



First Session of the Eighth Parliament  
of  
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**Fourth Report**

of the

**The Committee on Public Accounts**

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Presented by

**Hon. Lasantha Alagiyawanna**

Chairman of the Committee on Public Accounts

On 08<sup>th</sup> of December 2017



**First Session of the Eighth Parliament  
Composition of the Committee on Public Accounts**

Hon. Lasantha Alagiyawanna (Chairman)

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Hon. S.Viyalenderan



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## **Chairman's Note**

I am delighted to present in Parliament during the First Session of the Eighth Parliament the Fourth Report of the Committee on Public Accounts, which is the main contributor to enable Parliament to deliver its responsibility of financial control in terms of the Constitution of the Democratic Socialist Republic of Sri Lanka and the oldest Committee in operation to perform its over its financial oversight role.

The present Committee on Public Accounts, which was established on 26 November 2015 and has commenced its work, conducted 41 investigations in respect of 38 institutions and presented its First Report on 22 September 2016 to Parliament.

The Subcommittee, which was appointed to recommend the steps to be taken by stakeholders among stakeholders for collecting and enhancing the government revenue using effective information technology systems through the involvement of several institutions including the Departments which represent the highest contribution to the state revenue such as the Customs, Inland Revenue and Excise Department, submitted its report containing recommended information and this report was presented to Parliament on 23 November 2016 as an interim report.

The Second Report of the Committee on Public Accounts prepared containing information pertaining to 36 investigations along with three specific cases in respect of 31 institutions was presented to Parliament on 23 June 2017.

Breaking the tradition of presenting reports to Parliament in its history, the Committee on Public Accounts presented its Third Report to Parliament on 13 November 2017, containing information on the financial control and performance pertaining to all the 831 institutions within the investigative purview of the Committee on Public Accounts for the financial year 2015 after obtaining such information online through the computerized Information Management System. Based on it, on that same day, arrangements were made to award honors to 81 institutions who showed higher performance out of special spending units, Ministries, Departments, District Secretariats of the government, Provincial Councils and institutions under their purview, and all the local authorities with a view of appreciating and encouraging them.

**The ability to submit the Fourth Report (including the Interim Report) prepared containing information of the investigations conducted by the Committee on Public Accounts by summoning 36 institutions before it from January 2017 to May 2017 within the First Session of the Eighth Parliament will become a landmark in the history of Committees.**

A Subcommittee was also appointed with Hon. Sujeewa Senasinghe as its Chairman for recommending measures that should be taken for the conservation of the coast and development of tourism in Sri Lanka to solve the significant problems that were unveiled at the investigation conducted by the Committee in respect of the Coast Conservation and Coastal Resource Management Department.

I wish to propose that attention should be focused on all the four Reports (except the Interim Report) submitted by the Committee on Public Accounts during the First Session of the Eighth Parliament including this report and also to recommendations made by this report while implementing national policies of the country.

I greatly appreciate the assistance that is given by Members of Parliament belonging to all political parties towards the successful performance of the functions of the Committee. I wish to express my thanks to the Secretary General of Parliament, Deputy Secretary General, Assistant Secretary General and the staff of the Office of the Committee on Public Accounts for working with dedication.

It would have been difficult to perform the functions of this Committee but for the support extended to the Committee by the Auditor General and his staff as well as the officials of General Treasury. I feel a tremendous sense of gratitude for what they did.

My belief is that a positive assessment could be given with regard to the success achieved on the path hitherto traversed overcoming the challenges which the present Committee on Public Accounts has had to face, while this Committee has begun functioning as an effective and efficient Committee on Public Accounts, adapting to the use of new technological advances instead of confining itself to making recommendations to state institutions to adapt to such new technologies.

**Lasantha Alagiyawanna**

Chairman of the Committee on Public Accounts

## **Summary Report**

While the Committee on Public Accounts is a committee with the longest history that has been functioning in Parliament of Sri Lanka, it is also the main committee which exercises the financial oversight function. Under the Soulbury Constitution of 1947 as well as the Republic Constitution of 1972 and the present Constitution of 1978, fiscal management of the state has continued to remain under the total control of Parliament.

It was in the colonial era, i.e., on 05 September 1923 that the Committee was initially established while the first meeting of the Committee was held on 17 September 1923. After obtaining complete independence as a sovereign state, this Committee was re-established on 26 October 1972 as per a proposal of the National State Assembly.

Committee on Public Accounts is the main Committee through which the full control over public finance which has been vested with Parliament as per Article 148 of the present Constitution of Sri Lanka is exercised. Under Standing Orders 125, 131 and 132 of Sri Lanka Parliament, the Committee has been empowered as follows:

*“It shall be the duty of the Committee to examine the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure and such other accounts laid before Parliament as the Committee may think fit, along with the reports of the Auditor-General on local authorities.*

*The Committee shall, from time to time, report to Parliament on the accounts examined, the finances, financial procedures, performance and management generally of any department, local authority and on any matter arising therefrom.*

*The Committee may when it considers necessary appoint sub-committees of its own members to examine and report to the Committee on all accounts and the finances and management of such departments, local authorities as the Committee may direct.*

*The Committee or any of its subcommittees shall for the performance of its duties have the power to summon before it and question any person and call for and examine any paper book, record or other document and to have access to stores and property.”*

This report, which is the fifth report (including the Interim Report) submitted to Parliament by the Committee on Public Accounts during the First Session of the Eighth Parliament, comprises of information pertaining to investigations carried out by the Committee with respect to government ministries, departments, special spending units, district secretariats, provincial councils and local authorities which come under the scope of the Committee.

Ensuring financial accountability by taking into consideration the result of the audit as per reports submitted to Parliament by the Auditor General after auditing the activities of public institutions is a function assigned to Parliament. The present Committee on Public Accounts, which was appointed to oversee the control of public finance, was announced on 23 October 2015 and comprises of 26 members representing all political parties represented in Parliament.

The Committee, which focuses particular attention on reports of the Auditor General as well as the performance reviews, economy, efficiency and productivity of public institutions, takes into consideration of matters pointed out by the Auditor General as well as information received by the Committee through other means when carrying out investigations. Chief Accounting Officer/ Accounting Officer of the respective public institutions are called before the Committee and enquiries are made when the Committee is looking into a particular matter.

The Committee on Public Accounts has been established to realize financial control objectives of Parliament which has been vested with the responsibilities of ensuring accountability, taking results of audit into consideration and evaluating performance. This report comprises of comments, recommendations and directives of the Committee which were presented in order to identify, prevent and resolve financial and management deficiencies, irregularities and inefficiencies of 36 public institutions which came under the scrutiny of the Committee during the first half of the year 2017 (January to May 2017).

## **General Observations, Conclusions and Recommendations**

### **Performance of Institutions and their Vision and Mission**

When attention was paid to the vision and mission of many public institutions, it was observed that there were occasions on which the performance of these institutions did not comply with their vision and mission. The Committee emphasizes the fact that institutions should function in accordance with their vision and mission in order that a maximum service can be performed for the benefit of the public and if not, the vision and mission of the institution should be changed having considered the necessary changes required for the time being.

### **Provincial Councils**

The committee observed that there was no common programme for the selection of the officials employed in Provincial Councils for foreign tours and for the activities related to it. Accordingly the Committee emphasizes the fact that there shall be a specific common methodology for it.

### **Conducting the meetings of Audit and Management Committees in District Secretariats.**

It was revealed when the District Secretariats were summoned before the Committee on Public Accounts that there was no specific common methodology for conducting the meetings of the aforesaid committees and the Ministry of Home Affairs has submitted a common programme which should be followed in conducting the aforesaid meetings as per the directions given by the Committee to the effect that it should be streamlined. It was revealed that action had been taken to educate all District Secretaries through an internal audit circular which had been formulated in accordance with the instructions incorporated in the Circular No. DMA 2009 (1) dated 09.06.2009, issued by the Department of Management Audit and the committee praised the Ministry in regard.

### **Getting development officers attached to Divisional Secretariats to strengthen Internal Auditing at Divisional Secretariat Level**

The Management Audit Department has taken steps to formulate a more effective programme to strengthen internal auditing at divisional secretariat level in accordance with the directions given by the Committee on Public Accounts. Accordingly, a request has been submitted to assign one graduate who has knowledge in Accounting and Auditing to each Divisional Secretariat for conducting audit activities in them.

Similarly, it has been pointed out that Development Officers who have gained the aforesaid qualifications can be attached to Ministries, various Departments and District Secretariats to meet the shortage of staff in the Internal Audit Units in them.

The Committee praises this course of action that has been taken to further strengthen the internal audit process with a view to utilizing public finance in a more efficient and effective manner.



## **Observations, conclusions and recommendations specific to the institutions**

### **01. Ministry of Public Administration and Management**

The sum of Rs.25,000,000 out of the total capital savings of Rs.37,433,648 as at 31.12.2016, was a sum allocated for “the project by JICA to train the front line officers” and it had become a 100% capital saving.

The Committee emphasized that the accountability and the performance of the public sector are problematic in a situation where these provisions are not utilized and further that it reflects the weakness of the financial management and also it was emphasized by the committee that the attention of the General Treasury should be drawn in this regard and also follow up should be done.

In addition to that, the Committee emphasized that there should be a long term major plan for the trainings, that it is important to provide international training to the senior officers and that it is a long term investment.

### **02. Ministry of Foreign Affairs**

It was observed that there were substantial dues of transport costs, rent advances and other advances to be recovered as at 31.12.2016 when the officers of the foreign missions employed in the Sri Lanka Foreign Service resign from service. These were Rs. 326,472/-, Rs. 200,921,603/- and Rs. 109,559,890/- respectively as at 31.12.2016. The committee recommended that the superior officers including the High commissioners/ambassadors too cannot escape the responsibility with pertinence to this recovery although the relevant officer has to bear the direct responsibility regarding the damages to houses, and that measures should be taken by the Ministry to formulate a common methodology, while emphasizing the need to have direct supervision in that regard.

Similarly, the committee emphasized that more attention should be paid towards the facilitation and security of the students who study overseas and that there should be a methodology to raise awareness on the services that can be obtained from the offices of the commissioners or ambassadors of the relevant countries and to enable them to build up close links with the offices.

### **03. Ministry of Higher Education and Highways**

The committee observed that there is a tendency for a delay in receiving foreign funded projects and for misplacement of document files within the period from 2010 to 2013 and it was disclosed consequently, that there is no possibility to trace the responsible officers with regard to malpractices which are disclosed several years after the conclusion of the projects. Accordingly, it was recommended by the committee that a general procedure and a legal framework should be formulated with the participation of the ministry of finance, on the common measures that can be obtained by all the ministries in such instances.

#### **04. Employees' Provident Fund**

The Committee drew its attention towards the progress of the process of developing a computer program implemented in combination with the Department of Labor and the Central Bank for improving the information technology process of the Fund. The Committee emphasized that lack of an improved, integrated computer program network is the reason for most of the issues that have arisen, and that necessary steps should be taken expeditiously to develop this program. Further, the Committee also emphasized that fraudulent transactions can be prevented through such a program, and that information relating to the Fund since its establishment can be easily obtained and transparency can be maintained by implementing such a system.

#### **05. Ministry of Buddha Sasana and Department of Buddhist Affairs**

Compilation of the Buddhist encyclopedia has been being implemented for a long period of about 20 years, but Ministry of Buddha Sasana and Department of Buddhist Affairs have not yet succeeded in completing that task. It was revealed that the Ministry and the Department have not been able to appoint qualified persons as editors in chief of this book because the payments offered for editors in chief are not satisfactory.

#### **06. Department of National Museums**

No proper procedure has been implemented even to date to ensure the protection of antiquities since the robbery that took place at the National Museum in 2012. Despite the lapse of a period of five years since that robbery, no action has been taken so far to properly install a security camera system. It has been revealed that the existing camera system has a number of weaknesses such as inability to capture scenes in the dark, and that the existing camera system had been defunct by the time the robbery happened. The system has not been properly installed so far.

The Committee issued directives to prepare a proper methodology to ensure the protection of the Museum by studying the nature of the security systems that have been implemented in other countries to protect their national museums from fire and thieves, and by obtaining advice in that regard from a group of experts, and also by taking steps to obtain the services of the police and the three armed forces.

#### **07. Food Commissioner's Department**

Maintaining a special reserve of 8000 MT of rice in terms of the Colombo Declaration of the 16<sup>th</sup> SAARC Summit and maintaining a buffer reserve of 100,000 MT of rice have been stated as the vision of the Department, but the Committee observed that sufficient provisions are not granted by the Treasury to maintain such reserves. Further, the Committee, having identified the need for preparing a long-term programme to collect and distribute food in order to reach the vision of the Food Commissioner's Department and the need for bringing both the Paddy Marketing Board and Food Commissioner's Department under one Ministry, emphasized that it is important to refer this matter to the line ministry in order to make a policy decision in that regard.

### **08. Postal Department**

A delay of 3 to 13 years had been occurred in regard to an investigation on frauds which was revealed in 2013, amounting to Rs. 8,613,000/- that had been taken place in 4 post offices.

The committee emphasized that the investigation process on corruption, frauds and malpractices are extremely slow and directed CAO and AO to expedite the process. It was revealed that the reason for this delays is the scarcity of officers in the investigations department and only 16 officers serve in that section by now. As it was revealed that there are 2711 investigations by 31.12.2016, the committee emphasized that the line ministry should intervene in to them and solve.

### **09. Department of Pensions**

1463 pension salaries to the value of Rs. 53,392,514/- had been returned to Department of Pensions as those were rejected, not being deposited in the stipulated bank accounts when they were sent to the bank accounts of the pensioners through Sri Lanka Interbank Payment System by the date of 28.02.2017. It was revealed that measures had not been taken to rectify it though the attention had been drawn on this issue since 2010. It was drawn to the attention of the committee regarding the establishment of a separate unit to deal with rejected transactions as there's a possibility of occurring various fraudulent deeds according to this incident.

The committee emphasized the importance of using systematic information technology technique by the Department of Pensions in rectifying this situation.

And also, the over payment balance of pensions by 31<sup>st</sup> December 2016 was of Rs. 320,250,815/- and though the measures were taken to recover this excess payment, the committee expressed its dissatisfaction over not taking measures against such erred officers in terms of Financial Regulations No .119 and No.156.

### **10. Foreign Resource Department**

It was observed that Sri Lanka has missed 4 training programs that were offered by foreign countries in 2016 as application were not received and 128 programs due to the rejection of all the applications which were submitted .

The committee recommended that the applications should be called from the qualified persons without delay and within the proper time and to get the participation of Ministry of Public Administrations in this regard.

The committee emphasized that it is regrettable to see that Sri Lanka had missed number of scholarships which were received as a result of discussions with foreign countries and the skills should be injected in order to develop the Human resource as it is a valuable investment for the public service .

### **11. Department of Motor Traffic**

It was observed that malpractices can occur since all the activities related to issuing of driving license are carried out by Motor Vehicle Examiners only. The committee also observed that the computerized system to examine, which was introduced 10 years ago to issue driving license is not being implemented at present. The committee expressed its displeasure over deviating from the computerized system and for not following the new technological methods.

### **12. Colombo District Secretariat**

In response to the queries made by the Committee on Audit Inquiries, the AO said most of the documents required for audit inquiries and other investigations have been destroyed since the Colombo District Secretariat Office was gutted by fire. While stating it is not satisfied with the answers given such as there is not enough evidence to address the prevailing problematic situation due to documents being destroyed by fire, the committee emphasized that there is a pressing need to computerize the documents of the office to prevent recurrence of similar incidents and all other institutions should also focus attention on taking measures to protect their respective institution from sudden disasters.

### **13. North Central Provincial Council**

Although an institution is at least expected to hold a quarterly audit and management meeting in terms of the audit management circular, no audit and management meeting has been held in 35 and 36 institutions of the North Central Provincial Council in 2015 and 2016 respectively. The committee emphasized that relevant Chief Secretary is responsible in this regard and measures should be taken to rectify this.

### **14. Eastern Provincial Council**

Principals of several schools in the districts of Trincomalee and Batticaloa in the Eastern Province in order to maintain the standards of their schools did not allow 88 and 83 students to sit for the G.C.E. (O/L) examination in the years of 2014 and 2015 respectively, due to underperforming.

The committee observed that by not allowing these students to sit for the examination under any circumstance has caused an injustice to them and informed the Provincial Educational Secretary to prevent recurrence of such incidents in the future while focusing special attention about this matter.

### **15. Colombo Municipal Council**

The committee's attention was focused on collecting arrears of revenue and assessment of taxes, which had not been carried out in a sound manner and losing a considerable amount of assessment of tax revenue due to the improper activities of the Municipal Council.

The committee, which focused attention on arrears of revenue that have existed for number of years instructed the officials to recover them properly and right off the rest of the amount under the approval of the treasury. Furthermore, the committee also directed them to prepare proper

and systematic plans to collect revenue when drafting action plans for the coming years. It was further stated that these provisions should be relevant for other Municipal Councils as well.

**16. Examination of the Auditor General's report on the progress of the programme to control the dengue disease which includes the prevention and treatment of the disease**

The expected outcomes of the action plan of the Dengue Control Unit for the year 2016 and the officials who are responsible of achieving them had not been mentioned.

The committee emphasized that it is compulsory to mention the persons who are responsible in the action plan and the Public Health Officers should be empowered to eradicate dengue. Furthermore, it pointed out there should be a Public Health Officer per 10,000 persons.

Similarly, the importance of having a mechanism where the Public Health Officers at local government bodies can seek advice from Public Health Inspectors was also recommended.



**Main Problems Identified and Observations and Recommendations made in Respect of each Institution Examined during the First Quarter of 2017**

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
<b>Department of Registration of Persons</b>		
<b>24 January 2017</b>		
1.	Existence of shortcomings such as issuing two identity cards in the name of one person, allotment of a new registration number instead of the old one in re-issuing identity cards and issuing identity cards to two persons under the same registration number.	<p>CAO/AO stated that minor differences existing in the personal information when two applications have been submitted, the system identifies them as two persons and there is the possibility of issuing two identity cards to one person; when there are contrasts in information provided earlier and that provided later, the identity card is issued under a new number though it is a very rare occurrence; and most shortcomings can be minimized by issuing the new proposed identity card bearing the finger print.</p> <p>The Committee directed the CAO/AO to carry out a full-scale study regarding the weaknesses identified in the existing system, prepare a report containing measures that could be taken to prevent them and how they went about implementing it within three months and submit it to the Committee.</p>
2.	No action has been taken to complete the Project even by 31	This project was commenced on the approval of the Cabinet of Ministers

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	<p>December 2016 with regard to issue new Electronic National Identity Cards, which was commenced in 2007.</p>	<p>and cancelled on 09.09.09 upon a Cabinet Decision due to a problematic situation. The Cabinet Approval has been received on 17.08.2011 to commence it with broader objectives.</p> <p>It has been decided to carry out the making of policy decisions and monitoring of the project through a Presidential Steering Committee comprising 11 members including the Secretary to the President, the Defense Secretary and the Commissioner General and obtain the technical assistance from the University of Moratuwa and the University of Colombo.</p> <p>As a first step towards it, the Cabinet of Ministers has given the approval on 07.10.2015 to issue an interim identity card containing all the information included in the proposed identity card.</p> <p>CAO/AO stated that although the Procurement Board approved the purchase of cards from EPIC Lanka Private Ltd at Rs. 71.83/- each after calling quotations for purchasing them, the purchasing has been suspended till the conclusion of the inquiries by the Auditor General in this regard.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>The Committee stressed that a higher focus be given the price as well as the quality of the cards in implementing this project and directed both the Auditor General and the Department to submit to the Committee a report containing the list of Advisors and the list of members of the Technical Evaluation Committee appointed for this purpose and the decisions reached by them.</p>
<b>Department of Coastal Conservation &amp; Costal Resources Management 24 January 2017</b>		
1.	<p>Although Rs. 249 million had been allocated for 13 projects as per the Action Plan 2016, the financial progress was only Rs. 117 million while no progress has been realized in respect of four of the projects.</p>	<p>The AO stated that commencement of the work of these projects was delayed due to protests posed by the fishery community and that the work of other projects has been commenced. The Committee focused on the construction of breakwaters and sand nourishing for coastal conservation as well and stressed that environmental damage should be minimized in obtaining sand from the sea for sand nourishment or for some other purpose.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
2.	Although 1592 demolition and removal orders had been issued during the past six years, its progress remained as minimal as 10%.	The Committee stressed the need to make policy decisions after a broad conversation with the involvement of all institutions relevant to the prevention and removal of illegal constructions on the coastal belt. The Committee also emphasized that the Department should work at the maximum level according to the powers vested in it to prevent the proliferation of present illegal constructions enumerated at 1592, to remove them, and to conserve the coast.
<b>The Special Session of the Committee held in respect of Coast Conservation and Tourism Development</b> <b>24 January 2017</b>		
1.	The Committee stressed the need for summoning relevant Ministries, Departments and institutions and having a broad discussion on coast conservation, tourism promotion, construction of buildings within the coastal zone, keeping the coastal zone clean, coastal corrosion and beach nourishment as well as authorized institutions in this regard, existing legal condition and	The Secretary to the Ministry of Environment stated that no integrated course of action involving Ministries, Departments and relevant institutions is in place to carry forward the relevant activities and development programmes, although Committees have been appointed for certain purposes.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	practical problems that arise and on problem solving.	
2.	The Committee engaged itself in a prolonged deliberation on coast conservation activities, identification of tourism zones, construction of hotels and housing complexes within the coastal zone, removal of garbage in the coastal zone fishery industry, coastal erosion and beach nourishment as well as socio-economic problems entwined with them; stressed the need for a combined effort with all associated institutions for preventing, resolving and regulating of these issues; and appointed a Subcommittee for monitoring, regulating and guiding those activities, appointing Hon. Sujeewa Senasighe as its Chairman.	The Committee informed that facts be explored about formulation and implementation of an interconnected joint plan by summoning the Ministry of Mahaweli Development and Environment, the Ministry of Tourism Development and Christian Affairs, the Ministry of Megapolis Development, the Ministry of Provincial Councils and Local Government, the Ministry of Fisheries and Aquatic Resources, Coast Conservation and Coastal Resources Management Department, Sri Lanka Tourism Promotion Bureau, Urban Development Authority, Provincial Councils and relevant local authorities, Geological Survey and Mines Bureau and the Central Environmental Authority and any other institutions deemed necessary before this Subcommittee, and submit the report of that Subcommittee to the Committee on Public Accounts within about 03 months. It was resolved that the Ministry of Mahaweli Development and Environment should function as

