



Third Session of the Eighth Parliament
of
The Democratic Socialist Republic of Sri Lanka

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First Report

of the

The Committee on Public Accounts

(From 06.06.2017 to 08.12.2017)

Presented by

Hon. Lasantha Alagiyawanna

Chairman of the Committee on Public Accounts

On February 21, 2019

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

Hon. Lasantha Alagiyawanna (Chairman)

Hon. Niroshan Perera

Hon. Seyed Ali Zahir Moulana

Hon. Buddhika Pathirana

Hon. Vasudeva Nanayakkara

Hon. Duminda Dissanayake

Hon. Rohitha Abeygunawardana

Hon. Udaya Prabhath Gammanpila

Hon. Palitha Range Bandara

Hon. S. Shritharan

Hon. Thushara Indunil Amarasena

Hon. Chandima Gamage

Hon. (Dr.) Nalinda Jayathissa

Hon. (Dr.) Kavinda Heshan Jayawardena

Hon. Hirunika Premachandra

Hon. Bandula Lal Bandarigoda

Second Session of the Eighth Parliament
Composition of the Committee on Public Accounts
(During the period of investigations in the report)

Hon. Lasantha Alagiyawanna (Chairman)

Hon. Mahinda Samarasinghe

Hon. P. Harrison

Hon. Faizer Musthapa

Hon. Palitha Range Bandara

Hon. Niroshan Perera

Hon. Sujeewa Senasinghe

Hon. Eran Wickramaratne

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Hon. Buddhika Pathirana

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Hon. (Dr.) Bandula Gunawardana

Hon. Vijitha Herath

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Hon. Nihal Galappaththi

Hon. Bimal Rathnayake

Hon. Seeniththamby Yoheshwaran

Hon. S. Shritharan

Hon. Chandima Gamage

Hon. Udaya Prabath Gammanpila

Hon. (Dr.) Nalinda Jayathissa

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Hon. I. Charles Nirmalanathan

Hon. (Mrs.) Hirunika Premachandra

Hon. Bandula Lal Bandarigoda

Hon. S. Viyalenderan

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Chairman's Note

This report includes the information on investigations in respect of 27 institutions that were summoned before the Committee on Public Accounts during the First Session of the Eighth Parliament under my Chairmanship. I am delighted to present this report in the Parliament as the re-elected Chairman of the Committee on Public Accounts for the Third Session of the Eighth Parliament.

The system that was introduced to evaluate the performance of 842 institutions (Slight changes in the number of the institutions occur annually) that are under the supervision of the Committee on Public Accounts by a web-based online system in addition to the above-mentioned investigations on the financial and performance of the government institutions conducted before the Committee is being implemented continuously.

The Committee has been able to bring satisfactory results by moving beyond from mere presenting of Committee Reports to conduct of Award Ceremonies in the Parliament based on performance evaluation data for the financial years 2015 and 2016, graced by H.E. the President, Hon. Prime Minister and Hon. Speaker of Parliament in respect of institutions which have displayed a high performance level with a view of motivating the institutions that were subjected to the evaluation.

The collective effort and the diligence on the part of the Members of the Committee and officers of the Committee on Public Accounts, who contributed to examine the financial and performance information pertaining to all the 842 government institutions and investigate audit queries in respect of a large number of them as well and reporting them to Parliament within a short period, should be accorded the highest praise. In addition, the support that is received from the General Treasury and the Auditor General's Department towards the success of the affairs of the Committee is commendable. In addition, I make this an opportunity to thank the Secretary General of Parliament, the Deputy Secretary General and the Assistant Secretaries-General of Parliament.

It is my strong belief that the Chief Accounting Officers, Accounting Officers and those who bear high responsibilities will focus on the contents of this Report. It is appreciable to note that they have already taken steps to bring the financial and performance status of their respective government institutions. I hope that this will improve to a higher level and that the government will focus on the policy decisions and timely changes that it should effect in order to achieve such performance, thereby enabling the country to reach success.

Lasantha Alagiyawanna

Chairman

Committee on Public Accounts

Report

The first report of the Committee on Public Accounts of the Third Session of the Eighth Parliament is presented to Parliament on this day.

This report contains facts of 27 investigations conducted by the previous Committee on Public Accounts related to the period from 06/06/2017 to 08/12/2017 of the First Session of the Eighth Parliament. However, this report has been delayed to present to the Parliament due to the prorogation of Parliament on 12/04/2018 and 27/10/2018 respectively. It is presented to Parliament today as the first report of the Third Session of the Eighth Parliament with the approval of the present Committee on Public Accounts.

The institutions for which the Parliament of Sri Lanka directly allocates financial provisions, the local government authorities that function by securing the funds provided on a separate expenditure head by the respective Provincial Councils based on cumulative funds provided to Provincial Councils by Parliament and those Local Government Authorities that function using allocations provided by Parliament through Provincial Councils (together with revenues acknowledged by Parliament) are subjected to oversight of the Committee on Public Accounts. As such, the number of institutions that are subject to scrutiny of the Committee on Public Accounts is 842 according to estimates of the year 2017.

State Institutions

Specific Expenditure Units	22
Government Ministries	51
Government Departments	95
District Secretariats	25
Provincial Council Expenditure Heads	<u>09</u>
Total	<u>202</u>

Provincial Council Institutions

Provincial Council Funds	09
Provincial Council Ministries	45
Provincial Specific Expenditure Units	61
Provincial Council Departments	145
Provincial Council Authorities	<u>45</u>
Total	<u>305</u>

Local authorities

Municipal Councils	23
Urban Councils	41
Pradeshiya Sabhas	<u>271</u>
Total	<u>335</u>
Grand Total	<u>842</u>

The Auditor General does the audit of all those institutions and after presenting those reports in Parliament, are referred to the Committee on Public Accounts.

This report contains explanations of Chief Accounting Officers / Accounting Officers and recommendations and directives given by the Committee on 27 investigations of 25 institutions carried out by the Committee out of the Ministries, Departments, District Secretariats, Provincial Councils and Local Authorities that are subject to oversight of the Committee during the First Session of the Eighth Parliament. This also contains information on five investigations in respect of excesses, shortfalls and working losses and a special committee meeting which was conducted to examine a special performance audit. At the same time, the general observations, conclusions and recommendations made by the Committee with regard to the institutions summoned before the Committee and matters specific to institutions are also contained in this report.

**Institutions Examined by the Committee on Public Accounts
from 06.06.2017 to 08.12.2017**

No.	Name of Institution	Dates of Examination
1	Department of Motor Traffic	06.06.2017
2	Ministry of Power and Energy	21.06.2017
3	Ministry of Disaster Management	22.06.2017
4	Department of Meteorology	22.06.2017
5	Panadura Urban Council	04.07.2017
6	Kegalle District Secretariat	07.07.2017
7	Department of Motor Traffic (Re-summoned)	25.07.2017
8	Ministry of Sports and Department of Sports Development	26.07.2017
9	Kalutara Pradeshiya Sabha	27.07.2017
10	Matale District Secretariat	28.07.2017
11	Ministry of Buddha Sasana and Department of Buddhist Affairs	09.08.2017
12	Department of Ayurveda	09.08.2017
13	Northern Provincial Council	07.09.2017
14	Ministry of Higher Education and Highways	08.09.2017
15	Kaththankudi Urban Council	19.09.2017
16	Eravur Urban Council	19.09.2017
17	Department of Motor Traffic (Re-summoned)	17.10.2017
18	Colombo Municipal Council	20.10.2017
19	Southern Provincial Council (Re-summoned)	07.11.2017
20	Ministry of Irrigation and Water Resources Management	16.11.2017
21	Ministry of Education	17.11.2017
	Investigations into Excesses, Shortfalls and Working Losses	
22	Ministry of Irrigation and Water Resources Management	08.12.2017
23	Ministry of Health, Nutrition and Indigenous Medicine	08.12.2017
24	Department of Prisons	08.12.2017
25	Department of Co-operative Development	08.12.2017
26	Ministry of National Integrity and Reconciliation	08.12.2017

Special Committee Meetings Conducted by the Committee for Examining Special Performance Audits

No	Matters Examined	Dates of Examining
01	Performance audit regarding supply of fertilizers on subsidized basis for paddy cultivation	06.07.2017

General Observations, Conclusions and Recommendations

1) Rating Units in Institutions belonging to Local Authority Areas

It was revealed to the Committee that a weakness exists in identifying rating units of institutions belonging to local authority areas, estimating rates and collecting rates and as a result, those local government authorities lose a huge income.

The Committee stressed that every rating unit should be assessed every 15 years, new units should be identified by obtaining information from Grama Niladharis and more attention should be paid to make the rate collection more methodical.

2) Vision and Mission of District Secretariats

The Committee observed that the vision and mission of District Secretariats differ from District to District. The Committee directed that the possibility be explored to formulate and implement the vision and mission of all Districts in uniformity, except where specific purposes exist in District Secretariats.

3) Roadside Name boards

The Committee observed that there are various shortcomings in the process of giving permission and levying fees for name boards erected within the Municipal and Urban Council and Pradeshiya Sabha limits and has recommended that one single methodology be followed subject to the laws and rules of each Local Authority and carry out a periodic survey on these name boards and verify whether a revision of charges is necessary and levy charges accordingly.

4) Absence of Proper Communication regarding Circulars Issued by the Ministry of Finance

The Committee observed instances where the Auditor General's Department has not been enlightened regarding Circulars issued by the Ministry of Finance from time to time. As such, the Committee stresses that measures be taken to send a copy of every Circular issued by the Ministry of Finance to the Auditor General's Department.

5) **Project Delays**

The attention of the Committee was focused on non-release of funds by the Treasury within the specified timeframe for construction of buildings.

At the same time, it was revealed before the Committee that there are instances when the State Development and Construction Corporation and the Central Engineering Consultancy Bureau had not completed project work assigned to them within the specified time.

It was also revealed that delays of payment on the part of the Treasury have occurred due to inability to verify that work of the buildings under construction has been completed.

The Committee emphasized that as a solution for all this, reasons for non-completing within the specified time should be checked and remedial measures should be taken.

Matters specific to Institutions

1) Department of Prisons

The Committee paid its attention to the risky situations the prisoners have to face at times, while they are being transported to Courts to appear for cases. The Committee recommended that the possibility of using video technology as a measure of averting this situation should be explored with discussions with the Minister of Justice in that regard.

2) Department of Meteorology

It is evident that the climatic changes that happen frequently at present and the resulting disaster situations are comparatively very high. The Committee which observed that all potential disasters are included in the Disaster Management Act emphasized the need to have experts on each disaster. It also emphasized to provide special training to the relevant officials on each disaster.

3) Department of Ayurveda

The Committee appreciated the efforts of the project to conserve traditional knowledge on indigenous medicine and promote indigenous medicine being carried out by the Department of Ayurveda with the aim of conserving indigenous medicine.

4) Ministry of Home Affairs

The Committee which observed the non-availability of a uniform methodology of conducting Audit and Management Committees of District Secretariats, emphasized that each district secretariat should pay its attention to it and adopt a methodology that is common to all District Secretariats and obtained the opinions of the Department of Management Audit regarding this matter.

Accordingly, internal circulars issued by the secretary to the Ministry of Home Affairs specifying the contents that is to be added on the agendas and the composition of the Audit and Management Committees that was sent to all District Secretaries and the effort to streamline it deserve applause.

