



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

## **Parliamentary Series No. 76**

**Second Report**  
of the  
**Committee on Public Accounts**  
(From 23.02.2018 to 12.10.2018)

*Presented by*  
**Hon. Lasantha Alagiyawanna**  
Chairman of the Committee on Public Accounts  
On 04<sup>th</sup> of April 2019



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

Hon. Lasantha Alagiyawanna (Chairman)

Hon. Niroshan Perera

Hon. Zayed 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. Sritharan

Hon. Thushara Indunil Amarasena

Hon. Chandima Gamage

Hon. (Dr.) Nalinda Jayatissa

Hon. (Dr.) Kavinda Heshan Jayawardane

Hon. (Mrs.) Hirunika Premachandra

Hon. Bandula Lal Bandarigoda

**Second Session of Eighth Parliament**  
**(During the period of Examination of this Report)**  
**Composition of Committee on Public Accounts**

Hon. Lasantha Alagiyawanna (Chairman)

Hon. S. B. Dissanayake

Hon. Mahinda Samarasinghe

Hon. P. Harrison

Hon. Faizer Musthapa

Hon. Palitha Range Bandara

Hon. Niroshan Perera

Hon. Sujeewa Senasinghe

Hon. Eran Wickramaratne

Hon. (Dr.) Bandula Gunawardana

Hon. Vijitha Herath

Hon. Vasudeva Nanayakkara

Hon. Nihal Galappaththi

Hon. Bimal Rathnayake

Hon. Seyed Ali Zahir Moulana

Hon. Buddhika Pathirana

Hon. Seeniththamby Yoheshwaran

Hon. S. Shritharan

Hon. Chandima Gamage

Hon. Udaya Prabhath Gammanpila

Hon. (Dr.) Nalinda Jayathissa

Hon. (Dr.) Kavinda Heshan Jayawardana

Hon. I. Charles Nirmalanathan

Hon. (Mrs.) Hirunika Premachandra

Hon. Bandula Lal Bandarigoda

Hon. S. Viyalanderan

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## **Chairman's Note**

Today I table this Report of the Committee on Public Accounts as the Second Report of the Third Session of Eighth Parliament containing information on institutions examined by the Committee during the period of my chairmanship in the Second Session of the Eighth Parliament owing to the Prorogation of Parliament.

The Committee on Public Accounts examined state institutions using two methodologies and this Report contains the information on the investigations conducted regarding the institutions summoned before the Committee. In addition, the evaluation of common accounting methods, financial control and performance is carried out continuously through the computerized system every year. It has gained wide recognition in government institutions and the government institutions' conforming to the system is also commendable.

In any case, the sole purpose of the Committee on Public Accounts is to use both methodologies to direct government institutions towards a proper methodology and thereby to take the country towards the right direction. For this purpose, the Committee hopes that the chief accounting officers and other responsible persons will put into action the recommendations and directives given in the Report while I greatly appreciate the support extended by the Auditor General's Department and the Ministry of Finance in making the endeavours of the Committee successful.

At the same time, I extend my special thanks to the Members of Parliament who functioned as Members of the Committee on Public Accounts for their contribution towards the investigations during the period concerned and I make this an opportunity to thank the

Secretary General of Parliament, the Deputy Secretary General, the two Assistant Secretary-Generals and the staff of the Committee on Public Accounts.

**Lasantha Alagiyawanna**

Chairman of the Committee on Public Accounts

## **Summary Report**

It is with great pleasure that the Committee on Public Accounts presents its Second Report of the Third Session of Eighth Parliament.

This Report contains the oral and written explanations given by each chief accounting officer pertaining to issues during the investigations conducted from 23<sup>rd</sup> February to 6<sup>th</sup> April 2018 during the First Session of Eighth Parliament and from 20<sup>th</sup> June to 12<sup>th</sup> October 2018 during the Second Session of Eighth Parliament, the observations and recommendations made by the Committee pertaining to those issues, and the general observations made by the Committee.

This Report, which was to be tabled in Parliament within the Second Session of Eighth Parliament, is on the contrary tabled as the Second Report of the Third Session of Eighth Parliament on account of Parliament being prorogued on 12<sup>th</sup> April 2018 and on 27<sup>th</sup> October 2018.

The Report contains facts pertaining to 23 investigations conducted by the Committee on Public Accounts.

### **Institutions Subjected to Examination by the Committee on Public Accounts from 23.02.2018 to 06.04.2018 and the Periods of Reference of the Reports of the Auditor General (First Session of Eighth Parliament)**

	Institution	Date of Examination	Period of Reference of the Report of the Auditor General Considered
01	Department of Motor Traffic	23.02.2018	Year 2015 and progress of implementing the recommendations of the Committee.
02	Ministry of Tourism Development and Christian Religious Affairs	06.03.2018	Year 2015 and present performance
03	Department of Christian Religious Affairs	06.03.2018	Years 2014 and 2015 and present performance
04	Department of cooperative development	21.03.2018	Years 2011, 2012, 2013, 2014 and 2015

			and present performance
05	District Secretariat – Monaragala	22.03.2018	Years 2011, 2012, 2013, 2014 and 2015 and present performance
06	Department of Muslim Religious and Cultural Affairs	06.04.2018	Years 2013, 2014 and 2015 and present performance

**Institutions Subjected to Examination by the Committee on Public Accounts from 20.06.2018 to 12.10.2018 and the Periods of Reference of the Reports of the Auditor General (Second Session of Eighth Parliament)**

	Institution	Date of Examination	Period Considered
01	Galenbindunuweva Pradeshiya Sabha	20.06.2018	Years 2012, 2013, 2014 and 2015 and present performance
02	Sri Lanka Air Force	21.06.2018	Years 2013, 2014 and 2015 and present performance
03	Trincomalee Urban Council	04.07.2018	Years 2012, 2013, and 2014 and present performance
04	Department of Motor Traffic	06.07.2018	Year 2016 and progress of implementing the recommendations given by the Committee
05	Ministry of Foreign Affairs	07.08.2018	Years 2014, 2015 and 2016 and present performance

06	Ministry of Fisheries and Aquatic Resources	08.08.2018	Year 2014 and present performance
07	Ministry of Defence	10.08.2018	Years 2013, 2014 and 2015 and present performance
08	Ministry of Resettlement, Rehabilitation, Northern Province Development & Hindu Religious Affairs	23.08.2018	Years 2014, 2015, 2016 and present performance
09	Department of Resettlement and Hindu Religious Affairs	23.08.2018	Years 2014, 2015 and 2016 and present performance
10	Ministry of Education	24.08.2018	Years 2015 and 2016 and present performance
11	Matale Urban Council	06.09.2018	Years 2013, 2014, 2015 and 2016 and present performance
12	Ministry of Foreign Employment	07.09.2018	Years 2014, 2015 and 2016 and present performance
13	Western Provincial Council	18.09.2018	Years 2015 and 2016 and present performance
14	Department of Motor Traffic	12.10.2018	Progress in implementing the recommendations of the Committee

**Investigations Conducted by the Committee Regarding the Special Inquiries /  
Performance Reports Submitted by the Auditor General**

	Specific Matters	Date of Investigation
01	Inquiry into Public Debt Management	05.04.2018 and 20.09.2018
02	Performance Report on the Intervention of Government Institutions regarding Importation of Quality Foods	19.09.2018
03	Inquiry into Performance Report on the Intervention of Relevant Government Institutions regarding Obtaining the Contribution of New Inventors to the National Economy	21.09.2018

## **General Observations, conclusions and recommendations**

### **General Observations**

The matters related to the institutions that have been investigated by the Committee revealed defunct and underutilized assets and a large number of projects with high capital expenditure that have not been started and stopped halfway due to various reasons. Accordingly, the Committee highlights the following facts that needs special attention and detailed facts in this regard have been mentioned under the name of each institution in the report.

#### **I. The projects abandoned or not commenced**

##### **Department of Co-operative Development**

- Though Rs. 2,416,711 /- of the estimated amount had been spent for the “Co-op net” programme started in 2009 it was found at the initial stage by the end of 2011 and in 2012 it had been stopped temporarily.

##### **Ministry of Resettlement, Rehabilitation, Northern Development and Hindu Religious Affairs**

- The housing project implemented by the Indian government with an allocation of Rs. 6,492,000,000/- for 2015 and 2016 to construct 46,000 houses has been stopped halfway.
- The project to construct 537 houses using financial allocations to the tune of Rs. 193.35 million from Pakistan in 2015, Rs. 27.95 million from Kazakazthan and Rs. 187.92 million from Bahrain has been stopped halfway by the time the Committee carried out the investigation on the institution in August 2018.

### **Western Provincial Council**

- According to the Auditor General's report in 2016, 61 partially completed buildings constructed at a cost of Rs. 277,693,238/- were identified in Gampaha education zone.

### **District Secretariat – Moneragala**

- Kohukumbura biogas project in Medagama Divisional Secretariat Division to which the equipment were purchased at a cost of Rs. 449,998 /- in 2017 has not started to function by the time the institution was investigated by the Committee in March 2018.
- The building that was constructed as a centre for common amenities for the Nagahamada food-processing village at a cost of Rs. 5,655,984/- had been allowed to run down as at 7 March 2018.
- Though Rs. 1,501,770/- had been paid as investigation and drilling charges for two tube well water projects implemented in 2015 under the village uplift programme implemented by the Ministry of Housing and Samurdhi the construction work had not been started as of March 9, 2018.
- The project implemented at a cost of Rs. 350,000/- to provide water meters in Thanamalwila Divisional Secretariat Division in 2014 has not been implemented by March 2018.

### **Galenbindunuwewa Pradeshiya Sabha**

- However, a cost of Rs. 18,759,980 has been borne to provide potable water to Ashwaya bendi wewa and Ihalagama villages during the period of 2009 – 2012 the work has not been completed as of January 31, 2018.

### **Trincomalee Urban Council**

- The sewerage system constructed at a cost of Rs. 4,044,907/- in 2014 has not been completed by July 2018.

### **Matale Municipal Council**

- The compost project in Dolar road that costs Rs. 4,500,500/- was defunct by August 2018 and the Higgolla compost project which was constructed at a cost of Rs. 9,343,457/- was also defunct from June 2016.

## **II. Defunct / underutilized assets**

### **Western Provincial Council**

- **Provincial Road Development Authority**

Two concrete pavers and a kerb machine purchased by the Road Development Authority at a cost of Rs. 158 million and Rs. 6 million respectively were in stores at the Divulapitya concrete yard without any use as of November 2014.

- **Provincial Industrial Development Authority**

A proper investigation has not been carried out as at 2018 on the purchasing of a paper tissue machine at a cost of Rs. 3,726,236/- in 2007 and the administrative cost for that purchase was Rs. 2,973,918/- but the machine was not in use.

### **Matale Municipal Council**

- The completed part of the vehicle park which was planned to implement on the agreement to bear the cost from the allocation to the Ministry of Provincial Councils and Local Government in 2016 which was Rs. 10,000,000/- and the balance from the fund of the council was defunct as at 30 August 2018.
- The bio gas unit with a capacity of 44 m<sup>3</sup> that was constructed at a cost of Rs. 796,500/-, collected from shop owners in the area and from the fund of the council in 2012 and the bio gas unit with a capacity of 50 m<sup>3</sup> constructed at a cost of Rs. 3,200,000/- from the allocations of Ministry of Power and Energy were defunct as at 30 August 2018.

- The top two storeys of the 4 storeyed super market constructed in 2014 at a cost of Rs. 119,230,940/- using the common fund of the Local Loans and Development Fund were not in use by August 2018.

### **Trincomalee Urban Council**

- The incinerator, which was started in 2015 and completed in 2017 at a cost of Rs. 4,230,155/- to incinerate the hospital waste, was defunct.
- The Urban Council lost Rs. 20 million for a period of 7 years since 90 business premises out of 299 business premises owned by the UC were defunct.

### **Ministry of Foreign Employment**

- Though 277 computers were purchased at a cost of Rs. 35,500,959/- in 2016 and 2017 to maintain and update a database of a family profile of migrant workers, the expected results have not been achieved.

### **Galenbindunuwewa Pradeshiya Sabha**

- The PVC pipes which has a value of Rs. 3.4 million, purchased in 2013 using the allocations provided by the Deyata Kirula to support for urban water supply in Galenbindunuwewa ( without a disclosure in financial reports) were not in use and were in a state of deterioration within the council premises as at 31 January 2018.

### **Ministry of Tourism Development and Christian Religious Affairs**

- The CCTV camera system fixed in four places in Ella town at a cost of Rs. 1.08 million in November 30, 2016 was defunct as of October 10, 2017.

## **Recommendations of the Committee**

The Committee emphasized that attention should be focused on the following facts to fulfill the aims and to carry out and complete the relevant tasks within the appropriate time by preventing or minimizing the financial losses that occurred owing to the shortcomings and irregularities identified by the Committee in the projects that have been abandoned and not started though a huge capital had been invested.

- ◆ Conduct an effective feasibility study before starting any project.
- ◆ Prepare formal plans and obtain expertise in that regard before starting the activities and purchasing the assets.
- ◆ Select the most suitable place for the project.
- ◆ Pay attention to the impending natural disasters in the future.
- ◆ Pay attention to the social and cultural conditions of the public.
- ◆ Obtain licenses on time.
- ◆ Address the issues with regard to the shortage of water and electricity facilities.
- ◆ Enter into proper lease agreements within the appropriate time and include everything required in the lease agreement.
- ◆ Engage experienced persons who possess technical know-how on capital goods.
- ◆ Follow the appropriate procedure in selecting buyers, sellers and contractors and take decisions by committees consisting of several members.
- ◆ Comply with Procurement Guidelines
- ◆ Maintain adequate Stocks
- ◆ Divide projects into parts based on the work to be done and give specific targets.
- ◆ Manage Projects using Information Technology Systems.
- ◆ Continue progress reviews.
- ◆ Allocate and release the provisions on time.
- ◆ Conduct an evaluation on physical progress.

- ◆ Prevent delays in investigations and studies that have been scheduled to be conducted.
- ◆ Pay attention to motivate employees.
- ◆ Donate the equipment that cannot be utilized to another government institution or dispose in an appropriate manner before such equipment started to decay.
- ◆ Recover losses from the responsible persons.
- ◆ Dispose assets in time.
- ◆ Take action to minimize frauds and corruption and accelerate investigations.