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		the principal Ministry for the coordination of action of the Subcommittee.
<b>Ministry of Transport &amp; Civil Aviation</b> <b>25 January 2017</b>		
1.	<p>(i) Despite the fact that Rs. 741,200/- million and Rs. 237,100/- million had been allocated respectively as short term investments and operations and maintenance cost for a period of 6 years from 2015 to 2021 in the comprehensive plan prepared for a period of 25 years to minimize the traffic congestion in the Colombo metropolitan area with the support of the JICA, World Bank and Asian Development Bank, the Ministry had failed to achieve any financial or physical progress with regard to those plans in 2015 &amp; 2016.</p> <p>(ii) The Committee noted that a strategic plan had not been prepared for the period from 2012 to 2016 to minimize the losses incurred by the Sri Lanka Railway Department and the Sri Lanka Transport Board. Further, with regard to the period of 2012 to 2016 Sri Lanka Transport Board had reduced their losses but Sri Lanka Railway Department had</p>	<p>The CAO/AO stated that a plan had been prepared with the support of JICA and it had been reviewed with the assistance of the University of Moratuwa and with the establishment of the Ministry of Mega polis and Western Province Development the responsibility of the plan was assigned to that Ministry. Since it was a land use plan and a transport plan the Ministry of Transport works with the aforesaid Ministry and it will be implemented based on the studies carried out by the JICA and University of Moratuwa.</p> <p>The CAO/AO stated that there are about 8100 files in this regard and delays have occurred due to legal problems.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	<p>increased their losses continuously and the land lease outstanding amount of the Sri Lanka Railway Department had been increased to Rs. 1887 million as at 31.12.2016.</p> <p>(iii) The Ministry has not focused its attention to implement a combined bus service from Pettah, Moratuwa, Negombo and Kottawa railway stations with the Sri Lanka Transport Board.</p>	<p>The CAO/AO explained that a transport plan is implemented under the Ministry of Mega Polis and Western Province Development and further explained about the proposed Transport Hub near the Colombo Fort and obtaining 500 engines under the Indian loan scheme. At the same time the CAO/AO explained that this was a step taken to start the bus – railway combined service and although a bus service has already been started to Battaramulla there is no vehicle park to park the buses and therefore a solution is needed for that.</p>
2.	<p>(i) Feasibility reports of the project activities of the railway track project from Kurunegala to Dambulla through Habarana and other proposed railway tracks.</p>	<p>The CAO/AO stated that since a large amount of money is invested on such projects a priority list is needed and since there are problems with regard to the cost and the further extension of the railway track, these matters should be reconsidered.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	(ii) The condition of the Kalani Valley Railway line.	The CAO/AO stated that a feasibility report would be prepared on that and it would be improved as a double line up to Awissawella under the aid of Asian Development Bank and immediate step would be taken to resettle the unauthorized dwellers who lose their lands due to this project.
3.	<p>(i) Incurring of a loss of Rs. 258 million by awarding a contract disregarding the recommendations of the Technical Evaluation Committee with regard to the procurement of fixing safety systems for 200 unguarded level crossings.</p> <p>(ii) Disregarding the opportunity to purchase a M-9 engine for Rs. 162 million in 2015 bids had been awarded for two engines which were not in use for 13 ½ years and apart from that conditions to assure a good performance after the repairs have not been included in the agreement.</p>	<p>The CAO/AO stated that such transactions are not done as FOB but in the CIF system and it gives some advantage because shipping charges are not paid and the total number of unguarded level crossings in Sri Lanka is 671 and it is expected to fix both bell and signal light systems in the future.</p> <p>The CAO/AO stated that tenders had been awarded on the recommendations of the Evaluation Committee and an initial payment had been made and the balance of the payment would be made after inspecting the running capacity and the tender had been awarded subjected to those conditions and there is a 3 year guarantee for that. The Committee directed that a report</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	(iii) Delay in presenting the National Commission on Road Safety Act to Parliament and not conducting reviews and evaluations on that institute.	in this regard be handed over before 01 February.  The CAO/AO stated that though it had not been gazetted as an institute, it is implemented as a project and it pays compensation to the victims and it has been directed to the Legal Draftsman's Department to incorporate this as an institute.
<b>Southern Provincial Council 25 January 2017</b>		
1.	The additional staff of 1881 and 6957 vacancies in the Southern Provincial Council.	The Committee observed that the directives given to confirm the employees recruited as per the Public Administration Circular 2014/25 and the confirmation of employees recruited on casual basis without vacancies have created this additional number of employees.
2.	As per the Treasury Circular No.1A1/2000/1 of 12 June 2000 and the Southern Provincial Council (Finance) circular No. 5/2007 dated 26 January 2007, 01 meeting per quarter and 4 meetings per one year should be convened but even a single Audit and Management Committee meeting	The CAO/AO stated that action would be taken to give necessary advice to make arrangements to hold the required number of meetings in those institutes and a systematic progress had been achieved during the past 2 years.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	had not been conducted in 09 institutions.	
3.	The Tar Spraying machine that had been purchased in 2006 at a cost of Rs. 9.6 million had not been properly used and Rs. 2 million is due from the Western Provincial Council for giving this machine on rent basis.	The CAO/AO stated that this machine was purchased to repair the dilapidated roads but the procedures followed to obtain tar had been changed and this machine couldn't be used at present. The CAO/AO further stated that arrangements would be made to charge the due amount from the Western Provincial Council.
4.	<p>Southern Province Development Authority had entered into 22 agreements with regard to the supply of 25 lakhs of tea plants during the period from 2006 to 2011 and the following facts had been revealed.</p> <p>(a) As per the Procurement guidelines 5.4.8 and 5.4.4 respectively a performance bond and an advance bond had not been obtained.</p> <p>(b) The Authority incurred a loss of Rs. 18,034,507/- by May 2013 due to the insufficient supply of tea plants and paying of</p>	The CAO/AO stated that this land was a mortgaged land belonged to the contractor and Rs. 600,000/- had been paid to release that. The CAO/AO further stated that this fact had been referred to the Department of Attorney General and Legal Division of the Southern Provincial Council would take legal action in this regard.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	<p>advances and final payments by the Authority.</p> <p>(c) The government lost an interest income of Rs. 5,667,260/- because there was an overdue of Rs. 18 million from the supplier by 2013.</p> <p>(d) The Authority had paid Rs. 600,000/- for the contractor to purchase a land belonged to an outsider when there is an overdue.</p> <p>Stamp duties have been released for this transaction and the Committee observed that under the Southern Province Land statute there are no provisions for that.</p> <p>Legal action had not been taken until 15<sup>th</sup> January 2017 to collect the overdue and the assessment reports of the land taken by the Authority had not been received.</p>	
5.	<p>The Committee inquired as to why the project to construct the Tourist Resort and Practical Training School at Ambalangoda, started at a cost of Rs. 5.3 million from the Council fund, stopped halfway and</p>	<p>The CAO/AO stated that out of the estimated amount of Rs. 994 million, Rs. 5.3 million had been spent to start the project and due to the lack of provisions it had been stopped halfway.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	the Committee further inquired about the misplacement of antiquities belonged to this rest house.	
6.	The Committee inquired the reasons for the complete failure of the model integrated farm at Hambantota and the Animal Breeding Centre, started in 55 acres for which a cost of Rs. 25,259,638/- was borne from 2008 to 2014.	The CAO/AO stated that lands belonged to this farm had been acquired by the nearby villagers and the project is now in an inactive position.
7.	There are about 75 persons in the Southern Provincial Council who obtained appointments in the Principals service, Teachers service and other services by submitting forged certificates.	The CAO/AO agreed to submit a report in this regard before 15 <sup>th</sup> March 2017.
<b>District Secretariat - Colombo</b> <b>26 January 2017</b>		
1.	Conducting Audit and Management Committee Meetings.	The AO stated that Audit and Management Committees are conducted once in a three month at the district level. The Committee directed the AO to prepare a more productive programme enabling the Audit and Management Committees to meet at Divisional Secretariat

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		level and report to the District Secretaries.
2.	Officers who are not in the District Secretariat or Divisional Secretariat live in official quarters that belong to the Thimbrigasyaya and Maharagam Divisional Secretariat Divisions.	The CAO/AO was instructed that unless there is a specific reason, immediate action be taken to evict them and a report in this regard be submitted to the Committee within a week.
3.	The unsettled debit balance of Rs. 543.48 million in the General Deposit Account as at 15 December 2015.	<p>The AO stated that a large amount out of this are land compensation payments and until the compensation process is over the balance couldn't be settled and Rs. 3.4 million that exceeded 2 years has been settled by December 2016.</p> <p>The AO was instructed to send a breakdown report on the unsettled debit balance of Rs. 543.48 million of the General Deposit Account to the Auditor General's Department.</p>
4.	Not collecting the rent of the government quarters in Kotabodawatta for a long period of time and not taking action according to the order of the court.	It has been revealed that a decision has been taken to transfer this housing complex to the Housing Development Authority and to build a new housing complex and the residents of this housing complex have filed a case in the Supreme Court to secure their ownership of

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>those houses and with the promise to give new houses from the new housing scheme the case has been settled. But later Housing Development Authority has dropped the idea of building a new housing complex and after the settlement reached in the court, payment of rents have been stopped and advice from the Attorney General has been sought in this regard and after that action will be taken according to the instructions given by the Attorney General. Accordingly, the Committee instructed the CAO/AO to carry out follow ups in this regard.</p>
5.	<p>Taking action according to the loss assessment of the sudden fire that erupted in Colombo District Secretariat on 26<sup>th</sup> November 2012.</p>	<p>The Committee observed that a loss assessment had not been received in this regard and the Committee inquired about it. The CAO stated that the investigation report in this regard had been sent by the Colombo District Secretariat to the Ministry and a Police investigation had started in this regard. The Committee informed the CAO to inform the IGP that Police investigations to be accelerated.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
6.	The credit balance of Rs. 10 million that exists from 2007.	The CAO stated that this balance was revealed in 2011 and the origin of the balance couldn't be traced. The CAO/ AO was instructed to take action to settle or write off this amount by appointing a committee consisting of Secretaries to the Ministry of Public Administration and the Ministry of Finance and a report prepared on the action taken by the committee be submitted to the Committee and to pay special attentions on such issues because such incidents provide opportunities to commit frauds.
7.	Introduce a programme to computerize books and documents.	The Committee emphasized the importance of computerizing the books and documents because answers like most of the documents were destroyed by the fire or there are not enough evidence to solve the existing issues cannot be accepted. The CAO/AO was instructed to prepare a report on the future programme prepared to use new computer technology and the time period within which it would be completed and submit it to the Committee.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
<b>District Secretariat - Gampaha</b> <b>26 January 2017</b>		
1.	Remaining of a balance of Rs. 217.44 million (73.77%) owing to spending only Rs. 77.31 million out of Rs. 294.80 million capital allocation in 2015.	The AO stated that this situation has arisen as the unexpected expenditure in estimates rose and owing to the procurement methodology, but they were able to achieve the targets.
2.	Conducting Audit and Management Committee meetings.	The Committee which observed that various districts conduct Audit and Management Committees in various manner. The Committee directed the CAO to prepare a common methodology to be followed by all districts to conduct Audit and Management Committees and report it to the Committee within a month.
3.	Payment of an additional amount of Rs. 54,283,293/- by 9 Divisional Secretariats as at 31.12.2015 owing to calculating pensions in an erroneous manner.	The CAO stated that this additional payment had been made as the relevant pensions have been paid by Army and the Divisional Secretariats both owing to non-availability of accurate details of retired or deceased army officers and those payments are being recovered now.  The AO stated that a certificate of life is obtained from the relevant Grama Niladhari to ascertain whether the retired officers are still alive and there have been instances when pensions of the deceased

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>officers have been fraudulently obtained and paid and those amounts too are being recovered now and such complexities can be avoided with the payment of pensions being computerized.</p> <p>The CAO/ AO was directed to pay special attention to an additional sum of Rs. 40,010,502/- being paid by the Dompe Divisional Secretariat.</p>
4.	<p>Failure to handover the grants for government lands to farmers even as at 31<sup>st</sup> December 2016.</p>	<p>The AO in response to the question by the Committee in relation to the failure to hand over 533 registered and unregistered grants lying in the District Secretariat said that this situation has arisen owing to reasons such as deaths of persons, problems relating to ownership and problems relating to the nature of the tenure and fragmentation of lands. The Committee directed the AO to expedite the process of handing over of Grants if they have not yet been handed over.</p>
5.	<p>Non execution of 12 development projects worth of Rs. 5,629, 000/- under the district development scheme of the Divulapitiya Divisional Secretary's division and later abandoning them.</p>	<p>The AO stated that the reasons for this situation were because the allocations for the year 2014 from the Ministry of Economic Development were released during the latter part of the year and problems relating to procurement.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
6.	A payment of Rs. 416,782/- had been paid to 9 pensioners who are dead in the Kelaniya Divisional Secretariat and a sum of Rs. 137,333/- out of that amount is in an uncertain state of recovery.	<p>The AO stated that the amount of Rs. 25,978/- is still unpaid and a sum of Rs. 22,205/- is currently being recovered and the reasons for a situation like this is because the deaths of pensioners get reported to the Divisional Secretariat very late and at present 95% of the pensioners have been confirmed to be alive or dead and arrangements are underway to suspend the pensions of others who have not reported to the Divisional Secretariat whether they are dead or alive.</p> <p>The Committee directed the CAO to take steps to resolve the pension related problems and misappropriations taking place at the payment of pensions with the Department of Pensions.</p>
7.	Even though the total sum of Rs. 892,436/- had been paid to the National Water Supply and Drainage Board for completing the work of the Kirikitta West Water Supply Scheme in the Mahara Divisional Secretary's Division and for the pipe laying project nothing has got off the ground as at 03 <sup>rd</sup> June 2013.	The AO stated that the work of the tube well and the pump house of this project have been completed and the Regional Development Committee has got a sum of Rs. 20 lakhs allocated for the completion of the rest of the work while the National Water Supply and Drainage Board has assured that they would

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>complete the work of this project by 31.03.2017.</p> <p>The Committee directed the AO to look into all defunct projects in the Gampaha district and take suitable steps regarding them</p>
8.	<p>Arrangements had not been taken to evict the unauthorized settlers who have been residing at the official residence of the Unnaruwa Grama Niladhari in the Minuwangoda Divisional Secretary's division.</p>	<p>The Committee suggested to take legal action in this regard and the AO stated that already this matter has been referred to the Attorney General for him advice regarding filing a case to get the ownership of this residence back.</p>
9.	<p>Even though the Ministry of Economic Development has spent a sum of Rs. 5,171,624/- for the preparation of Geographical Information System Project initiated by the District Secretariat, the objectives of the project had not been achieved.</p>	<p>The AO stated that this project was carried out by the Ministry of Defence in collaboration with the Ministry of Economic Development and the District Secretariat was only conducting the progress reviews and coordinating the project.</p> <p>The Committee directed that CAO/AO to make arrangements to call reports from the relevant Ministries and universities in relation to this project.</p>
10.	<p>The Mahara Divisional Secretary's office had paid a private institution a sum of Rs. 1,031,436/- for a</p>	<p>The AO stated that the project was abandoned as it was proved unsuccessful on technical grounds.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	sustainable bird village project but by the end of 2014 the project had been abandoned.	
11.	05 high speed sewing machines purchased by the Mahara Divisional Secretariat at a cost of Rs. 140,000/- in 2011 had not been distributed by the end of 2016.	The Committee directed the AO to distribute these sewing machines to a society registered with the government.
12.	The Committee inquired on the financial fraud that happened in the Mahara Divisional Secretariat in 2014 and the management defects that led to it.	<p>The AO stated that three persons have been arrested in relation to the loss of Rs. 100,082,045/- and a case has been filed in the Magistrate's Court in this regard. He also stated that one officer has been imprisoned while the service of the other two officers have been terminated and investigations have been initiated by the Director General of Combined Services and the Public Services Commission is due to impose punishments against them while the Attorney General's Department is taking steps to file cases against them. The AO stated that the management defects have now been rectified.</p> <p>The Committee which emphasized the fact that the monitoring of the District Secretariats by the Ministry</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		of Home Affairs has insufficient, directed the CAO to pay attention to correcting this situation.
<b>District Secretariat - Ratnapura</b> <b>21 February 2017</b>		
1.	240 vacancies prevailing and 53 excess officers serving under the District Secretariat.	The CAO/AO stated that more Grama Niladhari vacancies exist and by 20 <sup>th</sup> January 2017 there were 47 vacancies. The Committee recommended taking speedy steps to fill these vacancies.
2.	The Pelmadulla Divisional Secretary's office had not conducted meetings in the first and second quarters of 2016.	The CAO/AO stated that the meetings of the first and second quarters of this divisional secretariat could not be conducted as the post of Divisional Secretary and some other key posts were vacant at that time and meetings have been conducted from the third quarter.
3.	<p>The Committee inquired on the failure of the public servants and middle class housing scheme and the following irregularities;</p> <ul style="list-style-type: none"> <li>• The basis of selecting recipients of houses had not been submitted to the audit.</li> </ul>	The CAO/AO stated that there was no failure in the project and lands were given by charging money and as there is a legal issue in relation to the original land, the money charged were not being repaid. The Committee which observed that some injustice has taken place in repaying the money and directed the

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	<ul style="list-style-type: none"> <li>• Depositing the relevant funds in a private account of the Divisional Secretary and Rs. 2.85 million balance remaining in private accounts</li> <li>• Not reporting the progress of an investigation initiated by the Ministry of Home Affairs.</li> </ul>	CAO/AO to pay attention in paying an interest on that money and submit a report in that regard to the Committee on the 1 <sup>st</sup> of March.
4.	Making additional payment worth of Rs. 417,928/- in excess of the approved amount for rehabilitating the Panakaduwa tank.	The CAO/AO stated that those payments were made on the recommendations of the irrigation engineers. The CAO/AO further stated that an investigation would be conducted in relation to those recommendations and arrangements are being made to take action against those officers who made those recommendations.
5.	The Committee observed that the construction of 6 cultural centers had been started in 2010 but owing to the failure to complete the constructions of the centers a sum of Rs.15.81 million out of the amount spent on them has been wasted and that the progress of the constructions of 3 centers is not satisfactory. Rs. 676,714/-, Rs.1,118,085/- & Rs. 1,876,240/- have	The CAO/AO stated that arrangements are being made to complete the constructions of these cultural centers on the recommendations of a technical evaluation committee which is due to inspect them. The Committee directed the CAO to send letter to the Secretary to the Ministry of Cultural

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	been spent on the Kolonna, Kahawatte and Godakawela cultural centers respectively.	Affairs inquiring about completing the construction of these centres.
6.	Despite the decision taken by the District coordinating committee and the Sabaragamuwa Provincial Council to stop the construction work of the Marukanda power plant, construction work still continues.	<p>The CAO/AO stated that the Sustainable Energy Authority is conducting an investigation in this regard and a court order is required to stop this construction against which he was no powers. The CAO/AO also stated that the Divisional Secretary has Made arrangements to acquire land for this purpose in to which he cannot intervene.</p> <p>The Committee directed that the original settlers of these lands should be paid compensations and alternative lands be given to them. The Committee directed to submit a report to the committee containing information such as the number of recipients of land, date of issue of permits, permit conditions and the other recommendations, given by the Divisional Secretary after the permits have been given and the basis on which it has been done before the 01 march 2017.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
<b>Ministry of Posts, Postal Services and Muslim Religious Affairs</b> <b>22 February 2017</b>		
1.	Even though it has been maintained in the in the original plan that all post offices and sub post officers would be brought within a network, only the 647 main Post Offices have been brought into the network.	The AO stated that owing to the networking project implemented with a view to enhance the income and improving efficiency and effectiveness of the Department of Posts and expanding the services delivered by it. The income has improved due to that. The CAO stated that activities pertaining to networking 3410 Sub Post Offices have begun.
2.	Even though a sum of Rs. 39.2 million had been paid to the University of Moratuwa by 31.12.2016 to prepare 17 modules for the computer network project, the Department of Posts had not made use of those modules. Owing to the non-completion of this project in the proper manner only Rs. 6.8 million worth of benefits had been received.	Except for a few modules all other modules are successfully functioning and as a result of that an income of nearly Rs.2025 million has been earned, said the AO.  The AO further said that all main Post offices have been brought under the network and the 3410 Sub Post Offices have been connected by using a mobile App and added that the new computerized programme can be completed by the end of this month and the necessary steps are being taken on the advice of the Information Communication Technology Agency (ICTA).