**Main issues investigated, observations and recommendations given
at the meetings of the Committee on Public Accounts from 6th June
2017 to 8th December 2017**

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
Department of Motor Traffic		
06 June 2017		
1.	Progress of the enforcement of the order given by the pre-committee to the effect that officers, departmental and from the Combined Service, who have been serving in the Department of Motor Traffic for over 5 years without transfers for a long time and serving continuously be transferred outside the department.	The C.A.O. /A.O. stated that a Cabinet Memorandum has been submitted, discussions were held with the Director General of Motor Traffic and even arrangements were made to obtain advice from the Attorney General in relation to effecting the relevant transfers.
2.	Present status of the functioning of the e-motoring project	The C.A.O./A.O. were stated that arrangements are being made to shift to the new automatic technological methodology upon discussions with the Sri Lanka Customs and discussions have been held with other relevant institutions as per the order of the pre-committee and that this project would cost 5 million U.S. Dollars (800 million rupees). The Committee which once again expressed its displeasure over the continuous delay in the

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		implementation of this project emphasized that the activities of the project should be completed by 23.09.2018 as stated by the Department of Motor Traffic. The Committee advised the Department to take the practices of other countries in the region into consideration.
Ministry of Power and Renewable Energy 21 June 2017		
1.	44 additional staff in excess of the approved cadre of the staff of the Minister and the Deputy Minister had been attached in 2013 and the Ceylon Electricity Board has paid a sum of Rs. 13,293,768/- as salaries.	The C.A.O. stated that those persons had been recruited on service needs and at present only 6 such additional persons are serving.
2.	A cumulative balance of Rs. 12,742,305/- receivable from the Ministry of Power and Renewable Energy remaining in the financial statements of the Ceylon Electricity Board from 2009 to 2014 for more than 4 years and action not taken to settle the balances.	The C.A.O. /A.O. stated that the Ceylon Electricity Board has spent a sum of Rs. 6.1 million for the opening ceremony of the Kerawalapitiya power plant and that there were several other ceremonies of similar type which had been done on the approval of the Ministry. The Committee emphasized that the allocations made by the Ministry should not be exceeded that

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		transactions of the above type should not be undertaken in future.
3.	Even though 40 vehicles registered under the Ministry of Power and Renewable Energy had been handed over to the Ceylon Electricity Board their ownership had not been transferred.	<p>The C.A.O. / A.O. stated that customs duty in relation to those 40 vehicles which had been purchased to be used in the “Eastern Reawakening” Project in 2013 have been paid and that arrangements were being made to transfer them to the Ceylon Electricity Board.</p> <p>The C.A.O. / A.O. was ordered to furnish the report pertaining to the completion of the relevant activities to the Committee before 31st of July 2017.</p>
4.	11 vehicles released to the Ministry by the Ceylon Electricity Board have been misplaced and no action had been taken in that regard.	The C.A.O. stated that 09 of those vehicles were with the Ceylon Electricity Board and that there were no documents to show that some vehicles had been handed over or accepted as the Ministry of Power and Renewable Energy was in amalgamation with certain other Ministries. The Committee ordered the C.A.O. / A.O. to obtain a report in regard to the ownership of those vehicles from the Department of Motor Traffic as their registration numbers have been identified. The Committee also directed the C.A.O.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		/ A.O. to submit a report in relation to those 11 vehicles within two weeks.
5.	Even though grants were made to 18 entrepreneurs in the private sector to install solar panels under the project to install solar panels on the roofs of Engineering Faculties of the Universities and private sector institutions which was started in May 2013 with an estimated cost of Rs.400 million, 06 institutions had not completed the task.	The C.A.O./ A.O. stated that, the project initiated as a pilot project was functioning in one institution at present and all other institutions have completed. The Committee paid its attention to the fact that the panels purchased by both public and private sector institutions are poor in quality.
6.	According to the report C.04-13-CR dated 01/03/2016 submitted by the Criminal Investigations Department, vehicles of the Ministry had been sold as discarded items.	The C.A.O. /A.O. stated that the Ceylon Electricity Board had raised a sum of Rs. 450,000/- by selling a double cab that was in very bad condition, not as a vehicle but as scrap item at an auction. The C.A.O. /A.O. was directed to submit a comprehensive report in this regard to the Committee within a month.
Ministry of Disaster Management and the Department of Meteorology 22 June 2017		
1.	The Committee paid its attention to remaining of balances of 27.93%, 14.35%, 6.3%, 20.70% and 25.16% respectively in 2012, 2013, 2014,	The C.A.O. / A.O. stated that the failure to accomplish the tasks to be completed from allocations made for the purpose of providing relief for

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	<p>2015 and 2016 out of the Capital allocations despite the fact that a lot of natural disasters occurred from 2012-2016.</p>	<p>people affected by disasters had caused this situation.</p> <p>The C.A.O. /A.O. further stated that steps were taken to pay compensation of Rs. 50,000/- for a partly damaged house and Rs. 100,000/- for a totally damaged house. A sum of nearly Rs.900 million was provided by the Treasury during the period from 2012-2015 and Rs. 2119 million out of Rs. 2516 million given to the National Disaster Management Center for the purpose of repairing damaged houses have been spent. Even though the payment of compensation was earlier handled by the Treasury, at present it is handled by the National Insurance Trust Fund without a delay.</p>
<p>2.</p>	<p>The Committee inquired about the methodology adopted by the Department for obtaining data on instant changes in the weather.</p>	<p>The C.A.O. /A.O. stated that arrangements are in place to obtain data on the weather in the Asian Region through the use of G.P.S. technology in every three hours by 23 centers , collect data in every half an hour by observing the movement of clouds by using the Chinese FI-2 satellite technology, obtaining photographs through the “Insat” Satellite technology and to provide analytical details in every six hours through the numerical weather</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		prediction by analyzing data obtained through the “Humori Cast” of Japan.
3.	The Committee inquired on the present status of the 38 automatic weather centers established under a grant of Rs. 570 million from the Japanese international Co-operation in 2009.	<p>The C.A.O. /A.O. stated that most centers are running properly and that data obtained through the “Insat” system from 2009-2014 was later changed and it was decided to obtain data through the internet via VPIP system.</p> <p>He further stated that “Dialog” was selected for this purpose as it had submitted the lowest bid out of the bids received. He said that an additional cost had to be borne as the lightening arresting system and its accessories had to be changed to suit the weather conditions of Sri Lanka.</p> <p>The Committee directed the C.A.O. / A.O. to submit a detailed report on how ”Dialog” was selected for this purpose out of the institutions which had submitted bids.</p>
4.	It was decided to purchase a Doppler radar system which has the ability to identify changes in the weather that take place within a short period and assess the severity of rainfall, through the world Meteorology Societies Trust Fund according to a budget proposal in 2006. Subsequently by the end of 2007-2008 a sum of Rs. 320 million	<p>The C.A.O. / A.O. who admitted the fact that the system had become corroded and defunct owing to a delay that had happened at the installation and accessories worth of Rs. 9,147,765/- had been stolen by an outside party stated that the Kolonna Police was conducting an investigation in that regard.</p> <p>Accordingly, the accessories of the system was shipped to the relevant</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	<p>had been deposited in the fund to purchase the machine and the following things were observed in that regard.</p> <ol style="list-style-type: none"> 1. The first test on this radar system conducted in the United States of America in 2010 failed and there was no representation from the Department at the second test. 2. The Central Engineering Consultancy Bureau that undertook the task of constructing the pillars for the installation of this machine had not completed the task as at 14th June 2017. 3. The insurance cover obtained from the Sri Lanka Insurance Corporation at a cost of Rs. 142.68 million had lapsed by 31.03.2014 and action had not been taken to extend the period of insurance cover. 4. An outside party had stolen accessories of the system worth of Rs. 9,147,765/- by 29th January 2016. Owing to non-installation of the system till 2013 it had become defunct and the relevant parts of the system had been shipped to the United States of America on 21.04.2017 for repairs at a cost of Rs. 5,644,398/-. 	<p>company in America as a cost of Rs. 5,644,398/- on the approval of the Cabinet of Ministers for repairs. The C.A.O. / A.O. stated that the Special Presidential Investigation Unit is conducting an investigation in regard to this transaction.</p> <p>The Committee which expressed its displeasure over the manner through which this machine had been purchased directed to submit the following reports to the Committee before 20th July.</p> <ol style="list-style-type: none"> (a) A report containing the entire process of purchasing the Doppler radar system. (b) A report relating to the second industry test. (c) A comprehensive report containing the types of disasters, the manner they affect Sri Lanka, disaster risk zones, reducing disaster risks and highest technological methods possessed by the Department to reduce disaster risks, details of persons with expertise on disasters and the methods proposed by the Department to reduce disaster risks, pre disaster warnings (present

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		and proposed) and the planned programme to implement them with dates.
Panadura Urban Council 04 July 2017		
1.	Increase in the amount allocated for garbage disposal from Rs. 4 million in 2014 to Rs. 19 million in 2015 and to Rs. 31 million in 2016.	<p>The C.A.O. /A.O. said that the disposal of garbage had been handed over to a company called GFC Machinery and the daily collection of garbage ranging between 28-32 metric tons was dumped to a land at Dambuwa, Sedawatta, Veyangoda. He added that the garbage was sorted and plastic and polythene were dumped separately and were recycled.</p> <p>Explaining the award of tender to GFC Machinery disregarding the lowest bid, the C.A.O. /A.O. said that the tender was awarded to the institution that had fulfilled all the conditions and stated that was expected to carry out collection and disposal of garbage within the Urban Council limits efficiently.</p>
2.	Loans of Rs. 7,850,000/- and Rs. 20,000,000/- had been obtained respectively from the Local Loan Relief Fund and People's Bank in 1993 and 1994 for the construction	Though an order was issued on 31.12.2016 for the eviction of traders from the stalls as per the recommendations of the National Building Research Organization and

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	<p>of the Public Market Complex and though Rs. 68,799,060/- had been paid as loan installments and interest as at March 2017, only the ground floor had been completed. The steps taken by the Urban Council regarding this building since it had been decided that the building was posing a danger due to the decay in the concrete slab and was in a rundown condition as per the observations of the National Building Research Organization.</p>	<p>due to the expiry of lease agreement, they could not be evicted and the C.A.O. /A.O. said that measures were being taken to initiate legal action since the payment of lease rent too had been abandoned. It was revealed that the building was in a state of disrepair and trilingual notices had been put up requesting traders to vacate the building. It was further disclosed that the Urban Development Authority had allocated Rs. 100 billion for the reconstruction of this building and until such time the traders had been informed to shift their stalls temporarily to another building owned by the Urban Council at their own cost and that no rent would be charged for the land.</p> <p>Similarly, it was observed that an electricity bill amounting to Rs. 79,485/- had been paid for the months of January and February and another bill for Rs. 114,440/- had been received for the consumption of water and electricity.</p> <p>The Committee proposed that the stalls should be constructed using funds of the Council and recovered by way of lease rent. The Committee</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		also ordered that legal action should be initiated regarding this matter.
3.	Though action should be taken to send contributions of casual and temporary employees to the Secretary and Accountant of the Public Service Provident Fund as per the section 4.1 of the Circular No.2/2011 of the Director General of Pensions dated 24 February 2011, due to the delay in transmitting contributions to the Employees' Provident Fund and the Employees' Trust Fund, a surcharge of Rs. 1,055,546/- is being paid in installments.	The Committee ordered the intervention of the Ministry of Provincial Councils and Local Government and directed the Western Province Local Government Department to submit a report in this regard within one month.
4.	Instead of using the money recovered by the Urban Council for the damages caused to roads in laying pipes for the renovation of roads thus damaged, it had been credited to the income of the Council and the Committee observed that this amount was Rs. 215,874/- in 2015 and Rs. 852,593/- from January to July 2016. Though payments had been for renovations, they had not been done on time.	The C.A.O. /A.O. stated that a register on these maintenance activities was being maintained. He added that renovations were effected after laying pipes and that this method was being carried out systematically.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
Investigations into the report of the Auditor General on the programme on the subsidy based fertilizer supply for paddy cultivation 06 July 2017		
1.	The Committee inquired whether a formal census had been conducted with the intervention of the Ministry of Agriculture regarding the extent of cultivable lands in Sri Lanka.	<p>The C.A.O. /A.O. stated that the Department of Agrarian Services has made a classification as lands that paddy can be cultivated; lands that other crops can be cultivated and lands that no crop can be cultivated.</p> <p>The C.A.O. /A.O. said that a computerized national agro data system was being prepared incorporating all information relating to paddy cultivation and added that the said process could be completed within two months. The Committee pointed out that a source was not available where needs arose to obtain data pertaining to the provision of fertilizer subsidy, paddy production and reclamation of paddy lands.</p>
2.	The Committee's attention was drawn to the payment of Rs. 69 million as legal fees and other expenses during the period from 2012 to June 2016 due to the shortcomings of the procurement	The C.A.O. /A.O. said that this amount had to be paid not because of a shortcoming in the procurement process but as per the agreement prepared for the procurement process and added that the performance bond amounting to Rs.

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	process of Lanka Fertilizer Company in importing fertilizer.	36 million was taken over as the supplier failed to supply fertilizer on the due date and that amount was deposited in a fixed deposit as the supplier opted for arbitration. The C.A.O. /A.O. further said that as per a decision given in 2016, that amount had to be returned with the legal interest and noted that it was carried out in compliance with the conditions of the procurement process.
3.	Accurate information is not available to confirm that the subsidy is used solely for fertilizer.	The Committee observed that Rs. 35 billion was spent annually on fertilizer subsidy and the fertilizer expenditure for a hectare was Rs. 25,000/- and that this expenditure was on the increase annually due to increase in fertilizer prices and the extent of land cultivated. The Committee directed the C.A.O. /A.O. to conduct a study to ascertain whether farmers use this subsidy exclusively on fertilizer as there had been a reduction in the import of fertilizer.
4.	Though it had been notified that the remaining fertilizer stocks at Agrarian Service Centers as at 29 February 2016 at the time of granting financial subsidy for paddy cultivation should be verified	The C.A.O. /A.O. said that all relevant information had been recorded at the district level but they could not be duly forwarded to the relevant sections.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	<p>and a copy thereof should be sent to the National Fertilizer Secretariat as per Circular No. 2016/NFS/FCG (1) and dated 09th March 2016 issued by Additional Secretary (Admin/Human Resource) of the Ministry of Agriculture, the relevant stocks had not been so verified and as a result the actual value of the relevant fertilizer stock could not be identified.</p>	
<p>District Secretariat - Kegalle</p> <p>07 July 2017</p>		
1.	<p>Awarding grants by regularizing unauthorized lands in all districts.</p>	<p>The C.A.O. said that survey requests of 2016 could be completed and an estimate of Rs. 9000 million was prepared to make a blueprint of all land using satellite technology and added that the government provisions were expected for same in future. The Committee directed the C.A.O. to submit a copy of the project report prepared in this connection.</p>
2.	<p>The range of balances after the utilization of provisions in the years 2010 -2016 varied from 4% to 12%.</p>	<p>Refusal by parents to provide a glass of milk to schoolchildren given in the year 2010, unspent amounts from the provisions granted to District Secretaries for Grama Niladhari</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		training programmes, balances of salaries and allowances due to transfer of public officers, etc. delays in the construction activities awarded to the State Development and Construction Corporation and the State Engineering Corporation were cited as reasons for these balances by the C.A.O. /A.O.
3.	As per the report of the Auditor General for the financial year 2010, the official quarters of the Additional District Secretary had been allocated to a Hon. Minister. Though it had been returned, the rent in arrears recoverable is Rs. 160,776/- as at 16 th June 2017.	The A.O. said that the said amount was being recovered in installments through the Secretary of the Provincial Council.
4.	Payment of Rs. 1,682,248/- for works not done under false surveying in respect of 09 projects carried out by the Aranayake Divisional Secretariat and not constituting disciplinary action against all Technical Officers who made payments having prepared false accounts.	The C.A.O. said that a disciplinary inquiry was conducted against the Technical Officer of the Provincial Council and she was not found guilty.
5.	From the year 2009 to 2013, the officer in charge of pensions at the Kegalla and Warakapola Divisional Secretariats and in the years 2010 and 2011, the officer in charge of	The A.O. said that the officers who had been involved in this fraud which had been committed through SLIP (Sri Lanka Inter Banking Payment System) had been