## **Main issues, observations and recommendations identified with regard to the institutions that have been investigated.**

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
<b>Department of Motor Traffic</b>		
<b>23<sup>rd</sup> February 2018</b>		
1.	Present situation of absorbing the officers in the departmental positions into the combined service.	<p>The AO explained that the litigations against the transfers of the officers have now been completed and according to the Attorney General's opinion, there is no legal barrier to absorb those officers.</p> <p>The Director General of the Combined Service sustained those facts and stated that the requisite approval of the Public Service Commission, has now been given in this regard and those officers will be absorbed to the service with effect from 02 March 2018 and they have been given time until 02 March 2018 to express their preference in this regard.</p> <p>The Committee emphasized to adopt a proper procedure prepared by the ministry when officers are selected for transfers.</p>
2.	Progress of the E- motoring project	The CAO/ AO stated that the phases of this project are being completed within the amended

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		<p>dates and times submitted to the committee and accordingly, rest of the work would be completed within the scheduled time.</p> <p>It was revealed before the committee that the computer system would be under the institution that provides the service for a period of five years and after that it would be transferred to the department ( BOT system).</p> <p>The Committee directed the CAO/AO to submit a project proposal to the committee explaining the procedure that they expect to follow to manage human and physical resources in the process of transferring it to the department after the completion of five years.</p>
3.	Present situation in selecting a new contractor to print vehicle number plates as at 17 March 2018.	<p>It was revealed that the relevant calling of tenders was published in 16 January 2018 and the closing date was 19 April 2018. The CAO/AO was directed to present a time frame including the dates and times related to the printing of vehicle number plates.</p>
4.	Investigation with regard to the inconsistencies in information in the Department of Motor Traffic and Department of Customs about the registration of 07 vehicles.	<p>The AO stated that when new chassis numbers are provided to replace the chassis numbers that were sent back to the customs to correct the defects , the</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		<p>relationship between the previous number and the current number is not mentioned and as a result of that the other vehicles are registered to the chassis numbers that were rectified.</p> <p>The Committee directed the CAO/AO to submit a report within two weeks regarding the situation with regard to the relevant 07 vehicles. The Committee also decided to call a report from the department of customs.</p>
5.	<p>The progress of the investigation on the 7 Prado Jeeps that have been registered fraudulently.</p>	<p>It was revealed that the investigation on this matter has been handed over to the Ministry of Public Administration and a letter was received on 21.02.2018 with regard to the current situation explaining that as soon as an answer is received from the Director General of Customs, action will be taken to provide the basic investigation report.</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
<b>Ministry of Tourism Development &amp; Christian Religious Affairs</b> <b>06<sup>th</sup> March 2018</b>		
1.	The CCTV camera system installed at 04 locations in the Ella town on 30th December 2016 at a cost of Rs. 1.08 Million remaining defunct as at 10th October 2017 owing to the failure to determine the monthly Internet charges to be paid to a private institute and the party to which the payment should be made at the outset of the project.	<p>The C.A.O./A. O said that he expected that the settlement of Internet bills would be done with the involvement of the Inspector General of Police but it has not happened and that he hopes to get the assistance of the business community of the area for this after discussing the issue with the District Secretary Badulla and the Member of Parliament of the area.</p> <p>The committee recommended that steps should be taken to settle those bills through the Sri Lanka Tourism Development Authority or Sri Lanka Tourism Promotion Bureau.</p>
2.	An agreement had been reached by the Secretary of the Chief Minister of the North Central Province with a private institution to develop the pond and the surrounding located near the Watadageya in Polonnaruwa at a cost of Rs. 16,758,459/= on 28.12.2016. On the very day of the signing of the contract the contractor had requested a sum	<p>Even though the committee was of the view that Audit queries of this type should be referred to the Chief Secretary of the relevant Province the committee emphasized that the Ministry cannot absolve itself from such responsibility.</p> <p>The C.A.O stated that he calls for proposals with recommendations from the Chief Secretaries of the</p>

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	<p>of Rs. 5,786,000/=, 80% of the value of five bills as an advance for raw materials for the site. A sum of Rs. 3,992,340/= (75%) of the total VAT added sum of Rs 5,323,120/= of the advance had been disbursed to the contractor. It had been observed at the audit that the bills that had been submitted by the contractor to prove the above payment were not acceptable.</p>	<p>Provincial Councils and the District Secretaries for projects of this type followed by allocations being disbursed upon the proposals being accepted by the Ministry after which the Chief Secretary carries out the procurement process. The C.A.O stated that the Ministry only monitors the process.</p> <p>The Committee which reiterated the need to monitor the progress of the projects which are funded by the Ministry emphasized that it is the responsibility of the Internal Audit unit of the Ministry.</p>
<p><b>Department of Christian Religious Affairs</b> <b>06<sup>th</sup> March 2018</b></p>		
1.	<p>Applying for financial allocations for Christian religion development activities.</p>	<p>The C.A.O. stated that when requests for financial allocations are made through the political authority or religious leaders for the development activities of 1916 churches and approved, those requests are referred to the Bishops conference through the District Secretary in order to obtain their recommendations over the suitability of such requests.</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		It was revealed that the details of all churches have been registered and the provision of aid is made on the basis of population and the order of priority of the requests. The committee directed to obtain the details of churches make the payment of aid such as water, electricity and duty-free reliefs more systematic and effective.
2.	Staff	The C.A.O./ A.O was directed to inform the Ministry of Public Administration and Management and the Director General of Combined Services of the large number of vacancies for Development officers (field officers) on the staff as at 31st December 2017 and make arrangements to fill those vacancies by recruiting at least one for each district preferably by identifying those residing within the district through the relevant District Secretaries
3.	Cost of the Department for 3 previous years (2015,2016 and 2017)	The A.O. stated that the reason for the balance of the net allocation to remain so high is the non-receipt of allocations from the Treasury for purchasing sarees for the Dhamma School teachers despite being requested that resulted in recurrent expenditure remaining and that even though funds were sent to

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		the District Secretaries of Mannar and Matara separately under the 25 Million project they did not obtain them resulting in those funds remaining
4.	In purchasing sarees for the Dhamma School teachers at a cost of Rs.15 Million even though it is required to obtain a Specification certificate from an Officer in Charge for the goods received as per 8:12:3 of the procurement guidelines it has not been done in 2014.	As the present state, in distributing uniforms for the year 2017 the manufacturer had distributed the uniforms to the churches and an officer attached to the Department had observed them. At present this process has been corrected by bringing this under a Priest who is a director of Dhamma schools and in certain districts by subjecting it to the specification monitoring by the Development Officers .
<b>Department of Co-Operative Development</b> <b>21<sup>st</sup> March 2018</b>		
1.	It was discussed whether the loan of Rs. 75,000,000/= granted to the Building Materials Corporation on an agreement in 2013 in contrast to the objectives of the Co-operatives Development Fund and Co-operative Excess fund was consistent with the Act. Out of that amount the outstanding amount and interest and balance of Rs. 62,091,327/=and Rs. 15,893,123/= respectively to be	The A.O stated that the Department has sent letters to the Building Materials Corporation in relation to the recovery of this loan while legal action too is being initiated in that regard. The Committee directed the A.O to inform this to the secretary of the Ministry under which the Building Materials Corporation comes within a month.

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	recovered on 31st December 2016 remaining unsettled and arrangements have not been made to recover the loan from the assets deed of mortgage when the due period for the settlement of the Loan expired as per the agreement	
2.	Year 2011-Co-op net Programme. The Co-Op net programme that was started in 2009 still remained at the initial stage even at the end of 2011 and at the end of 2011 the Department had spent a sum of Rs 2,416,711/= out of the estimated amount of Rs.258.5 million to get the Institute of Co-Operative Development to submit recommendations in regard to the amended proposals contained herein but the relevant recommendations had not been submitted.	It was revealed that a sum of over two million rupees had been spent to recruit an advisor for fundamental studies and that advisor had conducted a Business Process Reengineering and handed over to the National Institute of Co-Operative Development for the development of a software. But the National Institute of Co-Operative Development has not implemented it because it did not have facilities to develop the software and it had been suspended temporarily in 2012 on the order of the then Minister.
3.	Year 2012- Audit of Co-Operative societies. 6 out of the 54 societies and associations had not been subjected to auditing and there is a delay in the Co-Operative societies submitting their statements of accounts	The A.O. stated that the shortage of audit officers in the department led to this delay and arrangements would be made in the future to have the audits done by the Chartered Audits from outside. The Committee inquired about the methodology of registering the Co-Operative societies and directed the A.O to categorize the existing societies

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		and obtain a written report from the 18 audit officers currently attached to the Department on how the audits could be distributed among them and as to when the delayed audits of the relevant societies could be completed (with specified dates) and submit it to the committee before 20th April.
4.	Year 2013- Mega Co-Op city. Even though it had been planned to set up 40 Co-Op city outlets in 2010 only 17 outlets had been set up by 2014 and out of that 4 were defunct. Out of the 23 outlets that had not been set up 08 had been set up and that were functioning. Further, a sum of Rs. 542,524 spent for planning 04 Co-Op cities had become idle expenditure.	It was revealed that the support of the provincial Co-Operative Societies and the central government was expected towards the development of these Mega Co-op cities and that 28 of these Co-Op cities are functioning at present.
5.	Staff 04 out of the 04 approved posts for administrative officers remained vacant and 08 out of the 08 posts for Information Technology Officers are vacant.	The committee directed to take steps to fill these vacancies immediately.
6.	Recovery of subscription. Only a sum of Rs. 4,869,469 had been recovered during the year under review out of the subscription fees with a value of Rs. 44,773,055 to be recovered from the Co-Operative societies at the beginning of the year 2016 and it was revealed that a sum of Rs. 22,413,246 was due from the	The A.O stated that Rs.178 million had been recovered at present and Rs.62 million was due as at 31.12.2017 and that owing to the adaptation of a special programme the recovery process has become expedient.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	societies that were defunct as at 31.12.2016	
7.	Granting loans out of the Co-Operative excess fund. Out of the loans granted in the years 2011,2012 and 2013 amounting to Rs.335 Million no instalment had been recovered as at 31.12.2016. The Department had adopted a lethargic approach in following up the recovery of loans and it had not taken substantial measures to recover the loans.	The A.O. stated that a committee has been appointed at present to grant loans and aid to the Co-Operative societies and a case is pending before the Financial Crimes Division against these loans while arrangements are in place to recover the loans. The C.A.O. was directed to submit a report on the loans granted from this fund and the steps taken in relation to them.
<b>District Secretariat Monaragala</b>		
<b>22<sup>nd</sup> March 2018</b>		
1.	Despite the purchase of goods to the value of Rs. 499,998 for the Bio gas project at Kohukumbura in the Medagama Divisional Secretary's division, the project has not yet been started.	Even though 246 tinned sheets and G.I. pipes had been purchased by spending a sum of Rs. 499,998 at the initial stage of this project which was to be implemented by the Medagama Divisional Secretary's office at a cost of Rs. 800,000 on the advice of the Department of Livestock Development, the project had not taken off ground. The A.O stated that it was subsequently decided to hand over those goods to the Medagama Pradeshiya Sabha which used 150 of the tinned sheets to repair its roof with 96 being used for the needs of the

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		people of the area and the balance being sold at a public auction on the directive of the secretary of the Ministry of Economic Development dated 28.11.2011. The committee which directed the C.A.O/A. O to hold a formal inquiry in to this and submit a report informed the Auditor General to submit a list of unsuccessful projects of this type.
2.	In constructing Jana Sabha offices at Weheragala, Hambana, Bohitiya and Thenagallanda areas all payments had been paid and the withholding charges too had been released before the completion of all work.	The C. A.O./A. O said that vouchers had been misplaced while the preliminary investigations were being conducted in accordance with the above recommendation and that the committee of inquiry had been informed to point out the manner in which they have gone missing. He also said that the activities can be completed within 2 or 3 weeks.
3.	In accordance with the directive to report to the committee on the present situation of the building of the Food Processing Center constructed at Nagahamada at a cost of Rs. 5,655,984 it was revealed at the physical inquiry that the building was overgrown with wild.	Even though this building had been given to the Coconut Development Board for a Coconut Fiber factory by the Ministry of Rural Industries and Self Employment Promotion on 18.01.2011, the factory has been closed owing to various reasons. The C.A.O/A. O said that while arrangements were being made to establish an agro-products purchasing center in collaboration with Cargills the

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		President's Secretariat paid its attention to establish a Manioc processing center and that the building is with the possession of the Divisional Secretary, Madulla. The Committee which expressed its displeasure over the building not being put to any good use for seven years directed the C.A.O/A. O to clean the premises and use it for a meaningful purpose and report about it to the committee within a month.
4.	The Jana Sabha office building that was built under the "Janasaviya Gamaneguma" programme of the Ministry of Nation Building in 2008 and 2009 at a cost of Rs.3.9 million has not been used for the intended purpose and is faced with disasters.	The C.A.O./A. O stated that this building that is vested with the Divisional Secretary, Wellawaya was used as the Official residence of the Divisional Secretary and that since another building has been built for that purpose attention has now been drawn to using the building as the official residence of the assistant director. The committee which paid its attention to using buildings of this type effectively directed the C.A.O to submit a report about the current status of the building before 30th April.
5.	Defrauding a sum of Rs.4.6 million of the Samurdhi Social Security fund of the Moneragala Divisional Secretary's office by mentioning the names of	The C.A. O /A. O stated that this fraud has been committed by issuing cheques in the name of the scholars, the value of which should have been credited to their accounts through the

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	beneficiaries during the period 2007-2013.	Samurdhi bank. At the preliminary investigations it has been found that the defrauded amount is Rs.5.2 million. The service of the accused officer has been suspended and charge sheets have been served to him followed by a case being filed at the Moneragala District Court. It was revealed that a special programme has been implemented to minimize this type of frauds with arrangements being made to conduct a monthly progress review in relation to banking affairs. The committee which expressed its displeasure over the delay of these investigations emphasized the need to conduct a ministerial level inquiry.
6.	Compensation to the tune of Rs.6.6 million for the 24 plots of land acquired for the Muthukandiya scheme in the Siyambalanduwa Divisional Secretary's division has not been paid yet.	The C.A.O/A. O stated that the delay was caused by the non-receipt of sufficient imprest even though funds were allocated annually to make the relevant payments. The committee which emphasized the need to give priority to this said that interest will have to be paid for the delayed period.
7.	Even though a sum of Rs.1,501,770 has been paid to the National Water Supply and Drainage Board as boring charges and investigation charges of the two tube wells at	The C.A.O.who stated that that the construction work of the Bakinigahawela Patasgalawatta tube well got delayed owing to a technical fault of the Air Compressor despite several

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	Kalugahawadiya and Bakinigahawela Patasgalawatta in the Medagama Divisional Secretariat division, work had not been started even at 9th March 2018.	reminders to the national Water Supply and Drainage board to expedite construction, expressed confidence that the construction could be completed by 31st march. He also said that a suitable place for the Kalugahawadiya tube well would be found and construction work would be completed expeditiously. The committee directed the C.A.O./A.O. to inform in writing the Water Supply and Drainage Board to expediate the project and send a copy of the same to the committee.
8.	Despite the payment of a sum of Rs. 350,000 to the National Water Supply and Drainage Board to provide water meters to 14 families in the Bodagama division of the Thanamalwila Divisional Secretaries division in 2014 the project had not got off ground as at 06.03. 2018.	Even though this payment had been made to the National Water Supply and drainage Board to provide 140 water meters for the Bodagama water project it has been informed that the water supply cannot be provided due to the insufficiency of the water capacity of the Lunugamwehera water supply scheme. Therefore, arrangements will be made in future to provide water through another water supply project implemented under the World Bank aid it was found that the water meters purchased are lying in the stores of the Board.

