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(First Session)

FIRST REPORT

From
The Committee on Public Accounts

Presented by
Hon. (Dr.) Sarath Amunugama
Chairman of the Committee

On 25th July 2013

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First Session of the Seventh Parliament

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PREFACE

The Committee on Public Accounts (COPA) of Sri Lanka was established on 26 October 1921. In most of the countries, Committee on Public Accounts is the oldest and the most significant Parliamentary Standing Committee. Similarly in Sri Lanka, the COPA is the oldest parliamentary committee.

As an Oversight Committee the Committee on Public Accounts plays a very important role in assisting the respective Parliaments to ensure the accountability to the public finance as people's representatives. The primary duty of a Committee on Public Accounts is to review the reports of the Auditor General and other information including performance reports and examine respective Public Officers to ensure the accountability. The COPA is expected to report its findings and make its recommendations to the Parliament from time to time.

More than 500 Institutions come under the purview of this Committee. They are all Ministries and Departments, Provincial Councils, District and Divisional Secretariats, Urban Councils, Pradeshiya Sabhas, and some Institutions which come under the Presidential Secretariat and some Funds as well as Foreign Funded Projects.

The control over public finance is vested in the Parliament by section 148 of the Constitution which is now in operation. The COPA is the most significant arm of executing this power as an Oversight Committee. This power is also executed by the Committee on Public Enterprises which is the other Oversight Committee, at present in operation.

One of the main objectives of the Committee on Public Accounts is to examine whether the Administration/ Management structure of the government had satisfactorily carried out the responsibilities entrusted upon these institutions efficiently, effectively and transparently during the time frame they were expected to complete those Projects, Programmes and other administrative activities in accordance with Government Rules and Regulations mainly Administrative and Financial Regulations.

It should be understood that Auditor General's Department's responsibility is to identify lapses, irregularities and mismanagements in government institutions with a view to correct them and to see whether the government obtain Maximum Return for the investments that are incurred or in other words Value for Money.

However, it is believed that some of the public servants are of the view that Auditor General's Department is a hostile organization trying to find ways and means of allocating blame on their institutions.

The Committee on Public Accounts with the assistance of the Attorney General's Department and other relevant institutions examine those issues that had arisen during the implementation stages, whether they were executed with care and proper supervision and completed within the time schedule according to Administrative and Financial Regulations or whether there were other issues beyond the control of Implementing Agencies and if so how best they could be sorted out for future efficient management in the interest of the general public.

REPORT

The Committee on Public Accounts (COPA) for the First Session of the Seventh Parliament is pleased to present its first Report to Parliament.

The COPA for the First Session of the Seventh Parliament was nominated by the Committee of Selection in terms of the Standing Orders of the Parliament of Sri Lanka and was announced in the House on 20 May 2010.

The Committee met for the first time on 08 June 2010 and has been sitting thereafter on a regular basis to examine the Government Institutions in terms of the Parliamentary Standing Order No. 125.

This Report covers the period from 08 June 2010 to 31 December 2011. During this period the Committee examined 69 Government Institutions based on the Audit paragraphs reported in the Auditor General's Reports from 2005 to 2009 and excesses, shortfalls, non compliances & unauthorized working losses reported in the Auditor General's Reports 2009 and also the Current performance in respect of those institutions.

Government institutions examined during the entire period are indicated below.

Government Institutions Examined

No	Name of the Institution	Line Ministry	Date of the Examination
01	Ministry of Local Govt. & Provincial Councils		03.08.2010
02	Department of Forest	M/ Environment	17.08.2010
03	Department of Debt Conciliation Board	M/ Justice	18.08.2010
04	Department of Technical Education & Training	M/ Youth Affairs	19.08.2010
05	Ministry of Traditional Industries & Small Enterprise Development		07.09.2010
06	Ministry of Technology & Research		08.09.2010
07	Ministry of Resettlement (Excesses – in the Year 2009)		09.09.2010
08	Ministry of Social Services (Shortfall - in the Year 2009)		09.09.2010

No	Name of the Institution	Line Ministry	Date of the Examination
09	Government Factory (Excess/Shortfall - in the Year 2009)	M/ Construction Engineering Services, Housing & Common Amenities	09.09.2010
10	Ministry of Ports & Aviation		23.09.2010
11	Ministry of Power & Energy		24.09.2010
12	Department of Agrarian Development	M/ Agriculture	05.10.2010
13	Department of Probation & Childcare Services	M/ Child Development & Women's Affairs	05.10.2010
14	Ministry of Fisheries & Aquatic Resources Development		06.10.2010
15	Department of Fisheries & Aquatic Resources	M/ Fisheries & Aquatic Resources Development	06.10.2010
16	Ministry of Environment		07.10.2010
17	Department of Upcountry Peasantry Rehabilitation	M/ Economic Development	07.10.2010
18	Ministry of Public Administration & Home Affairs		19.10.2010
19	Registrar General's Department	M/ Public Administration & Home Affairs	19.10.2010
20	Ministry of National Heritage & Cultural Affairs		21.10.2010
21	Department of National Archives	M/ National Heritage & Cultural Affairs	21.10.2010
22	Ministry of Mass Media & Information		09.11.2010
23	Department of Govt. Information	M/ Mass Media & Information	09.11.2010
24	Department of Coast Conservation	M/ Ports & Aviation	10.11.2010
25	Department of Public Trustee	M/ Buddhasasana & Religious Affairs	23.11.2010
26	Department of Examination	M/ Education	24.11.2010
27	Department of Archeology	M/ National Heritage	25.11.2010
28	Department of Census & Statistics	M/ Finance & Planning	30.11.2010

No.	Name of the Institution	Line Ministry	Date of the Examination
29	Department of Legal Draftsman	Presidential Secretariat	06.12.2010
30	Department of Food Commissioner	M/ Co-operatives & Internal Trade	07.12.2010
31	Department of Labour	M/ Labour & Labour Relations	06.12.2010
32	Department of Rubber Development	M/ Plantation Industries	04.01.2011
33	Department of External Resources	M/ Finance & Planning	05.01.2011
34	Department of Official Languages	M/ National Languages & Social Integration	20.01.2011
35	Department of Export Agriculture	M/ Minor Export Crop Promotion	08.02.2011
36	Department of Prisons Re-examination	M/ Rehabilitation & Prison Reforms	10.02.2011 05.05.2011
37	Department of National Museums	M/ National Heritage	23.02.2011
38	Department of Co-operative Development	M/ Co-operatives & Internal Trade	08.03.2011
39	Department of Land Commissioner General	M/ Land & Land Development	22.03.2011
40	Department of Animal Production & Health Re -examination	M/ Livestock Development & Rural Community Development	23.02.2011 07.06.2011
41	Department of Irrigation Re- examination	M/ Irrigation and Water Resources Management	24.03.2011 07.06.2011
42	Department of Government Analyst Re-examination	M/ Justice	05.04.2011 05.05.2011
43	Department of Police	M/ Defence	06.04.2011
44	Department of National Zoological Gardens Re- examination	M/ Economic Development	03.05.2011 23.11.2011
45	Department of Excise	M/ Finance & Planning	04.05.2011
46	Department of Foreign Aid & Budget Monitoring	M/ Finance & Planning	25.05.2011
47	Department of Meteorology	M/ Disaster Management	08.06.2011
48	Sri Lanka Navy	M/ Defence	09.06.2011

No.	Name of the Institution	Line Ministry	Date of the Examination
49	Office of the Leader of the House of Parliament		21.06.2011
50	Office of the Leader of the Opposition of Parliament		21.06.2011
51	Department of Valuation	M/ Finance & Planning	22.06.2011
52	Sri Lanka Air Force	M/ Defence	23.06.2011
53	Sri Lanka Army	M/ Defence	05.07.2011
54	Sri Lanka Customs	M/ Finance and Planning	06.07.2011
55	Department of Inland Revenue Re- examination	M/ Finance and Planning	07.07.2011 09.08.2011
56	Ministry of Indigenous Medicine		09.08.2011
57	Ministry of Parliamentary Affairs		11.08.2011
58	Ministry of Land & Land Development		23.08.2011
59	Department of Import & Export Control	M/ Finance and Planning	24.08.2011
60	Ministry of Petroleum Industries		25.08.2011
61	Office of the Parliamentary Commissioner for Administration		07.09.2011
62	Ministry of Co-operatives & Internal Trade		20.09.2011
63	Ministry of Water Supply & Drainage		21.09.2011
64	Ministry of Foreign Employment Promotion & Welfare		22.09.2011
65	Department of National Planning	M/ Finance and Planning	06.10.2011
66	Ministry of Buddhasasana & Religious Affairs		18.10.2011
67	Department of Fiscal Policy	M/ Finance and Planning	19.10.2011
68	Department of Commerce	M/ Industry & Commerce	20.10.2011
69	Parliament of Sri Lanka		08.11.2011

General Observations on Government Institutions

There had been General Observations common to many Government Institutions. They are listed in the Schedule 1.

Major Observations on individual Government Institutions

The Committee observed several deficiencies relating to each of the above Government Institution which are listed in the Schedule 2.

Above observations are made on the position prevailed at the time of examination.

Schedule 01

General Observations on Government Institutions

At the inception, the Committee on Public Accounts would like to report to Parliament on very important observation made by the Committee throughout these examinations. There were a considerable number of issues discussed which were common to many government institutions and they are listed as general observations. These issues are serious in nature which need immediate remedial actions since they make an adverse impact on effective functioning of government institutions. Moreover, the effectiveness of the already set guidelines to be followed is a question to be addressed.

The Committee also gives its recommendations in respect of each and every common lapse with a firm belief that all concerned parties would follow them without considering these as mere reporting.

1. Delays in Presenting Annual Action Plan

Out of the 69 Institutions examined, 20 had not paid attention to the basic requirement of annual planning. Some institutions had not prepared Annual Action Plans for several years while others had not presented their Annual Action Plans in time for them to commencing the implementation of programmes in the beginning of the financial year. No institution can be effectively run without a plan.

Department of Legal Draftsman was reported to be not preparing Annual Action Plans since 2005 and the Department of Public Trustee had not prepared its Annual Action Plans for 2008, 2009 and 2010 as at the date of examination. Sri Lanka Air Force and Sri Lanka Navy had not prepared that from 2005 to 2010 due to the war prevailed in the country during that period.

Recommendations

Every institution should prepare a well formulated Annual Action Plan before the beginning of the relevant financial year thereby, giving sufficient time for Technical Officers and other relevant officers to commence their development programmes in early January. This plan should be the basic document to be referred in achieving the objectives of the institution.

There should be periodical performance review systems, at least once in three months to monitor the progress of work and to attend to other related issues that arise during

the implementation period so that financial disbursement activities and other related issues could be sorted out without delays. This mechanism could facilitate achieving targets easily according to time schedules.

2. Delays in tabling of Performance Reports

The following government institutions were not able to table Annual Performance Reports in conformity with the Public Finance Circular No. 402 of 12 November 2002.

Departments of Prisons, Rubber Development, Export Agriculture, Sri Lanka Customs and the Ministries of Petroleum Industries, Foreign Employment Promotion & Welfare and Office of the Parliamentary Commissioner for Administration had not tabled their reports for several years as at the date of examination.

Recommendations

Every government institution should prepare and table Annual Performance Report in conformity with the Public Finance Circular No. 402 of 12 November 2002 within the prescribed time period. Accurate information and statistics of the progress should be included in that report. This is one of the important measures showing the accountability towards the people and establishing democracy for which the people are entitled to enjoy.

3. Recovery of Loan balances

This issue was observed in 36 institutions. A large amount of money due to these institutions has not been recovered. There had been outstanding Loan balances from officers who had been transferred, vacated their posts, been interdicted, retired and died. One major reason for this was stated as difficulty in finding out details of the officers who had been transferred to other institutions, especially to the Provincial Councils. Although there is a set mechanism to take over the due loan balance by the department for which the officer is transferred, this mechanism is not followed.

In some Institutions there had been loan balances remaining outstanding over a long period. There were several instances where Distress Loans had been granted taking Agrahara Insurance Scheme as the guaranty and that the acceptable strategies had not been provided to claim the loan balances from the Agrahara when the agreements were breached.

In the Departments of Forest, Agrarian Development, Examinations, Food Commissioner,

Police and also in the Sri Lanka Navy and Sri Lanka Air Force loan balances to be recovered were reported in millions.

Recommendations

Timely action should be taken to recover the loans and all records pertaining to the loans should be maintained and updated properly. It is also recommended to identify the difficulties in recovering the loan balances and to find a remedy. The Committee emphasizes the need of a common mechanism to simplify the recovery of loans.

The Treasury was informed to introduce a system to arrest this situation, and also to formulate a system where Agrahara Insurance Scheme could be considered as a guaranty, in an effective manner. The officials of the Treasury were instructed to issue a circular enabling the recovery of dues from retired officers from their monthly pensions of those who had taken loans.

The Treasury was also directed to find a mechanism to grant loans to the state officers by the Treasury as a centralized unit rather than giving such burden to the individual state institutions.

4. Vacancies in Institutions

During the examinations, 32 institutions had been identified as institutions suffered from unfilled vacancies for a considerable period of time. Although the cadre provisions were available, these institutions have failed to fill the vacancies in time, there by creating many problems to such institutions.

This had affected the performance of those Institutions. It was revealed that filling of vacancies had been hindered by certain circulars issued by the Ministry of Public Administration and the rigid policy maintained by the institutions such as Ministry of Public Administration, Department of Management Services and Salaries & Cadre Commission. Number of vacancies was very high in the Departments of Prisons, Registrar General, Sri Lanka Customs, and in the Ministry of Indigenous Medicine. 3772 vacancies in Services and 607 vacancies in civil grades were reported in the Sri Lanka Air Force as a result of increased cadre during the war period, which should be revised by now. Out of the many institutions that had been badly suffered by this issue the Financial Management Section of the Department of Commerce in which a large number of vacancies existed had created severe shortcomings.

Recommendations

The Chief Accounting Officers and Accounting Officers should get the attention of the responsible institutions with regard to the providing of necessary staff and, the Ministry of Public Administration and the other related institutions should also maintain a relaxed policy towards the filling of vacancies.

5. Under Utilization of provisions

In many institutions there had been high amount of under utilization of budgetary provisions especially under Capital expenditure. In few cases this was due to delay in releasing imprest from the Treasury. Another reason for this was due to unrealistic projections when preparing Annual Estimates. This situation should be considered seriously because, if there had been a realistic estimate the Treasury could have been able to make use of this money for a better purpose.

This issue was prominent in the Ministries of Traditional Industries & Small Enterprise Development, Technology & Research, Ports & Aviation, Power & Energy, Land & Land Development and the Departments of Police, External Resources and the Foreign Aid & Budget Monitoring.

It was also observed that a considerable number of foreign funded projects have fallen into the category of “behind the schedule” due to under utilization of funds. This is an alarming situation as these fundings are closely monitored by the donor agencies and could badly affect the future funding negotiations.

Underutilization of assets such as buildings and equipment had created many problems to many institutions. Many such cases have been reported from the Department of Export Agriculture, Department of Animal Production & Health.

Recommendations

As the Government allocates money to the Institutions with much difficulty, it is the responsibility of such departments to make maximum utilization of such money. Idling money in this manner hinders the development of the country. Therefore it is needed to exercise proper planning and budgeting when preparing the Annual Estimates.

Completed buildings should not be abandoned or neglected. If the relevant department does not need such building they should immediately make arrangements to hand them over to other department which needs building space. These issues could be sorted out at District or Divisional coordinating committee level.

6. Delay in conducting Boards of Survey

Out of the 69 Government institutions examined, this shortcoming relates to several institutions.

In the Department of Public Trustee, Boards of Survey had not been conducted in the years 2005, 2006 and 2007 where the Ministry of National Heritage & Cultural Affairs had not conducted them in 155 cultural centres as at the date of examination. The Department of National Museums had not conducted Boards of Survey with regard to books & publications due to lack of man power.

Recommendations

All Government Institutions should conduct Annual Boards of Survey timely as it can be a serious weakness in controls, and also might lead to various fraudulent activities.

7. Balances remaining for a long period in the General Deposit Account

There had been several instances where balances remained for a long period in the General Deposit Account.

This issue was reported in the Ministries of Power & Energy, National Heritage & Cultural Affairs and also in the Departments of Coast Conservation, Co-operative Development and Sri Lanka Air Force.

Recommendations

Attention should be paid to settle this matter as it is a failure to comply with the Financial Regulations.

8. Audit & Management Committees

Several Government Institutions had failed to establish and effectively conduct Audit and Management Committees which resulted in poor controls especially in the Financial Management.

