

Western Provincial Council - Year 2022

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the Western Provincial Council for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of financial performance and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies was carried out under my direction in pursuance of provisions in Section 23(1) of the Provincial Councils Act, No. 42 of 1987 and National Audit Act, No. 19 of 2018 read in conjunction with Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The summary report was issued on 11 July 2023 in terms of Section 23(2) of the Provincial Councils Act and Sub-section 11(1) of the National Audit Act, No. 19 of 2018, and the Detailed Annual Management Audit Report in terms of Sub-section 11 (2) of the National Audit Act, No. 19 of 2018 was issued on 21 July 2023. This report will be presented to Parliament in pursuance of provisions in Article 154 (6) of the Constitution and the Sub-section 10(1) of the National Audit Act and the copy of the report is also submitted to the Governor for submission to 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 Paragraph of this report, the financial statements of the Western Provincial Council give a true and fair view of the financial position of the Western Provincial Council as at 31 December 2022, and its financial performance 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) Although the balance of non-financial assets of 26 ministries and departments on 31 December 2021 was Rs.17,837,594,303, when recording the same value as opening balances on 01 January 2022, the value was Rs.27,510,670,605, which was overstated by Rs. 9,673,076,302.	The asset values that were previously accounted by the Excel Sheet were removed and the new values entered by the SIGAS program were accounted for and brought forward as opening balances, that there have been difference.	The value of the non-financial asset balance as at 31 December of the previous year should be equal to the value of the non-financial asset balance as at 01 January of the current year.

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| (b) | During the period from the year 2018 to the year 2020, through the 02 institute namely Road Development Authority (WP) and Information Technology Resource Development Authority (WP), the Engineering Bureau had purchased Non- financial assets valued at Rs.528,985,774 and information technology equipment valued at Rs.28,998,824 were not submitted to the audit that the total value was accounted by the Engineering Bureau or the institutions provided by the transfer of supposed assets. | Letters have been issued to obtain confirmation from the relevant institutions that the assets will be properly documented and accounted, and currently working accordingly. | Action should be taken to account all non-financial assets and IT equipment purchased. |
| (c) | In 14 institutions including ministries and departments, non-financial assets valued at Rs.1,943,221,441 were not accounted in the financial statements of those institutions and accordingly the value of Non-financial Assets and the Property, Plant and Equipment Reserve Fund were understated than that value in the provincial fund. | The non-financial assets could not be accounted for before the end of 2022 as expected. | Action should be taken to accounted all non-financial assets. |
| (d) | Although 07 vehicles owned by the Ministry of Provincial Roads were valued at Rs.41,350,000 and 40 vehicles owned by the Provincial Education Department were valued at Rs.147,550,000, by accounting the values of the vehicles as Rs.28,400,562 and Rs.58,715,000 respectively, the non-financial assets of the Ministry of Roads were understated by Rs.12,949,438 and the non-financial assets of the Provincial Education Department were understated by Rs.88,835,000. | Will be rectify in year 2023. | Arrangements should be made to account the correct value of all non-financial assets. |
| (e) | Although the balance of the Advance Control Account of the provincial council officers of the Local Government Department was Rs.62,634,791 as at 31 December 2022, the total of the individual balance classification summary on that day was Rs.56,679,725, and there was a difference of Rs.5,955,066 between the balances. | The necessary arrangements are being made to settle this in the future. | Account balances should be reconciled and arrangements should be made to account the correct balance. |

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| (f) | According to the Fund Account, the value spent on the acquisition of capital assets in the year under review was Rs.1,814,283,986, however according to the financial statements of the Ministries and Departments, the purchase value of capital assets was Rs.270,672,300, as such there was a difference of Rs.1,543,611,686. | In relation to the expenditure incurred for the acquisition of the capital asset, it is not possible to obtain a direct report through the CIGAS program to compare the value stated under purchases. | Account balances should be reconciled and arrangements should be made to account the correct balance. |
| (g) | According to the print out of the Provincial Treasury of the Ministry of Local Government, the expenditure for buildings and constructions under the Expenditure Head No. 104-3-2-2104 of the year under review was Rs.36,831,873, however the statement of non-financial assets in the Appropriation Account shows as Rs.12,843,962. As such there was a difference of 23,987,911. | The action will be taken to rectify by the account summary in June 2023 | Account balances should be reconciled and arrangements should be made to account the correct balance. |
| (h) | There was a difference of Rs.656,246 in the building balance and a difference of Rs.2,788,545 in working in progress balance between the Trial Balance and appropriation account of the Provincial Engineering Bureau. | The necessary steps are being taken to correct the existing errors in the summaries of accounts of the sub-offices. | Account balances should be reconciled and arrangements should be made to account the correct balance. |

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

1.3 Responsibilities of the 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 Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's 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 the management regarding, significant audit findings, any significant deficiencies in internal control and other matters that I identify during my audit.

1.5 Comments on Financial Statements

1.5.1 Head 100 - Governor

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The amount of Rs.256,966,831 paid by the Governor's Office to the Kotte Municipal Council on 31 December 2018, for purchases related to the establishment of the	Action will be taken to account in the year 2023.	All non-financial assets owned by the office should be accounted.

Western Provincial Governor's Office, Rajagiriya Janajaya City Building, was only shown as an expenditure of the year 2018 without formally accounted.

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| (b) | According to the Public Expenditure Management Circular No. PS/CSA/11-18 dated 12 October 2018 of the President's Secretary, the maximum number of official vehicles allocated for the use of the Honorable Governors is 02, and if necessary, one security vehicle is also available for security purposes. However 04 official vehicles, including a security car, were allocated to the Governor of the Western Province and put to use. | The car temporarily assigned to the Governor from the Ministry of Local Government (WP), will be used only for special events and no extra fuel will be provided. | Action should be taken according to the Circular. |
| (c) | Although the provision has not been made in any circular, the amount of electricity and water units consumed by the governors who used the governor's official residence during the period from May 2019 to December 2022, they have to pay electricity bills of Rs.1,206,653 and water bills of Rs.217,854. , had been paid by the governor's office. | There has not been charged for water and electricity bills from any governor who has used that official residence since the year 2019. | The action should be taken to pay the electricity and water bills by the governors who use the quarters. |

1.5.2 Head 101 – Western Province Provincial council

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) In order to inquire about the matters mentioned in the reports of the Auditor General, to inform the relevant institutions about the measures to be taken in this regard, and to carry out follow-up activities, a committee called "Financial and Performance Report Review Committee" was formed with the approval of the Provincial Governor and met during the	These allowances have been paid as per the approval of the Honorable Governor.	Recommendations of National Pay and Carder Commission and Finance Commission should be obtained for the payment of allowances.

normal duty hours for that committee Rs.2,802,678 had been spent on behalf of the committee meeting held from the year 2021 to the end of the year under review. However, according to the National Budget Circular No. 03/2022 dated 26 April 2022 addressed to the Chief Secretaries of the Provincial Council, although it was stated that the payment of various allowances made at the institution level should be suspended, the said allowances were still being paid for the above committee by April 2023.

- (b) A Prado Jeep value at Rs.27,250,000 was given with the approval of the Provincial Governor, based on his personal request to the Chairman of the District Coordination Committee, who has no direct connection to the Western Provincial Council, without the intervention or request of any ministry or institution belonging to the Parliament or the Government of Sri Lanka and the insurance premium of Rs.557,770 had been paid by the Council Secretariat office for the period from 07 December 2021 to 29 December 2023.
- The payment has been made as directed and sanctioned by the Governor.
- The vehicle owned by the Provincial Council should be brought and the party using the vehicle should bear all expenses related to the vehicle.
- (c) In terms of Section 2.1 of the Presidential Secretary's Public Expenditure Management Circular No. PS/CSA/11-18 dated 12 October 2018, it was stated that the supporting staff employed in the staff of the Provincial Council Chairmen should not exceed 10 officers. However the carder was increased to 11 staff and salaries and allowances were paid and Rs.1,694,385 had been paid as Salary and allowances from the year 2019 to the end of the year
- The Salaries and allowances have been paid only for the Staff entitled to the post of Chairman.
- Action should be taken according to the Circular.

under review for a driver position that was over-employed.