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	<p>pensions at the District Secretariat had fraudulently altered computer and defrauded pensions amounting to Rs. 17,449,408/-, of the money thus defrauded, only Rs. 683,648/- had so far been recovered. A disciplinary inquiry had been initiated against one officer and against the other officer, only the preliminary inquiry had been completed.</p>	<p>interdicted and added that a formal disciplinary inquiry and an investigation by the Criminal Investigations Department were being conducted.</p>
6.	<p>Though construction activities of Phase I & II of Dippitiya weekly fair estimated at Rs. 21,117,316/- and Thuththiripitiya bus stand estimated at Rs. 24,440,263/- were awarded to Sri Lanka Engineering Corporation were to be completed in the year 2014, the work had not been completed even by 31 March 2017 and by now Rs. 10,179,131/- has been spent from the estimated amount.</p>	<p>The A.O. said that the Ministry had planned to conduct a discussion in this regard.</p>
7.	<p>The weekly fair of Warakapola constructed at a cost of Rs. 32,088,750/- in the year 2014 under the provisions of the Ministry of Economic Development remained unutilized owing to the non-</p>	<p>The A.O. stated that the fair remained unutilized as another party had constituted legal action claiming that it was a private land. The Committee directed the A.O. to recover the legal fees from the</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	completion of infrastructure facilities.	relevant party if the claim of entitlement to the land was false.
Department of Motor Traffic (Re-summoning) 25 July 2017		
1.	The current progress of the E-Motoring project as per the timetable submitted to the Committee by the Department of Motor Traffic pursuant to the previous directives of the Committee.	<p>The C.A.O. /A.O. said that though activities up to 16.06.2017 had been completed as per the given timetable, as it was pointed out by the Procurement Committee and the Technical Evaluation Committee that a formal procurement procedure had to be adopted to call for proposals for the second stage for which Cabinet Approval had to be sought, it could not be completed as scheduled.</p> <p>Pointing out that the Department of Motor Traffic had failed to act as per the timetable submitted to the Committee by the Department itself and the fourth stage had already been delayed by 37 days; the Committee voiced its strong displeasure over the irresponsible conduct of the Department.</p> <p>The Committee stated that the Department should accept the responsibility over the failure to take relevant decisions as appropriate and directed the C.A.O. /A.O. to submit</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		the revised timetable on the implementation of the E-Motoring programme to the Committee before 31.08.2017.
2.	Present situation regarding the transfers	The A.O. stated that the total staff of the Department was 895 and of them 495 were Departmental Officers and 400 were officers of the Combined Service. In addition, the A.O. stated that 105 Motor Examiners were also serving in the Department. The A.O. also stated that there were 222 officers who had been serving in the Department for 15 years and added that since the approval of the Cabinet of Ministers and instructions from the Attorney General had been received regarding the transfers, action was taken accordingly and all the relevant information was forwarded to the Ministry of Public Administration and Management and future action would be taken as per the circulars issued by the said Ministry.
3.	Printing vehicle number plates	The A.O. stated that the first tender for the printing of vehicle number plates was awarded in the year 2000 and the tender was again awarded in the year 2009 and the period of time of the tenderer was extended

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>annually from the year 2015 and finally it was extended up to October 2017.</p> <p>It was disclosed before the Committee that the printing of number plates had been carried out by the same supplier since year 2000 and paid its attention on the relative decline of suppliers for this purpose. The Committee directed the C.A.O. /A.O. to submit the list of representatives of the Technical Evaluation Committee and the Procurement Committee appointed for the printing of the number plates and the timetable with timeframes prepared for the completion of the said process to the Committee before 01.08.2017.</p>
4.	<p>The printing of driving licenses had been handed over to a private contractor for a period of 07 years since the year 2009 and though it was to be acquired and maintained by the Department from the year 2016, the private contract had been extended up to March 2018 and as a result a part of the revenue receivable by the government had gone to the private sector.</p>	<p>The C.A.O. /A.O. stated that since amendments had to be made to the Motor Traffic Act to issue improved driving licenses in line with new requirements, the draft containing the relevant amendments had been forwarded to the Legal Draftsman.</p> <p>The Committee, having paid it attention to the absence of a proper process for the issuance of a driving license since 2009 to date and stressed that such activities should</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		be expedited and directed the C.A.O. /A.O. to submit a report to the Committee with timeframes for the completion of said process before 01.08.2017.
5.	Construction of the Record Room	<p>The A.O. said that the new Record Room could be used in two weeks and that arrangements had been made to appoint a staff thereto with a Record Keeper and added that tenders had been called for new software to be used in the Record Room.</p> <p>The Committee expressed its displeasure over the opening of the Record Room by only storing the documents without installing computer software and CCTV camera systems. The C.A.O. /A.O. directed to consult the Department of National Archives and commence its activities as a technically fully equipped record room.</p>
6.	The amount of duties not recovered from the year 2011 to 2015 from luxury/semi-luxury and semi-luxury dual-purpose vehicles being Rs. 531 million and non-calculation of such duties to be recovered from	The A.O. stated that arrangements had been made to issue around 2500 notices per month for the relevant vehicle owners for the recovery of these duties and added that these duties were being recovered.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	1995 to 2010 and from year 2016 to date.	The Committee expressed its displeasure over the failure to submit details on the number of vehicles from which such duties were to be recovered and the C.A.O. /A.O. was directed to make necessary arrangements to use the duty payment certificate as a document that should be furnished for obtaining the revenue license and not as a document required be furnished for obtaining insurance certificate.
Ministry of Sports and Department of Sports Development 26 July 2017		
1.	The Committee paid attention to the progress of the measures taken with the aim of auditing the accounts of sports associations	The C.A.O./A.O. stated that action was being taken to prepare a Code of Procedure including the provisions with the aim of conducting the supervision of functioning of Sports Associations and auditing of the same as the Director General of Sports had been vested with the power to do so, obtain the views of the representatives of Sports Associations about the said Code by presenting it to them, compile it in the form of a manual with the approval of the Hon. Minister and issue it to all the Sports Associations, introduce a procedure that would enable the recruitment of individuals

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>with knowledge in accounting and to assign the authority to supervise the accounts to the Project Officers.</p> <p>The Committee which emphasized the fact that no delay should occur in presenting the accounts as an auditor was appointed to each sports association every five years and emphasized the need for an awareness programme for Sports Associations conducted with the Auditor General regarding the proposed Code of Procedure and directed the C.A.O. /A.O. to take action to prepare and provide it to Sports Associations before 26th of September.</p>
2.	Not reporting about a building constructed as a sports hostel by spending Rs. 500,000/- out of the Sports Development Fund of Kilinochchi.	The C.A.O./A.O. stated that even though bills had been presented claiming the construction of a sports hostel in 2007 spending Rs. 500,000/- out of the Sports Development Fund of Kilinochchi, the said building had not been subjected to physical inspection due to the war situation that had prevailed at that time and that it was difficult to find any other information other than a photograph of that building though it had been reported that the building had been

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>completely destroyed as a result of the war.</p> <p>The Committee which expressed its displeasure about the failure of the officials responsible to obtain specific confirmation of its construction even though 10 years had lapsed from the construction of that building and regarding the making of payments for that directed the C.A.O/ A.O. to conduct a proper investigation about that land and provide a report to the Committee.</p>
3.	Current situation with regard to the upgrading of the running track at Sugahthadasa Stadium	<p>An affiliated company called “Gahakola Enterprises” had constructed this running track in 2011 and the damage caused was roughly Rs. 20 million. It was disclosed that the track could not be corrected as action was not taken according to the agreement and that the bid security amounting Rs.25 million also had to be released and that submission of a capital loss estimate for running track was advised in July 2016 when Attorney General’s advice was sought after withholding the amount of Rs. 6 million that was due to the said institution. The C.A.O. /A.O., who stated that failure to take any action up to then had caused the delay in</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>upgrading, further stated that the Stadium Administration was responsible for that.</p> <p>The Committee which emphasized the necessity of taking future action as advised by the Attorney General, directed the C.A.O/A.O. to expedite the recovery process by submitting an estimate before 15th of August, be vigilant in that regard as the Ministry at to take action to speedily to bring the Stadium which was nonfunctioning, back to functioning.</p>
4.	The Committee paid attention to the measures taken by the Department with the aim of promoting and regulating the affairs of sports coaches.	The C.A.O. /A.O. stated that issuing a license to every coach, providing a Diploma with high practical technical knowledge through the National Institute of Sports Science, issuing a license for volunteer coaches and introducing set of guidelines, conducting annual programmes to upgrade the knowledge of license holders etc. were being carried out.
Kalutara Pradeshiya Sabha 27 July 2017		
1.	Spending Rs. 12, 421,754/- in 2015 and Rs. 13,718,752/- in 2016 for	The A.O. stated that the separated waste collected by Kaluthara Pradeshiya Sabha was handed over

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	garbage disposal in garbage management.	to the “Pohorawaththa” project under Central Environment Authority and that the expenditure included workers’ salaries, overtime, fuel expenditure etc. In addition, as it was disclosed that collecting of waste in about 12 grama sewa divisions out of those under the Sabha was carried out through that and about 17 workers were employed for that purpose, the Committee ordered to look into the reasons for the huge expenditure borne for waste management.
2.	Failure to hold Audit and Management Committee Meetings.	It was emphasized by the Committee that the responsibility for holding the Audit and Management Committee Meetings, waste disposal and addressing and supervising common issues such as income from billboards etc. should be accepted by the Commissioner of Local Government and Assistant Commissioner of Local Government (District).
3.	Failure to make available for public use after a lapse of six years, the crematorium constructed at Atawila by spending Rs. 14,037,636/- in 2011 without a total cost estimate.	The A.O. stated to the Committee that the work had been completed and it would be opened for public use by August 2017.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
4.	Even though the Sabha had charged Rs. 939,357/- in 2016 for damaging the roads on 879 occasions for the laying of water supply pipe lines, the Sabha had failed to take action to repair those roads.	The A.O. stated the Committee that all those roads had been repaired and that sub offices had been advised to send monthly updates in that regard. The Committee directed the C.A.O. to take speedy action in that regard.
District Secretariat - Matale 28 July 2017		
1.	A balance of around 30% (Rs.90 million) out of the total provision of Rs. 296 million allocated for Capital Expenditure in 2016 had been reported.	The C.A.O./A.O. who stated that failure to complete the work of the District Secretariat building due to an issue that cropped up during the construction had been a reason for the balance in allocated provisions and that work was due to be completed by March 2018, also stated that the necessity of getting the provisions released from the treasury before the end of the year had been highlighted at the conference of the District Secretaries as well as non-receipt of provisions properly had become a hindrance to carry out work as planned and that 48 additional projects could be completed using Rs.11 million that remained achieving 97% progress in projects in 2016.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		The Committee directed the C.A.O. to pay attention to have discussions with the Treasury regarding a proper arrangement to get the annual provisions in a timely manner.
2.	Failure to take action to correct the shortcomings that prevailed in 7 projects with a value of Rs. 2,501,663/- in 6 Divisional Secretariats.	<p>The C.A.O. /A.O. stated that it was difficult even to locate the documents of certain projects that had prevailed from 2005 and that they had been able to solve around 50% of the issues that had prevailed by assigning the relevant responsibilities to Development Officers, as it was difficult for a single Technical Officer to supervise about 70 projects.</p> <p>The Committee emphasized that presenting the summary of the estimate as an annexure in Sinhala and Tamil languages was a timely requirement as officers had to face various problems specially as a result of preparing the estimates only in English.</p>
3.	Failure to take action to recover up to now an amount of Rs. 1,503,600/- that was due as tax money from 11 residents and businessmen in Hettipola town in Wilgamuwa Divisional Secretariat	The C.A.O. /A.O. stated that when the Divisional Secretary had been engaged in taking action to recover the tax money, such action had stalled as a result of an order issued by the Secretary to the Ministry of Lands to suspend such measures and

