kanda (Road No. 44) with the length of 1.1 km to be rehabilitated under the H2 package in the Hambantota District of the Southern Province had not been handed over to the Okewela Pradeshiya Sabha due to a case between the land owners. But it was observed that necessary arrangements had been made for development under this programme.
- (d) The 3.20 km long section of road No. 50 from Perahera Mawatha to Mulkirigala School, which was planned to be rehabilitated under Contract Packages 03 in the Hambantota District of the Southern Province had been included in the contract packages Nos.02 and 03 in the Hambantota District of the Southern Province and it

was observed that nearly 2 km of that road had been rehabilitated by another programme using asphalt.

- (e) It was observed that nearly one kilometer of Road No.37 Ela Bunteka road which was planned to be rehabilitated under the Contract Package 03 in the Hambantota District of the Southern Province had been rehabilitated by another programme using asphalt.

3.2.2. Selection of Contractors and Contracting

According to the National Procurement Guidelines and the Asian Development Bank Guidelines, although to be considered the Lowest Evaluated Substantial Response Bidder, the bidder must have sufficient financial and technical ability to perform the contract satisfactorily, the following observations are being made about cases that were not considered that ability in selecting contractors for this programme.

- (a) Package 04 (KU 04) in the Kurunegala District and Package 02 (PU 02) and 03 (PU 03) in the Puttalam District in the North Western Province had been offered to V.V Karunaratne Company for Rs. 2,091 million, Rs. 1,464 million and Rs.1,210 million respectively on 01 August 2016. At the beginning, which was in early 2014, although a situation had arisen as the approval was not given to awarding the contract by the Asian Development Bank (ADB), the credit agency, subsequently, in the year 2016, the action was taken to award this contract to the relevant contracting company. However, in accordance with the contract agreements so granted, the Road Development Authority had decided on 2 August 2019 and 27 November 2019 to terminate the contract in accordance with Section 15.2 of the General Conditions of the Contract Agreement due to the failure of the Contractor to hand over the road to the Authority after completing. The following observations were made regarding the selection process of this company.
 - (i) Considering the past experience of the contractor so awarded; delay charges were also charged due to poor performance and poor financial progress of the rehabilitation works in Change 13 + 000 - 24 + 000 km in CP 8 Mankulam - Mullaitivu Road and the contract package No.CP 17 Medawachchiya- Manna Talaimannar Road Change 62+100 to 76+500 km activated by the Road Development Authority under the Asian Development Bank Loan awarded under the Northern Road Coordination Project implemented by this Contractor.

- (ii) Further, according to the Technical Evaluation Committee report of 10 October 2014, bids had been submitted by this contractor also under contract packages relevant to the Matara, Galle and Hambantota Districts operating in the Southern Province under the programme. As mentioned above, the evaluation committee had decided to reject the technical applications for all the packages applied by the company and not to open the financial applications due to the previous poor performance of the contractor in carrying out the Road Development Authority and Asian Development Bank assisted projects. The approval of the Cabinet Appointed Standard Procurement Committee had also been received for this decision. Further, according to the technical evaluation report, the problem in the company's cash flow was the main reason for the company's poor progress.

- (iii) Although this contractor had submitted the lowest bid for the KE1, KE2 and KE3 package in 2014 when bidding for road programmes in the Kegalle District, the contractor had filed a case in the Supreme Court under case number 233/2015 as a violation of fundamental rights due to his ineligibility. Further, the Asian Development Bank (ADB) had approved to re-select this contractor due to poor performance in the previously awarded contracts in the Southern Province. Meanwhile, the Road Development Authority (RDA) had submitted it for sought Cabinet approval with the objective of obtaining a loan of Rs.3,600 million from local banks under other sources of funding.

- (iv) Under this background, re-bids were made on 12 January 2016 for the awarding of the relevant contracts. The action had been taken by the Director General of the Road Development Authority to seek the Line of Credit from People's Bank and Hatton National Bank to ensure the company's financial capacity and stability due to this contractor was the lowest bidding contractor in contract packages 2 and 3 in the Puttalam District in North-Western Province as well as in Package 4 in the Kurunegala District though not qualified as above. In this case, the bank had granted a credit line for the contractor only for one package.

Accordingly, it was observed that financial viability and other factors were not properly evaluated in selecting this contractor and under such circumstances;

the award of three contract packages to this contractor was problematic during the audit.