- (d) According to the Public Expenditure Management Circular No. PS/CSA/11-18 of the President's Secretary dated 12 October 2018, the provision has been made for the payment of a house rent allowance for the Provincial Council Chairman, from the year 2020 to the year 2022 at the rate of Rs.50,000 per month, totalling Rs.1,650,000 and the refreshment allowances of Rs.2,000 per month totalling to Rs.62,000 had also been paid as refreshment allowances from the year 2020 to November 2022 which had not been mentioned in the Circular.
- The payments are made according to the approval No.3/6/2/1/15 (Volume 1) dated 25 November 2009 of the Secretary to the Governor.
- Action should be taken according to the Circular.
- (e) After the end of the term of office of the Western Provincial Council in April 2019, during the period from 2020 to 2022 when the council was inactive, a total of Rs.1,427,379 was paid as overtime allowances to the Private Secretary of the Chairman, including Rs.85,000 for overtime allowances of Rs.2,500 added to the monthly salary, Rs.653,159 as overtime allowances for other staff, and Rs. 689,220 for travel expenses.
- Inform that Rs.2,500 is being paid as commuted overtime allowance as per the Public Administration Circular No. 16/2005 dated 20 September 2005.
- Action should be taken according to the Circular.
- (f) An allowance of 1/3 and 1/4 of the officers' by the basic salary from 01 August 2004 to April 2023 had been paid to all the staff of the Council Secretariat of the Western Provincial Council, without obtaining the recommendations of the National Salaries and Carder Commission and the approval of the General Treasury as Western Provincial Council Term of official VI has ended from 21 April 2019 under the condition in the term and a new Provincial
- The payment of ¼ stipend to all the staff of the Council Secretariat will be suspended from May 2023,
- The recommendations of the National Salaries and Cadre Commission should be obtained for the payment of additional allowance.

Council has not been elected, even though there is not enough work for the officers, from April 2019 to the end of the year under review, The total allowance of Rs.15,085,930 was paid as 1/4 from the basic salary of the officers.

1.5.3 Head 102 - Provincial Public Service Commission

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) According to Section 05 of the Public Administration Circular No. 2007/09 dated 11 May 2007, as the re-employed pensioners are given the fixed living expenses allowance along with the pension, the re-living expenses allowance cannot be paid, however 04 officers of the Provincial Public Service Commission from 01 January 2010 to 31 January 2018 Rs.813,404 the living expenses allowances were paid., only Rs.15,000 had been recovered from that amount in month of March 2023.</p>	<p>A letter dated 19 January 2023 was informed in writing, and since no prompt reply was received, reminder letters were sent on 08 March 2023.</p>	<p>Overpaid living allowance should be recovered.</p>
<p>(b) The Provincial Public Service Commission had paid Rs.24,590,288 to Kotte Municipal Council in the year under review as building maintenance expenses including electricity and water. However the Western Provincial Council and the Provincial Public Service Commission had not entered into an agreement with the Kotte Municipal Council regarding the maintenance costs including electricity and water, and the payment had been made for the bills presented without specifying a formal basis for the charges by the commission.</p>	<p>The necessary steps will be taken to complete the contractual arrangements expeditiously.</p>	<p>The building maintenance costs should be allowed on a formal agreement.</p>

1.5.4 Head 104 - Ministry of Local Government, Economic Promotion, Power and Energy, Environment Affairs, Water Supply and Drainage and Tourism (W.P.)

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The vehicles owned by the Ministry of Local Government had been given to other ministries and departments for use for several years, and without making arrangements to hand over those vehicles back to the Ministry, a vehicle was obtained on financial lease from March 2019 and until the end of the year under review, the expenditure Rs. 11,522,700 had been incurred, of which Rs.3,072,720 had been incurred in the year under review.	A car has been obtained under the lease base for the chief ministerial staff of the ministry from March 2019.	Since the official term of the Provincial Council was to end in April 2019, arrangements should be made to get a vehicle for a month or a short period only.
(b) The term of official of the provincial council had ended on 21 April 2019 and the premises reserved for the minister's office had been used by another party. According to the 104-3-01-programme of the Ministry of Local Government for the general administration and establishment services of the office of Ministers, Rs.2,573,000 under the expenditure Head of electricity and water and Rs. 5,144,000 under the expenditure Head of other expenses, a total of Rs. 7,717,000 had been spent.	Due to the temporary establishment of the Governor's office on the 10th and 11th floors, estimates for electricity and water, security services and sanitary services are prepared by the Chief Secretariat, and allocations are released to the Chief Secretariat.	The expenses related to each institution should be paid by the expenditure heads of that institution.
(c) A cab owned by Sri Jayawardenepura Kotte Municipal Council with an assessed value of Rs.7,000,000 was completely destroyed by fire on 31 August 2017 while it was parked at the private residence of the Governor's Secretary. According to the Financial Regulation 104(4) report, the driver in charge of the	The Secretary to the Governor of Western Province has appealed against further action regarding the 104(4) report.	Action should be taken according to the Financial Regulation 104 report.

vehicle and the officer who used the vehicle were the responsible parties, and the responsible vehicle related to the failure to cause or prevent the afore mentioned loss to the government by misusing or allowing the misappropriation of government assets. Although the employed officer had retired from the provincial government service, arrangements had been made to retain him on contract basis.

1.5.4.1 Western Province Tourist Board

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Regarding the collection of Rs.7,910,000 by the Western Province Tourist Board, the case related to the Eththukala Beach Park which was filed case in the Negombo District Court was not disclosed in the financial statements.	The action will be taken to include in the 2023 financial statement.	The cases related to the institution should be disclose in the financial statements.
(b) The board had received Rs.1,636,445 from the Ministry of Western Province and Local Government on 31 December 2018 to create a short video for tourism promotion activities, and the video was not created until April 2023. This money received for a provincial council development project was not used for the relevant project and was kept underutilized in the bank account for 04 years.	The relevant activities are being done.	The money received for the development projects should be used to achieve the desired objectives in the same year.

1.5.5 Head 105 - Ministry of Health, Indigenous Medicine, Social Welfare, Probation and Child Care Services, Women's Affairs and Council Affairs

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>The Jeep used by the former Provincial Health Minister was given to a Member of Parliament of Gampaha District after the end of his term of official in the Provincial Council, an accident happened to the vehicle in the year 2022 and the repair costs were estimated to be Rs.19,153,714. The relevant insurance company had agreed to pay an amount of Rs.7,390,711 for the loss caused by this accident and the remaining amount of Rs.11,763,003 had been decided to be borne by the Ministry. The Ministry had conducted an investigation on 30 November 2022 to determine the party responsible for the damages as per Provincial Finance Rule 54.3.2, and had not submitted full reports as per Provincial Finance Rule 54.6 and the action had not taken to recover damages from the responsible parties.</p>	<p>All the expenses incurred for this vehicle were done only on the orders, instructions and approvals of the Governor of the Western Province and the Chief Secretary of the Western Province.</p>	<p>The action should be taken in accordance with the Provincial Finance Rules 54.3, 54.5 and 54.6.</p>

1.5.6 Head 107 - Ministry of Roads, Transport, Co-operative Development and Trade, Housing and Construction, Estate Infrastructure Facilities, Industry and Rural Development

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) The Western Provincial Ministry of Agriculture, which was implemented as a pilot project, had been assigned to the Industrial Development Authority under the Ministry of Transport, which has no any relation to do with it, as one of the most effective ventures in the processing of value-added products from vegetables and</p>	<p>The Public Expenditure Control Circulars have temporarily suspended the implementation of the project however the approved of the project had been given on the project neediness.</p>	<p>The action should be done as per the circular and if not, a special approval should be obtained for the same.</p>

fruits. However, without adhering to the provisions of the National Budget Circular No.3/2022 dated 22 April 2022, which had been issued with strict instructions to control public expenditure, Rs.30,000,000 new projects and new capital expenditures have to be incurred and directed to get the Governor's approval to expand the activities of the project. The provincial council had taken action to override the policy decisions taken by the government on the fact that it had made provisions for new constructions under the projects.