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	Division with relevance to the period from 2002 to 2008.	<p>stated that action would be taken to provide a speedy solution after having another discussion with the Ministry.</p> <p>The Committee directed the C.A.O. /A.O. to present to the Committee a detailed report in that regard.</p>
4.	The Rice Processing Center constructed in Bathgampala, Wilgamuwa by spending Rs. 1,177,331/- under the Gama Neguma National Project in 2007, 2008 and 2009 and the 2 machines purchased by spending Rs. 330,000/- remaining inactive.	<p>The C.A.O./A.O. who stated that the said building and the land had been provided for a self-employment products center for senior citizens and as the attempts taken to provide the 2 machines with an estimated value of Rs. 40,000/- to a public institution had failed, it had been decided to provide them to a Technical School together with the motor bicycle and the tractor in a state of disrepair, said that an example could be set for other officers as well by taking action to recover the loss from the officers who engaged in those activities without a clear project report.</p> <p>The Committee which emphasized that such things could happen as a result of the negligence of officers or pressure exerted by some other party, ordered the C.A.O. /A.O. to submit a detailed report.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
5.	Maintaining deposits amounting to Rs. 20,874,677/- in the General Deposit Account for over 2 years from 2010 to 2013 and failure to act in accordance with FR 571 in relation to deposits amounting to Rs. 4,726,366/- of the District Secretariat and 3 Divisional Secretariats exceeding 2 years as at 15.07.2017.	The C.A.O. /A.O. stated that out of the said amount retained in the deposit account to pay compensation for lands, all money had been settled other than Rs. 686,792/- and that action was being taken to speedily settle the remaining balances as well in accordance with the Financial Regulations.
6.	Even though the minimum limit imposed by Parliament for the Government Officers' Advance Account bearing Head No. 25901 was Rs.27,000,000 as at 31 st December 2014, failure to reach that limit with a shortage of Rs. 1,274,013/- as actual receipts were Rs. 25,725,987/-.	<p>The C.A.O. /A.O. stated that even though a request had been submitted to the Department of Public Debt to revise the limits with the approval of the Minister, approval had not been granted up to then. The view of the representative of the Treasury in that regard was that he was not aware of such a request and even though it was possible to look into the matter and take necessary steps, the expected revisions had to be submitted before the 31st of May of the relevant year with the agreement of the two parties.</p> <p>The Committee directed the C.A.O. /A.O. to present a detailed report to the Committee in that regard within 3 weeks.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
7.	<p>In the first half of 2016, incurring a financial loss to the government as a result of presenting over estimates for construction material by the price fixing committee of Matale District Secretariat, when compared with other districts of the Central Province.</p>	<p>The C.A.O. /A.O. stated that even though the normal practice was to follow the BSR prepared by the Central Provincial Council, the District Price Fixing Committee revised the rates after reviewing the price of raw material, labour and transport charges once in every six months and that as the payments had been made on the rates approved in that manner, revision of the current rates would be considered in the coming week after discussions with all parties.</p> <p>The Committee emphasized that payments should be made according to the rates approved by the Provincial Council.</p>
8.	<p>The Handloom Weaving Centre constructed in Habaraghamada, Naula, by spending Rs. 6,265,078/- without a feasibility study not being used for the expected purpose even by June 2017, existence of many construction weaknesses in the building and 23 sewing machines, 11 scissors, 240 yards of shirt fabric and other equipment remaining unused for 2 years.</p>	<p>The C.A.O. stated that even though sewing machines and other equipment had been purchased with the aim of maintaining Handloom Training Centers in Yatawaththa and Naula, the relevant building had been handed over for a training center of the National Youth Services Council as the objectives had not been achieved.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
9.	Even though construction of 09 projects with an estimated cost of Rs. 62,232,742/- for 2014 had been partly completed by spending Rs. 17,183,008/-, those projects being abandoned for various reasons.	The Committee emphasized that existence of abandoned projects in many districts was a serious problem, directed the Auditor General to conduct a study regarding such projects found in all the districts and provide a report to the Committee.
Ministry of Buddha Sasana and the Department of Buddhist Affairs 09 August 2017		
1.	Action had been taken without following proper criteria in providing assistance which is made available as state assistance of Rs. 15,000/- per annum and small scale temples not receiving sufficient state assistance.	The C.A.O. /A.O. stated that Rs. 200,000/- to Rs. 500,000/- was provided for temples as assistance at present and that such assistance was provided on properly developed criteria. He further stated that such assistance was provided mainly to improve sanitary facilities and the building facilities. The Committee directed the C.A.O. /A.O. to use a computer programme to regulate these affairs.
Department of Ayurveda 09 August 2017		
1.	A trainee female officer being appointed to the Audit Division for six month period as a solution for	The C.A.O. /A.O. stated that the Health Management Service was due to be re-established in around 6

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	<p>the shortage of officers for the Internal Audit Division of the Department.</p>	<p>months and that officers of the said service could be attached to the Audit Division of the Department of Ayurveda after re-establishment of that service.</p> <p>The C.A.O. /A.O. directed by the Committee to pay special attention to provide the necessary human and physical resources to this Division and strengthen it.</p> <p>The Committee emphasized that the Secretary to the Ministry as the Chief Accounting Officer had the final responsibility for all matters of the Department including the proper holding of Audit and Management Committee Meetings.</p>
<p>2.</p>	<p>The Committee inquired about keeping the relevant equipment unused even though audio visual equipment had been purchased for the project to conserve traditional knowledge and promote indigenous medicine by spending Rs. 23,557,178/- as of 31.12.2016, as the approval for 7 posts of Officer In Charge of Audio Video Unit, Programme Producer, Technical Officer, Video Editor, Audio Editor and Assistant Computer Operator and 3 posts of Cameraman directly</p>	<p>The C.A.O. /A.O. stated that the project was implemented with the aim of conserving indigenous medicine and a census had been held accordingly and 3000 medical traditions had been identified, the project expected to obtain their knowledge, facilitate the practicing of medicine and provide facilities required to conserve the Ola leaf writings and that failure to grant the requested approval for 20 posts in the staff up to now had been a</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	required for the functioning of the Unit had not been obtained and recruitment had not been made.	<p>hindrance to achieve the objectives of the project.</p> <p>The Committee directed the C.A.O. /A.O. to get the assistance of external institutions like the Departments of Archaeology and Archives and Media Institutions to implement that project successfully.</p> <p>The Committee appreciated the purpose of that project, ordered the Department of Management Services to grant approval to recruit for the said posts subject to revision of the staff following a review of the staff, to extend support to implement that project.</p>
3.	The types and number of medicinal plants to be planted in 2016 were decided at the discretion of the Officers In Charge of Medicinal Plants Gardens as no targets for the types and number of medicinal plants to be produced in Medicinal Plants Gardens in 2016.	The C.A.O. /A.O. directed by the Committee to provide targets and specific time frames and regulate the affairs of the Medicinal Plants Gardens to enable the achieving of targets.
4.	At the same time, in the previous year and in the years under review, 62,774 medicinal plants worth Rs. 2,461,185/- had been distributed free of charge from the nurseries of 6 Medicinal Plants Gardens without	The C.A.O. /A.O. stated that no plant had been issued without approval and the Committee directed the C.A.O. /A.O. to respond to the audit queries in that regard speedily and to

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	proper approval and no written evidence was submitted to ascertain whether free plants had been requested and to whom plants had been provided.	provide a report to the Committee regarding the distribution of plants.
5.	Even though the work carried out had to be estimated and payments had to be certified as per the agreement entered into with Sri Lanka State Engineering Corporation which was the consultant for the second stage contract for the construction of Ayurveda Hospital in Borella, payments had been certified for Interim Payment Certificate bearing No.19 without estimating the work and the Committee paid special attention to the payment of Rs. 29,469,679/- made by the Department to the contractor on 17.02.2017 based on that payment certificate.	The Committee directed the C.A.O./A.O. to look into that matter and emphasized the need to follow the proper procedures to avoid irregularities in such transactions.
Northern Provincial Council 07 September 2017		
1.	The Financial Statements of the Governor's Trust Fund had not been submitted to audit since the year 2015 in terms of PFR 258.3.	The C.A.O/ A.O stated that in year 2016 the Hon. Governor had closed that fund, transferred the money to the Chief Secretary's account with the intention of transferring this

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>money to the respective Departments of the Provincial Council for the benefit of the war-affected people. He further stated that the Department of Agriculture and the Department of Co-operative Development of the Northern Province had already put forward proposals to utilize the money of this fund.</p> <p>The Committee emphasized that in terms of the paragraph 03 of the Governor’s Memorandum No 01/2007 dated 01 January 2007, the Governor’s Trust Fund should be consisted of donations or contributions received from the members of the public, organizations, societies and income generated from projects undertaken. However no such contribution had been received from the above sources. The Committee focused its serious concern over the fact that the authority given for audit to the Auditor General had been cancelled unilaterally by the Governor’s Memorandum No 1/ 2014 dated 10 January 2014.</p> <p>Replying to the query made by the Committee as to why the accounts of the fund had not submitted to audit, the C.A.O. / A.O agreed to look into</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		the matter and submit the same if such accounts had not been submitted yet.
2.	Imprest balances aggregating Rs. 5, 855,800/- had remained unsettled by the Department of Local Government up to 31 August 2015. In this regard, action had not been taken to recover the outstanding imprest from the respective Departments.	<p>The C.A.O. / A.O. stated that the imprest aggregating Rs. 6 million had been released to the Department of Local Government to pay compensation to the traders of Mannar District due to the 30 shops destroyed by fire during the 2012. However, 28 traders had failed to settle the amount totaling Rs. 4.97 million. He further stated that legal action had been taken in consultation with the Attorney General's Department to recover the unsettled amount.</p> <p>The Committee directed the C.A.O. /A.O to pursue action in accordance with the legal advice as the matter had already been referred to the Attorney General's Department for seeking legal advice.</p>
3.	Action had not been taken to recover the loan balances aggregating Rs. 33,195,148/- due from the officers who were transferred out of the Provincial Ministries and Departments to other Provincial Ministries and Departments, retired, deceased,	The C.A.O. / A.O. stated that proper action had been taken to recover the outstanding balances and even the relevant Embassy/ High Commission had been consulted with the objective of recovering the outstanding balances of officers who

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	<p>released to projects, gone abroad on no pay leave, vacated posts and interdicted.</p> <p>The Committee observed that the balance of the advance to Provincial Public Officers Account as at 31 December 2016 amounting to Rs. 801,983,125/- which includes outstanding loan balance amounting to Rs. 24,363,340/- recoverable from 145 officers who were retired, deceased, released to projects, gone abroad on no pay leave and vacated post over two years and the progress of recovery of outstanding loans are slow.</p>	<p>had gone abroad on no pay leave. He was of the view that the outstanding balance in its entirety could be recovered or would pursue action to write off any balances after taking all possible steps to recover them.</p>
4.	<p>A monthly rent of Rs. 500/- had been recovered from the Secretaries who had occupied the houses which were rented out by the Provincial Council contrary to the provisions of the Establishment Code. These houses were fully furnished with household items to the value of over Rs. 250,000/- and electricity and water bills of those houses had also been paid from the Provincial Council Funds. Further action had not been taken in terms of section 5:3 of chapter XIX of the Establishment Code to recover rent, electricity and water bills from</p>	<p>The Committee stated that these payments had been done without considering provisions of the Establishment Code.</p> <p>The C.A.O. / A.O. stated that this facility had been granted to the Secretaries of Ministries with the approval of the Hon. Governor, as there were no quarters available in the province.</p> <p>The Committee directed C.A.O. / A.O. to look into the matter and implement decisions so as not to be contrary with the provisions of the Establishment Code and Financial Regulations as far as possible.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	those occupants for occupation of rented houses.	
5.	Provincial Council had purchased 10 buses at a cost of Rs. 32.2 million from the funds obtained from the Ministry of Economic Development and distributed to the Northern Transport Board without obtaining approval from the General Treasury during the year 2011. However, the ownership of those buses still at the Northern Provincial Council even after lapse of three years. Hence, arrangements had not been made with Northern Transport Board to utilize these buses to provide transport service to staff of the Provincial Council, without any cost incurred by the Provincial Council. Hence the expenditure of Rs. 15 million incurred for 8 buses to provide staff transport services was treated as avoidable expenditure.	The C.A.O. / A.O. stated that action had already been initiated to transfer the ownership of the buses to the Northern Transport Board and it would be completed by the end of September 2017.
6.	Staff transport facilities are provided by the Provincial Council to the officers in year 2011. However collection of revenue from the officers were not made as per the rate fixed by the Sri Lanka Transport Board. In this connection	The C.A.O. / A.O. stated that approval had been granted by then Hon. Governor to provide transport facilities to the Provincial Council staff. However, as per a recommendation made by the Provincial Public Accounts