- (b) Olympus Construction Pvt. Ltd had entered into an agreement with a foreign contracting partner for a joint venture called Rani Construction Pvt Ltd for KL 2 and KL 3 contract packages in Kaluthara District. The following observations are made in this regard.
 - (i) According to the General Condition No.1.14 of the joint venture agreement, if two or more individuals form a joint venture to contract in Sri Lanka, those individuals should be accountable to the employer for executing the contract collectively and individually. However, no such bond was presented to the audit.
 - (ii) Although this foreign contracting company should be registered in Sri Lanka in accordance with Public Contracts Act No. 03 of 1987 and sub-clause 7.9.5 (c) (i) of the Government Procurement Guidelines 2006 before setting up a joint venture with another contracting company in Sri Lanka, the procurement agency had not acted to obtain a reasonable confirmation that this had been done prior to awarding the contract.
- (c) When awarding the rehabilitation contracts of rural roads in KU3, KU5 Packages in Kurunegala District and PU1 Package in Puttalam District, actions had not been taken by the procurement agency to obtain reasonable assurance about whether the Chinese company named Ranken Railway Construction Company had registered under the Public Contract Act No.03 of 1987.

3.2.3. Liquidity Issues in Contracted Companies

In selecting contractors, their financial liquidity was not adequately considered. As a result, many of the contractors involved in the road rehabilitation work under this programme were facing financial difficulties and liquidity problems and it was observed that the road rehabilitation work had failed to be completed on time. Accordingly, the project was proposed after discussions with local commercial banks with the intervention of the Road Development Authority to set up a financial facility called ESCROW to alleviate problems in the cash flow management of contractors. For this, the Chairman of the Road Development Authority, representatives of four contracting companies had signed agreements for ESCROW credit facilities with local commercial banks. Further, the evidence on obtaining the approval of the

Credit Agency (ADB) had not been submitted to the audit. Later, the Road Development Authority (RDA) had terminated 10 contract agreements of the two contractors among construction companies due to the poor performance and financial management problems of the contractors who were provided the loan facilities. Accordingly, the capabilities of the relevant works were not taken into consideration in selecting the contractors.

3.2.4. Abandonment of Contract Packages

- (a) As a whole, 12 out of the 42 contract packages amounting to Rs.71,978.15 million awarded for the rehabilitation of rural roads were abandoned by the contractors. Accordingly those 12 contracts with road length of 1003.79 km amounting to Rs.21,459 million due to be implemented during 2015 and 2016 in Kurunegala, Puttalam, Mathele, Kegalle, Galle, Ratnapura and Kaluthara Districts had been abandoned in 2019 and at the time of the abandoned, the cost incurred for the contracts was Rs.10,583.6 million. The details were as follows.

District	Contract Package	Length of proposed roads km	Value of Contract Package Rs. Mn	Awarded date of the contract	Abandoned date of the contract	Expenditure incurred at the time of abandoned Rs. Mn
Kurunegala	KU03	99.12	1,976	2016.08.01	2019.02.26	909.9
Kurunegala	KU04	106.02	2,091	2016.08.01	2019.11.27	1048.6
Kurunegala	KU05	100.85	1,996	2016.08.01	2019.02.06	835.6
Puttalam	PU02	74.17	1,463	2016.08.01	2019.07.19	730.2
Puttalam	PU03	53.14	1,210	2016.08.01	2019.11.13	585.8
Mathele	MA01	75.12	1,260	2015.12.17	The contractor had filed the court case.	937.2
Galle	G01	63.6	1,458	2015.05.18	2019.02.12	876.9
Kegalle	KE01	74.6	1,972	2015.12.17	The contractor had filed the court case.	964.7

Ratnapura	R01	80.63	2,022	2015.12.16	The contractor had filed the court case.	1019.8
Ratnapura	R02	92.24	2,383	2015.12.16	The contractor had filed the court case.	1154.6
Kaluthara	KL02	88.44	1,811	2016.09.29	2019.08.02	772.8
Kaluthara	KL03	<u>95.82</u>	<u>1,817</u>	2016.09.29	2019.08.02	<u>747.5</u>
		<u>1,003.79</u>	<u>21,459</u>			<u>10,583.6</u>

- (b) Although the project had awarded a length of 695.5 km of 114 selected road sections in eight contract packages in the two Districts of Kurunegala and Puttalam in the North Western Province at a cost of Rs.14,575 million, those contract agreements had been terminated by 30 November 2019 due to abandonment of the 421.17 km (61 Per cent) length of 68 road sections (60 Per cent) amounting to Rs.4,628.6 million in five contract packages amounting to Rs.8,738.70 million relating to KU3, KU4, KU5, PU2 and PU3 packages. The details are in Anexture 2.