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
9.	<p>The amount that had not been recovered from the lands that had been given to 16 long-term land permit holders under the Long-term lease scheme in the Grama Niladhari divisions of Siyambalanduwa and Ethimale Colony had risen to Rs.10,353,657 as at 31st December 2017.</p>	<p>Even though this amount of money is due from 9 plots of land in Siyambalanduwa Ethimale and 7 plots of land in Muthukandiya under the Long-term lease scheme Freehold deeds had been issued for two plots of land in Muthukandiya and it had been published in the Gazette dated 21.11. 2012.The approval of the Minister has been sought to waive off a sum of nearly Rs.3.6 million to be recovered from the owners of those lands. The C.A.O /A. O who said that the outstanding lease amount has risen as other land owners discontinued the payment of lease rentals in protest of the issue of Freehold deeds said that it has been planned to settle 7058 land deeds before the end of this year. The committee directed to call from the Land Settlement Commissioner a report on the 2 Muthukandiya land plots which are freehold.</p>
10.	<p>The scheduled government quarters meant for the No.04 Administrative officers attached to the Moneragala Divisional Secretariat had been given to the Deputy Minister for running a Co-ordinating office in 2003. Even though it had been taken back on the 08th of December</p>	<p>This building had been given to the Deputy Minister in 2003 without a written agreement to run an office and according to the valuation dated 26.10.2015 she had been informed to pay the rent and other charges. Owing to her refusal to pay the rent on the ground that the</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	2015 the outstanding rent of Rs 362750 and the outstanding water bill of Rs.337,994 had not been recovered.	building was used for a public purpose the matter was referred to the District Co, -ordinating Committee to take a suitable decision in that regard. The committee had decided to exempt the minister from the payment of the rent by accepting the Minister's view. However, the C.A.O stated that the Minister had been informed once again to pay the outstanding amount as the Ministry is not in agreement with that decision. The C.A.O/A. O was directed by the committee to inform her to make arrangements to pay the outstanding amount even in instalments as the minister is bound to pay the sum for the period, she used this house.
11.	Even though a sum of Rs. 2,036,250 has been paid as value added tax to the lessee bearing no.901442681 who does not possess a valid registration in the years 2014 and 2015, action had not been taken to recover those monies.	It was revealed that the department of Inland Revenue has been informed that legal action is taken against the contractor for acting fraudulently as the Department of Inland Revenue has not recovered the payments that had been made to the VAT number which the contractor furnished for the projects in 2014 and 2015. The committee that observed that the payments had been made without obtaining clearance reports stressed that

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		the ministries should provide proper advice and guidance in order to minimize most frauds taking place like this.
12.	Financial irregularities that have taken place in the Divineguma Community based banks in Sewanwgala.	The C.A.O. stated that a Samurdhi manager and a Samurdhi Development Officer had committed a number of frauds by mentioning the names of the samurdhi beneficiaries and that disciplinary action has been taken against them and a bank monitoring officer has been appointed in order to do random branch checks. The C.A.O also stated that measures such as providing proper advice by conducting monthly progress reviews and visiting banks and checking transactions have already been taken. The committee that directed the C.A.O/A.O to issue a common circular to all Divisional Secretariats to regularize these matters informed him to send a copy of that to the Auditor-General.
<b>Department of Muslim Religious and Cultural Affairs 06<sup>th</sup> April 2018</b>		
1.	Details of mosques, which contributed to the Muslim Charity Fund, have not been properly maintained.	The CAO said that he was in agreement with the relevant complaint and since the powers of choosing an audit firm are vested in the Wakfs Committee as per the provisions of the Act,

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		the audits in the years 2014 and 2015 were conducted by a private company. However, it was disclosed that even though the financial assistance from the government was not received to the fund, action had been taken to duly maintain all information in a database and that all the powers of the fund had been vested in the director and the accountant. The committee emphatically stated the need for adopting a systematic approach in handling matters in this regard.
2.	Rs. 29 million had been disbursed amongst mosques in the year 2015 through 59 divisional secretariats and a follow up on the utilization of such funds had not been conducted at the departmental level. Further, for the sum of Rs. 36 million granted by the Department for the development of mosques and religious schools, receipts had been submitted only for Rs. 1 million.	The CAO/AO said that officials had been attached to 29 Divisional Secretariats in 8 districts and to all Divisional Secretariats in the Eastern Province and that he was in possession of all the documents pertaining to the release of the funds by the Department and that he had received receipts for the money disbursed through Divisional Secretariats.  The Committee stressed that receipts should be obtained immediately for the money released by the Department and a programme should be devised to maintain good coordination between the Divisional Secretariats and the Department

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		and immediately and called on immediate attention be paid to prepare a document on cadre taking into consideration the expansion of population.
3.	Present situation of the Haj Fund	<p>The CAO said that a sum of nearly Rs 50 million had been deposited in an account titled 'Annoor' as refundable deposits and it was difficult to invest its funds as money had to be repaid from the said account throughout the year. He added that applicants are registered for Haj pilgrimage every year but only 3000 can be accommodated annually and nearly 12,000 have been registered as of now and as the selection is based on the order of receiving applications, it is expected to accord an opportunity at least once in 05 years. He stated that as a result of the new programme introduced in the year 2015 all could be afforded given an opportunity.</p> <p>The Committee was of the opinion that attention should be focused on the introduction of an on-line system as there is a need for devising a mechanism that would afford an opportunity at least once to each person.</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
<b>Special Investigation into the Public Debt Management of Sri Lanka 05<sup>th</sup> April 2018</b>		
1.	Existence of loan balances in the financial statements of the treasury of loans granted to semi-government institutions.	The CAO/AO said that in instances where the balance sheets of semi-government institutions are not strong enough, the government stands as guarantor for such institutions and if such institutions find it difficult to repay the loans, the grants that are provided with the approval of Parliament for that purpose are included in the Appropriation Act as transfers and the said amounts are used for gap financing. The CAO/AO further said that accounting anomalies have arisen as a result of such subsidies being recorded in accounts as transfer payments granted to public sector institutions and if the Auditor General could submit a proposal for the rectification of this situation, such rectifications as per such a proposal could be carried out this year.
2.	Audit opinion on treasury accounts from years 2002 to year 2016	The Auditor General explained that the reason for the disclaimer of opinion for year 2016 was the uncertainty that prevailed regarding the accounting method.

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		<p>The CAO/AO said that the preparation of balance sheets was started in 2005 and all receipts to and payments from the consolidated fund are brought to accounts accordingly and added that there is no system under this method to show assets and liabilities generated in respect of the receipts and payments of capital nature and that such assets and liabilities are accounted through supporting entries.</p> <p>The CAO/AO stated since the investments amounting to Rs 8 trillion were only supporting entries, there was no method to verify their accuracy.</p> <p>The CAO/AO further stated that a committee comprising a representative of the Auditor General as well was appointed in this regard and subsequent to an inquiry conducted by the said committee a report was submitted and as per the said report it was decided to show the adjustments of net assets through an account and as a result of preparing accounts in the year 2017 accordingly, the situation had been rectified.</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		The CAO/AO said that as it had been proposed under the 2018 budget to prepare financial statements on accrued basis, action would be taken to prepare an accounting system specific to the Treasury.
3.	In order to reflect the financial and non-financial assets generated by the expenditure incurred for the acquisition of assets under capital expenditure in financial statements and reports through the republic account, introduction of accounts of nominal nature similar in value to such expenditure.	<p>The CAO/AO said that a systematic programme has been prepared by the Treasury to identify and account assets acquired through loans. The CAO/AO stated that since there was no system in 2015 to account non-financial assets a method for that purpose was introduced changing the accounting system and assets to the value of Rs.814 billion had been accounted to date and that it was expected to complete this introduction through CIGAS programme within two years.</p> <p>The Committee ordered the CAO/AO to prepare a new format in compliance with the international accounting standards as per the recommendation of the experts committee appointed with the concurrence of the Auditor General for the accounting of assets. The Committee further directed the CAO/AO to submit a report expeditiously to the Committee on the accounting</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		<p>deficiencies to be corrected and the timeframe during which it was expected to be carried out.</p> <p>The CAO/AO said that a programme is already being implemented in this regard by the Public Accounts Department on the instruction of the Treasury and that the progress of rectifying accounting deficiencies is reviewed on a quarterly basis under the said programme and that accounts are presented as per the system agreed upon since 2017.</p>
4.	<p>Submission of two reports in respect of the accounts of 2017 to the Auditor General by the Treasury as a statement of account to the consolidated fund and as a republic account.</p>	<p>The committee ordered the CAO/AO to consult the opinion of the Attorney General to determine whether the audit opinion should be submitted in respect of the accounts of the consolidated fund or the republic account.</p>
5.	<p>Definition of the “public debt”</p>	<p>In response to a query made by the Committee, the CAO/AO said that only the loans obtained by the government and indicated in the consolidated fund are considered as public debt and an idea regarding the amount of loans obtained by the provincial councils, local government authorities, semi government institutions and statutory bodies are not</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		reflected in these accounts and that it would be useful to the committee and the public at large if an idea can be formed about such loans.
6.	The amount paid by the Treasury out of Rs. 563.7 billion obtained by public institutions and indicated as contingency liability in the accounts of the Ministry of Finance.	The CAO/AO said that only a minute amount of this amount is paid by the Treasury. The Committee ordered the CAO/AO to submit a report to the committee with a copy to the Auditor General indicting the amount to be paid by the relevant institutions monthly/annually and the amount to be paid by the Treasury monthly/annually and the amounts to be paid in future before 30 <sup>th</sup> April 2018.
<b>Galenbindunuwewa Pradeshiya Sabha 20<sup>th</sup> June 2018</b>		
1.	Annual, action and procurement plans for the years 2016,2017 and 2018 are not in compliance with Circular 1/2014 of the Ministry of Finance and Planning.	The CAO/AO said even though the affairs of the Pradeshiya Sabha are conducted in accordance with the provisions made under 42 bylaws of the Pradeshiya Sabha Act 1987 and 10 local government bylaws, the Pradeshiya Sabha itself had enacted bylaws in respect of 10 subjects and added that the Sabha was able to identify existing shortcomings and several workshops had been

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		<p>conducted with the aim of minimizing them.</p> <p>The Committee ordered the CAO/AO to submit a detailed report of the bylaws formulated by the Pradeshiya Sabha.</p>
2.	<p>Not conducting an internal audit up to 31 December 2017 regarding the transactions and affairs of the Pradeshiya Sabha in terms of Financial Regulation No. 133 and paragraph 6 Circular No. 4/2015 of the Local Government Commissioner of the North central Province.</p>	<p>The CAO/AO stated though an audit was conducted at the departmental level, the Sabha had not conducted an internal audit to date and that a new officer was appointed due to a problematic situation of the previous officer who handled this subject and added that the activities of the division had been regularized having identified the shortcomings that prevailed.</p>
3.	<p>Action taken by the Pradeshiya Sabha in respect of the sum of Rs. 4.2 million and the legal interest thereon to be paid to an institution called Zodiac Lubricating Service in respect of 12 cases filed against the Pradeshiya Sabha due to the non-payment of a part of the money payable for a 12 pond projects in the year 1999.</p>	<p>The court had subjected the Pradeshiya Sabha to a commitment of Rs. 7.6 million in this connection and the Sabha had settled Rs. 3.3 million to Zodiac Lubricating Service by selling its assets.</p> <p>The CAO/AO said that though a sum of Rs. 4.2 million and the legal interest thereon should be paid to the relevant institution as of 31.01.2018, the Sabha is engaged in an attempt to settle the matter by paying only the amount in arrears and added that due to the revelation of an</p>

	Main Issued Discussed	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		<p>attempt made by the technical officers who served at the time to have provisions allocated from the Provincial Council at the end of the year without completing the work by submitting forged survey reports and forged payment vouchers, the Provincial Council had suspended the release of money. He noted that it was difficult to trace the officers responsible for this and the persons who served as Chairman and Secretary at the time too had passed away.</p> <p>However the CAO/AO said that a formal disciplinary inquiry would be conducted in this regard and action would be taken to recover the loss from the persons responsible.</p> <p>The Committee expressed its displeasure over the conduct of the former Local Government Commissioner for being derelict in his duty by not initiating measures to have legal action constituted against the officers who made the Sabha guilty before the court by submitting false documents.</p> <p>The Committee ordered extensive inquiry to be</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		conducted in this regard forthwith either to recover the loss from the officers responsible or to initiate legal action against them and ordered the CAO/AO to submit a detailed report in this connection within 02 months.
4.	Though a community water project for the provision of drinking water to the villages of Ashwayabendiwewa and Ihalagama constructed during 2009-2012 at a cost of Rs. 18,759,980/- had been transferred albeit in a state of incompleteness to the Pradeshiya Sabha by the Divisional Secretary of Galenbindunuwewa in 2014, even by 31 January 2018, drinking water could not be supplied to the people due to the defects in the water tank and the pipe system.	<p>The CAO/AO said that it had been decided to recover the loss from the responsible parties as this had been named as a failed project with the intervention of the District Agent.</p> <p>The Accounting Officer said that since the officers who had been involved in the financial and construction aspects of this project are still in service and appealed for the intervention of all parties concerned to reach an agreement.</p> <p>The Committee ordered the CAO/AO to report the progress of the action pursued with the intervention of the District Agent to resolve the matter within 2 months to the Committee.</p>
5.	A stock of PVC pipes valued at Rs. 3.4 million rupees purchased in the year 2013 from the provisions allocated by the Deyata Kirula project in the year 2012 for the	The CAO/AO said that though this stock of pipes had been purchased spending a sum of Rs. 5 million for an extension of a water project in the Yanoya area under the Deyata Kirula

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	Galenbindunuwewa urban water supply project remained idle without being put to any use still in 31/01/2018.	programme, the work could not be carried out due to the threat of floods that prevailed in the year 2013 and therefore the stock of pipes is kept at the premises of the Sabha without being put to any use and that action would be taken to auction them after obtaining a quality report from the Water Supply Board.
6.	A sum of Rs. 1,280,163 received in the year 2011 under the 'Pilisar' project of the Central environmental Authority has been deposited in a current account and as a contractor had filed a case against the Sabha in the Anuradhapura High Court, transactions from the account had been suspended. Therefore the expected objectives could not be achieved still in 31/01/2018.	The CAO said that though the activities of the Pilisar project had come to a standstill, the project could be completed within the year as constructions had been carried out up to the roof level of the building.
7.	A sum of Rs. 226,252/- out of the administrative expenditure of the projects implemented by the Sabha in the year 2014 had been paid as allowances to 10 officials in violation of the Circular 2009/10 of the Chief Secretary of the Central Province.	The Committee ordered the recovery of this amount be expedited and legal action be constituted against the relevant officials.
8.	As at November 30 2017, a sum of Rs 3,362,979/- was to be recovered from 552 assessment tax units and as it included a	Though the non-declaration of specific assessment zones through a gazette, absence of a proper assessment procedure

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	sum of Rs. 1,085,254/- in arrears over a period of 05 years, it is evident that revenue in arrears had not been recovered properly as per section 158 of the Pradeshiya Sabha Act.	and the absence of an economically strong community had contributed to the decline in the assessment revenue of the Sabha, the CAO said that approximately Rs. 800,000 was collected last year.
<b>Sri Lanka Air Force</b> <b>21<sup>st</sup> June 2018</b>		
1.	77.6% of the net allocations made under capital estimates in the year 2016 remained unutilized.	<p>The CAO/AO said that an amount of 1400 million rupees was demanded in the year 2016 under Russian Loan Scheme to construct an aircraft renovation center and an amount of 13250 million rupees was allocated under annual budget estimates too. The amount demanded earlier was not required and due to that reason a necessity of recording the said amount in accounts did not arise and the said amount is indicated as an unutilized amount .</p> <p>A representative of the Treasury mentioned that the aforesaid amount was scheduled to be provided in the year 2016 as it had not been provided through the budget estimates of the year 2015 and the Treasury decided to record the unrecorded transactions in accounts as allocations were left unutilized</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		<p>in the account and though this amount should have been recorded in accounts in the year 2014 these allocations had not been provided due to credit limitations .</p> <p>The Committee directed the Secretary to the Ministry of Finance to submit a comprehensive report to it and to the Auditor General before 05/07/ 2018 in regard to the reason for unutilized allocations.</p>
2.	<p>The legality of the of the situation in which public officials function as the members of the Board of Directors of Sri Lanka Heli Tours Company , which is registered under Companies Act.</p>	<p>The CAO/AO said that advice has been sought from the Treasury in this regard and the said advice has not yet been received .</p> <p>The CAO/AO stated that any of the income received from Heli Tours Company at present is not retained by Air Force and all such income is credited to the Consolidated Fund . Taking the aforesaid matters into consideration the Committee directed the Secretary to the Ministry of Finance to formulate a systematic programme with the participation of the Secretary to the Ministry of Defense and the Commanders of the three Forces to administer the</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		aforesaid funds in order that the institution is benefitted.
3.	The progress of recovering of the outstanding amount of 13.47 million rupees which was due to be collected by 31.12. 2017 for the air tours provided by Sri Lanka Air Force	The Committee directed the Secretary to the Ministry of Finance to summon the Secretaries to Ministries and to discuss the action that should be taken in regard to the aforesaid amount of money and report back to the Committee.
4.	187 solar powered street lamps had been purchased from two private companies in the year 2009 at a cost of 19,691,000/= rupees under a guarantee period of 15 years and 148 street lamps and 33 batteries out of them had become non functional by the year 2015 and action has not been taken to recover the damage of 16 million rupees that has been caused as result of it .	The CAO /AO stated that the relevant company has been closed down by now and that advice of the Attorney General was sought in that regard and the Attorney General has informed that a letter of demand is to be sent to the liquidator of the aforesaid company as it has been liquidated by now . The Auditor General emphasized the fact that it is important to aware of the going concern of the company when a purchase of such technical nature is made and more attention should be paid to the financial statements of the company in that effort .
5.	Non availability of a suitable place close to Colombo to install sky ladders of the fire fighting unit.	The AO stated that even though a suitable land was found , an amount of 192 million rupees was required to pay compensation to the

