

## **Head - 166 Ministry of Water Supply and Estate Infrastructure Development**

### **1. Financial Statements**

#### **1.1 Qualified Opinion**

Head 166 - The audit of the financial statements of the Ministry of water supply and Estate Infrastructure Development for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No.19 of 2018. The summary report containing my comments and observations on the financial statements of the Ministry of water supply and Estate Infrastructure Development was issued to the Chief Accounting Officer on 28 May 2024 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Ministry was issued to the Chief Accounting Officer on 31 May 2024 in terms of Section 11(2) of the National Audit Act. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Ministry of Water Supply as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility 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 Chief Accounting Officer for the Financial Statements**

The Chief Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

In terms of Sub-section 38(1)(c) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Ministry and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

#### **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 summary report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

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

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

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

#### **1.5 Report on Other Legal Requirements**

I express the following matters in terms of Section 6(1)(d) of the National Audit Act, No.19 of 2018.

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

## 1.6 Comments on Financial Statements

### 1.6.1 Accounting Deficiencies

#### (a) Property, Plant and Equipment

The following deficiencies were observed in accounting for Property, Plant and Equipment.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(i) Although 155 units of goods valued at Rs.1.3 million identified in the board of survey on 31 December 2022 had been disposed and auctioned on 15 March 2023, the cost of those assets had not been removed from fixed assets.	Instructions were given to officers to remove the value of disposed goods for the year 2022 from fixed assets.	The correct value of fixed assets should be shown in the financial statements.
(ii) Although the total amount of Rs.10 million of 03 motor vehicles which was not registered under the Ministry but shown as fixed assets had been given to the Urban Settlement Development Authority on 09 March 2023, the cost of those assets had not removed from fixed assets.	The relevant officers have been informed to remove the cost of these 03 vehicles from fixed assets.	Actions should be taken to correct the accounting error that has occurred.
(iii) Due to accounting of 13 vehicles as assets of the Ministry amounting to Rs.46 million that are registered in the name of another entity and used by the Ministry, non-financial asset balance in the ACA-6 statement of the financial statements had been overstated by Rs.46 million.	Although more than one year has passed since the information related to taking over these vehicles was forwarded to the Comptroller General's office, the approval for that has not been received yet. Instructions have been given to indicate in the financial	The value of assets with unconfirmed right should be removed from the financial statements and the correct value should be recorded.

statements only the values of vehicles whose ownership has been transferred to the Ministry.

- (iv) An amount of Rs.1.4 million worth camera equipment, printer and laptop given to the former state minister had been destroyed on 09 May 2022 due to the crisis situation in the country and as Treasury approval had not received to remove from the books by 20 May 2024, the value of non-financial assets of the financial statements had been overstated by Rs.1.4 million.
- Treasury approval must be received to write off the value of the assets from the books, as per F.R 104 and after obtaining that approval, inform that it will be removed from the books.
- Necessary actions should be done as per the financial regulations.

**(b) Non-maintenance of Registers and Books**

**Audit Observation**

**Comments of the Chief Accounting Officer**

**Recommendation**

An updated vehicle register containing the information of all the vehicles owned by the Ministry had not maintained and Informations related to 264 vehicles had been registered in the Department of Motor Traffic under the name of the Secretary, Ministry of Water Supply and Estate Infrastructure, which was subject to audit sample test as at 31 October 2023 had not been taken to the register as per above.

The relevant document will be prepared as soon as possible for the water supply sector.

A vehicle register should be maintained up-to-date as per the Financial Regulations.

**(c) Lack of Audit Evidence**

**Audit Observation**

**Comments of the Chief Accounting Officer**

**Recommendation**

The Ministry did not have the Certificate of registration related to 69 vehicles purchased by the institutions under the Ministry and registered in the name of the Ministry.

Out of these 69 vehicles, the registration certificates of 63 vehicles have been received to us along with MT06 forms for transfer to the related institutions. The remaining 06 vehicles will be promptly investigated and

It should be act to keep the certificates of registration of the vehicles registered under the name of the Ministry and ensure the physical existence of those

reported.

vehicles through annual board of surveys.