The following observations were made in those contract packages.

- (i) According to Sections 8.2 and 10.2 of the General Contract Conditions, although the completed road related to the packages can be taken over by the employer on an individual basis, no any road out of the above 68 roads in the five contract packages had been completed to be able to handing over.
 - (ii) Nearly 50 per cent out of the estimated total cost of the contract packages had been incurred by the date of receipt of termination orders in the contract packages were terminated due to non-completion and the uncertainty was observed in the existence of those works due to the improper completion of the works.
 - (iii) Although the value of the contract should be estimated at the closing date of works for re-bids of these packages for completion, the value of contracts at the date of termination order was released relating to Packages No. KU 4, PU 2 and PU 3 had not been furnished to audit.
- (c) As per (b) above, It was observed that Rs.129 million would have to be spent for urgent works to be required for abandoned roads to minimum use to the public and for

additional works to be done to minimize the dangers to road users caused by abandoned works and the relevant procedures had not been completed. The details were as follows.

Contract Package	Estimated cost		Total Rs. Mn	Procedures followed and progress
	To minimize accidents Rs. Mn	To make the road usable Rs. Mn		
KU 03 and KU 05		-	104	Done by the contract package KU 01 and Rs.92 million was paid for it in August 2019 through Interim Payment Certificate No. 39.
KU 04	0.89	21	22	It had not been agreed to do by any contract package
PU 02	0.62	53	54	The additional works were planned to be done by PU 1 package
PU 03	0.52	55	56	
Total		<u>129</u>	<u>236</u> <u>472</u>	

Accordingly, it was observed that these additional costs such as the actual cost of performing the relevant work subjects out of the estimated cost of Rs. 132 million for the three contract packages KU 04, PU 02 and PU 03 and the amount of Rs.92 million paid by KU 01 for the above two work items in the two contract packages KU 03 and KU 05 should be charged from relevant contract packages.

- (d) The amount totalling Rs.23 million had been paid up to the month of August 2019 as per Interim Payment Certificate No.37 on salaries and allowances, housing, office facilities and vehicle facilities on behalf of maintenance of employer and consultants staff attached to those packages after stopping the works of these abandoned packages. The contract package numbers KU 01, KU 02 and PU 01 were used as variation orders to make those payments. Accordingly, the cost incurred without undertaking the construction works was observed during the audit as an additional cost to the programme. Accordingly, an additional cost of Rs.23.38 million had to be incurred for this. Details are given in Annexure 3.

3.2.5. Slow-moving Contract Packages

Taken as a whole, despite the poor performance of the contractors, five projects amounting to Rs.9,520 million were given extensions of 18 to 24 months time period to complete projects.

The details are as follows.

District	Contract Package	Length of Roads km	Contract package value Rs. million	Proposed date for completion	Expected date of completion of the package subject to extension of the period	Extended period	Physical progress as at 30 November 2019 (%)
Puttalam	PU01	92.4	1,706	2018.07.31	-	-	99.5
Nuwara Eliya	NE01	76.80	2,297	2017.12.16	2019.12.20	24 Months	86.18
Nuwara Eliya	NE03	65.56	2,069	2017.12.16	2019.09.30	21 Months	99.69
Kegalle	KE02	78.10	1,816	2018.03.28	2019.09.30	18 Months	98.94
Kegalle	KE03	67.67	<u>1,632</u>	2018.03.28	2019.10.31	19 Months	95.96
			<u>9,520</u>				

3.2.6. Successfully Completed Contract Packages

Taken as a whole, out of a total length of 3,143 km of 42 contract packages, all the roads were completed and handed over to the Road Development Authority subject to time extension under 25 contract packages valued at Rs.41,363 million with a total length of 1,757.48 km. Details are given in Schedule 1.

3.2.7. Issues with the Quality of Constructions

The following observations are made regarding several road projects that were subjected to sample tests.

- A 4.11 km out of the 4.30 km length road No.96 from Kasikotte Junction to Peela via Mee Oya Bridge under Contract Package No.04 (KU04) valued at Rs.2,092.2 million in Kurunegala District had been constructed by applying asphalt on the road surface. In that road, reconfigured road surface section in two places identified by Non-

Conformance Reports with 1 meter wide and 12 m and 7.6 m long respectively in-between Change 1+802 and 1+900 and another road surface section of 60 meters long from Change 3+060 km to 3+120 km were slightly sunked at the original level of the road. Further, the asphalt road surface 13 m long on left hand side of the road from Change 1+794 to 1+807 was cracked. Also, the surface asphalt layer had been cracked about 13 meters long in the left end of the road from Change 1 + 794 to 1 + 807. It was also observed that the notice board detailing the road, which was installed at the end of the road, had collapsed. On further physical inspection on 13 May 2020, it was observed that the asphalt surface of this road had been completely washed away and was no longer usable.