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		<p>squatters in that land and Sri Lanka Air Force has no capacity to get the aforesaid land released having paid that amount of land .</p> <p>The CAO /AO further mentioned that allocations were required even for the construction work . The Committee emphasized the fact that it is highly important to provide necessary facilities to the fire fighting unit in order to protect the multi- storey buildings that are being constructed in the city of Colombo day by day and directed the Secretary to the Ministry of Megapolis and Western Development to take steps to provide a suitable land to the fire fighting unit as that Ministry too is vested with a big responsibility in that regard and also directed the CAO /AO to inform the direction of the Committee to the Secretary to the Ministry of Megapolis and Western Development and submit a project proposal to the Secretary to the Ministry of Finance to include the proposal for obtaining allocations for construction work into the budget proposals of the year 2019 .</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
6.	<p>A radar receiver and an antennae scanner which belongs to Sri Lanka Air Force had been sent to China for repair by 04<sup>th</sup> April 2014 but Sri Lanka Air Force had incurred a loss of 74,457,100/= rupees due to the fact that aforesaid items were misplaced and action has not been taken to identify the parties that are responsible for the aforesaid loss and even an insurance coverage had not been obtained for the said piece of equipment.</p>	<p>The C AO / AO stated that this piece of equipment had been handed over to an institution named Care Logistics to be sent to China for repair and it had not reached China as it had been misplaced on the way and this case has been handed over to the Criminal Investigation Department to continue the investigation activities into it .</p> <p>He mentioned that the valuation report of this piece of equipment has been handed over to the Criminal Investigation Department and action will be taken to recover the value of the misplaced piece of equipment and punish the wrongdoers.</p> <p>The CAO/AO stated that he will inquire on it from the Attorney General about the possibility of filing a civil case to recover the relevant damages .</p> <p>The Committee directed the CAO/AO to take disciplinary action against the officers who are responsible for not taking the insurance coverage and recover the damages for the misplaced piece of equipment and submit to the Committee</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		within two weeks a report in this regard along with the letter sent by Sri Lanka Air Force to the Attorney General asking for legal advice and the reply letter sent by the Attorney General for it .
<b>Trincomalee Urban Council</b> <b>04<sup>th</sup> July 2018</b>		
1.	The poor performance level reported by the Trincomalee Urban Council in regard to the Computer Information Management Network of the Committee on Public Accounts	The Committee observed that the average score of the Trincomalee Urban Council was 46.5 for the financial year 2015 as per the Computer Information Management Network of the Committee on Public Accounts and that it is the Urban Council that had obtained the lowest score out of 41 Municipal Councils . The Committee mentioned that this was the main reason for summoning the Trincomalee urban Council to this meeting and instructed the CAO/AO to take steps to hold the meetings of the Audit and Management Committee every three months in order to discuss about the audit queries and to rectify the shortcomings and differences in the accounts of the Council and overcome the aforesaid situation

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
2.	Existence of 02 vacancies in senior level positions ( the position of Secretary and Accountant of the council ) , an excess of 27 employees in primary level positions and 42 vacancies in secondary level positions and 01 vacancy in tertiary level positions .	<p>The committee insisted that as the Trincomalee Urban Council can earn a lot from Tourism, there should be atleast a Slas Secretary to manage the revenue of the Urban Council.</p> <p>The CAO/ AO mentioned that there is a scarcity of officers of the Sri Lanka Administrative Service and Sri Lanka Accountants' Service in the district and the duties of those posts are covered by the officers attached to the Public Management Assistant (special grade )and Public Management Assistant ( grade 1)</p> <p>The Committee directed the CAO/AO to send a written request to the Secretary to the Ministry of Public Administration, Management , Law and Order and the Director General of Combined Services in order to get appointed at least one officer that belongs to the Sri Lanka Administrative Service along with an approved staff.</p>
3.	Existence of an excess of 21 primary level officers subsequent to permanent appointments being given to 54 employees under Public	The CAO /AO stated that Management Services Department has given approval to the excess staff under (supernumerary basis) and

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	Administration Circular number 25 of 2014	there will not be vacancies once the aforesaid staff retires. The CAO/AO also mentioned that the aforesaid appointments have been given in accordance with the provisions in Public Administration Circular No. 25 of 2014
4.	The fact that former chairman had provided 3212 perches of land which belong to the Council to 576 people in the year 2008 and the Chief Minister of the Provincial Council had appointed the former High Court judge through the Gazette Extraordinary dated 11.08.2010 to investigate into this matter and recommendations were made to take legal action in that regard and the fact that the committee appointed in accordance with the decision taken in the Provincial Public Accounts Committee meeting held on 26 <sup>th</sup> May 2015 under the Chairmanship of the Chief Minister of the Provincial Council had not submitted its report even by 29 <sup>th</sup> June 2018 and due to that legal action to be taken in that regard was further delayed .	The CAO/AO stated that the lands for which the Council held freehold ownership had been distributed among the employees of the council and the persons who had been occupying in those lands but the aforesaid task was not legal due to the fact that the Chairman of the Council had no authority to distribute the lands of the Council among private persons. The CAO/AO further stated that the former Chairman has been removed from his post due to this fraud and action will be taken to distribute the aforesaid lands among the incumbent occupants on lease basis. The Committee directed the CAO/ AO to submit a detailed report of this to the Committee within a period of 3 months.

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5.	<p>The sewage purification system which was commenced to be constructed in the year 2014 with the objective of purifying polluted water and releasing it to the environment, at a cost of 4, 404,907 rupees was not completed due to the fact that the task of laying coir fibre was not completed and the polluted water is still released to the environment and environmental pollution caused by it has not been able to be prevented yet.</p>	<p>The CAO/AO stated that electricity has not been provided to this sewage purification plant and it is essential to provide the power supply to operate this plant to the fullest capacity and the electric fence which was constructed at a cost of 618,858 rupees was also a part of this project and in accordance with the invoice the total cost of the whole project is 2,201,230 rupees but the night soil treatment plant which is the original structure of this plant has been destroyed by elephants</p> <p>CAO/ AO stated that 20% of the total amount has been paid for the construction of the purification plant and the electric fence has been paid as a down payment and the remaining 80% is deposited in the account of the Council and CGL International Eco Private Limited will take steps to complete the construction work within the stipulated time but further funds will be required for it as the amount allocated is not sufficient to complete the construction work.</p> <p>The Committee directed the CAO/AO to submit to it a</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		detailed report of the financial position and the progress of this project.
6.	Even though an incinerator was constructed in the area of Veer Nagar situated the Municipality in the year 2017 with the objective of incinerating hospital waste at a cost of 4,230, 155 rupees, the aforesaid incinerator still remains inoperative and the hospital waste is still being disposed of into an open area in Kinniya.	The CAO/AO stated that even though a request was made from the Ceylon Electricity Board on 14 February 2018 to obtain 3 phase power supply , the Electricity Board has not yet provided the estimates for providing power connection. The Committee directed the CAO/ AO to obtain a report in regard to the problem encountered in obtaining power supply , from the Secretary to the Ministry of Power and Renewable Energy and take steps to obtain electricity to operate this incinerator and submit a report in that regard to the Committee. The Committee maintained that this activity is a threat to the health and security of the people living in the area and also observed that a school and a mosque are situated close to the area into which waste is disposed of.
7.	The Council had lost an income of 20 million rupees for a period of 7 years due to the fact that 90 stalls out of the 299 stalls which belong to the Council remained unutilized from the year 2011.	The CAO/AO stated that this building had been constructed by the Urban Development Authority using its funds and consideration is being paid to lease out the 90 stalls on the upper floor of this building for

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		starting restaurants in order to promote tourism industry . The Committee directed the Commissioner of Local Authority to submit a report which includes the recommendations for the action that has been taken in regard to these stalls.
8.	Sales licences have been issued to run 109 enterprises which are operating in the council area without obtaining Environmental Protection Licences	The CAO/AO stated that Sales licences have been granted to all the "C" categories by now and the Council has taken steps to issue Environment Protection Licences.  The Committee directed CAO/AO to conduct an inquiry into the fact of granting sales licences without issuing Environmental Protection Licences and submit a report of it to the Committe
9.	The Council had leased out 259 stalls to private entrepreneurs and an amount of 14,899,765/= rupees due for the aforesaid stalls remained unpaid for a period of 7 years and action had not been taken to recover the aforesaid amount of money even by 31st December 2016	It was revealed that legal action has been taken against the persons who had not paid the outstanding lease amounts due for the stalls.

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10.	The outstanding amount of rates income of 101 million rupees which remained uncollected from the year 2012 had not been collected even by the year 2017.	Most of the outstanding income remained uncollected for a period of 8 years and the outstanding income by the year 2010 was 98 million rupees. It was also revealed that the outstanding income due from the public institutions situated in the Municipality was 10 Million Rupees.
11.	The Council had not taken steps to send replies to 7 audit queries related to transactions of 32 million rupees in the years 2016, 2017 and 2018	The CAO/AO stated that action will be taken to send replies to the relevant audit queries within a period of 2 weeks and the Committee directed CAO/AO to submit the report of it.
12.	Health issues	<p>It was revealed that the Trincomalee Urban Council had appointed five Public Health Inspectors and these Public Health Inspectors functioned under the guidelines issued by the Medical Officers of Health as the Council had not issued guidelines to them .</p> <p>The CAO/AO stated that Public Health Inspectors are released to the Council by the Medical Officers of Health in order to carry out specific duties and the aforesaid Public Health Inspectors are attached to MOH offices.</p>

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		The Committee emphasized the importance of having a common methodology to assign duties to the Public Health Officers that are attached to all the local authorities and also to monitor the aforesaid officers and directed the CAO/AO to submit report in that regard to the it .
13.	The composition of the Audit and Management Committee of local authorities had not been defined by the circular issued by the Ministry of Public Administration Management and Law and Order	The committee directed the CAO/AO to submit a detailed report of the way of eliminating the shortcomings in the aforesaid circular in regard to the Ministries of Provincial Councils, Departments, Authorities and Public Authorities.
<b>Department of Motor Traffic 06<sup>th</sup> July 2018</b>		
1.	The current situation regarding the order on the absorption of officers holding departmental positions to the correspondent combined services and regarding the adaptation of the formal procedure drafted by the Ministry on the selection of officers for staff transfers	AO stated that the information of 387 officers who have completed a period of 05 years had been issued as per the request made by the Director General of combined services. It has been informed to the committee by the Director General of combined services that the said information have been presented to the Public Services Commission enabling

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		<p>the future measures to be taken accordingly.</p> <p>However, the disapproval of the committee was expressed towards the longstanding delay in transferring these officers as per the stipulations constantly given by the committee during a considerable period of time and it was decided by the committee at this point to forward a letter to the secretary of the Public Services Commission asking to report the secretary to the Ministry of Public Administration, Management and Law and Order after having taken immediate measures in this regard .</p>
2.	Progress of the E-Motoring Project	CAO stated that the relevant project grant form has been issued to the relevant company, the draft agreement has by now been forwarded to the Attorney General, and that it is expected to sign the agreement having obtained the approval .
3.	The matter regarding all the work including the preparation of examination papers for the written examination, conducting examinations, paper marking	AO stated that a system with a methodology to answer the written examination using touch screens has been formulated under the guidance of the

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	<p>computerizing answers, custody of answer scripts, and suspension of examinations, etc. carried out by the Examiners of Motor Traffic related to the issuance of driving licenses and the possibility of insertion of fake answer scripts due to not utilizing a serial numbering system by the Department in the answer scripts with regard to the issuance of driving licenses..</p>	<p>committee as well and that it will be implemented with effect from 12<sup>th</sup> July 2018.</p> <p>The committee paid special attention towards the steps that have been taken administratively with pertinence to the storage of electronic answer scripts, the protection of the answer scripts and the protection of system data.</p> <p>The committee which identified the requirement to strengthen the Information Technology Division of this Department instructed that a letter be sent to the Department of Management Services including the staff expansion limits of the Information Technology Division.</p>
4.	<p>The matter regarding the provision of the contract for the printing of Driving licenses of the Department of Motor Traffic for a period of 07 years under the BOT basis to a private contractor and the extension of the said contract period up to 26<sup>th</sup> March, 2018 on two occasions. A sum of Rs. 968 million has been paid to the relevant contractor under this contract for the printing of</p>	<p>The committee expressed its displeasure over several matters like the massive and continuous payments made to the contractor, not paying attention to deduct the amounts of money that should be paid at the extension of contracts and acting irresponsibly without preparing proper plans to acquire the relevant functions under the BOT basis to the Department during the specific time period. The committee directed the Auditor General's</p>

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	driving licenses for the year 2016 alone.	Department to act according to the new Audit Act in this regard. The committee directed the Ministry of Finance to conduct a financial calculation on the loss incurred by this policy decision on the client and the government having studied the contracts relevant to the printing of driving licenses and to report the same to the committee within a period of one month.
5.	Progress of the E-Motoring Project	CAO/AO was directed by the committee to submit a report including the relevant time periods on the implementation of the E-Motoring project and a report including the time periods on the manner in which the scanned old document files are inserted into this new system.
6.	The written examination for obtaining driving licenses to be conducted online in all the district offices	AO stated that the online examination is conducted only in the Werahera office at present and that arrangements have been made to expand this to the other district offices as well under several steps. CAO/AO was directed to take measures to conduct the written examination for the issuance of driving licenses online in the district

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		offices island wide as soon as possible and to submit the committee with a report including the time specifications on the manner in which the said programme is implemented.
7.	<p>The vehicle registration under the category 302 had been proceeded up to vehicle number 302-2108 and English letters had been introduced afterwards. However around 45 vehicle registration numbers between 302-0001 to 302-2108 had been omitted without been registered. Somehow at the audit inquiry conducted on the 26<sup>th</sup> December 2017, it was observed that vehicles had been registered using the said 10 vehicle numbers which were not initially registered. It was also disclosed that the revenue licenses for the said vehicles had been obtained on the same day and the same occasion for a long period of 07 -15 years with effect from the date of registration of the said vehicles and further it was disclosed that the documents related to these</p>	<p>CAO/AO was directed to submit a report to the committee by 20<sup>th</sup> of July including the general recommendation of the Ministry in this regard including the names of the relevant officers and the time periods along with the information related to the date on which these ten vehicles have been registered in the department, the date on which the application forms have been received, by whom have the applications been accepted, by whom has the physical inspection of the vehicles been conducted, as to who has registered the licenses, as to who handled the relevant document files, as to who has obtained the arrears payments regarding licenses, the amount of fines paid relevant to these vehicles, etc.</p> <p>The committee which informed about the need to get a report</p>