## 2. Financial Review

### 2.1 Management of Expenditure

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Due to the fact that the allocation of supplementary allocations was not done with due care according to Financial Regulation 74, out of the supplementary allocation of Rs.2,106 million had been allocated under Ambatala water supply system improvement and energy saving project vote number 166-02-05-87-2201/11 in the year 2023, Rs.816 million had not been utilized.	Provisions were saved due to unable to approve water suspensions for pipeline cleaning and disinfection as planned, the country's economic downturn, rising prices and lack of construction goods, bad weather conditions, and suspension of funding by AFD.	It should be act with due care as per the financial regulations.
(b) Although the chief accounting officer is responsible for ensuring that all services are included in the estimates in accordance with the Financial Regulations 50 of the Democratic Socialist Republic of Sri Lanka and that the estimates have been prepared with due care that they can be performed in the financial year, from 15 percent to 100 percent of the 31 votes of the estimate prepared for the year 2023 were observed Rs.20,907 million savings.	Provisions remained due to circular on Public Expenditure Management and Expenditure Control, bad weather, land ownership issues, tender awarded prices lower than engineering estimate, increase in material prices, not given aid from government of China, non-commencement of new projects and suspension of loans.	Necessary Support should be provided to manage the government budget properly.
(c) Although the annual allocation allocated for the activities of the minister should be cover the fuel costs for the vehicles allocated for the minister and the staff, the minister's media section used the pool vehicles of the ministry and for that	Actions have been taken to give vehicles in occasions pool vehicles are being requested by minister's media teams. Inform that if the documents related to the programs are not	Necessary actions should be taken regarding expenditure exceed approved provision limits.

the expenses of 5,226 liters of fuel submitted, It will not refund amounting to Rs.1.72 million of the year the money or provide the 2023 had been spent under the vehicles inducourse. administrative expenses of the Ministry.

## 2.2 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value Rs.	Observation Non-compliance	Comments of the Chief Accounting Officer	Recommendation
(a) <b>Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b>				
(i) Financial Regulation 103(1)(a)	-	It had been done on 15 November 2023 after 03 weeks informing Ministry officers about the accident on 22 October 2023 of the car reserved to the Minister of Water Supply.	The Transport Officer of the Ministry has been informed about this accident on 22 October 2023.	It should be act in accordance with the financial regulations of the Democratic Socialist Republic of Sri Lanka.
(ii) Financial Regulation 108(3)	Rs.13.5 million	According to the section 2.1 of Public Finance Circular No. 01/2020 dated 28 August 2020, the damage had exceeded the limit of the secretary of the ministry, but It had not been reported to the department of	At present, the recovery of the vehicle is being carried out in the agency. The final estimate should be sent	-do-

			Public Finance.	by the Agency to submit the Department of public Finance at the time of completion of the work.	
(iii)	Financial Regulation 1647(b)	-	A complete survey of the Ministry's vehicles and their equipment had not been conducted as per the Financial Regulations.	Necessary actions are being made to conduct a vehicle survey in the year 2024.	-do-
(iv)	Financial Regulation 1646	-	The running charts from January 2023 to October 2023 related to 16 vehicles belonging to the pool of the Ministry's Water Supply Section had not been submitted for audit.	These vehicles were not used throughout the year and There were months without running charts due to reserve for officers, attach for repairs etc.	-do-
(v)	Financial Regulation 757(2)(a)	659,473	Regarding shortages and excesses of goods of the state ministry and 03 divisions of the ministry identified in the board of survey, had not been act according to the financial regulations.	Mention that actions are being taken for resolve the existing differences by taking the annual board of survey reports of 31 December 2023.	-do-
(b)	Paragraph 3(ix) of the Public Administrati on circular No 11/2006	60,204	Contrary to the circular instructions, government funds had been misused by a concerned officer for fuel expenses in relation to the 1038 kilometers driven exceeds the approved	A preliminary inquiry will be conducted in this regard under the leadership of a staff officer.	It should be act as per the circular instructions.

dated 14  
July 2006

limit.

This vehicle is provided on priority basis for duties of Secretary office. Since the relevant vehicle is being used for the duties assigned by the Secretary, the secretary's coordination secretary has put his signature on the running charts.

- (c) Paragraph 2.5 of the Public Finance circular No 01/2020 dated 28 August 2020
- Rs.1.5 million
- According to the General 284, final report had not been given regarding the damage to office equipment worth Rs.1.4 million in the year 2022 and damages of Rs.97,200 to 02 vehicles in the year 2023.
- FR 104(4) inspection report is being sent to the Treasury about the destruction of office equipment. Actions will be taken to inform the Department of Public Finance as per General 284 for the other 02 vehicles.
- It should be act as per the circular instructions.