(The situation as at 27 November 2019)



(The situation as at 13 May 2020)

(Road No.96 from Kasikotte Junction to Peela via Mee Oya Bridge)

- (b) Although 7.6 km of Nelumpath Wewa - Udadivul Wewa road was developed by laying asphalt under contract package No. KU04 in Kurunegala District, damages and cracks were observed in many places in it. Although the following Non-Conformance Reports and Non-Conformance Product Notifications had been issued for road defects on 29 November 2019 after site inspection, the action had not been taken to rectify those defects.

Date -----	No. ----	Nature -----	Place -----
13/10/2017	VVKD/IR/KU4/NCR-04	Compction defects	3+730-3+815F/W, 4+070-4+158F/W
20/11/2017	VVKD/IR/KU4/NCR-09	Cracks on asphalt laying road surface	5+532-5+535 LHS, 5+332-5+335 RHS
14/09/2018	I-Road/PIC- 02/VVK/KU4/NCPN/003	Cracks on 95 places in asphalt laying road surface.	95 places
22/08/2019	I-Road/PIC-VVK/ KU04/NCRN/16	Cracks and Bursts on 266 places in asphalt laying road surface.	266 places

The defects as at 22 August 2019 in asphalt laying road surface had been reported by I-Road/PIC/VVK/KU4/NCPN/16 and it was observed that those defects had further increased by the audited date on 26 November 2019. For this purpose, the employer had prepared estimates by Non-Conformance Product Notifications No.13 on behalf of unpaid work done valued at Rs. 4.5 million as at 03 December 2019. Further, it was observed during the audit that further damage to the road surface was possible due to failure to fill the shoulders by using the asphalt on either side of the road surface.

- (c) Road No. 81 length of 7.5 km from Mavi Ela Junction to Ilukpitiya Junction via Thelibewa Temple selected in sample testing of the roads rehabilitated under package No.1 (KU01) in Kurunegala District had been constructed in required quality by laying asphalt. However, due to the non-inclusion of provisions in the Bill of Quantities for the reconstruction of bridges in the preparation of the Bill of Quantities under Contract Package No. 01 under this programme, the road works were completed by the contractor without rehabilitating the bridge in Chanage 7 + 105. From it had damage the quality of the road.



(Road No. 81: Change 7+105)

3.3 Progress of the Road Programme

3.3.1 Financial Progress

The estimated total cost of the programme is US \$ 906 million equivalent to Rs.117,780 million and out of this, the Asian Development Bank has agreed to provide US \$ 800 million equivalent to Rs. 104,000 million under six multitranches financial facility. Out of it, four separate loan agreements had been signed for financing a sum of Rs.75,195 million under the first four tranches by 31 December 2019 and out of this, a sum of Rs. 61,533.84 million had been utilized for the rehabilitation of rural roads by 31 December 2019

3.3.2 Physical Progress

The road construction observations are as follows.

- (a) Although it was planned to rehabilitate 3,140 km of rural roads and 400 km of national roads under this programme, only 508 rural roads with a length of 2,086.41 km were rehabilitated by 31 December 2019. Thus, 66.94 per cent of physical progress had been achieved out of the expected rural road length. Further, the necessary steps had been taken to award contracts for only 02 National Roads with 77 km out of 06 National Roads with 265 km.
- (b) The programme had failed to recover Performance Bonds valued at Rs.2,618.5 million and the Mobilization Advance amounting to Rs.3,154 million and remit to the Asian Development Bank due to cases filed by the contractors in respect of 12 out of 42 contract packages.

- (c) Despite the high poor performance of the contractors in relation to the 3 contract packages, the project had extended the period without proper study to complete the contract. Although that extended time periods had exceeded, the programme had not taken actions to recover liquidated damages to be charged from the contractor as per General Condition 8.7 of the contract agreements due to delay in completion of contracts.

3.3.3 Roads Rehabilitated under this Road Programme in the Entire Road Network of Sri Lanka

Although it was planned to rehabilitate 3,100 km of rural roads and 400 km of national roads in the road network of Sri Lanka under this programme, only 508 rural roads with a length of 2,086.41 km were rehabilitated by 31 December 2019.