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| <p>(b)</p> | <p>According to Public Enterprises Circular No. 04/2022 dated 08 August 2022, new recruitment had been suspended, 19 staff for the project had been recruited on processing of value-added products from vegetables and fruits and paying salaries and allowances to the supposed staff without obtaining the approval of the Management Services Department or any other higher authority, while the new recruitment has been suspended, the provincial treasury had to bear and for that Rs.1,861,926 had been spent.</p> | <p>The Ministry has acted as per the instructions given by the Deputy Chief Secretary (Finance) that the Rs.10 million released to the Ministry from the Provincial Treasury can be used to cover all the expenses of the project.</p> | <p>Action should be taken according to the circular.</p> |
| <p>(c)</p> | <p>After 02 projects namely Vegetable and Fruit Value Added Product Processing Project and Fish and Shrimp Value Added Product Processing Project were handed over by the Provincial Ministry of Agriculture to the Ministry of Roads, without preparing the total estimates under each project number for the implementation of the respective projects. Due to the allocation of Rs.170,000,000 had been made</p> | <p>The action had been taken according to the instructions given in the letter No.CSWP/FIN-AP/02/FI/10 and dated 14 October 2022.</p> | <p>The entire provision should not be released at once to the intermediary agency for project implementation before starting work.</p> |

from the provincial treasury in the year under review and the entire allocation being released by the cash to the Industrial Development Authority, instead of using the money for the project, the authority had worked to earn income by using the money in fixed deposits.

- (d) Although the overall estimate of the project submitted by the Industrial Development Authority for the processing of fish and prawn value added products includes both capital and recurrent expenditure, It is not correct that separate provisions have been made under the head of capital expenditure No. 109-03-2502-13, Out of 10 million remittances given to the authority through the ministry, the accounting of the projects had become unclear due to the fact that the funds had been allocated under the capital expenditure head for the total estimate of the project without considering the recurrent expenditure of Rs.8,967,000.
- According to the instructions given by the Deputy Chief Secretary (Finance) that Rs. 10 million already released to the Ministry from the Provincial Treasury can be used to bear all the expenses of the project.
- According to the Finance Regulations, allocations for capital expenditure should not be used for recurrent expenditure.

1.5.6.1 Western Province Road Passenger Transport Authority

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Under the conditions relating to Road Passenger Transport Service Orders No. 01 of 1995 of the Western Provincial Council published in extra ordinary Gazette No. 937/5 dated 19 August 1996, "The permit is valid for the bus specified therein and, also specified Just for the road" Although it is mentioned, the authority had issued special travel	In cases where there is not enough number of buses running daily, regular passenger service licensed buses are used temporarily to meet the passenger demand and because there is not enough income to maintain the regular service.	Action should be taken accordance with the charter.

permits for traveling on roads other than the road for which the permit was issued.

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| (b) | The authority had written off Rs.1,717,590 as bad debt from the books without obtaining any approval in the year under review. | The comments had not been given. | The bad debt write-offs should be reconciled with the accounts. |
| (c) | The Central Driving School maintained by the Road Passenger Transport Authority had been licensed and operated as a Class A driving school for providing apprentice driving training registered by the Department of Motor Vehicles since 12 November 2007, and the license had lapsed on 11 November 2021. However, although three driving instructors are required to operate as an A grade driving school, as at October 2022 the Central Driving School had only one instructor, unable to obtain a Grade A or Grade B school permit, and under Grade C license had to be obtained. Accordingly, the standard of the central driving school had dropped to C, and the heavy vehicle training course had to be stopped. | Kindly inform that within the period specified in the audit, the training school license could not be validated due to a matter beyond the control of this authority. | The action should be made to run the Central Driving School properly. |
| (d) | Out of the 224 shop rooms belonging to the authority, 42 shop rooms were not given to other parties for a business purpose under a lease or rental agreement for a period of 01-08 years. | The lease buyer has not been found so far. It will lease in the future. | The shops should be given on a lease or rental agreement and arrangements should be made to earn income. |
| (e) | Out of the 224 shop rooms belonging to the authority, 68 shop rooms had been given to external parties without a lease agreement and free of charge for more than 04 years, and the management had not taken action to collect the shop rental income receivable to the authority. | A lot of action is being done to solve these problems. | Arrangements should be made to enter into lease agreements and collect the receivable rents. |

- (f) Under the 13th Constitutional Amendment, 18 bus stations belonging to the Sri Lanka Transport Board and People's Own Transport Services were transferred to the Provincial Council on 29 February 1996. Accordingly, only the physical right of use was vested in the authority through the transfer certificates, at the end of the year under review, although 26 years had passed, the authority had not taken steps to take over the legal right.
- The action will taken to acquire the relevant stations in such a way as to minimize the problems.
- Arrangements should be made to acquire the legal rights of the bus stations.
- (g) An agreement was entered into with the University of Colombo for a period of one year from October 2006 for the design and installation of a computer system based on information technology and an amount of Rs.850,000 was paid to the University of Colombo on two occasions. In addition, the system was installed at a cost of Rs.1,404,916 for computer equipment and software, totalling to Rs.2,254,916. Even though 13 years had passed from the date of establishment no benefit could be taken due to faulty conditions in the system in the year 2010.
- A committee has been appointed to get a report with recommendations for further action. Accordingly, further action will to be taken.
- Action should be taken to establish information technology system.
- (h) The number of drivers receiving the training at the Central Driving School maintained by the Road Passenger Transport Authority as an income generating unit was very low, and due to that, there were continuous losses during the last 05 years. In the year under review, the income of the driving school was Rs.1,864,350, and the total expenses of the driving training school, including wages and salaries, allowances, fuel, vehicle maintenance expenses,
- Due to the limited number of private training apprentices, the income earned has decreased, however this unprofitable operational performance is due to the mandatory expenses such as employee administrative expenses.
- Necessary measures should be taken to generate revenue for Central Driving School.

were Rs.5,148,575 and the operating loss was Rs.3,284,224.

- (i) For the motorcycle training course maintained by the Central Driving School, during the data check on the registered students and the students who obtained licenses in 05 years from the year 2018 to 2022, although 04 students had completed motorcycle training and obtained licenses in the year 2020, and in the years 2018, 2019, 2021 and 2022, no student was registered for motorcycle training.
- (j) According to Gazette Notice No. 1834/27 dated 30 October 2013, the registration of three wheelers employed on a rental basis has been initiated by the Authority, however due to the contravention of the Road Passenger Transport three wheelers Statute No. 06 of 2002, due to the legal problems that have arisen from the registration of tricycle associations. Due to abstinence, registration of three-wheelers was stopped in the year 2020. The authority had started registration of three-wheelers without verifying the legal validity. New rules were imposed for the year 2022 for the registration and regulation of three-wheelers, however the rules had not been implemented by the end of the year under review.
- (k) Pursuant to the order 3.1 mentioned in the Gazette No. 1488/32 dated 16 March 2007 under the Road Passenger Service Charter of the Provincial Council of the Western Province No. 01
- According to the special gazette dated on 02 November 2015 for motorcycle training, a driving school should have two motorcycles with engine capacity of more than 100 horse power and less than 100 horsepower with a clutch. Earlier, the driving school had only motorcycles with engine capacity above 100 with UA 8202 clutch.
- The legal issues related to the registration and regulation of three-wheelers have been resolved through amendments and the preparation of new rules has been started this year.
- Necessary steps should be taken to maintain the training course.
- The legal issues should be resolved and necessary action should be taken to maintain the three-wheeler bureau.
- Except in the special case of violation of the terms and conditions of the permit, the permit has been extended annually without
- The action should be taken in accordance with the charter and tender procedure.

of 1992, in selecting the bus owner to fill the vacancies, in order to deploy buses for existing or arising vacancies or needs on the routes where buses can run for passenger transport within the Western Province. Although it is stated that passenger service permits will be issued only to bus owners selected through tender process, on the contrary, the authority had issued 6161 passenger service licenses under normal services, luxury services and high-speed services as at 31 December 2022, of which 5064 licenses or 82 percent of the number of licenses issued had been given without following a formal tender procedure.