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	10 vehicles did not exist in the departmental archives.	with the recommendation of the Auditor General's Department on this incident also decided to get opinion of the Attorney general about the possibility to conduct an external inquiry in this regard after having forwarded the incident to the Attorney General.
8	The award of new contracts pertaining to the print of vehicle number plates	The contracts regarding the print of number plates had been provided to different private companies during a considerable period of time and this was subjected to discussion by the committee on many a times and the CAO/AO was directed to inquire about this from the Ceylon –German Technical training Institute and to obtain a report inquiring the possibility for them to attend to this requirement at least by establishing a separate unit for the same.
9.	Preliminary Inquiry report on the investigations on 07 Prado jeeps which had been registered in a fraudulent manner	CAO/AO stated that a letter has been sent to the secretary to the Ministry of Public Administration and Management informing to present charge sheets relevant to the alleged officers enabling to proceed as per the

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		preliminary inquiry report presented by the Ministry of Public Administration and Management.
<b>Ministry of Foreign Affairs 07<sup>th</sup> August 2018</b>		
1.	The number of buildings located overseas as buildings under the Ministry of Foreign Affairs belonging to Sri Lanka	CAO stated that there are 27 buildings obtained on permanent basis and 350 buildings obtained on lease basis and that buildings are obtained under permanent or lease basis depending on the nature of the country. CAO was directed to provide the committee with a report with detailed information on the financial advantage or the disadvantage of purchasing these buildings or of obtaining them on lease basis along with the details on the vehicles utilized by the foreign embassies before 15 <sup>th</sup> of October
2.	The parties that decide on the composition of foreign mission staff and the criteria applied to establish missions with uneven numbers.	CAO stated that the composition of the mission staff is decided with the Committee on Management Services and is altered periodically based on the requirements and that 42% of the foreign missions consist of

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		<p>the officers from the foreign service,3% of the officers of the department of commerce and 43% out of the contract basis appointments and come under the supervision of the relevant ambassador and that there are around 10% staff vacancies. The Committee directed the CAO to submit the committee with a detailed report having analyzed the criteria adopted relevant to allocating the mission staff to different countries prior to the 01<sup>st</sup> of September.</p>
3.	Methodologies for Sri Lankans to obtain visas for foreign tours.	<p>CAO stated that the provision of Visa is determined based on the absolute authority of the particular country and that new conditions related to visa are imposed by the particular countries in instances of violation of visa conditions and therefore, the Ministry is not capable of intervening in this matter . However according to him, the Ministry has requested the particular countries to have transparency in this regard.</p> <p>The committee directed the CAO to take the required measures to submit the</p>

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		committee with a report on the practical methodology required to enlighten the public in this regard, having formulated a classification based on the countries within a period of one month and to make arrangements to implement the said methodology within three months.
4.	Performance of the Embassies	CAO stated that the functions are evaluated using qualitative and quantitative indicators as per the nature of the functions of the Ministry having improved the major performance indicators through an evaluation after preparing an action plan for the year 2018. The committee emphasized that the measures should be taken by the Ministry to raise the awareness of the ambassadors on their accountability related to this process.
5.	Unavailability of an integrated computer network among the institutions.	The committee observed that this factor has led to weaken the performance of the Ministry. The committee directed that a report in this regard be forwarded to the committee. CAO stated that certain measures have been taken in

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		this regard to work with ICTA in this regard however, it has got delayed owing to a technical issue. The committee also observed that the delay in this programme has made an impact on obtaining the dual citizenship. The committee directed the CAO to submit a report on this before 20 <sup>th</sup> of August.
6.	The agreements entered into by the Ministry of Foreign Affairs with foreign countries.	The committee directed the CAO to do a classification as years 2000-2010, 2011-2015, 2016-2018 and to give classified information regarding the agreements signed by the ministry with foreign countries relevant to the specific periods, the dates of the agreements, the countries with which agreements were signed, the purpose, and the current status.
<b>Ministry of Fisheries and Aquatic Resources 08<sup>th</sup> August 2018</b>		
1.	Although the Madu River and Negambo Lagoon project was to be completed under the funding received from the Netherlands, the Government of the Netherlands had refused to reimburse the Rs. 73 million which was spent on the	C.A.O./ A.O. stated that the Government of the Netherlands refused to reimburse the aforesaid amount due to the delay in completing the project and further stated that the matter was brought to the attention of the Finance Ministry and

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	<p>aforementioned project. Hence, the aforementioned amount had been reimbursed with funds obtained from a loan from the ADB and expenditure heads of the Ministry.</p>	<p>arrangements were made to transfer provisions under FR 66 and that the balance of Rs. 23,432,037.73 has been settled accordingly.</p> <p>The Committee directed the C.A.O./A.O. to prepare a detailed report inclusive of all relevant details including whether the aforementioned report is completed by now, if so, whether the aforesaid project has achieved the expected performance and to submit the said report to the Committee before 20<sup>th</sup> August 2018.</p>
2.	<p>Although an agreement was signed in 2007 with a Singaporean company for the purchasing of 2 motherships, the contractor had failed to manufacture and hand over the said vessels. However, Rs. 113 million and Rs. 65 million had been paid as advances without accepting a bank guarantee.</p>	<p>The Committee had been informed that the files pertaining to this matter have gone missing. However, C.A.O./ A.O. stated that the aforementioned files have now been located and that a committee has been appointed to study the matter. As per the report of the aforesaid committee, the government has incurred a loss of Rs. 65.2 million. C.A.O./ A.O. stated that hence the aforesaid amount needs to be recovered from the Singaporean company, necessary action will be taken after consulting the Attorney General.</p>

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		The Committee directed the C.A.O./ A.O. to carry out a Ministry level investigation against the officers who failed to recover the performance bond. Furthermore, the C.A.O./ A.O. was directed by the Committee to submit a report to the Committee before 01 September on instructions received from the Attorney General, progress of the Ministry level investigation and the names of the officers who are responsible for this situation.
3.	Wellamankara Fisheries Harbour Project	The Committee directed the Project Director to forward a letter to the Committee through the Secretary to the Ministry stating that necessary approval has been obtained for this project from the institutions stipulated by the Department of Coast Conservation; that implementation of the project will not produce any detrimental outcomes; and that responsibility of productively utilizing the funds allocated to this project shall be borne by them. Furthermore, the Committee directed the C.A.O./ A.O. to formulate a report on the obtaining of necessary approvals and to forward the same to the Divisional

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		Coordinating Committee through the Divisional Secretary.
4.	The public company established using investments from 2250 members from District Fisheries Cooperative Association with the objective of uplifting the life standard of micro businessmen in 07 Tsunami hit Districts.	C.A.O./A.O. stated that a committee has been appointed to look into this matter further.  The C.A.O./ A.O. was directed to submit a report to the Committee within a month on matters raised by the Auditor General with regard to the aforesaid project.
<b>Ministry of Defence 10<sup>th</sup> August 2018</b>		
1.	Attention of the Committee was drawn to the fact that a sum of Rs. 39.43 million granted to the Ministry in 2015 to pay the interest on a loan obtained from a government bank by the John Kothalawala Defense University to build a teaching hospital for the University in 2015 had been utilized for a different purpose.	It was disclosed to the Committee that hence the dollar exchange rate at the time money was granted from the Treasury was lower than the dollar exchange rate at the time necessary funds were requested from the Treasury, the difference had been used by the University to settle another recurrent expenditure. Later on, Treasury approval had been sought to rectify this expenditure but the Treasury has informed that the aforesaid expenditure cannot be approved since it is a wrongful usage of funds.  It was further disclosed to the Committee that by now, such

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		differences in exchange rate are taken into consideration when funds are granted to the University to pay back loan installments.
2.	A sum of Rs. 6,292,456/- which should have been spent from the 'Api Wenuwen Api' Statutory Fund to cover expenses of various functions of the Fund for the year 2014 had been paid by the Ministry. It was further revealed that the Fund is not supposed to bear any such expenses.	A.O. stated that the aforementioned expenditure which was made for organizing events to hand-over the houses built under the 'Api wenuwen Api' fund for the year 2014 to the war heroes, was borne by the Ministry as per the instructions issued by the then Secretary to the Ministry. C.A.O. was directed to submit to the Committee a comprehensive report on how such an expense was borne by the Ministry.
3.	Although the annual budget estimates had not provided for gifts and entertainment of local and foreign guests, a sum of Rs. 13,225,990/- had been spent for the same under the expenditure head 'Supplies and other Services'. All of the above expenses had been approved by the Army Coordinating Officer who had not been vested with necessary powers under FR 135.	C.A.O. was directed to submit a detailed report with explanations in this regard.
4.	The Akuregoda Tri-Forces Head Quarters building had been approved by the Cabinet on 25 January 2011 as a building with an area of 211,500m <sup>2</sup> and an estimate of Rs. 25 billion. Plans	C.A.O. stated that the project is implemented with proper management from the last period of year 2017, that procurement activities have been completed by now and that

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	<p>had been formulated to complete the building in two phases. However, the area of the building has been later increased to 411,915m<sup>2</sup> and consequently the cost had been increased to Rs.55.60 billion. Furthermore, the project is carried out at an extremely slow pace. Hence the Committee inquired the reasons for the above.</p>	<p>arrangements have been made to complete two buildings and to establish the Army and the Ministry of Defense in these buildings in April next year.</p>
<p>5.</p>	<p>The fair market price used to assess quotes submitted to supply foodstuffs to the tri-forces is based on the prices determined by the Technical Evaluation Committee. It had been observed that the process adopted in this regard has shortcomings and that allegation have been levelled to the effect that some bidders are faced with injustice as a result.</p>	<p>C.A.O. stated that the sole objective of determining a fair market price is to ensure that best quality food is supplied to the personnel of the security forces at the appropriate price and that some bids had to be rejected since the bidders had quoted some unrealistic prices.</p> <p>Committee observed that there are various issues in procuring foodstuffs for the tri-forces and emphasized the need for a computerized system to handle this matter.</p> <p>Committee directed the C.A.O to carry out the following: to immediately appoint a committee to prepare an information management system which connects all institutions involved in the procurement process including the camps of the security forces</p>

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		and the suppliers; to obtain the assistance of an external service provider in order to commence activities on such a system; to hold preliminary discussions in this regard and submit a written report on the same to the Committee by 01 September 2018.
6.	A procurement process had commenced in 2016 to purchase 75,000 tall black boots for the requirement of Sri Lanka Army but no purchase has been made up to 02 July 2018. It was disclosed at the Committee that the said tender process involves uncertain and suspicious activity.	The Ministry had not replied to the audit query made in this regard. The Chief Internal Auditor was directed to carry out an immediate investigation into this matter and to submit their recommendations through the Secretary to the Ministry.
<b>Ministry of Resettlement, Rehabilitation, Northern Province Development &amp; Hindu Religious Affairs 23<sup>rd</sup> August 2018</b>		
1.	Progress of the following projects: Pilot project to build 1000 houses under Indian funding in 2015 and 2016; Project for 46,0000 houses under financial provisions of Rs. 6,492,000,000/- from India; and other housing projects implemented with foreign funding.	Out of these houses, the construction work on 43,510 houses has been completed by now. Further 221 houses have not been built. Coordinating the project and financial control is handled by the Indian High Commission. Ministry is vested with only the responsibility of facilitating the project. C.A.O./A.O. stated that the Indian High Commission is working on implementing a new project of building 131 houses

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		in Batticaloe in place of the 221 houses not built yet.
2.	Progress of the project to build 537 houses with support from Pakistan, Kazakhstan and Bahrain.	<p>A project to build 537 houses using foreign funds commenced during 2015-2017. For this purpose Pakistan has granted Rs. 193.35 million, Kazakhstan has granted Rs. 27.95 million and Bahrain has granted 187.92 million. These financial provisions, which had been received by various Ministries, were provided to the Ministry through the Appropriation account of 2015. The money has been deployed for housing construction activities through the 07 District Secretariats.</p> <p>As per the project agreement, a sum of Rs. 550,000/- is provided as financial support from foreign funds to build a house of 550 square feet. Balance amount is to be provided by the General Treasury. When a decision was taken to increase the financial support to Rs. 800,000/- later, those who received Rs.550,000 earlier protested against this decision demanding that they too be paid the newly approved amount. Work on this project is currently on hold. Those who obtained financial assistance have failed to show that they</p>

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		<p>have carried out substantial volume of work with the assistance they received. Hence, releasing the remaining amount of their assistance package too has become problematic. C.A.O./A.O. stated that hence, a balance of Rs. 16,975,000/- remain from the provisions as at 31 December 2017. He mentioned further that none of the expenditure reports of the project has been sent to the Ministry yet.</p> <p>He further stated that no financial provisions have been allocated to the Ministry for the construction of houses in 2018 and that no favorable response could be gained from the Ministry of Housing and Construction for the requests made by the Ministry in relation to provisions for housing development.</p> <p>Committee expressed concern over the fact that these projects have indicated no success and stated that attention of the Secretary to the Ministry of Finance should be drawn to projects which show no financial or physical progress. Committee directed the C.A.O/ A.O. to carry out follow-up</p>

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		<p>activities on such projects, discuss with respective officers the steps that can be taken to utilize such money productively, formulate a suitable course of action and report to the Committee within a month.</p>
3.	<p>When a building with an area of 35,000 square feet was leased in 2015, to house the 7 institutions coming under the Ministry, a total of Rs. 24 million plus VAT had been paid as rent for 27 months at a lease amount of Rs. 889,500/- exceeding the valuation made by the Chief Valuer.</p>	<p>The C.A.O./ A.O. stated as follows: Open bids were called to obtain on lease a suitable building that could be used to house the institutions coming under the Ministry. Three bids with Rs. 39.93, Rs. 140.00 and Rs. 145.00 respectively per square foot were received. The bid with the lowest value of Rs. 39.90 per square foot was rejected as the building in question was not vacant. The second bid of Rs. 140.00 per square foot was for a building much larger than the requirement of the Ministry and it was not suitable for an office environment. Hence, it was rejected. Ultimately, the procurement committee had to accept the tender which quoted Rs. 145.00 per square foot.</p> <p>The C.A.O./ A.O. further mentioned that the Ministry and other institutions coming under the Ministry have been housed in this building for the past two</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		<p>years and that bids were called for the year 2018 with an ceiling of Rs. 180. per square foot but the owner of the building quoted an amount of Rs. 185.00 per square foot. Discussions are currently under way for a price revision and it is expected to reduce the rent to Rs. 156.00 per square foot. Given the time that was consumed for this process, an extension will have to be taken.</p> <p>Committee directed the C.A.O./A.O. to follow procurement regulations when carrying out these activities.</p>
4.	The statistics furnished by the Ministry in relation to the progress of various projects for resettlement do not indicate satisfactory progress.	C.A.O./A.O. stated that given the total of approximately 164,000 displaced families, the amount of money allocated for resettlement annually is not sufficient. Out of the total provisions allocated last year, i.e., Rs. 14 billion, a sum of Rs. 12 billion had to be spent on housing development. Reviewing progress on the basis of the number of persons benefitted is not practical. It is best to assess progress comparatively based on provisions allocated. C.A.O./A.O. further stated that the Ministry has achieved 98% progress in resettlement.

