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The Democratic Socialist Republic of Sri Lanka  
(First Session)

**Second Report**

(From 17-01-2012 to 25-10-2012)

From

The Committee on Public Accounts

*Presented by*

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

On 10th February 2015



## **Composition of the Committee on Public Accounts First Session of the Seventh Parliament**

### **First Session of the Seventh Parliament**

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## Preface

The Public Accounts Committee (PAC), also known as the Committee on Public Accounts (COPA), was one of the first and most important Committees to be established in the Parliament of Sri Lanka. In Sri Lanka it was institutionalized by the Standing Orders. Standing Order 125 establishing the Public Accounts Committee gives its mandate as follows.

“125(2) It shall be the duty of the Committee to examine the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure and such other accounts laid before Parliament to meet the public expenditure and such other accounts laid before Parliament as the Committee may think fit, along with the reports of the Auditor – General on local authorities”

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 audit reports which had been presented in Parliament by the Auditor General as well as the performance of the Government Institutions 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.

One of the main objectives of the Committee on Public Accounts is to examine whether the Administration 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.

The Auditor – General invariably assists the Committee in its investigation. The responsibility of the Auditor General’s Department is to identify lapses, irregularities and mismanagement in government institutions with a view to correct them to see whether the government obtain maximum return for the investments incurred.

More than 500 Institutions come under the perview of Public Accounts Committee. They are Ministries, Departments, Provincial Councils, District Secretariats, Divisional Secretariats and some Institutions come under the presidential Secretariat and some funds as well as Foreign Funded Projects .

Accountability is at the heart of good governance and has to do with holding governments responsible for their actions. In a democracy, the Parliament represents the people and the government irrespective of political system is accountable to the Parliament. The government itself consists of political executive and administrative executive. The administrative executive is accountable to the political executive, which in turn is accountable to the Parliament. These twin themes of accountability constitute government accountability. 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.

## Report

The Committee on Public Accounts (COPA) for the First Session of the Seventh Parliament is pleased to present its second report to the 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<sup>th</sup> May 2010.

The first Committee meeting was held on 08<sup>th</sup> June 2010, and has been sitting continuously on a regular basis to examine Government Institutions in terms of the Parliamentary Standing Order No.125.

This report covers the findings and recommendations of the Committee on 48 Government Institutions examined during the period from 17<sup>th</sup> January 2012 to 25<sup>th</sup> October 2012. During this period the Committee examined 48 Government Institutions based on the Audit paragraphs reported in the Auditor General's Reports from 2005- 2010.

The following table contains the names of the institutions examined

Table 01 – Institutions Examined

<b>No.</b>	<b>Name of the Institution</b>	<b>Line Ministry</b>	<b>Date of the Examination</b>
01	Ministry of Child Development & Women's Empowerment		17.01.2012
02	Department of Inland Revenue	M/ Finance & Planning	18.01.2012
03	Ministry of National Heritage & Cultural Affairs (Excesses – 2010)	M/ Culture & Arts M/ National Heritage	19.01.2012
04	Department of Registrar General of Companies	M/ Industry and Commerce	19.01.2012
05	Ministry of Coconut Development & Janatha Estate Development		08.02.2012
06	Department of Elections (Shortfalls)		21.02.2012
07	Ministry of External Affairs (Shortfalls)		22.02.2012

<b>No.</b>	<b>Name of the Institution</b>	<b>Line Ministry</b>	<b>Date of the Examination</b>
08	Ministry of Technology & Research (Shortfalls)		22.02.2012
09	Department of Posts (Shortfalls)	M/ Postal Services	22.02.2012
10	Department of Public Finance (Unauthorized Working Losses)	M/ Finance & Planning	23.02.2012
11	Ministry of Livestock & Rural Community Development		06.03.2012
12	Sri Lanka Army	M/ Defense	08.03.2012
13	District Secretariat - Kandy	M/ Public Administration & Home Affairs	22.03.2012
14	District Secretariat - Kegalle	M/ Public Administration & Home Affairs	22.03.2012
15	Ministry of Construction, Engineering Services, Housing & Common Amenities		03.04.2012
16	Ministry of Labour & Labour Relations		04.04.2012
17	Ministry of Higher Education		08.05.2012
18	Parliament of Sri Lanka		09.05.2012
19	Department of Trade, Tariff & Investment Policy	M/ Finance & Planning	10.05.2012
20	District Secretariat - Matale	M/ Public Administration & Home Affairs	22.05.2012
21	District Secretariat - Ratnapura	M/ Public Administration & Home Affairs	22.05.2012
22	Department of Buddhist Affairs	M/ Buddhasasana & Religious Affairs)	23.05.2012
23	Ministry of National Languages & Social Integration		24.05.2012
24	Co-operatives Employees Commission		05.06.2012
25	Ministry of Finance & Planning		06.06.2012
26	Department of National Zoological Gardens	M/ Economic Development	07.06.2012
27	Department of Sports Development	M/ Sports	19.06.2012

<b>No.</b>	<b>Name of the Institution</b>	<b>Line Ministry</b>	<b>Date of the Examination</b>
28	Ministry of Defense & Urban Development		20.06.2012
29	District Secretariat - Kurunegala	M/ Public Administration & Home Affairs	21.06.2012
30	District Secretariat - Anuradhapura	M/ Public Administration & Home Affairs	21.06.2012
31	Ministry of Telecommunication & Information Technology		04.07.2012
32	Ministry of Justice		05.07.2012
33	Department of Social Services	M/ Social Services	17.07.2012
34	Department of Commissioner General of Samurdhi		18.07.2012
35	Department of Pensions	M/ Public Administration & Home Affairs	19.07.2012
36	Ministry of Agriculture	M/ Agrarian Services & Wildlife M/ Irrigation & Water Resources Management	09.08.2012
37	Ministry of Power & Energy		21.08.2012
38	District Secretariat - Kalutara	M/ Public Administration & Home Affairs	22.08.2012
39	District Secretariat - Matara	M/ Public Administration & Home Affairs	22.08.2012
40	Summoning of former DG of Pensions	M/ Public Administration & Home Affairs	18.09.2012
41	Judicial Services Commission		18.09.2012
42	Government Factory	Ministry of Construction, Engineering Services, Housing & Common Amenities	20.09.2012

<b>No.</b>	<b>Name of the Institution</b>	<b>Line Ministry</b>	<b>Date of the Examination</b>
43	Ministry of Social Services		09.10.2012
44	Ministry of Education		11.10.2012
45	Department of Forest	Ministry of Environment	23.10.2012
46	Department of Ayurveda	Ministry of Indigenous Medicine	24.10.2012
47	District Secretariat - Hambantota	M/ Public Administration & Home Affairs	25.10.2012
48	District Secretariat - Badulla	M/ Public Administration & Home Affairs	25.10.2012

## Schedule - 01

### **General Observations on examined Institutions**

#### **Annual Performance Report**

In terms of the Public Finance Circular No.402 of 12<sup>th</sup> September 2002 and No.402 (1) of 20<sup>th</sup> February 2004, all the Government Institutions are required to table their Annual Performance Reports in Parliament no later than 150 days after the lapse of the financial year. It is revealed from the examinations that the most of the institutions had not adhered to that circular.

#### **Annual Action Plan**

Every Ministry, Department and District Secretariat should prepare an Annual Action Plan to implement the projects during specific financial year within the limits of estimates. It was observed that some institutions had not paid due attention to include required information and budgetary framework in the Annual Action Plan. Since government policies, Programmes as well as visions and missions of the institutions are included in the annual estimates the programmes used in annual budget preparations should be implemented according to the approved estimates. It was observed that some institutions had not presented the Annual Action plan in time according to the Public Finance Circular.

#### **Internal Auditing**

According to the Audit and Management Circular DMA/2009 (1), each Secretary to the Ministry is responsible for the overall management of the Ministry and the Department under its purview as the Chief Accounting Officer and is accountable to the Public Accounts Committee if Internal Audit Units had not been established. It was observed that Internal Audit Unites of some institutions were not properly functioning or Internal Audit Units had not been established mainly due to lack of qualified staff to serve in them.

#### **Audit and Management Committees**

In terms of the circular DMA/2009 (1) every Ministry should essentially establish an Audit & Management Committee and those Committees should meet at least once in a quarter with the participation of all the heads of Departments in order to implement the decisions taken by the Committee without delay. It was, nevertheless observed that most of the institutions had not held the Audit and Management Committee meetings regularly and some institutions had not even appointed the Committee.

**Failure to provide information to the Auditor General at the primary stage**

It was evident that the most of the queries in the Reports of the Auditor General could have been avoided if there had been prior discussion between the Auditor General and the Ministry officials. It was observed that this situation has been incurred due to the non-provision of correct and adequate information at the preliminary level

All institutions are expected to provide required facilities to access necessary information to the Auditor General's staff and established a close rapport with them. It is the duty of the Superintendent of Audit who is attached to the Institution to have discussions with Heads of the Departments and sort out minor issues and report only the issues that could not be solved in her /his capacity.

**Failure to Conduct of Board of Survey**

Each and every Secretaries of Ministries, Heads of the Departments and District Secretaries are instructed by the Public Finance Circular No.441, In terms of F.R. 128,(1) (E) to conduct Annual Board of surveys to ensure that adequate and proper arrangement are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the government or is in its custody and that those are verified from time to time and the disposal should be in accordance with prescribe regulation in terms of FR 128 (1).

It was observed that most of the institutions had not paid adequate attention to conduct Board of Survey annually and some have not done for about 06 years. Apart from that it was evident that institutions had not been taken action to (or advice) submit of report board of survey to the Auditor General and also the Director General of Public Finance.

**Vacancies in the cadre**

Dedicated professional staff is a certain element of good governance. The Committee observed that significant number of vacancies exists in the cadre of many institutions and it was appalling that there were 418 vacancies in one of the Departments in the year 2012. It was revealed that the CAO/AO had made many attempts / requests from the Ministry of Public Administration and the Public Service Commission, Department of Management Services, Salaries and Cadre Commission

This report emphasizes that the vacancies in the cadre hinders and be a major obstacle to a functioning of the institutions.

**Follow up action**

Public Accounts Committee demands positive responses timely from the government institutions that is PAC scrutinizes its recommendations are implemented. It was observed that follow up actions had not been taken to implement the directives of the committee within the given period of time. In some occasions action had not been taken to rectify the issues or reported the progress when the institution summoned again after years before the Committee.

## Schedule 02

### Major Issues Discussed at the meetings of Committee on Public Accounts 2012

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments/Directives by the Committee
<p>1. Ministry of Child Development &amp; Women's Empowerment</p> <p>17 January 2012</p>	<p>1. There had been a saving of Rs.529,367,865/- as at 31.12.2009 from the total provisions allocated for the year 2009.</p>	<p>1. The CAO/AO stated that the “Kiri Weeduruwa” programme to be launched by the Ministry of Health had been transferred to the Ministry of Child Development and Women’s Affairs and the Ministry had experienced many difficulties due to insufficient supply of milk.</p> <p>The Committee pointed out that it had been very unfair for the children of the country, who suffer from malnutrition.</p> <p>The CAO/AO revealed that, instructions had been received from the special committee, only to facilitate the poorest 175 Divisional Secretariat Divisions.</p> <p>The Committee directed the CAO/AO to send a comprehensive report with the names of the officers who were responsible for underutilization of provisions, after an investigation on the issue.</p>
<p>2. Department of Inland Revenue</p>	<p>1. The Department had not carried out the</p>	<p>1. The CAO/AO replied that since they had to frame the</p>

<b>Name of the Institution/ Line Ministry &amp; Date of Examination</b>	<b>Major Issues Discussed</b>	<b>Explanations by the CAO/AO &amp; Comments/Directives by the Committee</b>
<p>(Ministry of Finance &amp; Planning)</p> <p>18 January 2012</p>	<p>following directives of the COPA held on 09 August 2011 against the officers identified to have involved in the VAT fraud by the Presidential Commission.</p> <p>(i) Interdict those officers and conduct further investigations</p> <p>(ii) Action be taken against them under Criminal Law</p>	<p>charges against them, he had requested the assistance of the Public Service Commission in this regard.</p> <p>The Committee did not accept the explanation, and stated that the directive of the Committee should be implemented immediately as that had been a financial fraud.</p> <p>It was firmly decided that, until the Ministry and the Department had taken action on this, the Committee could not examine further.</p> <p>The names of the relevant officers and the charges against them, proposed by the Presidential Commission were tabled.</p>
	<p>2. The CAO/AO was unaware of the reports submitted to the court of Law with regard to those officers by the Department of Police and the CID.</p>	<p>2. Decided to summon the Attorney General, the Inspector General of Police, the Director – CID and the Senior State Attorney before the COPA to see what action they had taken in this regard.</p> <p>The CAO/AO was also directed to report to the Committee on the following</p> <p>(i) What action had been taken against the officials who had been disclosed by the</p>

<b>Name of the Institution/ Line Ministry &amp; Date of Examination</b>	<b>Major Issues Discussed</b>	<b>Explanations by the CAO/AO &amp; Comments/Directives by the Committee</b>
		<p>report of the Presidential Commission</p> <p>(ii) Whether the department had informed the Police and the CID in this regard</p> <p>(iii) Why an internal disciplinary action had not been taken until a Commission being appointed.</p> <p>The Committee decided that, if the CAO/AO fails to give explanations, a special report be submitted to the Parliament for a full house debate on this issue.</p>
		<p>3. Since the Committee was not satisfied with the way that the Ministry and the Department had acted on this issue, decided to postpone the meeting for 09 February 2012.</p>
<p><i>(Re-examination)</i> <i>Department of Inland Revenue</i></p> <p><i>(Ministry of Finance &amp; Planning)</i></p> <p><i>09 February 2012</i></p>	<p>1. The Committee stated that the VAT fraud had been examining over a long period of time and an Interim Report had also been presented in Parliament on this.</p> <p>Since there was a complex procedure involved in the VAT system, it was time consuming, less reliable and more opportunity</p>	<p>1. The CAO explained the actions that had been taken to prevent such frauds in the future as listed out below</p> <p>(i) VAT refund is specially overseen at the monthly cash flow meetings and the present complicated VAT management system is to be replaced with a simple system based on the new technology</p> <p>(ii) A VAT deferment system had been introduced with regard to huge VAT refunds avoiding money transactions</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments/Directives by the Committee
	<p>for frauds, the Committee enquired whether any simple method available in other countries.</p>	<p>(iii) The Department had been advised to conduct field audits in addition to internal audits            (iv) Physical verification should be done before a VAT refund            (v) Information system between the SL Customs and the Department of Inland Revenue had been strengthened            The CAO informed that the frequent change of the Head of the Department without considering the age factor is a constraint in modernization as it prevents long term supervision.</p>
	<p>2. The Director, CID was questioned as to what action had been taken by the Ministry.</p> <p>The Committee questioned as to why the CID had not informed the Hon. Attorney General about the persons identified by the Presidential Commission as</p>	<p>2. The Director, CID explained that out of the 14 suspects identified, 06 had been remanded and indictments had been issued against them by the Hon. Attorney General and evidence had been taken from about 120 witnesses. Other 08 suspects were out of the country and red notices had been issued against them.</p> <p>The Committee Considered this as a serious lapse, and directed the Director, CID to inform the Hon. Attorney General about the other suspects identified by the Presidential Commission apart from the ones who had been already identified.</p>