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| <p>(l) According to the Section 13(2) of the Road Passenger Transport Services Charter No. 01 of 1992, every passenger service permit shall be valid for a period of twelve to thirty-six months from the date of issue unless it is earlier cancelled. Nevertheless, out of the 6161 passenger service licenses issued by the authority as at 31 December 2022 under equivalent services, luxury services and high-speed services, only 110 passenger service tender licenses issued through tenders in the years 2021 and 2022 were given under a period of 03 years. There were 6051 passenger service permits issued on a lifetime basis.</p> | <p>In the issuance of passenger service permits, the basis of giving them at once for lifetime has been changed, and work has been done to issue the permits subject to a period of 03 years from July 2022, and accordingly, under the same tender conditions, passenger service permits have been tendered in February 2023.</p> | <p>Action should be taken accordance with the charter.</p> |
| <p>(m) Tenders were called in July 2022 to fill 415 permit vacancies related to 133 routes. However, out of those 415 vacancies, only 56 were filled and 359 or 87 percent were not filled. Due to the inability to fill 359 vacancies,</p> | <p>On average 80 percent of the total number of vacancies is non-existent due to lack of interest of investors to invest in the passenger transport sector.</p> | <p>The action should be made to minimize the vacancies.</p> |

there was a situation of interruption passenger services on rural roads.

- (n) The bus riders who have been selected after inviting bids to provide passenger service permits to several bus lines in the year 2021, after issuing the passenger service permits, have been added to the bus transport service within 60 days from the date of sending the letter of offer of the passenger service permit in accordance with the relevant tender conditions No. 5.1. Transport service should be started. Although 01 year 08 months had passed since the passenger service permits was issued to 18 bus riders who paid the total amount of Rs.14,020,450, the respective buses were not put into operation. Thus, the authority had not been able to fulfil the primary objective of offering passenger service permits.
- In order to meet the passenger needs of the Western Province, the acquisition of passenger service permits has reached a low level based on the fact that the Corona epidemic in the country, the economic crisis and the low level of income opportunities in public transport have reduced the investment returns.
- Arrangements should be made to direct the running of buses.
- (o) In terms of 21.6 of the tender conditions Clause, it was stated that in the event that a bidder submits the highest bid selected for a route or several routes, if he fails to deploy a bus for the route in question, the bid security paid by him will be forfeited to the authority. Without doing so, although the highest bid in the tenders of 2021 and 2022 has been submitted and passenger service permits have been given, buses have not been deployed and the transport service has not been started. In the year 2021, the authority had arranged to release the bid guarantees of Rs.940,000 for 13 bus riders who had submitted bids, and in the year 2022, the bid guarantees of
- As per Clause 4.1 of the Tender Instructions and Conditions, all the money has been paid and the security deposits have been released, and if the deployment of buses is delayed, as per Clause 5.3 of the Conditions, deployment of buses in the release of the security deposit. had not been considered.
- The action should be taken in accordance with the tender conditions.

Rs.300,000 for 03 bus riders.

- (p) In the year under review, Rs.42,766,741, which was the bid security deposit income due for the issuance of passenger service permits on 31 December 2022, had not been recovered. Due to non-fulfilment of tender conditions, some licenses issued have been cancelled. Receivables should be collected as soon as possible.
- (q) Although the bus for the heavy transport training courses of the Authority's Central Training School was purchased at a cost of Rs.3,171,350 in the year 2007, this bus was parked insecurely at the Homagama bus stop yard for almost 03 years without carrying out the training activities. Although the board of directors approved in March 2022 to rent the bus used for the activities of the Central Training School at subsidized rates, due to the fuel crisis and the economic depression, it has not been able to be implemented until now. The action should be made to utilize the bus for an effective purpose.
- (r) In order to streamline the running of private buses running in the Western Province, the time spent in running buses on 16 routes was recorded by timekeeping machines, and thus 40 timekeeping machines and related software were installed to manage the running time of buses 23 November 2018 had been purchased for Rs.3,013,000. Although these 40 time-keeping machines were distributed to 07 Regional Offices, by 31 March 2023, only 04 time-keeping machines were being used, and 36 machines remained idle in the Regional Offices without being used. Buses were run from August 2019 to 26 March 2020 using 40 timekeeping machines on 16 routes. Necessary steps should be taken to use timekeeping machines and software. However, in the last week of March 2020 due to the threat of Covid, due to quarantine curfew and travel restrictions, the host had to be closed due to the fact that buses were not running and were at a very low level.
- (s) The solar power system installed at the Gunasinghapura bus stand at a cost of Rs.2,280,000 in the year 2014 remained inactive from February 2021. and it was not possible to restore this solar power system even by April 2023. Furthermore, the physical existence of this system was not Although a letter has been sent to the Solar Power Regulatory Commission to restore this solar power system, no reply has been received from the relevant agency. Action should be taken to restore the solar energy system.

confirmed in the Board of survey reports of 2021 and 2022.

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| (t) | The power generator purchased in the year 2002 at a cost of Rs.595,000 remained unused at the head office for over 5 years and was not repaired and put to use or forwarded to a regional office where the need exists. | The generator, which was purchased on 30 April 2002 at a cost of Rs.595,000, has been inoperative for several years. | Necessary action should be taken to repair the generator. |
| (u) | Three-wheelers registered in the Western Province and three-wheelers controlled under the authority had purchased 50,000 identity card containers valued at Rs.2,750,000 in the year 2018 for the Bureau's registration program, and remained idle in the authority's stores for almost 05 years without any use. | The containers are lying idle in the authority's stores due to failure to complete the registration and regulation of the three-wheelers. | Purchases should be made considering the need. |
| (v) | According to the Board of Survey Report of the year 2022, there was a deficiency of 17 time recording shelter value Rs.2,778,225 established within the jurisdiction of the Colombo 04 Regional Office. | A physical census will also be conducted in the time recording booths to correct the errors that have occurred will be corrected in the future. | Further action should be taken regarding the deficiencies. |
| (w) | 15 passenger shelters costing Rs.1,988,656 established within the jurisdictions of 05 regional offices of the authority had been defunct for more than 01 year. Regarding the destabilization of passenger cover, the provisions of Provincial Finance Rules 52 to 62 had not been taken till the end of the year under review. | It is noted that information will be obtained from the managers of the respective regional offices regarding the passenger cover, and accordingly, a loss and damage investigation will be conducted and the action will be taken to recover the loss from the responsible officials. | Action should be taken according to Financial Rules. |
| (x) | The post of Deputy General Manager (Finance) was vacant from 25 April 2016 and the Regional Manager of the Colombo 03 Regional Office was appointed to fill this position | Answers had not been submitted. | Action should be taken to recover payments made informally and illegally. |

from 22 February 2017. As per 12.5.4 of the Establishment Code, this officer had received the full emoluments of his regular post and 25 percent of the basic pay of the acting post as acting allowances. Accordingly, although Rs.1,429,225 was received as allowances for 05 years and 10 months from 22 February 2017 to 31 December 2022, it was confirmed that the officer had not performed the duties of the position of Regional Manager, which is his regular position, and had only worked full time in the position of Deputy General Manager (Finance) at the head office of the authority. Also, another officer had been appointed to cover his duties for his regular position and the amount of Rs.1,429,225 paid to this officer was an informal and illegal payment.