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>The Committee directed the CAO to submit a comprehensive report containing details pertaining to the success or failure of the networking project to the Committee informed him to call for a report from the University of Moratuwa on this project.</p> <p>The CAO was also directed to submit a report specifying the progress of this computer network project and the progress of the information technology methods of the Department along with the future plans, to the Committee.</p> <p>The Committee instructed to make the delivery of posts efficiently, successfully and effectively and maintain and updated registry of lands belonging to the department of Posts.</p>
<b>Department of Posts 22 February 2017</b>		
1.	An investigation relating to financial fraud amounting to Rs. 8,613,000/- that has taken place in 04 Post Offices has taken 03 to 13 years which is a long delay.	The Committee emphasized the fact that the investigation process in relation to incidents of corruption, fraud and malpractices that have taken place in the Post Offices and

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>related sections is moving very slowly and directed the CAO/AO to expedite those investigations and examinations.</p> <p>The Committee emphasized the need of the intervention of the line ministry as it has been revealed that there is a backlog of 2711 investigations as at 31.12.2016 and directed the CAO/AO to categorize the progress of the investigations being conducted (in terms of the offence/financial value of the fraud / nature of the fraud and the year) and submit a report in that regard to the Committee before the 20<sup>th</sup> March 2017.</p>
2.	<p>Remaining of a loss to the sum of Rs. 5,297,609/- to be recovered from the persons responsible for damages caused to vehicles owing to motor accidents from 2007 to 2012 and maintaining the balance of losses that have taken place 1983 to 2007 without settling them and failure to obtain full insurance cover for vehicles.</p>	<p>The AO stated that full insurance cover has been obtained for the vehicles of the Department of Posts and in future such losses will not occur. He also stated that action would be taken on the advice of the Treasury with regard to write off of balance of losses which are long overdue.</p>
3.	<p>It was revealed that there was a shortage of stamps to the value of</p>	<p>The AO stated that investigations as well as legal actions against that are</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	Rs. 7,196,150/- at the Narahenpita stamp store as at 31.12.2015 while there was a stock of stamps to the value of Rs. 837,050/-which had been rejected on grounds of damages and printing errors.	underway and necessary action will be taken in future in line with the above.
4.	Despite the fact that 5 persons who had been accused of removing items in the parcels that had been receiving by the foreign parcels unit from Dubai in May 2014 being interdicted, they had been reinstated in March 2015.	The AO stated that the persons involved in this incident were served with charge sheets and then reinstated and legal action had been initiated against them. The Committee directed the CAO/AO to formulate a proper internal transfer methodology for the staff of the Department of Posts.
5.	Owing to the delay of submission of the technical evaluation report pertaining to purchasing safety plastic stamps at a cost of Rs. 24,900,000/-,the purchase had been delayed by nearly six months and out of the two companies selected by the technical committee the company that submitted the higher bid had been awarded the procumbent in November 2014.	<p>The AO stated that in this process the local bidder had been given the priority and that they act on the advice of the Public Finance Department and in this transaction advice was also obtained from the Sri Lanka Institute of development Administration.</p> <p>The Committee which emphasized that active intervention of the line ministry must be made in matters of this nature, advised the CAO/AO to write off one outstanding amounts on the advice of the Treasury and</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		update the investigations and disciplinary inquiries. The Committee also directed the CAO/AO to submit a report in this regard to the Committee before the 30 June 2017.
<b>Ministry of City Planning and Water Supply</b> <b>23 February 2017</b>		
1.	Balance capital allocations showing a significant increase as 10.6% in 2011 and 23.1% in 2015.	The CAO/AO stated that a balance in the capital allocations has been showed as account have not been updated owing to project account details not been properly reported. He however said that arrangements have been made to reconcile the difference between the projects and appropriation accounts.
2.	Spending an additional sum of Rs. 42.73 million to purchase 04 cabs for the Visal Dambulla Water Supply Project in 2011.	The CAO/AO who stated that this situation arose owing to the weaknesses at the preparation of specifications of this project which was implemented on an agreement with the Exim bank of India on the approval of the Cabinet of ministers and that payment were made on the approved prices added that it was a tender with low bids as whole even though the bids that had been

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>submitted in relation to certain items were not realistic.</p> <p>The committee which expressed its displeasure over this directed the CAO/AO to obtain a detailed report from the Ministry which contains information on members of the Technical Evaluation Committee and Procurement Committee, number of items and amounts paid etc. and an observation report from the Ministry of Finance on the payment procedure followed in making payments for projects and submit them to the committee before 1<sup>st</sup> March.</p>
3.	<p>Steps the board has taken to settle the loan of Rs. 6300 crores (inclusive of interest) obtained from local and foreign sources for implementing projects by the end of 2015.</p>	<p>Supply 26% gives no income while 45% are illegal connections or wasting. This makes a significant blow to the income of the board and in a bid to minimize water wastage the over 100 years old pipeline system within the Colombo city would be made to reduce the water supply which gives no income to the board to 18%. The CAO/AO further stated that water tariff have not been adjusted for over 5 years and if a tariff hike is considered the overall loss can be minimized.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		The Committee directed to submit a report with a timeframe for the proposed program to reduce the supply of water that gains no income in Colombo from 46% to 18% by 2020.
4.	The Committee inquired on the present state of Jaffna, Kilinochchi water supply project, the activities of which had been stalled owing to a problems that cropped up relating to distribution of water.	The CAO/AO stated that arrangements are being made to provide water to a section of people through a reverse process as a solution could not be reached with regard to a problem that persisted in relation to sources of water of this project over a period of 4 years and other activities are following without any hindrance.
5.	The Committee paid its attention to the measures taken to avoid delays in water supply projects.	The CAO/AO stated that it was possible to enhance the capacity of the Kandy project from 30,000 cubic meters to 54,000 cubic meters by using the water that could be saved from the Visal Kandy and Greater Colombo water projects implemented on JICA aid and work of most water projects would be completed by the end of this year while legal issues pertaining to community water projects have been referred to the Attorney General's Department for rectification.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
<b>Ministry of Social Empowerment and Welfare</b>		
<b>07 March 2017</b>		
1.	Failure of the Ministry to fill 187 vacancies as at the end of the year 2016 and since 126 of them had been for counseling officers, counseling activities could not be carried out as planned.	The CAO stated that the Counseling Division was a significant part of the Ministry for which the approved cadre was 324 and the available cadre as of now was 216 and the reason for the cadre being 108 was the recruited officers not having the Diploma in Counselling and added that a Cabinet Paper had been submitted for adopting an open procedure for recruitment for which approval had been granted.
2.	Though directions have been issued to secure the relevant approval before making available mobile phone facility to officers who are not entitled to such, 25 officers who are currently not entitled to this facility use mobile phones despite approval not hitherto being received from the Ministry of Public Administration though applications have been submitted and consequently the institution has incurred a financial loss.	The CAO said that these phones were provided taking into account the conflict situation prevailed in the country in 2009 and on the need of counseling and that the matter had been referred to the Director General to obtain the legal cover approval. Though the CAO claimed that that counseling officers were allowed to use these phones up until now due to the services rendered by them, the Committee faulted the CAO for failing to obtain the approval until now and acting in irresponsible manner.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
3.	Failure to submit to date the performance report in respect of Rs 11.3 million allocated for the development of Tamil schools.	The CAO said that the money had been transferred to the District Secretaries of Mannar, Vavuniya and Jaffna for the development of schools and details had been recorded in the Treasury. He noted that due to the change of Ministries in 2011 and 2012 such information could not be traced and therefore could not be presented to the audit and presently the printed treasury notes and ledgers of the Ministry had been presented to the budget. The Committee emphasized the importance of personal and collective responsibility for public finances on such occasions and directed the CAO/AO to submit a report in this connection to the Committee before 25 March 2017.
4.	As a result of Divisional Secretariats not devising a proper system to collate information on single parent families in order to grant them Rs. 25,000/- as self-employment support, only 700 single parent families had been selected for the programme from 24 districts though it had been reported	The CAO said that this support was extended only to low-income families and a format prepared for this purpose had been presented to the audit.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	that the number of such families was 610,945 in 2016.	
5.	According to 2015 budget proposal, Though Rs. 100/- out of the monthly allowance of Rs. 2000/- granted to low income senior citizens had been credited to an account of the National Secretariat for Elders, this money had not been used for any welfare activity. A provision of Rs. 389,000,000/- received up to 31 December 2016 and Rs 54,445,900/- received thereafter a sum of Rs 443,445,900/- remained idle.	The CAO said that this fund was established consequent to the approval of the Cabinet of Ministers and a draft had been prepared to register same as a Trust Fund for elders' welfare and added that its funds were expected to be spent to further the objectives of the Fund.
6.	Though the Ministry has given an assurance that the 24,610 units of 8 types of equipment worth Rs 1.5 million (wheelchairs, crutches, dressing tables, beds, commodes) donated by non-governmental organizations as social welfare measure to be exempted from taxes, these items have not been distributed amongst disabled people under the supervision of the Ministry and similar incidents have been reported in 2013, 2014 and 2015.	The CAO said that organizations registered in the Department of Social Services as voluntary organizations were recommended to be given duty concessions and the registers of beneficiaries were properly maintained by the Secretariat for the Disabled Persons and the registers of 2015 and 2016 were submitted for the audit and these items were distributed on the recommendation and supervision of the Divisional Secretaries and Social Service Officers.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
7.	Though provisions amounting to Rs. 353,400,000/- and Rs. 667,220,000/- had been made for the years 2015 and 2016 respectively for kidney patient allowance through the annual budgetary estimates, the financial utilization was 62% and 70%. Though the unspent balance of Rs. 180,405,500/- in 2016 was sufficient to make payments for 5,011 patients, the Ministry had not drawn up any programme to disburse this amount amongst 2,711 patients who were already in the waiting list.	The CAO stated that out of 27,000 kidney patients in the country, this assistance was extended to low income earners recommended by the Ministry of Health and added that 15,939 were paid this allowance in 2016 and 19,645 would be paid in 2017.
<b>Department of Motor Traffic</b> <b>07 March 2017</b>		
1.	The current progress of E-motoring project launched in year 2009 with an investment of Rs. 740 million, the computer programme commenced spending Rs. 6.4 million to link up with the Sri Lanka Customs and digital scanning programme for the conservation of files.	The CAO/AO said that the selection of bidders for this project for which procurement activities commenced last year had been finalized and that plans had been made to award tenders by 10 July this year and added that it was expected to implement the project by the end of year 2018.  The CAO was directed to submit a report to the Committee on the

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		functioning of the said programmes and E-motoring project with relevant timeframes.
2.	Registration using registration numbers of vehicles no longer running of a Montero Jeep and a Hummer Jeep which have been illegally imported or assembled without paying custom duties.	The CAO/CO was ordered to submit a detailed report to the committee regarding the procedures adopted in changing ownership of a vehicle from the original registration, condemning of vehicles/ removal from running and procedures adopted in regard to the registration numbers, chassis and engine numbers of vehicle removed from running.
3.	Progress of the directives given by the previous Committee regarding 07 Prado Jeeps registered fraudulently.	The CAO/AO said that the registration of two vehicles had been cancelled and the issue regarding the other five jeeps had been referred to the Sri Lanka Customs on the advice of the Attorney General and added that the Ministry of Public Administration had initiated an inquiry against the officer involved in the incident. The CAO/AO was ordered to submit a report within a month to the Committee, the report of the said inquiry.
4.	Though an assurance was given by the CAO/AO to prevent misplacing	The AO said that the construction of the new record room had been

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	of vehicle files, the misplacing of files and their insecurity continue to exist.	completed and the storing of documents was being carried out in a systematic manner so as to entrust the responsibility of the documents to the relevant officer.
5.	Progress of the transfers recommended by the previous committee.	The CAO/AO said that a transfer scheme where under all officers would receive transfers in three stages had been formulated and implemented since January 2017 and added that the transfers of the IT Division would be carried out in four stages and finalized in 2018.
6.	Registration of a large number of motorcycles by several companies fraudulently using customs entries and how such errant companies are dealt with after identifying them.	<p>The CAO/AO said that all these motorcycles had been imported before 2014 and that after 2014 such fraudulent activities had not taken place as a formal computerized system had been installed. He added that action would be taken to submit a formal written response in respect of this issue.</p> <p>The Committee stressed that companies engaged in such fraudulent practices should either be blacklisted or legal action should be constituted against them.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
7.	Observation that there is likelihood of irregularities taking place due to all activities pertaining to the issuance of driving licenses handled only by the motor traffic examiners and the progress of the computerized system that was introduced about 10 years ago for the issuance of driving licenses.	The CAO/AO said that computerized testing system was not in operation as of now and added that a written examination was held first for issuing driving licenses. The Committee expressed its displeasure over the abandoning of the computerized testing method and the failure to employ methods based on new technology and directed the CAO/AO to submit a report to the committee regarding the old method for issuing driving licenses, non-implementation of testing method and new measures adopted following the amendment of the Act.
<b>Examination of the Performance Audit Report of the Auditor General on Dengue Control Programme including Prevention and Treatment</b>  <b>08 March 2017</b>		
1.	Observation on the basis of entomology survey reports that the mosquito density index remaining very high in 2015 and 2016 in the Western Province though the mosquito density index should be below 5 as per the annual action plan 2011 of the Dengue Control Unit.	It was pointed out that the breeding of mosquitoes was on the rise in the Western province owing to haphazard dumping of garbage and that it was the responsibility of the local government authorities to dispose of garbage properly and that it was imperative to address the shortcomings in local government bodies.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
2.	<p>Though there were 44 approved posts of entomology assistants to carry out entomology surveys of the Provincial Medical Health Office of the Western Province as at 31.12.2016, their actual number was 23 and there being a decrease in the number of entomology surveys in 2016 in comparison to 2015.</p>	<p>The AO said that since the entomology assistants were deployed to conduct entomology surveys on the triple diseases of dengue, malaria and filaria after training them, there appeared to be a shortage of personnel deployed for dengue survey activities and added that though action was taken to recruit new staff consequent to a request made to that effect, only a handful of the newly selected persons accept their positions and report for duty. The Committee directed the CAO to submit a report giving reasons for the delay in recruiting entomology survey assistants and the number of vacancies in the cadre of entomology survey assistants.</p>
3.	<p>Notifications on dengue patients not being properly carried out despite computers and internet facilities being provided to offices of Medical Officers of Health and only 21 out of 43 government hospitals and 6 out of 67 private hospitals in the Western Province providing information on dengue patients through internet.</p>	<p>The AO said that provincial hospitals, district hospitals and base hospitals had reported details on dengue patients and leading hospitals located within the Colombo Municipal Council area too had reported details on dengue patients using a special mechanism.</p> <p>The Committee emphatically stated that attention should be paid on</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		devising a method through which information could be obtained from all government and private hospitals.
4.	As per the strategic plan for years 2016 -2020, the incident distress ration should be decreased to less than 0.1%. In the years 2015 and 2016, the incident distress ratio was 0.16% to 0.18% and due to poor vector management the number of dengue cases being reported as 29,969 and 50,102 respectively.	<p>The AO said that though the number of patients had seen an increase due to shortcomings in the disease combat methods, the rate in the number of deaths had declined owing to optimal management of hospitalized patients and cited haphazard dumping of garbage and poor transport facilities available at MOH offices as impediments to contain the spread of disease and drew the attention of the Committee to same.</p> <p>As there were contradictions on the number of vehicles available with MOH offices, the CAO/AO was ordered to submit a report on the number of vehicles required by MOH offices in the Western Province and the number of vehicles currently available.</p>
5.	The Committee made queries about only 38% being spent out of Rs. 170,700,000/- allocated from 2014 to 2016 to 12 hospitals of the central government to establish intensive	The AO said that out of approximately Rs. 400 million allocated by the line ministry, a half was allocated to combat dengue and the remainder was disbursed

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	<p>care units to treat dengue patients and only 66% being spent out of Rs. 347, 310,000/- allocated for 46 provincial hospitals. Though two dengue intensive care units had been established in the Angoda Base Hospital and one dengue intensive care unit had been established at the Negambo hospital, the Dengue Control Unit had reported that due to limited space available in other hospitals, the relevant equipment had been installed in the existing wards.</p>	<p>amongst hospitals. He added that even though it was initially planned to establish dengue intensive care units only in major hospitals, the need for establishing such units in other base hospitals was identified due to the rapid increase in the number of cases and provisions were provided for them as well and they had experienced difficulties in procuring prescribed equipment and devices.</p> <p>The Committee emphasized that the possibility of appointing at least one PHI for every 10,000 persons should be explored. The AO brought to the notice of the government the need for empowering the Chief Medical Officer of Health of major towns for combating dengue and designing a proper programme for PHIs and the need for an integrated transfer system amongst PHIs attached to the MOH offices and local government institutions.</p>
6.	<p>Doctors have researched and reported that in accordance with the survey conducted by the doctors of the Office of the Director of Health of the Western Province on the</p>	<p>The AO explained that this was a very effective method and though it had been planned to implement it countrywide but pointed out that in government hospitals all patients</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	<p>introduction of electronic surveillance on dengue infected persons, that the vector mosquitoes could be controlled by taking action within a brief period of one day by notifying the MOH office to which the patient belonged on the very day after reporting to the office of the Provincial Director of Health through the internet, the reports of antibodies generative research reports from 7 hospitals located in Colombo.</p>	<p>were not certified as dengue infected. He added that since the patient management was carried out through clinical tests that the confirmation was required only when doctors experienced difficulties in ascertaining the cases and when patients were reported from new areas.</p>
7.	<p>Due to drawbacks in the Prevention of Mosquito Breeding Act No. 11 of 2007 such the need to obtain permission from occupants to enter a premise to check for dengue mosquitoes and granting a period of not less than two weeks to remove mosquito breeding grounds which allows the completion of lifecycle of mosquitoes, legal action could not be constituted against to perpetrators on the basis of the said Act,. The provisions of the Quarantine and Disease Prevention Ordinance of 1897 had to be used to file cases.</p>	<p>The AO said that the final draft containing amendments to the said act was with the Legal Draftsman and was due to be submitted to the Attorney General for his observations. The Committee directed the CAO to forward a letter to the Attorney General requesting him to accord priority to this Bill.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
<b>Examination of the Performance Audit Report of the Auditor General on bottled drinking water programme</b>  <b>08 March 2017</b>		
1.	<p>The following deficiencies were observed during this audit conducted by randomly selecting 8 bottled water manufactures out of 69 registered for bottled water manufacturing as at 12 October 2012.</p> <ul style="list-style-type: none"> <li>• Factory workers not wearing gloves, uniforms and industrial face masks.</li> <li>• Workers not given instructions on healthcare and sanitation</li> <li>• Water tanks being unclean, frogs found in water tanks and tanks not being covered</li> <li>• Garbage not being disposed.</li> </ul>	<p>The AO said that the factories regarding which these observations were made were found had been closed down by now and added that the factory wherein such defects were found had been operated without a permit.</p>
2.	<p>As per the provisions of the Food Act No.26 of 1980, the import and distribution of bottled mineral water should not be carried out by any person without a permit from the Food Authority, but as per the audit on 12.10.2012, 18 public and</p>	<p>It was disclosed before the Committee that a bottled water brand called Ferrier was imported to be used in the tourism industry and by Sri Lankan Catering Service and for embassies and that action had been taken to issue permits to them.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	private sector institutions had imported water without a permit.	
3.	Though the approved cadre of the Food Administration Unit of the Ministry of Health is 61, there are 40 vacancies at present including that of the Director.	The officials of the Ministry of Health said that the Public Services Commission should take measures in this regard and added that they had extended all possible to fill the said vacancies.
4.	Fruits and other imported food items are inspected for agrochemicals at the Customs by obtaining samples but laboratory facilities for this purpose were not at the required level.	The CAO/AO said that approximately Rs. 40 million was required to purchase equipment required to conduct tests regarding chemicals contained in food items and added that a machine for this purpose was available at present at the Anuradhapura laboratory. He added that such tests could be carried out at Industrial Technology Institute at a cost of Rs. 10,000 for each sample. The Committee directed that action be pursued to obtain the required costs through a budget proposal.
<b>Ministry of Foreign Affairs</b> <b>09 March 2017</b>		
1.	The Committee inquired about not utilizing 23% and 51% respectively	The CAO/AO stated that the financial provisions allocated for a proposed construction remained