<b>Name of the Institution/ Line Ministry &amp; Date of Examination</b>	<b>Major Issues Discussed</b>	<b>Explanations by the CAO/AO &amp; Comments/Directives by the Committee</b>
	suspects.	
	<p>3. The Committee stated that both the Department of Inland Revenue and the Department of Police should have considered the information revealed by the report of the Presidential Commission and pointed out that according to the provisions of the Establishments Code, Attorney General's advice is not required to take departmental actions it was an administrative matter.</p>	<p>3. The Committee having observed that both administrative and criminal investigations had not been completed advised the relevant parties that unless this is solved immediately, it should be reported to Parliament.</p> <p>Senior Deputy Inspector General of Police assured to initiate new inquiry according to the evidence of the Presidential Commission report apart from the investigation they would hold.</p>
		<p>4. Deputy Solicitor General stated that as one officer who was involved in the fraud was retired, no action could be taken against him.</p> <p>The Committee pointed out that both departmental inquiry and criminal procedure must be continued irrespective of the fact that the officer has been retired.</p>
		<p>5. The CAO revealed that when they had requested the advice</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments/Directives by the Committee
		<p>from the Hon. Attorney General with regard to internal inquiry at the very beginning they were instructed to await until the Presidential Commission concludes its inquiry.</p> <p>The CAO further stated that when the Presidential Commission report came out in 2010, he had informed the Department of Inland Revenue and the Public Service Commission to initiate action.</p>
		<p>6. The Committee directed the AO to hold the departmental inquiry in terms of the provisions of Establishment Code and seek any advice from the Director Establishments if necessary and issue charge sheets within 3 weeks.</p> <p>The Committee also drew the attention of the Commissioner General of Inland Revenue to the fact that the Committee had directed Department to hold departmental inquiry and take disciplinary action twice and stressed that the Committee would no more tolerate such negligence.</p> <p>The Deputy Solicitor General undertook to make available</p>

<b>Name of the Institution/ Line Ministry &amp; Date of Examination</b>	<b>Major Issues Discussed</b>	<b>Explanations by the CAO/AO &amp; Comments/Directives by the Committee</b>
		the copies of required documents which are under their custody.
3. Ministry of National Heritage & Cultural Affairs (Excesses - 2010)  19 January 2012	1. Directives of the previous meeting held on 21 October 2010 (i) The General Deposit Account No. 6000/3/563 of the Ministry had not been reconciled with the Treasury books and the difference was Rs.21,356,338/-.	1. It was stated that the situation was arisen when the M/ Education and M/ Cultural Affairs were together.  Expressing its dissatisfaction for not adhering to the directives so far, the Committee directed to do the needful and report back the situation within one month.
	(ii) There had been a total outstanding loan balances approximately 1,200,000/=.  An outstanding loan balance of Rs.128,732/- due from an officer who had retired in 2005.	(ii) The CAO stated that all the actions had been taken to recover the dues.  The CAO revealed that the officer had not submitted the documents to get the monthly pension even as at the date of examination.  Directed to recover the outstanding loan balance before his pension matter is finalized.  The Committee also directed to recover the outstanding balances within 03 months and report to the Committee.
	(iii) Boards of Survey reports of the Ministry	(iii) The Ministry had done the Board of Survey in 2011 in 118

<b>Name of the Institution/ Line Ministry &amp; Date of Examination</b>	<b>Major Issues Discussed</b>	<b>Explanations by the CAO/AO &amp; Comments/Directives by the Committee</b>
	and the 160 Cultural Centers had not been submitted to the Auditor General.	Cultural Centers and had forwarded reports of 40 Centres to the Auditor General and assured to conduct fresh Board of Survey in 2012.  Directed to forward the Board of Survey reports of 118 Centers to the Auditor General.
	2. The Ministry had incurred expenditure exceeding the provisions under 02 objects in the year 2010.	2. The CAO revealed that the expenditure had been incurred on payment of the cost of living allowance to employees and it had been informed to the treasury too.  The Committee instructed to clear the matter with the Treasury.
	3. Expenditure of the capital provisions allocated to the Ministry in years 2008-2010 had been less than 50 per cent.	3. The Ministry could not utilize the provisions received as foreign donations for the construction of National Performing Arts Theater as the Chinese Government carried out the construction work free of charge.  The provisions made available for construction of SAARC Cultural Centre and Tsunami Commemoration Museum could not be utilized due to issues in finding a suitable land and matters relevant to the plan.

<b>Name of the Institution/ Line Ministry &amp; Date of Examination</b>	<b>Major Issues Discussed</b>	<b>Explanations by the CAO/AO &amp; Comments/Directives by the Committee</b>
	4. Construction of the Cultural Centres at Ja-ela, Warakapola, Yakkalamulla, Samanthurai, Pesalai and Dimbulagala had not been completed though the Ministry had released provisions to the District Secretaries/Divisional Secretaries.	4. The construction work had been almost completed and It was expected to open the most of the Centers within 3 to 4 months.
	5. The Ministry had obtained human resources form the external parties	5. The Ministry had already requested the Department of Management Services to increase the cadre but not succeeded and discussions were to be continued to get the sufficient staff.
04. Department of Registrar General of Companies  (Ministry of Industry and Commerce)  19 January 2012	1. Sufficient number of Audit and Management Committee meetings had not been satisfactorily held during the previous years.	1. It was stated that the Department was under different Ministries during that period but, at present the situation had been regularized and 03 meetings had been held during 2011 and the meeting of final quarter will be held in January 2012.
	2. Explanations to the Audit queries of 2011 had not been submitted to the Auditor General.	2. The CAO/AO assured to send the explanations to the Auditor General.

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments/Directives by the Committee
	<p>3. There had been loan balances as follows.</p> <ol style="list-style-type: none"> <li>1. Rs.38,430/- due from the employees transferred to the Provincial Councils and approval had been received to write off loans less than Rs.10,000/- .</li> <li>2. Rs.77,266/- had been shown as outstanding due to double counting committed at the time of abolishing the head of the Ministry of Plan Implementation.</li> <li>3. Rs.72,260/- due from an employee who opted to retire at the time of establishment of the Management Service and not yet retired. Rs.60,477/- was outstanding for over 20 years.</li> </ol>	<p>3. It was directed to write off all the amounts above Rs.10,000/- having taken the approval from the Treasury and to take action to recover loan balance from the person whose retirement is pending and to report back to the committee.</p>
	<p>4. Public Officers Advances Account had not been reconciled with Treasury books.</p>	<p>4. It was stated that the difference of Rs.508,149/- was arisen in 1994 and action has been taken to reconcile the accounts before the presentation of 2011 final accounts.</p>

<b>Name of the Institution/ Line Ministry &amp; Date of Examination</b>	<b>Major Issues Discussed</b>	<b>Explanations by the CAO/AO &amp; Comments/Directives by the Committee</b>
	5. Out of 125 companies, 100 companies had not submitted their Annual Reports as revealed in an audit check.	5. It was stated that though the companies had submitted the annual reports the filing system in the Department had not been updated properly.  Directed to find an effective system to record the receipt of the reports, and inform the Committee.
	6. In terms of receipts of applications, issuing of Re-registration Certificates was recorded as 48.3%, 75.17% and 85.54% in 2008, 2009 and 2010 respectively.	6. Action had been taken to increase the percentage successfully up to 96% in 2011.
	7. The current fee for registration of Auditors (according to the Gazette No. 14159 of 04/09/1964) was very low and proposed to increase it.	7. The Ministry had informed the Company Law Advisory Committee to amend the fee and also the qualifications of the Auditors.
	8. Even though the project of computerization of the work of the Department was included in the Action Plan of the years 2008 & 2009 it had not been implemented.	8. The CAO/AO stated that the project could be completed by the end of year 2012.
	9. According to a decision of the Cabinet	9. This had happened when the Department was under the

<b>Name of the Institution/ Line Ministry &amp; Date of Examination</b>	<b>Major Issues Discussed</b>	<b>Explanations by the CAO/AO &amp; Comments/Directives by the Committee</b>
	<p>of Ministers, Rs.90,275,000/- had been paid from the Companies Fund for purchasing shares of a company and had caused a loss of Rs.325.65 million as at 31.03.2007.</p>	<p>Ministry of Trade and the certificate of the shares had been issued in the name of the Government of Sri Lanka.</p> <p>The Registrar of Companies was directed to write to the Secretary to the M/ Industry and Commerce with copies to other relevant Ministries and other parties in order to come to a settlement and report to the Committee.</p>
	<p>10. Although every contract exceeding the value of Rs.5,000,000/- should be registered under this Department according to the Public Contract Act that requirement had not been complied.</p>	<p>10. Directed to make aware relevant parties regarding this requirement and take necessary actions to do the registration.</p>
	<p>11. The Committee questioned about the failure of acquiring the land on which the “Samagam Madura” is constructed and also the arrears of the lease rent payable by the end of year 2010.</p>	<p>11. It was informed that the Department of Railway could not give the concurrence for vesting, because of the provisions laid down in the Crown Law and the payment of rent was also not continued.</p> <p>The CAO/AO agreed to have discussions with both the Transport Ministry and the Treasury to get the problem settled.</p>
	<p>12. There were 02 companies which had</p>	<p>12. The CAO/AO explained that it was possible according to the</p>

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	only one share holder.	<p>English version of the Company Act but the Auditor General explained the inability because the Sinhala version interprets other way.</p> <p>Directed to report to the Company law advisory Committee to clear this ambiguity.</p> <p>The Committee emphasized the fact that in an ambiguity of any provision of an act, the Sinhala version stands.</p>
	13. 04 companies out of the 09 companies examined, had not submitted financial statements to the Registrar General of Companies in terms of the Act.	<p>13. Those companies had been informed to fulfill this requirement.</p> <p>The CAO/AO was directed to look into this.</p>
	14. It was reviewed the excess staff existing in the Department.	<p>14. Directed to increase the cadre to match with the present requirement.</p> <p>The CAO/AO informed that they have already forwarded a restructuring plan including the same to the Treasury.</p>
	15. Action had not been taken to recover the contributions of the contract basis employees and remit to	15. The Committee directed to pay the contributions with arrears and report to the Committee within 3 months.

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	the Public Service Provident Fund together with the employer's contribution.	
05. Ministry of Coconut Development & Janatha Estate Development  08 February 2012	1. Audit and Management Committee for the year 2011 had not been held.	1. The CAO/AO stated that Audit and Management Committee as well as the Internal Audit Unit were functioning properly.
	2. The Ministry had not prepared the Master Procurement Plan for 2012.	2. Inadequacy of staff during the year 2011 was the reason and it was agreed to send the Procurement Plan for 2012 to the Committee within two weeks.
	3. There were 28 vacancies.	3. The Ministry had already discussed the matter with the M/ Public Administration and the Treasury and early action would be taken to fill the vacancies.
	4. The Ministry of Coconut Development had purchased a Montero motor vehicle for Rs.7,500,000/- without obtaining the approval of the Committee on Public Expenditure Control.	4. The vehicle was at the Ministry of Indigenous Medicine as at the date of examination.
	5. The Committee questioned about the	5. The CAO/AO expressed their confidence of controlling the

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	current position of the programmes of controlling the pests "Coconut Maita" and Weligama Leaf Wilt and Leaf Rot.	<p>Coconut Maita up to 40-50 percent by introducing a parasite and the traditional method. Actions had also been taken to increase number of laboratories to 19 out of which 10 had yet to be completed.</p> <p>It was also expected to introduce a more powerful parasite to destroy Maita in the near future.</p> <p>Leaf Wilt in Weligama area had been identified as an incurable disease and there was no option other than destroying the affected trees. Accordingly 155,887 trees had been identified to be destroyed by the end of 2011.</p> <p>It was also explained the difficulty of educating people regarding this disease and destroying trees by paying compensations.</p> <p>Newly bred coconut variety, "Kola Kundira" was distributed to replace the destroyed trees.</p>
	6. The progress of the "Kapruka Purawara Programme" was questioned.	<p>6. The Programme had been commenced in April 2011 and only initial activities were carried out.</p> <p>Difficulty in getting funds for the programme was also revealed.</p>
06. Department	1. Minimum limit of	1. The CAO/AO stated that

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<p>of Elections (Shortfalls)</p> <p>21 February 2012</p>	<p>Receipt - Rs.19,000,000/-</p> <p>Actual receipt - Rs.15,240,144/-</p> <p>Shortfall - Rs.3,759,856/-</p> <p>It was observed that this shortfall had been a result of wrong estimation and neglecting an opportunity of amending limits.</p>	<p>shortage of trained staff had been the reason for this shortfall.</p> <p>The Committee directed to have a scheme of paying incentives and changing the attitudes of the officers.</p> <p>The explanation of the CAO regarding the shortfall was accepted.</p>
	<p>2. The publication of Voters list of the country was considered.</p>	<p>2. The CAO/AO informed that they were taking action to publish the Voters list in the web site the Department by June 2012.</p>
<p>07. Ministry of External Affairs (Shortfalls)</p> <p>22 February 2012</p>	<p>1. Advances to Public Officers Account Non Compliance with Limits</p> <p>Item No. 11201</p> <p>Minimum Limits of Receipts Rs.29, 600,000/-</p> <p><u>Actual</u> Rs.22,085,013/-</p> <p><u>Shortfall</u></p>	<p>1. The Ministry Foreign Employment was separated from the Ministry of External Affairs and the scope of the Ministry narrowed and the staff was also reduced proportionally causing this shortfall.</p> <p>The Committee accepted the explanation.</p>

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	<p>Rs.7,514,987/-</p> <p>The Committee enquired the reason for the shortfall.</p>	
	<p>2. Unsettled Advances (Only for the Sri Lankan Missions Abroad)</p> <p>The Committee enquired about the under mentioned unsettled traveling expenditure and other Advances as at 31 December 2010 not settled up to 31 October 2011.</p> <p><b>Particulars Unsettled Balance</b></p> <p>Traveling Expenditure Rs.7, 178,751/-</p> <p>Rental Advances Rs.155, 868,948/-</p> <p>Other Advances Rs.110, 357,092/-</p> <p>There were 20 vacant houses (which were</p>	<p>2. Most of the balances indicated in the Audit report had been settled and some delays had occurred due to non-submission of relevant documents by the relevant parties.</p> <p>The CAO/AO accepted that there were some lapses of their administration in the past and recovery process had now been streamlined with the assistance of the relevant Ambassadors.</p> <p>The CAO/AO further stated that they had written to the M/Finance &amp; Planning regarding the advances which were found difficult to recover.</p>

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	continuously occupied by Diplomatic Officers) as at 31.10.2011 even after the money had been deposited.	The CAO/AO was directed to report to the Committee after having a discussion with the Treasury.
08. Ministry of Technology & Research (Shortfalls)  22 February 2012	1. Shortfall in Advances to Public Officers "B" Account  Item No. 13301  Maximum Limit of receipts Rs.12,500,000/-  Shortfall Rs.2,862,245/-  Reason for the shortfall was questioned.	1. Main reason was 47% of the total allocation had been received in December 2010 and there had been no time to ask for a revision of the limit.  The Committee accepted the explanation.
09. Department of Posts (Shortfalls)  (Ministry of Postal Services)  22 February 2012	1.Shortfall in Advances to Public Officers Account  Item No. 30801  Maximum Limit of receipts Rs.517,300,000/-  Shortfall Rs.11,384,359/-  Reason for the shortfall was questioned.	1. Amounts due to be recovered indicated against the under mentioned captions have partly contributed to the shortfall.  i. Death & retirements – Rs.28,966,925/-  ii. From the officers transferred to Provincial Councils & Local Govt. Institutions – Rs.1,182,555/-  iii. From the officers transferred to

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	The Auditor General was not provided with the relevant information.	<p>the Corporations and Statutory Boards – Rs.200,002/-</p> <p>iv. From the dismissed &amp; vacated employees – Rs.22,069,099/-</p> <p>Directed to provide such information to the Auditor General promptly and to attempt to recover the amounts due from the respective officers and report the position within 06 months.</p> <p>The explanation of the CAO/AO regarding the shortfall was accepted.</p>
<p>10. Department of Public Finance (Unauthorized Working Losses)</p> <p>(Ministry of Finance &amp; Planning)</p> <p>23 February 2012</p>	<p>1. The Secretary to the M/ Finance &amp; Planning had not been present for the meeting without informing his inability in advance to the Committee.</p>	<p>1. The Committee's view was that the Secretary to the respective Ministry should personally come before the COPA in the capacity of Chief Accounting Officer and if there were any difficulty for him to attend special approval of the Committee should be obtained and a suitable representative should be sent.</p>
	<p>2. The Committee considered the unauthorized</p>	<p>2. The CAO/AO stated that the total loss has been accumulated for some years and this had</p>