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
<b>Department of Resettlement &amp; Hindu Religious Affairs 23<sup>rd</sup> August 2018</b>		
1.	Vacancies in the actual cadre of the Department	<p>C.A.O./A.O. stated that there were 58 vacancies in 2017 and that the number of vacancies was reduced to 38 by 31 July 2018. Further, requests have been made with regard to vacancies in senior positions.</p> <p>Attention of the Committee was drawn to the fact that the Accountant of the Department had received a promotion and is currently employed at another Ministry, while he is carrying out duties at this Department temporarily as the acting Accountant since January, 2018. C.A.O./A.O. stated that a request has been made for the appointment of a new accountant and that they have been informed that a new Accountant will be appointed with effect from January, 2019.</p>
2.	Submitting the criteria applicable to granting assistance to Kovils as per the recommendations of the Committee on Public Accounts which met on 07 August 2013.	C.A.O./A.O. stated that a five year plan has been launched with the inclusion of six criteria which are to be taken into consideration when granting assistance to Kovils. Although Rs. 1200 is required to implement this plan fully, the annual budget allocates only about Rs.80 million to the

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		<p>Department. Hence practical implementation of this programme has become problematic.</p> <p>It was disclosed to the Committee that the aforementioned plan will be suspended until expected funds are received. Currently, a general procedure is adopted to grant assistance to Kovils. Committee directed the C.A.O./A.O. to submit a report in this regard to the Auditor General.</p>
3.	Scope of the Hindu Cultural Fund and preparation of its budget	<p>C.A.O./A.O. stated that the aforesaid Fund is solely for the development of Hindu Sunday Schools and that there have been difficulties in formulating a budget because funds were not collected even by the end of year 2016.</p> <p>C.A.O./A.O. further stated that the relevant parties have been notified that they are expected to submit their budget to the Department of National Planning as per the audit query of year 2018. Collection of funds has commenced now. Hence, action will be taken to submit the budget on time in the ensuing years.</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
4.	Implementation of the Hindu Cultural Fund Act	<p>C.A.O./A.O. stated that as per the Hindu Cultural Fund no. 31 of 1985, collection of funds commenced in year 2016 and that Rs. 3.7 million and Rs. 11.7 million was collected respectively in years 2016 and 2017.</p> <p>C.A.O./A.O. further stated that 1600 kovils in the North and East were damaged consequent to the war and require renovations. Out of these Kovils, 830 have been fully decimated. However, funding allocated for the Kovils from the budget is limited.</p> <p>It was further mentioned that donations received from the Panadura Kovil and in particular, the donations received monthly (Rs. 500,000) from the Murukkandi Pillair Kovil of the Killinochchi District are used for the development of destroyed Kovils in the area.</p> <p>Attention of the Committee was drawn to expanding the scope of the Hindu Cultural Fund and using it to collect a greater volume of funds as well as to the possibility of keeping the Fund open.</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
5.	There was an overdue balance of Rs. 86,931.00 in the advances to government officers account as at 31 December 2016. These overdue amounts have remained so for a period ranging from 17 years to 27 years but the Department has failed to recover them.	<p>C.A.O./A.O. stated that the amounts could not be written off since each balance exceeds Rs. 10,000/-. Furthermore, it is not possible to identify the debtors. This matter was referred to the Treasury and the Treasury has instructed the Department to recover the amounts from the guarantors. However, it is difficult because files pertaining to the older balances can no longer be found.</p> <p>Hence there is no specific methodology to either recover these overdue amounts or to write them off, and hence the Department of Auditor General poses continuous audit queries in this regard, the Committee instructed the General Treasury to look into the possibility of settling these overdue balances under special approval of the Treasury and to implement a suitable procedure for the same.</p>
6.	Construction of a new building for the Katharagama Pilgrims' Rest managed by the Department of Hindu Religious and Cultural Affairs and the disclosure before the Committee of several shortcomings pertaining to the payment of Rs. 29,475,632.00 to a private	C.A.O./A.O. stated that the initial construction work on the new building of the Pilgrims' Rest was undertaken by Sisira Builders and the supervision as well as engineering aspects of the project were undertaken by CECB. Shortcomings in this regard have now been rectified.

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	company in 2015 for the above purpose.	<p>However, the contractor has refused to undertake the construction of the new portion of the building. The construction of the new portion, therefore, was assigned to the Katharagama Divisional Secretariat through the Katharagama District Secretariat. Accordingly agreements will be signed between the new contractor and the Divisional Secretariat. Supervision of the activities will be handled by a technical officer from the said Divisional Secretariat.</p> <p>C.A.O. was directed to submit to the Committee a comprehensive report with photographs of progress and rectification of shortcomings in the construction of the new portion of the building.</p>
<b>Ministry of Education</b> <b>24<sup>th</sup> August 2018</b>		
1.	Present situation of the national teacher transfer policy	CAO stated that all the three phases of the ten-year transfer process has been completed, and that consideration of appeals and transfer boards have also been completed. He further stated that, as there have been issues related to implementation of this policy in certain difficult

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		areas, action is being taken to exchange teachers in collaboration with provincial councils in order to solve those issues, and that this policy will continue to be implemented so that fair treatment would be given to everybody.
2.	The Committee enquired about the present situation of the issues that have remained unresolved in the school system due to the irregularities and acts of ill-discipline that have taken place within the school system. It was revealed before the Committee that the number of disciplinary issues that had not been resolved as at 19 January 2018 was 554.	The Committee, having paid serious attention to the facts that a very long time had been taken to resolve these issues, and that other issues had resulted from them, decided to draw the attention of the Public Services Commission towards this problematic situation, and to call a report from the Public Services Commission regarding the mechanisms and measures that should be adopted to resolve the complaints that have been received and issues that have arisen due to the irregularities and ill-disciplines acts taking place in the school system.
3.	The Committee enquired about the present situation regarding recruitment of principals. As at 31 December 2017, there were vacancies in the posts of principals in 259 of the 353 national schools and for that duty covering appointments were given.	The CAO stated that applications have been called for making appointments legally to fill the vacancies in the positions of principals at national schools, and that it has been scheduled to conduct interviews for the relevant applicants in September 2018.

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
<b>4</b>	<p>Although monitoring of international schools is one of the key objectives of the Ministry according to the National Education Policy, so far no arrangement has been implemented to monitor international schools, and a circular has not been issued regarding admission of students of international schools to government schools in the middle of the year.</p>	<p>The CAO stated that, so far, the Ministry had not been given any powers to monitor international schools, and that the Ministry will receive such powers in due course according to the cabinet paper that had been submitted by the Prime Minister, and accordingly it has been proposed to establish a regulatory committee or a commission to monitor international schools.</p> <p>The Committee emphasized that those children should not be discriminated based on the fact that are students of international schools, and that it is important to implement a constructive regulatory process.</p>
<b>5.</b>	<p>The present situation of regularizing the regulation of Pirivena education and of the study on the factors that have caused the decline in Pirivena education.</p>	<p>The CAO stated that, so far, regulation of Privenas had been done by a venerable monk, and that a civil officer in the Administration Service has been appointed for that at present. He further stated that supervision of Privenas has been completed in a number of Districts at present and that many oversights and wrongs are being corrected at the moment.</p>
<b>6.</b>	<p>The presentation about the computer program that has been developed by Sky Management was done by the officials who participated in the meeting</p>	<p>It was directed by the committee to inform the provincial councils about this computer system and get their consensus, and to take steps to pay the</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	<p>representing that institute, and they stated that they had done it on a voluntary basis as a social responsibility. They further stated that, through this system, there is the facility for maintaining a database of all the scholarship recipients and crediting money to their bank accounts, and that the principals have the facility to monitor it.</p>	<p>bursaries by the Ministry to all schools including provincial council schools.</p> <p>The Committee directed the CAO to implement this computer system for National Schools from 01 October 2018, and for all schools from 01 January 2019.</p>
7.	<p>Directive that was issued to develop a systematic computer programme to include all the information including details of teachers and students and a power point presentation related to that.</p>	<p>The Committee commended the computer system and proposed that the possibility of appraising the performance of teachers and students using this computer system be looked into.</p> <p>The Committee directed the CAO to submit to the Committee before 14 September 2018 a plan of action that contains all the details including the basic features of this computer system, the functions of that system, how the human and the physical resources related to the system are maintained, how this programme is expected to be implemented, updating the data system, and maintaining it without interruption and the relevant time frame.</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
<b>Municipal Council Matale 06<sup>th</sup> September 2018</b>		
1.	Existence of outstanding income continuously since year 2013, and reporting Rs. 32 million out of the total income of Rs. 76 million in 2017 as an outstanding balance.	The CAO/AO stated that outstanding income has increased as state institutes have not paid assessment tax, and institutes such as Health, Water Supply, Education and the Police are among such institutes, and that the outstanding income has been received from some of the institutes, and that action is being taken to recover the remaining outstanding balances. He further stated that affairs of the Municipal Council have been severely affected due to the shortage of experienced officers, and due to transfers of officers after short periods of service, and he emphasized the need to appoint a Grade I Accountant to the Municipal Council as a remedy to this situation.
2.	The progress of recovering the outstanding sum of Rs. 18,860,263/- that existed as at the end of the year under review as the key money for the shops of the shopping complex had not been recovered from 14 lessees when those shops were awarded on tender basis in 2009.	The CAO/AO stated that, although there was a delay in recovering the outstanding balances earlier, the existing difficulties can be overcome and that it can be resolved before the end of the year.

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
3.	Construction of the vehicle yard that was implemented with the agreement that a provision of Rs. 10,000,000/- be provided by the Ministry of Local Government and Provincial Councils in 2016 and the remaining expenditure be incurred by the funds of the Council had been left idle even by 30 August 2018.	The CAO/AO stated that, although the construction work of this building, which is constructed under the financial provision of the Ministry, has been halted at present, it is expected to recommence the construction work of that building after calling for quotations as the necessary provisions have been allocated this year.
4.	The bio-gas plant with 44 m <sup>3</sup> capacity that was constructed in 2012 at a cost of Rs. 796,500/- out of the funds of the Council and the funds received from the shop owners of the area, and the bio-gas plant with 50 m <sup>3</sup> capacity that was constructed in 2015 at a cost of Rs. 3,200,000/- out of the funds of the Ministry of Power and Energy had been left idle even by 30 August 2018.	The CAO/AO stated that the bio-gas plant with 44 m <sup>3</sup> capacity that was constructed with the funds collected from the butchers in the city, and the bio-gas plant with 50 m <sup>3</sup> capacity that was constructed with the funds received from Ministry of Power and Energy are now defunct due to the difficulty in finding a person who has the technical knowledge about the functioning of those plants.
5.	Dola Compost Project that had been left idle even by 30 August 2018.	The CAO/AO stated that, as this compost project is situated in the middle of the city, the bad smell coming from the site spreads throughout the city causing difficulties to people, and therefore action has been to recommence its operations collecting only non-biodegradable waste.

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
6.	The International Hockey Stadium that has become unusable due to the condition of the artificial turf that is 15 years old.	The CAO/AO stated that attention of the Prime Minister has been drawn to this issue, and that it is expected to commence modernization of the stadium after the required provisions have been received.
7.	Construction activities of a public market were commenced at the Railway Warehouse in Matale in 2015, but it was in half-completed condition even by August 2018. Further, a sum of Rs. 1,035,000/- that included an outstanding lease rental as at 08 June 2018 had been paid to the Department of Railways, but a lease agreement had not been entered into. The Committee enquired about the present situation of this issue.	The CAO/AO stated that, as the Department of Railways has increased the monthly rental of this up to Rs. 70,000/- per month, and as the daily rental of Rs. 100/- that is charged from the shops is not sufficient, it is expected to increase the valuation and charge a sum of Rs. 1,000/- per day in future, and that arrangements will be made to increase the income from this by locating at this site all the butchers' shops that are being run in various locations of the city.
8.	The present situation of the four-storey supermarket complex that had been constructed by year 2014 at a cost of Rs. 119,230,940/- out of the funds obtained through local borrowings and from development funds.	The CAO/AO stated that this supermarket complex has been constructed without a proper plan, and as lack of a vehicle park for the supermarket is a serious shortcoming, an arrangement is in place to inform the Chief Minister of the Province of this matter and to develop the supermarket in way that it would generate income. As audit queries are often sent about similar projects of local government bodies that have not

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		been completed, the Committee directed the Secretary to the Ministry of Local Government to carry out a proper study about such projects, and to prepare an effective methodology to complete the construction of those projects.
9.	Although the land located in Diyabubula that belonged to the Municipal Council, had been transferred to the Department of Police for the construction of a building complex for the police, the land in which the old police station was located has not been acquired in return by the Municipal Council, and 4 houses that have been obtained on rent basis spending a sum of Rs. 510,000/- out of the funds of the Municipal Council for residences of police officers are not being utilized.	The CAO/AO stated that, although the Land Commissioner General has taken steps to transfer the possession of this extremely valuable land, which is located in the city centre, to the Municipal Council, it is still in the possession of the Department of Police as the Divisional Secretary has not taken measures to settle the matter, and therefore, it is expected to draw the attention of the Minister of Law and Order to this issue. As it is expected to construct a Municipal Centre and a vehicle park in this land, the CAO/AO requested that action be taken to resolve this issue at least with the intervention of the Public Accounts Committee. The Committee drew its attention to this request, and directed the Secretary to the Committee to inform the relevant parties to take

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		immediate steps to settle the said land.
10	Eleven (11) plots of land situated in Naagolla had been leased out to ten persons for a sum of Rs. 446,117/- and assessment numbers had been issued in 1988 without entering into a proper lease agreement, and action has not been taken to recover the lease rental based on the present valuation of Rs. 75,000/-.	The CAO/AO stated that, in response to the request made to the Department of Valuation to assess the value of these lands that had been leased out at very low values by the former Mayor, a valuation of Rs. 75,000 was made in accordance with the plan of 1989, but the Department was requested through the letter dated 21.12.2017 to do the valuation again based on the new plan of 2011 and that a reminder was sent to the Department in 2018 regarding the same.
11.	Action had not been taken so far regarding the unauthorized settlers in the 103 vacant plots of land in MC Road, Matale, 16 plots of land in Vijaya Mawatha, and in the land in extent of 2 acres and 14 perches in Higgol Saction Park, and an observation had not been submitted regarding the land in MC Road in response to the letter of the Secretary to the Ministry of Local Government dated 05.10.2016.	The CAO/AO stated that, in terms of the Municipal Council Ordinance, it has been referred to HE the President for approval, and that approval of the Council has been granted to award this land to its settlers, and that action will be taken in future to award those lands after charging the relevant taxes. He further stated that action has not been taken to submit an observation report to the Ministry because of an oversight on the part of the Council.