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	out of the capital provisions in 2014 and 2015.	unutilized as a land in Battaramulla allocated for the Ministry of Foreign Affairs had been taken over by the Urban Development Authority on a government decision while development work worth around Rs. 30 million was being carried out and that a land of approximately 2 acres in Jawaththa had been allocated as an alternative. It was stated that a committee comprised of Secretaries to the Ministries had been appointed to examine and report on the said land.
2.	The Committee noted the existence of an outstanding balance of Rs. 3, 905,924/- and an unrecognized balance of Rs. 1, 515,668/- in the Government Officers' Advance Account by the end of 2015.	<p>The CAO/AO stated that the said situation had prevailed for a long time and recovering the outstanding loan balances had become difficult as there was difficulty in getting information about certain debtors as well as guarantors, that the outstanding balance of Rs.6.6 million could be reduced to Rs.3.9 million by the end of 2016 and that action would be taken to ensure that the said amount would not increase further.</p> <p>The Committee was of the opinion that developing a suitable methodology with the intervention</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		of the Auditor General and the Secretary to the Ministry of Finance had become a timely need as this had become a common problem at many public institutions.
3.	The Committee inquired about the amounts that remained unsettled as Rs. 326,472/- for travelling expenses, Rs. 200,921,603/- for rent advance and Rs. 109,559,890/- for other advances with relevance to foreign missions.	<p>It was stated by the CAO/AO that the balance of approximately Rs. 220 million in the housing rent advance account of the Diplomatic Service was settled when officers left the service of foreign missions, the balances that had existed in 2010 were brought down to Rs. 92 million with the intervention of the Treasury and that attention had been paid to appoint a committee to investigate in this regard and issue a circular through the Foreign Administration Unit.</p> <p>The Committee pointed out that the ambassador or the High Commissioner could not avoid the responsibility regarding housing damages and that they should maintain direct supervision and ordered the provision of a copy of the circular proposed to be issued in this regard.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
4.	<p>Out of seven officers at the embassy in Rome, Italy, only an officer who is an Italian has been paid the allowance for termination of service.</p> <p>Measures taken against an officer who misappropriated an amount of Rs. 16,141,919/- in 2009.</p>	<p>The CAO/AO stated that there was a tendency among employees who received lower wages to apply to the courts to get compensation as minimum wage limits had been determined according to Italian law and even though compensation amounting to Rs. 2.7 million had been paid to the Italian officer out of those 7 officers owing to the said situation, it had been decided to take a different measure in relation to the other 6 Sri Lankan officers as their wages were determined according to contract law.</p> <p>The AO mentioned that the officer who misappropriated funds had been interdicted and a case had been filed against him.</p>
5.	<p>Existence of a balance of Rs. 144,842,497/- in the general deposit account exceeding two years by 31.12.2015</p>	<p>It was stated that steps had been taken to settle all balances that had exceeded two years and that an amount of Rs. 27 million to be paid to the Central Engineering Consultation Bureau for the construction of embassies at Chennai and London was held in the account.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
6.	The un reconciled imprest balance continued from 2012 remained as an unreconciled imprest balance of Rs. 49, 602,783/- by April 2016.	The representative of the Treasury was of the view that the most appropriate methodology would be to hold discussions with Treasury, write off the existing balances and settle the account as not settling the imprest account balance of the Ministry for a long time had caused this situation.
7.	It was observed that even though a 1.681acre land had been purchased in 2007 by paying US\$1.2 million for the construction of the High Commission office in Malaysia, no construction had been carried out on that land up to then.	The CAO/AO stated that this land had been purchased with the intention of establishing the office of the Sri Lankan High Commission also in Puthrajaya when it was decided to move the capital of Malaysia to the said city on a concept of the former President of Malaysia Hon. Mahathir Mohammad, no construction work had been carried out due to subsequent changes in the decisions of the government and that construction of that office or withdrawal of funds would be decided on future requirements.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
<b>Department of Ayurveda</b> <b>09 March 2017</b>		
1.	Even though approval of Parliament had been granted in 2007 for taking over of Gampaha Wickramaarachchi Ayurvedic Hospital affiliated to University of Kelaniya by the Department of Ayurveda, such taking over had not been done.	The AO stated that the groundwork for taking over had been done, 28 acre land had been allocated for the Medical College and 4 acre land had been allocated for the hospital but they were looking for another land as the allocated one was not suitable.  The Committee ordered the AO to send a report on the current progress of the process of taking over, within 2 weeks.
2.	Even though it had been ordered to prepare a fixed assets register and submit the same to the Auditor General, a regular and updated fixed assets register was not maintained.	The Auditor General stated that the existing register was not a fixed assets register and the AO stated that action would be taken to prepare a proper register and to enter all fixed assets held by the institution into the (CIGAS) programme as advised by the Treasury and that action would be taken in addition to that to maintain a fixed assets register prepared according to the proper format.
3.	Even though the Committee had inquired about the reasons for not choosing a contractor registered	The AO stated that the contractor for that task had been selected on the recommendation of the Technical

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	with ICTAD for the construction of the gate and offices of Bandaranaike Research Institute at Nawinna and recommended the provision of a report after identifying the party responsible for that , such report had not been submitted.	Evaluation Committee and the approval of the Procurement Committee and that the Technical Evaluation Committee had been questioned about the reasons for the selection.  The CAO/AO was ordered to submit a report in this regard to the Committee.
4.	Rs. 548, 376/- had been paid for 15 months to a doctor who had been transferred to Wennapuwa Pradeshiya Sabha from the Department of Ayurveda. Even though only Rs. 200,000/- had been recovered, the total balance of Rs. 485,470/- including Rs. 348,376/- and government charges amounting to Rs. 137,094/- had not been recovered and disciplinary action had not been taken against the officers responsible.	Responding to the inquiry by the Committee, the AO stated that investigations were underway against the doctor who obtained salaries in that manner, that officer had been given a transfer and a charge sheet had also been issued and that investigations were underway against the officer who paid the salaries.
5.	Non recovery of outstanding loan balances totaling Rs. 1,627,020/- for a period of 5 to 10 years.	The CAO stated that those loan balances had been classified under 4 categories, the outstanding balances to be recovered under the said 4 categories had been indicated separately, Rs. 4.5 lakhs had to be recovered from officers transferred

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>to other institutions and that the relevant institutions had been informed of the need to recover the loans. The CAO also stated that Rs. 2 lakhs had to be recovered from diseased officers and that action would be taken to recover the outstanding loans from the gratuity of the retired officers.</p> <p>The CAO /AO was ordered to take action to recover those amounts as soon as possible.</p>
6.	<p>Even though equipment had been purchased for the project to upgrade the research on treatment management system for non-communicable disease, the project had failed as a result of not recruiting staff.</p>	<p>The CAO also stated that it was necessary to recruit experts for this project and that recruitment procedures have been developed for that.</p> <p>The CAO/AO was ordered to submit a report to the Committee including information about the production of pharmaceuticals, requirement of pharmaceuticals and the amounts imported in relation to non-communicable diseases.</p>
7.	<p>Developed Herb Gardens</p>	<p>The Auditor General was ordered to conduct a performance audit in this regard.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
<b>Colombo Municipal Council</b>		
<b>10 March 2017</b>		
1.	The manner in which public complaints are received by the Municipal Council and the number received.	The AO stated that method of receiving complaints had been made more convenient by establishing a new reception counter and by providing a complaints box. The CAO/AO was advised by the Committee to take steps to establish a proper computer programme for Colombo Municipal Council to provide services to the public, collect revenue and to exchange information. The AO stated that steps had been taken to develop a computer programme. The CAO /AO was ordered to submit a detailed report to the Committee about the facilities provided by that computer programme, steps taken to establish and the time frame required for that.
2.	It was disclosed that 02 surcharge certificates had been issued to Colombo Municipal Council, two out of those were exempted by the Minister after considering appeals but Rs. 266,387.76/- was due by 31 <sup>st</sup> December 2015 for 04 certificates.	The CAO/AO stated that other than the 02 surcharges exempted, investigations regarding another 02 surcharges had not been concluded. The CAO/AO was ordered to furnish a detailed report about the surcharges to the Auditor General

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		and submit a copy of the same to the Committee.
3.	Methodology for collection of outstanding revenue and outstanding rates remaining at a weak level and the Municipal Council losing a huge rate income due to it as a result of such irregular action.	The Committee paid attention to the outstanding revenue with relevance to several years and advised to take action to recover them properly, write off the balance as advised by the Treasury and to prepare practical action plans in line with proper standards when such plans are prepared in future.
4.	Approving buildings and plot plans	The CAO/AO stated that there had been shortcomings in the plan approval process but action had been taken to address them and carry out that process. The Committee which paid attention to a document prepared by the Urban Development Authority about the unauthorized properties and constructions, ordered the CAO /AO to obtain that document from the Urban Development Authority, appoint a committee to investigate matters mentioned in that and the information collected by Colombo Municipal Council and submit to the Committee within one month the report of that committee regarding

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		the steps that will be taken regarding such unauthorized properties.
5.	Revenue received from billboards not being satisfactory and the income through the billboards/gantries displayed throughout the city of Colombo having the potential to increase by several millions more.	It was stated by the AO that an agreement had been signed with a private company to provide 42 gantries. The Committee which paid attention to the shortcomings in that agreement, ordered the CAO/AO to submit to the Committee a report on this agreement together with the recommendations of the Technical Evaluation Committee and the Tender Committee which formed the basis for agreement and the recommendations of the Provincial Council.
<b>Central Provincial Council</b> <b>10 March 2017</b>		
1.	Accounts submitted by the Regional Economic Development Institute not being satisfactory and for the other 02 institutions that submitted accounts, disclaimer of opinion being presented from 2011 to 2015.	This project was implemented under German aid and it had been incorporated as a convention in 2008 according to the CAO/AO, it was stated that responsibility for the opening balance was accepted and that action would be taken to provide account information.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
2.	Existence of Audit Queries referred to the Provincial Council that had not been responded to.	The CAO /AO stated that failure to respond to 205 audit queries in 2016 had been confirmed but that number had decreased up to 60 by 10.03.2017. The CAO/AO also stated that most of the audit queries had been responded to according to the minutes of the Audit Management Committee Meetings as well.
3.	Out of 593 audit queries issued in 2016 in relation to internal audits, answers had not been received for 143.	The CAO/AO stated that answers for all audit queries of the Chief Secretariat had been provided and that action would be taken to respond to all audit queries in future.
4.	A minimum of 4 Audit Management Committee Meetings per year should be held as one per quarter as per the Treasury Circular No.1A1/2000/1dated 12.06.2000. But in 2016, no meetings of Audit Management Committees have been held in the Governor's Secretariat, Housing Department, Department of Animal Production, Department of Agriculture, Department of Irrigation and Department of Transport.	The CAO /AO was advised to take action in this regard.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
5.	Even though Rs. 15 million had been paid to Ceylon Electricity Board from 2009 to 2011 for 62 electricity projects, these remain uncompleted.	<p>The CAO/AO stated that those projects were 62 in number and 34 out of them remain uncompleted and that there was a delay in providing electricity extensions.</p> <p>The Committee ordered to provide a report about these uncompleted projects before 25<sup>th</sup> March 2017.</p>
6.	The Committee observed that two electricity generators of the types KB400 and KB300 were installed in the administrative building of the Provincial Council but the KB300 generator for which Rs. 14,806,951/- had been paid, was not used. It had been accepted on 01.02.2016 without checking its condition and it had been sent to Theldeniya hospital on 09.02.2017 without installing it in the administrative complex of the Provincial Council.	The CAO /AO stated that there had been a power crisis in the country at the time of construction of the building and the assembly hall and the auditorium were provided electricity using those two generators .It was further stated that action had been taken to donate the KB300 generator to Theldeniya hospital as the power supply was at a satisfactory level and also because a solar power unit had been installed.
7.	Loss of interest income amounting to Rs. 3,150,000/- as the money in this loan fund set up in 2005 for a cyclic loan fund remained underutilized.	The CAO /AO stated that the total of Rs.15 million in that fund comprised of Rs. 11.25 million from the Housing Department and Rs.3.7 million from Kandurata Development Bank, remained defunct as the loan agreement

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>relevant to that fund had had short comings. It was also stated that action would be taken to address the shortcomings by revising the loan agreement of this fund set up to provide loans to low income earners.</p> <p>The Committee ordered to suspend the programme and reimburse the money if the fund could not be activated.</p>
8.	<p>Orders issued by the Provincial Committee on Accounts to the Provincial Road Development Authority and Provincial Passenger Transport Authority in 2007, 2008, and 2009 in relation to 35 audit paragraphs had not been implemented.</p> <p>Investigations in connection to audit paragraphs about the Rs. 15,200,000/- worth fuel fraud at Ambatenne Mechanical Engineering Unit which is under the Road Development Authority were moving very slowly from year 2008.</p>	<p>The CAO /AO stated that the Road Development Authority had reported on 12 audit queries received while the Passenger Transport Authority had responded to 8 out of the remaining 23 queries. It was further stated that out of the answers provided, those stated in a manner not acceptable were being reviewed and that a committee with an auditor had been appointed to conduct investigations about the fuel fraud.</p>
9.	<p>Even though Rs. 8.5 million had been paid to contractor in charge of construction of the Residential</p>	<p>The CAO /AO stated that action had been taken to recover the advance paid and the surety of Rs.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	Supplies Unit of the Office of the Chief Secretary, no construction was carried out.	3,745,019/- from the guarantor, Ceylinco Insurance as the performance of the first contractor had not been satisfactory and that action had been taken to file a case against the Insurance Company as they failed to pay the surety.
10.	Vacancies for teachers at difficult schools	The CAO /AO stated that there was a shortage of Tamil medium teachers and that permission had been granted through a Circular to recruit retired teachers on contract basis as a remedy for that.
11.	Even though Rs. 10.7 million had been paid to 3 private contractors in 3 states in 2015 to modernize the electricity system of the Department of Education of Central Province, 38 electric equipment belonging to the Department had been damaged due to a fault in that system prior to the expiry of its maintenance period but action had not been taken to recover the loss from those responsible.	The CAO /AO stated that the fault was due to failure of the CEB to connect the main wire properly and the damage caused was about Rs. 435, 000/- to wires and equipment and action would be taken to recover the loss from CEB.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
<b>District Secretariat - Kalutara</b> <b>21 March 2017</b>		
1.	Net allocations remained unutilized due to the difference between the estimated expenditure and the actual expenditure during the period from the year 2012 up to 2016.	The AO stated that 22% of the net allocations made in the year 2016 remained unutilized due to the fact that the Cabinet Memorandum for the utilized of the allocations made for the construction of Kalutarta Divisional Secretariat and the Kalutara District Secretariat was delayed resulting a delay in commencement of the said project.
2.	Progress of issuing land permits/grants by the government as at 31.12.2015	<p>The AO explained that even though squatters who had resided in state lands since the period before the date 01.06.1995 were entitled to have land permits/grants for those lands, the persons who reside in state lands after the aforesaid date are not entitled to that right.</p> <p>At the same time the AO stated that a plan has been made to expedite the regularization activities of lands. The Committee directed the CAO/AO to submit to the committee two reports in regard to the number of unauthorized plots of land which have to be regularized, the number of plots of lands out of them regarding</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>which regularization has already been commenced and the number of plots of land of which the regularization has been completed from the District Secretariat in the whole country and the Kalutara District Secretariat separately before 7<sup>th</sup> April 2017.</p>
3.	<p>Not implementing the directive given by the previous committee to hand over the Grama Niladhari/Medical Officer's office which has been constructed at a cost of Rs. 23,000,000/- but had not been used even by the year 2012.</p>	<p>The CAO stated that the aforesaid building had been constructed to conduct a maternity clinic but the said building was used for family health services due to the fact that the maternity clinic was conducted in a separate place and the cost of the building was not Rs. 23,000,000/- but Rs. 2,300,000/-.</p> <p>The AO was directed to submit report to the committee in this regard.</p>
4.	<p>The facts that Rs. 551,700/- has been paid for work which has actually not been done in the day night volleyball stadium at Batakele, Malabe constructed at a cost of Rs. 980,000/-, it is not possible to play in this playground at night as electricity has not been provided to it yet and it is not</p>	<p>The AO stated that action will be taken to recover this amount of money after conducting a preliminary inquiry in that regard as there is a malpractice in it. The AO was directed to send a report to the committee in this regard.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	possible to play games in this playground during the day time or at night.	
5.	It is reported that an outside party is enjoying 5960 acres out of 17421 acres of state lands owned by 4 Divisional Secretariat, without authority.	The AO was directed by the committee to send a report in this regard.
<b>Department of Cultural Affairs</b> <b>22 March 2017</b>		
1.	The fact that Rs. 5.32 million out of the allocations provided for the compilation of the volume vi of the Mahavansaya (1978-2010) in accordance with the Action Plan for the year 2016 remained unutilized and physical progress of it remained at a lower level of 47%.	<p>The AO stated that the task of writing the Mahavansaya has been completed and handed over to be printed and there is a delay in translating the Mahavansaya into Pali language as there are only five persons in the country, who are versed in written Pali language and have the ability of translating stanzas from Pali to Sinhala language.</p> <p>The committee paid serious attention in regard to the fact that there are only five persons in the country, who can read and write Pali, and there would not be persons who are versed in Pali after their demise.</p> <p>The CAO was directed to send a report to the Committee within a</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		month in regard to the future action to be taken about this matter.
2.	Not utilizing the allocations made for the construction of the National Art Resort in Kundasale, which was commenced to be constructed at an estimated cost of Rs. 465 million in the year 2008.	The AO stated that a part of it could be opened by June. At the same time the AO stated that Rs. 150 million has been allocated to complete this task in this year and the construction work of it could be completed with the use of the aforesaid allocations by December in this year.
3.	Even though a project had been formulated to construct a house for one artiste in every Divisional Secretariat Division, in the year 2013, any house had not been constructed up to the year 2016.	The AO stated that funds were collected for this project by selling flags and two houses were constructed spending one lakh of rupees for each house out of the aforesaid funds and the remaining amount was handed over to the Public Trustee's Department followed by its being released to artiste to get treatment for their illnesses.
4.	The renovation work of the John de Silva Memorial Theatre was commenced in the year 2011 whereas the government has been deprived of its due income due to the severe delay in the construction activities of the Theatre.	The CAO / AO stated that this project was commenced in the year 2011 and though the Cabinet of Ministers gave its approval for an expenditure estimate of Rs. 322 million, its actual expenditure was Rs. 422 million. Hence an estimate of another Rs. 90 million was

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>prepared for the completion of the first phase, for which the approval of the Cabinet of Ministers was received.</p> <p>The AO further stated that the renovation activities were delayed due to the delay in receiving allocations and the delay in carrying out other activities and an allocation of another Rs. 1 billion is required for the second phase and it is intended to submit a Cabinet Memorandum to obtain the aforesaid allocation.</p> <p>The Committee which observed that various problems have arisen in managing cultural affairs due to the fact that the institutions which should come under the purview of the Ministry of Cultural Affairs and the Department of Cultural Affairs prevailed under the purview of other Ministries and Departments, directed the CAO / AO to send a report to the committee in regard to the institutions which are under the purview of the Ministry of Cultural Affairs / Department of Cultural Affairs at present, the institutions which prevailed under the purview of the Ministry of Cultural Affairs /</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		Department of Cultural Affairs earlier but has been brought under the purview of other Ministries.
5.	Though 984 applicants had qualified for the “Sarasvathi” pension scheme by 2011, which was commenced by the end of the year 2008 for the artistes who obtain the recommendation of the Department of Cultural Affairs. Only 84 persons had been provided with the opportunity to contribute to the aforesaid pension scheme.	The AO mentioned that the aforesaid project is not operative at present and another contributory pension scheme is operative in lieu of it.
6.	Five dancing artistes who belonged to the permanent staff have been employed as instructors of the dancing artistes’ pool and salaries have been paid to them without obtaining the prior approval of the Director General of the institution.	The AO stated that this payment has been made as payments for resource persons having employed the aforesaid artistes as instructors due to the difficulty of employing the further as dancing artistes after they had completed the age of 45 years.
<b>Department of National Museum</b> <b>22 March 2017</b>		
1.	Laksala institution has subleased to Barista Coffee Private Company an area of 500 square feet from the canteen building of the old museum with an 8000 square feet area,	The Committee did not approve of this building being leased out by Department of Museum to Laksala at a very lower monthly lease amount without deciding the lease amount