Name of the Institution/ Line Ministry & Date of Examination	Major Issues Discussed	Explanations by the CAO/AO & Comments/Directives by the Committee
	<p>working losses of Rs.570,088,622/- on the following Advance Accounts.</p> <p>(i) Item No. 999-407 - Department of Marketing Development - Advance Accounts under Liquidation. Rs.222,681,406/-</p> <p>(ii) Item No. 999-408 - Department of Marketing Development - Advance Accounts under Liquidation. Rs.4,204,236/-</p> <p>(iii) Item No. 7000/0/0/999-05 - Advance Accounts on Establishment and Management of Workshops including winding up of transactions of the Advance Accounts and production &amp; marketing of goods of the Department of Small Industries Rs.191,619,681/-.</p> <p>(iv) Item No. 7000/0/0/999-06 -</p>	<p>been a result of transferring of winding up process of certain Government businesses which had not maintained a proper accounting.</p> <p>The Auditor General stated that necessary information on these losses had not been provided.</p> <p>Directed to send a full report on those working losses to the Committee and the proper consideration by the Committee would be given on receipt of the report on a future date.</p>

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	<p>Advance Accounts on Establishment and Management of Workshops including winding up of transactions of the Advance Accounts and production &amp; marketing of goods of the Department of Small Industries. Rs.51,703,552/-.</p> <p>(v) Item No. 0999-08-Department of Commodity Purchase – Advance Accounts under Liquidation. Rs.89,879,747/-.</p>	
<p>11. Ministry of Livestock &amp; Rural Community Development</p> <p>06 March 2012</p>	<p>1. The directive of the COPA held on 10 August 2007 to fill the vacancy of Internal Auditor had not been carried out so far.</p>	<p>1. Although Ministry had requested the Sri Lanka Accountant Service Board had not nominated an accountant yet.</p> <p>Directed the Treasury to take necessary action to appoint an Accountant immediately and also to report back to the committee.</p>
	<p>2. 51 vacancies exist in the categories of Senior, Secondary, Primary and Temporary.</p>	<p>2. The CAO/AO stated that they could get an Assistant Secretary from the Public Service Commission and expect to fill other vacancies.</p> <p>The Committee seriously</p>

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		<p>considered the difficulties faced by the Ministry due to non availability of adequate staff stating that it is an impediment for proper functioning.</p> <p>The CAO/AO was directed to inform the view of the Committee to the Ministry of Public Administration to get the problem solved.</p>
	<p>3. The Ministry had failed to import cattle during 2009-2011 even though Rs.8 million in 2009, Rs.55 million in 2010 and Rs.205 million in 2011 had been provided for this purpose.</p>	<p>3. The plan for importing cattle from India had to be stopped due to sudden outbreak of a disease. Thereafter arrangements were made to import cattle from Pakistan.</p> <p>The Committee expressed its dissatisfaction over provisions being lapsed for a long period without importing dairy cattle from an alternate country and directed to provide a complete report to the Committee.</p>
	<p>4. Rs.20 million in 2010 and Rs.35 million in 2011 provided by the Treasury to import 1000 goats had not been utilized.</p>	<p>4. Having accepted the weakness the CAO/AO stated that the money had been transferred to MILCO with the consent of the Treasury.</p>
	<p>5. The Ministry had not utilized the provision of Rs.14 million in 2010</p>	<p>5. While accepting the weakness in utilizing funds the CAO/AO assured not to repeat such lapse.</p>

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	and 5 million in 2011 made for the establishment of cold rooms and milk collection centres.	
	6. The position of the establishment of 1000 Milk Sales Outlets, started in 2004 to promote liquid milk consumption, was questioned.	6. The CAO/AO stated that they had started 656 outlets while NLDB started 283 outlets. Since most of the outlets running at a loss, they had planned to start joint venture with private sector in the near future.
	7. Only 679 annual breeding farms had been established out of the 1500 farms planned to be established during the period of 2004 – 2010 using Rs.50 million.	7. These farms owned by private sector run as subsidiaries for fulfilling requirement of heifers of the industry and the CAO/AO assured to improve the farms further in coming years.
	8. The Committee observed the loss of Rs.1.6 million incurred to the NLDB and Rs.12 million which was recoverable from one individual in connection with a sale of maize under the project of 1000 acres maize cultivation in Kantale.	8. An investigation is being conducted by the CID regarding a default of money payable to farmers committed by the above individual and Rs.17 million in connection with this transaction had been kept by the banks until the investigation is completed.

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	9. 39 payment vouchers for Rs.20,358,091/- relating to the Ministry of Youth Empowerment affiliated to this Ministry in the year 2010 had not been presented to Audit.	9. It was informed that those vouchers are misplaced at the moment.  The CAO/AO was directed to hand over those vouchers to the audit without any delay.
	10. Action had not been taken in terms of F.R. 104 on accidents reported in the period of years 2000-2010.	10. All the inquiries relevant to these accidents were already completed and assured to report to the Treasury to get approval for writing off soon.
	11. 04 mobile phones, worth Rs.165,260/- had been handed over to the officers of the Ministry in an improper manner in 2010, but not returned to the Ministry.	11. A committee had been appointed to solve this problem and the CAO/AO assured to maintain records upon the receipt of them.
	12. An expenditure amounting to Rs.1,608,473/- had incurred as food & beverage and hotel charges during domestic tours in 2010 contrary to the Circular No. CSA/PI/40 dated 28 February 2007 of the Secretary to the President.	12. It was informed that the expenditure made for treatments given to participants were also included to this total amount.  Directed to give a correct explanation for audit queries and a report was called on how this money was spent.

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12. Sri Lanka Army (Ministry of Defence)  08 March 2012	1. There had been a large amount of staff loans to be recovered and there were technical issues with regard to these accounts.	1. The Auditor General was directed to mobilize a senior officer for a period of 03 – 04 months to overcome these technical issues.
	2. Assets worth of Rs.1,388,313/- of the Agriculture Work Development Advance Account No. 75102 had not been liquidated, although it was due on 31.12.2010.	2. The Treasury had approved the winding up of this account, as there was a working loss of Rs.640540.54. Directed to write it off with the permission of the General Treasury.
	3. Unsettled liabilities of the Army as at 31 December 2011 was Rs.20,244,221,845/-.	3. The payments have already been made by the Treasury to the Petroleum Corporation and to the CEB by issuing of Treasury bonds.  With regard to the liabilities to Private sector, the Committee directed to prepare a repayment plan with the assistance of the Treasury and the Auditor General.
	4. Rs.15,626,164/- had been paid for some individuals as the monthly salaries and allowances after the completion of 55 years of age.	4. This was due to the failure of the computer system, and action had already been taken to correct the situation and to recover the due balance.

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	5. The Committee drew its special attention on the outstanding liabilities and technical problems connected to the computer system of the Army.	5. Directed to appoint an Additional Secretary to coordinate with the Auditor General and the Army to prepare a standard repayment plan to settle the outstanding liabilities.
13. District Secretariat – Kandy  (Ministry of Public Administration & Home Affairs)  22 March 2012	1. The Audit and Management Committee had not been established in the District Secretariat.  The audit report of the internal audit unit of the District Secretariat had not been reached the Auditor General's office.	1. Directed to take necessary action to establish it very soon.  Since it was revealed that the officers attached to the Internal Audit Section are not qualified auditors, the Committee directed the Treasury to see whether the vacancies could be filled.
	2. The Committee emphasized the importance of determining the actually required cadre of the Secretariat.	2. The committee appointed for reassessment of the cadre, had completed the reassessment by date of examination.  The Treasury Officials were directed to look into this matter.
	3. The maximum limit of the debit balance of the Advances to Public Officers Account No. 25801 for 2008 had	3. The committee directed to make payments within the approved limits.

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	been exceeded by Rs.6, 269,086/-.	
	4. There was an Imprest balance of Rs.4,303,617/- without being settled as at 31 December 2011.	4. It was stated that though the Treasury had agreed to write off this Imprest balance as this amount had been a loan given to Minipe Cooperative Society to buy paddy from farmers, the District Secretariat had decided to recover same from that cooperative society on installment basis.
	6. A disciplinary inquiry made on a vehicle accident which was belonging to the Divisional Secretariat – Minipe causing a loss of Rs.551,233/- to the Government, had not been conducted.	6. The CAO/AO was directed to take necessary action on this.
	7. There was an over payment of Rs.50,422/- being a double payment of Arrears of Salaries, Traveling allowance and Combined allowance.	7. Directed to look into this matter and report back to the Committee.
14. District Secretariat – Kegalle	1. Audit and Management Committee had not been established.	1. It was informed that action would be taken to establish Audit and Management Committee very soon.

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(Ministry of Public Administration & Home Affairs)  22 March 2012		The Committee directed to discuss the general problems with the Auditor - General and try to get solutions for them.
	<p>2. An officer appointed to the Sri Lanka Administrative Service on 19 April 1991 and presently functioned as the Divisional Secretary Rambukkana had not passed the first Efficiency Bar Examination and no action had been taken to terminate the appointment or extend the probation period.</p> <p>This officer had also been granted a loan amounting to Rs.300,000/- to purchase a motor vehicle in 1999.</p>	<p>2. The CAO/AO stated that they had already recovered the loan balance in full and promised to look into the matter further.</p> <p>Directed to inform the present position to the Committee.</p>
	3. A land of more than 720 square meters belonging to the Divisional Secretariat - Mawanella was being occupied by a private party.	<p>3. Action had been taken to clear the ownership.</p> <p>The Committee identified this as a trespass and directed to take legal actions, irrespective of the status of the person concerned.</p>
	4. The loss of Rs.15,000/- for	4. It was stated that the person concerned was interdicted and

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	damages caused to a jeep by a responsible person of the Divisional Secretariat – Mawanella, had not been recovered.	unable to recover the loss.  The Committee directed to recover the loss from his gratuity and settle the amount.
	5. The house rent of the official residence of the Addl. District Secretary had been recovered from the salary of the District Secretary while this residence was occupied by a Minister since June, 2000. The house rent in arrears as at 29 February 2012 was amounted to Rs.188,804/-.	5. The CAO/AO stated that the arrears was being deducted by Rs.15,000/- per month on installment basis.
	6. Total outstanding loan balance was amounted to Rs.631.181/- as at 31 December 2011.	6. It was stated that the only balance outstanding at the moment was that of the persons who had been transferred to the Sabaragamuwa Provincial Council.  The Committee expressed its dissatisfaction over this situation and pointed out that the District Secretary should intervene to settle this problem.
	7. The Committee emphasized the importance of giving	7. The CAO/AO agreed to act accordingly.

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	training to the officers in the Internal Audit Units of the District Secretariats to enable them to do auditing successfully.	
15. Ministry of Construction, Engineering Services, Housing & Common Amenities  03 April 2012	1. The Committee seriously considered the underutilization such as 0.21% of the allocated Rs.95000 million, in terms of the huge service that can be provided by this Ministry.	1. Directed to prepare a Corporate Plan considering the working capacity of the institutions coming under Ministry and the former Public Work Department.
	2. The Committee observed that although a value of non-current assets amounting to Rs.31,416,120/- reconciled with the fixed assets register of the year 2007 had been shown in the accounts (Land and Buildings), such a register had not been maintained in the year 2008.	2. The CAO/AO stated that it had happened as a result of amalgamation of the Ministry and division of assets accordingly.  The Committee emphasized that this would not have happened had the Ministry maintained a good rapport with the Auditor-General and directed to maintain it in the future.
	3. A vehicle belonging to the Ministry had been irregularly deployed on hire basis to a private company for 21 months and had obtained some of Rs.630,000/-, at the rate	3. The disciplinary action had been taken against the officer and the procedure has not been completed.  The committee recognized this as a fraud and directed the CAO/AO to hold an

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	of Rs.30,000/- per month.	investigation by the CID and report the Committee at the next meeting.
16. Ministry of Labour & Labour Relations  04 April 2012	1. Arrangements had not been made to hold Audit and Management Committee meetings quarterly from 2008 to 2010.	1. The CAO/AO accepted the shortcoming and stated that they had taken steps to improve this situation in 2011 and assured to hold meetings quarterly in the future.
	2. Directives of the Public Accounts Committee held on 20 November 2008 Action had not been taken to inform Deputy Inspector General of Police regarding the 1862 institutions which had been issued warrants against the non-payment of Provident Fund.  The Auditor General stated that although the Ministry had informed him that the number of institutions was reduced up to 537 in 2009, no details furnished as to how it happened.	2. The Ministry had already informed the Deputy Inspector General of Police and submitted the list of those institutions to the Secretary to the Committee as directed by the previous meeting held on 20 November 2008.  A detail report was called within 03 months.
	3. Several warrants had been issued to the same person against the non-payment of Provident	3. Directed to introduce a new methodology to settle this issue and report back to the Committee.

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	Funds without settling the previous case.	
	4. Directives of the Public Accounts Committee held on 20 November 2008 There were failures to identify and pay the moneys made through the courts, to the relevant employees without being credited into the Suspense Account.	4. The CAO/AO explained the difficulty of paying those moneys as those are received for a group, and similarly the payment could not fully settle until the case is over.  They assured to bring an amendment to the law by giving proposals to the Labour Law Reform Committee to overcome the situation.  Directed to report the progress to the Committee within 03 months.
	5. Action had not been taken on losses and damages amounting to Rs.7,318,120/- caused by accidents to the motor vehicles of the Ministry.	5. The CAO/AO assured to clear this matter within 03 months.
	6. There were irregularities in the payment of hiring charges for motor vans and cars.	6. This had happened when the Department of Man Power was under this Ministry and most of these incidents were occurred due to mistakes in filling the vouchers to claim transport charges.  The Committee emphasized the importance of having

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		discussions with the Auditor General to clear the matters of this nature.
	7. Legal action had not been taken against the Amrita Apparel Ltd for not paying EPF contributions.	7. This decision had been taken by giving special attention on the difficulties faced by the industry in the recent times, and to secure the jobs of employees within the stipulated regulations.  The Committee advised to widen provisions of the regulations further to facilitate the employees.
17. Ministry of Higher Education  08 May 2012	1. The Committee drew its attention on the progress and the current performance of the Foreign Aid projects implemented in 2011 under the Ministry.	1. Except the project of enhancing research activities in the Post Graduate Institute of Science (PGIS); all the other projects mentioned by the Auditor General had been successfully commenced and functioning well.  The project related to the PGIS could not commenced as the grants hadn't been released to the Treasury.  A full and comprehensive report was called on progress of the 07 projects mentioned by the Auditor General.
	2. There were 38 vacancies in the cadre in various categories.	2. It was stated that according to the information available there were no such vacancies in the Ministry.