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	<p>five buses were engaged to local service at a cost of Rs. 9.5 million and three buses were engaged to out of district transport services at a cost of Rs. 6 million. The revenue collected on the officers transport services was less than 10% of the total expenditure. In this connection revenue of the transport services were not properly planned and managed by the revenue officers and no action had been taken to regularize the transaction.</p>	<p>Committee, the Secretary of the Ministry of Fisheries and Transport had been given directives to take appropriate measures to rectify the situation by collecting the revenues.</p>
7.	<p>Although the Governor has entitled a monthly fuel allowance Rs. 100,200/- only, the monthly fuel allowance ranging from Rs. 327,600/- to Rs. 497,600/- had been paid to the Governor contrary to the circular No. PCMD/1/4/23/4/4 dated 19th December 2011 of the Presidential Secretariat. As a result a sum of Rs. 1,507,800/- had been overpaid during the year 2013 and Rs. 1.17 million overpaid during the year 2014. Further, it was observed that payments for different types of petrol such as super petrol and normal petrol had been made though there was no provision in the circular to supply super petrol to the Government</p>	<p>The C.A.O. / A.O stated that as the then Hon. Governor played the key role in implementing the “Uthuru Wasanthaya” Programme, a special approval had been obtained from the Presidential Secretariat for the additional fuel allowance and super petrol had to be used to improve the efficiency and the durability of the vehicle as per the manual.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	vehicles. Action had not been taken to recover the over payment.	
8.	VAT payments aggregating Rs. 12.3 million had been made by one Urban Council and seven Pradeshiya Sabhas in 16 instances in the Northern Province to the contractors engaged in civil work without verifying the validity of VAT registration for the year under review. Further, it was observed in audit the VAT payments aggregating to Rs. 3.924 million had been made by the 02 Pradeshiya Sabhas in 03 instances to the contractors who were not furnished VAT registration numbers in respect of NELSIP project.	<p>The C.A.O. / A.O. admitted the fact that 16 payments had been made without verifying the validity of VAT registration. He stated that 9 issues out of the above 16 payments had already been settled and legal action to recover the payments aggregating 3.9 million had to be taken in respect of 7 remaining issues for which the contractors had not submitted active VAT registration numbers.</p> <p>The Committee emphasized that proper procurement procedures to be strictly adhered by the institutions in order to avoid recurring such irregularities and directed the C.A.O. / A.O. to take action to recover any amounts due and submit a report to the Committee.</p>
9.	Although a large extent of state lands were made available at Poonahari in the district of Kilinochchi a sum of Rs. 3.75 million had been paid on 31 December 2011 by the Provincial Ministry of Health for acquisition of 15 acres of land to construct MOH office building at Poonahari	The C.A.O. / A.O. stated that the land belonged to the Ministry of Health had been taken over by the security forces and no suitable donated land had been in the center of the town to build the MOH office. And also the acquisition process was

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	<p>even though 5 acres was already owned by the Department which was donated by the public in August 2010. As a result Rs. 750,000/- was overpaid. Further, valuation reports from the Chief Valuer of the Valuation Department was not obtained prior to making the payment.</p>	<p>being continued and the Chief Valuer had already valued the land.</p> <p>The Committee directed the C.A.O. / A.O. to submit a comprehensive report in this regard.</p>
<p>10.</p>	<p>Pension contribution of Rs. 137,776,442/- made by the officers of the Local Government Services had not been remitted to the Director of Pension by the Local Authorities in Jaffna and Mannar district.</p>	<p>The C.A.O. / A.O. stated that action was being taken to pay the pension to the respective pensioners. Replying to a query of the Committee what had caused the delay in making payments, the C.A.O. / A.O. stated that it was due to the issues prevailing such as no proper identification of the pensioners. He further stated that a Committee had been appointed to proceed with the work related to the delayed payment of pensions in collaboration with the Pensions Department.</p> <p>The Committee directed the C.A.O. / A.O. to complete the task before the end of year 2017 as a considerable delay had already been caused and a severe injustice had been caused to the pensioners.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
11.	<p>The Secretary to the Provincial Ministry of Education, Northern Province had made an irregular appointment to the teacher who had been terminated from the service on 31 July 2007 by the Secretary to the line Ministry of Education and payment of Rs. 428,482/- had been made as salary in respect of the above mentioned officer.</p>	<p>The C.A.O. / A.O. stated that the service of the respective teacher had been terminated on disciplinary grounds and subsequently he had forwarded an appeal to the Hon. Governor. The Hon. Governor had referred the matter to the Secretary to the Provincial Public Service Commission and the respective teacher had been reinstated by the Public Service Commission. He further explained that as an irregularity had caused in his reinstatement, his service would be terminated after the approval of the Hon. Governor had been received and action would be taken to recover the dues.</p> <p>The Committee directed the C.A.O. / A.O. to study the issue thoroughly and send a comprehensive report detailing the facts, whether the school is a private or government school, who is the appointing authority, whether the termination of the teacher had been properly done, whether the reinstatement had been properly done and the current situation of the issue within a month to the Committee.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
Ministry of Higher Education and Highways 08 September 2017		
1.	The Preliminary work of the Colombo - Kandy express way was commenced in the year 2003 an amount of Rs. 2,689,732/-, which is similar to 50% of the amount mentioned in the contract agreement, had been paid for its contracts as advance payments provided before the commencement of work in contravention of the instructions given in section 5.4.4 of Government Procurement Guidelines. .	The C.A.O. stated that a staff was appointed once the Expressway Project was identified as a project and the aforesaid staff was used for the activities of acquisition of lands for the project, surveying and the studies related to it and these payments were made for that purpose. The Committee directed the C.A.O./A.O.to submit a report to the preliminary activities related to this project, its legal basis and the role played by it.
2.	A loan of Rs. 55392.2 million had been obtained for the local bank-financing project in the approval granted by the Treasury in 2014. Even though Rs. 28000 million was provided to the Ministry of Highways out of the aforesaid amount of money, the aforesaid amount of money has been utilized for other fields which are not in conformity with the objectives of obtaining the loan.	The C.A.O. stated that Rs. 3.75 billion out of this amount of Rs. 28 billion was used for the acquisition of lands for the Highway project whereas Rs.6 billion from it was used to repay the local loans of foreign investment project. The Committee directed the C.A.O. /A.O. to submit a report with regard to the facts of what projects and payments of the Rs. 28000 million utilized for other activities was spent, the current progress of the aforesaid activities, whether the expected objectives were achieved and whether the prime objective

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		obtaining the loan amount of Rs. 55392.2 million, which was obtained at the beginning, was achieved.
3.	The participation of Provincial Director and the Chief Engineer in road projects was at a minimum level.	The Committee emphasized the fact that the Provincial Director and the Chief Engineer cannot absolve themselves from being responsible for the road projects carried out in their province and directed the C.A.O. to formulate a methodology so as to make the Provincial Director and the Chief Engineer responsible for the road projects carried out in their respective areas and report it in writing to the Committee within two months.
4.	An over payment of Rs. 974,207,579/- had been made to the contractors of the consolidated Road Investment (i-road) project due to the fact of calculating the total contract amount separately without deducting from it the provisional sum paid as advance payment at the commencement of work and systematic action had not been taken to recover this amount	<p>The C.A.O. stated in his reply that this project was carried out under the loan aid of Asian Development Bank and this problem arose when preparing the contract agreement in accordance with the guidelines of it and action is being taken to collect the money which has been over paid having prepared the second agreement rectifying the aforesaid situation.</p> <p>The Committee directed the C.A.O. to report the current situation of this to the Committee along with a copy of the agreement.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
5.	The discussion of the Committee in regard to the congestion on the Colombo - Puttalam road and whether it should be made a double track road.	The Committee directed the C.A.O. to confirm the number of vehicles which should ply on a road per hour in order to develop a single-track road into a double track road through the analytical reports on road congestion and supporting documents.
Kaththankudy Urban Council 19 September 2017		
1.	The garbage disposal is not satisfactory in Batticaloa and surrounding areas.	The C.A.O. /A.O. stated that the Kattankudy Urban Council and other local government areas are facing a problem with regard to segregation of waste. The C.A.O. /A.O. stated that the jetty completed at Koduvamadu under European Union Aid is being used to dump the residual garbage and that other garbage is supposed to be recycled. The C.A.O. /A.O. stated that if segregation is done properly it is less problematic to the Urban Council. The C.A.O. /A.O. further stated that no waste can be dumped at Thiriparanduarai as there is a Court Order preventing the dumping of garbage there and that therefore there is a problem of a collection of garbage and disposal of waste.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
2.	<p>A ferry used for passenger transport service between Kinniya and Trincomalee had been brought to Kattankudy in 2012, incurring a cost of Rs. 323,550/- to be used for transport service from Kattankudy to Kokkadicholai and also the Divisional Secretariat, Kattankudy had spent a sum of Rs. 489,500/- for the repairs of the ferry. The ferry has been idling up to 15th September 2017 and inquired about the state of the ferry.</p>	<p>The C.A.O. /A.O. stated that after the construction of the Kinniya bridge the ferry was brought to Kattankudy for transportation services between Kattankudy and Kokkadicholai. However after the construction of the Manmunai bridge the ferry became obsolete. The C.A.O. /A.O. stated that the ferry was procured by the Chairman of the previous Council and that this ferry is owned by the Road Development Authority. The C.A.O. /A.O. also stated that if the RDA agrees to hand over the ownership of the ferry to the Urban Council steps could be taken to recover the loss.</p> <p>The Committee directed the C.A.O. /A.O. to communicate with the RDA and take appropriate action to recover losses.</p>
3.	<p>The library building complex that has been valued at Rs. 125,000/- per month by the Department of Valuation had been rented out for Rs. 5,000/- per month in 2014.</p>	<p>The C.A.O. /A.O. stated that the agreement had been signed by the then Chairman and the Secretary of the Council on 10th May 2014 and that the building complex had been rented out to the Batticaloa University College at a rate of Rs. 5,000/- per month for 8 years. The C.A.O. /A.O. stated that the relevant institute had been notified in writing</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>that the lease agreement had to be reconsidered. The C.A.O. /A.O. further stated that approval had not been obtained for the transaction from the Ministry of Provincial Councils and Local Government and that it is usual procedure to obtain approval for a lease of property exceeding a period of 3 years.</p> <p>The Committee directed the C.A.O. /A.O. to reconsider the lease agreement and recover the arrears on rent from the responsible officers and levy a surcharge in this regard.</p>
Eravur Urban Council 19 September 2017		
1.	<p>A sum of Rs. 21,654,905/-, Rs. 23,986,219/- and Rs. 46,719,160/- had been spent on garbage disposal in the years 2014, 2015 and 2016 respectively. The reason for the notable increase in the money spent in the year 2016.</p>	<p>The C.A.O. /A.O. stated that the number of employees in the garbage disposal section had increased by 30 and that the total number of employees in the garbage disposal section is 73. The C.A.O. /A.O. stated that the Provincial Minister of Local Government has approved the 30 new recruitments. The C.A.O. /A.O. also stated that Rs. 1.5 million had been granted to the Urban Council for the Solid Waste Management Programme by the United Nations Office for Project Services (UNOPS). Explaining the</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>breakdown of the money spent on garbage disposal the C.A.O. /A.O. stated that Rs. 40 million had been spent on salaries, Rs. 3.2 million had been spent on fuel, Rs. 533,000/- had been spent on uniforms and that Rs. 1.9 million had been spent on repairs and maintenance.</p> <p>The Committee requested the list of names of the employees in the garbage disposal section within one month.</p>
2.	<p>Although Rs. 40 million had been obtained from the North East Local Service Improvement Project (NELSIP) in 2013 to construct a 2-storied building for the Urban Council, the council had rejected the design and the estimate and a new plan had been made to construct a 3-storied building at a total cost of Rs. 110 million. Rs. 110 million, divided by 18,000 square feet is over Rs. 6000/- per square feet, exceeding the standard cost of Rs. 4000/- per square feet. The funds allocated by the NELSIP had been used for the construction of the ground floor. The Cabinet Appointed Tender Board had not given its approval to the project as required for projects costing over Rs. 100 million and the tender has</p>	<p>The C.A.O. /A.O. stated that currently the expenditure of this project is Rs. 96 million and the work was currently in progress and that it is expected to be completed by October.</p> <p>The Committee requested a comprehensive report on the spending and purchasing of the project including the approval for each of the Rs. 20 million spent, the items already fixed and later removed, the explanations given for that, the original BOQ and the amended BOQ along with the approval for removing the air-conditioning, lighting and other equipment. The Committee requested another report with the bills for which payments have been made in order to validate the</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	been awarded by the Procurement Committee of the Council.	<p>authenticity of the payments. The Committee directed the C.A.O. /A.O. to furnish the reports within one month.</p> <p>The Committee further observed that an unqualified Engineer from a private company had been appointed to monitor the matters related to this construction and expressed its displeasure in this regard and directed to get professional advice from a Chartered Engineer or the Deputy Chief Secretary - Engineering Services of the Eastern Provincial Council.</p>
3.	The Ministry of City Planning and Water Supply had agreed to provide funding to construct a three storied market complex at a cost of Rs. 193 million and the Chief Secretary, Eastern Province had entered into an agreement with the State Engineering Corporation during the year 2016 to construct this market complex at the contract value of Rs. 99,939,468/-. This market complex is being constructed on a land obtained by the Council on lease basis for a period of 33 years from two mosques for a total lease payment of Rs. 22.28 million and that the Council had obtained funds from the Ministry for this construction stating that the Eravur	<p>The C.A.O. /A.O. stated that the Ministry did not grant the imprest of 193 million rupees and only a 100 million rupees was made available. The C.A.O. /A.O. stated that accordingly the Council entered into the agreement with the State Engineering Corporation for the sum of Rs. 99.94 million. The C.A.O. /A.O. stated that a sum of Rs. 43.46 million had been spent so far.</p> <p>The Committee directed the C.A.O. /A.O. to send a comprehensive report within one month on the matter including the proposed action to be taken to complete the constructions of the New Market Complex.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	<p>Urban Council is the owner of the land on which this building is being constructed. The Committee inquired as to whether the contract awarded at a value of 99.94 million rupees in order to avoid obtaining approval from a Ministry Appointed Tender Board even though the total cost of this market complex was 193 million rupees. The Committee inquired as to how much of this amount has been spent so far.</p>	
4.	<p>Public Service Provident Fund money had not been remitted with regard to 73 employees who are in excess of the approved cadre.</p>	<p>The C.A.O. /A.O. stated that the money had been disbursed to the Public Servants Provident Fund for the past 10 months and that steps would be taken to settle the arrears.</p>
Department of Motor Traffic (Re - summoning)		
17 October 2017		
1.	<p>The Committee paid its attention to the fact of although it had given directives on 8 occasions in its meetings from January 2016 up to now for the progress of the E-Motoring project. No progress has been achieved and the date of completion of the project has been extended from time to time fixing time frames and the Committee focused in attention accordingly</p>	<p>The C.A.O. mentioned that this E-Motoring project can be completed and established within the new time frame that has been submitted to the Committee. Accordingly, the Committee directed the C.A.O. /A.O. that a responsible officer should be present before next meeting of the Public Accounts Committee, which would be held subsequent to the completion of the</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	whether the notice given to the effect that this would be completed in February 2008 can be accepted.	aforesaid steps in accordance with the new time frame, and report in writing the manner in which the aforesaid steps are being implemented.
2.	It was revealed before the Committee that the details of the Motor Traffic Department concerning the registration of vehicles during the period from March 2016 up to August 2017 did not reconcile with that of the Department of Customs.	<p>The A.O. stated that details of 190 vehicles were revealed in the inquiry held about the previously mentioned non-reconciliation of details, 127 vehicles out of them were locally assembled vehicles, and there were slight changes in the details of 59 vehicles while 04 vehicles were not cleared by the Customs.</p> <p>The Committee directed the C.A.O./A.O. that a report of the 04 vehicles which were not cleared should be submitted to the Committee within a week and subsequently a report of the inquiry of the Auditor General in regard to the said vehicles should be submitted within two weeks and after the receipt of the report of Auditor General it should be referred to the Criminal Investigation Department to conduct an inquiry in that regard.</p> <p>The C.A.O/ A.O. was directed to submit a report to the Committee in regard to the following matters.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>(I) The number of vehicle assembles in Sri Lanka which were registered in the year 2015, 2016 and 2017 and the amount to tax collected from them.</p> <p>(II) The number of vehicles in the aforesaid category that was registered as per budget proposals.</p> <p>(III) The number and names of registered institutions that assemble vehicles in Sri Lanka.</p> <p>(IV) Details in regard to the legal action taken by Vehicle Lanka Company against the Department of Motor Traffic.</p>
3.	<p>Printing of driving licenses had been carried out by same private contractor since the year 2009 and the contract period had been extended from time to time until March 2018 when it was extended for the last time and an income which should be collected to the public revenue is enjoyed by a private party through this in which context Rs.968 million has been paid to the aforesaid contractor in the year 2016 whereas the amount paid during the period from the year</p>	<p>When the C.A.O. /A.O. mentioned that this contract period was extended by one year upon the advice of the Information and Communication Technology Agency (ICTA) the Committee expressed its displeasure over the overall conduct of that institution.</p> <p>The C.A.O. stated that the issue of driving license would be commenced using a sophisticated technological methodology and action has been taken to conduct the written examination for this through the online exam system throughout</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	2010 up to 2016 was Rs. 6,120,936,002/-.	the 25 districts. The C.A.O. was directed to submit a comprehensive report to the Committee, which includes the programme adopted for the issue and for taking medical certificates of driving licenses through this new system along with the relevant financial estimates before 28 th February 2018.
Colombo Municipal Council 20 October 2017		
1.	It was revealed before the Committee that the outstanding income by the end of the year 2016 was Rs. 4150 million and 42% of it was the assessment taxes of properties and the outstanding of Rs. 517,110,341/- of 182 units of government properties was included in it. The reason for not collecting this outstanding tax income was inquired.	<p>The A.O. stated that action has been taken to collect this outstanding income and accordingly surveys would be conducted having appointed Committees at divisional level, and they would function by the end of November.</p> <p>The C.A.O. /A.O. was directed to submit to the Committee a detailed report of the process of acquisition of assets for not paying assessment taxes along with a list of the assets/properties that have been acquired by now, before 30th December 2017.</p> <p>The C.A.O. stated that the income which the Municipal Council should receive from the pavement boutiques has not been received for a number of years and the C.A.O. /A.O. was directed to take the administrative</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		and legal action that should be taken in that regard and submit to the Committee a list of the names/institutions that conduct business establishments without paying the relevant charges, an account of the charges/amount of assessment taxes to be paid in that manner along with a report in regard to the grant of discounts in a context in which there was an outstanding amount to be collected as income.
2.	Legal action had not been taken to collect the amount of Rs. 357,979.09/- for five surcharge certificates related to illegal payments.	The C.A.O. /A.O. stated that necessary arrangements will be made to take legal action in this regard. The C.A.O. / A.O. and the Commissioner of Local Government were directed to submit to the Committee a report of the steps that would be taken in regard to these surcharges before 30.11.2017
3.	Steps taken in regard to the unauthorized units in the Municipal Council.	As it was revealed that there are more than 2000 unauthorized units in the city of Colombo, the C.A.O. / A.O. was given instructions by the Committee to the effect that suitable legal action should be taken having categorized them as housing, land, business etc. The C.A.O./ A.O. was directed to submit to the Committee a detailed report of action taken and filing cases in regard to the unauthorized