### 2.3 Irregular Transactions

#### (i) Payments without Authority

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) There had a difference of 905 km between the distance driven according to the milometer of a vehicle that was used	In this regard, a preliminary investigation will be conducted under the leadership of a staff	Running Charts should be maintained up to date and use of



for running in the secretary office of the ministry.	officer and after the completion of the preliminary investigation, if there is any irregularity related to this matter, the relevant actions will be followed.	vehicles without proper authorization should be disciplined.
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(b) It had been revealed that the ministry had provided 373 liters of fuel for 05 vehicles not belonging to the estate infrastructure development sector and 20 liters of fuel for a vehicle temporarily allocated to the New Villages Development Authority for the Plantation Region.	In case of repair of the vehicle provided for the minister's media duties, Instead of that vehicles have been temporarily provided and fuel has been issued by this division.	It should be done in accordance with the circular provisions related to the use of vehicles of the Ministry.
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## 2.4 Deposit Balances

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although deposits that have expired 2 years from the date of deposit should be credited to government revenue according to Financial Regulation 571(3), It had not been done accordingly regarding the total value of Rs.5.05 million of 16 cases in the deposit account numbered 6000-0-0-16-0-82 and the amount of Rs.30,000 in the deposit account numbered 6000-0-0-13-0-88.	Reminders have been sent to the relevant institutions to release the deposit amount in the deposit account number 6000-0-0-16-0-82. The relevant institution has been informed to send the necessary documents to release the amount of Rs.30,000 in the deposit account number 6000-0-0-13-0-88.	It should be act as per the financial regulation regarding outdated deposits.

## 3. Operating Review

### 3.1 Planning

The following facts were revealed during the inspection of the action plan and progress of the estate infrastructure development sector in the year 2023.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) No money had been spent from the Rs.2	As the allocation for housing	Necessary actions

million allocated for the management and supervision of the housing program identified in the action plan of the year 2023. Also, although it had been planned to give land for 200 beneficiaries, the granting of land deeds to 101 beneficiaries was at a minimum level of 50 percent.

construction had been finished fully during the year, the allocation allocated for the grant of deeds had to be used to settle the expenses of the housing projects. Due to this reason, the grant of land deeds during the year was minimum.

should be taken to fulfill the programs included in the action plan within the stipulated time.

- (b) A provision of Rs.33 million had been allocated for the construction of the vocational training center in Hatton and the installation of necessary equipment. By the end of the year 2023, only the construction of the building had been completed at a cost of Rs.56.11 million, exceeding the expected amount, and the purchase of machines and equipment had not been done by the date of the audit, 10 April 2024.

This project is carried out with the Indian High Commission and the contracting agencies selected by that office, and our ministry is carrying out the payment of customs duties and VAT, facilitation and coordination for the project as per the agreement.

The necessary coordination should be done properly to complete the project.

### 3.2 Non- performance of Functions

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The tube well that should have been built in Kasungama, Narammala Sisila Community Based Oganiation in Kurunegala district had been abandend unusable, and the expenditure of Rs.one million had become an uneconomical expenditure.	Even though this tube well failed, the ministry had to pay for the work as it was stated that the water resources board would charge 75 percent of the estimated cost of construction of a tube well as per the contract.	Since there is a need for a geological survey for the selection of the place for the construction of the tube well, the loss to the government should be borne by the institutions or officers who did not carry out the work properly.

- (b) Even though in the year 2016 in Kegalle District, started with the aim of providing water facilities to the displaced villages due to the landslide, the estimated cost of the Habalakkawa Water Supply Project, which was Rs.75.2 million, had been allocated for 06 tasks in the year 2023 of Rs.19.3 million. Physical progress ranged from 10 percent to 80 percent as at 31 December 2023.
- Since the laying of distribution pipes was started by the Hemmathagama water supply project, distribution pipes were laid for this project. Currently arrangements are made to provide water connections to the beneficiaries. The pumps procured for this project will be used for the Dandeniyaawatta water supply system.
- Necessary actions should be taken to fulfill the needs of the beneficiaries after the completion of these projects.