As far as the Department of Legal Draftsman is concerned, only two committee meetings

As far as the Department of Legal Draftsman is concerned, only two committee meetings had been held in 2009 while no meeting had been held in 2010. Ministry of Co-operatives Development had not held required number of committee meetings from 2005 to 2010 but has started to hold them from 2011. In the Department of Commerce, only 04 meetings had been held from 2005 to 2010, which was very much lower than the requirement, owing to the fact that the Department was under several ministries. Accepted requirement is that every department should hold this meeting quarterly.

Recommendations

All Government Institutions should establish Audit and Management Committees meetings on a very regular basis. They should meet at least once in a quarter. All the institutions need to understand the impact that Audit and Management Committee could make towards the efficiency and the effectiveness of the institution.

9. Internal Audit Units

Some Institutions had not established Internal Audit Units at all and in some institutions the Internal Audit Units are not functioning properly. The department which has an effective Internal Audit Unit could reduce the number of audit queries and reduce the work load of the Auditor General and the burden of the Committee on Public Accounts.

It was reported that there were no adequate staff in the Internal Audit Unit of the Ministry of Public Administration & Home Affairs which should be strengthened without any delay, since the Ministry has number of offices to be monitored island wide. Those units were not functioning properly in the Ministry of Buddhasasana & Religious Affairs and in the Department of Public Trustee. The Departments of Government Information and Zoological Gardens had not established the Internal Audit Unit as at the date of examination.

Recommendations

Proper functioning of Internal Audit Unit is very necessary in order to have healthy financial control.

Heads of departments should take steps to establish and activate Internal Audit Units in their respective departments and provide facilities for them to function effectively.

10. Not Revealing information to the Auditor General to get matters sorted out at the preliminary level

In several occasions it was observed that several Institutions had not provided correct and adequate information at the preliminary level where the issues can be settled without including them in the reports of the Auditor General. This was observed in the Ministries of Traditional Industries & Small Enterprise Development, Mass Media & Information and in the Departments of Forest, Fisheries & Aquatic Resources and the Sri Lanka Air Force. If this was properly executed, the burden of the Committee on Public Accounts could also be minimized.

Recommendations

It is imperative that all institutions should provide facilities and other necessary information to Auditor General's staff and maintain good relationship with them. The Auditor General is empowered by the Constitution to go into any kind of official document, stores or question any person in carrying out his duties.

The Auditor General's staff such as Superintendents of Audit and their assistants who are attached to departments and institutions also should meet and discuss issues related to those institutions with such Heads of Departments or local Heads of Institutions and sort out minor issues rather than working in isolation and reporting all matters to Auditor General for necessary action.

11. Arrears of Revenue

During this period, the Committee examined few departments which collect revenue, such as the Departments of Excise, Inland Revenue and Sri Lanka Customs. Weaknesses in the revenue management were observed in all these institutions.

In the Department of Excise, revenue to be collected in respect of two revenue accounts had gone into arrears amounting to Rs.529,315,117 of which Rs.458,977,361 had been more than 04 years old as at the date of examination.

In the Sri Lanka Customs, it was reported that, arrears of revenue had increased heavily from Rs.03 billion to Rs.09 billion during 2005 to 2010 due to releasing of imported goods for government projects under provisional entries as ordered by the Department of Fiscal Policy. Further more, 04 companies had not paid excise duty amounting to Rs.172,781,322.

Department of Fiscal Policy had not included revenue of Rs.565 million in the revenue account in 2005, where the Committee stated that this kind of unsettlements leads to government revenue to be calculated erroneously by millions.

Recommendations

It is very essential to have a sound accounting system and a proper reporting system as required by the FRR and Treasury circulars respectively. It is also a responsibility of these institutions to establish well organized data collection systems in order to overcome this issue. Necessity of implementing a proper monitoring system is another very important factor that Committee emphasized.

Further more, the Treasury should be provided with correct figures especially with regard to revenue, since it highly contributes to their budget management process.

12. Non maintenance of Fixed Asset Register and Losses & Damages Register

It was observed that several institutions had not maintained these registers or not maintained them properly, in terms of the Financial Regulations and Circular instructions. The Ministry of Buddhasasana & Religious Affairs was reported as not to having maintained both these two registers. Department of National Archives had no Fixed Assets Register up to August 2010. The Ministry of Fisheries & Aquatic Resources Development had not included the losses amounting to Rs.503,355 in their Losses & Damages Register.

Recommendations

In the Asset Management, it is very necessary to maintain complete and up dated Fixed Asset Registers and Losses & Damages Registers in conformity with the FRR and Circular instructions. Necessary action should be taken with regard to variances if reported any, after conducting Annual Boards of Survey in time.

Schedule 02 — Major Observations on Individual Institutions

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>1. Ministry of Local Government & Provincial Councils August 03 2010</p>	<p>1 The commitments had exceeded the provisions in the years 2005, 2006 & 2009 and the commitments had not been disclosed in the years 2006 & 2009.</p> <p>2 Disciplinary action had not been taken against the former Media Secretary who was responsible for the accident of the vehicle bearing No. PB 2303 in 2009.</p> <p>The former Media Secretary had driven his official vehicle without written permission and had done repairs personally after the accident.</p>	<p>1 The Ministry had done a methodology error and covering approval should have been taken for the commitments. Directed to take action against the officer who was responsible for this issue and report back to the Committee.</p> <p>2 A loss or damage was directed to be recovered from the former Media Secretary.</p>
<p>2. Department of Forest (M/ Environment) 17 August 2010</p> <p>contd.</p>	<p>1 Difference between the estimated and the actual revenue was observed. This was due to use of two types of formulae by the Dept. and the Timber Corporation when calculating stumpage.</p> <p>2 There had been a loan balance of Rs.2.7 million as at year 2009 and it had been coming from the year 1986.</p>	<p>1 The CAO/AO stated that now the matter had been solved as a general formula had been introduced under the guidance of the Treasury.</p> <p>A report should be submitted regarding this matter within 2 Weeks.</p> <p>2 Outstanding balances of the officers who had been transferred, interdicted and retired should be recovered and a detailed report should be submitted after recoveries had been done including outstanding balances with the names of the responsible officers.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Forest	3 Out of the vehicles purchased to a foreign funded project, 03 vehicles had been released to the Ministry and 01 vehicle had been released to the Dept. of Wildlife. Rs.1.2 million had been incurred on repairs and maintenance work of those vehicles by the Dept. which were used by the Dept. at that time.	3 Directed to look into this matter, as this practice is illegal.
3. Department of Debt Conciliation Board (M/ Justice) 18 August 2010	1 1139 complaints had been pending for inquiry by the end of the year 2009.	1 The CAO/AO stated the Dept. had taken action to expedite the disposal of the cases having decentralized the process. The Committee directed the CAO/AO to intervene the matter to expedite the disposal and report back to the committee.
4. Department of Technical Education & Training (M/Youth Affairs) 19 August 2010 contd..	1 Goods worth of Rs.530 million had not been properly inventorized including 02 Nos. of X trail Model motor vehicles and a set of computers had also been misplaced in Kalutara Technical College. 2 The importance of increasing of the intake of students to the Ceylon German Technical Training Institute. 3 Due to various reasons, there had been a considerable number of students drop out from the Technical Colleges.	1 Boards of Survey should be conducted in all the Technical Colleges inventorizing the assets purchased in each year and a report should be submitted in this regard to the Committee as well as to the Auditor General. 2 The capacity of the existing college should be increased or branches should be established. 3 Directed to review the situation and introduce a new scheme to overcome this problem.

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Technical Education & Training	<p>4 There had been a shortage of academic staff and most of them had not been working for more than one or two hours per day. These two reasons also caused the drop out rate of students.</p> <p>5 Technical education courses had not been conducted outside the North and East even though 50% of the Tamil people live in other parts of the country.</p>	<p>4 The Committee directed to review the situation and utilize the maximum capacity of qualified lecturers.</p> <p>5 It was stated that, though the Dept. had up graded the most of the Technical colleges, the Dept. had a problem in recruiting Tamil and Sinhala academic staff.</p> <p>Directed to see whether the Dept. could recruit resource personnel or to increase the salaries in consultation with the Secretary to the Ministry of Public Administration.</p>
<p>5. Ministry of Traditional Industries and Small Enterprise Development</p> <p>07 September 2010</p> <p>contd..</p>	<p>1 Provisions under 08 objects amounting to Rs.53,365,843 ranging from 20% to 99% had been saved.</p> <p>2 Out of the 25 million given by the Export Development Board from the Cess Fund, Rs.12 million had still been retained in the General Deposit Account. This Cess fund had been given to develop the industry.</p>	<p>1 There had been a delay in releasing the imprest from the Treasury under these object codes, but the Auditor General had considered the budgeted provision.</p> <p>The Committee directed to report the correct situation, when replying the audit queries to avoid this kind of issues.</p> <p>2 Proposals should be introduced to utilize these funds.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Ministry of Traditional Industries and Small Enterprise Development	<p>7 There had been misappropriation of funds with regard to the Ampara, Uhana, Maligatenna Clay Products Projects.</p> <p>8 Some employees had been deployed in the Sub Office in Kurunegala, without assigning any specific functions and paid Rs.954,653 as salaries.</p> <p>9 (i) Entire provision of Rs.152,270,000 made under 3 expenditure items had not been spent.</p> <p>(ii) Out of the 5 million provided for Bamboo cultivation project, Rs.4,851,119 had not been utilized.</p>	<p>7 The CAO stated that the District Secretary had carried out an inquiry against the officer responsible. Directed to take disciplinary action against the officer if he had done this fraud purposely.</p> <p>8 Immediate action should be taken to wind up this office if it is not required and report back to the Committee.</p> <p>9 (i) The CAO was directed to look into the matter.</p> <p>(ii) The Committee directed the CAO to look into the matter.</p>
<p>6. Ministry of Technology & Research</p> <p>08 September 2010</p> <p>contd..</p>	<p>1 The CAO was enquired about the action taken to recover the outstanding loan balances.</p> <p>2 The Bio gas electricity generator which had been brought for demonstration purposes had been idling. Therefore a private party had used it at its own cost.</p>	<p>It was stated that most of these balances had been recovered and the Ministry had written to the Treasury seeking approval to write off the balances that could not be recovered. The correct situation with regard to the outstanding balances should be reported to the Auditor General.</p> <p>2 Directed to take action to regularize this matter.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Ministry of Technology & Research	<p>3 Out of the Rs.22.7 million, of the foreign aid grants under object titled "Technical Assistance & Research grants" only Rs.4.2 million had been utilized.</p> <p>4 The construction of the Vidatha Resource Centre had not been completed even though a sum of Rs.2.39 million had released to the Divisional Secretary Beruwala.</p>	<p>3 It was stated that though this grant had been allocated to the Atomic Energy Authority, the International Atomic Energy Authority had allocated funds to purchase the equipment and as such the said amount had not been utilized.</p> <p>A report be submitted on this matter to the Committee and the Auditor General.</p> <p>4 It was brought to the notice of the Committee that the construction of the Research Centre had been completed by the end of 2009.</p> <p>A report in this regard should be submitted to the Committee.</p>
7. Ministry of Resettlement 09 September 2010	<p>1 There had been an excess of Rs.83,783,805 in Project No.04 of Programme No.02 (Head No.145) in 2009.</p>	<p>1 It was stated that the excess had been occurred on account of debiting of expenditure incurred by the District Secretariats on sudden disasters, to the Ministry vote.</p> <p>The CAO was directed to get the Ministry books in order comparing the Treasury books and the Auditor General was informed to sort out this matter.</p> <p>The Committee accepted the explanation given with regard to this excess.</p>

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<p>8. Ministry of Social Services</p> <p>09 September 2010</p>	<p>1 There had been a shortfall of Rs.1,571,852 in the Public Officers Advance Account.</p>	<p>1 The CAO stated that although the limit should have been 4 million, the Treasury had allocated Rs.6 million in the annual estimates.</p> <p>Directed to correct this shortcoming in consultation with the Treasury and also to take action against the then Chief Accountant who should have prevented this shortfall.</p> <p>The explanation of the CAO was accepted.</p> <p>The Treasury representative stated that the Treasury allocates funds on the information received from the Ministry and the Ministry should have corrected the limit by informing the Treasury in time.</p> <p>The Treasury was directed to introduce a new system which can monitor and correct these type of errors easily.</p>
<p>9. Government Factory</p> <p>(M/ Construction, Engineering Services, Housing & Common Amenities)</p> <p>09 September 2010</p> <p>Contd..</p>	<p>1 There had been a shortfall of Rs.19,023,594 in the Minimum Limit on Receipts with regard to the Stores Advance Account (Advance Account No.31002) and despite the minimum limit on liabilities had not been approved, commitments for liabilities worth of Rs.19,929,841 had been entered into in 2009.</p>	<p>1 The CAO/AO explained that as the prices of raw materials had been decreased, the Govt. Factory had not purchased materials as estimated and it had resulted a shortfall.</p> <p>Directed to regularize the matter and the explanations were accepted.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>Government Factory</p> <p>10. Ministry of Ports & Aviation</p> <p>23 September 2010</p> <p>Contd...</p>	<p>6 The Committee observed that there is a skilled workforce with high demand, in the Govt. Factory although they are not treated equivalent to their quality.</p> <p>1 The Colombo Port & Expansion Project estimating a cost of Rs.1,230,000,000 had not been completed even by December 2008, despite incurring an expenditure of Rs.1,175,206,809.</p> <p>2 Rs.13,950,000 allocated to develop the Point Pedro Harbour had not been utilized.</p>	<p>6 The CAO/AO was directed to make a restructuring plan to the Committee indicating their suggestions, with a view of upgrading the standards of the Govt. factory while securing the privileges of the workers.</p> <p>1 The CAO stated that the conditions formulated by the Bank were not compatible with the Govt. policies, as such the Ministry had to terminate the agreement. The Project Director stated that they had spent only Rs.827 million.</p> <p>Committee observed that the reply sent to the audit and the explanation given by the Project Director was contradictory and directed to submit a report including the expenditure incurred and work carried out to the Committee with copy to Auditor General within a month.</p> <p>2 The Ministry did not commence the development work due to the security situation at that time. The CAO further stated that they had not requested any allocation for this project.</p> <p>A report be submitted to the Committee in this regard.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Ministry of Ports & Aviation	<p>3 Particulars had not been available with regard to the payment of Rs.465 million to Mihin Lanka.</p> <p>4 The Ministry had used a large number of motor vehicles of Sri Lanka Ports Authority without approval during the period 2005 – 2008.</p>	<p>3 It was stated that this amount had been approved by Parliament and the imprest had been released to Mihin Lanka by the Treasury through the Ministry. The Committee observed that Rs.3.3 billion had been allocated by the Treasury to Mihin Lanka, the CAO was directed to submit a report as the statistics and the facts of the above allocation within one month.</p> <p>4 The Committee wanted to get an explanation from the former Secretary to the Ministry and submit a report including all details and also to submit a list of vehicles which had been released by the Authority in 2010 to the Ministry stating whether approval had been obtained from the Treasury.</p>
<p>11. Ministry of Power & Energy</p> <p>24 September 2010</p> <p>Contd..</p>	<p>1 There had been underutilization of provisions made under Capital Projects.</p> <p>2 Balances remaining over a long period in the General Deposit Account were observed.</p>	<p>1 It was explained that the underutilization was due to various reasons beyond the control of the Ministry. The “Token Vote System” should be followed for Mega projects.</p> <p>2 Directed to appoint a Committee with the Chief Accountant, a Treasury Representative and an observer from the Auditor General’s Dept. to examine these balances and send the report within one month.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>Ministry of Power & Energy</p>	<p>3 The Ministry had been using vehicles belonged to the other Institutions.</p> <p>4 The service of the staff belonging to other institutions had been obtained by the Ministry without proper approval.</p> <p>5 The Committee enquired about the action not being taken with regard to the vehicle accidents.</p> <p>6 An officer who was subject to disciplinary action had been sent on a foreign tour.</p>	<p>3 The CAO stated that it was due to unavoidable reasons and by now the Ministry had been using only 03 such vehicles and agreed to take action to settle it by the end of 2010. The Treasury was informed to ensure whether they could update the Circular of the Public Enterprises, in this regard.</p> <p>4 The Committee directed to take action to minimize this practice.</p> <p>5 It was stated that on receiving the reports from the Inquiry Board, the Ministry would take action against the officers responsible. A report should be submitted within 3 months.</p> <p>6 The CAO stated that they had obtained the approval from the Secretary to the Ministry of Public Administration. A copy of the approval should be submitted to the Auditor General.</p>
<p>12. Department of Agrarian Development (M/ Agriculture) 05 October 2010 Contd..</p>	<p>1 Illegal land reclamation in respect of following instances were discussed (i) Gampaha – Kandy road reservation (ii) Certain places on Homagama - Kalutara road (iii) Kandy – Chilaw road, filling of the catchment area of a lake</p>	<p>1 It was informed that the Department had filed 115 cases in the courts including above issues under the Agrarian Development Act. A detailed report should be submitted to the Committee</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Contd..	3 There had been 234 unanswered audit queries from 2005 to 2010.	3 As most of the queries are in respect of Agrarian Services Centres, the Department had appointed one District Officer for each district to attend monthly meetings and 50 Audit Officers to do continuous auditing to overcome this situation.
	4 There had been unidentified debit and credit balances of Rs.19.6 million and Rs.4.7 million respectively between Advance Control Account and CC 10 Register.	4 The CAO/AO informed that they would settle the matter by the end of 2010. The Committee informed the Treasury to introduce new system within 3 months using modern technology to arrest this situation as this is a common issue in almost all the Government Institutions.
	5 (i) The Committee enquired about the present position with regard to the issue of the Janatha Lanka Potatoes Ltd.	5 (i) the CAO/AO stated that the matter had been handed over to the CID and also the Attorney General's advice had been sought.