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		<p>The incorrect number of 38 vacancies has been sent by the Ministry itself, and the Committee emphasized on the responsibility lies with the CAO, to provide correct information to the Committee and the Auditor General.</p> <p>Directed to send the correct information on vacancies to the Committee and to the Auditor General without further delay.</p>
	<p>3. There was more than 20% saving of capital provisions in 2008, 2009 and 2010 which had increased up to 63% in 2011.</p>	<p>3. The CAO/AO stated that due to the delay in appointing consultants by the Universities the placement of requisition of allocated provisions were delayed causing these savings.</p> <p>He further stated that action had been taken to appoint National level consultants to oversee the timely utilization of capital provisions.</p> <p>The Committee emphasized that there should be an efficient management system to reach the targets.</p>
	<p>4. The value and the quality of the Degrees provided by the Universities was</p>	<p>4. Directed to introduce a methodical system to upgrade the quality of the degrees and to arrest the brain drain in the</p>

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	considered and the Committee emphasized the requirement to upgrade the degree courses considering the global demand and also noted the huge brain drain in the country.	country.
	5. There had been an outstanding amount of Rs.396,118/- in the Advances to Public Officers Account as at 31 December 2010.	5. Most of the balances had already been recovered and the recovery process was continuing successfully.
	6. Out of the foreign scholarships granted for the academic year 2009 / 2010, 28 scholarships (represents 33% of the scholarships granted) had been refused due to various reasons.	6. Most of the undergraduates applied for scholarships, refused to go to India after being selected as most of them expect IT Degrees in popular universities.  Directed to renegotiate the process with the High Commission of India and prepare a system with maintaining a waiting list.  The Hon. R. Yogarajan, M.P. volunteered to help the Ministry to have negotiations with the High Commission of India.
18. Parliament of Sri Lanka	1.Directive of the Previous meeting held on 08 November 2011	

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09 May 2012	<p>(a) Internal Audit Division - Progress of the recruitment of an Accountant to strengthen the functions of the Internal Audit Division was enquired.</p> <p>(b) <u>Annual Action Plan</u> The Annual Action Plan had not been furnished to the Auditor-General as at the date of examination.</p> <p>(c) Parliament Modernization Project –The Human Resources Development Plan had not been implemented up to 2012.</p> <p>(d) Foreign Relations and Protocol Office - The information of the grants provided under</p>	<p>(a) The CAO assured that action would be taken, once the approval of the Staff Advisory Committee is obtained.</p> <p>(b) The CAO explained the difficulty in preparing an Action Plan due to the special nature of the duties assigned to the Parliament.</p> <p>(c) Most of the suitable proposals included in the H.R.D. plan had been implemented. Further, the CAO stated that there was a plan to improve the services of the library, install computers in the Chamber for the use of the Hon. Members and improve the Congress System along with the Electronic Voting System.</p> <p>(d) It was explained that the proceeds of that grants had been managed with those of the Commonwealth Parliamentary Association, Inter Parliamentary Union and SAARC Parliamentary Associations collectively by the Executive Committee subject to the approval of the Annual General Meeting as per the constitution and as such information in isolation of those grants cannot be made available.</p>

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	expenditure heads of the Foreign Relation and Protocol Office was not made available to audit.	It was directed to keep that matter open until a decision is taken at the next AGM.
	<p>2. (a) The Committee discussed in detail about the management activities of the kitchen.</p> <p>(b) Continuous watery condition prevails on the floor of the kitchen leading to unhygienic condition.</p> <p>2. (c) The Catering Manager had been kept in acting basis for a period of over 04 years.</p>	<p>2. (a) The CAO informed that the management had been able to bring the expenditure down in recent years.</p> <p>(b) The CAO stated that the tiles used to the kitchen were not changed as the condition of same was better than the tiles available in the current market and this kitchen was constructed with a view of preparing meals for around 600 persons but now it is used for around 1200 persons and as the kitchen staff was very busy in the day time the cleaning activities at the kitchen can not be done during the cooking time.</p> <p>The Committee instructed to take necessary action to maintain the hygienic condition in the kitchen.</p> <p>2. (c) The CAO stated that since there were two officers claiming the same post and one had filed a case in the courts two posts had to be created as Director (Catering).</p>

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	3. Outstanding loan balances of the Advance to Public Officers account older than 3 years amounted to Rs. 1,917,830/- as at 31 December 2008.	3. Those are outstanding balances of employees died, transferred, interdicted etc. Directed to report to the Committee having recovered these amounts even after getting legal action as there is no provision to write off the loans granted to the officers.
	4. 09 mobile phones had been provided to officers, violating the Public Administration Circular 2/99 of 2/2/1999.	4. Mobile phones had been given only to the very essential officers, the Hon. Speaker granted permission for five persons and the Secretary General of Parliament had decided the balance considering the requirement.  Since the administration of Parliament is not bound by the Public Administration Circulars, the Committee directed the CAO to formulate an acceptable policy guideline to the Committee and follow the same in the future.
	5. The sewerage system in Madiwela, made by the UDA at the cost of Rs. 3.2 million had been rejected and later Rs. 9.5 million had been spent on the same project.	5. The proposed project was abandoned as the private house owners were not ready to bear the electricity cost. A new project connecting sewerage system of Madiwela houses to the sewerage system of Parliament had been constructed at a cost of Rs.9.5 million. The System was solely owned by the

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		Parliament and functioning very effectively at present.
	6. The fire extinguishers fixed in various places of the building had not been inspected though Rs.90,000/- per month is paid to the of Fire Services Department of the Colombo Municipality.	6. The CAO explained that Rs.90,000/- per month is paid to the Fire Brigade only to cover their overtime bill and it is very reasonable when the 24 hours service rendered by them with all their equipment and crew was considered.  The CAO further stated that the inspection of both the Hydrants and dry fire extinguishers were done on regular basis and agreed to look into this matter further.
	7. The Committee questioned about the conversion of the Access Control System initiated for strengthen the security of the Parliament, into a Proximity Card System which records only the arrival and departure of the staff.	7. The CAO explained that the Access Control system was introduced as per the instructions of the Security Council but was unable to continue with it due to some practical problems.  The Committee emphasized the importance of Access Control System to the Parliament giving every detail of arrival and departure and directed the CAO to develop the system further.
	8. The Committee questioned about not returning of 25 and 100 library books borrowed	8. The CAO stated that the library is functioning comparatively well and the current rate of unreturned books

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	in 1990-2004 and 2005-2009 periods respectively by the Members of Parliament and the issue of 66 books to 11 officers who were not entitled for same.	is as low as 2%, and the average acceptable rate is 25%.  The Chairman himself made a special reference to the better services rendered by the present library staff.
	9. Boards of Survey for 2009 and 2010 had not been conducted.	9. It was stated the difficulty of doing the Board of Survey in Parliament as there are items over 6 lacks to take into account but the Board of Survey for this year had already been started.  He further stated that the activities of the Board of Survey would be easier when an Accountant was appointed to the Internal Audit division.
19. Department of Trade, Tariff & Investment Policy  (Ministry of Finance & Planning)  10 May 2012	1. There were large amount of savings under recurrent provisions from 2007 to 2009.	1. Even though the Department had prepared estimates on the basis of the previous performance and claims received, they had not received expected number of claims causing the savings in question.
	2. The Committee observed a lot of variations in the	2. The CAO/AO stated that the nature of the projects and draw off are the reasons for those

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	recurrent and capital expenditure from 2007 to 2009.	fluctuations.
	3. The Committee questioned about the exchange loss amounted to Rs.425,728,377.60 borne by the government consequent to the repayment of installments and interest on a foreign loan obtained by the DFCC Bank.	3. Those were the old loan schemes provided by the M/ Finance & Planning keeping a small margin and the transactions were taken place in rupees between the Ministry and the respective bank but the Ministry had to pay back those loans in dollars or in respective currency.  The Committee stated that the Government should not have borne this exchange loss, as the DFCC Bank was a private bank and, also there was no clear indication either in the respective agreement or any cabinet decision to say that this loss should have been borne by the Government.  Directed to send a report in this regard within one week.
	4. A Director of a failed finance company had been reappointed, to the DFCC Bank through the Central Bank contrary to the Banking Act.	4. Expressing its objection regarding this decision the Committee directed the Deputy Secretary to the Treasury to look into this matter and also to inform the Secretary to the Treasury about this.
	5. The Committee questioned the DFCC	5. The Committee wanted to know whether those moneys

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	issue, reported in the print media which had stated that the Central Bank had lent a large some of money to LOLC to grant SME type loans through a company called Taprobane Securities.	went through the Taprobane Securities to LOLC for on lending.  Directed to report it to the Committee.
20. District Secretariat - Matale  (Ministry of Public Administration & Home Affairs)  22 May 2012	1. 26 constructions done in 08 Divisional Secretariats during 2005-2009 spending Rs.9,744,829/- were found to be unsatisfactory due to the non-compliance with specification.	1. Action had already taken to correct the short comings of these constructions.  The Auditor General was directed to recheck the constructions.
	2. Long term lease of Rs,1,503,600/- receivable from 11 residents of Wilgamuwa for the years 2000 to 2008 had not been recovered.	2. Directed to report the progress as early as possible.
	3. A community hall constructed in Atawarana spending Rs.1,064,364/- had been abandoned.	3. Arrangements had been made to obtain provisions of Rs.1.1 million from the M/Economic Development to complete the construction and 76 families had been selected and notified to settle down there but most of them had not settled down yet.  Directed to give a deadline to those families and if failed, offer

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		this opportunity to other parties need houses.
	4. The Divisional Secretaries of Ambanganga Korale, Raththota, Yatawatta and Matale were not residing at their official quarters.	4. It was informed that the Divisional Secretaries or Assistant Divisional Secretaries are only occupying these official quarters.  The Committee accepted the reply and emphasized the usefulness of residing the Divisional Secretary or Assistant Divisional Secretary in those quarters.
	5. Annual transfers of Grama Niladaris who have completed 05 years' service in one Divisional Secretary limit had not been effected in terms of the circular issued by the Secretary to the M/ Public Administration and Home Affairs.	5. The transfers had already been done, and the delay was due to the elections and also the census activities operated at that time.
	6. The Rice Processing Center at Buthgampola had not been utilized and remained inoperative up to now after spending Rs.1,177,331/-	6. The CAO/AO stated that they had found a suitable entrepreneur at the moment and expressed the possibility of restarting the process before the end of this year.  He further stated that earlier the Rice Processing Centre was maintained by the Cooperative society and also by the Samurdhi

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		Societies but unable to operate it successfully due to economic problems.
	7. The Paper Processing Related Extension Items Production Project at Maraka village had been remained inoperative up to now.	7. The labourers who were trained for this project had left for other jobs due to the delay in implementing this project. Discussions were made with the Technical Development Authority to change the project in to a training center for carpentry work and to exchange machines accordingly.  Advised to make arrangement to protect those resources.
	8. Work remained at an unsatisfactory level due to non-compliance with specification in the Divisional Secretariats Matale and Ukuwela.	8. The CAO/AO stated that those work were done by the Matale and Ukuwela Pradeshiya Shabas and instructions were given them to complete those works in compliance with the specifications.  Directed to initiate disciplinary actions against the Technical Officers who had approved the payment and report back to the Committee within 02 months.
21. District Secretariat - Ratnapura (Ministry of Public Administration & Home Affairs)	1. Corporate Plan, Action Plan and Annual Procurement Plan had not been prepared for the recent years and the Audit and Management Committee had not	1. The CAO/AO stated that they had already prepared the Action Plan and Annual Procurement Plan for 2012 and established the Audit and Management Committee in the District Secretariat.

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22 May 2012	been established in the District Secretariat.	The Committee directed to hand over the copies of them to the Auditor General.
	2. The ownership in respect of 225 plots of lands out of 286 acquired in 1986 had not been vested up to now by the Divisional Secretariat, Imbulpe.	2. Vesting of land had been delayed due to lack of surveyors.  Directed to make arrangements to get surveyors and resolve this problem.
	3. (a) The Divisional Secretary, Ehaliyagoda had awarded the contract of constructing the building of Gatahetta Samurdhi Bank valued at Rs. 1,237,235/- to a contractor without getting approval of the District Secretary. In addition a sum of Rs. 76,124/- had been paid for 11 extraneous items of work without the approval of District Secretary and a sum of Rs. 19,665/- had been paid for 03 unexecuted works forwarding fraudulent measurement reports.  The Divisional Secretary, Ehaliyagoda had not taken action to	The arrangements had already been made to establish a committee to inquire into those deficiencies.  Directed to identify the persons involved and take action against them and report the progress to the Committee within 03 months.

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	<p>acquire land for the Samurdhi bank from the Department of Railways.</p> <p>(b) Payment of Rs.334,838/- being made on 11 construction work not done and fraudulent measurement reports being presented at Divisional Secretariats Ayagama, Godakawela, Opanayake, Niwithigala, Elapatha, Embilipitiya and Ehaliyagoda.</p> <p>(c ) The Divisional Secretaries of Godakawela, Ratnapura, Balangoda, Opanayake and Ehaliyagoda had made over payments totaling Rs.643,688/- in connection with 28 contracts contrary to the standard rates and the Divisional Secretaries of Kolonna, Kahawatta and Balangoda had made over payments totaling Rs.85,633/- on 08 construction works due to the erroneous computation of</p>	

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	transport works.	
	4. The Internal Audit Division of the Ministry had only one Accountant and 10 Management Assistants for auditing District Secretariats and Divisional Secretariats. The Internal Audit Division had not been established in the District Secretariat Ratnapura.	4. The Committee emphasized the importance of the audit in the District and Divisional Secretariats as the most of the expenditure done by the government had been made through these institutions and recommended the Treasury to appoint one Accountant for each District Secretariat to function the Internal Audit Divisions.  Directed to inform Treasury to obtain the services of Accountants to District Secretariats.
	5. The Divisional Secretary Weligepola had handed over the possession of 507 cubes of timber valued at Rs.393,426/- to the contractor contrary to a Circular issued by the Ministry of Forest Resources and Environment.	5. Directed to inquire into this and report back to the Committee within 03 months together with the report of the other irregular transactions mentioned in Paragraph no. 07 of the Minutes.
	6. It had been reported an overpayment of Rs.1,465,432/- for 114 works carried out by the 11 Divisional	6. The inquiry for these payments would also be conducted by the same inquiry committee appointed to investigate the irregular

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	Secretariats in Ratnapura District.	transactions.
	7. Out of the 41 houses completed at the Chandrikawewa Fisheries village, 34 houses had not been occupied and also 53 houses constructed halfway, had been abandoned.	7. The CAO explained that this project was planned by the M/Fisheries and Aquatic Resources and the assistance was only given by them.  Directed to take necessary actions to hand over these houses among the needy.
22. Department of Buddhist Affairs  (Ministry of Buddhasasana & Religious Affairs)  23 May 2012	1. There was no internal audit unit operating in the Department.	1. The Committee stressed the importance of having such unit with a permanent Internal Auditor.  Since many complaints received over stealing of properties belong to temples maintaining records have become very important at present.  The Department had appointed an Accountant as an Internal Auditor on temporary basis and the CAO assured to do the auditing of the Department by the Ministry until the internal audit unit of the Department is formed.
	2. Even though Procurement Plans for the years 2010 and 2011 had been prepared purchases had been	2. Purchases should be done according to the procurement plan avoiding urgent purchases which could result deviations from the tender procedures.

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	done mainly in the last quarter of each year.	From this year, instructions had been given to the relevant sections to place purchase orders in time.
	3. The Ministry had prepared a Corporate Plan including the Department, for 2012 to 2014 but there were deviations of the objectives even for the year 2012.	3. The Committee directed to prepare separate plans for the Department since the Department has to carry out many important duties.  The CAO/AO was directed to prepare them within one month.
	4. There were many vacancies in the Department.	4. The CAO/AO stated that, Even though there were vacancies in the cadre they had taken remedial measures to reach objectives, for instance recently, 10 officials were detailed to audit the accounts of the Sri Dalada Maligawa.  Directed to submit the reports of those audits to the Auditor General.
	5. Out of the 234 temples governed by the Buddhist Temporalities Act, only 06 had presented financial statements properly for the last 06 years while 160 had not presented any financial statement at all.	5. Directed to grade all the registered temples into 3 categories to conduct the audit based on that since the Department has a shortage of staff.  Directed to obtain the financial statements of the registered temples and to start auditing

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	<p>The Department had not legally acted against the caretakers who refrained from presenting the financial statements contrary to the Buddhist and Temporalities Act.</p>	<p>within one month and report back to the Committee.</p>
	<p>6. Only 1000 Dhamma School books in Tamil had been printed instead of 2000, incurring Rs.110,000/- although Rs.1,395,000/- had been provided and no books had been printed in 2010 and 2011 even though Rs.2,900,000/- had been allocated resulting 97% savings from the total provision.</p> <p>Further, 165 copies of the books printed had not been distributed even up to 08 May 2012.</p> <p>The Department could not full fill the task even though the money had been provided.</p>	<p>6. This was due to an error in estimation but now the Department collects information on number of students of Dhamma Schools as at 31 March each year.</p> <p>Since there are 46 Tamil Dhamma Schools, the Committee directed to take action to supply required number of books and also to revise estimates since there was a huge over estimation.</p>

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	<p>7. 273 sarees purchased at a cost of Rs.215,670/- in 2006 had been damaged due to water leakage in the store and only Rs.2,900/- had been credited to the government revenue by auctioning those damaged sarees.</p> <p>Action had not been taken in terms of FR 101 – 110 to recover the losses or write off even up to 10 May 2012.</p>	<p>7. The CAO/AO stated that they had obtained the approval to write off.</p> <p>The Committee was of the view that all the above matters were the results of the operational inefficiency of the Department and no proper Action Plan had been followed.</p>
	<p>8. Annual Boards of Survey had not been conducted properly and timely during the previous 6 years and necessary action had not been taken in terms of Financial Regulations on the 325 items recommended to be auctioned by the Boards of Survey done in 2010, even as at 10 May 2012.</p>	<p>8. The CAO/AO stated that they had conducted Boards of Survey up to 2011.</p> <p>Directed to submit the relevant reports to the Auditor General and avoid reporting those type of issues to the COPA which can be resolved at the preliminary level.</p>
	<p>9. The Committee pointed out the importance of</p>	<p>9. The drafted bill in this regard was submitted to Maha Nayake Theros for their approval before</p>