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		constructions made in Colombo during the period 2012-2016, before 30.11.2017.
4.	It was revealed that the income received from hoardings/gantries was not at a satisfactory level and there was no income assessment in that regard.	The Committee whilst emphasizing this fact pointed out that the report submitted by the Provincial Council in this regard too was problematic. Subsequent to the lengthy explanation made by the C.A.O. /A.O. and the Commissioner of Local Government was directed to submit to the Committee two separate reports which contain statistical analysis of the economic benefits received by the Colombo Municipal Council from this along with the relevant financial factors, before 20.11.2017.
5.	Current position in regard to waste management.	<p>The A.O. stated that waste is collected in a systematic manner and degradable waste is used to manufacture compost manure while non-degradable waste is referred to systematic disposal.</p> <p>The A.O. further stated that Rs. 570.5 million had been paid as compensation during the period from 2012 up to 2017 to remove the families living in the area around Meethotamulla from that area and garbage had been disposed to Meethotamulla area since the year 1984.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
6.	Unsystematic digging in the roads in Colombo and the delay in restoring them to the proper condition.	The A.O. stated that this is done when laying water pipes and this situation causes inconvenience to the public and even creates problems in regard to road safety. Instructions were given to the Secretary to the Committee to summon the Ministry of City Planning and Water Supply, Water Supply Board and the Colombo Municipal Council before the Committee to discuss about this problem, on the same day.
Southern Provincial Council (Re-summoning) 07 November 2017		
1.	Measures have not been taken to recover the direct loss of Rs. 18,034,507/- incurred on the part of the government regarding the provision of 25 hundred thousand tea saplings during the period from 2006 to 2012 from the relevant shareholders. A notice has been sent to the debtor by the Attorney General's Department on 19 th June 2017 asking to settle a sum of Rs. 10,656,614/- within 30 days of time. This period given for the settlement has expired on 19th July 2017 but measures have not been taken for litigation. The value of the land assessed for a price of Rs.	The C.A.O. /A.O. stated that disciplinary inquiries are conducted against two Administrative Officers and one Management Assistant Officer with pertinence to this transaction. The C.A.O. /A.O. stated that letters of demand have been sent to the contractor asking to settle the outstanding balance within 06 months and that litigation measures will be taken in case of failure to settle the payment within the due period. It was also revealed that written notices have been sent to the Attorney General's Department on two occasions asking to take legal

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	<p>7,076,250/- by the Provincial Revenue Commissioner on 16th October 2014 which has been set off for this transaction, has been assessed for a price of Rs. 740,000/- as at 24th October 2014 as informed by the Government Assessor on 02nd February 2017. Similarly, this land has been sold to a private party at a price of Rs. 600,000/- through deed number 342 on 24th October 2014. On the same day, this has been sold to the Southern Provincial Development Authority through deed number 343 at a price of Rs. 7,076,250/- and both the deeds have been prepared by a same lawyer.</p>	<p>measures in this regard. The Committee expressed its discontentment over this delay.</p> <p>The Committee expressed that the opinion of the Director General of the Southern Provincial Development Authority was a fraudulent opinion and directed that steps be taken against the officers who participated in this activity. The Committee directed that a report be submitted to the Committee within a period of 06 months having conducted an inquiry against the Provincial Commissioner of Revenue and the higher officials who insisted on this opinion. The committee also instructed that action be taken to inquire the Attorney General's Department on the accuracy of the disciplinary inquiries conducted in this regard against the officers of the Southern Provincial Development Authority who were not at the decision making level. The Committee directed that action be taken against this person and the relevant officers under the commitment of financial frauds in addition to civil litigation since it is very explicit that a fraud has occurred.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
2.	<p>The project for constructing the circuit bungalow and the practical training school in Ambalandoga which was started at a cost of Rs. 5,329,069/- has been suspended and the items with an antique value which were in the custody of this rest house have been misplaced. The cost which was borne during the period from 2008 to 2012 has become futile owing to the abundance of the construction work of this project which had been started without properly taking over the land which belonged to the Ambalangoda Urban Council to the Bureau of Tourism.</p>	<p>The C.A.O. /A.O. stated that the amount of Rs. 5.3 million includes the consultancy fees as well and that it is 4% of the total project value.</p> <p>The Committee directed that findings be reported to the Committee having conducted an inquiry on the misplacement of antique items possessed by the old rest house.</p> <p>The Committee recommended that this project be resumed and completed since it provides a valuable service to the tourism industry and that there is a probability for a shortage of trained workers as it is expected to increase the number of tourists from 2 million to 4 million in future.</p>
3.	<p>The cost of Rs. 25,259,638/- borne for the model integration farm and animal hatchery located in a land extent of 52 acres in Hungama area from the period from 2008 to 2014 has become futile.</p>	<p>The C.A.O. /A.O. stated that this land has not been properly transferred to the Southern Provincial Development Authority and the matter has been forwarded to the Commissioner General of Lands for required measures and that the future proceedings would be conducted as per a formal project plan which will be formulated with the assistance of the Faculties of</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>Engineering and Agriculture of the University of Ruhuna.</p> <p>The Committee directed that this project should be developed into a successful level within one years' time from the formal acquisition of land and that in case of failure do to so that the land be taken over by the central government and be utilized for an appropriate function under the line ministry.</p>
4.	<p>Long-term outstanding lease rents and penalties of Rs. 2,487,257/- and Rs. 7,566,776/- as at the end of the year 2015 which were to be recovered from 22 lessees pertaining to 06 Divisional Secretariats of Galle District and 13 lessees pertaining to the Divisional Secretariats of Tangalle and Thissamaharama under the leasing out of state lands on long term lease basis have not been recovered.</p>	<p>The C.A.O. /A.O. stated that a part of this outstanding amount has been recovered and the balance will be recovered by December, 2017.</p>
5.	<p>Long-term delay in taking required measures regarding several loses including the losses of Rs. 15,002,538/- pertaining to 95 vehicle accidents and Rs. 35,519,688/- pertaining to 123 damages to property and Rs. 3,016,310/- pertaining to financial</p>	<p>The C.A.O. /A.O. stated that only 16 investigations related to vehicle accidents remain to be conducted and that loss of property has occurred in around 116 schools due to Tsunami and that legal measures have been completed pertaining to 02 financial frauds and 01 case is</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	frauds with relevance to the Ministries and Departments of the Southern Provincial Council.	still being heard. The Committee directed that a report on the unserviceable vehicles be provided and that these matters be completely resolved within a period of 06 months.
6.	In the year 2016, VAT of Rs. 14,980,184/- has been paid by the Ministry of Education, Lands and Land Development for 17 contractors whose registration has been cancelled.	<p>The C.A.O. /A.O. stated that a programme has been implemented in collaboration with the Department of Inland Revenue to recover the particular amount from these contractors and that arrangements will be made to recover this within 03 months.</p> <p>The Committee directed that these recoveries be made within 03 months and that a report be submitted to the Committee.</p>
Ministry of Irrigation and Water Resources Management		
16 November 2017		
1.	60.92% of the net capital provision allocated for the Ministry for the year 2016 has not been utilized.	The C.A.O. /A.O. stated that, although the approval for the allocations was obtained from the Treasury through submitting proposals in the month of May in the previous year, the required functions could not be duly completed owing to several issues like the failure to sign the loan agreements, delay in