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Contd..	5 (ii) Poor recovery of outstanding loans balances of the loan given to establish the Farmers' Banks in the Agrarian Services Centres by the Farmers Trust Fund in 2002 and 2003.	5 (ii) It was stated that the Dept. had taken several steps to recover these loans and the amount to be recovered is the initial amounts given to the Farmers Banks. Directed to submit a report in this regard.
	6 Stock verification in the warehouse at Narahenpita had not been carried out after 2004.	6 Directed to carry out the stock verification as required.
	7 Following frauds and damages taken place at the Agrarian Services Centre at Anuradhapura - Kattiyawa were discussed	
	(i) Fertilizer valued Rs. 380,641 had been issued in 2007 to 52 acres of land in excess of the extent of the paddy land in the A.R.P.A. zone No. 384. (ii) 60 bags of fertilizer valued at Rs.111,000 had been sold to an outside party by the store keeper of the store No. 63 and the money had not been recovered by 31 August 2010.	7 The CAO/AO informed that the Department had taken several remedial actions with regard to these matters. The Dept. should have a more efficient information gathering system and it was suggested to use mobile phones to collect and to distribute information. Further training and more responsibilities should be given to the Agrarian Research Assistants.
8 It was observed that a slow recovery of installments pertaining to 489 drip irrigation sets provided to farmers under the sustainable Agricultural Water Management Project.	8 Directed to submit all particulars to the Committee.	

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Probation and Childcare Services	3 There were nearly 100 unregistered Children's Homes in the country.	3 The CAO/AO stated that it was the responsibility of the Provincial Council Management to register Children's Homes. Information had been collected by the Dept. about unregistered homes to take necessary action. Directed to rectify all the shortcomings.
14. Ministry of Fisheries & Aquatic Resources Development 06 October 2010	1 (i) It was enquired whether the Ministry had complied with the directives given at the previous meeting held on 22 October 2009 in respect of Madhu Ganga and Negombo Lagoon Projects funded by the ADB. (ii) It was pointed out that the ADB had refused to reimburse the money in respect of 3 withdrawal applications where the money had already been spent by the Treasury.	1 (i) The CAO stated that those were only two parts of the whole project. Even though the project had not been completed due to various reasons, Rs.10 million had been spent on the feasibility study and also 90% of the money had been spent on indirect and consequential matters. (ii) The Committee wanted to know whether the refusal was due to the expenditure being eligible or non presentation of the applications in time as it had caused a loss of Rs.73 million to the Govt.
Contd..	2 The Ministry had failed to comply with the directives to take necessary action to obtain the returned provision made for the Jaffna district for the production of multi day and one day vessels under the assistance of Netherlands.	2 The CAO was directed to submit a detailed report within 2 weeks. 2 The Committee directed to report the steps they had taken and the replies received in this regard.

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>15. Department of Fisheries & Aquatic Resources (M/ Fisheries & Aquatic Resources Development) 06 October 2010</p>	<p>progress, supervision and review of activities assigned had also not been obtained.</p> <p>1 Even though a sum of Rs.350 million had been allocated for construction and distribution of 25 multi – day fishing crafts, agreement had been entered into construction of only 4 crafts and even those crafts had not been constructed during that period.</p> <p>2 1000 life jackets purchased had not been distributed as per the Gazette notification among the owners and the operators of the fishing boats.</p> <p>3 1000 fishing gears, purchased for the fresh water fishermen had not been distributed.</p>	<p>Directed to send a report after completing that part.</p> <p>1 It was explained that the money was allocated by the IFARD Project to construct 25 crafts but nobody claimed to buy them as the cost of a craft was higher than Rs.16 million. Hence the project suggested lending 4 crafts as a trial, subject to a maximum of 8 crafts and the rest of the fund to be used to introduce beach seine for small scale boats. The Ministry was planning to perform the activity in 2011.</p> <p>2 It was stated that these were already being distributed by the stores. Directed to send a detailed report to the Committee in this regard.</p> <p>3 The CAO/AO informed that the fresh water fishermen do not come under the purview of this Department. The Committee directed to discuss the matter with Auditor General and clarify the procedures before come to the COPA.</p>
<p>16. Ministry of Environment 07 October 2010 Contd..</p>	<p>1 There had been no adequate Internal Audit staff in the Ministry owing to difficulties in getting transferred the officers recruited under the graduate scheme.</p>	<p>1 The Treasury was directed to look into the matter having discussed with the Ministry of Public Administration.</p>

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<p>17. Department of Up-country Peasantry Rehabilitation</p> <p>(M/ Economic Development)</p> <p>07 October 2010</p>	<p>1 The recurrent expenditure of the Dept. had been increased from 2003 to 2009 while capital expenditure had been decreased.</p> <p>2 Even though the objective of the Dept. was to perform activities in 10 districts, it had been confined only to one district.</p> <p>3 The following issues with regard to the contracts were observed</p> <p>(i) Over payment of Rs.153,247/- made for construction of Attaragama Gorakagasanga Botota road.</p> <p>(ii) Concreting of the road in thickness of 03 inches where it should have been 05 inches.</p>	<p>1 The CAO/AO stated that a large amount of recurrent expenditure was due to recruitment of 25 Development Assistants under the graduate scheme and the major reason for reduction in capital expenditure was due to the Dept. being confined to carry out infrastructure development projects in one Divisional Secretariat</p> <p>2 It was stated that with the establishment of Samurdhi Authority, Southern Development Authority and Sri Lanka Upcountry Development Authority, the Dept. had been limited to one Divisional Secretariat.</p> <p>3 Directed to hold an investigation and report back.</p>
<p>18. Ministry of Public Administration & Home Affairs</p> <p>19 October 2010</p> <p>Contd..</p>	<p>1 (i) Unauthorized working losses in respect of Rest House Advance Account had not been settled for a long period.</p>	<p>1 (i) The CAO stated that this loss had been shown in the accounts due to errors occurred in the winding up accounts prepared when all Rest Houses were handed over to the Sri Lanka Tourist Board in 1993. The CAO agreed to solve the matter within 6 months.</p>

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Ministry of Public Administration & Home Affairs	6 The District Secretariat Nuwara Eliya had not prepared revenue estimates had not collected revenue of licenses and taxes etc.	6 Directed to inquire about the matter and submit a detailed report in this regard.
	7 There had been a loan balance aggregating Rs.584,580 due from officers who had vacated their posts.	7 It was stated that all possible balances had been collected and remaining Rs.584,000 cannot be collected. The Committee directed to take appropriate action having got the opinion of the Attorney General. The need of amending the conditions of the Agrahara Insurance coverage was stressed and the CAO agreed to amend the circular in consultation with the DG of Establishments and the DG of National Budget.
	8 It was observed that the rents in respect of the buildings at the Maligawatta Housing Scheme due from the Govt. institutions had been increased from Rs.238 million to Rs.246 million from 2007 to 2010.	8 Directed to recover the outstanding rents as early as possible while handing over the maintenance of the buildings to the respective institutions.
	9 It was queried as to why the Dept. of Pensions had destroyed 788,527 House Holder Lists belonged to the Ministry incurring a loss of Rs.3,055,780 without making any inquiry from the Ministry.	9 The CAO stated that a Committee had been appointed for investigation and further action to be taken on its report.

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<p>19. Registrar General's Department (M/Public Administration & Home Affairs)</p> <p>19 October 2010</p>	<p>1 It was questioned as to why the action had not been taken to fill 254 vacancies in the Dept.</p> <p>2 It was observed that the Internal Audit Unit being operated under the Chief Accountant, which is not ethical.</p> <p>3 A number of malpractices had been taken place in registration of deeds of declaration.</p> <p>4 Revenue on registration had not been taken into the Annual Revenue due to the failure of getting down the revenue statements on registration on time.</p> <p>5 The Committee questioned about the non-rendition of the duplicate copies of deeds attested by the Notaries.</p> <p>6 There had been an outstanding loan balance of Rs.407,155.</p>	<p>1 The Committee stated the importance of having an annual programme if the vacancies are created often.</p> <p>2 Directed to change it with immediate effect as it was ethically incorrect.</p> <p>3 Directed to advise the Registrars not to proceed with the registration of deeds of declaration unless the ownership is verified.</p> <p>4 It was stated that this shortcoming had been due to not receiving revenue statements from the Divisional Secretaries before 10 January of the following year.</p> <p>5 Directed to make a system to get the money credited at the time of registration.</p> <p>6 The Committee directed that if those balances could not be recovered; write off them with the approval of the Treasury and to send a detailed report within 3 months.</p>
<p>20. Ministry of National Heritage & Cultural Affairs</p> <p>21 October 2010</p> <p>Contd..</p>	<p>1 Action had not been taken to clear the balance of Rs.21,356,338 in the General Deposit Account which was older than 04 years.</p>	<p>1 It was stated that such difference had not been found in the Ministry Accounts even though it had been reflected in the Treasury Books. Directed to submit a detailed report in this regard within one month.</p>

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Ministry of National Heritage & Cultural Affairs	6 Expenditure on Warakapola Cultural Centre had been incurred exceeding the original estimates.	6 It was stated that the dearth of staff of the Divisional Secretariat delayed the work causing a considerable loss to the country.
21. Department of National Archives (M/ National Heritage & Cultural Affairs) 21 October 2010	1 The Committee enquired about the reasons for 83 vacancies existed in the Dept. in 2009.	1 The Committee was informed that the recruitments had been prevented by certain circular instructions and the Dept. had prepared new schemes of recruitment and forwarded to the Ministry of Public Administration and to the Salaries and Cadre Commission for approval. The Committee directed to get the attention of the responsible institutions with regard to the providing of necessary staff as it would cause a great loss to the country if the archives got destroyed on account of poor maintenance due to lack of staff. The Ministry of Public Administration should also be informed about this.
	2 It was inquired that even though the awareness programmes for accession of documents in 54 Public Institutions had been conducted, only 34 institutions had handed over their documents and publications to the National Archives.	2 It was observed that many Government Institutions are not aware of the value of archives.
Contd..	3 The Fixed Assets Register had not been prepared in terms of FR 802 up to August 2010.	3 It was stated that due to shortage of staff they could not prepare it in time.

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Department of National Archives	4 There were outstanding loan balances aggregating to Rs.120,610 for over 9 years.	<p>Directed to prepare the Register using an alternative way as early as possible.</p> <p>4 The CAO/AO stated that these balances could not be recovered though they had made every attempt. The Committee directed to write off the balances over 9 years with the approval of the Treasury and recover the balances aging one to two years.</p>
22. Ministry of Mass Media & Information 09 November 2010	<p>1 There had been delays in conduct of Annual Boards of Survey.</p> <p>2 The money given to purchase vehicles had been used to purchase valves of a transmitter. The Government had to experience a loss as the tax system (Radio & TV licenses) prevailed until 1996 was abolished.</p> <p>3 The contract for maintenance of the premises had been offered to a private company without calling for tenders in 2004.</p> <p>4 A Senior Asst. Secretary of the Ministry had been using a vehicle belonged to the Dept. of Information and obtained a fuel allowance of Rs.313,800/-.</p> <p>5 It was observed that the Ministry had not maintained a better dialogue with Auditor General at preliminary level.</p>	<p>1 The Board of Survey reports should be presented in time in the future.</p> <p>2 The CAO stated that this was done as it was urgently needed at that time. It was suggested reintroducing the tax system with some modifications.</p> <p>3 The Committee stressed the importance strengthening the internal audit system to avoid this type of irregularities.</p> <p>4 It was informed that the action had taken to charge the dues from that officer.</p> <p>5 The Committee emphasized the importance of such a practice avoiding they be reported to the Parliament for the hearing of the COPA.</p>

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<p>23. Department of Government Information</p> <p>(M/ Mass Media & Information)</p> <p>09 November 2010</p> <p>Contd..</p>	<p>1 There had been 83 vacancies in 2008.</p> <p>2 An Internal Audit Unit had not been established in the Department and audits had not been carried out even by the Internal Audit Unit of the Ministry.</p> <p>3 The Committee enquired about the underutilization of provisions from 2005 to 2007.</p> <p>4 Loan balance of Rs.279,931 recoverable from 6 officers and these loans were 10 – 12 years old.</p> <p>5 A balance of Rs.606,014 remained more than 2 years in the General Deposit Account.</p>	<p>1 These vacancies had not been filled until they receive a decision of the Salaries & Cadre Commission.</p> <p>The Committee directed to revise the cadre.</p> <p>2 The CAO/AO informed that at present there is a Government Audit Unit established in the Department itself and they would regularize the system in the future.</p> <p>The Committee stated that it was a serious lapse.</p> <p>3 It was stated that the distant training programme for which this money had been allocated could not be conducted due to the war.</p> <p>The Committee advised to conduct the said programmes as they are very useful.</p> <p>4 As the Attorney General had given his opinion to write off these balances the CAO/AO was directed to settle the matter having informed the General Treasury.</p> <p>5 The CAO/AO stated that on the recommendation of the Committee which had been appointed to investigate the matter, around Rs.200,000/= had been released and the rest would be credited to the Govt. revenue.</p>

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<p>Department of Government Information</p>	<p>6 A printing machine which was purchased 15 years ago using a loan of Rs.108 million obtained from France had not been utilized since then.</p> <p>7 Desathiya Magazines worth of Rs.79,726 had been lying in the stores undistributed.</p> <p>8 The Committee discussed about the Government Publication Bureau functions at a rented building at Kirulapone incurring high expenditure.</p>	<p>Directed to inform the current position to the Auditor General.</p> <p>6 The Dept. had appointed a committee to investigate this matter and its report had been received by now.</p> <p>Directed to send a detailed report within a month as this was a serious issue to be solved.</p> <p>7 The CAO/AO stated that they will be distributed to the children who visit the Deyata Kirula 2011.</p> <p>Directed to submit a Cabinet Paper in this regard and send the copies to libraries and distribute them at Deyata Kirula and to send a report stating actions taken by the Dept.</p> <p>8 Directed to accommodate Publications Bureau in the building being constructed by the Ministry.</p>
<p>24. Department of Coast Conservation (M/ Ports & Aviation) 10 November 2010 Contd..</p>	<p>1 The Committee discussed the following matters arisen out of the previous COPA meeting held on the 22nd October 2009.</p> <p>(i) Action had not been taken either to stop or to limit the unauthorized construction in the coastal strip. Poor performance was observed in 2007, 2008 and 2009.</p>	<p>(i) Reasons were stated as lack of funds for enforcement, pressure put by various parties and the Dept. did not receive sufficient number of Police Officers to remove these constructions.</p>

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Department of Coast Conservation	4 The drastic sea erosion in Ampara and Oluwil was seriously considered by the Committee.	4 The CAO/AO stated that the Department had identified the problem and would attend to it very early.
	5 There had been a considerable number of vacancies in the Dept.	5 The Dept. was informed to work with the relevant institution to fill these vacancies.
25. Department of Public Trustee	1 There had been delays in presenting Accounts of 2008 and 2009 to the Audit.	1 Directed to send them within 3 months.
(M/ Buddhasasana & Religious Affairs) 23 November 2010	2 The Committee questioned about the following misuse of vehicles	2 The Committee stating that it was a violation of circular instructions, directed to send a report on these two matters within 2 weeks.
	(i) Two vehicles bearing Nos. 300-0855 and KB – 8105 belonged to the Lake House being utilized by the Dept.	
	(ii) The cab bearing No. PB – 9447 belonged to the Dept. being used by the Ministry.	
	3 The Department had not prepared Action Plans for the years 2008, 2009 and 2010.	3 As there is no use of preparing Action Plans for 2008, 2009 and 2010 at this stage, the Committee directed to prepare Action Plan for 2011 and submit it before 31 December 2010.
	4 The two vehicles purchased for the utilization of the administration of trust estates from funds pertaining to the Estate of Samrakoon being used as official vehicles.	4 To stop this wrong practice immediately and to send report within 3 months.
Contd..		