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	<p>amending the Buddhist Temporalities Act which came into effect in 1931 as no amendment had been done since then.</p>	<p>forwarding it to the Cabinet of Ministers.</p>
	<p>10. Rs.765,114/- had been incurred in 2006 to print identity cards for Dhamma School teachers deviating from the Government Tender Guidelines even without obtaining the necessary approval and 2513 identity cards had been printed spending Rs.165/- each in 2009.</p> <p>A huge loss of about Rs.1,1777,616/- had been incurred to the Government due to violating tender procedure.</p>	<p>10. Directed to strictly adhere to the Financial Regulations and Treasury Circulars in the future.</p>
	<p>11. (a) 55,275 books valued at Rs.16,536,008/- including Buddhist Encyclopedia volumes had been printed for 2500 Sambuddha Anniversary Commemoration Programme and only 6078 books had been</p>	<p>11. There had been no place to display the books in the past, but now, a new sales outlet had been opened and a considerable number of books can be sold and partly damaged books are expected to be distributed among temples and Dhamma School libraries.</p> <p>The Committee stressed that the</p>

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	<p>sold from 2008 to 2010.</p> <p>Books worth of Rs.314,685/- had been destroyed due to improper storage and the remaining books could not be sold at the real price.</p> <p>(b) The Department had to dispose 37,823 books of Rs.2,091,560/- printed for Dhamma Schools in 2010 due to the changes in syllabuses and obsolescence.</p>	<p>Department had not spent the public money properly and stated that those books could have been distributed free of charge among temples.</p> <p>Directed to include the follow up action taken in this regard in the report expected within one month.</p>
<p>23. Ministry of National Languages &amp; Social Integration</p> <p>24 May 2012</p>	<p>1. The Procurement Plan had not been prepared since 2005.</p>	<p>1. The Ministry had to do initial work on settlement as a new Ministry, from 2004 to 2006 and the Procurement Plan had been prepared from 2007.</p> <p>Directed to send the prepared Procurement Plans to the Auditor General without further delay.</p>
	<p>2.Out of Rs.2,221,988/- received from the UNDP on 30 December 2009 for the installation of trilingual sign boards in Government offices in the Northern</p>	<p>2. The said money had been released to the Divisional Secretaries and District Secretaries to provide Tri lingual name boards on requests during the “Uthuru Wasanthaya” since the total amount hadn’t been</p>

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	<p>province, Rs.170,360/- had been retained in the General Deposit account without being utilized even as at 20 December 2011.</p>	<p>utilized, the balance retained in the General Deposit Account.</p> <p>Emphasizing that the unutilized money should have been returned, the Committee directed to get the necessary approval from the Treasury to rectify this and report back within one month.</p>
	<p>3. 06 vehicles out of 14 were not belonged to the Ministry.</p>	<p>3. As a newly established Ministry, the vehicle requirements were fulfilled by some other Ministries and the transferring process had taken fairly a long time.</p> <p>Directed to report the current position of the ownership of the vehicles to the Auditor General at the earliest to avoid unnecessary reporting.</p>
	<p>4. 95 books valued at Rs.27,792/- had been misplaced and the Committee enquired as to why the circular of National Library and Documentary Services Board had not been implemented.</p>	<p>4. A Committee had been appointed to investigate the aforesaid matter.</p> <p>The Committee was of the view that had they followed the respective circular, they would have written off the values of these books and directed the CAO/AO to get it done.</p>
	<p>5. The duties of the consultants recruited for</p>	<p>5. The aforesaid consultants had been recruited on the</p>

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	<p>the National Integration Programme Unit functioning under the Ministry had not been stated in terms of section 75:1 and 75:2 of the government tender procedure guidelines.</p> <p>Rs.1,267,750/- had been paid to the aforesaid consultants who had not submitted any reports such as commencement reports, progress reports, interim reports and performance reports.</p> <p>One person who had been appointed as a Language Consultant had also been appointed as the Chairman of the Institute of National Languages Education and Training, and he had drawn salaries and allowances applicable to both the Posts, illegally.</p> <p>On a request made by the Ministry, he had</p>	<p>recommendation of the Hon. Minister, considering their performance after the completion of the project under Norwegian government and the Ministry was unable to follow the guidelines of Public Finance Circular in that process.</p> <p>Directed to submit the relevant reports before payments are made and to follow the rules and regulations in the future.</p> <p>All these misconduct had been reported to the Attorney General for legal action.</p> <p>The Committee emphasized the need of taking stern action against that person, and directed to send a comprehensive report as to what action taken against that person, within one month.</p>

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	<p>refunded only Rs.58,000/- from the salaries amounting to Rs.208,000/- drawn by him, related to the period of four months served in the capacity of the Chairman National Languages Education and Training. In addition, this officer had used two motor vehicles which were not entitled to him and irregularly spent Rs.93,333/- on those vehicles.</p>	
	<p>6. A sum of Rs.3,643,420/- and Rs.5,637,676/- had been paid in 2006 and 2007 respectively as the allowances of Teacher Instructors for teaching Tamil language in the Pirivenas. Even though this teaching programme had been continuing since 2001, there had been no syllabus to be followed through out.</p>	<p>6. The CAO/AO stated that the action had been taken to transfer this programme to be continued by the M/ Education.</p>
	<p>7. The co-ordination of the language programme and the</p>	<p>7. The CAO/AO stated that the officers of the project had been transferred to the Ministry after</p>

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	popularization of English language in multi ethnic areas which were proposed for 2007, had not been implemented though a sum of Rs.8, 315,044/- had been spent in 2007 as recurrent expenditure.	the completion of the project.  Since an evaluation had not been carried out on the project, the Committee directed to report the progress of the project with the help of the Project Management and Project Evaluation Department of the M/ of Finance.  Directed to take prompt action to avoid repetition of such short comings in the future.
	8. A sum of Rs.77,417/- and Rs.57,013/- had been paid in respect of food and accommodation respectively, in addition to the legitimate allowances payable for the officers relating to 08 programmes despite the approval of the Director of Establishments.	8. The CAO/AO stated that the said allowances had been paid according to the instruction of the Director of Establishments.  The Committee observed that the Ministry had misinterpreted the instruction of the Director Establishments.
24. Co-operatives Employees Commission  05 June 2012  (Ministry of Co-operatives & Internal Trade)	1. In the Annual Action Plan, only one objective of the Commission had been paid attention out of four objectives.	1. The Co-operative Employees Commission had been functioning as a semi judicial body according to section 11 of the Act.  The main objective of the Commission was conducting the disciplinary procedure relating to the Co-operative employees

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		<p>and others were related to salary scheme, qualifications and recruitments of Employees and policy making of the Commission.</p> <p>Directed to include all the objectives in the Annual Action Plan.</p>
	<p>2. There were vacancies in the approved cadre.</p> <p>The post of Secretary to the Commission had been keeping on acting capacity.</p>	<p>2. It was informed that the continuous requests for recruitments had been made to the M/ Public Administration and this position has been aggravated by frequent vacation of posts committed by the Management Assistants.</p> <p>A proposal had been forwarded to curtail the staff according to the decentralizing policy of the Ministry.</p> <p>Directed the CAO/AO to send the particulars of actual and approved cadre within one month.</p> <p>The CAO stated that due to dearth of the first class officers of SLAS, the Ministry had been compelled to appoint Senior Assistant Secretary as an acting Secretary of the Co-operative Employees Commission and agreed to appoint a permanent officer very early.</p>

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		Directed to take immediate action to amend the Act for the convenience of the Commission and to inform the M/Public Administration to bring a sustainable solution to this common issue and report back within one month.
	3. There were differences in the balances of the Advances to Public Officers Account.	3. The Commission had written to the Treasury seeking permission to write off the small differences brought forwarded since 1980's even after the reconciliation of accounts annually.  The Committee emphasized the need of the audit queries being responded immediately.
25. Ministry of Finance & Planning  06 June 2012	1. Required number of Audit and Management Committee meetings had not been held from 2009.	1. The CAO stated that all the departments under the Ministry had been monitored regularly and held several other important meetings.  Directed to hold the minimum required number of meetings.
	2. The Ministry of Finance & Planning did not have a Corporate Plan.	2. The CAO stated that they prepare the plan for the country as well as for the Ministry for 10 years.  Directed to prepare a Corporate Plan within one month and

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		submit it to the Committee, and to the Auditor General.
	3. There were 72 vacancies in the Ministry.	3. Vacancies exist in the cadre of SLAS, Sri Lanka Accountancy service etc. and no recruitments had been made during last 10 years.  The CAO agreed to rationalize the old cadre within 02 months and fill the vacancies by the end of this year.
	4. Debit balances amounting to Rs.68,292,070/- of 04 Imprest Accounts and credit balances amounting to Rs.14,864,733/- of 03 Imprest Accounts of the Ministry of Policy Development and Implementation (abolished in the year 2004 which had transferred to the Ministry of Finance & Planning) had not been settled even by 31 December 2009.	4. The CAO stated that it was difficult to settle this issue due to lack of records and also as some accounts had not been reported to the Treasury from divisional offices in 2000 and 2001, and these Imprest balances had been continued.
	5. 90% out of the total loan balances of Rs.10,917,268/- as at 31	5. This was mainly due to non establishment of a residual unit when the aforesaid Ministry was

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	<p>December 2009 were related to the staff of the Ministry of Policy Development and Implementation abolished in 2004 and Rs.768,940/- recoverable from 05 officers who had vacated their posts had not been recovered yet.</p>	<p>abolished and records of accounts not being handed over properly and further, these loans would have been recovered by now from the pensions of those officers since most of them are retired.</p> <p>The Committee stated that if the Auditor General was informed about this in time, this could have been settled at the preliminary level.</p> <p>The Committee accepted the situation since the CAO assured that no misappropriation of money had been taken place and directed to work out a simple system with regard to recovery of staff loans through banks.</p>
	<p>6. Vacancies of the Accountants were not filled and also there were long delays in finalizing disciplinary action files relating to the Accountants of the Sri Lanka Accountants Services Board which functions under the Ministry.</p>	<p>6. 02 examinations had been gazzeted and by the end of this year, all vacancies are expected to be filled.</p> <p>It was informed that action had been taken to finalize most of the cases and a very few cases were remaining.</p>
	<p>7. The Sri Lankan Government had unilaterally terminated a service agreement entered into with a</p>	<p>7. It was stated that the Government wanted to terminate it 01 month after the commencement since it did not operate as expected.</p>

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	<p>foreign Company in 2001 with regard to procurement of consultancy services, after paying Sterling Pounds 735,000 (50% of the agreed amount).</p> <p>Further, Sterling Pounds 200,000 had been paid in 2005 to settle a case filed by that company demanding compensation and Sterling Pounds 28,266 (Sri Lankan Rs.6,045,896/-) had been paid as lawyer's fee in 2004 and 2005.</p>	<p>The Committee wanted to know the exact party that signed the agreement and also wanted a further clarification on the following from the Auditor General</p> <p>(i) The manner in which it had been terminated contrary to the agreement</p> <p>(ii) Whether it is an arbitration or a case</p> <p>(iii) Who agreed on the settlement</p>
	<p>8. A damage of Rs.113,777/- had caused to a motor vehicle of the Ministry due to an accident killing a person. It was observed that an unauthorized person had driven the vehicle at the time of accident.</p>	<p>8. The particular vehicle was used by an officer who was on contract basis.</p> <p>The Committee pointed out that the Ministry had failed to take disciplinary action against the officer concerned.</p>
	<p>09. A vehicle, insured for Rs.1,800,000/- had met with an accident causing an estimated loss of Rs.3,637,500 in 2008. Even though the insurer</p>	<p>09. The CAO stated that the driver concerned was attached to the Finance Ministry on contract basis and now he is attached to another Ministry on same basis and the Ministry had recovered money from the driver from July</p>

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	<p>had agreed to condemn the vehicle and pay compensation of Rs.1,800,000/- the Ministry had not taken action to assess the market value of the vehicle and take action on the loss in terms of Financial Regulations.</p>	<p>2009 to April 2010 for the period he was attached to the Finance Ministry.</p> <p>Further, the new Ministry had been informed to take action to recover the money and the CAO assured to recover the rest.</p>
	<p>10. The Ministry had not taken action to incorporate the Institute of State Accounts and Finance commenced in 1999 under a Foreign Aid Project, by an Act of Parliament even after the completion of the project.</p> <p>It had been maintained as a separate accounting unit receiving only capital grants from the Government up to August 2010.</p> <p>The Institute had made following payments continuously as a decision of the Board of Control without obtaining the formal approval.</p> <p>(i) Payment of co-ordination allowances</p>	<p>10. As per the Cabinet decision dated 04 April 2010, functions of the aforesaid Institute had been transferred to a training institute named “MILODA INSTITUTE” established with effect from 04 August 2010 under the Ministry of Finance &amp; Planning but, the Institute had not been incorporated under any written law up to date.</p> <p>The DST assured the Committee to take steps to finalize the legal requirements with regard to establishing of this Institute before the end of this year and also to get the written approval for all the payments made.</p>

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	<p>and incentive allowances to the staff including 1/3<sup>rd</sup> of salary allowances to 03 officers</p> <p>(ii) Payment of holiday pay exceeding 01 day per month</p> <p>(iii) Payment of salaries to 03 officers over 60 years including the Director of the Institute</p>	
	<p>11. There was no policy on the annual transfers of the officers of the Sri Lanka Planning Service and Sri Lanka Accountants Service approved by the PSC and the officers of the Sri Lanka Planning Service continued to serve in the same station for long period. Date of placement of the officers of the Sri Lanka Accountants Service to the current station was not furnished to the audit.</p>	<p>11. The CAO stated that the service minutes of the Sri Lanka Planning Service and Sri Lanka Accountants Service had been approved and came into effect from 2010 and also stated that a proposal with regard to annual transfers of these two services had already been submitted to the PSC.</p>
<p>26. Department of National Zoological Gardens</p>	<p>Progress of the directives given at the previous meeting held on 23 November 2011</p>	<p>1. A Cabinet paper had already</p>

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(Ministry of Economic Development)  07 June 2012	1. Non –appointment of permanent Director (Para No. 06 of the previous minutes) A permanent Director for the Department had not been appointed since the year 2006.	been submitted to get a permanent Director and assured to resolve this matter very soon.
	2. Zoological Gardens Development and Welfare Fund ( Para No. 09) No Action Plan had been prepared indicating as to how the money amounting to Rs.1,167 million of the Zoological Gardens Development and Welfare Fund be utilized.	2. The CAO agreed to take this into account for future Action Plan as directed by the Committee.
	3. Internal Audit Unit of the Department (Para No. 12) The Internal Audit Unit had not been established up to now.	3. The CAO/AO stated that they had been informed by the National Salaries and Cadre Commission to include this requirement into the cadre revision.  Directed to fill those vacancies without further delay and also to inform this directive of PAC to Department of Management Services and the Salaries and Cadre Commission.
	4. Reduction of the	4. The Department had already

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	<p>monthly rental of the main canteen (Para No. 14) The monthly rental of the main canteen had been reduced by 50% in 2009 because of the reduction of sales as a result of implementation of the prohibition of food items with polythene covers.</p>	<p>requested legal advice from the Attorney General to recover the loss from the contractor and also appointed an officer to investigate this.</p>
	<p>5. Construction of Safari Park in Hambantota (Para No. 15) The steps taken by the Department to complete the construction work of Safari Park in Hambantota was discussed.</p>	<p>5. The Department had to get the service of three other institutions viz. Central Engineering Consultancy Bureau, Department of Buildings and State Development &amp; Construction Corporation in addition to the State Engineering Corporation (SEC) and also obtain knowledge in this field by means of foreign study tours too.</p> <p>While expressing the dissatisfaction over the delay, the Committee directed to expedite the work by paying special attention and also to get technical support from the relevant authorities by informing them that the Public Accounts Committee had directed to do so.</p>
	<p>6. The Department had not entered in to</p>	<p>6. Directed to enter into agreements before awarding of</p>