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>selecting the contractors, delay in procuring foreign financial grants and different issues that existed in the sections related to the project.</p> <p>The Committee was of the view that this situation was resulted by the failure to accomplish the requirements which should be met prior to getting the fund approval for projects and that it is a serious issue to reserve and idle funds in this manner where they can be utilized for some other purpose, and that a common procedure in this regard should be formulated.</p>
2.	<p>A certain progress in the institutions coming under the Ministry has been indicated as per the orders given asking to regulate the responses provided for audit queries having strengthened the internal audit division, however, internal audits have not been conducted in the year 2016 for 07 capital expenditure votes implemented under the direct supervision of the Ministry.</p>	<p>The C.A.O. /A.O. who stated that a separate officer has been attached for this since a disciplinary inquiry is being conducted against the former Audit Officer of the Ministry and that the new officer too has sought a transfer due to being indisposed further stated that the number of inquiries forwarded to the Ministry is minimal since all the projects excluding the special investigations are audited under the Department of Irrigation. It was further stated that the change of Ministries which occurred in the year 2015 has resulted in the improper resource</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>allocation for the Ministry of Irrigation.</p> <p>The Committee directed that measures be taken to strengthen the administrative division having provided the required number of officers since this situation has become an obstacle to the functions to be rendered from Ministry.</p>
3.	<p>Several shortcomings existed in the Odatugama Technical workshop coming under the supervision of the Ministry, and among these shortcomings repair work pertaining to a bus submitted for repair in the year 2014 has not been completed even after a lapse of 3 years, a vehicle re-submitted for re-repair due to being not properly repaired has not been submitted even as at October 2017, even though an advance of Rs. 467,100/- had been paid for repair of a vehicle which was estimated for a value of Rs. 778,500/-, the vehicle has not been repaired even as at 31st October 2017 and although a sum of Rs. 448,200/- has been paid in the year 2013 for as estimate of Rs. 330,000/- the particular task has not been</p>	<p>The C.A.O. /A.O. who stated that this workshop came under the Ministry of Irrigation and Water Resource Management in the year 2015 and later this was divided into two sections and the Otamaduwa workshop was handed over to the Ministry of Mahaweli the Rambewa workshop was assigned to the Ministry of Irrigation and the issues pertaining to the failure to repair vehicles/machinery belonging to different institutions are now being resolved gradually.</p> <p>The C.A.O. /A.O. was directed to submit a detailed report in this regard to the Committee.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	completed even as at 31 st October 2017.	
4.	Pre conditioned buildings had been imported for government institutions from china incurring an expense of Rs. 3765 million out of the provisions of Rs. 3766 million allocated for the Ministry. This task does not come under the scope of the Ministry and an amount of Rs. 12,443 million had been spent for this during the period from 2012 to 31 st of December 2016.	The C.A.O. /A.O. who stated that the purchases have been done as a joint effort by the Department of Irrigation and the CATIC Institute for the accomplishment of housing needs of the Army and police officers employed in service in the Northern and Eastern Provinces and the construction work has been conducted by the Engineering Consultancy Bureau , further stated that the loan installments have been paid through the Treasury intervention from 2012 and that goods have been provided on two instances.
5.	Expenditures of Rs. 1.72 million, Rs. 2.23 million and Rs. 2.52 million had to be borne respectively in the years 2014, 2015 and 2016 by the Ministry due to the monthly payment of an attractive allowance of Rs. 15,000/- to the officer of the Water Resources Board coming under the Ministry on the approval of the Secretary to the Ministry and not with Treasury approval.	The Committee expressed its displeasure over this payment which was only entitled by the government professionals and not the officers of Corporations and Boards and which has been made without the Treasury approval, and the Committee was of the view that no payment can be approved without the recommendation of the Treasury since many other institutions too have attempted to follow this erroneous precedence.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
6.	<p>A sum of Rs. 4011 million had been paid by the Ministry for a foreign company in the years 2014 and 2015 respectively as mobilization advances for the project of Diversion of Gin and Nilawala rivers. Out of that, a sum of Rs. 1039 million had been paid out of Treasury allocations and the balance of Rs. 2972 million had been paid in the year 2015 without Treasury allocations. However the particular project had not been commenced due to the failure to complete the loan agreement between the Ministry of Finance and the donor institution of the Chinese government and the failure to pay the first installment which is a sum of 5% of the total contract value.</p>	<p>The C.A.O. /A.O. stated that investigations on a former Secretary to the Ministry with pertinence to this project are conducted by the Financial Crimes Investigation Unit and the said sum has been paid to the Chinese company as a project advance.</p> <p>It was decided to conduct a preliminary feasibility study on this project by the Ministerial Committee of Economic Management Affairs and to conduct the geological studies and to complete the project under two phases and the C.A.O./A.O. stated that it has been emphasized that the Cabinet Approval should be obtained having submitted to the Cabinet .</p> <p>The bank bond of the project is to expire on December, 2017 and the performance bond which is 5% of the project value is to expire in 2020. The initial tasks of the project are conducted at the moment and therefore it has been requested to extend the validity period of the bonds. The C.A.O. /A.O. stated that an agreement has been reached to having discussed with the Hon. Prime Minister and H.E. the</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		President and that the machinery of the project are not in utility now.
7.	Inquiring about institutional weaknesses like the deployment of 04 retired officers for conducting lectures in the Kotmale International Training Center contravening the Public Administration Circular number 09/2007 and payment of a sum of Rs. 52 million as salaries and allowances in the years 2014, 2015 and 2016 and deploying two officers who have exceeded the age of 69.	<p>The C.A.O. /A.O. stated that this center was started to make recruitments for a two year diploma course in response to the difficulty in recruiting officers with the National Technical Diploma to the Department during the period from 2013-2014 and in response to the dearth of Technical Officers and he further stated that the instructors were recruited on contract basis through the M.C.B .institute.</p> <p>Currently, the service of these instructors has become essential to conduct the training activities of 02 groups of students following this course.</p> <p>They provide consultancy services as well as workshop training and a Cabinet Memorandum has been presented deciding to absorb them to the Ministry and to pay their salaries and wages with a view to prevent the Expenditure Heads from been exceeded. However, The C.A.O. /A.O. stated that there is no possibility to pay their salaries</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		owing to not receiving the required approval yet.
8.	A sum of Rs. 9.31 million generated through conducting 36 in service training programmes in the International Training Institute of Kotmale in the year 2016 has been deposited in a General Deposit Account without crediting to the integrated Fund contravening section 149 (1) of the Constitution.	The Committee directed the C.A.O. /A.O. that the income generated shall be credited to the government revenue since Treasury provisions are granted to cover the direct expenses of the institution and that all the functions be accomplished as per the Financial Regulations.
9.	Utilizing erroneous documents, a sum of Rs.1.29 million has been abused by two Chief Officers in charge of financial control and internal supervision of the Ministry who participated for a foreign tour.	The C.A.O. /A.O. who stated that the guilt had been admitted by the officers who defrauded a sum of Rs.600,000/- each for food and accommodation of the foreign tour and had made arrangements to settle the said amount, further stated that this matter has been forwarded to the attention of the Ministry of Public Administration, without conducting an internal inquiry considering the fact that the institution is not capable of conducting an investigation against these officers as the two accused officers were in higher positions of the institution and further, as there was no legal authority to inspect the falsified documents.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The Committee which expressed its displeasure over not issuing a charge sheet and not conducting an internal investigation, directed that the case be submitted to Police, if there is any need to conduct a further investigation after the independent inquiry conducted by the Ministry of Public Administration and that a copy of the Ministry level investigation be forwarded to the Police.</p>
10.	<p>Deploying a person without sufficient educational qualifications as a Human Resource Manager of a project to minimize the climatic impact during the period from May 2015 to September 2017 and payment of Rs. 2.93 million to him as his salaries and allowances for the particular period having attached him to the office of the Director-Irrigation in Moneragala in spite of the fact that he should serve in the project management office in Colombo.</p>	<p>The C.A.O. /A.O. stated that 03 applications were received when applications were called for this position in April, 2015 and this person was selected for the position keeping at a minimum salary step as he was at a satisfactory level in comparison with the other applicants although the expected qualifications were not met and that he was attached to the office of the Director- Irrigation in Moneragala although he was recruited for a requirement of the Project Management Unit, Colombo and that later his service was suspended as he became a Provincial Council Representative.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
11.	<p>The early preparedness of the Department of Irrigation to successfully encounter the vicious climatic changes which occur in Sri Lanka at present, measures taken in that regard and the programme intended to be implemented in future.</p>	<p>It was revealed that measures like the appointment of an Environment Committee linking the Departments of Meteorology, Agriculture and Irrigation to study the climatic changes and the vicious climatic conditions and the identification of programmes through that to suit the country, organizing awareness programmes in collaboration with the Department of Agriculture to enlighten people on the economical use of water in the large tanks, desilting activities to remove mud gathered in the tanks, increasing the height of dams and strengthening and renovating the weak dams with a view to increasing the water capacity of large tanks. Similarly, The C.A.O. /A.O. stated that with foreign resource contribution, training programmes and programmes to introduce the new machinery are conducted catering 120 engineering students of the universities on aspects like structural safety of tanks, safety of water and finally ensuring public safety diverting the additional water of the wet zone to the dry zone, increasing the volume of 13000 small tanks, study on the use of underground</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		water, capability development of officers.
Ministry of Education 17 November 2017		
1.	Progress/ current status of the National Teacher Transfer Policy	The C.A.O. stated that the said policy is implemented in the Provincial Councils and that G.C.E. (Advanced Level) teacher transfers were given to those teachers who have served for over 10 years in the same school. He further stated that by January 2018 transfers for G.C.E. (Ordinary Level) and primary school teachers too would be given transfers in a manner that will not harm the schools system or the National Teacher Transfer Scheme. It was further mentioned that annual teacher transfers too are carried out methodically.
2.	Issues that arose in the period from 2008 to 30 th October 2017 as a result of irregularities and acts of indiscipline in the school system	The C.A.O. stated that there is a shortage of Investigation Officers to carry out a formal disciplinary inquiry into this matter. The Committee directed the C.A.O. to first carry out an internal investigation into the said matter. He was further directed to categorize the issues existing from 2008, namely

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		the issues that have been resolved and the issues that have not been resolved and to submit a summary report in this regard with the relevant dates and time periods to the Committee before 15 th December.
3.	Current status of paying scholarship money to grade 5 students through a computer programme.	The Committee directed the C.A.O. to submit a report in this regard within a month and directed the Auditor General to look into the non-claimed scholarship money and to report to the Committee.
4.	Current status of recruiting principals	The C.A.O. stated that principals had not been appointed lawfully to 248 schools and that action has been taken to hand over to the Education Services Commission the notification for recruitment of principals to the said schools. He revealed that the said notice is due to be published in the gazette at the end of this month or in December.
5.	Admitting students in excess to the stipulated limits place on parallel classes in years 2015 and 2016.	The C.A.O. stated that except when admitting students to grades 1, 5 and 6, action is taken to admit students to schools in adherence to Circular No.2008/37. He further explained students whose parents are in the Judicial Service, who are doctors, students have to change their

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		residence as are victims of disasters, students who have lost their homes due to the construction of the expressway, students whose parents are government officials who received transfers are exceptional circumstances under which additional students have to be admitted.
6.	<p>Matters discussed included the following:</p> <p>Supervision and regulation of international schools; methodology adopted to admit students to public schools from international schools during the middle of the school year; the fact that international schools continue to mushroom all over the island even though it is not permitted as per Section 25 of the Assisted Schools and Training Colleges Act no. 08 of 1961; the fact that when students transfer to public schools from international schools, students who have not attained the age stipulated for G.C.E. A/L and O/L sit for the said examinations due to the differences in the academic year in public schools and international schools.</p>	The C.A.O. stated that Circular 2008/37 is applied at present and that it is expected to issue a new circular to prevent these situations from arising in the future.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
7.	<p>Out of Rs. 8,269,557/- (USD 61,945) awarded for two projects on 20.07.2015, the project approved by the UNESCO Headquarters in the 2014-2015 period to study the role of school principals in Sri Lanka and to compile a handbook before 31 July 2016 and the project that was to be implemented by the Central Environment Authority to mitigate the harmful effects caused by release of carbon waste, 87.45% had been returned as the projects had not been implemented as expected.</p>	<p>The C.A.O. /A.O. stated that the said projects could not be implemented due to the delay of receiving funds for the respective projects.</p>
8.	<p>Although there are balances of Rs. 3,584,879/- and Rs. 159,530/- respectively in the savings and the current accounts of the Sisu Aruna (special scholarship) educational scholarship fund which was established in year 2001, the authorities have failed to grant scholarships as envisioned. By 30-10-2017 a total of 16 years have lapsed but scholarships have not been granted.</p>	<p>The C.A.O. assured that action will be taken to activate this fund within two months.</p>
9.	<p>A sample taken in 2016 indicated that there is a delay in retirement of officers in the Principals' Service</p>	<p>The C.A.O. stated that a special programme is being arranged in this regard and mentioned that action</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	on the due date because of the delays in sending their files. Furthermore, there is a lengthy delay in arranging for salary increments and salary revisions of teachers who are retiring.	will be taken to report to the Committee regarding this programme as soon as possible. The Committee emphasized that the file must be updated at least 5 years prior to retirement.
10.	It was in year 2016 that the voucher system was adopted to provide uniform material to schoolchildren. By that time to the date 31/12/2016, there had been school and Pirivena uniform material worth Rs. 675,296,036/- and 2,683,716 saffron robes packets remaining in stock.	The C.A.O. stated that the aforesaid stock is high quality buffer stock that has now been distributed as flood relief aid.
11.	Most of the Pirivena Institutes act in violation of Gazette Extraordinary no. 108/6 dated 01-10-1980 of the Democratic Socialist Republic of Sri Lanka. Although approximately Rs.300 million is allocated every year for the Pirivena Institutes, there is no adequate programme to supervise and regulate the Pirivena Institutes.	It was revealed to the Committee that the said situation has arisen because there was no Director for the Pirivena Institutes during 2014/2015 and that regulation of Pirivena Institutes has been carried out properly in 2016/2017. However, it was further revealed that the basis for deployment of Pirivena teachers should change as per the student teacher ratio of Pirivena Institutes. Subject basis deployment too should be considered. There is also a problem when it comes to obtaining textbooks and past question papers for Pirivena Institutions which teach in English medium. The Committee