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Public Trustee	<p>earned from the investments of various trust funds (General Investment Interest Account).</p>	
<p>26. Department of Examinations (M/ Education) 24 November 2010</p>	<p>9 The Internal Audit Unit had not been functioning properly. No Internal Audit programmes and or Internal Audit Reports had been prepared or presented.</p> <p>1 Audit Officers were disturbed in accessing the required documents by a letter issued by the Commissioner General of Examinations.</p> <p>2 Action had not been taken in respect of 4025 cheques valued at Rs.13 million which were not presented for payment over 6 months. The cheques were drawn in favour of teachers engaged in paper marking which had not been collected by them.</p> <p>3 There was a balance in the General Deposit Account as at 31 December 2009 amounting to Rs.4,854,810 which was older than 2 years.</p>	<p>9 The CAO/AO agreed to submit the Internal Audit programme in January 2011.</p> <p>The Committee directed to prepare a programme which can be followed continuously.</p> <p>1 Directed to withdraw the particular letter stressing the need of an independent audit.</p> <p>2 Directed to introduce a system of crediting those amounts to the bank accounts of the respective teachers and report back to the Committee.</p> <p>3 It was informed that out of Rs.4.8 million, Rs.2.7 million had been returned to the Treasury and the rest was reserved for probable expenses of private institutions' examinations which are to be held.</p> <p>Directed to focus more attention on the main public examinations and directed to submit a report on extra budgetary activities.</p>
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Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Examinations	<p>8 Action had not been taken to recover outstanding loan balances.</p> <p>9 There had been a considerable number of vacancies in the Dept.</p> <p>10 Action had not been taken in respect of the excesses and shortages revealed by the Annual Boards of Survey.</p>	<p>8 The CAO/AO stated that most of these balances had been recovered now.</p> <p>The Committee directed the Treasury to formulate a system to release the loans directly to the public servants resulting the additional burden on Departments be avoided.</p> <p>9 The Treasury was directed to work with the Ministry of Public Administration & Home Affairs to fill these vacancies.</p> <p>10 Directed to take immediate action in this regard.</p>
<p>27. Department of Archeology (M/ National Heritage) 25 November 2010</p>	<p>1 The Committee discussed the following matters arisen out of the previous COPA meeting held on the 20th July 2007.</p> <p>(i) The directive given for maintaining a Register of archeologically conserved sites had not been complied with.</p>	<p>(i) The CAO/AO stated that, an inventory including the names and the most important details of each site had been prepared.</p> <p>The Committee directed to publish the said inventory via web site and also through public libraries in Urban Councils.</p> <p>It was also directed to expedite the process of clearing the sites which has archeological value as many development activities had</p>
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Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Archeology	<p>(ii)The Committee enquired about the action taken against the two officers involved in the theft of antiques at Situlpawwa Temple.</p> <p>2 There had been a significant under utilization of capital provisions in 2005 & 2006.</p> <p>3 It was discussed about the Money collected from charity tills.</p> <p>4 The Committee pointed out the importance of preparing a list of archeologically important places in Sri Lanka and working with UNESCO in order to develop these places.</p>	<p>been delayed and the general public also faces great difficulty when constructing houses.</p> <p>(ii) The CAO/AO stated that they had been disciplinary dealt with.</p> <p>2 The Committee was informed that the situation had been corrected to a certain extent. In 2009, 68% of the Capital provisions had been utilized.</p> <p>The Treasury was informed to ease the restrictions imposed on the provisions considering the type of work done by the Dept.</p> <p>3 Suggested to maintain a separate Fund for the money collected from charity tills in various places with archeological importance and to use them for the development of those places.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>28. Department of Census & Statistics</p> <p>(M/ Finance & Planning)</p> <p>30 November 2010</p> <p>Contd..</p>	<p>1 Large number of vacancies had affected the functions of the Dept.</p> <p>2 The Committee enquired whether the Dept. had a Strategic Plan incorporated with latest ideas and new technology to conduct the 2011 census accurately.</p> <p>3 The Committee enquired about the delay in construction of the new building even though the money had been allocated.</p> <p>4 There had been a transfer of money under the object code 1401 under FR 66 violating the circular requirements.</p>	<p>1 Directed to fill the vacancies as early as possible.</p> <p>2 The CAO/AO stated that they had prepared a questionnaire enabling to obtain information mostly needed by the country.</p> <p>The Committee directed to send a copy of the questionnaire to the Committee within one month.</p> <p>3 The CAO/AO explained the reasons and stated that they need another 6 months beyond the stipulated time period.</p> <p>The Committee seriously concerned about the lapses and long delay from both the line Ministry and the Dept., and directed to send a report stating the methodology to be adopted to accelerate this project.</p> <p>4 The Committee considered this as a serious on the part of the Department due to poor estimation and directed to send a report to the Auditor General with copy to the Committee.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Census & Statistics	5 The Dept. had incurred commitments exceeding the provisions under object codes of Electricity, Rents and Traveling in contrary to FRR.	<p>5 The CAO/AO stated that the said payments for the last two months of each year were done at the beginning of the following year on the provision given under the FR 94(ii).</p> <p>As the Dept. had not provided the correct information to the Auditor General, directed to send a separate report to the Auditor General with copy to the Committee.</p>
	6 The Committee discussed about the irrecoverable outstanding loans from 28 officers.	<p>6 The CAO/AO stated that the remaining balance was due from the officers who had been transferred to Provincial Councils and Regional Education Offices.</p> <p>The Committee considered this as a common procedural problem and directed the Treasury to introduce a system where debtors are accountable to pay back loans by their own.</p>
	7 A sum of Rs.709,303 had been paid as incidental allowances to Officers who had gone abroad violating the circular instructions, even though the sponsoring agency had born the cost.	7 A report should be sent in this regard.

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>29. Department of Legal Draftsman (Presidential Secretariat) 06 December 2010</p> <p>Contd..</p>	<p>1 Only two Audit and Management committee meetings had been held in 2009 and no meeting had been held in 2010. Being the line Ministry, the Presidential Secretariat had failed to convene the meetings.</p> <p>2 Action had not been taken to fill the vacancies and the Committee enquired whether the work of the Dept. had been affected.</p> <p>3 The Committee enquired about the delay in publication of Gazette on “Act to determine jurisdiction of the courts” as number of new courts had been established.</p> <p>4 Action Plan had not been prepared even prior to 2005.</p> <p>5 (i) The need of a Research Unit in the Dept. was highly considered. (ii) The Committee discussed about the delays in courts and considered the need of updating Civil Procedure Code, Criminal Procedure Code and Evidence Ordinance.</p>	<p>1 Directed to hold the meeting for the 1st quarter of 2011 as early as possible.</p> <p>2 The CAO/AO stated that due to various reasons they could not fill the vacancies and they would take steps to fill them in January 2011.</p> <p>3 It was informed that the Dept. had submitted it to the Government Printer.</p> <p>4 The CAO/AO stated that the need of a scheme of Legislations at the beginning of each year. It was suggested preparing an Action Plan covering draft bills, urgent draft bills and subordinate legislations.</p> <p>5 The Committee directed the CAO/AO to convene a meeting with the Constitutional Division of the Presidential Secretariat, the Dept. of Legal Draftsman, the Law Commission, the Lawyers Association and the Ministry of Justice to discuss these matters.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Legal Draftsman	<p>6 The Committee discussed about the project for updating the legislative enactments of Sri Lanka because there was no revised edition from 1956. Rs.40 million had been allocated for that project but the money had not been spent.</p> <p>7 The Committee pointed out the prevailing displeasure among the general public about the language in the Acts as the general public cannot understand the language.</p> <p>8 The Committee enquired about the following 3 bills that had been drafted by the Law Commission in 2005.</p> <p>(i) Right to Information Act</p> <p>(ii) Independent Audit Commission Bill</p> <p>(iii) Regulate the Contempt of Courts</p>	<p>6 The CAO/AO stated that the Treasury had agreed to release the money in 2011 and by the end of 2011 a revised edition could be printed.</p> <p>7 Directed to use simple language with the new Laws and implement it when the new staff to be recruited in early 2011.</p> <p>8 It was recommended to discuss the Independent Audit Commission Bill and the National Audit Act at a Consultative Committee meeting of a Ministry of Justice and suggested to call the Dept. of Legal Draftsman when the Ministry of Justice is being summoned before the Committee to be taken this particular issue.</p> <p>The Committee pointed out the importance of attending a representative of the Legal Draftsman at Consultative Committee meetings held with regard to the Ministry of Justice</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Food Commissioner's Department	<p>7 The Committee discussed about the matters arisen regarding the rental of houses in Dhanyagama Trincomalee.</p> <p>8 Action had not been taken to reconcile the balance of the General Deposit Account amounting to Rs.55,063,961 as at 31.12.2009.</p> <p>9 Action had not been taken to recover the outstanding loan balances amounting to Rs.3,132,769 which were older than 3 years.</p> <p>10 The Committee questioned about the non recovery of surcharges from store keepers of stock shortages amounting to Rs.60.5 million.</p>	<p>7 The Dept. had given 301 houses out of 366 houses to the Prima Co. as per the agreement. As there had been a dispute between the Prima Co. Ltd. and the Dept. over this matter, the Committee directed to obtain a ruling from the Attorney General.</p> <p>8 The reason for this was deposit of ware house rentals and the Dept. had requested the Treasury to deposit those rentals. Directed the Treasury to grant such approval, having looked into.</p> <p>9 Directed the Treasury to see the possibilities of writing off these balances.</p> <p>10 The CAO/AO stated that Rs.11.2 million had already been recovered and court cases had been filed regarding Rs.13.6 million. As the information of 54 store keepers could not be traced, the Committee directed to contact the Dept. of Immigration & Emigration to get the required information.</p>
<p>31. Department of Labour</p> <p>(M/ Labour & Labour Relations)</p> <p>08 December 2010</p>	<p>1 There had been a significant number of vacancies especially in the staff grades.</p>	<p>1 The CAO/AO stated that they had been able to recruit certain number of Labour Officers and to fill the positions of Asst. and Deputy Commissioners. But SLAS Officers must be</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>Department of Labour</p> <p>Contd..</p>	<p>2 The Committee stated that the present attitude of the public regarding the Dept. needs to be changed.</p> <p>3 The Committee pointed out the importance of having knowledge in laws prevailing in Middle East countries and their languages by the officers of the Department of Labour deployed in those countries.</p> <p>4 The Committee discussed the following matters arisen out of the previous COPA meeting held on the 24 November 2006.</p> <p><u>(i) Item No. 6 (ii) of the previous Minutes</u> The Committee wanted to know the action that had taken to recover the loan balance of Rs.600,400 from interdicted officers.</p> <p><u>(ii) Item No. 6 (iii) of the previous Minutes</u> The Committee discussed about the loan balances to be recovered from transferred and retired officers amounting to Rs.186,781 and Rs.308,596.90 respectively</p>	<p>provided by the Min. of Public Administration which was not done over the years.</p> <p>2 The Committee stressed the importance of having target and performance bound evaluation system in the Dept.</p> <p>3 It was suggested to consider the proficiency in Arabic, Korean, Japanese languages etc as an added qualification at the time of selection.</p> <p>4 (i) It was stated that the Agrahara Insurance Scheme was taken as the guaranty when approving loans but a methodology had not been provided by the said scheme to recover the balances when the agreements were breached.</p> <p>(ii) Directed to take disciplinary action against the officers who had failed to take action to recover the dues in time and report back to the Committee.</p> <p>The Treasury was also directed to formulate a strategy to overcome this situation which is common to most of the institutions.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Labour	8 Legal action had not been taken to recover a sum of Rs.21,795,656 as outstanding contributions and surcharges due from 27 institutions.	8 Directed to send a report in this regard.
32. Department of Rubber Development (M/ Plantation Industries) 04 January 2011	1 No Annual Performance report had been tabled in Parliament after 2007.	1 The Annual Performance reports need to be submitted before the Parliament prior to the budget of the following year.
	2 There were only 18 Rubber Development Officers out of the total requirement of 164.	2 Request had been made to the Salaries and Cadre Commission to recruit the balance.
	3 Rubber seedlings, worth of Rs.125,000 which were given as a subsidy were in a poor quality and also funds in this regard were not given in time.	3 Shortcomings were observed in the subsidy distribution.
	4 Since there is a number of competitive countries and also a good price for latex, collection of latex should be increased and it should be done in rainy days too. Further it was noted that the younger generation is reluctant to engage in this occupation.	4 Directed to formulate a strategy to change the existing attitude among the younger generation.
	5 Two block rubber factories were not functioning properly.	5 Directed to submit a report on this.
Contd..	6 Targets stipulated in the Action Plan had not been achieved with regard to replantation and fertilizer distribution.	6 It was revealed that fertilizer distribution task could not be achieved due to the rejection of the tender, as the samples were found sub-standard.

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Rubber Development	<p>7 There had been difference of Rs.10 million between Departmental and Treasury books in the Public Officers Advance Account.</p> <p>8 No action had been taken to recover Rs.385,137 from 07 officers who had retired over 02 years ago.</p>	<p>Directed to submit a detailed report including the particulars of the person who was responsible.</p> <p>7 The matter was explained in detail and the Committee directed to submit a report with a copy to Auditor General.</p> <p>The Committee appreciated the Director Finance for his presentation of the facts in a very accurate and professional manner.</p> <p>8 This was a very common issue in many departments examined and directed to send a report very early.</p> <p><i>The Officials of the Treasury were instructed to issue a circular enabling the recovery of dues from monthly pension of those who had taken loans.</i></p>
<p>33. Department of External Resources</p> <p>(M/ Finance & Planning)</p> <p>05 January 2011</p> <p>Contd..</p>	<p>1 Entire provisions of Rs.495,000,000 made under 7 Objects in 2005 and Rs.777,069,997 made under 9 Objects in 2006 had not been utilized.</p>	<p>1 When it was informed that major reason for this underutilization was the failure of credit mechanism in the North & East, the Committee pointed out that this should be brought to the notice of the Governor of the Central Bank as this was a failure of the banking system and also stated that the public be made aware of these credit facilities.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of External Resources	<p>2 According to the Co-operate Plan of the Department for the period 2007 – 2009, the expected external financial resources collection during the year 2007 was US \$ 2500 million but the total foreign aid collected as at 31 December 2007 was US \$ 1674 million.</p> <p>3 The expected expenditure during the year 2007 amounted to US \$ 2,500 million and the actual utilization of total foreign aid as at 31 December 2007 amounted to US \$ 1100 million.</p>	<p>2 The CAO/AO explained that due to various reasons, the money expected had not been received.</p> <p>3 As per the CAO, owing to some regional projects rolled over to the following years.</p>
<p>34. Department of Official Languages</p> <p>(M/ National Languages & Social Integration)</p> <p>20 January 2011</p> <p>Contd..</p>	<p>1 Annual Action Plans had not been prepared, according to the guide lines given in the Public Finance Circulars.</p> <p>2 Action had not been taken to implement the following recommendations made by the official languages Commission. Need of the implementation of their recommendations was discussed in the meeting of PAC held on 18 July 2006.</p> <p>(i) Establishment of a new Translation Bureau for Sri Lanka with expertise in translation & interpretation.</p> <p>(ii) Reduction of entry qualification giving the diploma holders in translation to be entered in to the translators' service.</p>	<p>1 Directed to send a copy of the Action Plan to the Committee within one month.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>Department of Official Languages</p> <p>35. Department of Export Agriculture (M/ Minor Export Crops Promotion)</p> <p>08 Feb 2011</p> <p>Contd..</p>	<p>7 The Official Language policy of the government had not been implemented due to lack of funds.</p> <p>1 2008 – 2010 Annual Reports had not been tabled in Parliament.</p> <p>2 (i) The Department had not taken steps to utilize the building of Cardamom Research Centre at Gammaduwa in Matale as per the directives given at the previous COPA meeting held on 17 October 2007.</p> <p>(ii) The ownership of the property owned by the Department of Export Agriculture at Nelumdeniya Estate had not been cleared.</p> <p>3 The building of Epaladeniya Betel Centre built at a cost of Rs.17,434,211 was not being utilized.</p>	<p>7 The Committee especially decided that this position needs to be reported to the Parliament.</p> <p>1 When it was revealed that the delay was due to lack of Translators, the Committee expressed its dissatisfaction and directed to obtain service of retired Translators to finish the preparation of the report and further directed to see the possibilities of creating a panel of Translators to cater all the translation requirements.</p> <p>2 (i) To forward a status report within one month with solutions proposed to resolve the matter, with copy to the Auditor-General.</p> <p>(ii) Directed to send a detailed report within a month to the Committee regarding the action taken to get the deeds cleared.</p> <p>3 To forward the proposals within a month as to how this property can be utilized satisfactorily.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Export Agriculture	4 It was discussed about the decreasing of cinnamon peelers in the cinnamon industry and enquired the steps taken by the Department to overcome this.	4 New techniques should be introduced as in the tea industry.
	5 Payments had been made for additional potting media cubes at Mapalana Nursery without proper estimation.	5 It has been revealed that, orders had been placed considering the requirement of the following year.
	6 There were loan balances amounting to Rs.165,095 to be recovered from 5 officers.	6 As per the CAO, action had been taken to recover the maximum dues and the balance to be written off. The Committee directed to take necessary action accordingly.
	7 An Assistant Director of the Department had been paid Rs.1,059, 425 who had been released to the Ministry for only 27 days.	7 Since the CAO/AO agreed to release this officer to the Ministry on full time basis, directed to report the situation to the Committee within a month.
	8 The Export crop processing center at Nalanda, Udadeniya was idling with the equipment and instruments.	8 Directed to do a study on the reasons for the failure of the project and report to the committee within a month.
	9 Some crops in the export category list had been imported during the years 2008 and 2009, and the amount imported had been increased specially of Saffron and Cocoa.	9 The CAO/AO gave an assurance to the Committee, that the yield could be increased at least to cater the requirement of the country.