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| <p>(y) The post of Deputy General Manager (Administration) has been vacant since 01 July 2016, and since 22 February 2017, the Regional Manager of the Colombo 04 Bastion Mawatha Regional Office has been appointed to cover the duties of the post. As per 12.5.4 of the Establishment Code, this officer had received the full salary of his regular post and 25 percent of the basic pay of the acting post as acting allowances. Although Rs.1,429,225 was received as acting allowances for a period of 05 years and 10 months from 22 February 2017 to 31 December 2022, it was said that the officer had not performed duties in his regular position and had worked full-time only in the position of</p> | <p>Answers had not been submitted.</p> | <p>Action should be taken to recover payments made informally and illegally.</p> |
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Deputy General Manager (Administration) at the head office of the authority and the amount of Rs. 1,429,225 paid to this officer as work inspection salary was an informal and irregular payment.

- (z)** According to the Section 40 of the National Audit Act No. 19 of 2018, the Authority should have an internal auditor to carry out internal audit work. However, since 16 November 2020, the post of Chief Internal Auditor of the Authority had been lying vacant, and by the end of the year under review, more than 02 years had passed, however a Chief Internal Auditor had not been appointed.
- Answers had not been submitted. Action should be taken according to the Audit Act.
- (aa)** A cab with a current valuation of Rs. 18,500,000, reserved for the official duties of the Chairman of the Road Passenger Transport Authority, was set on fire in the Moratuwa area by the protesters on 09 May 2021 under the tense atmosphere in the country and the cab was completely destroyed by the fire. According to the statement given by the chairman during the audit, when the cab was attacked and set on fire, the cab was driven by an outside person who was not the driver attached to the official vehicle. It was revealed that the vehicle had met with an accident while returning from attending a political discussion/meeting and not an official business trip.
- Answers had not been submitted. Action should be taken according to the Financial Rules.

1.5.6.2 Road Development Authority (WP)

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) For recovery of overdue balances in accordance with Provincial Finance Rules 51, 52.1, 54, 55, 76.1.8 and 106 and to identify the responsible officers in connection with giving machines on rent without recovery of money and to be followed in providing service on credit basis. The Procedures should be clearly established from the year 1996 to the year 2018, Asgiriya, Moragahahena and and Ratmalana Regional Offices had not taken sufficient action even at the end of the year under review regarding the collection of the balance of Rs.14,865,587 due to the authority for renting and repairing machines.</p>	<p>The Board of Directors has recommended to write-off from the accounts as per Financial Rules and referred to the Chief Secretary for the approval.</p>	<p>The Provincial Financial Rules should be followed.</p>
<p>(b) From the road development projects in Ampara district, a guaranteed bill value of Rs.24,518,490 was adjusted to the receivable balance from the Rs.143,122,503 due to the authority, and the reduced value was then adjusted to the project general expense account. However, the approval of the Provincial Treasury was not obtained in accordance with the Provincial Financial Rules 62.3.2, specifying the specific reasons for reducing the bill value of Rs. 24.52 million. Furthermore, in the case of waiving other fees due to the provincial council, or waiving unrecoverable provincial revenues, it should have confirmed by a formal investigation that was not a negligence or error or fraud,</p>	<p>A committee has been appointed to take further action as per Financial Rules.</p>	<p>Provincial Financial Rules should be followed.</p>

- however it was not done.
- (c) During the construction of Wijerama Road and Thalapatpitiya Cemetery Road by Moratuwa Executive Engineering Office, the amount of asphalt that was approved to be paid as per bills was 283.56 tons as compared to the amount of asphalt that was laid according to the on-site inspection regarding the laying of asphalt on those two roads. Although it is not possible to make payments in cases where the thickness of the asphalt laid is less than 35 mm, the amount of asphalt approved for payment for 08 road sections that were less than that amount was 37.13 tons, and 320.6 tons of asphalt was approved in excess, which Rs.1,847,678 had been paid in excess. As 95 percent of the bill value was paid in interim bills, it was not possible to recover this overpayment in the final bill.
- (d) In the year 2022, the authority had got the prices by telephone from only one institution in the purchase of materials required for the construction of road signboards. Among the materials required for installation of signboards, the authority has paid high prices for GI Sheet and GI Pipe, so it had been observed that only for those two items amounting to Rs. 9,395,730 have been overpaid.
- (e) 14 plot of land of 1,109.15 perches with no original transfer value located at various places assigned to the authority since 1990 by the Road Development Authority and government-related institutions, The Authority had not taken action effectively use,
- In order to avoid such activities, it was decided to pay only 75 percent of the final bills from this year, and based on the internal auditors and research reports, it was decided to pay 95 percent.
- The raw materials were purchased from STC, a government institution, according to the prevailing prices during that period, and no overpayment was made.
- The officers of the Executive Engineering Office, which currently have land to be acquired, are meeting with the land officers of the regional secretaries, and are taking further
- Payments should be made according to contracts and work quantities and overpayments should be recovered.
- Procurement guidelines should be followed.
- The action should be taken to settle and take over the ownership of the respective lands.

regulate and hand over land that is not useful to the Authority to transfer agencies. In relation to 12 plots of land totaling 1173.1 perches, which were being used by unauthorized residence, had not been taken necessary actions even by the end of the year under review.

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| (f) | The authority did not have transfer certificates or deeds for 32 plots of land of 4,715.23 perches assigned to the authority by the Road Development Authority and other government related agencies. | The officers of the Executive Engineering Offices, which currently have land to be acquired, are meeting with the land officers of the regional secretaries, and are taking further action to expedite the land acquisition process. | The action should be made to settle and take over the rights of the respective lands. |
| (g) | Under the national, regional, and rural 100,000 km alternative road rehabilitation program under the national, regional, and rural prosperity vision, 191.68 km in 2020 / 2022 had been approved by the Provincial Road Development Authority and estimated at Rs.3,735,709,225. However, by the end of 2022, only 160 kilometers of roads had been rehabilitated and their financial value was Rs.2,158,198,309. Although 104 roads were estimated for rehabilitation under the above project, 04 projects remained 100 percent incomplete during the physical progress inspection. | It was accepted that there are 04 unfinished works on the roads mentioned, and money was taken by the Road Development Authority only for the completed works. Emphasize that due to the acute financial crisis in the country, we were notified to stop the projects in the year 2022. | Work should be commenced and completed within the scheduled period as planned. |
| (h) | The Road Development Authority had carried out construction projects valued at Rs.1,297,864,042 for the road development works of 196 roads under 100,000 km program, provincial specific development grants and provincial | Due to the severe financial crisis in the country, we were advised to stop such projects. | Human and physical resources should be deployed efficiently and effectively. |

development grants in relation to the years 2020, 2021 and 2022. Out of which, only the construction of 19 roads valued at Rs. 176,863,743 was done under direct labor basis and the development work of all remaining roads was done by external contractors on contract basis. However, while the authority had a staff of 814 including engineering and technology officers and had all kinds of machinery and vehicles required for construction, the number of projects completed under the direct labor base remained as low as 14 percent.

- (i) It has been several years since the completion of the Kottawa Talagala Phase 01 and 02 and Piliyandala Bypass Phase 02 projects that were developed in 2017, 2018 and 2019. However the final bills of Rs.305,987,602 which had been submitted as the value of the work done had not been approved by the Executive Engineer.
- Standing Technical Committee (STC) prices were submitted for these projects, and those prices were approved lower than the market prices. For that, our authority has made requests in the years 2019/2021/2023, however it has not been effective and the Urban Development Authority has informed us that they will consider the appeals at the final stage and inform us promptly.
- (j) For the repair of machinery and vehicles at the Moragahahena Mechanical Engineering Centre, a steel yard was constructed in 2015 at a cost of Rs.15,906,290. Due to the construction of a two-storey office and stores building in the middle of the yard during the year under review, the space in the yard was blocked. As a result, the yard could not be fully used for the intended purpose and machinery and vehicles had to be parked
- Plans should be made in such a way that the most effective and economic benefits are obtained and proper action should be taken against the losses due to carelessness.

outside. By the end of the year under review, an expenditure of Rs.13,211,727 had been incurred for this building, which had an estimated value of Rs.20,603,152. Also, due to the height of the ground floor of the two-storey office and stores building built in the yard being as low as 08 feet, while there is enough space in the center for the construction of the office and warehouse building, due to its construction in the vehicle yard. The vehicle yard was also unable to be used efficiently and effectively.