### 3.3 Non-achievement of expected Output Level

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although Rs.24.3 million had been allocated to install 2 EDR treatment plant worth Rs.18.18 million under the kidney disease prevention program planned by the Ministry by 31 December 2023, to the Pulicchakulam water project in Puttalam district. The work had not been completed as at 31 December 2023,	The financial progress was delayed as the relevant bills were not presented by the community-based organization. By now, the two EDR systems have been installed and can be operated after the relevant transformer is installed and electricity is provided by the Electricity Board.	Necessary arrangements should be made to complete this water project as soon as possible.
(b) Although Under the Indian Housing Project (Phase 01), allocation of Rs.100 million had been planned to complete 154 housing units, only 16 housing units had been completed by the end of the year 2023,	The project implementation plan is decided by the Indian High Commission, and report that currently only 70 housing units have been constructed out of these 154 housing units.	The Ministry should carry out the necessary coordination activities to achieve the expected physical targets as soon as possible.

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| (c) | Although provision of Rs.25 million had been made to provide infrastructure for 181 housing units built under Indian aid, Rs.24.77 million that is 99 percent had been spent and infrastructure was provided to only 111 houses by the end of the year. | These houses are being constructed by the Indian High Commission. After the completion of the construction work, the infrastructure will be provided and admit that the infrastructure has also been delayed.                  | Desired physical targets should be achieved.  |
| (d) | Although Rs.155 million had been allocated for the establishment of 60 smart classrooms in the year 2023, none of that money had been spent and the school selection activities required for that and contracting activities had not been completed.    | Due to the change in policy, there was a change in the scope of this project and accordingly the MoU had to be changed again. Currently, this MoU has been prepared and submitted for the approval of the Government of India. | The necessary coordination activities for achieve the desired physical targets should be done properly. |

### 3.4 Projects abandoned without completing

The following observations are made

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
The estimated value implemented by the Ministry's Estate Infrastructure Development Division in 2017, 2018 and 2021 is Rs.435.77 million in 19 housing projects with an initial advance amount of Rs.82.12 million and management fees of Rs.3.6 million had been paid to Plantation Human Development Trust but the amount had not been reimbursed. Also a performance bond had not been obtained for this contract.	Report that the Ministry setoff the bills of other projects due to the Plantation Human Development Trust as it wanted to cover the money paid for 19 non-implemented projects in a way that would benefit the government.	Officers should work responsibly to fulfill the purpose of allocation.

### 3.5 Delays in the Execution of Projects

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Menikkadavara and Mahapallegama Community Water Project had been started in the year 2019, but according to the geological survey reports of the National Building Research Organization, the land was not suitable for the construction work, but the instructions had not been followed and due to landslides, the cost of the project was Rs.33 million by March 2024 had become a useless expense.	For this, the National Building Research Organization is working to get recommendations again. Therefore, pending these recommendations, construction has been temporarily halted and NBRO is planning to act on the recommendations of the report.	Disciplinary action should be taken for starting the project without proper feasibility study and disregarding the recommendations given by the National Building Research Organization.
(b) According to the agreements reached with the Plantation Human Development Trust and the relevant society organization, 62 housing projects that had been started in the years 2016, 2017, 2018, 2019, 2020 and 2021 had not been completed by 31 December 2023. But Rs.846.85 million to pay the contractors of those projects and Rs.51.37 million for supervision and management had been paid to The Plantation Human Development Trust by the Ministry.	The Ministry did not receive additional allocation for the year 2021 for the continued projects that started work in the years 2016, 2017, 2018, 2019, 2020 and 2021. Within the allocation of Rs.500 million allocated for the year 2024, approval has been given to start the remaining works of 383 housing units.	In order to use the government funds with maximum efficiency and effectiveness, a proper work order should be prepared to select the relevant contractors and spend the money with proper management.
(c) Although Rs.168.8 million had been spent as an amounting to Rs.3.4 million for 15 housing units in Rothschild estate in Kandy area under Green Gold Housing Project, Rs.48.2 million for 211 housing units in Nuwara Eliya, Hatton, Kandy, Galle and Ratnapura, Rs.117.2 million for another 29 housing units, the construction work of the respective houses had not been completed.	Report that 15 housing units have been included in the Rothschild estate for implementation under the 2024 housing program. Based on the construction stages of the half-completed estate houses, it is planned to carry out the works that can be completed within the allocations received by the Ministry.	These housing projects should be completed quickly and the people who are expecting benefits should be provided with the necessary services.