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>36. Department of Prisons (M/Rehabilitation & Prison Reforms) 10 Feb 2011</p>	<p>1 The Performance Reports of the Department from 2005 to 2009 had not been tabled in Parliament.</p>	<p>1 The Committee expressed its dissatisfaction regarding the way of forwarding Performance Reports and directed to take immediate action to table the reports in Parliament and re-summon the department on 19 April, 2011</p>
<p>Re - examination Department of Prisons 05 May 2011</p>	<p>1 Presentation of the Performance Report of the Department of Prisons in Parliament from the year 2005</p> <p>2 The Committee questioned about the existing 1123 vacancies in the department.</p>	<p>1 It was observed that the Performance Reports had been sent to the Consultative Committee office and not to the Parliament and directed to take proper action to present them in the Parliament.</p> <p>2 To find an alternative such as SLIDA to hold examinations for recruitment, instead of giving that to Department of Examinations and further directed to maintain a waiting list to fill up the vacancies.</p> <p>The Committee further instructed to find a way to recruit Prison Guards from the demobilized Army Soldiers and to discuss with the Secretary of Defence further to get a solution for same.</p>
<p>37. Department of National Museums (M/ National Heritage) 23 Feb 2011 Contd..</p>	<p>1 Action had not been taken to conduct the Annual Boards of Survey on books and publications.</p> <p>This has been caused by lack of man power.</p>	<p>1 Directed to report to the Committee regarding the current position on the Board of Survey.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of National Museums	<p>2 Considerable number of vacancies was prevailing in the Department.</p> <p>3 Total loan balances to be recovered, from 4 officers who had been vacated their posts amounted to Rs.574,720 as at 31 December 2009.</p> <p>4 The Committee inquired whether a programme had been introduced to motivate general public and get their attention to visit the National Museum.</p> <p>5 Action had not been taken to establish the souvenir shop and improve the public sales division.</p> <p>6 The Committee focused its attention to develop the National Museum as a part of a tourism industry.</p> <p>7 The Committee paid its attention on selling of entrance tickets specially, for foreigners.</p>	<p>2 To find out the possibility of recruiting SLAS Cadet trainees in temporary basis through SLIDA.</p> <p>3 The Committee accepted the explanation except with regard to property loan and directed to solve this matter and inform the Committee within one month. The Committee further informed the CAO/AO to report to the Auditor General regarding court decisions related to the recovery of loans and also expedite the legal process before get lapsed the period of prescription get lapsed.</p> <p>4 Directed to develop the National Museum premises up to the standard level.</p> <p>5 It was directed to establish the souvenir shop where the general public can easily access and the CAO/AO agreed to do so.</p> <p>6 The Committee directed to prepare a proposal for it, and also appreciated the internal modification of 11 galleries done with the patronage with a private bank and encouraged to continue in the same manner.</p> <p>7 Directed to surrender if there is any possibility of misusing tickets.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>38. Department of Co-operative Development</p> <p>(M/ Co-operatives & Internal Trade)</p> <p>08 March 2011</p> <p>Contd..</p>	<p>1 Audit & Management Committee meetings had not been held from 2005-2010.</p> <p>2 Considerable percentage of savings against the capital provisions granted for the years 2005 to 2009.</p> <p>Continuous complaints received from the Samurdhi holders on rations issued in poor quality.</p> <p>There were debts to be recovered from the Co-operative Societies.</p> <p>3 The balance of the General Deposit Account as at 31 January 2011 amounted to Rs.2.2 Million.</p> <p>4 Action had not been taken to recover a loan granted to the “Ceyesta” project amounting Rs.6.5 Million.</p> <p>5 The Committee seriously considered the issue of outstanding loan balances from advances to public offices account</p>	<p>1 Directed to hold the meetings regularly.</p> <p>2 It was emphasized the need of sharp supervision system to the Department and directed to establish a proper supply, purchasing and distribution system. A report was called in this regard.</p> <p>The CAO/AO explained that Rs.485 millions old debts taken from the People’s Bank had been written off & action had been taken to write off the balance of Rs. 2 billion approximately.</p> <p>3 The Committee noted the complicated system of the data collection of the department and emphasized the requirement of a proper computerized system (with updated, supervised and simplified reporting system) to the Department.</p> <p>4 To provide a comprehensive report to the Committee with copies to the Auditor General.</p> <p>5 Since this has been a common issue in almost all government institutions, the Committee suggested arranging a discussion by the COPA with all Secretaries and responsible Officers from the Ministries and Departments with the</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Co-operative Development	<p>6 The maximum debit balance had been exceeded by Rs.454,890/-.</p> <p>The Department had issued loans to the staff from the other funds, considering the appeal of the staff and due to non receipt of the hard cash from the Treasury.</p>	<p><i>Treasury Officials to find a common solution for this issue.</i></p> <p>6 The Committee pointed out that it was a wrong procedure and at least a cabinet approval should have been obtained.</p>
<p>39. Department of Land Commissioner General</p> <p>(M/Land & Land Development)</p> <p>22 March 2011</p>	<p>7 No Internal Audit had been carried out by the Department and presently it is done by the Internal Audit Unit of the Ministry.</p> <p>1 The entire provision of Rs.1,000,000 made for the Saddhatissa Project had not been utilized.</p> <p>According to the CAO/AO, 400 plots of land relevant to this project have to be distributed among the farmers, and until it is done the provision had not been allocated.</p> <p>2 The target to issue 10,000 Jayabhoomi Awards yearly from 2004 to 2009 had not been reached.</p> <p>3 Action had not been taken to recover the rent of 74 houses and buildings and there were unauthorized</p>	<p>7 The Auditor General was directed to look in to this aspect and assist the Department to come out of the issue.</p> <p>1 Action had been taken to distribute 400 plots of paddy lands among family units of Farmers.</p> <p>The Committee also considered about the devolution of power of the Land Commissioner General's Department by the 13th Amendment and suggested to microfilm the land records in order to avoid future confusions.</p> <p>2 Action had been taken to accelerate the programme through "Bimsariya" Project. The Committee was not satisfied with the given explanation.</p> <p>3 The Committee emphasized on the utilization of these buildings and instructed to release these buildings to</p>
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Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Animal Production & Health	<p>2 Actions were being taken to establish a new Live-stock Testing Centre in Wariyapola, closing the existing Centre at Pannala.</p> <p>3 It was reported a destruction of 170,330 tubes of cattle semen valued at Rs.1,419,554 due to period being expired.</p>	<p>that time without considering the wastage of the equipment. The Committee directed to probe into this matter & also report it to the Committee.</p> <p>2 Directed to open a new centre at Wariyapola without closing down the one at Pannala and to report on the action taken including the names of the officials who recommended closing the Pannala Centre.</p> <p>3 To find the officials accountable for this wastage and also to report to the Committee within 2 weeks, and further directed to re-summon the Department.</p>
<p>Re - examination</p> <p>Department of Animal Production & Health</p> <p>07 June 2011</p>	<p>1 The Committee questioned whether the Department can provide any technical assistance, to the estate sector cattle sheds owners to dispose the waste of their cattle as these farmers had been prosecuted by the environmental police and each of them were fined Rs.15,000 by courts.</p> <p>2 The Committee queried about the Animal Virus Laboratory at Polgolla and the artificial insemination.</p> <p>3 The position of milk production to meet the need of the country was questioned.</p>	<p>2 The CAO/AO was directed to get the assistance of the Ministry of Environment, as this relates to the Environmental Law, and also to request the Police, not to prosecute these farmers until they are given a redress for this issue.</p> <p>2 Due to some technical defects production of vaccinations have been stopped for foot and mouth disease and by next year production would be started.</p> <p>3 It was stated that, only if the lands in Sabaragamuwa Province and North Western Province are used for</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Irrigation	<p>5 The estimated repair cost amounting to Rs.210,000 of a double cab of the Department that had met with an accident on 25.06.2007 had not been recovered from the responsible officer and he had been allowed to retire.</p>	<p>5 The CAO/AO assured the Committee that he would take steps to recover the amount from the pension of the officer after legal Action.</p>
<p>Re-examination Department of Irrigation 07 June 2011</p>	<p>1 It was questioned about the disciplinary actions proposed by the Internal Audit division of the Ministry on 10.07.2007 based on a report issued by the Presidential Investigation Division regarding some malpractices taken place in the Sugaladevi and Welioya Projects implemented by the Irrigation Department.</p> <p>2 The prevailing payment system of the Department was not in accordance with the Financial Regulations.</p> <p>3 The Committee questioned about the obtaining of Property Loans valued at Rs.11,604,500.00 by 38 officers submitting fraudulent documents.</p>	<p>1 The Committee expressed its dissatisfaction over the given punishments and directed to take legal action in addition to the departmental action, under the penal code as these malpractices amount to criminal offences and also to report to the committee within two weeks.</p> <p>2 To discuss the matter with the Auditor General's Department forwarding the Circular issued by the Department in this regard and report back to the Committee if the proposed system does not match with the Financial Regulations.</p> <p>3 The Committee which was not satisfied with the disciplinary action taken directed the CAO/AO to;</p> <p>(i) Get the opinion of the Attorney General,</p> <p>(ii) Take legal action immediately under criminal law having complained to the police on these 38 officers</p> <p>(iii) Report to the Committee within two weeks having taken action accordingly</p>
Contd..		

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Irrigation	4 10 Concrete mixtures purchased for Veheragala Project which were not in expected level.	4 To make a departmental inquiry against the officers of the Technical Evaluation Committee and take legal actions against the supplier to recover the losses by consulting the Attorney General and report back to the Committee within a month.
42. Department of Government Analyst (M/Justice) 05 April 2011	1 Annual Board of Survey in 2009 had not carried out. Action had not been taken to submit the Annual Board of Survey Report for 2009 and also the Corporate Plan.	1 To submit the report within 02 weeks. Directed to submit the due reports immediately.
	2 Considerable number of vacancies prevails in the Department.	2 The Committee instructed the Treasury to work with the Ministry of Public Administration & Home Affairs to fill these vacancies.
	3 Action had not been taken to complete the construction of new building complex & the Laboratory. The Committee pointed out that Rs.150 million had been granted by the Treasury for the particular purpose this year.	3 It was directed to complete the construction work of buildings before the end of this year.
Contd..	4 04 officers had been interdicted w.e.f. 15 October 2007 in relation to irregularities taken place in the drug laboratory of the Department. Even though the report of initial investigations should be issued immediately in terms of section No. XLVIII of the Establishment Code, it had been delayed for 3 years.	4 The CAO/AO explained that the issue was being investigated by the Department of Criminal Investigation and also the Attorney General had been informed over the matter. With regard to other few officers, disciplinary inquiries are being conducted after conducting initial investigations.

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Government Analyst	<p>5 The Department had not taken action regarding the 15,523 number of specimens at the end of the year 2010.</p>	<p>The Committee stated that the Government Analyst should not involve with administrative matters of this kind and that a separate officer in charge must be appointed instead.</p> <p>The CAO/AO was directed to focus more attention on this issue & submit the report within 2 weeks.</p> <p>5 As per the CAO/AO, this was due to the scarcity of scientific service officers and action had been taken to recruit 15 Assistant Government Analysts. While not accepting the explanations directed to re-summon the Institute within 2 weeks for further clarification.</p>
Re - examination Department of Government Analyst On 05 May 2011	<p>1 The Committee discussed about the considerable number of vacancies in the Department and questioned the Secretary to the Ministry of Public Administration & Home Affairs as to why the vacancies had not been filled.</p>	<p>1 The Secretary to the Ministry of Public Administration & Home Affairs was directed to report to the Committee within one month having filled the existing vacancies.</p>
43. Department of Police (M/ Defence) 06 April 2011	<p>1 There was a massive amount of savings against the capital provisions in the years 2005 to 2009 and some malpractices taken place in several projects, which had created losses to the department.</p>	<p>1 To be reported back to the Committee with regard to those savings and the malpractices taken place in the projects very early.</p>
Contd..	<p>It was reported that there had been 200 million savings in the year 2010, too.</p>	