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	<p>which it had taken on lease for a lease amount of Rs. 25,000/-, in contravention of the agreement.</p>	<p>upon an acceptable valuation and directed the CAO to reach at a reasonable settlement having discussed that matter with Laksala.</p>
<p>2.</p>	<p>A threat has been created to artifacts due to the fact that there were vacancies in the security section and the shortcomings in the operation of the security camera system.</p>	<p>The Committee expressed its displeasure in regard to the fact that the post of Chief Security Officer, 06 posts out of the 10 posts of Artifact Security Officer and 05 Security Assistant Posts for which approval had been granted on 23<sup>rd</sup> May 2013, remained vacant even by 31<sup>st</sup> December 2016 and a security camera system has not been installed properly, though 5 years have elapsed since the theft that occurred in the museum and the Committee also observed that the existing camera system has a number of problems such as the inability of obtaining night vision scenes. The CAO/AO was directed to formulate a system to ensure the security of the national museum having paid attention to the security systems operative in other countries in regard to theft and fire protection and having obtained the consultation of a team of experts in that regard.</p> <p>The CAO/AO was also directed to formulate a systematic programme for obtaining the security of the three</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		forces and the police and submit a report to the committee in that regard before 10 <sup>th</sup> May.
3.	Even though the total estimated amount of Rs. 5,771,000/- for the renovation of the museum building of Ratnapura had been provided to the Engineering Services Office of the Sabaragamuwa Province in the year 2015, the renovation activities had not been commenced even by March 2017.	The AO stated that even though that task had been assigned to a contractor by the Provincial Engineering Office, the aforesaid contractor did not carry out it properly. The CAO was directed by the Committee to inform the Chief Secretary of the Sabaragamuwa Province that the Committee on Public Accounts paid its attention to this matter and to conduct a formal inquiry regarding the Department of Museum and the Engineering Services Department and inform the Engineering Services Office to complete the task having taken necessary action.
4.	Even though an amount of Rs. 1,858,000/- had been paid to the Divisional Engineering office of the Province to construct a new toilet system for the Ratnapura museum, only a half of it had been constructed even by March 2017.	The Committee directed the CAO to summon a report from the Chief Secretary in this regard before 01 <sup>st</sup> May 2017 and submit it to the Committee.
5.	Restructuring of the Department is being delayed due to the fact that the task of passing the new Museum Act had not been done even by	The CAO /AO stated that the amendments to be introduced to this would be submitted to the Legal Draftman's Department in the

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	March 2017 even though the activities of formulating it having abrogated National Museum Ordinance No.31 of 1942 had been completed by 07 <sup>th</sup> July 2017.	coming month. The Committee directed CAO/AO to pay consideration to incorporate the changes from the year 2014 up to now into the Act.
6.	Action has not been taken for a number of years to fill three vacancies in the library and a delay of 2 years has been reported to include the books received from the Department of National Archives from conservation, in the accession register.	The AO stated that it takes a lot of time to include the books received, in the accession register as they have to be sorted out as per the subject. The Committee directed the CAO to inform the Secretary to the Ministry of Public Administration to send a report of the time frames within which the vacancies of the library could be filled.
7.	Even though the reports of the annual survey of goods for the year 2015 had been submitted to the Auditor General, the survey of artifacts in the Colombo Museum and 8 other Divisional Museums had not been included in the aforesaid reports.	The AO stated that a survey of artifacts is not conducted annually and plans will be formulated to conduct surveys of artifacts with specific time frames in the future.
<b>Uva Provincial Council</b> <b>23 March 2017</b>		
1.	The non-tax revenue has reduced in the year 2011 in comparison with the year 2010.	The CAO/AO mentioned that the reduction in the stamp duty received by the Provincial Council as per the Land Act caused this situation but the Provincial Council has been able

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>to achieve a physical progress of 85% - 90% and a capital progress of 55%-60% as a whole.</p> <p>The CAO/AO was directed to submit a report to the Committee explaining the reason for the reduction in the stamp duties and the charges to be received under the Land Act.</p>
2.	<p>An amount of Rs. 40,661,012/- had not been settled by 31<sup>st</sup> December 2015 out of the amount of Rs. 67,000,000/- allocated by the Provincial Ministry of Agriculture for the programme of importation and distribution of seed potatoes in the year 2002.</p>	<p>The CAO/AO stated that there existed an operating loss of Rs. 29.8 million caused by the fact that seed potatoes became rotten and a debtor balance of Rs. 10.8 million and the insurance agent of the company which imported seed potatoes paid Rs. 6 million on behalf of the Rs. 11 million due from it and the Attorney General has informed that it is a fruitless act to file action to recover the outstanding amount and action would be taken to recover the debtor balance of Rs. 10.8 million from the salaries of the relevant officials.</p> <p>The CAO /AO was directed to take action to recover the relevant amount and submit a report to the Committee in that regard.</p>
3.	<p>Even though an amount of Rs. 5 million has been paid by Uva provincial Council to Sri Lanka Broadcasting Corporation to purchase a transmitter of 2.5</p>	<p>The CAO/AO stated that an amount of 5 million rupees was paid to Sri Lanka Broadcasting Corporation to obtain a transmitter of 2.5 Kilowatts in order to improve the audibility of</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	Kilowatts, the Corporation has not taken action to provide the relevant transmitter or refund the amount provided.	the Uva Community Broadcasting Service and action was taken to offset the said amount with the amount of Rs. 17.3 million which should be paid to Sri Lanka Broadcasting Corporation for the wave frequency used by the Community Broadcasting Service due to the fact that the aforesaid transmitter was not provided.
4.	A loss of Rs. 5 million has been caused to the Provincial Council due to the fact that the lease payments due from a land of 9 acres and 13 perches from 1996 in Welimada Divisional Secretariat Division which had been leased out to Saint Anthony's College, Guruthalawa for agricultural activities have been defaulted and a portion of 1 acre of the aforesaid land has been acquired by unauthorized settlers.	<p>The CAO/AO stated that this land has been assigned to the Welimada Divisional Secretary by now due to the fact that consent has been expressed to transfer the aforesaid land to the government back paying a nominal lease payment of Rs. 10,000/- subsequent to the consideration of an appeal submitted to the Minister of Lands in response to the order given to the effect that lease payment should be made and action will be taken to remove all the unauthorized settlers before the end of this year.</p> <p>The committee directed the CAO /AO to take action to remove the unauthorized settlers and submit a detailed report to the committee in that regard.</p>
5.	The state land of 1.117 Hectares in Bandarawela Divisional Secretariat Division, which belongs to the Kahagolla Agricultural Research Institute, has been given on lease to	Tristar Apparel Institute has run a garment factory in this land having obtained it on lease basis in the year 1998 and they have transferred the business ownership of it to another

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	<p>a private company on an annual lease payment of Rs. 220,000/- since the year 2009, but action has not been taken to collect the outstanding lease payments and interest due for the period from 2004 upto 2013.</p>	<p>party (Weraso Apparel) without following the accepted methodology having defaulted the lease payments since the year 2004.</p> <p>The C.A.O./A.O. stated that this matter has been forwarded to the attention of the Land Commissioner General in order to recover the outstanding lease payments from Tristar Apparel Institute since action has not been taken to recover them even though the aforesaid lease agreement was cancelled in accordance with Section 66 of the Land Act and also to enter into a new lease agreement with the new institute</p>
<p>6.</p>	<p>Providing official quarters to the Secretaries, Deputy Chief Secretaries of Uva Provincial Council at a nominal rent of Rs. 500/- per month with effect from 01<sup>st</sup> August 2008 in contravention of Section 5.3.1 in Paragraph XIX of the Establishment Code.</p>	<p>The CAO /AO stated that action was taken to grant this concession with the written approval of the Governor in order to keep the officials of Uva Provincial Council within the Province.</p> <p>The Committee paid special attention to this matter and stated that as it is not ethical to provide privileges to a group of selected officials the possibility of granting this concession to other Officers too should be looked into and informed that a copy of the written approval of</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		the Governor be submitted to the Committee.
7.	The Secretariat at the Provincial Council has paid an amount of Rs. 6,992,258/- to three persons who held posts for which approval had not been granted during the period from September 2014 up to December 2015 in contravention of the letter No. P.L./6/11/3DU1 dated 11.05.2011 issued by the Secretary to the Ministry of Local Government and Provincial Councils and the sections of the Provincial Council Act, No. 42 of 1987.	The CAO /AO stated that as these posts are common posts prevalent in all Provincial Councils, all Provincial Councils have made requests from the Ministry to legalize the allowances and privileges granted, for which approval of the Attorney General has not been granted and the Ministry has given its observations in regard to a request made from His Excellency the President proposing that a common system shall be formulated for all Provincial Councils.
8.	A house has been constructed without authority in an area of 2.66 perches in the land which belongs to Bandarawela District Hospital, unauthorized settlers have constructed permanent buildings in an area of 1 acre and 0.8 perches in the land called Niyadagala Pathana in which the Welimada Base Hospital is situated and action has not been taken to clear the title of	The CAO/AO stated that instructions have been given to the relevant Divisional Secretaries to remove the unauthorized settlers from the land which is under the purview of the Welimada Divisional Secretary and hand over the said land to the Department of Health immediately and also to remove the unauthorized constructions in the Bandarawela Base Hospital.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	the lands which belongs to the Hospitals mentioned above.	
9.	The Committee paid its attention to the facts of leasing out the land of 11.056 hectares located in Mipilimana in the Welimada Divisional Secretariat Division to Sri Lanka Broadcasting Corporation without an indenture of lease for a period of 30 years, leasing out an area of 19 acres of the aforesaid land by the Corporation to a private party for an annual amount of Rs. 2,755,000/- and the Provincial Council being deprived of an income of Rs. 8,680,000/-.	<p>The CAO/AO stated that the Corporation should make the indenture of lease lawful having paid all the outstanding amounts before coming in to an agreement with a third party and notices have been sent to remove the unauthorized persons from the premises and future action will be taken in accordance with the instructions given by the Land Commissioner General.</p> <p>The CAO/AO was directed to submit a report to the Committee, which shall include the legal action to be taken in this regard along with the time frames before 10<sup>th</sup> of April.</p>
10.	Spending an amount of Rs. 30,879,834/- for 30 Officers of the Provincial Council to participate in a School Based Management Workshop held in Philippines and Thailand from 10.01.2016 up to 24.01.2016 and making 10 officers who are not related to the field of Education participate in it, spending an amount of Rs. 10,674,565/- in contravention of the	<p>The CAO/AO stated that the guidelines prepared by the Ministry in this regard under instructions of His Excellency the President has been submitted to the Secretary to the President for his approval and accordingly action will be taken to issue a circular.</p> <p>The CAO /AO was directed to send a report to the Committee in regard to the methodology adopted to select</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	procurement plan of the project and the requirement of formulating an accepted methodology in regard to the foreign tours provincial councilors and officials.	the institutions which provide training, having consulted the Project Director.
11.	The provincial council has incurred a loss of Rs. 4,537,640/- due to a financial fraud that has been committed in Deputy Provincial Health Services Director's Office in Moneragala having prepared bogus vouchers.	The CAO/AO stated that action has been taken to interdict the accused female Officers and recover an amount Rs. 3,361,000/- and this case has been referred to the Criminal Investigation Department in order to recover the remaining amount and disciplinary inquiries are being conducted against the accused officers.
12.	Appointment of 7 advisors by the Governor of the Province without legal authority for it.	The CAO/AO stated that the Governor had made the relevant appointments and decided the emoluments and allowances upon the request of the Chief Minister and though action was taken to abolish the aforesaid appointments through the letter dated 08.12.2016 after informing the Governor and the Chief Minister in writing that those appointments are not legal as the approval of the Cabinet of Ministers has not been granted for them, the aforesaid appointments have been

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		made effective again through the letter dated 18.12.2016.  Directives were given to discuss this matter with the Governor and report to the Committee about the future action to be taken in this regard before 10 <sup>th</sup> April 2017.
<b>North Central Provincial Council</b> <b>23 March 2017</b>		
1.	The attention of the Committee was drawn towards the matter regarding using the excess funds of the provincial council in fixed deposits.	AO stated that these money is the cash in hand of development projects and that it was expected to utilize those for a productive purpose by getting an additional earning through investing in fixed deposits than depositing in ordinary accounts. The Auditor General was directed by the Committee to inquire the matter and to present a report and further, AO was directed to extend the required support for the purpose.
2.	Although 26 years have been lapsed since the inception of the provincial council, a statute including the institutions on the registration of the pawning centres situated in the province, issuance of the annual permits and the recovery of charges	AO stated that a statute is being drafted by the Provincial Commissioner of Revenue at the moment, and that accordingly it is proposed to charge Rs. 10,000/-, Rs. 100,000/- and Rs. 100,000/- as the charges for annual permits,

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	relevant to them, has not been approved even as at 10 <sup>th</sup> March 2017.	registration and as security deposits respectively and that arrangements would be made to get the statute approved in near future. The Committee directed the officers of the Ministry of Finance to instruct the divisional secretaries to collect the relevant revenues under the prevalent laws until the statute is passed, directed the CAO/AO to inquire about the methodologies adopted by the other provincial councils and to take measures to rectify the shortcomings, if any.
3.	The Chief Ministry has allocated Rs. 337,011,880/- to purchase 22,800 solar lanterns to be distributed among the beneficiary families in areas with no electricity. The solar lanterns which had defunct batteries as a result of not providing the specific services after sale, had been removed from use.	AO explained that electricity was provided to most areas under the “Deyata Kirula” project which was implemented in 2012 and 2013 and that the said solar lanterns were consequently, removed from use.
4.	Out of the 7500 water filters purchased at a cost of Rs. 80,640,000/- to be distributed by the Provincial Chief Ministry among the beneficiaries selected in the years 2010 and 2011, 3268 distributed have been removed	AO stated that this project was implemented as a drinking water project to address the kidney disease in the North Central Province and that these water filters have been removed from use since pure water

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	<p>from use due to corrosion and other defects. In 2012, 5000 water filters of similar quality had been purchased at a cost of Rs. 53,480,000/- and these had been removed from use by 31<sup>st</sup> December 2016 by beneficiaries.</p>	<p>was provided by the local authorities through “Aro Plant” system.</p>
5.	<p>Rs. 3,157,700/- had been spent by the passenger transport service authority in 2012 for the project to display and manage the running information using digital technology in the new bus stand and the long distance bus stand in Anuradhapura. It has been reported by the Auditor General that the relevant appliances are in a deactivated status and some have expired owing to not properly fixing the digital technology appliances.</p>	<p>AO stated that the relevant items could not be fixed since the construction of the bus stand and the long distance bus stand have not been completed. The Committee ordered the AO to provide a report on the reason for the inability to fix the equipment and on their current status.</p>
6.	<p>Although a Buddhist monk attached to a school in the Tambuttegama zonal education office, had received Rs. 1,039,357/- as salary and allowances claiming to have served in the personal staff of an Hon. Ven. Member of Parliament from 2005 to 2010, no such duty has been actually performed. No</p>	<p>AO stated that an amount of Rs. 125,000/- had been recovered from this monk and as he has defaulted the balance payment, it is expected to file a case, having obtained legal advice. AO was directed by the Committee to present a report on this regard to the Committee.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	proper measure has been obtained regarding salary payments done with no proper supervision and regarding the improper release from service.	
7.	The provisions of Rs. 34,000,000/- had been made for the development of dairy farming in the North Central province under the development grants of 2008. Rs. 36,143,850/- had been paid by the chief ministry to construct 60 milk outlets and to purchase relevant equipment, against the particular fund. Most of the milk outlets were closed down and some were removed as at 31 December 2016. The Committee observed that even the milk outlets which are functioning at the moment have become ordinary shops selling other food and beverages instead of milk.	AO accepted this situation is true. He further stated that the relevant institutions have been informed to formulate a methodology enabling the local government institutions to earn an income, having handed over the milk outlets which are currently closed down to the local government institutions. The Committee directed the Commissioner to attend to the required facilitation in this regard.
8.	The Chief Ministry has spent Rs. 4,595,336/- in the year 2009 as Rs. 2,396,800/- for a generator and in 2011 Rs. 2,198,536/- for other devices, on behalf of a Dendro electricity generation project with a view to provide electricity to	AO stated that this generator and the other devices have not been utilized since these villages were provided with electricity under the “Deyata Kirula” project, and that currently it has been proposed to provide these equipment for the use of the students

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	villages in the North Central province, but the project has become a failure since the generator provided had been too old and defective. This generator and the other devices have been taken to be fixed in a village with no electricity situated in Welikanda Divisional Secretariat division, but they are not utilized for the purpose eve as at 10 <sup>th</sup> March 2017.	of Technical College, Gallella, Polonnaruwa. The committee expressed its agreement.
9.	23 water meters with a value of Rs. 17,876,144/- purchased and distributed among farmers' organizations to be used for 10 irrigation projects in Rajanganaya Ussana area in 2007 and 2008 had been kept aside without any use due to unavailability of three phased electricity and 3 projects have not been implemented since 06 motors were out of order.	In this regard, the committee emphasized that, it is a shortcoming to purchase equipment without inquiring about the requirements needed from technical officers and that it is the responsibility of the AO to avoid such shortcomings.
10.	Open tenders have not been called for the reconstruction of 53 roads damaged by floods. This was estimated for Rs.3592 million and the suppliers have been selected by calling limited bids for a value of 05 million having divided into 741 projects and further, one contractor has been provided 629 projects worth Rs. 2,934 million and a	AO stated that an inquiry is conducted in this regard. The committee which directed to stop making the payments to the relevant contractor, to act according to the investigation report, and to present a report on the current status of the project including a list of the tender board officers, expressed its displeasure over the transactions

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	payment of Rs. 3.58 million had to be made for the tender board and by the investigation done using engineers from the Engineering faculty of the university of Peradeniya, in 2013, it was disclosed that an over estimate of Rs. 1170 million had been available in the estimates related to road reconstruction.	resulted by implementing the project without transparency.
11.	The tank renovation projects implemented using the allocations of the Ministries of Nation Building and Economic Development have become a failure due to the defects of project supervision and certain payments have been made through fake bills without actually accomplishing the relevant tasks. As a result, a loss of Rs. 78.7 million had been incurred on the part of the government and Rs. 26.4 million out of the advances of Rs. 31.25 million paid for the commencement of work had not been recovered.	The committee which expressed its strong displeasure over the irresponsible procedures adopted by the Engineers and Technical Officers, directed the AO to submit a report to the committee on its current status expeditiously.
12.	The positions of Leader of the Opposition, Chief Government Whip and Chief Opposition Whip had been created inconsistent to the provisions of the Provincial Councils Act and excessive	The committee, which emphasized that this issue is common to all the provincial Councils, directed CAO/AO to take measures to solve this issue by preparing a circular with the intervention of the line