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| (k) | The road cleaning machine valued at Rs. 26,000,000 was recommended to be revaluation and disposed of by the revaluation committee for Rs.450,000 in the year 2020. It is observed in the audit that the revaluation committee did not perform its professional responsibility properly, as the machine was recommended for disposal and valued at a minimum value of Rs.450,000, and the machine that was recommended for disposal was repaired at a cost of Rs.2,000,000. | At the time of the revaluation of the year 2020, this machine was revalued under motor vehicles and when the revaluation committee inspected the machine, there were cracks in the chassis and the engine and this vehicle were revaluated in 2020 for an amount of Rs.450,000. | The action should be taken to re-valuate the asset properly. |
| (l) | Since the above machine was purchased in 2011, only 406 machine hours have been used and, despite being idle since 2012, in the yards for repair of machinery that is constantly in service, giving priority to repairing this machine at a cost of Rs.2,000,000, and it is also problematically observed that 10 sets of brushes are recommended to be purchased for the idle machine at this time of high spare parts prices. | Since the Road Development Authority has not agreed to get the brush machine on rental basis, the prices have been submitted to several organizations to provide this machine on rental basis. | The purchase of assets should be determined based on the needs of the organization. |

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| (m) | The Authority had purchased 02 concrete placing machines value Rs.158,000,000 in the year 2012. One of the machines had become an idle asset without being used for any purpose from the date of purchase and the other machine had become an underutilized machine as it had been used only for 420 hours of construction on 15 roads during the 10 years from the date of purchase to the end of the year under review. | Several projects have been completed by the concrete mixer in the year 2022 and 2023. | Assets should be purchased as needed and utilized. |
| (n) | The curb machine, which was purchased for Rs. 6,000,000 in the year 2012, had been parked in the Divulapitiya default yard without being used in any project since the date of purchase, and the machine had become an idle asset. | The instructions have been given in the year 2023 to construct the Curb Wall at the Executive Engineering Division level and it is currently being carried out. | Assets should be purchased as needed and utilized. |
| (o) | Although 10 years had passed since the installation of the Decanting machine with a value of Rs. 27,800,000, which was provided to melt asphalt for asphalt production in the year 2012, only 535,680 Kg of tar had been used in the production till the end of year under the review and attention was not paid to the economic advantage of the company in purchasing the machine. | It was calculated that the price for a liter of tar is Rs.93.45 in bulk and Rs.106.43 in barrels. Would like to inform that the bulk bitumen has been obtained by those calculations. | Economic value should be considered when purchasing assets. |

1.5.6.3 Cooperative Employees' Pension Fund

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

According to the Sections 05 and 06 of the Rules made under the Co-operative Employees' Pension Charter No. 06 of 2010 in the Western Province, an employee who is over 56 years of age on the effective date of the Statute shall be entitled to pension in

The governing body under 14 of the Co-operative Employees' Pension Charter decided to calculate the number of pension

The pension shall be calculated on the basis of premiums and age as mentioned in the table in the rules

accordance with Schedule II of the Rules in installments paid from made under the the amount of 40 percent of the consolidated the date of contribution Pension Statute. salary received at the age of retirement. in future pensions.

However by the last day of the year under review, 211 employees of the Provincial Cooperative Pension Fund who were above 56 years of age had been paid pensions at a rate of more than 40 percent, and as mentioned in the table in the rules made under the Pension Chater, an amount of Rs. 67,145,714 was overpaid as pension at the end of the year under review due to the payment of pension at a higher percentage than the percentage of pension payable on the basis of premiums and age. It was also observed that this situation may lead to a problem of the fund not being sufficient to pay pensions to the cooperative workers based on their contributions in the future.

1.5.7 Head 108 - Ministry of Education, Cultural and the Arts, Sports and Youth Affairs and Information Technology

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The land belonging to the Gampaha Sirimavo Bandaranaike Sports Complex maintained by the Ministry of Provincial Education for sports activities had not been handed over to the Ministry by the end of the year under review.	The Gampaha Divisional Secretary has informed in writing that it is not possible to transfer.	Development work should not be done without land acquisition.

1.5.8 Head 109 - Chief Secretariat

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although it is possible to provide a government quarters to government officials, there is no possibility to pay an allowance as monthly housing rent according to the Establishment Code, however without paying attention to it, 11 officials holding the	Allowances are paid in accordance with the powers assigned to the Honorable Governor under the Cabinet Decision No. Vi/100/11-2017-01(iii) and under 19(5) of the	The action should be done as per Chapter xix of the Establishment Code.

highest positions in the Western Provincial Council have been given temporary payment until the construction of official residences for more than 05 years. Even though a monthly rent allowance of Rs. 20,054,032 had been paid since then, no plan had been approved for the construction of quarters in those 05 years.

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| <p>(b)</p> | <p>According to paragraph 2.1.3(II) of the National Budget Circular No. 01/2014 dated 01 January 2014, the fuel allowance for government officials shall be calculated based on the average petrol and diesel prices published by the Sri Lanka Petroleum Corporation on the first day of the relevant month. Irrespective of the said instructions, as per the Public Administrative Circular No. 13/2008(IV) dated 09 February 2011 and the amended Public Administrative Circular No. 13/2008(V) dated 31 May 2019, on the first day of the month for 52 officials who are entitled to official vehicles. The monthly fuel allowance was calculated based on the price of super petrol and super diesel as the price of one liter of available fuel and during the period from 2011 to October 2022 Rs. 6,183,569 was overpaid.</p> | <p>The payment of fuel allowances has been made in accordance with Public Administrative Circular 13/2008 (IV) dated 09 February 2011, which has been given instructions regarding giving fuel allowances to officers owning official vehicles of the Chief Secretariat. Kindly inform that the information given in the circular regarding fuel does not mention any type of fuel.</p> | <p>Action should be taken according to the circular.</p> |
| <p>(c)</p> | <p>The 2006 Procurement Guidelines Code and Procurement Task Code should be applied to all goods, works and services provided by the Provincial Council Fund. However, in providing the security service of the Western Provincial Council building to Vespro Security Service, the</p> | <p>A Cabinet Memorandum has been submitted and approved. Since there is no Provincial Council, the approval of the Governor has been obtained from the year 2019 to the year 2023.</p> | <p>Action should be taken according to the Financial Rules and Procurement Guideline 2006.</p> |

contract was awarded to the Economic Promotion Bureau through an agreement without making procurements for the contract of Rs. 48,887,800. Meanwhile, their price rates were much higher than the prevailing rates in the general market and the monthly bill value in the year 2022 was around Rs. 49 lakhs.