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Contd..	<p>3 Action had not been taken in terms of FRR to recover the balances of unsettled advances on foreign trips, traveling and lawyer fees etc.</p>	<p>3 The Committee instructed to take action against the Officers who were responsible on negligence of the recovery.</p>
	<p>4 The Department had not taken action to recover a sum of Rs.2,542,611/- in relation to abandonment of 03 contracts relating to construction of buildings in three Police stations namely Gampaha, Hanguranketha and Panadura.</p>	<p>4 The major concern of the Committee was that as to why the contract had been given to financially unstable private companies without considering of Government (construction) institutions.</p> <p>The CAO/AO informed that this company has been black listed and all the contracts would be given to CECB in future.</p>
	<p>5 The Committee seriously considered the huge amount of losses incurred due to following irregular transactions reported in the Auditor General's reports from 2005 to 2009.</p> <p>(i) Purchase of Cupboards – Estimated loss Rs.12,297,975.00</p> <p>(ii) Purchase of Barbed wire rolls – Estimated loss Rs.233,000.00</p> <p>(iii) Purchase of Block stone machines – Estimated loss Rs.118,500.00</p>	<p>5 The Committee stressed that the responsibility regarding these irregularities lies on the Internal Audit of the Department.</p> <p>It was directed to hold an investigation on this matter and take action against the persons who were responsible and to send a full report to the Committee.</p> <p>The CAO/AO undertook to hold an inquiry by the CID.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>Department of Police</p>	<p>regarding the security wall and the drainage system of the Police station Kiriella, subsequently re- awarded to the CECB.</p> <p>(iv). Loss incurred to the Govt. by the contract given to a private company to construct the Police station at Walasmulla</p> <p>7 The Committee drew the attention on the Internal Audit Section of the Department of Police.</p>	<p>7 Instructed to completely revamp the Internal Audit Section and also to initiate inquiries on all cases where the Auditor General has discovered and report back to the COPA with the names of the people who are responsible and also report to the Commission to Investigate Allegations of Bribery & Corruption.</p>
<p>44. Department of National Zoological Gardens (M/Economic Development) 03 May 2011</p>	<p>1 The Committee enquired about the Zoological Gardens Development and Welfare Fund of the Department of Zoological Gardens amounting to Rs.903 million appeared in the financial reports of 2010 which is physically not available.</p>	<p>1 The CAO/AO was directed to look into the matter seriously of not maintaining two separate accounts for the fund and the day to day transactions and to discuss with the treasury to change the prevailing accounting system and sort out this problem within two weeks.</p> <p><i>The Committee decided to postpone the meeting and to re-summon after solving the problem.</i></p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>Re-examination</p> <p>Department of National Zoological Gardens</p> <p>23 November 2011</p> <p>Contd..</p>	<p>1 The present Director has been holding the post in acting basis for more than five years.</p> <p>2 The Committee questioned whether the department had made proposals regarding cadre revision to the Treasury.</p> <p>3 The Committee discussed about Zoological Gardens Development and Welfare Fund of the Department of Zoological Gardens amounting to Rs. 903 million appearing in the financial report of 2010.</p> <p>4 It was discussed about establishing of a Zoo at Wagolla, and expressed its dissatisfaction over the slow progress.</p>	<p>1 Directed to see the possibility of making this appointment permanent as this hinders the development of the institution.</p> <p>2 Directed to identify the cadre requirement and submit the same to the Treasury and report back to the Committee within a month.</p> <p>3 The Committee advised to use the fund for the progress of the department.</p> <p>4 Directed to submit a copy of the Master Plan to the Committee and advised to prepare a full budget proposal for the whole project and submit it on phase basis to the Treasury to obtain funds.</p> <p><i>The Committee decided to re-summon the Department on another day to discuss further about the New Project.</i></p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of National Zoological Gardens	<p>5 The Internal Audit Unit had not been established in the Department yet.</p> <p>The CAO/AO has made requests to the respective authorities, to provide necessary staff for the Internal Audit.</p>	<p>5 The CAO/AO was directed to expedite the procedure.</p>
	<p>6 75 employees who were not in the approved cadre had been employed at Dehiwala, Pinnawala and Gonapola and a sum of Rs.7,494,688/- had been paid as their salaries and wages under capital items.</p>	<p>6 Directed to see the possibility of absorbing them to the permanent cadre having obtained the required approvals.</p>
	<p>7 The monthly rental of Rs.627,000/- of the canteens had been reduced by 50% (Rs.313,500/-) in October 2009 owing to the fact that the sales have been reduced due to the prohibition of food items with polythene covers. But subsequently it had been observed that food with polythene covers were available for sale.</p>	<p>7 Instructed to expedite the procedure taken by the department in this regard to recover the loss.</p>
	<p>8 Only Rs.43 million had been spent, out of the Rs.300 million allocated for the construction of Safari Park in Hambantota for the year 2011.</p>	<p>8 When it was stated that the relevant bills have not yet been submitted by the State Engineering Corporation of Sri Lanka (SEC) for making payments, the Committee directed to summon the relevant officer of the SEC also to the next meeting.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>45. Department of Excise</p> <p>(M/Finance & Planning)</p> <p>04 May 2011</p> <p>Contd..</p>	<p>1 The committee discussed about the directives given at the previous COPA meeting held on 22 July 2003 and the position on implementation.</p> <p>(i) <u>Directive No. 01</u> To prepare outstanding Bank Reconciliations and submit them to the audit within two months.</p> <p>It was observed that even though the Department had regularized the matter at present, a considerable amount of arrears is still to be reconciled.</p> <p>(ii) <u>Directive No. 02</u> To adjust the debit balances in the Advances to Public Officers 'B' Account within 01 month.</p> <p>The Department had not complied with the directions given and there is still Rs.648,622/- to be recovered from 11 interdicted officers and Rs.110,004/- from 2 officers who had vacated their posts.</p> <p>(iii) <u>Directive No. 03</u> Action should be taken to prevent the corruption prevailing in the Department.</p> <p>The Committee enquired whether the adequate number of staff and vehicles are available in the Department at present, for its smooth functioning.</p>	<p>It was considered that keeping unidentified money for a long time, could lead to a fraud and the Committee was not happy with non completion of the task up to now.</p> <p>Directed to complete the work and report back to the Committee within 3 months.</p> <p>To send a report within 3 months in this regard.</p> <p>When it was revealed that the Internal Audit Unit has only 3 persons, the Committee stressed the need of strengthening it stating that efficient Internal Audit could reduce corruption.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Excise	amounting to Rs.1,414,528/- from 2006 to 2008.	
46. Department of Foreign Aid & Budget Monitoring (M/Finance & Planning)	1 There was a large amount of under utilization of Capital Provisions in respect of the years 2006,2007,2008,2009 & 2010.	1 As per the explanation, savings in 2007 were due to shifting of the office, in 2009 due to strict financial control and no payment had been done in 2010 due to an error.
25 May 2011	2 It was observed that a considerable number of Foreign Funded projects over US \$ 5 million were fallen into category of Behind the Schedule.	2 To make a common set of instructions applicable to the projects and report back to the Committee.
47. Department of Meteorology	1 It was discussed about the 55 vacancies prevailed in the Department.	1 The Department of Management Services was instructed to look into this matter favourably.
(M/Disaster Management)	2 The Committee questioned as to why the construction of the Meteorological Department Office at Jaffna and Trincomalee had been delayed.	2 Directed to expedite the constructions.
08 June 2011	3 It was questioned as to why the department had not purchased the Thunderbolt Forecast System since 2007.	3 Considering the rapid changes occur in the environment at present, the Committee stressed the need of new equipment and suggested to purchase both Thunderbolt Forecast system as well as the Doppler Radar.
Contd..		The Committee strongly recommended the Department of National Budget to

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Meteorology	<p>4 Action had not been taken to recover or write off the losses over Rs.25,000/- and four cases older than 10 years which was amounted to Rs.1,065,121/-.</p> <p>5 38 automatic meteorological systems valued at Rs.735 million received in the year 2008 as an aid from Japan (JAICA) had been installed in other centres except at Ampara, Jaffna and Trincomalee as at 31 May 2011.</p> <p>6 As the frequency of lightning has increased at present, the Committee pointed out the importance of enhancing public awareness in this regard.</p> <p>7 Internal audit had not been carried out in the 21 Meteorological Offices all over the country and also an audit plan had not been prepared.</p> <p>8 A sum of Rs.1,081,141/- which had been received from the World Meteorological Organization (WMO) during the year 2009 to make awareness</p>	<p>look into this matter favourably.</p> <p>4 Directed to get the approval from the Treasury and write off losses which could not be recovered.</p> <p>5 Out of 35 systems installed, 31 are in working condition and would install other 03.</p> <p>6 Serious requirement of lightening detectors were observed by the Committee and the CAO/AO agreed to attend this issue at national level.</p> <p>7 It was informed that this was due to non availability of senior officers of the Management Service, therefore, the Committee directed to request the Secretary to the Ministry of Public Administration and Home Affairs to provide at least a few senior Management Assistants to the Ministry of Disaster Management.</p> <p>8 The CAO/AO admitted the fault and assured the Committee that this kind of short coming would not be occurred in the future.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>Department of Meteorology</p> <p>48. Sri Lanka Navy (M/Defence)</p> <p>09 June 2011</p> <p>Contd..</p>	<p>programme for the farmers on Meteorology and Climatology had not been properly used and a saving of Rs.435,251/- had been returned to the World Meteorological Organization (WMO)</p> <p>1 Submission of advance accounts in last five years had been delayed beyond the stipulated date.</p> <p>2 The audit queries had not been properly responded.</p> <p>3 Loans recoverable as at 31 December 2010 amounted to Rs.41,182,323/- and the Committee wanted to know whether the action had been taken to recover these loans.</p>	<p>1 The Advance Account for the year 2010 had already been submitted and the CAO/AO assured to submit the account in time in the future.</p> <p>Directed to submit the Advance Accounts without delay.</p> <p>2 Directed to pay more attention on this.</p> <p>3 The CAO/AO stated that they had traced the recoverable loan balances amounting to Rs. 34 Million and as a result Rs.3.6 Million had been recovered and the recovering process was being continued.</p> <p>Immediate action to be taken to recover these balances and a report was called within three months to the Committee.</p> <p>With regard to the other loan balances amounting to Rs.55,085.00/- aging over 05 years, the Committee directed to discuss with the Auditor General to come up with an effective solution.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>Sri Lanka Navy</p> <p>Contd..</p>	<p>1 Spare parts of Yanmar engines had been purchased at a cost of Rs.3,015,599/- from the Browns Group Industries Ltd, on 22 May 2009 violating the Procurement Guidelines on goods and services -2006 and a similar instance on purchase of fuel – Shell Gardi-thiyar 40.</p> <p>1 The Committee observed that the agreement had been cancelled with the NCASL Construction (Pvt.) Ltd in respect of construction of Ranaviru Housing Scheme at Ipalogama and the construction work had been subsequently assigned to the Sri Lanka Navy, although it was agreed to pay the salaries to thousand volunteers recruited for this purpose, from the money allocated for the relevant housing scheme. Salaries paid the Sri Lanka Navy had also not been reimbursed by the project funds.</p>	<p>(ii) to report with the names of the people who are responsible for</p> <p>(iii) to report what action had been taken against them and what steps will be taken to reconcile the accounts within three months.</p> <p>1 Steps had been taken to stop that wrong procedure.</p> <p>Considering the loss of large amount of public money, the Committee directed to handle it carefully and apply the correct method for the system immediately.</p> <p>1 The CAO/AO stated that the said project had been done as a welfare project by using “Api wenuwen Api” funds and the allocated funds had been utilized for the other welfare work.</p> <p>Instructed to inform the correct situation of the projects to the Auditor General. The CAO/AO stated that the said project had been done as a welfare project by using “Api wenuwen Api” funds and the allocated funds had been utilized for the other welfare work.</p> <p>Instructed to inform the correct situation of the projects to the Auditor General.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Sri Lanka Navy	<p>1 Actual requirements did not reach by the 12 finger print machines purchased to the Navy Head Quarters. Actual requirements did not reach by the 12 finger print machines purchased to the Navy Head Quarters.</p> <p>2</p> <p>1 It was observed that the Navy had not prepared an Action Plan for each year from 2005 to 2010 and the action plan prepared for the year 2011 had not been reached the basic requirements.</p> <p>3</p>	<p>1 The finger print machines used not only to record arrival and departure; it had been used for the Advanced security purposes during the war time.</p> <p>2</p> <p>1 To prepare a complete Action Plan including the expenditure, the targets and the responsibilities in detail and to send it within three months.</p> <p>3</p>
<p>49. Office of the Leader of the House of Parliament</p> <p>21 June 2011</p>	<p>1 Action Plans for the years 2008 and 2009 had not been prepared.</p> <p>2 Fuel valued at Rs.8,860/- had been obtained on a Fuel Order for a motor vehicle which was not in a running condition.</p>	<p>1 The Committee accepted the explanations given by the CAO that, in view of the nature of the duties assigned it is difficult to formulate an Action Plan.</p> <p>2 The CAO stated that this vehicle had been used as a dummy due to security condition prevailed.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>50. Office of the Leader of the Opposition of Parliament</p> <p>21 June 2011</p>	<p>1 The institution had entered into commitments exceeding the provisions by Rs.863,958/- and Rs.1,938,557/- in the years 2008 and 2009 respectively.</p> <p>2 Annual Action Plans for the years 2008 and 2009 had not been prepared. Annual Action Plans for the years 2008 and 2009 had not been prepared.</p> <p>3 A Register of Fixed Assets and a Register of Computer Accessories & Software had not been maintained by the institution.</p>	<p>1 Directed to submit respective approvals of the Treasury to the Auditor General.</p> <p>3 The Committee while accepting the fact that the work done by the institution is different from other departments directed the CAO to prepare Annual Action Plans in the future.</p> <p>3 The committee directed to submit the Fixed Assets Register to the Auditor General after completion.</p>
<p>51. Department of Valuation</p> <p>(M/Finance & Planning)</p> <p>22 June 2011</p> <p>Contd..</p>	<p>1 There were 103 vacancies in the staff grades, 17 vacancies in the non-staff grades & 26 vacancies in the junior grades in 2010.</p>	<p>1 The Committee was informed that, staff grade vacancies are filled from the graduates of the Estate Management and Valuation of the University of Sri Jayewardenepura.</p> <p>Although there were 87 vacancies in valuation services, only 60 vacancies could be filled and non-staff grades vacancies are to be filled by the Ministry of Public Administration & Home Affairs.</p> <p>Directed to inform the Secretary to the Ministry of Public Administration & Home Affairs regarding non staff grade vacancies and come up with an immediate solution.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Valuation	<p>4 Action had not been taken to recover the loan balances amounting to Rs.8,760/- and Rs.97,603/- which is outstanding for more than 10 years.</p> <p>5 A sum of Rs.20 million had been paid to the Central Provincial Council with regard to the construction of Provincial Office and Training Centre in Kandy, before the action taken in accordance with the contract.</p>	<p>4 The CAO/AO explained the action they had taken to recover these loan balances.</p> <p>A report was called stating the latest position of these balances, having written off the balances that could not be recovered after getting the approval of the Treasury.</p> <p>5 As the CAO/AO stated that before making this payment, he had obtained the approval of the Ministry of Finance, he was directed to send the letter of approval to the committee with copy to the Auditor General.</p>
<p>52. Sri Lanka Air Force (M/Defence) 23 June 2011</p> <p>Contd..</p>	<p>1 The Committee enquired about the Heli Tours, operated under SL Air Force which was not a key function of the Air Force and wanted to know whether it was profitable.</p> <p>2 There were 3,772 and 607 vacancies in Services and Civil grades respectively.</p>	<p>1 The CAO/AO replied that it was operated by a corporation formed under the Sri Lanka Air Force, which handle the civilian transport as a service without making profits.</p> <p>The Committee was of the view that the passengers are being exploited by charging high air fare by the Heli Tours and suggested to write to the Civil Aviation Authority with regard to this matter.</p> <p>2 When the Committee was informed that the cadre of 17,000 in 2005 had been increased up to 38,000 during the war and at present no need to maintain such a huge carder, the Committee directed the CAO/AO to</p>