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	privileges had been provided to them. Rs. 6,461,136/- in 2014, Rs. 11,056,750/- in the 3 previous years and Rs. 5,595,459/- in 2016 had been paid on their additional privileges.	Ministry, and to take future measures by preparing a circular to regulate the methodology of each provincial Council on Foreign tours.
13.	In a situation where all the payments regarding the Chief Minister and the provincial council members and their personal staff had been settled using the provisions allocated under the votes of each Ministry , additional payments of Rs. 4,877,400/- in 2014, Rs. 12,933,600/- in the three previous years and Rs. 6,677,400/- in 2016 had been paid additionally under the votes of Provincial Council Secretariat as payments for drivers and personal staff Considering the Chief Minister, Ministers of Provincial Councils as members of Provincial Councils.	CAO stated that a report has been prepared by him after studying the differences of the methodology between the provinces, having obtained information on the manner of payments done in all the provincial councils and that proposals pertaining to the said methodology have been presented to the secretary to the President since a requirement to formulate a common methodology for this purpose has arisen.
14.	Although the personal staff of the Chief Minister had to be restricted to 15 Officers, 30 Officers had been employed. In the year 2013, a sum of Rs. 8,652,550/- had been paid as their salary and allowances and a sum of Rs. 2,884,285/- had been paid in 2016 for 10 Officers.	AO stated that he is of the view that an over calculation of the staff has taken place owing to the periodic change of the Chief Minister's staff. AO was directed by the Committee to present a report explaining this situation.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
15.	31 contracts have been awarded based on the engineering estimates with a total value of Rs. 237,242,603/-, contravening the provisions of the procurement guidelines. This has been provided to 19 contractors who entered into contracts during the previous years and have completed the first stage of the storied buildings.	AO explained that the construction of the second story of these buildings was a decision which was taken later, and accordingly that the contract was awarded to the particular contractors based on a Cabinet Memorandum and promised that the particular Cabinet Memoranda through which the approval of the Governor was received, would be presented to the Committee.
16.	An Officer of the Supra grade of the Provincial Management Assistant Service has been appointed to the post of Administrative Officer of the Provincial Road Development Authority against the Clause 15(3) of the Road Development Authority Law of the North Central Province, Recruitment Procedure of the Road Development Authority of the North Central Province and the Rule Number 412 of the Provincial Public Services Commission Procedures and an additional payment of Rs. 2,197,350/- had been paid more than the salary and allowances deserved by the said	AO stated that action would be taken to recover the additional payments from the relevant Officer. CAO/AO were directed by the Committee to make arrangements to recover the said amount and to send a report on that to the Committee.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	Officer from December 2011 to June 2016.	
17.	The construction of the special economic centre, Medawachchiya which continued for more than 09 years had been completed in August, 2016 but it was not declared open even until 10 <sup>th</sup> March, 2017. Its estimated value was Rs. 25,397,680/- and the cost of completion was Rs. 47,297,258/- and a sum of Rs. 1,072,848/- has not been recovered from the advance payment given to the contractor.	AO stated that the construction work of this economic centre have been concluded by now and that arrangements have been made to convert it in to a source of income for the Provincial Council and that the Accounts Systems and the expenses are not satisfactory.
18.	House rents have been changed subjected to a maximum of Rs. 500/- from 17 Officers including the Chief Secretary, Ministry Secretaries and Other Officers for Official Residences, contravening the provisions of the establishments code and 70% of the value of water bills and electricity bills of the relevant residences had been paid having debited to the voters of expenditure of the relevant institutions. Therefore, the loss	AO stated that these concessionary rates are obtained from them for residing in the official quarters with the approval of the governor, as an encouragement since officers are reluctant to render duties in a remote area like the North Central Province. The Committee directed the CAO to inquire about this and to formulate a fair methodology which can be applied for all the Provincial Councils and for all the Officers.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	incurred for the government was Rs. 1,199,338/-.	
19.	P.V.C. water pipes with a value of Rs. 3,452,403/- purchased in 2013 for the Galenbindunuwewa Urban Water Supply Scheme, which was started in 2012 by the Galenbindunuwewa Pradeshiya Sabha with an estimated value of Rs. 48 million, had been stored in the Pradeshiya Sabha Premises without any use even as at 22 <sup>nd</sup> January, 2017.	AO explained that this situation was resulted by the auction and liquidation of the property of the Galenbindunuwewa Pradeshiya Sabha, for settling the payments of a contractor as per a Court Order and that it is expected to reconstruct this water scheme using the funds of the Provincial Council.
20.	The Chief Ministry had constructed a water tank on towers with a height of 15 meters pertaining to the Water Supply Scheme of Mananketiya which was commenced in 2008 and the relevant cost could not be traced. In 2011, Rs. 450,000/- had been paid to construct a motor room and purchase 02 water pumps, and the PVC pipes with a value of Rs. 1,610,340/- purchased for this scheme had been kept in a private land in Mananketiya without taking any use.	CAO/AO stated that these PVC pipes for the project had been provided from the decentralized funds of a Member of the Provincial Council, and the project was suspended owing to not getting the financial contribution of the Provincial Council for the future activities of the project and that this project will be implemented this year utilizing the line funds of the Ministry.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
<b>Ministry of Buddha Sasana &amp; Department of Buddhist Affairs</b>		
<b>24 March 2017</b>		
1.	<p>The progress of the implementation of the directives given in the Committee Meetings of the Ministry of Buddha Sasana and the Department of Buddhist Affairs held on 18.10.2011 and 23.05.2012 respectively</p> <p>(i). Steps taken by the Ministry of Buddha Sasana to cover the loss of Rs. 212,683/- incurred on the vehicle bearing number 58-7622 owing to an accident which took place on 01<sup>st</sup> February 2004.</p> <p>(ii) The Ministry of Buddha Sasana has printed books incurring a cost of Rs. 3,578,500/- for the “Punya Grama” programme from 2008 to 2010, without following the procurement procedures although it was directed to conduct a formal inquiry in this regard, having reported to the Ministry of Public Administration and Management Administration, it has been report that this inquiry was suspended due to the absence of required information.</p>	<p>(i). CAO/AO stated that the accident was caused by a driver who was recruited to the Ministry from the Minister’s Staff on casual basis, and that a case has been filed to recover this loss.</p> <p>(ii). CAO/AO stated that it has been informed by the Investigation Unit of the Ministry of Public Administration that the investigation would be suspended since the relevant documents have been submitted and further said that the officers who served during this period have been fired. It was directed to present, a report on this to the committee before 10<sup>th</sup> April, 2017</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	<p>(iii) The committee has directed that the department of Buddhist affairs should divide all the registered religious sites in to 03 categories and conduct the internal audit accordingly – the progress of the implementation of this directive.</p> <p>(iv) In a previous meeting, it has been directed to perfectly estimate the need of Tamil medium Dhamma school books and to take measures to distribute the required affairs. But this project has not been implemented.</p> <p>(v) The progress of the directive given in a previous committee meeting to the effect that the amendments required for the Buddhist Temporalities Act of 1931 be done and presented to the chief sangha – Maha Nayaka theros.</p>	<p>(iii) CAO/AO stated that these activities are carried out under several categories and that the audit should be carefully conducted since all those are major religious sites. CAO/AO further stated that an internal auditor and a limited staff has been appointed to the internal audit section and that there is a delay resulted by the practical problems available. CAO/AO stated that around 41 religious sites have been audited by now.</p> <p>(iv) CAO/AO stated that there is no productivity in printing these books since only one Tamil medium Dhamma school is currently conducted in Jaffna and that the said project can be restarted if the need arises.</p> <p>(v) CAO/AO stated that the said functions have already been fulfilled, a case has been filed in the supreme court against the drafted bill subsequent to tabling it in parliament, it is expected to submit it for the approval of the Maha Nayakas having done the amendments proposed as per the taken to present if to parliament once</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		again, after getting the approval required.
2.	Delay in providing answers to 07 audit queries with a total value of Rs. 205 million, which have been issued on 2016 and 2017.	CAO/AO stated that arrangements are done to answer the said delayed queries at present and that they would be presented to the auditor General within one week.
3.	<p>Development of rural temples with economic difficulties</p> <p>The need for the Department to have a register of all the temples available in Sri Lanka.</p>	<p>CAO/AO stated that the department has a register of all the temples available in Sri Lanka</p> <p>CAO/AO further stated that action would be taken to computerize the information obtained through a particular format, with the help if IT institute of the university of Colombo. They also stated that information of 12229 temples have been so far received and that information of 8912 temples have been computerized. It was further stated that the information of the monks residing in these temples have also been obtained in the same manner.</p> <p>The committee was of the view that instead of inserting all the information through the department, it is suitable to formulate a methodology where information can</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>be inserted by the Divisional secretariats.</p> <p>CAO/AO stated that this project can be completed within 02 months.</p> <p>The committee directed the CAO to provide the department with the required staff if in case the project cannot be completed within the stipulated time due to lack of staff.</p> <p>CAO/AO were directed by the committee to complete these activities by June and to make a presentation to the committee on the information obtained regarding the temples of Sri Lanka.</p>
4.	Preparing a methodology to recognize the rural temples of Sri Lanka.	CAO/AO stated that the criteria applicable to recognize the rural temples have been prepared, and that the temples are selected according to a sequence prepared as per the points given based on factors like the available buildings, sanitary facilities, number of marks, programmes conducted and the participation and the assistance so far provided and that accordingly, 260 temples have been identified this year.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		The committee directed CAO/AO to consider the activities conducted by the temple related to Buddhist order when allocating points to the temples.
5.	The targeted objectives of the national drug prevention operation unit for year 2016 have been specified as reducing the manufacturing and transport of drugs and the sale of drugs up to 80%, to. Reduce per capita liquor consumption up to 50% and to reduce tobacco production and use up to 50%. But this unit does not indicate a proper coordination with the police department And the Excise Department. Further, as per the statistics of the Excise Department, it indicates a rise in the consumption of liquor.	CAO/AO stated that this unit had initially been established under the presidential secretariat, it is currently established under the ministry of Buddha sasana and allocations have been made under its vote of expenditure. It was also stated that it is expected to success fully implement the drug prevention activities in 50 areas where illegal liquor and drugs are produced, under the Punya Grama programme.
6.	Furniture and office equipment with a value of Rs. 27,198,047/- had been purchased for the Dahampaya Building contravening the provisions of the public procurement guidelines and out of those, equipment of Rs. 4,561,696/-	CAO/AO stated that an assessment of expenses for the repair work is being prepared and Rs. 6.8 million has not been cleared to the contractor and that arrangements have been made to set aside a certain amount out of that and that it is expected to do the repair work using the said money. CAO/AO was directed to

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	were substandard and not suitable for long term use.	present a report on this to the Committee.
7.	Even though a sum of Rs. 1,111,500/- had been spent to fix a CCTV camera system for the Ministry premises, this system was substandard.	CAO/AO stated that all the cameras in this system had functioned well until, December 2015 and in mid-2015 certain cameras became defunct due to the damage caused by mice. CAO/AO stated that the damaged wires are expected to be repaired this year.
8.	1622 copies of the book “Sambuddhathwa Jayanthiya 2600” had been printed at an expense of Rs. 5,648,048/- and a large number of copies of this book which costs Rs. 5,000/- each has remained without been sold.	CAO/AO stated that arrangements would be made with the approval of the President to distribute this book among the foreign invitees of the United Nations Wesak Festival.  CAO/AO was directed by the Committee to implement a proper procedure to sell these books.
9.	2000 coins with a value of Rs. 7,500/- have been minted at an expense of Rs. 15 million in 2011 and the provisions have been obtained by overloading the relevant expense to the vote of the Ministry. Out of this, 904 coins remained with the Central Bank as at 30 <sup>th</sup> January 2017.	CAO/AO stated that these coins have a historical value and that arrangements would be made by the Central Bank to sell these coins.  CAO/AO was directed by the Committee to provide coins to be displayed in the museums of the major temples, to prepare a programme to distribute the balance through the Ministry of Buddha

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		Sasana and to prepare and to bring a report in this regard to the next committee meeting.
10.	A Micro-Rexton vehicle bearing number KE 3284 which was in the possession of the Ministry had been taken away by the then Deputy Minister from 21 <sup>st</sup> April 2010 with no proper transfer of possession.	CAO/AO stated that a written submission in this regard has been made to the Ministry of Health, Nutrition and Indigenous Medicine and that it has been informed that action will be taken to hand over the said vehicle back to the Ministry of Buddha Sasana. CAO/AO stated that it would be possible to take over this vehicle within the next two weeks.
11.	1999 and 2000 copies of the books “Sinhala Pretha Wasthu” and “Sinhala Wimana Wasthu” had been printed at a total cost of Rs. 22,540,288/- and 3562 copies of the books remained in the stores as at 31.12.2016 and altogether 21,519 copies of different books printed by the department for various purposes, remained in the stores.	CAO/AO was directed by the Committee to inquire the possibility of sale prior to printing books, to distribute the remaining books among school libraries and Dhamma School libraries and to formulate a procedure to sell the rest.  CAO/AO was directed by the Committee to bring a report on the progress of this procedure to the next meeting.
12.	Around 20 years have been spent on the formulation of the Buddhist Encyclopedia, but its final volume has not yet been completed.	CAO/AO stated that 08 volumes of this book have been completed and only the Index volume remains to be completed and that a cabinet

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		memorandum would be presented to fill it, having increased the payments to the relevant standard. The Committee directed the CAO/AO to obtain the instructions of the Buddhist monks for this by appointing a committee of monks for this purpose. CAO/AO stated that this task can be completed within this year.
13.	Progress of the constructions of the Vidyalkara Piriwena.	CAO/AO who stated that the construction of this building was carried out since a longtime ago and that the actual expenses exceed the initial and old estimates, further stated that Rs. 200 million has been allocated for this task in the year 2017 and that Rs. 45 million has been additionally requested for this and accordingly the total estimate is Rs. 1384 million.
<b>Employees' Provident Fund</b> <b>24 March 2017</b>		
1.	Annual reports of the Fund have not been submitted to Parliament after year 2013.	CAO/AO stated that the annual report of year 2014 has been prepared and submitted for Cabinet approval while the annual report of 2015 is currently being prepared. Committee directed the CAO to

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		prepare a report with relevant dates and time periods on the course of action followed in the preparation of the annual reports of 2014 and 2015 and to submit it to the Committee before 10 April 2017.
2.	Internal audit	<p>Committee observed that only 08 officers have been deployed as the staff of the internal audit unit of this Fund which has 57 regional offices and that it is not sufficient. Committee informed the CAO that the internal audit function of the Fund must be strengthened and instructed to recruit the staff necessary.</p> <p>Governor of the Central Bank stated that internal audit related to financial control of this Fund which is approximately Rs. 1.8 trillion is carried out by the Central Bank through a private firm and that it costs approximately Rs. 6 million annually. He further stated that complete responsibility of this Fund is held by the Central Bank and that when investing funds, 93% has been invested in government securities while the remaining 7% has been invested elsewhere. He further</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		mentioned that an audit is carried out regarding investments made using money from the Fund, that the current investment committee meets daily; and that investments made through the secondary market have been suspended with effect from May 2016 as per a decision taken by the Monetary Board.
3.	In year 2016, the Employee Provident Fund had purchased a lesser volume of bonds from the primary market which has a higher yield while a greater volume of bonds had been purchased from the secondary market which has a lesser yield, denying the members of the Fund a massive financial gain that they could have gained.	Governor of the Central Bank stated that an internal investigation is carried out regarding investments made using money from the Fund. Committee directed the Governor of Central Bank to provide the Committee with a copy of the said investigation report on the purchase of bonds in year 2016 by the Employee Provident Fund.
4.	An investment of Rs. 500,000,000/- had been made in an Airline in July, 2010 while another investment of Rs. 810,321,610/- was made in a hotel company on 31 May 2010 with another investment of Rs. 5,000,000,000/- being made in a new hotel complex at the end of year 2013 but these investments have not resulted in any gains to the Fund. Furthermore, the said	CAO stated that as per the Act, the Monetary Board of the Central Bank of Sri Lanka has been vested with the complete authority over investments made by the Fund and that as per the Act the Ministry of Labour is vested with the power to handle matters related to the administration of the Fund. Therefore, these activities are carried out jointly. He further mentioned that Cabinet approval has

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	<p>amounts have been written off as impairment losses in the financial statements.</p>	<p>been granted for the conceptual report made on the restructuring of activities related to the Fund and that necessary action is being taken in this regard. CAO was directed to submit to the Committee, a copy of the said conceptual report which received Cabinet approval.</p> <p>Governor of the Central Bank stated that money was thus invested in the national carrier and tourist hotels with the objective of uplifting tourism industry as per a decision made by the Monetary Board in keeping with a concept from the government.</p>
<p>5.</p>	<p>At the meetings of the Committee held on 06-02-2013 and on 26-02-2016, directives were issued to clear the balance of Rs. 346,697,934/- that remained in the General Deposit Account as at 31 December 2011 as money received from various companies as EPF contribution but not credited to the accounts of the respective beneficiaries. However, a balance of Rs. 356,422,000/- still remains in the said account as at 31-12-2016.</p>	<p>CAO stated that the said balance which was at Rs. 325 million in year 2015 has now been reduced to Rs.45 million. He stated that the account is being cleared in a timely manner and that it is a continuous internal accounting process.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
6.	<p>Although the Committee that met on 19-08-2014 had issued a directive to introduce without delay an efficient methodology that can clear the balance of Rs. 120,476,638/- remaining in the Withholding Benefits account and the balance of Rs. 13,160,611/- remaining in the Benefits Withheld account as at 31-12-2011, the balances remaining in the Withholding Benefits account and the Benefits Withheld account as at 31-12-2015 had been Rs. 448,909,000/- and Rs. 78,091,000/- respectively.</p>	<p>CAO stated that the number of accounts in the names of different individuals' amounts to about Rs. 16 million and that action is being taken to settle them. No response was given regarding query made by the Committee in relation to the total amounts remaining in the aforesaid accounts. C.A.O. was directed to take action in keeping with directives issued by previous Committees, to formulate a method so that the account holders can be informed of their account balance in written form at least once a year and to ensure that updated and accurate information on employees are made available.</p>
7.	<p>Although a directive was issued by the Committee that met on 26-02-2016 to submit a report on the formulation of a computer programme in order to improve IT process of the Fund in collaboration with the Department of Labour and the Central Bank, no such report has been submitted.</p>	<p>Committee emphasized that the lack of such an advanced and integrated computer network system is the reason behind most of the issues that have arisen and instructed that steps must be taken immediately to remedy this situation. C.A.O. / A.O. was instructed to submit a report before 10 April 2017 in response to the matters mentioned in the minutes of the Committee meeting held on 26-02-2016.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
8.	Impairment in the financial statements on investments made using the Fund has been written off as losses.	<p>C.A.O. stated that 2.5 billion in 2015 and 5.2 billion in 2016 was written off in this manner and the same methodology has been continued since 2015. C.A.O. was directed to formulate a comprehensive report on these write offs clearly categorizing them as complete losses and losses incurred as a result of impairment and to submit the report to the Committee.</p> <p>Having observed the deficiencies in investments made by the Fund, the Committee directed the C.A.O. / A.O. to conduct a feasibility study before decisions are made regarding any investment which are made in future and to establish a transparent and standardized methodology for this purpose.</p>
9.	Details on investments made by the Fund	<p>C.A.O/A.O. was directed to submit a basic report before the 10 April 2017, informing the Committee the dates on which the COPA can be provided with responses to queries and reports regarding the matters mentioned below as decided by the Committee:</p> <p>Investigation report of the Monetary Board of the Central Bank regarding</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>investments of the Employee Provident Fund.</p> <p>Draft report on the restructuring of the activities of the Employee Provident Fund.</p> <p>Reply report compiled on the following matters raised by the Committee on Public Accounts in relation to the investment of unit trusts by the Employment Provident Fund during a period of seven years from 01 January 2010 to 31 December 2016.</p> <p>What are the criteria followed by the Fund and operating procedures accepted by the Fund when purchasing or selling unit trusts for which quotes were called from the public?</p> <p>Who are the person(s) responsible for the establishment of accepted operating procedures for the selling or purchasing of unit trusts for which bids are called by Private Limited Companies and at the Colombo Stock Exchange?</p> <p>What is the total volume of shares sold and purchased by the Employee Provident Fund from 01 January</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>2010 to 31 December 2016? During the aforesaid period, what capital losses or gains have been sustained as a result of those transactions? Details of officers who issued orders for the purchase/sale of unit trusts and details of officers who carried out the aforementioned transactions?</p> <p>During the period from year 2010 to 2016, what are the transaction values of the Employee Provident Fund at each stage at the end of each year?</p> <p>At the end of each year, has action been taken to determine the expenditure incurred by the Fund?</p> <p>Details of buyers/ sellers involved in transactions involving more than 10,000 shares? Has the actual value of those transactions been determined? Have the buyers/ sellers/ brokers involved in those transactions been identified?</p> <p>Did a share transaction take place between Sri Lanka Insurance Corporation and Employee Provident Fund? If so what is the volume of such transaction?</p> <p>During the period in which the transactions took place, were there</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>any instances in which accepted operating procedures were broken, violated or avoided?</p> <p>In the event that there is no accepted operating procedures laid down for share transactions of the Employee Provident Fund, were there any transactions in which good practices accepted by funds similar to the Employee Provident Fund were not adhered by the Fund?</p> <p>Who are the share market brokers that engaged in buying and selling of shares on behalf of the Employee Provident Fund in the share market? What is the volume of transactions and the value of transactions carried out through the said brokering company/ companies? Who are the officers of the Employee Provident Fund responsible for issuing orders to carry out such transactions?</p> <p>Were there any restrictions/ limits imposed on the officers of the Employee Provident Fund in relation to the value/ quantity of shares that they could buy on behalf of the Fund? If not, why? If such limits had been prescribed, were there any</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>instances in which they were violated?</p> <p>During the aforesaid period of time, was the Employee Provident Fund being used to control prices in the share market?</p> <p>What are the basic information pertaining to the buying and selling of shares of companies such as Ceylon Grain Elevators, Vallible One, Central Finance, Hotel Galadari, Hotel Lighthouse, Laughs Gas, Dimo, Browns, LOLC, Sri Lanka Capital Holdings and The Finance company?</p> <p>Has the Employee Provident Fund violated any law of the Colombo Stock Exchange/ Securities and Exchange Commission when engaging in the transaction of shares, especially in the transactions related to buying and selling of shares of commercial banks?</p>
<p><b>Department of Motor Traffic</b></p> <p><b>04 April 2017</b></p>		
1.	Recommendations made by previous Committees on transfers of the staff of the Department of	According to what has been revealed by media and at previous meetings of the Committee, various acts of