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		directed the authorities to systematize the regulation of Pirivena Institutes and to submit a report after minimizing causes that are resulting in the decline of Pirivena Institutions.
12.	Although a directive was issued on 12 February 2016 to formulate a computer programme that includes details of all schoolchildren and teachers, this order has not been implemented.	Approximately Rs. 37,090,000/- and Rs. 579,140,248/- have been paid for setting up the completed network and maintenance of the same from year 2006 to 31 st December 2013 as per the agreement. Although Sri Lanka Telecom (Ltd) had to incur a cost of approximately Rs.10.5 million for this purpose it was revealed that the network had been disconnected on 28.02.2017 as no sufficient capacity and speed was available compared to the cost incurred. It was further revealed that Educational Management Information System which was established spending Rs. 16,122,312/- too became nonfunctional by 31-12-2013 because the school network was not functioning properly. Currently this programme is once more undergoing a trial period and certain deficiencies have been identified. The C.A.O. stated that the programme is now outsourced. The Committee

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		emphasized the importance of this network and directed the C.A.O. to submit within a month, a detailed report with deadlines on how this is going to be implemented. Furthermore, the Committee instructed that Information Technology Division of the Ministry should be empowered.
13.	Low attendance levels of G.C.E. (Advanced Level) students in public schools	The Committee emphasized that a research must be conducted in this regard and that solutions must be found. The Committee instructed that a comprehensive report with proposals for the same must be submitted before 01 st December.
14.	As per a proposal in the Budget of 2017, arrangements have been made to procure tabs to be distributed among G.C.E. (Advanced Level) teachers and students. However, when procuring tabs, a feasibility study has not been conducted to determine the capacity of the tabs and to identify which subject matter should be included as content in the tabs. Files relevant to the procurement action have not been submitted to audit. As a result it has become difficult to check the current status of this effort.	The C.A.O. stated that feasibility study to determine subject matter that will be included in the tabs must be carried out after procuring the tabs. He further stated that tabs can be provided by March 2018.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
15.	An additional sum of Rs. 128,939,700/- had been spent because the Grade 07 Geography textbook was printed on artificial paper instead of regular paper.	The C.A.O. stated that it was implemented as a pilot project. He further pointed out that since the syllabus will not change in the next 5 years, these text books can be used for 08 without going into a reprint. The C.A.O. stated that the utility of these textbooks was greater.
16.	Employees recruited to laboratories and libraries after 01-01-2016 have been placed in Grade II and paid the 12 th salary step although they must be placed in Grade III and paid the first salary step. Furthermore, those who were recruited to the posts of Guard and Infirmary Officers too have been paid the 12 th salary step instead of the first.	It was revealed that a staff analysis is currently underway. The Committee instructed that a report in this regard must be submitted to the Committee within a month.
17.	Unavailability of information on the number of schools closed down, number of school dropouts, number of square feet allocated to each student and teacher student ratio.	The Committee directed the C.A.O. to carry out a research in this regard and to submit a report to the Committee. The Committee further emphasized the importance of maintaining a Ministry level database on vehicles owned by schools.
18.	Current status of the service minutes of the teacher educators and in-service advisors.	The C.A.O. stated that Service Minutes of the in-service advisors will be submitted to the Salaries and Cadre Commission for further action

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		and that it will be submitted to the Public Services Commission for approval as soon as possible. He further stated that Cabinet approval for the Teacher Educator Service has been granted subject to implementation after obtaining Cabinet approval.

Investigations on Excesses, Shortfalls and Working Losses

Ministry of Irrigation and Water Resource Management

Excesses/outstanding balance

08 December 2017

1.	<p>Attention of the Committee was drawn to the excess expenditure reported in year 2015 under Vote 198-2-3-2502 and the reasons behind such action.</p> <p>A sum of Rs. 4,011,054,982/- had been paid to a foreign company as an advance for commencing work in 2014-2015 period in the Gin-Nilwala diversion project. Treasury provisions had not been arranged for a sum of Rs. 2,972,476,671/- out of this amount.</p> <p>In year 2014, Rs. 998.57 million had been spent without making arrangements for provisions and then it has been settled using a supplementary estimate.</p> <p>Had the amount paid as advance been deposited as a fixed deposit at 10% interest rate for two years, the government could have earned an income of Rs. 802,210,996/- but the government has been deprived of that income.</p> <p>Action has not been taken against officers responsible for this situation.</p> <p>Although the advance was paid, work on the project has not commenced.</p> <p>The company has not responded to the request made to them to return the advance.</p> <p>No action has been taken to recover the advance paid and the corresponding loss before the expiry of the bank bond (09-12-2017).</p> <p>Contract for the constructions related to the Gin - Nilwala Project worth USD 690 million has been signed between the Government of Sri Lanka and the Chinese Construction Firm CAMCE on 05-11-2014. It has been agreed that work may commence after the payment of a mobilization advance of 5% from the total value of the project.</p> <p>Accordingly, the said company was paid a total advance amount of Rs. 4,011,054,782/- as Rs. 998,576,311/- in year 2014 and Rs. 3,012,478,471/- in year 2015. The C.A.O. explained that excess expenditure has been</p>
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	<p>reported in the aforementioned Vote because a sum of Rs. 2,972,476,671/- exceeding Treasury provisions had to be paid in 2015 for this purpose.</p> <p>Responding the Committee's enquiry as to why an incorrect method was adopted to commence this project without making proper arrangements for funding, it was mentioned that in year 2015 the Ministry was to receive Rs.12 billion as additional funds allocated from the budget proposals and that Rs.3700 million out of the said amount was to be allocated to the Gin - Nilwala Project. The C.A.O. stated that therefore, action was taken to bring this matter to the attention of the Treasury Secretary through letter dated 02-01-2015. He further stated that the sum of Rs. 998.57 million that was left over from year 2014 had to be transferred as per Financial Regulations and that Rs.4000 million from the provisions of year 2016 had been put on hold by the Treasury and could not be used.</p> <p>The Financial Crimes Investigation Division has issued a warrant against a former Secretary to the Ministry who had taken action to pay advance money after granting approval for this project. The then Chief Accountant is now retired. The C.A.O. further stated that report submitted by the Committee which was appointed to look into this matter has revealed that the then Chief Accountant had initially refused to make the payment without appropriate provisions for the purpose but later had to make the payment on directives issued by the Secretary to the Ministry.</p>
<p>2.</p>	<p>The Committee enquired whether the current progress of the work is satisfactory given the fact that the said project has already incurred a loss close to Rs. 802 million.</p> <p>The C.A.O. stated that the company has already completed the surveying, plans and tunnels related aspects. He further stated that a formal procedure will have to be followed about families that will be displaced.</p> <p>The Committee emphasized the importance of carrying out a study on the method adopted to grant approval to projects of this nature. It was ordered by the Committee to submit a comprehensive report on the current status of the Gin -Nilwala diversion project to the Committee with a copy to the Auditor General.</p> <p>Given the circumstances, the Committee was of the opinion that the Committee is not able to grant its approval for the said excess expenditure and that the matter must be further looked into. The Committee emphasized</p>

	that looking into this matter through a sub-committee under the chairmanship of Hon. Niroshan Perera is important.
<p>Ministry of Health and Indigenous Medicine</p> <p>Excesses/outstanding balance</p> <p>08 December 2017</p>	
	<p>The committee observed the noncompliance with the minimum ceiling of the public officer's advance account by Rs. 22,855,992/-. The Committee observed that the deposits and the remittances of officers who get transfers have been ignored and it has become an issue.</p> <p>The C.A.O. /A.O stated that negligence on the part of making predictions, taking respective approvals and revisions in regard to these amounts have resulted in the outstanding amounts and certain mismatches have arisen as the account is something complex. They further stated that Rs. 33 million cannot be recovered owing to the retirements of the officers, vacations of post, attachments and interdictions and the risk in frauds and corruptions is very high in these transactions.</p> <p>The Committee made directions to look in to the possibility of making use of information technology systems in order to straighten out these matters.</p> <p>The C.A.O. /A.O stated that the balance recovery from the transferred officers has been expedited and such balances have been wrongly depicted in the accounts as they have not been maintained properly. The Committee emphasized that the Treasury approval has to be sought in the event that the advance account ceiling is exceeded.</p> <p>The Committee directed to furnish a detailed report on outstanding amounts within a period of month and to consider the possibility of appointing a Committee and to take action, accordingly.</p>
<p>Department of Prisons</p> <p>Excesses/outstanding balance</p> <p>08 December 2017</p>	
	The Committee drew the attention on noncompliance with the minimum receipt ceiling by Rs. 13,033,902/- and on the variation of the

	<p>maximum remittance balance ceiling being Rs. 39,466,006/- for the fact that the ceiling that has been prescribed by the advanced account number 23202 of 2012 has not been adopted.</p> <p>The C.A.O. /A.O stated that the Ministry has failed to submit a Cabinet Memorandum even if the cabinet approval should be obtained.</p> <p>However, C.A.O. /A.O further stated that the rectifications have been made from year 2012 to date, evading aforesaid unfavorable circumstances.</p> <p>The Committee inquired on the fact that the total debtor balance that should be recovered from the state sector being Rs. 79,961,012/- as at 31st October 2017 and the public sector debt recovery progress being at a very poor state.</p> <p>The C.A.O. /A.O stated that the money recovery of Commercial Advance Account is favorable in the year 2015, 2016 and 2017 and the debtor balances have brought forward from 1980s. The C.A.O. /A.O. further stated that these amounts should not be recovered from the external institutions but the public sector. And also, the C.A.O. /A.O stated that a Committee has been appointed in this regard and debtor balance recovery is being carried out.</p> <p>The Committee drew the attention on the danger that the prison detainees face when they are transported to the courts for their court cases. The Committee directed the C.A.O. /A.O to submit the recommendations and the Ministry proposals to the Minister of Prison Reforms and the Committee on Public Accounts in order to avoid this situation.</p>
<p>Ministry of Co - Operative Development</p> <p>(The inquiry on noncompliance with minimum receipt ceiling in 2016 with regard to Public officer's advance B account)</p> <p>08 December 2017</p>	
	<p>The Public Officers' advance B account number 30101 of Co - Operative Development Department has not reached minimum receipt ceiling by Rs. 421,834/- as stipulated by the schedule iii of Appropriation Act (amended) No. 23 of 2016 and the failure to take measures on noncompliance with the ceilings in terms of Financial Regulation 503(2). It is due to the fact that the credits that should be</p>

	<p>recovered from and paid by the public officers who get transfers have not been taken in to account.</p> <p>The Committee inquired of the reason for not following the general practice of submitting a cabinet paper seeking the approval on noncompliance with the minimum receipt ceiling, in year 2016. The C.A.O. /A.O. accepted the failure and stated that it has been difficult to reach the minimum receipt limit even in year 2017. The measures are being taken to submit a cabinet paper in that regard prior to 31st December 2017. The Committee directed to take expedite measures in this regard and the C.A.O. /A.O. was directed to submit a detailed report to the Committee.</p> <p>The Committee inquired of the Ministry which the responsibility of cost living control is entrusted with and it was directed to submit a report by 2.00 pm on 11/12/2017, consisting the list of institutions from which the prices of all the goods and services can be obtained. The C.A.O. /A.O. stated that the Ministry of Trade and Ministry of Agriculture intervene at the time that the Cost of Living Committee decides on the cost of living.</p>
<p style="text-align: center;">Ministry of National Integration and Reconciliation (the inquiry on noncompliance with minimum receipt limit in 2016 with regard to public officer's advance B account .) 08 December 2017</p>	
	<p>The non-compliance with minimum receipt ceiling which has been approved by the Parliament for the advance item number 16501 of the advance account of the public officers which was under this Ministry in 2016, was at Rs. 479,035/-. Even though the Ministry was aware that the aforesaid ceiling cannot be complied with prior to the settlement of the accounts, no adequate measures had been taken to get the respective ceiling revised in terms of financial regulation No. 503.</p> <p>The A.O. stated that new officers were recruited following the establishment of this Ministry as a new Ministry in December 2015 and the approved ceiling could not be reached owing to the availability of staff vacancies and various issues that cropped up when the loans are obtained. Further, certain officers could not obtain their full loan amounts as they came from other public institutions with loan balances.</p>

	<p>A.O. stated that though a cabinet paper was drawn up to obtain the Treasury approval to revise the credit ceiling, it could not be submitted. The Committee directed C.A.O. /A.O. to report including the difficulties that had to be experienced due to the fact that the Ministry had been new and the reason for not being able to obtain the covering approval.</p>
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