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Sri Lanka Air Force	<p>8 It was observed that there was Rs.457 Million to be paid to the CPC, even though the respective registers maintained by the SL Air Force, did not reflect such a due as at 01 January 2009.</p> <p>9 A stock of concrete wires (477.6 Metric Tons) purchased at a cost of RS.69,837,423/- in the year 2008, left over for six months without being utilized causing a loss of about Rs.15 Million.</p> <p>10 A large amount of goods valued at Rs.5,568,107/- had been lying idle in the stores without being issued from 10 to 25 years.</p> <p>11 30,000 rolls of barbed wire had been purchased for Rs.136 Million contrary to the provisions of procurement guild lines and liquidate damages amounted to Rs.2,684,866/- which had not been recovered due to the delayed supply.</p> <p>12 The Committee discussed about the Playground located in Colombo which belongs to the Air Force had been rented out to external parties and the income had not been credited to Revenue.</p>	<p>8 The Committee having observed that this situation had occurred as the Air Force had not maintained a proper reconciliation system directed the CAO/AO to streamline it.</p> <p>9 According to the CAO/AO, the price of iron had varied three times during this period and however all these iron had already been utilized.</p> <p>10 It was stated that they are obsolete spare parts which have been decided to be destroyed.</p> <p>11 This has been done in 2007 as per the instructions given by the Ministry of Defence, concerning the security of the air crafts. The Committee emphasized that the Auditor General should have been informed in this regard.</p> <p>12 The CAO/AO replied that they hire the grounds and give certain amount of income to the funds like "Api Venuven Api". The Committee stated that the relevant income should be deposited in the Consolidated Fund.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>53. Sri Lanka Army (M/Defence) 05 July 2011</p>	<p>1 The Committee considered the letter sent by the Commander of the Army informing his inability to appear before the Committee as he was out of the country on official business.</p>	<p>1 The Committee emphasizing the importance of the presence of the Head of the Department at the Committee, decided to postpone the meeting. It was also directed that a policy must be established to make compulsory the presence of the head of the relevant institution to COPA meetings in future.</p>
<p>54. Sri Lanka Customs (M/Finance and Planning) 06 July 2011</p>	<p>1 It was enquired about not making the amendment to the Customs Ordinance for the delegation of powers to the Director General of Customs to collect Excise Duty as approved by the Cabinet of Ministers in the Year 1993.</p> <p>2 The Department had not replied to the directives given at the previous meeting held on 07 March 2007 in time and inquired about not reporting on fraudulent export and import registration and providing wrong commercial reports by the 04 companies including Multi Sacks.</p>	<p>1 The CAO/AO stated that this will be finalized by the end of 2011. The Committee expressed its dissatisfaction regarding the delay.</p> <p>2 It was explained that these companies had passed entries through BOI, not through the Sri Lanka Customs but since 2006, the system had been modified to avoid such mistakes. Further, it was informed that the Multi Sacks Company was connected with the VAT fraud taken place in the Dept. of Inland Revenue and it had no connection with the Sri Lanka Customs.</p>
<p>Contd..</p>		<p>While accepting the explanation given, the Committee directed to send a fresh report on this.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Sri Lanka Customs	<p>13 03 illegally imported vehicles and 02 other vehicles were released to the owners on a mere payment of custom duty instead of confiscating them.</p> <p>14 It was questioned about the alterations made to the Motor Vehicles imported under the category of reduced custom duty and used for other purposes.</p> <p>15 A large quantity of confiscated wooden goods with an archeological value had been misplaced at the Customs.</p> <p>16 The Committee queried regarding a loss of US Dollars equivalent to Rs.8,011,529/- from a parcel seized at the Katunayake Airport in 2004 while being in the custody of the custom officers.</p> <p>17 There were instances of misplacing of files and failure to locate goods retained or confiscated by the officers of Baggage Division.</p>	<p>13 According to the CAO/AO, the decision was taken by the staff officer as per the power vested in him by the Section 163 of the Customs Ordinance.</p> <p>14 The CAO/AO stated that dual purpose vehicles are converted to carry passengers after clearing them under reduced custom duty but now the system had been modified and all the details are sent to the Department of Motor Traffic to be concentrated on at the time of registration of the vehicles.</p> <p>15 It was informed that the investigations are carried out by the CID. The Committee directed to expedite the follow up procedure.</p> <p>16 The investigations are carried out by the CID and also the Department had developed a system to transfer the seized parcels to the special unit at the head office with a view of avoiding such malpractices.</p> <p>17 The CAO/AO stated that a special committee had been appointed to look into the matter and to propose a suitable system.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>55. Department of Inland Revenue</p> <p>(M/Finance & Planning)</p> <p>07 July 2011</p>	<p>1 The Committee questioned what action had been taken by the Department against the officers who were responsible for the huge VAT fraud revealed in 2004.</p> <p>2 It was discussed on the response of the Department to the Interim Report of the COPA on the Management of the Government Tax Revenue.</p>	<p>1 When it was informed that two officers had already been interdicted and the Dept. was waiting for the court order to proceed with the disciplinary actions, the Committee stressed the fact that it was very clearly stated in the Establishments Code that the Dept. can conduct a disciplinary inquiry without a court order.</p> <p>2 The CAO/AO stated that in response to the Interim Report of the COPA, the Dept had taken some corrective measures and 5 committees had been appointed in 2008 to investigate into this matter. Upon the request of the COPA, five draft reports of the said committees were tabled.</p> <p>The Committee expressed its extreme displeasure since the Dept. had not even charge sheeted the officers responsible for the fraud and having considered it as a serious lapse, directed the CAO/AO to hold an examination in this regard and appear before the Committee on 09 August 2011.</p>
<p>Re –examination</p> <p>Department of Inland Revenue</p> <p>09 August 2011</p> <p>Contd..</p>	<p>1 The Committee enquired the CAO/AO as to what action they had taken against the officers connected with the VAT fraud, as directed in the previous meeting held on 07 July 2011.</p>	<p>1 When it was informed that a three man committee had been appointed in order to identify the responsible persons and awaiting the findings of that committee, the Committee stated that</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Inland Revenue		<p>there is no need of appointing another committee as the Presidential Commission appointed has already issued its final report having identified the officers connected with the VAT fraud.</p> <p>The CAO/AO was directed to take immediate action to interdict the respective officers as named by the said Commission and also to hand over the case if this amounts to a criminal offence to the Police or Fraud Bureau.</p> <p>The Committee also stressed the fact that no investigation can be done independently while keeping these personnel in service.</p> <p>The CAO/AO was further directed to report to the Committee within two weeks time having taken action accordingly.</p>
<p>56. Ministry of Indigenous Medicine</p> <p>09 August 2011</p> <p>Contd..</p>	<p>1 The Ministry had not taken action to fill the vacancies in the approved cadre.</p>	<p>1 It was informed that still there were vacancies for 03 SLAS officers and 264 vacancies in the medical service. Further, the Ministry had got the approval from the PSC to recruit 135 Doctors and approval had been sought to recruit the rest.</p> <p>It was directed to take measures to recruit the approved cadre immediately.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>Ministry of Indigenous Medicine</p> <p>Contd..</p>	<p>2 It was reported that a Computer and a Television had been misplaced.</p> <p>3 Performance of the Osu Govi Gammuna Project commenced in the year 2005 spending a sum of Rs.46,952,728/- was discussed. This had run from the inception at loss, and Cabinet approval had been obtained to restructure this as a public private partnership.</p> <p>4 (i) The Committee observed that the Government had contributed Rs.1,200,000/- for construction of Hela Veda Medura for selected Medical practitioners and enquired about the current situation and performance of the project.</p>	<p><i>At this point, the Committee directed the Treasury to make a review on the vacancies prevailing in other Departments too, as this could lead towards the underutilization of funds.</i></p> <p>2 The Board of survey had been commenced and complaints had also been lodged in the Police.</p> <p>The Committee expressed its dissatisfaction on the matter and did not accept the explanation given by the CAO.</p> <p>3 The Committee pointed out that the progress in this regard could not be observed according to the available records.</p> <p>4 (i) It was informed that the project had been successfully continuing and 42 centers had been opened up to now.</p> <p>The Committee drew the attention on acquiring the land where the Veda Medura had been constructed and stated that acquiring was not fair from the Medical practitioners and directed to do the necessary amendments to revise the relevant Cabinet paper.</p>

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Ministry of Indigenous Medicine	4 (ii) It was enquired that what action had been taken to improve traditional Ayurvedic systems of Ayurveda, Siddha and Unani.	4 (ii) Three Ayurvedic medical Faculties had been established in Colombo, Jaffna and Kelaniya Universities. The Committee emphasized the requirement of proper plan to enhance the standards of the Auyurvedic system and directed to consult Indian professionals for same and submit a report to the Committee.
57. Ministry of Parliamentary Affairs 11 August 2011	1 Action had not been taken to recover a sum of Rs.658,724/- due from 31 Members of Parliament in respect of office equipment supplied to them.	1 It was informed that the money due from 31 Members of Parliament who were not elected to the 13th Parliament could not be recovered. The Ministry has decided to inform the Chief Secretaries with regard to the dues from the ex-members who had been elected to the Provincial Councils. The Committee directed to write off the balances due from the deceased members, after getting the approval of the Treasury and to inform the Committee on Public Accounts about those who did not respond.
	2 Action had not been taken to recover a sum of Rs.1,808,060/- from 04 Ex-Members of Parliament not elected to the 13 th parliament who had not completed the payment of vehicle loans obtained under Indian Relief loan basis.	2 Two Ex-Members were died and the IGP had been informed to cease the other two vehicles.

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>58. Ministry of Land & Land Development</p> <p>23 August 2011</p> <p>Contd..</p>	<p>1 The Committee enquired whether the Land Kachcheries are being held at present and also about the policy and procedure of land alienation.</p> <p>2 There were considerable number of vacancies as, 18 in the Ministry and 29 in the Department of Land Use & Policy Planning.</p> <p>3 The Annual Action Plan for 2010 had been submitted after six months which is required to be prepared before commencing of the year concerned.</p> <p>4 The post of Internal Auditor had remained vacant since December 2010.</p>	<p>1 Land Kachcheries are being held by the relevant Divisional Secretary with the concurrence of the Land Commissioner General and Provincial Land Commission, following the guidelines of the Land Development Ordinance.</p> <p>The Committee emphasized the requirement of a Progress Report on the availability of distributable lands, landless registration, land alienation, etc. and directed to send the report prepared by the Ministry within two weeks.</p> <p>2 The CAO stated that they had discussed the matter with the Ministry of Public Administration several times but were not successful.</p> <p>Directed to take immediate action to fill the vacancies.</p> <p>4 The CAO informed that they had brought the matter to the notice of the Treasury.</p> <p>The Committee, considering the existence of similar situation in many government institutions, directed the Treasury officials to consider this matter and take action to rectify it within one month.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>Ministry of Land & Land Development</p> <p>Contd..</p>	<p>9 Two jeeps belonged to the Ministry had remained idling for more than 9 years.</p> <p>10 It was observed that, under the “Bimsaviya” programme, although it had anticipated issuing 250,000 title certificates from 2008 to 2010 by spending Rs.1082 Million, the number of title certificates issued to individuals was 23,194 and a sum of Rs.92 Million had been paid as incentives for surveying. The committee enquired as to why the achievement was less than 10% and why the next steps have not been taken since the surveying had been completed.</p>	<p>9 The Ministry had made arrangements to auction these two jeeps donated by the UNDP and had been unable to do so as the Treasury had not given permission due to nonpayment of relevant taxes. The Committee pointed out that if the Ministry had given the clear clarification to the Auditor General, these types of queries would not have come before the COPA and also emphasized that this was a result of the poor administration of the Ministry.</p> <p>10 The CAO stated that the “Bimsaviya” programme was functioned under the Land Commissioner General and the action had been taken to collect the data through the Divisional Secretaries and Grama Niladaries under four categories and the list of names of land owners of settled lands would be Gazetted under the Land Development Act No.23 of 1997 and the rest with problems were planned to be settled at village Mediation Boards or go to courts if necessary. Further stated that the action had been taken to amend the Land development Act and a Cabinet Paper had also been presented to solve the Land queries in the North and the East. The achievement of the programme was less than 10%.</p>

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Ministry of Land & Land Development	11 There were problems connected with the present 'nominated successor' policy practiced in distributing lands to landless people	11 Directed to prepare a Cabinet paper to appoint a Commission with experts to spell out the new policy on land distribution.
	12 Out of the 100 Survey Assistants recruited to the Northern province, 59 and 20 applicants had been selected from the Matale and Polonnaruwa Districts respectively whereas only 04 persons had been selected from the Northern Province.	12 The Committee emphasized the procedure followed by the Ministry was incorrect and a report was called regarding the recruitments of the Survey Assistants.
59. Department of Import & Export Control	1 There were considerable differences between the Original Estimated Revenue and the Actual Revenue during the period of 2005 - 2010 and the Revised Estimation was also not close to the Actual Revenue.	1 According to the CAO/AO this has been due to tsunami situation in 2004 and the fluctuation of import and export tax rate.
(M/Finance & Planning)	2 It was inquired about the importing of vehicles in the form of scraps in order to escape from taxes.	2 The CAO/AO informed that the permission for importing face cuts and back cuts are banned at the moment. The Committee directed to look into this matter seriously as this makes a grave impact on the government tax revenue.
24 August 2011	3 When queried regarding the importing of drum trucks, it was informed that drum trucks which are less than five years old from manufactured date are only allowed by the tariff but these limits are changed	3 The committee stressed that there should be a clear policy in this purpose.
Contd..		

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Import & Export Control	when requests are made from special projects etc.	
60. Ministry of Petroleum Industries 25 August 2011	5 The Committee pointed out the importance of the training of the staff and also the transferring them after five years of service.	5 The CAO/AO agreed to send a list of employees who has worked in the department for more than five years.
	1 Required number of Audit & Management Committee meetings had not been held in the years 2009 & 2010.	1 The CAO assured to the Committee that meetings would be held regularly from the following month.
	2 Action had not been taken to recover the loan balances amounting to Rs.197,815/-	The CAO stated that this outstanding amount is due from two employees. One of them had vacated his post and the other was interdicted on murder case. As such, there is no possibility of recovering this amount and action would be taken to write off.
	3 The Ministry had made the Ceylon Petroleum Corporation to bear expenses on behalf of the Ministry such as building repairs, vehicle repairs and staff salaries and it had been using the vehicles belonging to the CPC too.	3 The CAO informed that this had happened when the Ministry was formed and now it is not continued.
	4 The Committee enquired the reasons for not preparing the performance reports for the years 2006, 2008 & 2009.	4 It was stated that the performance report had already been prepared for the year 2010.
	5 Investigations had not been taken place regarding the 03 vehicle accidents.	5 The report had already been prepared as per the FR regarding this matter.
Contd..		A detailed report in this regard was called for immediately.

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Ministry of Petroleum Industries	6 Action had not been taken against a ministerial officer who had drawn a sum of Rs.503,447/- from the Ministry and Rs.317,800/- from the Co-operation for the same tenure, as salaries and allowances.	6 The CAO stated that these payments relate to former Additional Secretary of the Ministry of Petroleum Industries who had worked as the Chairman and the Managing Director of the Ceylon Petroleum Co-operation. The Committee observed this as a very serious violation of the provisions of Establishment Code and directed to take disciplinary action against this officer and also to send a detailed report to the Committee.
61. Office of the Parliamentary Commissioner for Administration 07 September 2011	1 The Committee enquired the reason for not recovering the outstanding advance balances aggregated Rs.108,408/- as at 31 December 2008.	1 The CAO explained the difficulties faced, without the services of an Accountant and also stated that some of the officers whose balances are outstanding were not in his office at present. The Committee directed to take necessary action to recover outstanding balances and report back to the Committee within 03 months.
Contd..	2 The office equipment valued at Rs.151,900/- purchased in the year 2009 had not been brought to inventory book in terms of Financial Regulation 454 (1).	2 When it was informed that this lapse had been occurred due to non availability of an Accountant, the Committee directed the CAO to make a request to the Treasury to obtain an Accountant from the Accountants Service. The Committee also directed to take necessary action to record the office equipment in the inventory books immediately.