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	<p>Motor Traffic have not been implemented.</p>	<p>fraud and corruption including files that go missing and vehicles which are registered fraudulently result in the loss of a considerable amount of income to the government. The Committee further emphasized that public attitude regarding this Department too is very unfavourable. Since it is evident that Departmental and Integrated Service officers who have been attached to this Department for a very long period of time without any transfers are a major factor contributing to this situation, Committee directed the CAO/AO to grant transfers to offices outside this Department to all officers with a service over 5 years in the Department.</p> <p>CAO/ AO was directed to inform the Subject Minister and get Cabinet approval to effect these transfers if necessary. CAO/ AO was further instructed to carry out all the said transfers and submit a report in this regard to the Committee when the Department is summoned by the Committee the next time.</p>
2.	<p>Current status of the E Motoring programme and the issuing of</p>	<p>CAO/AO stated that various reasons resulted in the non-implementation</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	<p>computerized driver's licenses started in year 2008 and the methodology that will be adopted for the networked information sharing with Sri Lanka Customs.</p>	<p>of the E - Motoring project although it was initially planned in year 2009 to launch as a new project. He further stated that the project has been started under a new procurement programme in April, 2016 and that it will be possible to implement this project by the latter half of year 2018.</p> <p>Since it was disclosed before the Committee that Sri Lanka Customs has no awareness about this new project, the Committee instructed the CAO/AO to establish a steering committee together with all institutions directly involved in this project including the Ministry of Finance, Department of Inland Revenue, Sri Lanka Customs, Department of Import and Export Control and Provincial Councils to resolve all issues related to the project.</p> <p>CAO/ AO was directed to prepare a report comprising of the deadlines set for the programme of the E - Motoring project from the beginning to the conclusion of the project and submit the same to the Committee within a month.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>Committee stated that incorporating modern technology to the activities of the Department of Motor Traffic is compulsory to ensure the elimination of various acts of fraud, corruption and irregularities in the Department and provide a productive service to the public. Committee emphasized that the action taken by the Department and the time and money committed to this purpose are not at all satisfactory in terms of using modern technology.</p>
3.	<p>Although a methodology for a fully computerized system for the issuing of driver's licenses was launched in 2008 it is not observed that the said system is being implemented at present.</p>	<p>An explanation about this methodology was provided by the CAO/AO and the agent from Metropolitan Private Company. It was stated that the said project which was launched in year 2008 can be completed by year 2018.</p> <p>Committee directed the CAO/AO to expand this system which has been started in the Werahera Office to other offices in the 25 Districts, to make necessary arrangements regarding the awarding of demerit points to the holders of driver's licenses together with Sri Lanka Police, and to submit a detailed</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		report on this new programme for the issuance of driver's licenses to the Committee within two weeks.
<b>Food Commissioner's Department 05 April 2017</b>		
1.	The progress that the Department has achieved in fulfilling tasks such as maintaining a rice reserve of 8,000 MT in terms of the Colombo Declaration of the 16 <sup>th</sup> SAARC Summit, maintaining a buffer reserve of 100,000 MT of rice as per the Cabinet decision of 27.08.2008, and ensuring an ample availability of rice in the market.	CAO/AO stated that, despite the Cabinet decision on 27.08.2008 to maintain a buffer reserve of 100,000 MT of rice, funds required for that had not been provided by the Treasury and therefore it had been difficult to work as per the Corporate Plan, and that plans were being made to import 100,000 MT of rice from India through Sathosa.  The Committee directed the CAO/AO to submit a memorandum to the Cabinet requesting that a policy decision be taken in order to make the mission of the Department a reality.
2.	Not getting 366 houses of Dhanyagama Housing Scheme and ownership of the land of that Scheme transferred to the Food Commissioner.	The Commissioner of Lands had taken steps to transfer the ownership of this Housing Scheme to the Food Commissioner in year 2015, and cases have been filed to remove the unauthorized settlers in that Scheme. The CAO/AO stated that arrangements have been made to award those housed to public

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		servants on a rent basis through a tripartite agreement.
3.	The progress of the measures that have been taken to recover the outstanding stocks debtor balance of Rs. 46,313,742/- from the storekeepers.	<p>The CAO/AO stated that these debtors include 102 retired persons, 31 dead, 42 transferred, and 53 persons who have been suspended, and that a sum of Rs. 2 million has already been recovered from the retired persons and the balance will be recovered from their pension gratuity. He further stated that action has been taken to write off the debtor balances of 53 persons whose whereabouts had not been discovered.</p> <p>The Committee directed the CAO/AO look into the matter through a committee and to recover or write of the outstanding dues as appropriate.</p>
4.	Not preparing and submitting to the Cabinet a report on the scientific stores that were constructed in year 2012.	The CAO/AO stated that a report that had been prepared on scientific warehouses had been submitted to the then Ministry of Food and Food Security, and that, as the assets in the advance account are in use at present, there is no possibility of liquidizing them, and, therefore, details of assets and properties are being collected and documented.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		The Committee directed the CAO/AO to obtain through District Secretaries and Divisional Secretaries details of the assets and properties belonging to the Department throughout the island, to prepare a register of assets and properties and to submit the same to the Committee before 31 July.
5.	Failure to take action even by 20.03.2017 to collect the amount of Rs.1,942,300/- that had been due from 03 institutes for selling to those institutes on credit basis a stock of 1,603,450 Kg of rice imported from Myanmar by the Ministry of Cooperatives and Internal Trade in 2008.	CAO/AO stated that this stock of rice had been issued to three consumer cooperative societies and that two of those institutes had paid the due amounts while a case had been filed against the institute named COOPFED to recover the amount due from them.
6.	Providing outside procurement procedures the stocks of paddy in Veyangoda store to two owners of rice mills for making rice in 2012 and not collecting a sum of Rs.7,190,700/- for the rice that had not been returned.	CAO/AO stated that stocks of paddy had been issued to two owners of rice mills, and they had informed in writing that they could not supply rice due the flood situation that prevailed in the Polonnaruwa District. He further stated that a case had been filed against one owner for failing to fulfill the task within the due period, and that action is being taken to file a case against the other owner as well.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		The Committee directed the CAO/AO to submit to the Committee a detailed report regarding this and stated that it is the responsibility of the Accountant of the institute to suspend the performance bond within the due period and to take action in terms of the agreement.
7.	Measures that had been taken to recover the debtor balances of Rs. 3,217,808/- that had been outstanding for a period of 01 year to over 10 years as at 31.12.2015.	CAO/AO stated that most of these debtor balances are amounts less than Rs. 10,000/- and that the amounts that had been due form 83 pensioners had to be recovered from their pension gratuity and that action had been taken to correct the accounting deficiencies.  The Committee directed the CAO/AO to submit a report in this regard strongly emphasizing that, as such issues are common in many institutes, the Treasury should intervene in addressing such issues through a policy procedure.
8.	Attention was drawn towards the failure to recover the outstanding amount of Rs. 862,354/- that is due for leasing out the canteen of the Department.	CAO/AO stated that the canteen had been let out to a welfare society at a monthly rental of Rs.2,000/-, and after a recent assessment, action had been taken to increase this monthly rental to Rs. 40,000/- consequent to which the welfare society had withdrawn from running the canteen.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		Later action had been taken to lease out the canteen to another party following the procurement guidelines and arrangements are being made to take legal action to recover the outstanding amount.
9.	A sum of Rs.71,735,722/- being outstanding as at 20.03.2017 from stores that had been let out to public and private sector institutes on rent basis, not having recovered an outstanding amount of Rs. 23,132,890/- from 25 stores that had not paid their rentals, and not properly using the stores that had been modernized.	<p>CAO/AO stated that, a provision of Rs.50 million was received out of the provision of Rs. 214 million that had been allocated in 2016 for providing store facilities needed for government requirements, preparing stores as appropriate to be used in urgent situations, and to scientifically modernize the existing stores taking into consideration the long-term preservation of food items, and that the main target was to modernize all the stores belonging to the Department once the remaining provisions have been received. He further revealed that the Department will be able to utilize these stores once the proposed 100,000 MT rice programme is implemented.</p> <p>The Committee directed the CAO/AO to submit to the Committee a report containing details such as the location of the stores belonging to the Department, details of the lessees if the stores have been leased out, the duration of</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		such leases, and the action that has been taken if payment of rental has been defaulted, and to submit a copy of that report to the Minister for his attention so that a policy decision could be reached.
<b>Eastern Provincial Council</b> <b>05 April 2017</b>		
1.	Not submitting to the Auditor General the accounts of the trust fund of the Governor from years 2013 – 2015.	<p>The AO stated that this fund has been established through a memorandum of the Hon. Governor and that, although the accounts had been submitted to the Auditor General in terms of that memorandum, it had later been passed through another memorandum that the accounts need not be submitted to the Auditor General since that fund was not made up of public moneys.</p> <p>The Committee was of the view that, in terms of Article 23(1) of Provincial Councils Act No.42 of 1987, auditing of all the accounts in provincial councils should be done by the Auditor General.</p> <p>The Committee directed the CAO/AO to discuss this matter with the incumbent Governor and, to take appropriate action with regard to auditing of the accounts of the</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		Governor's Trust Fund and to submit a report on that to the Committee.
2.	Not submitting the financial statements for years 2013, 2014 and 2015 of the Pre-school Education Bureau of the Eastern Province to the Auditor General for auditing.	The Committee directed the CAO/AO to submit those reports to the Auditor General if they had not been submitted and to send a report to the Committee in that regard.  Further, the Committee recommended that the Audit and Management Committee should discuss whether or not all the institutes have submitted their accounting /financial statements to the Auditor General and to include it in the minutes of the meetings.
3.	Two Ministries of the Provincial Council had not replied to 6 audit queries, three Departments had not replied to 16 audit queries and two local government bodies had not replied to 2 audit queries.	The AO stated that investigations are being carried out about these audit queries, and that an answer could be given to this question after those investigations have been completed.
4.	Audit queries of the Internal Audit Department that had not been replied to.	The Committee observed that replies had not been sent to 516 audit queries and directed the AO to send replies to those audit queries expeditiously.
5.	The number of institutes that had not conducted any meeting of the Audit and Management Committee in 2016 was 10.	Out of those 10 institutes, only 04 institutes had not conducted any meeting of the Audit and Management Committee in 2016,

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>and all the other institutes are the group of offices of Deputy Chief Secretary, and that these meetings are held jointly by all those offices.</p> <p>The Committee emphasized that not conducting meetings of the Audit and Management Committee in this manner is an unsatisfactory situation with regard to the financial administration of the Provincial Council, and directed the CAO to take measures to conduct meetings of the Audit and Management Committee regularly.</p>
6.	Ten of the institutes coming under the Provincial Council had not prepared action plans in 2016, and 09 institutes had not prepared procurement plans.	The Committee directed the AO to take steps to correct these unsatisfactory situations in future.
7.	A sum of Rs.2,000,000/- had been paid out of the funds of the Province to the Secretary to the Former Chief Minister as an advance for conducting Korean language classes to 250 unemployed youths in the Bataloa District in year 2008, but those classes had not been conducted as expected.	The AO stated that this matter had been discussed at the meeting of the Accounts Committee of the Province; a committee had been appointed to investigate into the matter and that committee had met on two occasions; according to the facts that had been revealed at those meetings, some of the files had been missing; it was expected that the report of that committee would be presented within the following month; and that legal action would

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>be taken based on the recommendations of that report.</p> <p>The Committee directed the CAO/AO to submit a copy of that report the Committee.</p>
8.	<p>It was observed that the Ministry of Agriculture had awarded a contract to a company to install 10 solar power lighting units at a cost of Rs. 104,750/- each; a total of Rs. 1,047,500/- had been spent on this in 2014 out of the funds that had been allocated under defined development grants of the province; and that a contract had been awarded by the Ministry of Road Development to the same company to install 21 solar power lighting units of the same type at a cost of Rs.165,000/- each during the same period. The same officer had not acted as a member of the technical evaluation committee of both these contracts.</p>	<p>The Committee directed the CAO/AO to call for a report from the relevant officer requiring him to give reasons as to why two different prices had been accepted for the lighting units of the same type, and to submit a copy of that report to the Committee within one month.</p>
9.	<p>During the period from 01 April to 30 November 2011, an excavator machine belonging to the Provincial Department of Road Development had been utilized for 569 hours, but the Department had not taken steps to collect the rental</p>	<p>The CAO/AO was directed to call a report regarding this issue from the Secretary – Irrigation, and to send a copy of that report to the Committee as early as possible.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	of Rs. 1,991,500/- for utilizing that machine.	
10.	In the Trincomalee District and the Baticaloa District of the Eastern Province, 88 and 83 students who had not displayed the required skills had not been allowed to sit the G.C.E. (O/L) Examination in the years 2014 and 2015 respectively by a few schools with the view to maintaining the quality of those schools.	<p>The Committee emphasized that the authorities have done a grave injustice to these students by not allowing them to sit the examinations under whatever circumstances.</p> <p>The Committee directed the CAO/AO to submit to the Committee a report including a list of names of the students who had not been allowed to sit the examination and the present situation of those students, and the Committee stressed that the Provincial Council would be called before the Committee again after that report has been received just to discuss the situation related to this issue.</p>
11.	A vehicle belonging to the Department of Sports had been provided to a very close relative of the Director of the Department to travel from Trincomalee to Colombo, and as one of the tyres of that vehicle had been damaged, that relative had purchased four new tyres from an institute in Colombo to replace all the four tyres submitting a cheque for Rs.	The Committee Directed the CAO/AO to conduct an investigation into this and to submit a report to the Committee.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	137,000/- that had been issued by the Department. However, on an order of the Provincial Director, the name of the payee of that cheque had been changed and it had been cashed from a bank in Trincomalee.	
<b>Ministry of Public Administration and Management 03 May 2017</b>		
1.	Out of the total of 166 vacant positions in the Ministry, 123 vacancies were in the Public Management Assistant Service and positions of Development Officers, and transfers of employees.	<p>The CAO stated that a computer data system would be developed in future and action would be taken using that computer system to give transfers to all public sector employees every five years.</p> <p>The view of the Committee was that it would be appropriate to make it a regulation without limiting it to a policy. As it had been observed that annual transfers of island-wide and combined services are not implemented in terms of articles 195 and 203 of Chapter XVIII of Volume I of Procedural Rules of the Public Services Commission No.1589/30 of 2009, the quality that should be there in the public service would be lost and, the Committee, hence, emphasized the importance of immediately effecting these transfers.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
2.	<p>Out of the total remainder of Rs. 37,433,648/- of capital provisions as at 31.12.2016, a sum of Rs. 25,000,000/- had been allocated for the JICA project entitled, "Training Programme on Frontline Officers" and it had become a 100% capital remainder.</p>	<p>The CAO stated that it was a foreign-aid project that received financial provisions through the Treasury, and this project which was first implemented under the Ministry of Economic Development and then under the Ministry of Local Government, is currently funded by Sri Lanka Institute of Development Administration, and that the Ministry of Public Administration and Management only undertakes the accountability process of this project. He further stated that the reason for these remainders, however, is receipt of funds mostly towards the end of the year.</p> <p>The Committee emphasized that when these funds are not utilized there arises issues relating to the accountability process and the efficiency of the public service.</p> <p>The Committee stated that there should be a long-term master plan for giving training to officers, and it is very important to give overseas training to senior officers. The CAO stated that training programmes have been planned in collaboration with SLIDA and the Committee emphasized that it would be</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		appropriate to allocate funds only after training programmes have been prepared.
3.	<p>As at 31.12.2016, an outstanding rental of Rs. 55,179,844/- is due under the Ministry of Public Administration and the outstanding dues from the Land Reforms Commission are Rs. 36,042,000/-, but as per the financial statements of the Commission, the amount payable is stated as Rs.7, 474, 530/- .</p> <p>Rental has not been charged since October 2016 as this institute had vacated the building.</p> <p>Further, the rentals for houses that have to be recovered from 59 Members of Parliament and Ministers amounts to Rs. 3,925,617/- and it had been outstanding since 2015, and the rentals for houses that have been outstanding from 15 officer's amount to Rs. 7,261,713/- and action had not been taken until year 2016 to recover those outstanding dues. No legal action had been</p>	<p>The Committee directed the CAO/AO to submit to the Committee a list of names of the officers, and Members of Parliament and Ministers from whom the outstanding rentals have to be recovered.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	taken regarding these outstanding dues.	
4.	Transfers of the officers of the combined service between the central government and provincial councils.	Having emphasized the need for an effective programme in this regard, the Committee directed the CAO/AO to submit to the Committee a report including details of such programme, the number of officers who have worked at the same place for over five years, and the number and the names of the officers who would be transferred to other places by the end of year 2017. The Committee further directed the CAO/AO to finalize these transfers by the end of August 2017.
<b>Department of Pension</b> <b>03 May 2017</b>		
1.	Spending Rs. 182,223,229/-, apart from the expenses on for E-pension project salary and training, ICTA informing that the Department is not keen on continuing with the project resolving internal departmental issues even though the ICTA is able to resolve the issues with regard to the project which has been abandoned since 01.11.2013, ICTA informing that no legal	CAO directed the committee to submit a list of names of the responsible officers who should be summoned before the committee in order to discuss on this matter.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	action has been taken against E-WIS though they have not worked according to the agreement and only the measures have been taken to terminate the agreement .	
2.	It was revealed that the number of pensions which were returned to the Department of Pension without being deposited in the account of the Pensioners through the banking system (SLIP) as at 28.02.2017 was 1463 and it amounts to the value of Rs. 53, 392,514/-.	<p>The committee directed to submit a report on the number of slip returns that were recorded in January and February months of 2017 and the on the measures that have been taken in that regard , as the clarifications made by the CAO/AO on monitoring activities and proper procedures, are not satisfactory.</p> <p>The Committee emphasized the importance of using information technology by the Department of pension in providing the services and informed that they will be summoned before the committee once a two months in order to report the progress.</p>
3.	The excess payment balance as at 31 <sup>st</sup> December 2016 was of Rs. 320,250,815/- and no action has been taken against the erred officials in terms of Financial regulations 119 and 156, though the measures have been taken to	AO stated that the disciplinary actions will be taken in this regard.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	recover the aforesaid excess payment balance.	
4.	<p>Depositing the gratuity in the bank accounts of the pensioners with the help of banking system (SLIP) directly, not having the formal details in that regard though 17,029 pension gratuity applications which should be paid by 09.04. 2014 in relation to the years 2013 and 2014 had been received and paying pensioners the total sum including the reduction which should be recovered by the government from the provincial official who were among aforesaid 17,029 applications.</p>	<p>AO stated that Rs. 15,000 million was obtained in order to deposit the gratuity of the pensioners directly in their bank accounts under the system which was introduced through 3 state banks recently and this issue cropped up due to the fact that such sums had to be paid back to the state immediately and dues to the state were not received from the institutions in time .</p> <p>The committee informed the A.O to submit a detailed report on the Rs. 9,956,314/-, the sum paid to 182 pensioners in excess, as revealed by the sample audit test.</p>
5.	<p>Even though Rs. 9,947,965/- which was received from the contributors to the institutions has to be deposited in the consolidated fund in terms of financial regulation 170 (2) (a) (b) (c) (d) (e), Rs. 1,765,000/- had been spent to celebrate the Pensioners day 2016, without approval.</p>	<p>AO stated that the grants had not deposited in consolidated fund in terms of financial regulations due to a technical defect and the treasury approval could not be received in that regard. The committee emphasized that the state finance should be deposited in the state revenue with the proper treasury approval, notifying the treasury.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
6.	once the pension gratuity, outstanding pension salaries, death gratuity and special compensations of the minors of the pensioners were given, it should be deposited in a pass book in the name of the minor and a report should be sent to the Department of Pensions monthly basis, such institutions have not provided the benefits of the minors though long time has lapsed , and minors have reached their maturity.	CAO/AO stated that such pass books are there in the institutions and there are instances that such pensioners can't be identified and there is a difficulty in obtaining their details. CAO/AO was directed by the committee to obtain such details from Divisional Secretariats and to resolve these issues.
<b>Ministry of Fisheries and Aquatic Resources</b>		
<b>04 May 2017</b>		
1.	Non purchase of mother vessels even though the contractor should manufacture and handover the vessels within 280 days from the date of advance payment in terms of an agreement entered with Singaporean Company in year 2007 to purchase two mother vessels and Rs. 1,488, 000,000/- has been allocated and Rs. 113,556,801/- had been spent by December 2015.	CAO / AO stated that two mother vessels had not been received though Rs. 113 million had been spent. C.A.O stated that it is revealed that Rs. 65 million has been paid as an advance without bank guarantee and the files containing details such as the tender procedure of aforesaid transaction, has been misplaced.  The committee directed the CAO to hold an inquiry in to this and submit a report to the committee with the