3.3.4 Uneconomic Transactions

The following uneconomic transactions had taken place due to weaknesses in the implementation of the programme from the relevant related parties.

- (a) The programme had to pay Rs.1,180.44 million as commitment charges on the unutilized loan balance as at 31 December 2019 due to failure in effective utilization of the loan provided by the Asian Development Bank in line with the financial plan.
- (b) According to the subsection 4.2 of the General Condition of the Contract Agreement, the cost of documentation and banking charges on Performance Bonds furnish on contract packages should be borne by the contractors themselves. However, contrary to those requirements, a sum of Rs.608.50 million had been paid as at 31 December 2017 to cover the relevant costs incurred by the contractors on Performance Bonds due to an item that was included in the Bill of Quantities of the 42 contracts packages awarded by the programme. Further, according to the information received from the licensed commercial banks, the actual cost in this regard was only Rs.268.70 million. It was observed that such an additional cost of Rs. 877.20 million had to be borne due to the programme Procurement Specialist and the Technical Evaluation Committee had not paid attention to this during the bidding process.

- (c) Although Rs.12,656 million had been paid as Mobilization Advances to the contractors engaged in the road rehabilitation works, the project had failed to recover a sum of Rs.3,522 million from the contractors as at 30 November 2019.
- (d) According to the General Contract 4.17 and Section 5.4.4 of the Government Procurement Guideline, although the Mobilization Advance Bonds equivalent to the Mobilization Advances given should be provided, a sum of Rs.334.5 had been paid as Mobilization Advance to a contractor engaged in road rehabilitation work in the Kegalle District and an advance bond valued at Rs.304.2 million only had been obtained.
- (e) The contract packages of KU 03, KU 05 in Kurunegala District and PU 01 in Puthlam District in North Western Province had been awarded at a cost of Rs.1,977 million, Rs.1,997 million and Rs.1,706 million respectively to a Chinese private company for rehabilitation of rural roads on 27 June 2016. The contract packages KU 03 and KU 05 were terminated by the Road Development Authority on 12 February 2019 in accordance with the General Conditions 15.2 of the Contract Agreement on the poor performance of the contractor so awarded. The Performance Bond which was provided within 28 days from the awarding of the contract by the contractor and Mobilization Advance Bond had been forwarded to the relevant commercial bank on 13 February 2019 for encashment. Although the bonds should be encashed by the relevant commercial bank, those had not been encashed even as at 30 December 2019.
- (f) Further, a case was filed in the Supreme Court by another local private company engaged in rural road rehabilitation work in the Southern, Sabaragamuwa and Central Provinces under the Integrated Road Investment Programme. Thus, the need for the involvement of that local private company, which is not a relevant party to the contracts or an approved party related to the contract, was problematic during the audit. Accordingly, it was questionable whether the activities of these packages under the name of a Chinese private company were handled by a local private company.
- (g) The Performance Bonds and Mobilization Advance Bond of Package Nos. KU03 and KU05 in the Kurunegala District valued at Rs.389 million and Rs.604 million respectively furnished by the contracting company were submitted to encashment on 13 February 2019 and although the project had sent reminders several times, the commercial bank had not responded or informed to the Road Development Authority until 03 December 2019. Thus, any legal action had not been taken against commercial

banks relating to non-encashment of Performance Bond and Advance Payment Bond obtaining without including the conditions of payment of money on demand.

- (h) According to Sub-section 14.2 of the conditions of the contract agreement, the Mobilization Advance value of 20 per cent of the contract value is paid in three installments. Accordingly, in the third installment, the balance of 5 per cent of the contract value can be released after the contractor has fully mobilized the worksite and by that time the contractor should have already commenced work according to his plans and the engineer should also be satisfied. However, although the contract works were not commenced or the actual progress was only 18 per cent out of the physical progress of 51 per cent of the package, the third installment of the advance amounting to Rs.55 million had been released in 5 roads out of the 11 roads (18.13 km) planned to be developed by the PU 02 package in October 2017. Accordingly, it is observed that the release of the third advance is questionable in audit because the work on 5 roads (45.5 per cent) has even not commenced or the progress on 6 roads that had already been started is very low. Further, out of the initial advance of Rs. 220 million paid for the PU 02 package, only a sum of Rs. 42 million had been recovered up to the 26 Interim Payment Voucher by December 2019.
- (i) According to the Bill of Quantities of contract agreements of the road packages Nos. KU 01, KU 02, KU 03 and KU 05 of the programme, the sum totalling Rs. 61.8 million included in the contract had been paid by using the lump sum basis to provide professional indemnity insurance for the plans of the contractor and provide a bank guarantee for the advance payment. However, a sum of Rs.4.7 million had been paid subsequently for those items by using variation orders for the extended period relating to the above packages. The details are as follows.