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>62. Ministry of Co-operatives & Internal Trade</p> <p>20 September 2011</p> <p>Contd..</p>	<p>There was a delay in tabling of Annual Performance Reports for the years 2004, 2009 and 2010 in Parliament.</p> <p>1 Required number of meetings of the Audit & Management Committee had not been held from 2005 to 2011.</p> <p>2 Action had not been taken to prepare the Internal Audit Report as per the F.R.134 (3).</p> <p>3 (i) Full payment had been made for the rice stock of 7000 metric tons, even though there had been a shortage of 107.83 metric tons imported from Myanmar in 2008.</p> <p>(ii) A stock of imported rice, valued at Rs.4,660,590/- had been damaged.</p>	<p>3 The CAO assured the Committee that the reports would be tabled in Parliament without delay.</p> <p>1 It was stated that 02 Audit & Management Committee meetings had been held in 2011 including a consolidated meeting.</p> <p>2 The CAO was directed to submit Internal Audit Reports to the Auditor General as required.</p> <p>3 (i)The CAO stated that the value of metric tons in short (US\$ 48,159), had been received by the Ministry of Foreign Affairs.</p> <p>Directed to settle the matter very early and report back to the Committee and to the Auditor General within one month.</p> <p>(ii) It was explained that some rice bags were damaged due to heavy rains prevailed in April 2008, but they had sold damaged stock for animal food. Consumable stock was sold at reduced prices prevailed in the market and the total loss caused was Rs.58 million.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>Ministry of Co-operatives & Internal Trade</p> <p>Contd..</p>	<p>6 The Committee observed that action had not been taken regarding the loss incurred due to importation of 1500 metric tons of white rice from Vietnam in December 2009.</p> <p>7 The Committee observed that the “Thuru Sevana” Marketing Project had been constructed in 2003 and demolished it, later on Wariyapola Special Economic Centre had been constructed in 2007 at Wariyapola forest reserve neglecting the feasibility study which stated the unavailability of ground water.</p> <p>In addition, even though Rs.12,662,780/- was recoverable from the contractor (CECB), a sum of Rs.3,042,355/- had been paid in December 2010 as the settlement of the final bill without recovering the said amount.</p>	<p>6 The CAO explained that the Ministry of Foreign Affairs imported the stock on the tendency of increasing prices of rice during the Presidential Election in 2009 but the stock could not be sold at the purchased price. According to the CAO, the Treasury had come to a compromise that the loss incurred due to this transaction would be borne by the Treasury.</p> <p>The Committee directed to send detailed reports about this transaction to the Ministry of Foreign Affairs and the Treasury and submit the copies to the Committee and the Auditor General.</p> <p>7 The committee directed to send a detailed report on this matter to the Committee and the Auditor General within 2 weeks.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Ministry of Co-operatives & Internal Trade	<p>1 The Committee enquired whether the attention had been paid to the request made to establish an Economic Centre at Godakawela.</p>	<p>12 The CAO stated that they would look into the matter.</p>
<p>63. Ministry of Water Supply & Drainage 21 September 2011</p>	<p>1 Action had not been taken to fill the vacancies of the approved cadre in the Ministry.</p> <p>Ministry of Public Administration had been informed of this situation.</p>	<p>1 The Committee was informed that the Ministry was functioning with the existing staff and the Ministry of Public Administration had already been informed in this regard.</p>
Contd..	<p>2 There were notable discrepancies of the information provided in the Performance Report of 2010 in respect of 3 Projects: Greater Kandy Water Supply Project, Greater Colombo Water Rehabilitation Project and Labugama Kalatuwawa Project of which Financial Progress had been nearly 100% while Physical Progress had been much lower.</p>	<p>2 The CAO stated that they had made a mistake when including annual budgetary allocations and expenditure in the Performance Report.</p> <p>Directed to be more vigilant when providing information to Parliament.</p>
Contd..	<p>3 Action had not been taken to avoid the delay in the repayment of installments and interests of the foreign loans obtained by the NW & DB come under the Ministry for the years 2008, 2009 and 2010. Action had not been taken to avoid the delay</p>	<p>3 The revenue generated by the NW & DB was not sufficient to pay the entire amount of loans because the Board provides water at subsidized rates and free of charge for several parties and also the production and staff costs are very high.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>Ministry of Water Supply & Drainage</p> <p>Contd..</p>	<p>in the repayment of installments and interests of the foreign loans obtained by the NW & DB come under the Ministry for the years 2008, 2009 and 2010.</p> <p>4 The Committee stated that action should be taken to reduce non revenue water, as it was the main contributory factor for the loss of the NW & DB. But, it had not been stated in the Action Plan and the follow up action carried out in this regard, had not been indicated in the Performance Reports.</p> <p>The Committee observed that people in the specific areas were unable to access the “Randiya” programme.</p>	<p>Further, the annual commitment of repayment of loans was Rs.2.billion and the NW & DB had been directed by the Ministry to pay at least Rs.200 million monthly repayments, since the arrears of loans at present is Rs.5 billion.</p> <p>It was emphasized that the Ministry and the NW & DB should have a repayment plan as the loan balance had been increasing annually. (Arrears of loan balances at present is Rs.05 billion)</p> <p>4 The CAO explained that non revenue water in Colombo metropolitan area had been around 53% at present and considerable percentages had been in regional areas too. Main four cases for this situation had been</p> <ul style="list-style-type: none"> (i). Water leakages from old pipes (ii). Free water supply for certain categories (iii). Illegal connections (iv). Administrative shortcomings <p>Directed to launch an awareness programme to encourage the people.</p> <p>The CAO stated that they had already started a mobile service to motivate people to take their own connections</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>Ministry of Water Supply & Drainage</p> <p>Contd..</p>	<p>5 Rs.23 million allocated for the Dry Zone Project had been utilized in the Third Water Supply and Sanitation Project without getting the approval of the Treasury.</p> <p>6 Rs.97.7 million had been received from the Treasury during the year 2009 in respect of granting rebate of Rs.20/- for the consumers who use less than 15 units of water per month but the same subsidy is being continued without the provisions of the Treasury and as a result, a loss amounting to Rs.138,937,699/- was incurred.</p> <p>7 The Committee seriously considered a sum of Rs.5,789,514/- which had been paid as interests due to delay in payment of compensation for lands acquired, during the year 2010 and also payment of demurrage amounting to Rs.483,235,236/- which was equivalent to 7% of the total foreign loan amount made due to delay in handing over the lands on due date, to store contractor's equipment.</p>	<p>5 Since it was against the FRR and the project agreement, the Committee directed to regularize it.</p> <p>6 The CAO stated that the Treasury had refused to provide money to continue the subsidy in the year 2010. Directed to get this matter regularized having discussions with the Treasury.</p> <p>7 The Committee directed to report the matter to the Hon. Minister of Water supply and Drainage, as well as to the External Resources Department and also a comprehensive report was called regarding the Lunawa project and decided to discuss the matter at the earliest after receiving the report.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Ministry of Water Supply & Drainage	8 106 sub projects had been abandoned after making an expenditure of Rs.33,950,187/-.	8 Even though they could not implement the water supply project, the Ministry had done several activities on sanitation, conducted health education programmes and organized Community Based Organizations.
64. Ministry of Foreign Employment Promotion & Welfare 22 September 2011	1 The Committee observed the delay in the tabling of Annual Performance Reports for the years 2006 to 2009.	1 The CAO stated that they had submitted the report for the year 2008.
	2 02 motor vehicles valued at Rs.11,800,000/- had been given to the Ministry of Policy Development and Implementation.	2 The CAO informed that one vehicle had been returned and the other would also be returned shortly. These vehicles had been used by the former Minister.
	3 The Ministry had not regularized the matter of exceeding the limits provided for telephones prescribed in the Circular No. CSA/P1/40 of 04 January 2006 of HE the President.	3 It was stated that these excess telephones and expenditure incurred for same was for the services of the National Media Centre when the former Minister was in charge of that and request had been made to the Presidential Secretariat for approval.
	4 04 projects valued at Rs.118,975,000/- in 2009 and another 04 projects valued at Rs.150,000,000/- had not been commenced in 2008.	4 The CAO explained that the main projects were to establish a Foreign Language Training Center in Kandy and Pre Departure Orientation Center in Katunayake and the problem was the inability to find a suitable land for them. The concern of the Committee was that, these funds had gone back to the Treasury without being used
Contd..		

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>Ministry of Foreign Employment Promotion & Welfare</p> <p>65. Department of National Planning (M/Finance and Planning)</p> <p>06 October 2011</p> <p>Contd..</p>	<p>1 Even though the Audit and Management committees should meet at least once in a quarter, only two meetings had been held in each of the years 2009 and 2010.</p> <p>2 The Performance Report for the year 2010 had not been tabled in Parliament violating the provisions of the Public Finance circular No.PF/402 of 12 September 2002.</p> <p>3 There were savings ranging from 81% to 100%, under certain Capital Objects, from 2007 to 2010.</p>	<p>The Committee directed to find ways and means to promote this sector by appointing an inter ministerial committee of the Ministry of Health, Ministry of Higher Education and the Ministry of Foreign Employment Promotion and Welfare.</p> <p>1 The Audit and Management Committee had been held by the Ministry of Finance and Planning including all Departments together. The Committee directed to hold these committees separately in each and every Department on quarterly basis.</p> <p>2 The CAO/AO stated that the Performance Report had already been prepared and would be tabled in Parliament soon.</p> <p>3 It was explained that the relevant project agreement was signed in November 2007 but the documents were received on 13.12.2007. Owing to that delay, the reimbursement could not be done from the JAICA. Further, Rs.100 million allocated to the Department for some National projects had been freezed since those projects were implemented through Provincial Councils.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>Department of National Planning</p> <p>Contd..</p>	<p>4 Action had not been taken to recover the outstanding loan balances amounting to Rs.504,458/- including loan balances older than 5 years which were amounting to Rs.279,288/-.</p> <p>5 Printing of the Sinhala and Tamil versions of the book “Randora” had been awarded without calling quotations and sum of Rs.1,143,618/- had been paid to the same institution exceeding the agreed amount of Rs.3,097,250/-.</p> <p>6 The book, “Government investment plan 2008 – 2011” had been printed at a cost of Rs.1,110,450/- and evidence of the receipt of the books by the department or the particulars of distribution of books were not furnished to Audit.</p> <p>7 The Committee drew the attention on the vacancies as at December 2010 represented 41% of the approved cadre and enquired as to why the action had not been taken to fill the Vacancies in the Department.</p>	<p>The committee directed to submit written explanations to the Committee and the Auditor General.</p> <p>4 The amount of outstanding loan balances had been reduced gradually and the Department had to face difficulties with recovering loans from the officers who were retired and vacated their posts but the recovering process is being continued successfully.</p> <p>5 The CAO/AO stated that the English print had been printed according to the tender procedures considering the quality. The Sinhala and Tamil versions had been given to the same printer with the approval of the Tender committee of the Ministry. The Committee directed to follow standard tender procedures in the future.</p> <p>6 Directed to send a full and comprehensive report to the COPA with copy to the Auditor General on printing and distribution of the said book and also a copy of “Randora” with the procurement committee reports.</p> <p>7 The CAO/AO stated that the Department had planned to restructure the cadre to meet the new challenges of the country.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of National Planning	<p>8 The Committee enquired whether the National Council for Economic Development was functioning properly.</p>	<p>The Committee emphasized the professionalism of the Department and pointed out the importance of recruiting the best qualified personnel.</p> <p>8 The CAO/AO informed the Committee that the NCED is functioning successfully at present.</p> <p>Directed to be concerned about the job creation of the private sector when preparing the plans and also to consider the investment programmes to attract investors to the country.</p>
<p>66. Ministry of Buddhasasana & Religious Affairs</p> <p>18 October 2011</p>	<p>1 A Technical Officer, who did not possess qualifications, had been appointed and assigned duties of supervisor of vehicles. It was also reported that due to recommendations of this officer a great deal of losses to the Government.</p> <p>2 There was a delay in presentation of accounts of Buddhasasana Fund in past six years.</p> <p>3 The Ministry had not conducted the board of survey for 2010.</p>	<p>1 The Committee was informed that the service of the said officer had been obtained initially free of charge but action has already been taken to regularize the matter.</p> <p>2 The CAO assured to present the accounts within stipulated time period in future. The Committee directed to make necessary arrangements to forward them in time.</p> <p>3 The CAO stated that the board of survey was being processed and it was so delayed due to the shifting of the head office to a new location.</p>
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Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Ministry of Bud-dhasasana & Religious Affairs Contd..	4 The Committee queried about malfunctioning of Internal Audit and also not appointing an officer for same on permanent basis.	4 The Ministry had requested the Treasury for recruiting a suitable officer for internal audit for several times and assured that it could be accomplished within few weeks.
	5 The Ministry had not utilized the funds allocated for the years 2005 to 2009 properly. It was reported that during this period 68 objects had saved more than 50% of the total provision while 112 objects had saved 100% of the total provision.	5 The Committee was of the view that this was clearly due to unrealistic budgeting and directed to be more vigilant on this situation in the future.
	6 The Recurrent Expenditure of the Circuit Bungalow of the Ministry situated in Anuradhapura was higher than its total income during past 20 months.	6 The CAO explained that, since the condition of the building was not up to the standard, action had been taken to improve it.
	7 The Ministry had not recovered the loss caused by a motor vehicle accident in 2004, from a driver who was responsible for the loss.	7 A case had been filed against the driver but he is not attached to the ministry at present. The Committee directed to look into this matter further.
	8 There were several shortcomings in printing of books for Punya Grama Programme during the period of 2008-2010 at the cost of Rs.3,578,500/-. This had been due to poor estimation on required number of books and also deviation of the accepted procurement procedure in this affair.	8 The CAO stated that action was being taken to inform the Ministry of Public Administration to conduct an inquiry on this.

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Ministry of Bud-dhasasana & Religious Affairs	<p>9 Even though only 15 officers had participated in an awareness programme at Hambantota, 2 vehicles from the pool and 2 official vehicles had been used spending Rs.40,745/- on fuel.</p> <p>1 The Committee enquired as to why Rs.10 million was under utilized out of 28 million granted to execute the programme “Samanera Kapakaru Dayaka Kramaya” during 2007-2010.</p>	<p>9 This has happened as the vehicles in possession of the Ministry had been very old, and the CAO assured that such things would not happen in the future.</p> <p>1 The CAO assured to use maximum in the future.</p>
<p>67. Department of Fiscal Policy</p> <p>(M/ Finance & Planning)</p> <p>19 October 2011</p> <p>Contd..</p>	<p>1 The Committee observed that the Secretary of the Ministry had not been present for the day’s meeting without informing his inability in advance to the Committee.</p> <p>2 Rs.2,661,168,832/- had been spent as Capital Expenditure in the year 2006.</p> <p>3 Revenue of Rs.565 million had not been included in the Revenue Account in the year 2005.</p>	<p>1 It was seriously considered and the Committee’s view was that according to the Standing Orders, the Secretary to the respective Ministry should come before the Committee on Public Accounts as the Chief Accounting Officer, and if there was any difficulty for him to attend, action should have been taken to send a suitable representative, after getting consent of the Committee.</p> <p>2 This expenditure was to purchase required furniture and other equipment due to the department being divided into two. A detailed report was called on this matter.</p> <p>3 The Committee stated that due to this kind of unsettlements, government revenue would be erroneously</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Fiscal Policy		calculated by millions and the CAO/AO was directed to report back after correcting it.
68. Department of Commerce (M/Industry and Commerce)	<p>1 The Annual Action Plan for the year 2011 had not been furnished to the Auditor General up to now.</p> <p>2 Only 04 meetings of the Audit and Management Committee had been held during 05 years – from 2005 to 2010, which was very much lower than the requirement.</p> <p>3 The percentage of the utilization of provisions of the year 2009 is only 10.66%.</p> <p>4 The directions of the previous meeting of the Committee on Public Accounts were not carried out.</p>	<p>1 Even though the Department had prepared it, they could not send a copy to the Auditor General as there were some corrections to be done and the CAO/AO apologized for the delay.</p> <p>2 It was stated that the Audit and Management Committee normally meets at the Ministry but during the past few years, it could not be held as usual since the Department was under different ministries but assured to hold next meetings as prescribed, in the future. The Committee directed the CAO/AO to hold the meetings regularly.</p> <p>3 The Committee was informed that the funds received in 2009 from the Treasury were only 1 billion out of the allocated 8 billion from the Budget. The Committee expressed its dissatisfaction regarding the limitation of amounts proposed to pay the Exporters under Exports Development Reward Scheme as it is very unfair from the exporters' point of view.</p> <p>4 The CAO/AO under took to report to the Committee with copy to the Auditor General within two weeks.</p>
Contd..		

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Department of Commerce	<p>5 The Debtors and Creditors Control Account and the list of Debtors and Creditors had not been maintained in terms of the National Budget Circular No. 118.</p> <p>6 The Department had not sent a monthly report to the Commissioner General of Inland Revenue with a copy to Auditor General before the 15th day of the following month whenever the department pays Value Added Tax to other parties and institutions.</p> <p>7 There were deficiencies in banking of money received by the Department.</p> <p>8 It was observed that large number of vacancies prevailing in the Financial Management Section.</p>	<p>5 The CAO/AO assured to maintain relevant records properly in future.</p> <p>6 Directed to send that undertaking in writing to the Committee on Public Accounts.</p> <p>7 The CAO/AO informed that, it was due to the heavy shortage of staff but now action had been taken to rectify the situation.</p> <p>The Auditor General was directed to do a system study and report back to the committee within six months to enable the Committee to decide whether to re-summon the Department.</p> <p>8 The CAO/AO explained the seriousness of the shortage of staff in that section.</p> <p>The Committee directed the CAO to take necessary action to provide sufficient staff to the Financial Section and report back the progress of same to the Committee within 03 months.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
<p>69. Parliament of Sri Lanka</p> <p>08 November 2011</p> <p>Contd..</p>	<p>1 Hon. Anura Priyadharshana Yapa, expressed his personal view on the summoning of Parliament before the Committee on Public Accounts. In view of the nature of the functions, it was not appropriate to summon the Parliament before the PAC, as in the manner the other Government Institution are summoned.</p> <p>2 The Internal Audit Section had not furnished Internal Audit Reports to the Auditor General.</p> <p>3 Annual Action Plans had not been furnished to the Auditor General up to date.</p>	<p>1 Since the duties of the Parliament are different from other Government institutions, he proposed to set up special guidelines to follow. Hon. Ajith P. Perera and Hon. Hunais Farook also endorsed the proposal of the Hon. Anura Priyadharshana Yapa.</p> <p>The Auditor General stated that there is no bar for the Parliament to be guided by special regulations, as already, the other corporations act on special guidelines which are only applicable to them.</p> <p>2 When it was revealed that the Internal Audit Section is functioning without an Accountant, the Committee recommended the need of appointing an Accountant for the Internal Audit Section.</p> <p>3 The CAO informed that it is impossible to have an action plan with regard to the legislative work but an action plan on financial and administrative matter had been prepared for 2010 and 2011, the Committee endorsed the statement of the CAO in view of the nature of the functions of Parliament.</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments / Directives of the COPA
Parliament of Sri Lanka	6 The Committee queried regarding the Electronic Voting System which was installed having spent big sum of money.	<p>6 The CAO was requested to take the matter up with the Committee on Parliamentary Business.</p> <p>The Committee directed the CAO to provide written explanations to the Committee on the matters could not be considered appearing in the brief note of the Auditor General and to re-summon Parliament on a future date if necessary after considering the explanations.</p> <p>The Secretary-General of Parliament agreed to forward his observations after the budget debate in January.</p>

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