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| (d) | In the year 2021 under New Housing project, Rs.92 million for 157 housing units in Nuwara Eliya, Hatton, Kandy and Kegalle areas, and Rs.45.6 million had been spent on 104 housing units in Nuwaraeliya, Hatton and Kandy areas in the year 2020 and 2021 and 56 housing units in Kegalle and Hatton with an estimated value of Rs.173 million had not been completed by 31 December 2023. | Due to the rapid increase in the price of building construction materials due to the prevailing economic situation in the country, the contractors stopped the construction work. Based on the construction stages of the half-completed estate houses, it is planned to carry out the works that can be completed within the allocations received by the Ministry. | Delayed construction works should be completed promptly. |
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### 3.6 Projects without Progress despite the release of Money

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>Although the physical progress of the contract for the construction of Dandeniya Watta Rural Water Scheme in Kagalle district is 10 percent, the total estimated cost is Rs. 3.66 million had been paid to the Water Supply and Drainage Board. Although the physical progress of the Rs.7.6 million contact had been given to build a ferrocement tower to a private company is 20 percent as at 31 December 2023, 55 percent of the contract value is Rs.4.2 million had been paid by 29 December 2023.</p>	<p>The construction of Dug well is scheduled to be completed by 31 May 2024. The physical progress of laying transmission pipes and distribution pipes is 92 percent as on 31 December 2023 and the Water Supply Board was informed in writing to send the retention money and the retention money paid for the construction of the ferrocement tower back to the Ministry.</p>	<p>The institutions operating under the ministry should not only get the allocation and release for the projects and the implementation of the projects as planned should be properly supervised by the ministry. Also, necessary disciplinary action should be taken against the officials responsible for the failure of this project and for making overpayments without expected progress, releasing the retention money without the</p>

completion of the project and without collateral security.

### 3.7 Procurements

The following observations are made regarding the procurement activities of the Ministry's Estate Infrastructure Development Division.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although a master procurement plan for the year 2023 had been prepared by the Estate Infrastructure Development Division, a detailed procurement time schedule had not been prepared as per 4.2.2(a),(b) of the Government Procurement Guidelines.	The procurement plan up to the year 2023 is prepared as per 4.2.1 of the Procurement Guidelines and It is not prepared detailed.	A detailed procurement time schedule should be prepared and related procurement activities should be done accordingly.
(b) Although internal repairs related to the vehicles of the Ministry should be act as per 4.3 and 4.4 of the Public Administration Circular No.30/2016 dated 29 December 2016, but without obtaining the approval of the Procurement Committee as per the circular provisions, 82 repairs worth Rs.10 million had been made regarding the supply of spare parts, batteries and tires.	As a number of vehicles in the Estate Infrastructure Development sector are more than 05 years old, actions have been taken to refer to agencies for vehicle repairs and services. A quotation method is referred, only if the Mechanical Engineer mentioned to call quotations from other agencies.	Called Bids as per the procurement guidelines and selected the best price as per the formal method and The necessary procurement activities should be done.
(c) According to 3.9.1 of the Government Procurement Guidelines, contracts can be awarded to a society organization for the implementation of projects below Rs.2 million only. For the implementation of 272 housing projects which exceeded the above-mentioned maximum limit and estimated value of Rs.5.5 million, which had been implemented between 2015 and 2023, the Plantation Human Development Trust did not follow the government	According to the cabinet decision regarding the completion of the remaining works of the partially built estate houses, the value of the contract specified in the State Finance Circular 01/2021 has been increased to Rs.25 million and the contract has been awarded to the estate workers societies.	The provisions of the procurement guidelines should be followed and necessary actions should be taken as per the agreement regarding non-performance of its role by the Plantation Human Development Trust.

procurement guidelines, and the Ministries had been paid Rs.4,000 million to the Plantation Human Development Trust and Rs.211 million had been paid as management fees.