Package	Variation Order No.	Description	Initial payments (Rs.)	Value paid on variance orders (Rs.)
KU 01	Vo – 37	Provide professional indemnity insurances for the contractor's plans.	353,108	56,319
	Vo – 38	Provide bank guarantees for payment of Mobilization Advances.	8,252,780	517,242






KU 02	Vo – 34	Provide professional indemnity insurances for the contractor's plans.	1,000,000	34,150
KU 03	Vo – 10	Provide bank guarantees for payment of Mobilization Advances.	25,840,500	2,022,181
KU 05	Vo – 07	Provide bank guarantees for payment of Mobilization Advances.	26,392,500	2,088,629
		Total	<u>61,838,888</u>	<u>4,718,521</u>

3.3.5 Socio Economic Benefits

The following observations were made during the site visits conducted with the relevant project engineers during the period of **26, 27, 28** and **29** November **2019** covering **18** road sections under **PU1, PU2** and **PU3** Packages spread across the Puttalam District, **KU1, KU3, KU4** and **KU5** Packages spread across the Kurunegala District covering the Kurunegala and Puttalam Districts under the North Western Province.

3.3.5.1 Traffic speed and road accidents

- (a) According to the answers of the rural peoples for the given questionnaire, although the quality of the roads are being improved, there is an increase in the incidence of road accidents among the users of the road due to the high speed and the insufficiency of the 3 meter width of the roads which rehabilitating works are in progress were confirmed by the information taken from peoples in the area on sample basis.
- (b) It was observed that the safety of vehicles and passengers using the roads is at high risk due to lack of intended standard in the roads and non-completion of works on the contract packages **KU 04, PU 02** and **PU 03** valued at Rs. 4,765.4 million. Out of those contracts, several such high risk areas could be identified in three roads and the potential loss of life and property from it was likely to create social problems.

Package	Road ID No.	Name of the Road	Change Km	Photoes
KU-04	28	Kurunegala Puttalam, from Kunuketiya junction to Rasnayakapura via Malpanawa.	0+960- 1+000	 
KU-04	28	Kurunegala Puttalam, from Kunuketiya junction to Rasnayakapura via Malpanawa.		
KU-04	08	Sadagala Road from Warawewa in Giribawa.	2+200	
KU-04	91	From Paluvapara junction to Kumbukkadawala via Giribawa	3+100	

KU- 04 91 From Paluvapara 6+000-6+200
junction to
Kumbukkadawala
via Giribawa



KU - 04 91 From Paluvapara
junction to
Kumbukkadawala
via Giribawa



3.3.5.2 Regional and Provincial Development

Relating to the KU01 package in the Kurunegala District, as shown by the responses to the questionnaire by 15 road users living in 3 selected rural roads, the quality improved roads by this programme will be affected to improve the living standards of the rural peoples as follows. Those are,

- Reduction of time spent on transportation,
- Reduction of fuel consumption in vehicles,
- Reduction of vehicle maintenance costs,
- Development of related infrastructure facilities by starting public transport services after road rehabilitation,
- Increasement of the market value of their properties,
- Efficient distribution of Agricultural products to the market and
- Able to carry out their daily activities more efficiently.

Further, it was observed that the implementation of this programme had created employment opportunities for the rural people in the area and it was contributed to a better living standard.

3.3.5.3 Environmental Impact

- (a) According to the explanations given for 20 questionnaires provided to the people in the area in connection with the contract packages KU04 and KU05 in Kurunegala District and PU 02 and PU03 Packages in Puttalam District where the contractor had not completed the road rehabilitation work on time and violated the contract agreements, it was meant that roads couldn't be used due to mud in the rainy season, dust in the drought season etc., increase in road accidents due to unsafe culverts not being rehabilitated and completed and the risk of dengue outbreaks due to the accumulation of rainwater in improperly prepared drains as well as road users have to face severe difficulties due to abandonment of road development. Accordingly, photographs related to 3 roads can be described as follows.