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	agreements for 04 contracts valued Rs.367.9 million which was awarded to the State Engineering Corporation.	the contracts to any party.
27. Department of Sports Development  (Ministry of Sports)  19 June 2012	1. Performance Reports for 2005 to 2010 had not been tabled in Parliament and 2011 report that had been submitted to audit was not comprehensive enough.	1. Directed to prepare the report in accordance with the Public Finance Circular.  The CAO/AO explained the difficulties of finding information from 2001 due to the Ministry had been changed several times.  The Committee did not accept the explanation, and stressed that the officials at that time had neglected their responsibility.  Directed to submit the Performance Reports for the period in question within 02 months and to submit the 2011 report soon.
	2. Internal Audit Unit had not been established and also the internal control of the Department seems to have been in very poor condition since very serious irregularities had taken place in the procurements.	2. The Committee stated that the Strengthening of the internal control is very essential as the Department receives a large amount of money annually and had many centres throughout the country.  The CAO/AO explained the difficulties of performing duties, since many of the administrative

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		<p>posts including the post of Internal Auditor were vacant and had requested the Department of Management Services as well as the M/ Public Administration &amp; Home Affairs to fill them.</p> <p>Directed the Treasury to appoint a Grade II Officer of the Sri Lanka Accountancy Service to the Department as an Internal Auditor.</p>
	<p>3. The Corporate Plan had not been furnished to the audit.</p>	<p>3. The CAO stated that they published a National Policy for Sports and discussions were being held to prepare a Corporate Plan according to the strategies stated in that policy.</p> <p>Directed to submit it shortly and also to prepare the Annual Action Plan according to the Corporate Plan.</p>
	<p>4. The Procurement Plan that had been furnished to audit very recently was not comprehensive.</p>	<p>4. The Committee pointed out that the Procurement Plan should be prepared according to the Annual Action Plan, and directed to submit it within 02 months.</p>
	<p>5. Out of the 4,000 T shirts, 1,500 ties and 1,000 caps valued at Rs.1,857,500/- purchased for the</p>	<p>5. The CAO/AO stated that even though the uniforms could not be distributed at the initial stages of the Festival, those were distributed later and there was</p>

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	<p>National Sports Festival, 1,784 T shirts, 892 ties and 302 caps worth of Rs.858,640/- were remaining in the stores even after the Sports Festival.</p> <p>2,500 souvenirs that had been printed at a cost of Rs.422,500/- for distribution among the players and other participants on the day of the Sports Festival, only 500 copies had been distributed.</p>	<p>no wastage.</p> <p>The Committee remarked that, the Department had not seen to be functioning systematically.</p>
	<p>6. Following registers had not been maintained by the Department</p> <p>(i) Fixed Assets Register</p> <p>(ii) Computer and Peripherals Register</p> <p>(iii) Register of Losses and Damages</p> <p>(iv) Register of Liabilities</p>	<p>6. Directed to prepare and properly maintain them.</p> <p>The Auditor General was directed to examine the registers after 03 months and report the progress to the Committee.</p>
	<p>7. The Board of Survey Reports up to 2010 had not been furnished to audit and 2011 report already submitted was also not comprehensive.</p>	<p>7. The CAO/AO agreed to complete the Board of Survey within 03 months.</p> <p>The Auditor General was requested to examine the Board</p>

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		of Survey report and report back to the Committee.
	8. In 29 instances, Rs.506,275/- had been held in the hands of the relevant officers after completion of the expected work.	8. The CAO/AO stated that all the money taken in advance had been settled in time after the work is completed. The responsible officers at that period should have taken action against the officers who had kept money for a long period.
	09. Only Rs.55 million and Rs.18 million had been spent for the construction of Main Sports Complexes at district level and the development of rural playgrounds respectively out of Rs.400 million and Rs.22 million provisions allocated.	09. The Committee stated that this had taken place due to non-availability of an Action Plan and the CAO/AO should have found out the reasons for this.  It was brought to the notice of the Committee that this had occurred due to shortage of staff.  The Committee did not accept the explanation, and directed to find out the reason and report back to the Committee within 03 months.
	10. Out of the Rs.50 million received for distribution among 50 registered Sports Associations for enhancing the sports activities in 2007, only Rs.10,322,255/- had been distributed among 14 Associations during	10. The CAO/AO replied that Sports Associations were normally encouraged to collect money from sponsors.  The Committee enquired whether the Associations could collect money as expected or had their work been affected with less amount of money

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	that year.	provided and stressed the importance of investigating past activities in order to avoid such practices in the future.
	11. Out of the total food and lodging expenses of Rs.17,076,352/- of the Thirty Fourth National Sports Festival, Rs.10,396,352/- (represents 61%) had been spent on the officials rather than the participants.	11. The CAO/AO explained that according to the accounts, no irregularity had occurred and saved a considerable amount of money in the 2011 Festival.
	12. Bank Reconciliation Statements had not been prepared and further there were unrepresented cheques worth Rs.190,669/- for more than 06 months as at 31 December 2009 and cheques worth of Rs.978,075/- had been unrepresented even as at September 2011.	12. The CAO/AO stated that this was due to the shortage of staff.  Directed to increase the essential staff while observing the CAO/AO's failure to act on it.  Directed to give a clear explanation on un presented cheques in 2011 and to clear the backlog and regularize the system within 02 months and report back to the Committee.
	13. Construction of a synthetic track in the Torrington Grounds at the cost of Rs.278,913,624/- to be commenced in 2006 had not been done up to July 2010 and it had been abandoned, after	13. Action had been taken to cancel the tender after getting Cabinet approval since the Torrington Grounds is submerged due to rain and had started to repair the surrounding drainage system. Rs.10 million had also been recovered from the State Engineering

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	<p>paying consultancy charges of Rs.1,430,119/- to a private institution and making an advance payment of Rs.10,000,000/- to the State Engineering Corporation.</p>	<p>Corporation.  Directed to disclose names of the persons who had done the feasibility study and report back to the Committee within 03 months.</p>
	<p>14. The contract, awarded to the Sri Lanka Land Reclamation and Development Corporation to construct National High Sports Training Academy at Nuwara Eliya at a cost of Rs.409,947,888/- had been abandoned after spending Rs.179,569,597/- due to not receiving the environmental clearance from the Central Environmental Authority.</p>	<p>14. The CAO/AO stated that the UDA had prepared the development plan and had started the project with Sri Lanka Land Reclamation and Development Corporation and this money had been spent to improve the drainage system.  Directed to submit a report within 03 months.</p>
<p>28. Ministry of Defence &amp; Urban Development  20 June 2012</p>	<p>1. The Corporate Plan and Action Plan for the years 2005 to 2012 had not been prepared and the Annual Performance Reports from 2005 to 2011 had not been tabled in</p>	<p>1. The CAO stated that the action had been taken to prepare the Corporate Plan.</p>

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	Parliament.	
	2. The Committee emphasized that the most of the queries in the Auditor General's Report could have been avoided if there had been prior discussion between the Auditor General and the Ministry officials.	2. Directed to clean up the old entries in the AG's Report with the assistance of the Treasury and the Auditor General and to avoid the repetition of them unnecessarily.
	3. There were unrecovered loan balances from employees.  The Committee having considered the difficulties faced by the Ministry, enquired the Treasury Officials, whether there was a	3. The Ministry had to face difficulties to identify some balances from the officers who transferred, retired, deceased, interdicted and vacated post and a Committee had been appointed to identify those balances.  The CAO /AO stated that some amount of balances had already been recovered and the rest can be recovered within 06 months.  Directed to report the progress after 06 months.  The Treasury officials emphasized that the matter can be settled within the existing rules and regulations.

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	<p>procedure to simplify the recovery process.</p>	
	<p>4. The revenue comes from the taxes levied on firearms and the other explosives had gone into arrears in 2005 to Rs.148,000/- and it had increased up to Rs.1, 235,170/- in 2009.</p> <p>The Auditor General pointed out that this payment is done under the provisions of the Firearms (Amendment) Act No.22 of 1996 and the explosives (Amendment) Act, and the chargeable amount as per the Act is only Rs.10/- per annum which is very nominal and need to be increased.</p>	<p>4. The CAO/AO stated that initial payment connected with issuing of firearms and the explosive, is done by the Ministry and there after it is done by the respective District Secretariat.</p> <p>The CAO stated that they were in the process of amending these Acts and the increase of the above fee was also being considered.</p> <p>In the amendment it is needed to provide powers to the respective Minister to amend the fee by way of amending the regulations preventing frequent amendment to the Act, and the CAO was directed to act accordingly.</p>
	<p>5. The hardships under gone by the farmers in protecting their cultivation from animals were discussed.</p>	<p>5. The Committee directed the CAO to explore the possibility of relaxing the existing procedures followed in issuing guns and other fire arms.</p> <p>The Committee also paid the attention towards the need of easy provision of explosives for the development work undergoing at present.</p>

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	6. Mobilization of uniform staff in the Ministry was questioned.	<p>6. The CAO stated that most of them had become disabled during the war and in the approved cadre of the armed forces. They had been engaged in clerical work, lift operating etc.</p> <p>The Committee stated to keep them in the Ministry and they need to be appointed in permanent basis.</p> <p>The CAO further stated that if it was to be done so, he would have to fill the vacancies in the armed forces which would be created consequent to the mobilization of these disabled soldiers in the Ministry.</p>
29. District Secretariat – Kurunegala  (Ministry of Public Administration & Home Affairs)  21 June 2012	1. The Co-operate Plan had not been prepared up to now.	<p>1. Action would be taken to prepare the Co-operate plan for the following years soon.</p> <p>While stating the usefulness of the Corporate Plan for spending the provisions in a useful manner the Committee directed to prepare it initially.</p>
	2. The District Secretariat had not responded for 56 audit queries as at 31 December, 2011.	2. Even though the CAO/AO stated that they had replied 39 queries, it was revealed that 52 queries were pending without being replied.

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		Directed to clear this matter by consulting the Auditor General and decided to re-summon the District Secretariat, Kurunegala on a future date owing to the poor preparedness shown by the Accounting Officer.
30. District Secretariat - Anuradhapura  (Ministry of Public Administration & Home Affairs)  21 June 2012	1. The Co-operate Plan had not been prepared.	1. The Co-operate plan had already been prepared and will be forwarded to the relevant authorities soon.
	2. Outstanding loan balances of the District Secretariat amounted to Rs.4,508,891/- as at 31 December, 2011.	2. All possible steps had been taken to recover the loan balances.  The Committee directed to follow the precedence in this regard.
	3. Advances granted for purchasing paddy during the period 2001-2006 amounted to Rs.73,764,845/- was to be recovered.	3. Directed to write off these balances and the similar balances prevailing in the other District Secretariats by obtaining the approval of the Treasury and the Cabinet.  The Committee further directed the CAO to suggest a successful system for purchasing of paddy from the farmers avoiding the interference of the middlemen.
	4. Divisional Secretary of Thirappane had paid a widow's pension of Rs.388,160/- to a	4. The CAO/AO stated that the amount cannot be recovered as the divorced woman was dead.

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	woman divorced by the officer concerned.	Directed to write off the amount considering the matter on humanitarian basis, having obtained the necessary approval.
31. Ministry of Telecommunication & Information Technology  04 July 2012	1. The Committee questioned about the activities prevailing at present in the Department of Telecommunication which was abolished in 1991.	1. The matter pertaining to payment of pension of some employees could not be finalized due to incompleteness of documents.  The Committee expressed its dissatisfaction over these delays and directed to take necessary action to finalize these matters within 04 months and to report the progress to the Committee.
	2. The Audit and Management Committee meetings had not been held so far.	2. While accepting the shortcoming the CAO/AO assured to hold meetings within a month and report the progress to the Committee.
	3. The Procurement Plan for 2012 had not been furnished to the audit at the beginning of the year 2012.	3. The Procurement Plan had been forwarded to the Treasury at the beginning of the year and the revised plan had been forwarded to the Auditor General on 26/06/2012.  The Committee directed to forward a copy of the Procurement Plan to the Auditor General in time, in the future.
	4. There was a saving of Rs.69.3 million out of Rs.163.2 million of	4. The Ministry was established in the end of 2010 and all the budgetary allocations for the

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	provisions for 2011.	Ministry were planned by the Treasury itself and therefore the Ministry found difficulties in spending the money as provided.
	5. The Fixed Asset Register had not been maintained.	5. The CAO/AO assured to complete the Fixed Asset Register within a month and to report the Committee accordingly.
	6. High building rent of Rs. 1.1 million per month had been paid by the Ministry.	6. The CAO/AO agreed to find a suitable place for the Ministry after completion of the remaining period of 06 months, and further stated that this building is expected to use as the Dayata Kirula organizing Centre in the near future to maximize the utilization of space.
	7. Action had not been taken either to return the 04 vehicles to the real owner or get the ownership transferred to the Ministry.	7. Action is being taken to obtain the ownership of those vehicles.  Directed to finalize same without further delay.
	8. Progress of the construction of 100 Computer Laboratories in schools under the "Dayata Kirula" programme was questioned.	8. 92 Laboratories had already been completed and assured to complete 08 more Laboratories soon after receiving the electricity.
32. Ministry of Justice	1. Action had not been taken to present the	1. The presentation of Annual Report had been delayed as the

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05 July 2012	Annual Report for 2011 in Parliament.	information was not received from the high courts and the particular Report would be completed soon.  Directed to send a copy of the Report to the Committee within two weeks.
	2. There were 10,000 court cases pending.	2. The Committee proposed to have a new incentive scheme for the officers, having consulted the Treasury with a view of encouraging them.
	3. The Ministry did not have sufficient number of translators where majority of the financial provisions had been spent for translation work.	3. Directed to make a request to the Treasury to recruit new translators.
	4. There were Rs.6,965,420 (older than 2 years), in the General Deposit Account without being settled even up to 31 December 2011.	4. The balance of the General Deposit Account had gone up, due to the non-settlement of balances of CECB & SEC.  Directed to take necessary action to settle the balances of the General Deposit Account.
33. Department of Social Services (Ministry of	1. The Department had not prepared a Corporate Plan so far, based on which the	1. The CAO/AO stated that they had prepared both the Corporate Plan and the Action Plan and had submitted only to the line

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Social Services) 17 July 2012	Annual Action Plan and the annual budget estimates should be prepared.	Ministry.  The Committee emphasized the requirement of submitting those plans to the Auditor General.  The Committee took a serious note on this and directed the Department be summoned on another day to examine the Corporate Plan, since it was a serious lapse.
	2. Action that had been taken to fill 64 vacancies was questioned.	2. A scheme of recruitment according to the Treasury Circular 6/2006 had been prepared and submitted to the respective authorities and Vocational Instructors had been recruited by now.  Directed to fill the vacancies after obtaining the approval.
	3. The Committee discussed on the matter of not transferring the subject of social service to the Provincial Councils.	3. The scope of the M/Social Services had been expanded recently facilitating a lot of social work, such as making of relief payment to the elders and act on various disasters etc.  Since this subject comes under the devolved list, the Committee directed to implement it with the help of the relevant Ministers of the Provincial Councils.