### 3.8 Assets Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) As on 31 December 2022, 62 other machines and equipment items worth Rs.2.8 million included in the Ministry's CIGAS system had not been confirmed to be physically in the board of survey as of 31 December 2022.	Such problems will be minimized in the future, because asset is being numbered by this time.	Fixed assets in the CIGAS system should also be verified to be physically in the board of survey.
(b) Contrary to paragraph 2(i) of Asset Management Circular No. 02/2017 dated 21 December 2017, the value of 13 vehicles registered in the name of 06 other institutions was Rs.46 million and 6 vehicles worth Rs.66 million belonging to the Water Supply and Drainage Board were being used for the Ministry's work by 31 December 2023.	The relevant information has been forwarded to the Comptroller General's Office to transfer the registration of these 13 vehicles to the name of the Ministry and reminders have been sent on two occasions to expedite it.	It should be act as per provisions of the circular.
(c) 05 vehicles belonging to the Estate Infrastructure Development Division had been temporarily assigned to Soumya Murthy Thondaman Memorial Foundation and the New Village Development Authority for Plantation Zone and 09 vehicles had been given to the Ministry of Urban Development and Housing in the year 2022 without formal assignment.	05 vehicles have been given temporarily to the Soumyamurthy Thondaman Memorial Foundation and the Navagammana Development Authority for Plantation Zone. Informed that out of the 09 vehicles given to the Ministry of Urban Development and Housing, 03 vehicles have been given to this Ministry and the remaining 06 vehicles are taken over by the said Ministry.	It should be act to obtain or formally hand over the vehicles given to external agencies.



### 3.9 Losses and Damage

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although Rs.14,430 in the statement of write-off from the books in Annexure (ii) of the financial statements had been shown as the balance carried forward without write-off, that value had been written off from the books on 06 November 2019, according to the damage and loss register of the Estate Infrastructure Development Division. Also, Rs.94,576 had not been recorded in the damage & loss register for 02 loss cases.	The amount of Rs.14,430 has been shown in the financial statements due to an omission. This will be correct in the future. It is informed that the amount of Rs.94,576 has not been entered in the damage and loss register due to an omission, which was subsequently rectified.	Correct information should be included in the financial statements.
(b) Camera equipment, a printer and a laptop worth Rs.1.4 million had been given to the State Minister's Office had been destroyed in the political office of the Minister on 09 May 2022, and formal action had not been taken regarding the move of these equipment from the Ministry premises without the permission of the Secretary of the Ministry.	Inspected under F.R.104(4), the final report has been handed over on 11 May 2023. But noticed that further action had not been taken for that. After submitting the report to the Secretary on 19 April 2024 by new officers, informed that to inform the Treasury in accordance with F.R.104(4). A responsible officer had not been identified through the investigation regarding this loss.	Failure to identify the responsible officers for these damages is a violation of the financial regulations, so necessary action should be taken and the government should not incur losses due to the negligence of the officers.
(c) During the period from the year 2015 to the year 2022, 08 vehicles owned by the Ministry have incurred a loss of Rs.4.6 million due to accidents that occurred on 10 occasions, and the Ministry had not been taken action to recover those losses by the date of the audit on 05 March 2024.	In 05 cases, the losses incurred will be recovered from the responsible parties and in 03 cases, legal action will be taken for the losses and in 02 cases, the losses will be written off from the books.	To recover the damages of the vehicles involved in road accidents promptly and check whether the government has incurred any loss through negligence and necessary disciplinary actions

should be taken against the relevant responsible officers.

### 3.10 Management Weaknesses

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) 122 containers with pipes and fittings imported in the year 2022 for the 'Water for All' program have not been released from the port by May 2023 and have been delayed for more than a year, accordingly a total of Rs.945 million had been spent in vain as demurrages during the year 2023 to a private company for 117 containers and to the Sri Lanka Ports Authority for 05 containers.	The Water for All program is a program started based on the government's vision of prosperity based on government funding. These pipes and fittings could not be released from the port within the specified period due to non-availability of funds as expected.	The need should be identified properly, then the projects should be started and the relevant officers should act responsibly to prevent such losses to the government.
(b) A jeep allocated to the Minister of Water Supply had been severely damaged due to the accident on 22 October 2023. However, by the date of the audit on 10 April 2024, the vehicle had not been repaired and the damage caused to the vehicle had not been assessed as per Financial Regulations 103, 104 and 105 and necessary disciplinary actions had not been taken against those responsible.	It has not been confirmed in the FR investigation that an undisciplined act has been committed. Therefore, there are not enough factors to conduct a disciplinary investigation and further actions will be done according to the decision of the court proceedings related to the road accident.	Action should be taken to repair the vehicle promptly and implement the recommendations of the inspection report related to the accident. Also, it should be pointed out that not conducting proper investigations on the matter indicated by the audit query is a management weakness.
(c) Even though according to the provisions of the Inland Revenue Act, 10 percent of the monthly rental value should be deducted and remitted to the Department of Inland Revenue, without doing that, a monthly	Because it has been informed that it will pay the 10 percent amount to the Inland Revenue Department by Naleemiah Institute of Islamic Studies	It should be done as per the provisions of the Inland Revenue Act.