(PU-03 Road No. 17 from Badura to Sadanangama Katuwagoda Road via Maningala – Chanage 1+010) (PU-03 Road No. 38 Dickwela Road)



(KU-04 Road No. 28 from Kunuketiyahandiya to Rasnayakapura via Malpanawa)

- (b) Further, air pollution due to dust emissions from roads where ABC mixtures had been used to pave the road and severe impact on the health of the people in the surrounding houses. The relevant photos are as follows.



(PU-03 Road No. 38 Dickwela Road
Kobeigane, Chanage - 1+590)

(KU-05 Road No. 26 Padeniya,
Chanage - 0+350 – 2+200)



(KU-04 Road No. 28 Kurunegala Puttalam, From Kunuketiyahandiya to
Rasnayakapura via Malpanawa - Chanage 0+960- 1+360)

- (c) The sample inspection revealed several instances where the daily activities of the residents of the area were adversely affected due to the difficulty of accessing houses and business premises on both sides of the road due to the partially completed construction. The photographs are as follows.



(KU-04 Road No. 91 from Paluwa Road
Junction to Kumbukkadawala via
Giribawa, Chanage 3+080- 3+230)

(KU-04 Road No. 91 from Paluwa
Road Junction to Kumbukkadawala
via Giribawa, Chanage - 3+100)

- (d) The daily activities of the rural people were disrupted due to the contractors' machinery being parked in the worksites and in the house premises of the villages.



(KU-04 Road No. 08 Giribawa Warawewa to Sadagala Road)



(PU-03 Road No. 38 Dickwela Road)

3.4 Recommendations

The following recommendations are made.

1. In awarding and implementing construction contracts and consulting contracts, the necessary steps should be taken to rehabilitate a maximum number of rural roads as well as national roads by maintaining the targeted length of the rural and national roads. (Reference 3.1.1)
2. A formal internal financial plan should be implemented to ensure that the funds received for the programme are utilized for the rehabilitation of the relevant roads efficiently and effectively. (Reference 3.1.2)
3. A methodology should be made to identify the assets generated from the loan agreements from utilizing the loans obtained in tranche vice. (Reference 3.1.2)

4. When planning the roads selected for rehabilitation, action should be taken to award the contract after ascertaining whether the rehabilitation had been done or planned to be rehabilitated under other projects or programmes. (Reference 3.2.1)
5. Even after the construction contract had been awarded, action should be taken to make a necessary procedure to identify sections of the road that had been rehabilitated by other projects and revise the cost of the project awarded as a result of completion through another project and rehabilitate other roads by those funds. (Reference 3.2.1)
6. Action should be taken to select contractors in accordance with the Procurement Guidelines 2006 and the Asian Development Bank Guidelines. (Reference 3.2.2)
7. When considering the qualifications of contractors for awarding contracts, an analytical review should be done for their past experience as well as financial viability. (Reference 3.2.2)
8. Action should be taken to recover the losses due to the termination of abandoned contract packages from the relevant parties. (Reference 3.2.3)
9. Action should be taken to expedite the implementation of the programme by re-bidding the contract packages terminated due to abandonment and offering them to new contractors. (Reference 3.2.3)
10. Proper monitoring of slow-moving contract packages and arrangements should be made to complete the road rehabilitation work in a timely manner. (Reference 3.2.4)
11. Arrangements should be made to ensure that the road rehabilitation work is carried out to the proper standard. (Reference 3.2.6)
12. According to the basic plans of the Road Rehabilitation Programme, proper planning should be done to ensure that it is completed within the stipulated time frame. (Reference 3.3.2)
13. Proper supervision should be carried out to ensure that construction and consulting contract works are carried out in accordance with the requirements set out in the contract agreements. (Reference 3.3.2 (c) and 3.3.4)

14. Action should be taken to ensure that the programme operates in accordance with the conditions of the contract agreements. (Reference 3.3.4)
15. Contract terms should be included in the preparation of future contract agreements to cover possible adverse conditions and losses in the future. (Reference 3.3.4 b)
16. Action should be taken to recover incurred losses due to non-compliance with the conditions of the contract by the relevant parties. (Reference 3.3.4 c - i)
17. The attention of the management should be focused on creating a quality road network in a timely manner so as to minimize unnecessary costs. (Reference 3.2.3 c and 3.3.4 i)
18. Arrangements should be made to expedite the completion of unsafe constructions that had abandoned contract constructions. (Reference 3.3.5.1)
19. Identify instances where contract construction had been abandoned without completion and take necessary measures to minimize the environmental and social problems that may arise. (Reference 3.3.5.3)