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	4. The Committee observed a rapid increase of beggars at present despite the many facilities provided by the Government and stated that this could become a serious social issue in the future.	4. A rehabilitation programme had been conducted and houses were provided in Biyagama area but only 03 families remained. Another survey was expected to be conducted by the Colombo Municipal Council and the Social Services Academy.  Directed to take action to resolve this issue without any delay.
	5. The liquidation process of the Advance Account for the Purchase and Sale of Cottage Industrial Goods had not been finalized yet even though it was closed down in 1985.	5. A detailed explanation was given about the action taken to wind up this Account.  The Committee stated that had the Department given satisfactory explanation to the Auditor-General at the preliminary level issues of this nature would not have appeared in the AG'S report.  The CAO/AO assured to submit the relevant documents to the Auditor-General within one month.
	6. (i) The Department had occupied a building on Vauxhall Street up to 1988 and then shifted to another building from 1989 paying rates without obtaining a confirmation certificate to the effect that the	6. The CAO/AO stated that Rehabilitation Unit occupies only a single floor and two other Government institutions are using other floors but ownership of the building was in question.  Directed to discuss with the UDA to get the ownership of the

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	earlier building was unfit for occupation.	land and take steps to get constructed a new building by the UDA.
	7. (ii) 10 persons had been attached to the Navodya Institute to rehabilitate 19 drug addicted persons in 2007 and Rs.1,400,713/- had been spent for their salaries and allowances and other establishment costs. There were 06 staff members to rehabilitate 09 persons at present.	7. The Committee observed this as wastage of money and directed to find out a new way for rehabilitation with the help of private sector and foreign funds.
	8. (a) In view of the under mentioned incident, the Committee observed that the stock control of the Department was very poor. 10,000 cakes of soap had been purchased in 2007 without considering the stocks in the stores resulting 8,762 cakes of soap remained by October 2009 out of which 7,056 had expired and those expired soap had been issued for use.	8. (a) According to the CAO/AO, large amount of soap is required for the use of disabled persons but this excess in question was due to donations received.  Stating that this was a clear weakness of the system, the Committee directed to submit a report, whether a fraud had taken place and to find the responsible officer in this regard.

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	(b) The Department had maintained excess stocks of photocopy papers amounting to Rs.1,571,871/- and Rs.1,025,714/- as at 31 December 2007 and 31 December 2009 respectively and a stock of toner cartridges valued at Rs.725,020/- had been in stores as at 31 December 2007.	(b) The Committee directed to hold an investigation and surcharge from the responsible officer or to take disciplinary action against the officer if a fraud taken place and report back to the Committee.
	<p>9.The recommendations on Customs Duty made in 04 instances in 2009 for goods valued at Rs.1,012,479/- had not been made in accordance with the agreements entered into with the institutions concerned.</p> <p>Some computer items donated by a person from Japan had not been received by the target groups.</p>	<p>9. The CAO/AO stated that recommendations were made after consulting the relevant Divisional Secretary and then submitted to the M/ Finance &amp; Planning through the M/ Social Services for final recommendations.</p> <p>Directed the CAO/AO to look into this matter and report back to the Committee very early.</p> <p>The Committee instructed to distribute the donations under the direct supervision of the Department in order to avoid any possible fraud.</p>
34. Department of Commissioner General of	The Secretary, M/ Economic Development was absent to the	The Committee seriously noted the absence of the Secretary, M/ Economic Development



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	<p>payment of pension to a widow who was re-married.</p> <p>(c) Recovery of contribution made to the Contributory Pension Scheme (Item No. 13) The Committee queried regarding the action taken on the sum of Rs.1,127,130,406/- recovered under the Contributory Pension Scheme and retained by the Central Bank of Sri Lanka.</p>	<p>Central Bank and formulate a plan to settle the matter within 03 months.</p> <p>The CAO/AO was also directed to report about the out come within two weeks.</p> <p>The Committee decided to re summon the Department of Pensions after 03 months.</p>
	<p>2. 64 officers who had not completed the net service of 120 months in the Combined Service had been sent on retirement at the time of the establishment of Sri Lanka Ports Authority, in terms of Sri Lanka Ports Authority Act, No. 51 of 1979. As those officers were belonging to the Combined Service, they should have been retired in terms of Section 19 of the Act</p>	<p>2. The CAO/AO stated that this retirement had been done on the advice obtained from the Attorney General.</p>

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	but they have been sent on retirement in terms of Section 15 and 17 of the Act.	
	3. A total sum of Rs.20,569,000/- had been collected from pensioners in the month of February 2009 on the basis of Rs.50/- from each pensioner to construct a Holiday Bungalow in Nuwara Eliya without proper approval and out of this amount Rs.20 million had been remitted to the National Defence Fund. Although the former Director General had been directed by former Secretary to the line Ministry to take action to refund this money as it would lead to a problem, that directive had also not been carried out.	3. The Committee having observed this as a very serious offence which amounts to abuse of power and also a serious injustice to the pensioners, the CAO was directed to refund this money to the pensioners. At this point the CAO stated that as this money had been remitted to the National Defence Fund he was not in a position to find money for refund.
	4. The Auditor General tabled a notice signed and affixed by the former Director General of Pensions on the door of his room, at the time of his leaving the office to take up his new appointment, of which	4. The Committee which took a serious note on this directed to summon him before the Committee to question on this notice as well as the earlier directions not carried out by him.

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	the contents were not suitable for a higher officer in his caliber.	
<b>36. Ministry of Agriculture</b>	1. The M/ Agrarian Services & Wildlife had obtained a loan of Rs.27,271 million.	1. The Committee was informed that the said loan had been obtained to provide fertilizer subsidy due to non – availability of Treasury provisions and it was fully settled by then.
Together with Ministry of Agrarian Services & Wildlife Ministry of Irrigation & Water Resources Management  09 August 2012	2. 7508.05 Metric Tons of fertilizer valued around Rs.795,444,811/- had been misused by issuing to bulk dealers instead of distributing among farmers.	2. On a complaint made to the CID regarding this corruption, then Chairman of the Agriculture Crop Cultivation Organization kept in remand custody for 18 months in 2010.  Expressing its dissatisfaction over the 03 years delay for not having a solution on this criminal misappropriation, the Committee directed to take immediate action against the offenders and get this matter expedited.  Directed the CAO to send a report within one month and decided to summon before the Committee again to have a detail examination together with the CID officers to see the progress of the inquiry.
	3. The Ministry of Irrigation & Water Resources Management	3. The CAO stated that the Ministry had recruited people of over 60 years of age, only for

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	had recruited people over 60 years of age by contravening of regulations.	the consultancy service considering the requirements of the engineering service.  The Committee directed to regularize the matter.
	4. Rs.1,399,700/- and Rs.6,708,333/- had been outstanding as at 31 December 2011, out of loans granted to two private institutions namely Sandaruwan Milk Products Company and Lanka Libiya Company.	4. Those 02 private companies do not function at present and the Ministry had been informed that they are to be liquidated considering the current circumstances and action would be taken to settle the outstanding balances after that.  Directed to inform the current position to the Auditor General and also to present a Cabinet Paper with necessary information to clear these accounts.
	5. The Agricultural committee loan balance of Rs.9,112,579/- remained without being recovered over a number of years.	5. The CAO assured to send a report regarding these balances since the Director Agrarian Services was not present before the Committee.  The Committee was of the view that the Secretary to the Ministry should have been able to answer these questions in the capacity of Chief Accounting Officer and directed to rectify these issues without any delay.
	6. The advances	6. The M/ Agriculture had

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	amounting to Rs.28,345,360/- granted from the Farmers Trust fund for various programmes hadn't been settled even after 08 years.	written to the relevant Ministries and institutions regarding these balances and action had been taken to accelerate the recovery process.  Considering the poor system of payments and recoveries presently followed, directed to introduce a computerized system using modern technology.
	7.Rs.7,241,456/- shown under the current assets in the balance sheet of the Farmers Trust Fund of which the information regarding confirmation had not been provided for audit.	7. It was stated that those funds had been released to the Divisional secretariats and later transferred to the Govijanaseva Centers.  Directed to report on this within two months
	8. A sum of Rs.4,618,030/- out of the provision of Rs.5,000,000/- made to open a restaurant for promoting local food had been spent without any proper plan. Rs.1.5 million had been released to start the project and Rs.2.8 million had been spent to purchase equipment.	8. The Committee was of the view that this project had been a failure and directed to conduct a board of survey on the equipment purchased and expedite the establishment of the restaurant.
	9. 04 motor vehicles of the Ministry had been idling in a garage for a	9. It was stated that those four vehicles had been brought to the Ministry and they were in the

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	long period without being repaired and action as per financial regulations had not been taken.	taking further action.
	10. Some computers and mobile phones issued to certain officers had not been returned.	10. It was stated that even though letters had been issued to the said officers no equipment had been received.  Directed to take necessary steps to write off those records from the books with the Treasury approval.
	11. There were 154 unanswered Audit queries by the Department of Agrarian Development.	11. The CAO/AO assured to look into this matter and report back very early.  Directed to respond to audit queries very promptly and maintain a close relationship with the Department of Auditor General.
37. Ministry of Power & Energy  21 August 2012	1. Action had not been taken to prepare the Action Plans for years 2009 to 2011.	1. The CAO/AO was directed to focus more attention on the Action Plan and to submit it within one month.
	2. The Annual Performance Reports for years 2009 to 2011 had not been prepared and tabled in Parliament.	2. The CAO/AO stated that, those reports would be completed as soon as possible and submit within two months.

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	<p>3. Meetings of the Audit &amp; Management Committee had not been held in 2011.</p> <p>Then the Committee questioned about the Internal Audit Programs of the Ministry.</p>	<p>3. The CAO/AO stated that the Ministry did not have an Internal Auditor and a sufficient number of Management Assistants attached in the Audit Unit. The CAO/AO further stated that they have taken action to fill the vacancies of Management Assistants and the Internal Auditor.</p> <p>The CAO/AO stated that the Internal Audit Program had been prepared for the year 2012 &amp; submitted to the General Treasury. The Committee directed the CAO/AO to submit the Internal Audit program to the Auditor General immediately.</p>
	<p>4. Large amount of savings were observed in the provisions made for Capital Projects in respect of the years 2009, 2010 &amp; 2011.</p>	<p>4. It was stated that, there had been various kinds of constraints which contributed to these savings.</p> <p>The Committee directed to apply the “Medium Term Expenditure Framework” to reduce the large amount of savings.</p>
	<p>5. Action had not been taken with regard to the vehicle accidents in 2009 to 2012.</p>	<p>5. Directed to send the reports within one month.</p>
38. District Secretariat – Kalutara	<p>1. The Register of Fixed Assets had not been maintained.</p>	<p>1. The CAO/AO informed that the Register of Fixed Assets had completed.</p>

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22 August 2012 (Ministry of Public Administration & Home Affairs)		Directed to forward it to the Auditor General and report to the Committee within 02 weeks, having got the Auditor General's certification.
	2. Every Divisional Secretariat had not been inspected by the Internal Audit in 2011.	2. The CAO/AO stated that this could be overcome in the future by increasing the relevant staff of the Internal Audit Section.
	3. The Audit and Management Committee had not been held in regular basis.	3. The CAO/AO undertook to regularize it in the future.
	4. There were 174 vacancies in the cadre.	4. The CAO/AO stated that 132 vacancies were in Grama Niladhari posts and they could be filled soon.
	5. The direction given by the Committee at the previous COPA meeting held on 20.01.2009 regarding maintenance of the boat engines had not been carried out.	5. It was explained that the boat engines were in good condition and could be used on a disaster. Assured to take action to move them to a suitable place.
	6. The official quarters of the District Secretariat and the land had not been used since 2006 on which Rs.1,000,000/- had been spent for repairs	6. The CAO/AO informed that this building was around 100 years old and very difficult to maintain. Further, it was revealed that a request had been made by the Ministry of Defence to hand it over to them.

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	recently.	The Committee recommended it in order to maximize the utilization of this Government resource.
	7. Even though Rs.23,000,000/- had been spent for the construction of the office of the Gramaseva Niladhari and Medical Officer of Health, this property had not been used even by the year 2012.	7. This building had been utilized for medical clinics in addition to being used as the office and a request had been made by the Ministry of Health to hand it over to them.  The Committee recommended it enabling the full utilization of the building.
	8. The official quarters of the Divisional Secretary, Beruwala had been idling up to 2012 although Rs.2,510,991/- had been spent for repairs in 2007.	8. It was informed that this building would be used for the Samurdhi activities in the near future.  The CAO/AO was directed to report to the Committee regarding this expenditure and the present position of the building early.
	9. The old Divisional Secretary building Madurawala and the land had been idling since 1990.	9. A request had been made by the Ministry of Indigenous Medicine to hand it over to them for clinics.  The Committee recommended it and directed the CAO/AO to report back on the fulfillment of this recommendation within a month.

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	10. Rs.1,915,556/- had been refunded out of Rs.2,000,000/- by the National Water Supply & Drainage Board without executing the Drinking Water Project in the area of the Divisional Secretary, Agalawatta.	10. Directed to provide a report on this matter very early as the CAO/AO was unable to make an acceptable explanation to the Committee.
	11. Widening of the Bandaragama playground had not been completed although Rs.877,500/- had been spent for compensation for lands out of Rs.1,500,000/- received for that purpose.	11. Those lands were belonging to the Urban Development Authority and they had given part of the land to the National Water Supply & Drainage Board and the other part to be used for the Ground. He further stated that a sum of Rs.622,500/- had to be returned in 2009 due to the refusal of two lands for this purpose by the owners.
	12. Rs.5000/- being the rent of the canteen of the District Secretariat had been credited to the account of the Welfare Society instead of being credited to the State Revenue.	12. The CAO/AO apologized and stated that action had already been taken to correct the accounting error.
	13. A sum of Rs.550,000/- provided for carrying out improvements to the sales Centre of the	13. The CAO/AO stated that this had been done as there was a problem in acquiring the relevant land.

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	Institute of Textile Industries in 1999 had been credited to the State Revenue.	
	14. Particulars of 04 officers who had exceeded 05 years' service had not been furnished to the Ministry of Public Administration in terms of Combined Service Circular No. 02/2009.	14. The Committee directed to fulfill those requirements.
	15. Rs.109.5 million had been paid as compensation and interest on an acquisition of a land called Soysawatta situated in Nimalagama in the Ingiriya Divisional Secretariat.	15. The Committee directed to provide a detailed report on this very early.
39. District Secretariat – Matara  22 August 2012  (Ministry of Public Administration & Home Affairs)	1. The Report of the Board of Survey of the District Secretariat had not been submitted.	1.The Committee directed to forward the report to the Auditor General before 31 <sup>st</sup> of October 2012
	2. The Committee observed that 173 vacancies prevailing in the Carder.	2. The Committee directed CAO/AO to fulfill those vacancies.

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	3.Actions had not been taken by the District Secretariat in respect of deposits amounted to Rs. 5,178,630, included in the General Deposit Account existing over 02 years in terms of FR 571.	3. The Committee directed CAO/AO to clear this figure as advised by the Committee.
	4. The Committee queried the progress of the construction of Fish Market at the fishing village of Gandarawella using the provisions of Rs. 594,898.00.	4. The CAO/AO informed that the contract had been terminated after paying only Rs. 41,378.00 due to cracks on the staircase and concrete slab.
	5. The official quarter of the Divisional Secretary of Welipitiya, the spending Rs. 3,876,072 exceeding the estimated amount Rs. 2,778,214 is the idling and also the leakages on rainy days.	5. The Committee advised CAO/AO to take necessary actions to use the quarter.
	6. The official quarters of the Divisional Secretariats at Welipitiya, Weligama, Mulatiyana, Malimbada,	6. The CAO/AO was directed to take action to minimize this situation in the future

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	Thihagada And Hakmana are not occupied..	
	7. Good trees in addition to the ordered quantity by a contractor of the Timber Corporation from the Kotawila Hospital Complex of the Weligama Divisional Secretariat had been removed.	7. The CAO/AO informed that the legal actions had already been taken to recover the damage from the contractor
	8. 3250 plastic chairs had been purchased at Rs. 550 by calling quotations repeatedly and canceling the first quotation where the second lower quotation price was Rs. 510.	8. The Committee directed the CAO to do an investigation and give complete report to the committee as early as possible
	9. Two pandals had been constructed and electric bulbs had been purchased and illumination amounted to Rs. 4,150,000 by the Divisional Secretary of Matara from the provisions made by the Ministry of Buddhasasana without entering into agreements or preparing	9. The CAO/AO replied that all expenses were made according to the financial regulations and agreed to give relevant files with all documents to the Auditor General.