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
12.	<p>A sum of Rs. 3,515,919/- had been spent as at 31.12.2017 as legal cost of the disposal of garbage to Wariyapolawaththa case that had been filed against the Municipal Council and the Central Environmental Authority, and as a remedy to the opposition raised by the public, this land had been purchased at a cost of Rs. 2,000,000/- and feasibility plans had been prepared at a cost of Rs. 400,000/-, but a proper garbage disposal had not been done at this site, and the Compost yard in Dola Road that had been constructed at a cost of Rs. 4,500,000/- had been left idle still in 30/08/2018, and also, production activities of Higgolla compost yard that had been constructed at a cost of Rs. 9,343,457/- under the Pilisaru Project have been stopped since 15 June 2018.</p>	<p>The CAO/AO stated that operations of Higgolla compost yard that had been established close to the General Hospital were ceased on humanitarian grounds on the request of the Hospital authorities, and that the garbage is sorted and dumped at Wariyapolawatta at present. He further stated that operations of Dola compost yard have been commenced at present.</p>
13.	<p>Although an application had been submitted on 24.03.2015 for obtaining an environmental protection licence for the sewage system that had been maintained since year 2007 without an environmental protection licence, it was observed that the due measures had not be adopted in that regard. Accordingly, attention</p>	<p>The CAO/AO admitted that sewage had been disposed in that manner recently, and stated that the existing problem will be resolved after the new sewage system has been constructed, and that it will be able to be completed by December 2018.</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	of the Committee was drawn to the fact that the sewage that had been collected by hiring the gully bowser on 263 occasions in year 2018 had been dumped into the sewage system that had been defunct and openly in lands that belonged to the Municipal Council.	
<b>Ministry of Foreign Employment 07<sup>th</sup> September 2018</b>		
1.	Vision, Mission and Major tasks of the Ministry of Foreign Employment.	The clarification of the C.A.O in this regard is not satisfactory and vision should be developed in accordance with the execution of the responsibilities of the Ministry .C.A.O was directed to submit a report containing the date of commencement of the tasks and other details prior to 10th November 2018.
2.	Huge increase of the number of Sri Lankans who are kept in the safe houses in Middle East.	The committee expressed its dissatisfaction over the inefficiency of the responsible officers who should look in to such matters and it was stated that an idea regarding the efficiency of the officers could be taken, going by the period of time that an individual has to stay in a safe house. However, the committee emphasized the fact that the necessary steps should be taken to bring back

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		the Sri Lankans home, immediately.
3.	Foreign Employment Bureau and the Ministry, receiving a huge number of daily complaints /appeals.	C.A.O was directed to submit an action plan regarding the computer system process in which aforesaid complaints can be saved and on the classification of aforesaid complaints, within a two months' time.
4.	Number of private foreign employment agencies that are blacklisted annually in Sri Lanka and the criterion followed in doing so.	.C.A.O/A.O was directed to submit a report including the details of past 8 years within a month . The committee was of the view that not only the institution but also the board of directors and the shareholders also should be blacklisted in these instances. .C.A.O/A.O stated that a discussion was held with the minister in this regard. Further C.A.O/A,O was directed to submit a report on the efficiency of the Computer System of the Ministry of Foreign Employment, within a month.

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
<b>5.</b>	<p>Payment of Rs. 7,956,850/= of rental for 10 months for having purchased 5 double cabs under operational lease basis by the Ministry in 2017.</p>	<p>Even though the requirement of vehicles should be assessed by a committee with the attendance of the Secretary to the Ministry as per 2.1 of National Budget Circular No 01/2016, dated 2016/03/17, the Secretary had not chaired and the treasury approval had been granted prior to the submission of committee report. The attention of the committee was drawn on the problematic situation that has cropped up as the due process has not been followed and the importance of providing guidelines to evade such issues, was emphasized.</p>
<b>6.</b>	<p>The program titled "The Promotion of the wellbeing of the Labour Migrants and their families living in Sri Lanka", that is being monitored by the Government of Sri Lanka and the Government of New Zealand since 2010.</p>	<p>The committee considered that although the aid to the value of 3,875,000 USD from New Zealand government for the 2<sup>nd</sup> phase of the program which was started in 2014 has to be received through Department of External Resources, it is being received through a Non-Government Organization. C.A.O stated that this is done on phase out basis and the first stage had been directly funded through the International Labor Organization without funding</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		<p>through Ministry .As far as the 2<sup>nd</sup> stage is concerned a cabinet paper was submitted for a Memorandum of understanding , clearly stating that the funds should be granted through Department of External Resource , that condition had been waived and funds have been granted directly once again .</p> <p>However C.A.O further stated that in 2017 and 2018, the process is being monitored by the project advisory committee of the Ministry considering the financial and physical progress. The committee directed the C.A.O to convey this to the subject Minister and to the Cabinet of Ministers</p>
7.	<p>The act pertaining to the Pension Scheme of the Emigrant Workers that should be launched under the Speedy Relief Program of the government, as per the cabinet decision No. ୧୧୭/16/2048/741/011 dated 9<sup>th</sup> November 2016 .</p> <p>This is with the Attorney Generals Department pending approval by 30<sup>th</sup> August 2018</p>	<p>C.A.O stated that the Kuwait fund that is available for this is under the Foreign Employment Bureau and it receives an interest .A share provided by aforesaid fund has been utilized as core capital of proposed pension scheme and such monies will be used for pension scheme once the act is passed .</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	.The financial and physical progress;	
<b>8.</b>	Non accomplishment of the objectives due to the fact that 277 computers were purchased at Rs. 35,500,959 in 2016/2017 not having a feasibility study . A formal design pertaining to creation of family profiles on emigrant workers, maintaining, and updating a database with relevant data pertaining to that.	.The committee expressed dissatisfaction over the defect of not conducting prior assessments in this regard . C.A.O stated that sufficient allocations were not received in this regard and it is e xpected to launch the database before the end of this year.
<b>9.</b>	The ministry’s vehicle that was approved by the Department of Public Finance which was estimated at Rs.2,800,000 by the Government Valuer in 2012 , was not condemned until 2014 and though it was re estimated by an internal committee at the value of Rs..400,000 and sold at the value of Rs.1,274,900 . The money had been returned to the purchaser, as registration documents were not available. Later the condemning process had been done informally and Rs.170, 526 had been spent for advertisements in two instances and sold to the value of Rs . 1,365,367 on the date of 20 <sup>th</sup> July 2018 along with the registration documents which had been taken again .	The committee directed the C.A.O to have a ministerial level inquiry in this regard and to complain the police and CID and C.A.O assured to initiate an inquiry in this regard.

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
<b>Western Provincial Council 18<sup>th</sup> September 2018</b>		
1.	<p>14 Management Assistant posts in the staff of the Internal audit Section and the Internal Auditing requirement.</p> <p>Management Assistants are being paid with the same allowance that the Audit Officers are paid as the Allowance Approval Circular of the Governor doesn't recognize the Management Assistants .</p>	<p>The majority of the Internal Auditors were the graduate trainees on their first appointment . And C.A.O stated that the Management Assistants were recruited on the recommendation of then Director (Internal Audit) and Chief Secretary, with the approval of the Department of the Management Services. Further, They were absorbed to the approved cadre as duties and the audit affairs were abundant and the assistance of the senior officers was required and traveling and allowances are paid keeping with the financial limits .</p>
2.	<p>Imprest balance of two institutions amounting to Rs. 606,461,812/= that was not cleared as at 30<sup>th</sup> June 2018.</p>	<p>C.A.O/A,O stated that the balance Rs.2824 that is due for Agalawatta Divisional Secretariat, has been settled by now . Even though the provincial council pays five items of payments including the salaries of the Intern Medical Officers on behalf of the government and it is recovered from the Ministry of health later, said imprest balance include unrecovered outstanding sum of Rs. 500 Million as well.</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		The committee directed to get information on 9 provinces as this issue is common with all the provincial councils.
3.	A difference amounting to Rs.6,122,459/= as at 31/12/2017 in the balance of General Deposit Account prior to 2015 as per the department accounts and Provincial treasury account in connection with Local Council Department and no action has been taken to detect and rectify it till 31 <sup>st</sup> July 2018	A.O stated that the issue regarding the difference of the balance is prevalent for a long period and a retired Assistant Auditor General has been appointed to resolve that issue.
4.	Provincial council funds invested in Short term investments from 2011 towards the end of 2017.	A.O stated that Rs.3075 million out of Rs. 6750 Millions of short term investments which was available at the end of 2017 and Rs.750 Million of supplementary funds have been utilized for provincial development affairs in 2018.
5.	In terms of revenue account an outstanding revenue of Rs. 2,596,501,783/-, in regard to 12 revenue items was found as at 31/12/2017.	C.A.O / A.O stated that the outstanding revenue of Rs. 28 Million is the equivalent amount of 50% outstanding amount that has to be recovered by the provincial councils from the registration fees of private medical institutions that are registered under the Private Medical Act .  The provincial land Commissioner stated that the outstanding amount of Rs.1200

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		<p>Million of Sri Lanka Broadcasting Corporation that is included within Rs. 2094 Million of outstanding revenue regarding provincial lands, is a defective inclusion. The commissioner further stated that although all the movable and immovable properties are vested with Sri Lanka Broadcasting Corporation as per the act that the Broadcasting Corporation has been established. Although, the chairman has applied for a long term lease in 2012 and it is not necessary to go for a lease as it is the property of the Corporation .</p> <p>The committee directed the C.A.O/A,O to write off such amounts and C.A.O stated that a committee will be appointed and action will be taken to write off the sum from the accounts.</p> <p>The committee directed to submit a summary on the public and private institutions from which such outstanding monies are due and the respective years.</p>
6.	The amounts that were to be recovered on the no pay leave taken by the teachers and officers of the Colombo	A.O stated that the amount that was due on no pay leave in the zone is Rs, 7.7 Million and that amount is being recovered from such officials in installments. A lady Administrative Officer of

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	Education zone as at the end of the year under review.	<p>the Ministry of Local Government who had concluded her foreign leave, from whom Rs. 981,000.00 was due , has agreed to pay the sum back .</p> <p>The committee directed the A.O to coordinate on the common issues like No pay leave, salary advance and non-approved foreign leave in relation to the entire provincial Council.</p>
7.	Rs. 277,693,238/- has spent on 61 half completed buildings in the Gampaha Education Zone .(Report 2016)	<p>. A.O stated that Rs.419 Million has been allocated for 63 such buildings in Gampaha Zone, due to be completed by 31.12.2018 and Rs.1236 Million has been allocated for 176 half completed buildings in entire zone .</p> <p>C.A.O /A.O was directed by the committee to submit a meticulous proposal on completion off such half build school buildings within a month.</p>
8.	Even though a request had been made to take over 156 perches from the state land where Ragama, Preethipura Home for Children is situated in Jaela Divisional Secretariat on long term lease since 2005, the land	Provincial land Commissioner stated that a site investigation has been conducted by the Department of Land Commissioner General and the eviction of the employee who is staying without permission , has been suspended till the

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	being underutilized till the August 2018 and the employees of Water Supply Board staying there without permission since 2008.	respective decision is proclaimed .
9.	Even though, a 80 Perch land that is situated in Mahara Divisional Secretariat Division, had been given on lease to the Bettans Group Company in 2007 for a period of 50 years , non-receipt of annual Tax revenue amounting to Rs.144,000/- as the company has not started the business there and non-implementation of the decision that was taken to revoke the land lease .	Provincial Revenue Commissioner stated that the company has been sued in terms of the laws on Recovery of state assets .
10.	By 2017 , non-payment of lease rentals on the lands that had been given on long term lease to Metal Wood Industries( pvt )Ltd. and Sunwell Engineering (pvt ) Ltd. of Mahara Divisional secretariat , respectively amounting to , Rs 2,994,750/- and Rs.3,872,000/- .	Provincial Land Commissioner stated that , Metal Wood Industries(pvt) Ltd. has agreed to pay 11 premiums of Rs.3000,000 and directions have been given and advises have been sought from the Divisional secretariat and the Land Commissioner in order to take legal action against Sunwell Engineering (pvt) Ltd. as it had paid no payment up to now.
11.	The land “ Gallenayalanda” 11 A. 26 P. in extent, of Dodamgoda North Gramasevaka Division of	Provincial land Commissioner stated that the respective recommendations with regard to the distribution of the lands among the owners by a Land

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	<p>Dodamgoda Divisional Secretariate Division, has been sold by the lessee to 20 persons, on fraudulent deeds.</p>	<p>kachcheri , having taken over the transfer dated 1987/10/19 to the state and canceling the same in terms of the circular 2008 , has been sent to the Commissioner General of Lands ,as per the site inspections that was held by the office of the Provincial Land Commissioner.</p> <p>The committee directed to submit a formal report in this regard, including the period of time in which the approval was granted and the details on the sale of the land .</p>
<p>12.</p>	<p>The Authority had received Rs 261,114,300/-for the 2<sup>nd</sup> stage of Saru Daham Arunella Project that provides common facilities to the Damma schools that are conducted in the religious places of the Western Province and Rs. 16 Million being spent on the Publicity and the refreshment.</p>	<p>The committee directed the A.O to submit a detailed report with regard to the entire estimate .</p>
<p>13.</p>	<p>Spending Rs.165,921,430/- by the end of 2015 for the Negombo, Eththukala Beach garden of which constructions were started in 2010 and lessee still having the income of aqua park even by August 2018, although the lease agreement which had been entered on 17<sup>th</sup> May 2017 had been terminated</p>	<p>The secretary stated that the legal action has been taken to evict him from the possession and his 50 lakh bond had been fixed deposited and action will be taken to avoid any loss .</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	as the lessee had failed to pay the lease rental properly .	
14.	Two Concrete Laying Machines which were purchased in 2012 at the cost of Rs, 158. Million and the kurb machine of Rs . 6 Million not utilized for road constructions by the end of November 2014 by RDA.	It was revealed in the committee that Provincial council roads to the value of Rs 194 Million has been constructed with the said machine and Local Council roads to the value of 17.5 million has been approved to be constructed in 2018 . The width of a road has to be at least 4.2 m in order to use this machine.  It was directed to submit a report to prove that this machine is being used and to have the maximum use of this machine.
15.	Awarding SLAS special grade and paying the respective salary to a Grade 1 SLAS officer who was employed in the Provincial Public Service Commission since 2007.	A.O stated that it is not a promotion and the Governor has established her in that salary scale to fill a vacancy ,as per the article 32 of the Provincial Council act No.42 of 1987 and the committee directed C.A.O /A,O to seek Attorney General's advice to solve this issue .
16.	The disciplinary inquiry against a Municipal Commissioner of Colombo Municipal Council had not been conducted even by August 2018 . The salaries and the allowances are paid by the Provincial Council fund and this officer had been assigned to the	.C.A.O /A,O stated that the governor had attached her to Chief Ministry's office after holding the disciplinary inquiry against her and the preliminary inquiry had been conducted by Governor's Secretariat handing over a charge sheet and it has been sent to the Public Service

	<b>Main Issues Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	Chief Ministry's secretariat in 2015 and has not obtained a service though a post had been given in the western Provincial Council .	commission on 02.11.2016 and the inquiry is still pending . She has been attached as per the Court order as she has instituted an action in the Supreme Court.
17.	Although the staff of the Chief Minister had to be confined to 15 as per the President's office letter No. PCMD1/4/23/4/4 dated 2011/12/19, on State Expenditure Management, the number of the staff is 45 in 2016.	C.A.O /A.O stated that the approved staff of the Chief minister is 26 and salaries are paid only for them and the additional 15 employees have been only attached from the Provincial Council .
18.	Lessee has sold 24 acres on fraudulent deeds from the leased out land LL 89 of 35 A. 05 R. 59 .P in extent situated in Ingiriya Divisional Secretariat division.	The committee directed the Provincial Land Commissioner to submit a report on this land sale making an inquiry with the Pradeshiya Sabha .
19.	Termination of the lease agreement which was entered into as at 09.12.2016, on a state land of 4 A .1R, 18 P.in extent , in Balagala Gramaseva Division which was leased out in 1997 for an agricultural purpose , since the same had been used for a commercial purpose.	Provincial Land commissioner requested to grant the ownership of the house that has been built by the lessee in the land and to grant long term lease to the interim lessees .And the Divisional secretary has sent recommendations to the Commissioner General of Lands requiring the termination of the lease approval. Committee directed C.A,O /A,O to submit a report in this regard .