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| (d) | Without obtaining the prior approval of the Public Service Commission, only with the approval of the Provincial Governor, 50 officers were illegally re-employed on contract basis to the Western Provincial Council and the Western Province's local government institutions for state-wide positions, and arrangements were made to extend the contract period of the said officers in the same manner. | At present, the Ministry of Public Administration is working to get the approval of the Public Service Commission. | The approval of the Public Service Commission should be obtained for redeployment of retired officers on contract basis. |
| (e) | A total of Rs.5,000,000 had been spent in the year 2021 Rs.2,300,000 and in the year 2022 Rs. 2,700,000 to install an MIS software to the Personnel and Training Department, however the relevant software system had not been utilized up to May 2023. | About 85 percent of the data entry work has been completed by now. | Action should be taken to get the maximum use of the computer software system. |
| (f) | After the end of the term of official of the Provincial Council, in the absence of a Provincial Council of Ministers, an allowance of Rs.15,000 per month was informally paid by the Chief Secretary for acting as the Secretary of the Council of Ministers upon the approval of the Governor. Until the end of the year under review, the total amount that had been informally paid was Rs.345,000. | As per the instructions of the Governor, the Provincial Cabinet Secretariat, which is directly under the Chief Secretary, will have to perform a greater responsibility and role in addition to the duties of the Chief Secretary position than in the previous cases. | The action should be taken to obtain formal approval for allowances |

1.5.9 Head 112 - Department of Local Governance

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The outstanding income of 49 local government bodies located in the Western Provincial Council area was Rs. 9,209,439,610 as at 31 December 2022.	Is being recovered.	Actions should be taken to recover the arrears of income.
(b) The value to be recovered on 31 December 2022 was Rs.26,642,251 in relation to 13 surcharges imposed by the Auditor General against the officers of 03 Municipal Councils.	Related work is being done.	Urgent action should be taken regarding surcharges.

1.5.10 Head 113 - Department of Health Services

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) As per Provincial Finance Rules 41.1. (b) and 91.1.6 with provisions of 91.1.6 to explore the possibility of increasing revenue and charging fees for supplies and services, etc., should be reviewed and revised from time to time considering the prevailing economic and other conditions, issuing medical certificates. After 11 June 2009, as on 31 December of the year under review, the Provincial Health Services Department had not taken steps to revise the rates even though a period of 13 years had passed.	Agree with the observation indicated by the audit.	The action should be taken in accordance with the provincial Financial Rules.
(b) The provincial health department had to pay Rs.1,316,457 in relation to 04 money frauds, Rs.455,492 in relation to 02 fire damages, Rs.792,000 in relation to other damages and Rs.26,472,142 in relation to 87 vehicle accidents and out of these	Necessary activities are currently being carried out regarding the settlement of loss and damages files.	Actions should be taken to recover loss and damages.

total damages value Rs.29,646,047 in relation to 49 damages were more than 10 years old however it was not possible to recover those losses even by the end of the year under review.

1.5.11 Head 114 – Department of Ayurveda

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) A building had been opened at Meegoda Ayurvedic Hospital in 2016 after spending Rs.5,518,305 to establish an X-Ray unit. Even though equipment was also purchased at a cost of Rs.1,736,500 However there is no radiographer to operate the equipment, patients and staff were inconvenienced. For that reason, the Portable X-Ray machine which had been purchased for Rs.1,092,500 in 2008 and the X-Ray Film Processor which had been purchased for Rs. 644,000 had been given to Minuwangoda Base Hospital in October 2022. Accordingly, it was observed that the equipment had not been used for a long period of 14 years after the purchase, and the built room had been used to store other scraps and other goods.</p>	<p>The machine was given to Minuwangoda Hospital by the Director of Health Services.</p>	<p>Arrangements should be made to meet the needs of the hospital.</p>
<p>(b) Due to the absence of a laboratory technician in Meegoda Ayurveda Hospital, a laboratory has not been functioning since 05 years and 57 items of laboratory equipment and chemicals related to 31 types of equipment that were available at a usable level were underutilized. Also, although the Western Provincial</p>	<p>The laboratory activities will be maintained in the future.</p>	<p>Urgent steps should be taken to make the laboratory operational.</p>

Ayurveda Commissioner's letter No. BPA/Ayu/Gi11/Hasa/02 iv and dated 07 October 2022 addressed to the Ministry Secretary stated that these items should be provided to a western hospital with laboratory facilities, since there is a strong need for a laboratory for the hospital, There was no focus on the temporary posting of a laboratory technician or the training of a suitable officer on a temporary basis.

1.5.12 Head 115 – Department of Social Services

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Rs.17,456,379 was spent in the year under review for repair of the roof and wall of the building located in Gajaba section of "Seth Sevana" Elderly Home, Meerigama, however due to the lack of other requirements such as doors and windows, the building remained unusable by May 2023.	Further work could not be done due to insufficient provision.	Should be put in to use immediately.
(b) Meerigama Seth Sevana Elderly Home, which had been renovated at a cost of Rs. 4,351,357 in December 2019, the official quarter remained unusable for more than 03 years due to the lack of water facilities for the official quarter reserved for the superintendent.	A water treatment project is underway and the problem will be solved once it is completed.	Should be put to use immediately

1.5.13 Head 116 – Department of Probation and Child Care Services

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Makola certified school's computer unit, minor staff quarters and the sports hall built at a cost of Rs.11,222,740 in the year 2021 remained idle even by June 2023.	The stadium is being used and the Tissa dormitory is in a condition of use and the quarters of minor staff is unusable.	Should be put in to use immediately.

1.5.14 Head 126 - Department of Education

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) By the end of the year under review, there were 42 schools in Colombo, Jayawardanepura, Piliyandala, and Homagama 04 Regional Education Offices in Colombo District, 44 schools in Kelaniya, Minuwangoda, Gampaha and Negombo 04 Regional Education Offices in Gampaha District and Kalutara, Matugama and Horana Regional Education Offices in Kalutara District 45 schools in 03 Regional Offices were also closed due to insufficient number of students. Among them, 02 schools in Kalutara and Matugama regions of Kalutara district and 02 schools in Minuwangoda region of Gampaha district were closed in the year 2022.</p>	<p>The primary reason for school closures has been low enrollment. In order to alleviate the disadvantages of running schools with a minimum number of students and to create learning opportunities for the student community in a more effective school system, schools have to be closed.</p>	<p>The action should be taken to prevent closure of schools and uplift of rural schools.</p>
<p>(b) At the end of the year under review, 18 school buildings remained half-completed due to the lack of provision related to the construction of buildings in 16 schools in the Colombo District, Colombo Region, Mahabodhi Maha Vidyalaya abandoning the</p>	<p>As a whole, it has not been possible to complete these buildings due to the restriction of the allocation of capital expenditure allocations for construction from the provincial council</p>	<p>As per the priority, the half completed buildings should be converted into finished buildings.</p>

contractor, and Presbyterian Girls' College filing lawsuits, while the construction of buildings in Sri Jayawardenepura Region 17 schools for which the estimated amount was Rs.492,600,000 remained half completed due to lack of provision. Also, due to lack of provision for 13 schools out of 14 schools that started work in 2015 in Homagama region, those buildings remained half completed.

- (c) In the Gampaha region of Gampaha district, due to the non-approval of allocations, in 06 schools, the buildings of 07 schools were half-completed due to non-receipt of allocations and delays in receiving allocations, and in Minuwangoda region, 07 schools started from the year 2011 remained half-completed due to lack of related allocations. Also, due to the lack of provision in the Negombo region, the buildings of 06 schools were half finished, and the percentage of completion was between 18 percent and 80 percent.
- (d) Among the half-finished buildings of 29 schools in Horana region of Kalutara district, 06 buildings had less than 10 percent construction progress, while in Matugama region, the completion percentage of 18 buildings under construction since 2014 ranged between 45 percent and 95 percent.
- As a whole, it has not been possible to complete these buildings due to the limitation of the allocation of capital expenditure allocations for construction from the provincial council allocations from the year 2020. Many buildings are completed and put in to use in stages, and depending on the amount of money received, the regional engineer has arranged to make these buildings ready for use in stages.
- As a whole, it has not been possible to complete these buildings due to the limitation of the allocation of capital expenditure allocations for construction from the provincial council allocations from the year 2020.
- As per the priority, the half completed buildings should be converted into finished buildings.
- As per the priority, the half completed buildings should be converted into finished buildings.

(e) The students of the schools governed by the Western Provincial Council in the districts of Colombo, Kalutara and Gampaha appeared for the fifth grade scholarship examination, G.E.C. (Ordinary. Level) examination and G.E.C. (A/L) In the examinations, students had failed the examinations in each of the examinations held in the year 2022, as formal measures were not taken to reduce the number of failed students systematically year after year.