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	estimates and plans etc.	
	10. District Secretary had not given evidence regarding the expenditure amounted to Rs. 5,775,000 received as donations from the banks and financial institutions operated under the Ministry of Finance and Planning for the programme “Vyawasayakathwa Pubuduwa” in 2010.	10. The CAO/AO stated that this expenditure was mainly made under recommendations of the Regional Manager of the Central Bank.
40. Former Director General of Pensions  (Ministry of Public Administration)  18 <sup>th</sup> September 2012	1. The Committee questioned regarding the 64 officers who had not completed the net service of 120 months in the Combined Service and sent on retirement at the time of the establishment of Sri Lanka Ports Authority, in terms of Sri Lanka Ports Authority Act, No. 51 of 1979.	1. The former AO stated that Cabinet decision was to amend the Act accordingly to enable to pay pension for these 64, but as per the provisions in the act, action had been taken to pay the pension.
	2. The Committee questioned as to how a total sum of Rs. 20,569,000 had been collected from pensioners in the month of February 2009 on the	2. The Former AO explained that this decision was taken by the national level pensioners associations and refunded Rs 50 to those who were against this decision as per the court order.

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	basis of Rs. 50/- from each to construct Holiday Bungalow in Nuwara Eliya without having their consent and out of this, Rs. 20 million being remitted to the National Defence Fund.	CAO stated that later the construction of the Holiday Bungalow was done with the government grants.
	3. The Committee inquired about the Progress of the E-Pension System which had to be completed by the end of the year 2009.	3. The CAO/AO explained that the E-Pension system was commenced with the support of ICTA  The Committee directed to take necessary action to expedite the E.-Pension Process
	4. The Committee queried regarding the action taken on the sum of Rs. 1,127,130,406 recovered under the Contributory Pension Scheme and retained by the Central Bank of Sri Lanka.	4.The Committee advised the CAO/AO to discuss with the Central Bank to settle the matter and report back to the next Committee meeting
41. Judicial Services Commission  18 September 2012	1. Shortfall in Advances to Public Officers (Account No. 01301) Maximum limit of Receipt - Rs.1,800,000/-  Shortfall - Rs.358,801/-	1. This shortfall had been resulted due to wrong entry of pension recoveries made in the computer programme (CIGAS) and the CAO confirmed that this error had already been corrected in the accounts.  Directed to avoid such mistakes in future and the explanation regarding the shortfall was accepted.

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42. Ministry of Social Services  09 October 2012	1. The Procurement Plan had not been adhered to the circular guidelines.	1.The Committee pointed out that the Procurement Plan for 2012 should be revised
	2. Revision of the cadre requirement had not been done parallel to the taken over of some functions	2. The Committee directed the CAO to send a report within 02 months to the Committee in consultation with the Department of Management Services.
	3. A sum of Rs.638,116/- had been incurred to repair 04 vehicles which were not belonging to the Ministry.	3.The Committee directed to expedite the process of getting the ownership of those vehicles transferred in their names
	4. Details of 06 vehicle accidents had not been submitted in terms of Financial Regulations.	4. The CAO assured to submit the reports within one month.
	5. Mobile phones had been provided to 25 officers who were not entitled, without taking the necessary approval.	5. The Committee directed to regularize it within one month.
	6. A vehicle had been hired on a monthly rental of Rs.110,000/- violating the approved limit of Rs.40,000/-.	6. The Committee directed the CAO to send a report.

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<p>43. Government Factory</p> <p>20 September 2012</p> <p>Ministry of Construction, Engineering Services, Housing and Common Amenities</p>	<p>1. The internal audit unit had not functioned in satisfactory status.</p>	<p>1. The CAO/AO stated that that was due to the non-availability of Accountants.</p>
	<p>2. The estimated cost in the year 2006 had been exceeded by Rs.14,226, 216.</p>	<p>2. The CAO/AO stated that this was due to increase of the material cost resulted by the inflation. The Committee proposed to obtain the services of a Cost Accountant simultaneously with the restructuring the prevailing process to avoid such deficiencies in the future.</p> <p>Also the Committee directed to the CAO to contact the Director of the Department of National Planning and get their service to by obtaining a plan to modernize the Government Factory.</p>
<p>44. Ministry of Education</p> <p>11 October 2012</p>	<p>1 .1,156 vacancies in the Senior Level and 878 vacancies in the Tertiary level – Principals exists in the cadre.</p>	<p>1.The Committee directed CAO/AO to submit a detailed report within a month, explaining the methodology of providing teachers to schools as per the subject requirements.</p>

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	2. Adequate action had not been taken to recover loan balances of the retired and deceased officers amounted to Rs. 17,290,691.	2. The Committee directed to submit a detailed report with a break up within 02 months.
	3. Delays of payment of Scholarship grants to the grade 5 Scholarship holders in the past years are unacceptable.	3.The Committee directed to revise the existing procedures and to credit proceeds directly to the bank accounts of the Scholarship holders and send a report regarding the new procedure to the Committee
	4. Rs. 1,604,109 had been paid as arbitration fees to the contractor of a building of the University of Peradeniya, being settlement of the fund bill amounting to Rs. 14,253,473 which had not appeared in the project accounts.	4.The CAO/AO agreed to send a detailed report with the consultation of the Project Director
	5. The Committee questioned as to why papers amounting to Rs. 1,397,500 had been purchased on 15/08/2011 for Braille machine idled since 2008.	5.The Committee directed the CAO/AO to report back to the Committee with all details as he could not give a successful explanation for this transaction
	6. Yakurawatta English	6. The Committee directed the

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	support center had been idling though Rs. 73,551,307 had been spent for construction and purchasing equipment and also Rs. 1,769,459 as salaries for 05 employees.	CAO/AO to submit the list of names of the responsible officers very early to enable to summon them before the Committee to get their explanation in this regard.
	7. Furniture valued Rs. 2,936,822 had been purchased for the Ibbagamuwa Field Center though it had been suspended due to an objection raised by the parents of the Ibbagamuwa Central College. .	7.The CAO/AO stated that action had already been taken to protect that furniture until use for the purpose
	8. Certain circulars had been violated when admissions were done to the Ananda College, Colombo and lack of transparency in the Financial Account of the School Development Society.	8.The CAO directed to submit a detailed report including the number of students admitted exceeding the limits to each & every class in all National Schools together with the explanations for the same
	9. The Committee expressed its dissatisfaction over transferring teachers without being considered by the transfer board.	9. The CAO agreed to make arrangements to appoint transfer board before the end of this year.

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	10. The ministry had spent over Rs.6 million in both the years 2010 and 2011 years to repack the returned uniforms due to absence of proper evaluation by the zonal officers.	10. The Committee directed the CAO/AO, to take appropriate action to minimize losses in future
	11 Committee pointed out an injustice made to the students who live in rented or leased houses as per the new marking scheme introduced for selecting students to Grade 1 of Government schools n 2013.	11. The Chairman directed the CAO to reconsider this marking scheme.
	11. Action had not been taken to present the Revenue estimates to the audit.	11. The CAO/AO promised that the report would be submitted to the audit.  The CAO/AO stated that it was due to that the Revenue Estimate was being requested by the Treasury under two subjects and the Auditor General under each sub-item.
45. Department of Forest (Ministry of Environment) 23 October 2012	1.Action had not been taken to obtain the details with regard to the Collection of Revenue from the District Secretaries in terms of the FR 128 (2) (f).	1. The CAO/AO explaining the situation stated that the details regarding the permits for wood transport (revenue source) of the District Secretariats had already been received.  The Committee directed to submit that report to the Auditor General as well as to the

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		Committee within one-month.
	2. Instead of recruiting permanent drivers, 26 field assistant, cleaners and water pump operators have been employed as substantive drivers.	2. The CAO/AO stated that the employees who were working as substantive drivers possessed driving license as well as had passed the special examination. The Committee directed the CAO/AO to regularize this matter having recruited the new drivers.
	3. The Fixed Assets Register had not been maintained by the department in terms of Treasury circular No.842 of 19 <sup>th</sup> December 1978.	3. The CAO/AO stated that the reports regarding the fixed assets had already been submitted by every 6 months to the treasury.
	4. The Committee enquired about the current position of the Pinus Cultivation in Sri Lanka.	4. The CAO/AO stated that a survey had been carried out by the department regarding the environment pollution caused by the Pinus cultivation.
46. Department of Ayurveda  (Ministry of Indigenous Medicine) 24 October 2012	1. Action had not been taken to table the Annual Performance Reports in Parliament.	1.The Committee directed the CAO/AO to taken action to table the report in parliament and submit same to the Auditor General.

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	2. Audit & Management Committee had not met regularly.	2. The Committee directed the CAO/AO to see that the Audit Committee meetings are held quarterly.
	3. There were 418 vacancies in the Department.	3. The CAO/AO stated that the position had been brought to the notice of the General Treasury and the Ministry of Public Administration & Home Affairs and action would be taken to fill these vacancies very early.
	4. 01 GCMS instrument and 01 Densino Meter, which had been underutilized for 03 years and 05 years respectively.	4. The Committee directed the CAO/AO to repair these machines and take immediate steps to train personnel for operating these machines and also to submit a detailed report to the Committee.
	5. The Committee questioned about the delays in conduct of Annual Boards of Survey.	5. The Committee directed the CAO/AO to submit the Boards of Survey reports in the future confirming to the prescribed time period.
	6. Action had not been taken to legally acquire the Gampaha Wickramarachchi Ayurveda Hospital which was affiliated to the university of Kelaniya and brought under the Department of Ayurveda in 2007.	6. The Committee directed the CAO/AO to take immediate action to resolve this problem and report to the Committee.

<b>Name of the Institution/ Line Ministry &amp; Date of Examination</b>	<b>Major Issues Discussed</b>	<b>Explanations by the CAO/AO &amp; Comments/Directives by the Committee</b>
	7. The Committee observed that only five types of machine had internationally been introduced by the Department since the year 1962 up to the end of the year 2010.	7. The CAO/AO stated that the reason for not being able to introduce new types of machine was due to the shortage of staff and lack of specialist for researches and inadequacy of funds given by the Treasury. The Committee directed CAO/AO to obtain more funds showing the need of the organization.
	8. The tender had been offered to a private company without calling tender form the Department of Building and the Land Reclamation and Development Corporation in connection with the contract for converting the Borella Ayurveda Hospital into a Teaching Hospital in 2003.	08. The CAO/AO explained the situation, and the Committee having not agreed with the given explanations directed the CAO/AO to send a detailed report regarding the matter within 6 weeks time.
	09. A register was not maintained recoding the quantity of production of drugs and also the wastages.	09. The CAO/AO stated that the reason for the above was the dearth of trained staff and the lack of knowledge regarding the stock control.  The Committee directed the CAO/AO to formulate a proper system when producing medicine and take action to give a special training to the people who involve with the

<b>Name of the Institution/ Line Ministry &amp; Date of Examination</b>	<b>Major Issues Discussed</b>	<b>Explanations by the CAO/AO &amp; Comments/Directives by the Committee</b>
		production and take action to minimize the wastage during the production and directed to send a detailed report regarding this.
	10. The Committee enquired as to why action had not been taken to select an ICTAD registered contractor for construction of entrance gate and the wall of the Nawinna Bandaranayake Ayurveda Research Center.	10. The Committee directed the CAO/AO to identify the responsible person on this matter and submit a report immediately.
47. District Secretariat Hambantota 25 October 2012 (Ministry of Public Administration & Home Affairs)	1. The Fixed Asset Register had not been maintained.	1. The Committee directed to take immediate action to update the Fixed Asset Register.
	2. The Audit and Management Committee had not been held in regular basis.	2. The CAO/AO undertook the responsibility to regularize it in the future
	3. Equipment to the value of Rs.217,617 purchased by the Divisional Secretary, Angunakolapalassa for	3. The Committee directed to report the progress within two weeks.

<b>Name of the Institution/ Line Ministry &amp; Date of Examination</b>	<b>Major Issues Discussed</b>	<b>Explanations by the CAO/AO &amp; Comments/Directives by the Committee</b>
	the use of a photography training course in 2004 had not been included in the Inventory Register.	
	4. Liabilities amounting to Rs. 1,314,596 exceeding the savings after utilizing the net provisions contrary to the Financial Regulation 94.	4. The CAO/AO accepted the violation of FR 94 and agreed to take necessary actions in the future to avoid this happening.
	5. Fraud revealed at the Divisional Secretariat, Tissamaharama valued Rs. 1.7 Million.	5. The CAO/AO informed that this was inquired by the Public Service Commission and punished the culprits and ordered to recover loss from the commuted pension and the pension of the responsible officer.  The Committee directed the CAO/AO followed up daily to avoid such frauds.
	6. Transactions relevant to the acquisition of the 22 official Quarters in the Administrative Complex, Magam Ruhunupura is incomplete.	6. The Committee directed to submit a report within 02 months having completing the acquiring.
	7. A loss of Rs. 35,250 incurred in purchasing of 350 Gents Bags for Grama Nildhari in 2010	7. The CAO promised to send an investigation team of the Ministry to inquire and report back to the Committee regarding

<b>Name of the Institution/ Line Ministry &amp; Date of Examination</b>	<b>Major Issues Discussed</b>	<b>Explanations by the CAO/AO &amp; Comments/Directives by the Committee</b>
	had been occurred.	this loss.
<p>48. District Secretariat – Badulla</p> <p>(Ministry of Public Administration &amp; Home Affairs)</p> <p>25 October 2012</p>	<p>1. 190 vacancies exist in the Secondary level in District Secretariat.</p>	<p>1. The CAO/AO stated that there was no excess carder in the Primary level and the actual position had been 07 vacancies. Out of the 190 vacancies of Secondary level, 157 had been for Grama Niladhari posts and they would be filled within six months.</p>
	<p>2. “Nenasala” building at Wethalawa in the limit of Uva Paranagama Divisional Secretariat of which the construction was commenced in 2006 had not been utilized up to 30/09/2012.</p>	<p>2. The CAO/AO stated that the required computers had not been received from the Information and Communication Technology Agency of Sri Lanka.</p> <p>The Committee directed the CAO/AO to recheck the situation and take necessary action to utilize the property.</p>
	<p>3. The Galaniya Trade Center situated in Uva Paranagama Divisional Secretariat had not been utilized.</p>	<p>3. The Committee directed the CAO/AO to take necessary actions.</p>
	<p>4. Loan balance amounted to Rs. 1,096,000 relevant to one employee had not been recovered.</p>	<p>4. The Committee directed the CAO/AO to take legal action against this officer and steps to be taken to recover the loan balance.</p>
	<p>5. Certain vehicles and 16 machineries received under Japanese</p>	<p>5. The Committee directed the CAO/AO to donate this machinery to the Ministry of</p>

<b>Name of the Institution/ Line Ministry &amp; Date of Examination</b>	<b>Major Issues Discussed</b>	<b>Explanations by the CAO/AO &amp; Comments/Directives by the Committee</b>
	Friendship Treaty in 1993 by the Divisional Secretariat of Ridimaliyadda remaining idled.	Foreign Employment and Promotion and Welfare for the use of training of foreign job seekers
	6. A lorry received from Moneragala District Secretariat had been idled.	6. The CAO/AO informed the Committee that action would be taken to use same as water bowser after modifying.
	7. 09 projects in 2011 worth of Rs. 1,864,000 by the Haliela Divisional Secretariat had been abandoned.	<p>7. - Bullatharawa channel could not be completed due to the inability of identifying the real running path of the channel.</p> <ul style="list-style-type: none"> <li>- Baddalarawa channel could not be completed due to the shortage of raw materials,</li> <li>- Gannilayaya channel and its side wall could not be completed as the contract was given up to the contractor</li> <li>- Bogoda maternity home could not be started due to non- availability of water resources</li> <li>- other projects were to provide sanitary facilities to the Celly Vidyalaya in Badulla, where they did not wanted the facility.</li> </ul>
	8. 12 officers belonging to the District	8. The Committee directed CAO/AO to send a report back

<b>Name of the Institution/ Line Ministry &amp; Date of Examination</b>	<b>Major Issues Discussed</b>	<b>Explanations by the CAO/AO &amp; Comments/Directives by the Committee</b>
	Secretariat who had not been registered in Public Service Provident Fund and they had not paid relevant contribution of Rs. 237,892 for the year 2011'	to the Committee as early as possible.
	9. Grama Niladhari offices of Koslanda, Kotabakma and Ampitithenna had been remaining in the decaying condition.	9. The CAO/AO undertaken to repair these on priority basis.

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