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
20.	Possibility of waste oozing in Karadiyana Waste Collecting Terminal of 25 acres, mixing with the waters of Bolgoda Channel and no action has been taken in this regard .	The secretary to the committee was directed to have a report from the Central Environmental Authority in regard to the present situation
21.	Although a discarded paper tissue machine was imported in 2007 at the value of Rs.3,726,236 with the administrative costs of Rs. 2,973,918/- ,it had been given to Kolonnawa Urban Council in 2013 and in 2017 this machine had been destroyed due to the Meethotamulla Garbage dump collapse . No formal inquiry has been conducted in this regard even by 2018 .	C.A.O /A.O stated that preliminary inquiry in this regard has been conducted on 31.05.2018 as per the directions given by the Provincial Accounts Committee and the respective committee has stated that the first inquiry report will be submitted by 07.12.2018.
22.	Issuance of route permits by Road Passenger Transport Authority and the Procurement process.	It was revealed that the minimum bid in issuing bus permits is determined by a permit committee under the chairmanship of the chairman and since there is no sufficient number of investors to meet the service requirement, the permits are issued to the late investors adding 10% with the minimum bid, as per the article 8.3 of the tender conditions  The committee emphasized that careful actions should be taken

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		as there are number of issues in this regard .
23.	Illegal occupants staying in an area in extent of 10 A. 1 R. 23.71 P for a long period of time, and the Provincial Road Development Authority has only the rights of Possession of this land.	The committee directed to grant the occupants with the proper deeds through the Divisional secretariat as the survey of the same land has been completed by now and to take action to take the rest of the lands to the Authority .
24.	<p>Assigning, financial and planning, Law and Order , Local Government and Economic Development subjects with the Chief secretary as per the amendments made in 2009 to the annual financial statement which was available since the inception of the provincial council .</p> <p>The Chief secretary Conducting provincial Board of Ministers Meetings and signing papers submitted in Board of Provincial Ministers meetings as he represents the Provincial Account Committee in the capacity of the secretary to the provincial Treasury .</p>	<p>C.A.O stated that action will be taken as per the directions of the Hon. Governor and the Board of Ministers in time to come .</p> <p>The committee directed to study the situation of the other provincial councils in this regard and the legal grounds and rectify if there is any issue. .</p>
25.	To Gazzatte the Provincial Council roads.	The legal officer of the Western provincial council stated that the ownership of the other roads other than the main Roads are

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		<p>vested with the Pradeshiya Sabhas and it is stated that they should be gazzated in order to support the ownership in terms of the Local Councils Act No 15 of 1987</p> <p>The committee directed the C.A.O /A.O to submit a report on this including the details of 9 Provincial Councils within a month, to formulate a certain programme with regard to publishing gazzate notifications with regard to the rest of the roads ,and to inform of the lands that are not depicted in the documents .</p>
26	Building illegal dwellings in common lands, taking over ownerships and lands without deeds.	. The committee directed the Commissioner of Local Councils to take actions to formally legalize such lands until the acquisition is done, having an updated land list in all 38 Local Councils
<b>Special Meeting on the Performance Audit Report on Intervention of Relevant Government Institutions in the Import of Quality Food</b> <b>19<sup>th</sup> September 2018</b>		
1.	Although it has been stated under the food (milk and milk products) regulations of year 2010 that no person shall import, manufacture, transport,	The Food Control Administrative Unit stated that the melamine tests on every stock of powdered milk were conduct by the Food Inspectors

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	<p>distribute, sell, offer or keep for sale any milk or milk products in Sri Lanka, containing melamine in levels exceeding 1.0 mg/kg (Part Per Million.), releasing stocks of powdered milk based on the certificate of conformity issued by the country of origin without testing samples and citing out the decision taken at the meeting of the Food Advisory Committee, importer informing that it is not mandatory to conduct a melamine test on the relevant stock of powdered milk if the New Zealand Food Safety Authority declares the stock is free of melamine.</p>	<p>of Food Control Unit who have been stationed in every point of the Customs Department for number of years with the assistance of the ITI and since melamine was not found, one in every four stocks of powdered milk is being tested.</p>
2.	<p>In terms of the order issued at the meeting of the Committee on Public Accounts held on 08.03.2017 to conduct tests to find out whether fruits in the market contain sediment components of pesticides, the Government Analyst's Department while stating that sediment components of pesticides banned in Sri Lanka were found in each samples of apples, grapes and oranges sent by the Ministry of Health for</p>	<p>Although the sediment components of pesticides in the fruits that were tested contained in minute amount, the Committee drew its special attention on the matter since they cannot be contained in food even by small amount as those pesticides have been banned in Sri Lanka. The Committee ordered the C.A.O. / A.O. to submit a report on the measures taken by the Ministry of Health in this regard</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	tests, further said that the aforesaid sediment components of pesticides were found in the samples of imported fruit stocks as well.	before the 01 <sup>st</sup> October 2018 and to report about the other countries that have banned pesticides (Chlorphyrifos), banned by Sri Lanka.
3.	Although the level of dairy fat in full cream milk powder should not be less than 26%, it has been reported that the fat percentage of stocks of powdered milk had declined from a range of 0.4% to 1.4% on four occasions in the period from 2012 to 2013.	The Ministry of Health stated several stocks of the issue related imported of powdered milk had been received and it was ordered to re-export the stocks since they failed the preliminary tests. The Ministry also informed the current situation will be reported to the Committee after being inquired.
4.	Situation regarding the rejected stock of imported canned fish	The Custom officials said the importer has been ordered to re-export the stock. However, it was revealed before the committee that certain canned fish stocks that were released earlier to the warehouses of the importer have not been re-exported and therefore, the committee ordered the Sri Lanka Customs to submit a detailed report on the matter.

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
5.	<p>The standard of types of meat available in the market was discussed and it was revealed before the committee that there are issues regarding the standard of meat and meat related products since it is not mandatory to obtain the standard certificate issued by the Sri Lanka Standards Institute.</p>	<p>The Ministry of Health stated that regulations are being prepared for meat and meat related products as well as for several other food items by a Sub-Committee on Food and regulations on labeling of food items, milk and milk related products, food preservatives, bottled water, iodinated water and food additives have been prepared and have already been forwarded to the Legal Draftsman of the government. The Committee decided to inform the Legal Draftsman to prioritize the drafting of those regulations.</p>
6.	<p>When examining the participation of the Food Advisory Committee, which is comprised of 25 members who represent various institutions, it was revealed that 08 meetings have been held in the period from January to 31 August, 2018 and representative from Sri Lanka Standards Institute, Medical Research Institute, Consumer Affairs Authority, Food Commissioners Department and the Legal Officer (Ministry of</p>	<p>The Committee on Public Accounts ordered to take measures to enlighten the relevant officials on the matters discussed at this Committee, during the next meeting of the Food Advisory Committee scheduled to meet on Tuesday of the second week of October and to prepare and submit a programme, which includes proposals regarding the measures that can be taken in this regard.</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	Health) have not attended half the meetings or more.	
<b>Special Investigation on Public Debt Management in Sri Lanka 20<sup>th</sup> September 2018</b>		
1.	The legal background relevant for government's financial (republic) statements	<p>According to Section 15 of the National Audit Act No. 19 of 2018, the Auditor General was of the view that attention should be focused on the following matters with regard to the financial statement that should be submitted by the treasury in accordance with the provision on financial statements submitted by the treasury.</p> <p>(a) The statement is restricted to the transactions taking place via the consolidated fund. However by preparing a common statement for the government it is expected to create a positive development.</p> <p>(b) According to the Act, the Secretary to the Treasury shall submit the financial statements of the government to the Auditor</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		<p>General not later than three months after the close of each financial year of the government and the annual report of the Ministry of Finance along with the audited financial statements of the government and the Auditor-General's opinion thereon shall be tabled in Parliament by the Minister assigned the subject of Finance before May 31 of the following financial year.</p> <p>(c) It also stated that the statement of financial performance during the financial year, a statement of financial position showing the assets and liabilities of the government and a cash flow statement for the financial year, accounting policies applied and notes thereto, together with a performance report for such year should be included.</p> <p>(d) A proper mechanism should be prepared with regard to submission of these financial statements.</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		Therefore, he further pointed out the National Audit Act has made it legally bound to submit government's financial statements to Auditor General and the Parliament within a certain period.
2.	<p>The definition regarding public debt.</p> <p>Withdrawing an amount of 907 million Dollars of the loan obtained for the construction of Hambanthota Harbor from treasury accounts on 31.12.2017.</p>	<p>The C.A.O. / A.O. stated according to the cabinet decision taken on 20.07.2017 it was decided that the treasury shall settle this loan and allocations to repay the loan will be provided to the Sri Lanka Ports Authority annually and to write off the credit from the accounts is a wrongful act since it belonged to the Sri Lanka Ports Authority.</p> <p>It was the view of the Treasury Officials that according to the Foreign Loans Act, the said definition regarding public debt has been given for the purpose of obtaining loans and not for accounting purposes.</p> <p>Furthermore, it was the view of the Auditor General that the loans obtained by the Road Development Authority should be considered as debt of the</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		<p>government as the loan is entirely settled by the Treasury.</p> <p>It was the view of the Committee that a correct definition should be obtained regarding public debt.</p> <p>Therefore, the Committee ordered C.A.O. / A.O. to take a policy decision regarding debt of the government considering the fact which party is settling the loan.</p> <p>The C.A.O. / A.O. was ordered to submit a report before October 01, 2018 on amount of loans released to state enterprises on treasury securities with regard to years 2016, 2017 and 2018 as well as the amounts that have been utilized from those loans.</p>
3.	Local Funds which are functioning outside of Consolidated Fund	The C.A.O. / A.O. was ordered to submit the report of the committee appointed to investigate state funds.

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<b>Performance Audit on the Intervention of State Institutions in Securing the Contribution of Inventors in the National Economy 21<sup>st</sup> September 2018</b>		
1.	Sri Lanka Inventors Commission not publishing and promoting information regarding research and science in general as well as not holding monthly meetings to exchange ideas among inventors as per the Inventors Incentive Act (No.53 of 1979).	<p>The importance of holding such meetings and taking measures to give proper social recognition to inventors as well as to commercialize the products was emphasized.</p> <p>The Commissioner of the Sri Lanka Inventors Commission stated although it is difficult to hold monthly meetings with the limited number of employees measures would be taken to rectify the situation and added the science magazine published to promote information on inventions will be distributed with Lake House newspapers on the last Friday of every month. It was also revealed that they have been provided with identity cards and facilities have been provided to them come and meet on every Tuesday.</p>
2.	Sri Lanka Inventors' Fund. The balance of the Sri Lanka Inventors' Fund by January 2013 was Rs.2,543,450/- and by December it was Rs.4,001,821/-	The Commissioner said the fund did not receive money from year 2015 and the financial assistance required by inventors was provided from the capital

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	and by December 2014 it was Rs.10,484,297. The fund had not been fully utilized and it had no specific source of income.	funding of the Commission increased by the Ministry of Finance. However, the Committee ordered to prepare a more practical programme instead of providing capital funding to inventors.
3.	Providing technical aid to inventors.	The Commissioner said measures have been taken to establish research centers required by the inventors at NERD and in the University of Jaffna from Rs.100 million allocated from the last budget and 05 more centers will be established from the remaining Rs.75 million.
4.	Intervention made to provide patents. Shortage of Science Graduate Patent Examiners attached to National Intellectual Property Office to assist inventors to obtain approval when preparing patent applications.	The Director of the National Intellectual Property Office was ordered to recruit officers for this purpose as soon as possible and to take measures through the Management Services Department to fill the vacancies after educating the Secretary of the relevant Ministry regarding the matter.
5.	Measures taken to ensure the inventor who makes an invention receive personal benefit from the new production	The Commissioner said a programme to give an international recognition to inventions was commenced in

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	and the society is benefitted as well.	year 2016 and number of victories were achieved by taking part in various competitions and added they have paved the way to give a commercial value to the products.
6.	Renewing the patent.	<p>While pointing out the annual renewal of patents is a requirement under Section 83(2) of the Intellectual Property Act No.36 of 2003 and the current percentage is low as 15%, the Committee inquired whether the technical expiration of an invention or the product being unprofitable has resulted this situation.</p> <p>The Director General of Intellectual Property said a study conducted regarding this failure has observed that the inventors have shown no interest to take their products forward.</p> <p>The Committee instructed the Inventors Commission and the Intellectual Property Bureau to take measures to educate the public on inventions through media.</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
7.	<p>Registered Sub-agents.</p> <p>The National Intellectual Property Office not taking measures to hold the examination required to recruit or to register sub-agents in terms of the notice in the Extraordinary Gazette Notification No. 1445/10 dated May 17, 2006.</p>	<p>The Director General stated the National Intellectual Property Office does not possess the subjective expertise to hold the examination for sub-agents.</p>
8.	<p>Providing legal aid to inventors</p>	<p>The Committee ordered the Commissioner to take immediate action to fill the required vacancies after educating the Director General of Management Services Department of the Ministry of Finance since a legal division is yet to be established although legal assistance should be provided to the inventors in cases regarding patent ownership and since the position of Legal Officer has not been mentioned in the approved cadre.</p>
9.	<p>As a whole, the percentage of presenting new inventions in the open, university and school categories annually, being low and the new invention</p>	<p>The Commissioner said arrangements have been finalized to commercialize 21 out of 34 inventions, that emerge victorious in the school category of the “Sahasak</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
	percentage in commercial sector is drastically low.	Nimavum” exhibition and they will be available in the markets within the next two months.
10.	The Research Institutions that can make interventions regarding inventions of Sri Lanka and relevant for them.	The Committee ordered the Commissioner of the Inventors Commission to submit a report on the tasks that can be expected from those institutions. The Commissioner was also ordered to look into the possibility of obtaining the cooperation of the private sector for this purpose and supporting the inventors on the basis of obtaining a share of the profit gained by commercializing the invention.
<b>Department of Motor Traffic 12<sup>th</sup> October 2018</b>		
1.	The present situation in absorbing the officers who hold departmentalized positions to allied combined services.	The C.A.O. /A.O said time has been granted for the relevant officers to express their desire to be absorbed to allied combined services till October 27, 2018 and pointed out it is mentioned in the circular that the officers who do not express their desire will be sent on retirement.  The C.A.O./A.O who was ordered to submit the number and details of officers who

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		<p>express their desire to be absorbed to allied combined services to the Ministry of Public Administration by November 10, 2018 and to educate the Committee in this regard was also directed to send officers, who do not express their desire, on retirement by November 10, 2018 and to report all the information to the committee.</p>
2.	<p>Extending the contract period mentioned in the agreement with regard to issuing of current driver's license on three occasions in the period from March 26, 2016 to March 31, 2019 under the prices mentioned in the agreement and planning future procurement activities under the basis 'BOO' without acquiring the process of issuing of driver's license to the department under the prevailing agreement.</p>	<p>While stating that it is difficult to carry out the driver's license issuing process by the department with the available resources the A.O. added a new tender is to be offered under the cabinet approval when the contract period expires. He further said measures will be taken to acquire all the physical resources to his department when the current contract period expires as per the conditions of the agreement.</p> <p>While reminding that the higher cost borne to issue a driver's license as well as the decision to award new tenders even after the period relevant for the contract to print driver's license under the BOT basis had</p>

	<b>Main Issued Discussed</b>	<b>Explanations of the Chief Accounting Officer/Accounting Officer and the comments/directives and recommendations of the Committee</b>
		expired and without acquiring the process to the government, had been disapproved by the previous committees as well, the committee said its stance remain unchanged at present too.
3.	The present situation regarding 10 vehicles that were registered on a later occasion under the category 302.	<p>The C.A.O./ A.O. stated that the Colombo Fraud Investigation Bureau has been asked to conduct an extensive investigation in this regard and action is to be taken against officers who are responsible in due course after conducting preliminary investigations.</p> <p>The Committee ordered that a ministerial level investigation should be carried out regarding the incident and expressed its displeasure on the slow pace of investigations. The Committee also decided to send a letter to the DIG of Colombo Fraud Investigation Bureau to expedite the investigation.</p>
4.	The progress of the investigations regarding 7 fraudulently registered Prado jeeps.	It was revealed before the Committee that the Ministry of Public Administration had carried out an investigation in this regard and submitted an investigative report on June 08,

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		<p>2018, although a charge sheet has not been handed over against the relevant officers.</p> <p>While stating that the order issued by him in this regard is yet to be implemented the C.A.O. added future measures will be taken as soon as possible.</p>



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