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| (i) | Out of the total number of 75,223 students who appeared for the grade five scholarship examination in the Western Province, 11,792 students had failed the examination as they scored less than 80 marks. It was 15.7 percent as a percentage. | Accept the observation. | audit | The action should be made to increase the achievement level of the students. |
| (ii) | Out of the total number of 51,423 students who appeared for the first time in the Western Province, 16,195 students were not qualified to learn the GCE (Advance Level) examination. It was 31.5 percent as a percentage. | Accept the observation. | audit | Efforts should be made to increase the passing percentage of the G.E.C. (A/L) examination. |
| (iii) | Out of the total number of 23,482 students who appeared for the G.E.C. (Advance Level) examination for the first time in the Western Province, 3,521 students had failed in the 03 basic subjects. It was 15 percent as a percentage. | Accept the observation. | audit | Efforts should be made to increase the passing percentage of the G.E.C. (A/L) examination. |

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| <p>(f)</p> | <p>16 out of 89 principal's quarters and 08 out of 35 teacher's quarters belonging to the 04 education offices of Colombo, Jayawardanepura, Piliyandala, and Homagama in Colombo district. 06 out of 13 principal's quarters and 08 out of 34 teacher's quarters belonging to 04 regional education offices of Kelaniya, Minuwangoda, Gampaha and Negombo in Gampaha district.</p> <p>08 out of 27 principal's quarters and 30 out of 163 teachers' quarters belonging to 03 Kalutara, Matugama and Horana Zonel Education Offices in Kalutara district had lost the income that could have been obtained as quarters due to not being used as quarters.</p> | <p>Quarters recommended for demolition by the District Engineer are in an unusable condition. There are also cases where some quarters have not been applied.</p> | <p>Arrangements should be made to improve and utilize the quarters to the extent that they can be used.</p> |
| <p>(g)</p> | <p>06 out of 89 principal's quarters, 02 out of 35 teachers' quarters belonging to 04 Zonal Education Offices in Colombo District, 01 out of 13 principal's quarters belonging to 04 Zonal Education Offices in Gampaha District, 02 out of 34 teachers' quarters, 05 out of 27 principal's quarters and 35 out of 163 teacher's quarters belonging to 03 zonal education offices in Kalutara district had not been use as quarters. Since, the said houses were not used as quarters and were used for other purposes of the concerned school, Due to non-provision of 51 official quarters to the principals and teachers, the principals and teachers working in the respective schools had lost the opportunity to settle in an official quarters near the school and do their work easily and the provincial council had lost the opportunity to get any income.</p> | <p>Demolition of a school building and use a new building for temporary classrooms and quarters have been used for functions such as use as activity rooms due to lack of space in the school and permanent use as a school building due to lack of space in the school.</p> | <p>The action should be made to use the principal's quarters and teachers' quarters as quarters.</p> |

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| (h) | 21 of the 129 principal's quarters and 74 of the 232 teachers' quarters belonging to the Western Province were to be repaired immediately, however the repairs were not done. | Quarters that need to be repaired have been called for estimates as reasons for doing so, however no provision has been received. | Arrangements should be made to repair the quarters as soon as possible. |
| (i) | Under the General Education Modernization Project (GEMP), the goods value Rs.10,490,862 purchased in the year 2021 for the Greenpath Training Center remained idle for over a year as at 31 December 2022. | Currently, a science exhibition and two workshops have been initiated at the center. | Non-financial assets of Rs. 10,490,862 should be utilized to the maximum extent. |

2. Financial Review

2.1 Financial Result

According to the financial statements presented, there was a surplus amounting to Rs.15,215,880,246 of the Provincial Council Fund for the year ended 31 December 2022 as compared with surplus of Rs.11,649,854,163 in the preceding year. Accordingly, there was an increase of Rs.3,566,026,083 in the financial result of the fund and the increase in tax income compared to the previous year by Rs.3,072,607,818 and the increase in the government's recurrent grant receipts by Rs.13,716,562,590 was due to that growth.

3 Staff Administration

3.1 Provincial Council Ministries, Departments and others

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to Section 192(I)(III)(V) of Chapter XXIII of the Code of Western Provincial Public Service Procedures and Rules, the period during which an officer has worked in a particular workplace, the legal additional financial benefits, other benefits, and privileges available in the workplace, in the provincial council public service. 18 officers of the Council Secretariat of the Western Province, whether an official has been working continuously in the same office for a long period of time, or by performing the same	Proceedings are carried out according to the Provincial Council Secretariat Office Charter No. 07 of 2000.	Action should be done to prevent long continuous working in the same workplace.

duty continuously for a long time, or to prevent possible misconduct, annual transfer policies and procedures should be prepared and transferred. , as on 31 December 2022, has been working in the same workplace for between 05 and 30 years without transfer.

3.2 Institutions created by Provincial Council Charter

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the staff was approved by the Director General of Management Services letter No. DMS/WP/0507 dated 30 September 2019 for the Western Province Tourism Board, and the recruitment of the said staff was not done until the end of the year under review and all the officers were assigned under acting, contract basis and temporary basis.	As a matter of government policy, all recruitments have been suspended and therefore it is not possible to carry out recruitments.	There should be a permanent working staff to run the affairs of the board.
(b) After the Bastian Mawatha Bus Station under the Colombo No.-01 Regional Office of the Western Province Road Passenger Transport Authority was handed over to the National Transport Commission on 20 June 2009, even though the authority did not receive any income from the bus station until the year under review, 30 of the staff working there in the year under review, the Authority had paid Rs.31,273,010 as salaries and allowances and the amount paid as salaries and allowances to that staff from the year 2009 to 31 December 2022 was Rs.314,297,289.	From the National Transport Commission dated 30 November 2022 to reimburse the amount incurred as salaries and allowances by the Authority, and a request has been submitted and a reply has been sent and further decisions will be taken.	Arrangements should be made for reimbursement of staff salaries and allowances.
(c) For various projects and tasks, in addition to the approved staff, the authority had employed 362 employees under the qualified basis, and 153 employees under the contract basis, 515 employees in excess of the approved staff for the work of the authority. Meanwhile prepare a manpower plan, according to it, no arrangements were made to get the cadre approved.	All the efforts made by us from the year 2014 to the year 2022 to permanent the casual and contract employees of the Authority have failed.	The orders of the Committee of Accountants should be implemented.

3.3 School staff

Audit Observation

There were vacancies in 20 principals in the education administration service, 262 principals in the principal service, 256 deputy principals, 47 assistant principals, and 1,893 officers in the teaching service in the schools located in 03 districts of Colombo, Gampaha and Kalutara, belonging to the Western Province.

Comments of the Chief Accounting Officer

The Deputy Chief Secretary (Personnel and Training) has been informed about these vacancies.

Recommendation

Action should be done to manage the school system until vacancies are recruited.

3.4 Health staff

Audit Observation

The post of Medical Officer in Charge (MOIC) in Baduraliya Regional Hospital has been vacant for many years, 13 nurses including the head nurse have been employed for a period of 13-27 years, a family health service officer has been employed for 16 years, and two attendants have been employed for 10- 15 years, have been continuously working in the same hospital without being transferred.

Comments of the Chief Accounting Officer

The transfers will be executed based on the period of service in the annual transfers of the year 2023.

Recommendation

As per the circular, the officers who have completed the prescribed period should be transferred.

4. Accountability and Good Governance

4.1 Planning

Action Plan

Audit Observation

According to the Public Finance Circular No. 02/2020 dated 28 August 2020, each institution must prepare an annual action plan for the implementation of the approved budget estimates for each year on behalf of its institution, and the annual action plan for the coming year should have been prepared before 31 December of the transition year, but it had not been done accordingly.

Comments of the Chief Accounting Officer

Each division of the Chief Secretariat had prepared separate action plans. Since it took time to prepare it as one volume, it was not possible to deliver it on a specific date.

Recommendation

Action should be taken according to the circular provisions.