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		observation of CAO in this regard immediately.
2.	Annual reports of year 2014 and 2015 have not been tabled in the parliament.	CAO was directed to submit a report immediately on the reasons for the failure of tabling annual reports.
3.	Not responding 16 audit quarries of year 2015 and 2016	The committee emphasizes that the audit quarries should be responded without delay and CAO /AO was directed to avoid such occurrences in time to come.
4.	Not reporting the progress to the committee, though the committee had directed to appoint a senior officer to inquire in to the matter of not achieving objectives and to have a full study on obtaining Rs. 42.04 million from Asian Development bank loans to settle Rs. 73 Millions which was rejected to be reimbursed by the Netherland aid in relation to Madu river and Negombo lagoon project and reimbursing the balance by using Ministry expenditure heads.	The CAO said there was no information can be found due to unavailability of files.  The Committee also ordered the CAO to immediately forward a report to the Committee on this matter.
5.	In terms of an agreement entered with a company to develop Hikkaduwa and Panadura Fisheries	The ministry had informed that there is no responsible person with regard to the loss.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	<p>Harbors, payment had been done reducing 12.5 % of Goods and Services taxes instead of 8 % of Turnover taxes and with regard to the case that was filed by the company to recover the loss, the loss amounting to Rs. 15,098,897/- and the interest of 8 years amounting to Rs. 11,159,159/- and Rs. 26, 258,056/- had been paid to the company in year 2010. Even though an order had been made to hold an internal inquiry to find the responsible people for the loss and to communicate the decisions that were taken, to the committee, that had not been done.</p>	<p>CAO stated that the files in this regard also has been misplaced and all the officers who worked then also have been transferred and working in other institutions.</p> <p>The committee emphasized the fact that it is the responsibility of the current CAO to submit all the accurate facts within his knowledge to the committee and the CAO and AO was directed to submit a report on the officers who worked in the Ministry, previously, in order to make further inquiries on this incident and the all the other aforementioned incidents.</p>
6.	<p>Instructions had been given to the CAO in a previous committee session to introduce a scheme to recover Rs. 106 million which was spent on renovating Mattakkuliya boat yard of Cey – Nor Foundation with the allocations made for renovating Dikowita Fisheries harbor or to establish a system in a manner that the fisher folk gets the benefits of it and to report that to the committee in that regard, and not introducing a scheme to repair the boats with</p>	<p>CAO stated that a project to manufacture 55 feet fishing boats has already been started in a manner that the fisher folks get benefits and the first fishing boat has been manufactured under that project and it is expected to manufacture 4 other boats.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	a concessionary price and the amount of money that was spent on aforesaid Boat yard is Rs. 226,026,146/- by December 2016.	
7.	<p>The total cost for the opening ceremony of Dikowita Fisheries harbor was of Rs. 26,889,165/- and the constructions and the decorations of the function hall had been assigned with a private company. Exceeding the approved sum and the agreed sum, Rs. 1,898,950/- had been paid. Supplier had estimated the cost of the commemorative plaque at Rs. 650,000/- and the procurement committee had added another Rs. 350,000/- as additional costs and paid Rs. 1,000,000/- in total, with approval.</p>	<p>CAO and AO stated that all the works of the function which was held in January 2013 had been assigned with a Private company and the expenses had been borne by the Fisheries Harbor Corporation and later the bills had been sent to the Dikowita Harbor Project.</p> <p>The committee decided to summon all the officers who are connected with aforesaid incidents and the officers who do not work in the ministry by now, along with the present officers. In order to discuss further on this incident and all the other incidents which were discussed in the committee and CAO /AO was directed to submit a report along with the observation of CAO including the list of names of the officers who were serving by 20<sup>th</sup> May and were connected with each incident.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
8.	<p>Rs. 84.84 million had been spent on the commencement of the constructions of Kaikawala Anchorage which was due to be completed by year 2015. By reason of not having the approval of Coastal Conservation Department the project had been stalled. And though it had been stalled 62 % of consultation fee, amounting to Rs. 4,379,531/- had been paid for a consultancy agency.</p>	<p>CAO /AO stated that the Coastal Conservation Department has not approved the project as it causes a huge coastal erosion, the plans have been drawn by the consultancy agency depending on a feasibility study carried out by another company, and the stipulated fee had to be paid, and as access roads have been constructed by the contractors those fees had to be paid and an advance payment of 20% also had been paid in addition .</p> <p>The committee directed the CAO / AO to submit the Feasibility study and the Environment Assessment report on this project.</p>
9.	<p>Even though Rs. 20 million that had been given to the Fisheries Harbor Corporation to remove the sand in the estuary of Panadura Fisheries harbor and it has to be settled within 10 years with the money earned by the sale of the sand, the sum had been settled by debiting to the expenditure heads by using Journal notes .</p>	<p>The committee observed that this situation has cropped up as a result of misinforming the treasury, though CAO/AO state that it was done under the instruction of the treasury.</p> <p>Committee directed the CAO/AO to submit a report after conducting a formal inquiry on this matter.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
<b>Department of Fisheries and Aquatic Resources</b> <b>04 May 2017</b>		
1.	Annual Performance reports on year 2013, 2014, 2015 and 2016 had not been prepared.	CAO/AO stated that such reports have already been prepared and the committee observed that such reports have not been tabled in the parliament and directed the CAO /AO to take measures to table such reports in the parliament as soon as possible.
2.	Rs. 4,050,000/- had been given to 7 Comparatives to introduce a circular loan scheme for the members of District Fisheries Corporative societies and retention fee of Rs. 2, 416, 563 /= which was given for 6 corporative societies had not been used for the task, concerned.	AO stated that measures are being taken to establish fisheries societies in terms of Fisheries Act and the dm Department of Fisheries is unable to manage the financial activities as fisheries corporative societies come under the purview of Provincial Council Act. And though such money is with societies they are not been utilized as a circular fund.  The committee directed CAO/AO to create a system to use this money in the respective tasks, after having deliberations with fisheries corporative societies.
3.	Rs. 26.75 million had been deposited in Bank Of Ceylon head office under Divi Neguma	AO stated that this has not been provided as a loan initially and a grace period also had been given

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	Fisheries Post Harvest Technology Circular Loan Scheme and the progress of granting loans was 45% by July 2013 and 535 beneficiaries had defaulted loans amounting to the value of Rs. 1,334,935/-.	and Rs 10 million has been returned to Ministry of Economic Development and only Rs. 10,000/- loans can be granted with the balance of Rs. 16 million and that sum is not sufficient to achieve the respective object .
4.	Even though Rs. 605 million had been allocated in year 2015 to install VMS devices in Multiday Vessels, it has not been done even by 31 <sup>st</sup> December 2016.	AO stated that as a condition, in the time of fishing ban, VMS devices were installed in 1500 vessels and C AO stated that after the fish ban was lifted tender was called to install such devices in another 3000 vessels. After a tender was selected other persons who submitted the tenders have filed cases against him and the work could not be completed.
5.	The fees that are charged from the fishermen after installing the VMS devices.	Such charges are charged as the VMS satellite charges for providing services to locate the vessel in terms of the agreement entered by 3 respective parties and the Fisher folks have been made aware of the charges.
6.	The concessions have been given to the qualified traditional vessels and one day vessels under Fishing gear concession scheme which was	The committee directed AO to submit a report immediately on the quantities of the concessions that

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	introduced with the cessation of fuel concession in 2013 and this concession has not been provided to the multi day vessels yet .	have been provided to each type of vessel under this scheme so far.
<b>Ministry of Sports and Department of Sports Development</b> <b>05 May 2017</b>		
1.	Not taking measures to obey with the direction which was given to submit a report on the progress of construction of a building with photographs which is constructed with the allocation of Rs. 500,000/- that was given to a council in Kilinochchi which is not registered with the Athletics Association .	CAO /AO stated that a report has been called from current chairman of the Athletics Association since there are no details on a building though there are information on construction of a playground with the funds of National Athletics Association.  CAO was directed to submit it before 31 <sup>st</sup> May 2017.
2.	Availability of a considerable balance in the capital allocations which were allocated in the year 2011 -2013.	CAO /AO stated that more or less , in each year though there is a capital balance in respect of several development projects that were planned for Nuwaraeliya district in 2013 they had been delayed due to unfavorable climatic conditions in 2013 and delay of petty cash and 100% of material progress could be achieved in the year concerned .

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
3.	In contravention to the State financial Circular No. 431 of 2008, purchase of air tickets from a private agent for foreign tour spending Rs. 1,262,150/- in 2012 and Rs. 8, 071,795/- in 2013.	The AO accepted that there are many discrepancies in procurements in the period 2012-2013 and the Bribery Commission is conducting investigations on the officers who have made losses by these transactions.
4.	The actions that have been taken to minimize the financial and Administrative defects and inefficiencies that had occurred in Sports clubs in 2011, 2012, and 2013.	The committee directed CAO and AO to plan a systematical program to safeguard the future of the sports clubs with the intervention of the Ministry and as unavailability of formal monitoring method has led to these inefficiencies.
5.	During the period of 2011-2015 granting Rs. 68,665,775/- to 8 sports clubs which did not submit annual accounts in contravention to the provision of the Sports Act no. 47 of 1993 and granting Rs. 271,066,000/- to sports clubs as ministerial grants under rule No 35, without fulfilling requirements.	The AO stated that these grants were made to the sports clubs and all the documents are with the department and he further stated that as many sports club fully depending on ministerial grants they have been instructed to post experienced people in the field of sports to and to have people with accounting knowledge as treasurer and to submit accounts report in proper time.
6.	400 M artificial running track which was constructed with the expense of Rs. 112 million in	Advice of the Attorney general has been sought as the track that was constructed by “Gahakola

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	<p>2011, being ruined and it is in an unusable condition after 2 months since construction. Not recording it in the depreciation document. Not informing Auditor general in terms of Financial regulation 104 (2). Publication of paper advertisement to remove the track. Spending Rs. 2, 534,503/- as inquiry costs and Transport costs that is uneconomical.</p>	<p>Enterprises” is not in a usable condition and permission has been given to reconstruct it. Accordingly, AO stated that bids have been called to construct two tracks amounting to the value of Rs. 300 million and Rs. 22 million which should be paid to Gahakola Enterprises which was failed to act in terms of the agreement, has been withheld.</p> <p>Committee emphasized that the Technical Assessment Committee also should be responsible in this regard and all the parties should make sure that they work according to conditions.</p>
7.	<p>The committee inquired in to the avoidance of the regulation of the Olympic Committee Secretary dated 18.03.2016, by making 288 observers and officers participate in South Asian games that was held on 15<sup>th</sup> February 2016, making payment amounting to USD 71,990 as temporary and compact allowances for 41 officers without written verification.</p> <p>Non submission of details of expenses for auditing.</p>	<p>CAO /AO stated that in number of occasions sportsmen, officers , and observers went abroad for this event which was there for 3 weeks and the main objective of this was to provide experience of an international event to the officers who represent various institutions. The activities of the of the officers in the field of sports were considered when the officers were selected and the circulars have been followed in paying allowances.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		It was directed to submit a report to the committee including the information on the officers who participated in the respective tour.
8.	Having a balance of Rs. 34 million out of Rs. 60 million which was allocated for “Kreedha Shakthi programme” which was started in 2011 under the expenditure head 210-2-2-1405.	CAO/AO stated that though it was planned to provide free sports items and sports dresses, with this allocations made in 2016, identifying rural level sports men and sportswomen in order to encourage them to have international achievements, there is a balance of allocations due to the delay of procurement processes and training programs for 28 sports are being conducted having selected 5000 sports men and women, embracing 25 districts.
<b>Department of External Resources</b> <b>23 May 2017</b>		
1.	Although the action plan of year 2016 had been prepared information with regard to performance had not been submitted till May 2017.	The CAO/AO stated it took considerable time to summarize the information of the projects and this report could be presented to the Auditor General within the next few days.
2.	The tasks and functions of the Department of External Resources	The CAO/AO stated that this department is an “A” listed department and activities such as

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>holding discussions and reaching agreements with foreign development partners and donor groups on obtaining foreign loans and aid, gaining approval for loan agreements, enacting of those agreements, subsequent to obtaining financial aid coordinating the financial management of those programmes, obtaining foreign education opportunities and maintaining a data base on loans are being carried out by this department.</p>
3.	<p>A problematic situation has occurred when calculating the debt due to not reporting of the loans obtained outside the Department of External Resources and from various other institutions.</p>	<p>When inquired whether foreign loans can be obtained outside of this department and from various other institutions, the CAO/AO in his reply said direct loans can be obtained on the guarantees of the Treasury Operations Department and information regarding these loans are not with the Department of External Resources. In addition the CAO/AO said the investments made by foreign investors in treasury bonds should be considered as foreign loans. Furthermore, the CAO/AO also stated that discussions are underway to bring the data regarding these loans under a single institution and this institution will be functional after it is incorporated from a bill. The CAO/AO further</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>pointed out that in terms of Section 113 of the Monetary Law Act, the Central Bank is responsible for the management of the public debt and the Central Bank has been given the access to the data bank of the Department of External Resources.</p> <p>The CAO /AO said measures are underway to draft a bill for this purpose and it would provide provisions to coordinate activities such as obtaining foreign loans, maintaining a data bank and settling of debt.</p>
4.	The progress of the Light Rail Transit (LRT) project carried out under the aid provided by JICA.	The CAO/AO stated that this project could be started by February 2018 and the feasibility study is expected to be completed by the end of 2017. The CAO/AO also said the Monorail project which was proposed earlier was rejected as it was expensive and instead the LRT project is now being implemented.
5.	Public Investment Programme (PIP) defunct at present.	The CAO/AO said according to the priorities listed under the project, foreign loans and aid are being utilized to develop infrastructure facilities and this programme was defunct from year 1999/2000 and it had been planned to develop common infrastructure facilities in a systematic manner. The CAO/AO

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		further stated that this project had been prepared with the objective of developing infrastructure facilities required for Foreign Direct Investments and the ports as well as the airports situated in a country being linked through an extensive road network is a must to attract Foreign Direct Investments.
6.	The role of Department of External Resources when obtaining foreign scholarships.	The CAO/AO said that the Department of External Resources acts as a mediator in this process and it recommends the candidates selected by relevant institutions for the scholarships and inform the relevant ministries, departments, corporations and companies about such opportunities while frequently focusing attention on foreign scholarships. The CAO /AO also stated selecting suitable candidates are done by foreign institutions. The CAO/AO further said however, maximum benefits are not reaped from these opportunities as there are certain instances where candidates selected by ministries, departments, corporations and companies are being rejected by foreign institutions and on certain occasions they even neglect selecting a candidate.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
<b>Ministry of Higher Education and Highways</b>		
<b>24 May 2017</b>		
1.	Failure to take action against persons who are responsible for the delays in foreign funded construction projects, in terms with the regulations issued at the Committee on Public Accounts on 25 September 2014.	The CAO said his Ministry is unable to take an action against such officials since those officials who were attached to foreign funded projects have left the relevant institutions soon after the projects are completed. While stating that the committee is not satisfied with the reply, it ordered the Secretary to the Ministry of Finance to submit a report on the delays in foreign funded projects and non-availability of relevant documents when a progress review is done, whether there is a mechanism to take action against officials responsible as well as whether there are circulars sent by the Ministry of Finance.
2.	In 2012-2013, the underutilization of capital allocations were ranging from 29% to 50% and out of the capital allocations made in 2016, Rs.2352 million, which is 32% being unutilized and not utilizing Rs. 793 million for 8 expenditure items in 2016.	The CAO stated although the allocations had been made, not releasing money when required had resulted this situation. It was also revealed that the treasury faces difficulty in cash management since the ministries forward their cash requests mostly at the end of the year although the treasury receives a same flow of cash every month.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
3.	The balance of the deposits withheld in the General Deposits Account exceeding 2 years was Rs. 5.5 million by 31 December 2015 and the balance with regard to assessment activities of non-state universities withheld in the General Deposits Account exceeding 2 years was Rs. 12 million by 31 December 2016.	The CAO said this deposit is being maintained to make the payments done at the end of an assessment of a degree course and as transport allowances for the lecturers who take part in assessment activities. The committee ordered to submit a report about the courses of which assessments are taking place currently.
4.	A payment of Rs. 117,159/- had been made in year 2014 for an officer of the Ministry of Higher Education employed on contract basis, who went abroad for the Ministry of Sports, as a casual allowance and warm cloth allowance and that payment has not been recovered from the Ministry of Sports.	The CAO explained this officer had served as the Director General of Sports and Skills Division of the Ministry of Higher Education and was as an Olympic medalist as well and therefore considering the benefits that can be reaped when he represents the Higher Education Ministry while taking part in a foreign visit, this payment has been made as a casual allowance and warm cloth allowance.
5.	Although, the maximum number of official vehicles allocated for the use of Ministers and Deputy Ministers as well as for security purposes is 3, according to section 3(1) and 4(1) of the Circular titled Management of Public Finance dated 14 May 2010, exceeding that limit 7 vehicles had been provided in year 2014 while exceeding the	The CAO said the security provided to the relevant Minister had to be increased due to the problematic situation that occurred during this period and official vehicles had to be provided for the duties of the officers attached to the staff as they had to respond to the queries made by the Parliament with regard to various

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	monthly fuel allowance fuel worth Rs. 1,029,380/- had been reimbursed and that amount had not been recovered from the relevant parties.	projects although 3 official vehicles were used in line with the circular.
6.	In year 2014, the payment for utility bills had been reimbursed surpassing the annual allocation made to the Minister, although the additional amount of Rs. 833,460/- had not been recovered.	The CAO stated when the house rent allowance of Rs. 50,000/- being paid, which Ministers are entitled according to the circular 10/2007 (1) dated 5 March 2009, meetings had to be held with university lecturers frequently to solve the issues existed in universities at that time and in order to reduce the expenses they were held at the Minister's official residence and since the Minister informed to only reimburse the utility bills during this period instead of paying the house rent allowance, the water and electricity bills were reimbursed under the approval of the Secretary to the Ministry of Public Administration.
7.	Two Pakistani students who registered at the Faculty of Agriculture of the University of Peradeniya for the academic year 2012/2013 under the Presidential Scholarship programme of the Sri Lankan government later were registered as medical students of SAITM and the Ministry had borne	The CAO said these Pakistani students who were selected under the programme to award scholarships to foreign students had applied to enter the Faculty of Agriculture of the University of Peradeniya and its administration agreed to enroll them. Even after acquiring hostel facilities following their arrival in the country,

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	Rs. 3 million from 2012 to June 2017.	their registration was cancelled due to an internal administrative issue. Since this could have an impact on the diplomatic relations between Pakistan and Sri Lanka, attempts were made to enroll them for some other course although they had been futile. It is at this juncture the SAITM institute came forward and offered scholarships for the students to study medical science. The CAO further stated that however he did not paid any course fees to the SAITM as they were covered from the scholarships and under the programme to award scholarships to foreign students, hostel facilities, a monthly food allowance and the travel advances which is paid once, was given. The committee order the CAO to submit a detailed report in this regard.
8.	Retaining a balance of Rs. 586.2 million in the bank accounts even by the end of year 2016, without spending the total cash imprests given for 11 universities by the treasury, under the annual estimated allocations.	The CAO said the withheld money that should be paid to State Engineering Corporation for constructing a building to the Bhikku University, were not released due to the lapses in the project and that amount is also included here. It was revealed at the committee that since the allocations were made to a relevant university if it could not be spent to fulfill the relevant

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		requirement, there is no possibility to withhold that money in bank accounts as it could be transferred to some other project. The CAO was ordered to report to the committee on what basis the money had been withheld.
9.	Although the ministry was provided with Rs.3165 million and Rs.2256 million in the years of 2015 and 2016 respectively to implement projects under local and foreign loans, Rs. 710 million and Rs. 896 million had not been utilized in the years of 2015 and 2016 respectively.	The CAO after elaborating about the projects carried out in several state universities under Indian and Japanese grants, further explained that the delays in grants had resulted delays in projects and the progress of the project at present and ways the unutilized money have been utilized.
10.	Construction of a hostel comprised of 100 rooms, under the project to build 60 hostels within universities in order to increase the number of students who have hostel facilities from more than 12,000 under the 2015 annual action plan of the ministry, had been begun at Weligaththa area in Hambanthota in year 2013 at a cost of Rs. 219 million. Since it was decided not to establish the Faculty of Bio Technology affiliated to the University of Colombo as proposed, it has been used to provide hostel facilities to 30	The CAO stated that construction of the proposed hostel facility for the Faculty of Bio Technology affiliated to the University of Colombo at Weligaththa in Hambanthota was carried out at the request of the Vice Chancellor of the University. The committee inquired as to why a hostel was constructed prior to the establishment of the faculty.  The Auditor General was informed to identify the officials responsible and report to the committee and ordered the CAO to inquire and report as to how this hostel can be

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
	students who are studying at the Institute of Agro Technology and Rural Sciences maintained there.	used productively if a faculty is unable to be set up for this facility.
11.	Although the construction of the above project should have been completed by 31 December 2015 as an urgent project, as at April 2017 work of most of the hostels had been completed and the number of hostels that were not handed over for the students' use was 11.	<p>The CAO said that under this project only the hostel building is constructed and the universities are responsible in supplying equipment and other facilities. However, due to the difficulties in meeting those requirements the hostels could not be vested with students even though the construction was completed.</p> <p>The committee ordered the CAO to submit a report on the number of students in each university, the number of students with hostel facilities and a separate report on the present status of the 11 hostels that are yet to be vested in students and the time period of when they can be handed over.</p>
12.	In the event that no funds had been allocated in the 2014 annual estimated allocations, the ministry has spent Rs. 21.5 million for promotional activities in electronic and print media from the budget of the hostel.	The CAO pointed out as it is the responsibility of the ministry to make public aware of such projects and since a small percentage of the project allocation can be spent for other activities related with the project, these expenditures were borne for the promotional activities of project.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		<p>Since it was the opinion of the auditors that allocations of the project cannot be spent without an approval and separate allocations should have been obtained if it was required for promotional activities, the committee ordered the CAO to report on what basis the money had been spent.</p>
13.	<p>The present status of the proposal to establish a medical faculty at the University of Sabaragamuwa.</p>	<p>The CAO stated there was a proposal to establish a medical faculty affiliated to the University of Sabaragamuwa and although it was proposed to be included in the budget proposals it was not included. It was also revealed at the committee that a 25 acre land had been purchased from Ratnapura. The CAO was ordered by the committee to report how this proposal came up and who presented it after examining the documents in this regard.</p>
14.	<p>Whether requests have been made to the Ministry of Higher Education asking the ministry to give the recognition of the Sri Lanka Medical Council to the students who have passed out from the Chittagong medical faculty, which has been currently banned by the Medical Council of Bangladesh for not having approved standards.</p>	<p>The CAO stated that the recognition given by the Medical Council of Bangladesh to the medical college was cancelled as it was not satisfied with the standards of the relevant medical college. The CAO disclosed he and the officials of his ministry met with the Education Minister of Bangladesh and asked for his assistance to provide required</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee</b>
		facilities to the medical college and give back the recognition it had earlier and it would eventually address the issues faced by Sri Lankan students who are studying at that medical college.

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