Sgd./W.P.C. Wickramaratne
Auditor General

W.P.C. Wickramaratne
Auditor General

03 February 2022

Schedules 1

Successfully completed contract packages

District	Contract Package	Size of roads length Km	Contract package value Rs. Million	Date of commencement of works	Date of handing over to the RDA after completion
Kurunegala	KU01	83.29	2,005	2016.08.01	2019.01.29
Kurunegala	KU02	100.47	2,124	2016.08.01	2019.08.23
Kandy	KA01	76.2	1,756	2015.12.17	2019.10.28
Kandy	KA02	72.52	1,923	2015.12.17	2019.11.28
Kandy	KA03	73.95	2,096	2015.12.17	2019.11.22
Matale	MA02	57	1,248	2015.12.17	2018.01.08
Matale	MA03	61.03	1,407	2015.12.17	2019.02.05
Nuwara Eliya	NE02	36.27	1,241	2015.12.17	2019.02.12
Galle	G02	61.80	1,483	2015.05.18	2018.05.31
Galle	G03	73.13	1,733	2015.05.18	2018.06.30
Matara	M01	98.12	2,315	2015.05.18	2018.07.31
Matara	M02	66.03	1,803	2015.05.18	2019.10.29
Matara	M03	53.46	1,207	2015.05.18	2018.05.31
Hanbantota	H01	67.10	1,583	2015.05.18	2018.07.31
Hanbantota	H02	58	1,803	2015.05.18	2017.12.30
Hanbantota	H03	42	1,207	2015.05.18	2017.09.30
Anuradhapura	AP01	85.39	1,656	2016.08.01	2019.04.19
Anuradhapura	AP02	76.85	1,824	2016.08.01	2019.01.31
Anuradhapura	AP03	82.66	1,492	2016.08.01	2019.04.30
Anuradhapura	AP04	90.20	1,635	2016.08.01	2019.02.25
Polonnaruwa	PO1	50.76	1,158	2016.08.01	2018.10.02
Polonnaruwa	PO2	73.36	1,483	2016.08.01	2018.12.23
Polonnaruwa	PO3	49.55	1,249	2016.08.01	2018.10.31
Ratnapura	R03	81.01	2,020	2015.12.16	2018.09.27
Kaluthara	KL01	87.33	1,912	2016.08.28	2019.11.04

Schedules 2

The Completed Contract Packages in North Western Province

Contract Package	No. of Roads	Length Km	Contractor	Contractual value Rs. million	Physical Progress 31 December 2018		Value at works completion date Rs. million	Total value paid Rs. million	Date of Termination
					Target %	Actual %			
KU 03	12	91.85	Ranken Railway Construction Group (Pvt) Ltd.	1,976.7	64.78	47.97	912.3	909.9	2019.02.12
KU 04	12	106.02	V.V. Karunaratne & Co.	2,091.2	44.53	41.32	Not prepared	1,048.6	2019.11.13
KU 05	17	100.85	Ranken Railway Construction Group (Pvt) Ltd.	1,996.6	59.13	37.45	836.3	835.6	2019.02.12
PU 02	11	74.08	V.V. Karunaratne & Co.	1,463.9	50.90	38.92	Not prepared	730.2	2019.07.19
PU 03	16	48.37	V.V. Karunaratne & Co.	1,210.3	84.29	49.20	Not prepared	585.8	2019.11.13
Total	<u>68</u>	<u>421.17</u>		<u>8,738.70</u>				<u>4,110.10</u>	

Schedule 3

Discription -----	Variatio n Order No. -----	<u>Payments</u>		
		Value	Value	Value
		KU 01 Rs. -----	KU 02 Rs. -----	PU 01 Rs. -----
Office Houses and Staff Salaries and Allowances of the Employer and the Engineer				
KU 03 and 05	43	3,540,064	-	-
KU 03 and 05	26	9,813,974	-	-
KU 03 and 05	13	-	7,700,742	-
PU 02	20	-	-	20,424
PU 02	22	-	-	415,638
PU 03	24	-	-	184,752
KU 04	17	-	-	3,120
KU 04	19	-	-	547,812
Total		<u>13,354,038</u>	<u>7,700,742</u>	<u>1,171,746</u>
Providing vehicle facilities for the employer and the engineer				
KU 03 and 05	16	-	649,400	-
PU 02	21	-	-	173,130
PU 03	23	-	-	105,940
KU 04	18	-	-	229,212
Total		-	649,400	508,282
Grand Total		<u>13,354,038</u>	<u>8,350,142</u>	<u>1,680,028</u>