- payment of Rs.3 million each for the year under review Rs.38.4 million had been paid to the owner of the building on behalf of the building of the Estate Infrastructure Development Division. Out of that, the total amount of Rs.2.6 million by 31 December 2023 had not been remitted to the Department of Inland Revenue.
- (d) 03 vehicles owned by the Estates Infrastructure Development Division had been assigned for three officers of Soumya Murthy Thondaman Memorial Foundation and New Village Development Authority for Plantation Zone and 07 pool vehicles had been used by 06 officers.
- (e) 112 housing projects that had been implemented and completed until the year 2023 were not completed within the relevant contractual period, but a total of Rs.107 million had been paid by the Ministry as project management fees.
- (f) 20 housing projects that had been implemented and finished from year 2016 to year 2023, But also the dates for handing over the keys were not specified, Rs.16 million had been paid to the Plantation Human Development Trust on behalf of project management and supervision fees by the ministry. Also, more than 06 months have passed since the date of handing over
- Society, which owns this building, so no deduction was made.
- Since these institutions do not have vehicles, it has been acted to provide transport facilities, in cases where a vehicle is requested by the officers working in those institutions for the purposes of their duties.
- Agreed. For the year 2024, the amount of allocation allocated for the estate housing program is Rs.500 million, and within that amount of allocation, the remaining works of 383 housing units have been approved. The Ministry paid management fees according to the construction stage of the housing projects.
- Agreed. It was noted to hand over the keys to the beneficiaries with the completion of the work of the housing projects in the future. Management fees have been paid to the Plantation Human Development Trust by the Ministry according to the
- The vehicles owned by the Ministry should not be given to other institutions without formal transfer and if any loss is caused to the government due to such transfer, regarding that the relevant officers should be responsible.
- The supervision and coordination required to complete the housing projects within the agreed period should be done properly.
- Actions should be made to hand over the keys to the beneficiaries after the completion of the work in the housing projects.

the keys of 65 housing projects which were implemented and finished from the year 2016 to the year 2023 and Rs.61 million had been paid to the Plantation Human Development Trust on behalf of project management and supervision fees by the Ministry.

construction phase of the housing projects.

#### 4. Achievement of Sustainable Development Goals

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the annual performance report, 04 target programs under 02 main sustainable development goals had been identified for the year 2023 by the ministry and the achievement of the progress of those programs was at a minimum level of 3 to 52 percent.	In the year 2023, only a provision of Rs.500 million had been allocated for the construction of estate houses and a large number of houses could not be completed through this provision. As the number of houses built was minimum, water facilities are being given also limited.	Actions should be taken to achieved Sustainable development goals and targets.

#### 5. Human Resource Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the all officers who have served a maximum period of five years in the same post/ station should be transferred out immediately to enable them to serve in other posts/stations as per the public administration circular no. 18/2001 dated 22 August 2001. Also actions had not been taken to give transfers for 46 officers.	Transfer requests have been recommended by this Ministry and forwarded to the Ministry of Public Administration. If transfers are not provided by the Ministry of Public Administration, the Ministry is not in a position to provide transfers. Although annual transfers had been	It should be act as per the circular.

given except in very urgent situation, Inform that it has not been able to release the staff without a successor according to the minimum staff by this time.

- (b) Even though the maximum number of private staff employed in the offices of the Minister and Deputy Ministers shall be 15 as per the paragraph 2.1 of the President's Office letter no CA/1/17/1 dated 14 May 2010 regarding public expenditure management, three officers, including a laborer, a bill recorder and a management assistant officer of the National Water Supply and Drainage board had been released for the minister's duties.
- It has been informed to release the two officers, Revenue Assistant and Management Assistant to the Water Supply Board and agreed to bring the media department under the Water Supply Board by the letter dated 06 May 2024 of the Water Supply Board. It will be done accordingly in the future.
- It should be act as per the circular.
- (c) The number of approved posts in the estate infrastructure development sector was 341 and the actual number of employees was 319 with the two technical officers recruited on contract basis, 22 posts were vacant and 07 posts were at senior level and It was observed that this situation may affect the efficient and effective performance of the Ministry's work.
- Requests have been made on a number of occasions from the Secretary of the Ministry of Public Administration and the Director General of combined Services to fill up the existing essential vacancies in the Ministry.
- Actions should be taken to fill the vacant posts.