



First Session of the Eighth Parliament
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Second Report
of the
Committee on Public Accounts
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Presented by
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Chairman of the Committee on Public Accounts
on 23rd of June 2017

Composition of the Committee on Public Accounts

First Session of the Eighth Parliament

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Chairman's Note

The Public Accounts Committee of the First Session of the Eighth Parliament was established on 26th November 2015 and commenced its investigations on 09th of January 2016. This Committee conducted 41 investigations on 38 institutions within the first quarter from 09th January 2016 to 07th April 2016 and submitted its first report to this August Assembly on 22nd September 2016. I am very much glad about the inspiring performance and the significant improvement achieved by most of the institutions by the guidance given by the Committee within this short span of time.

Today I submit to this Parliament the report that includes the observations and recommendations of 36 investigations conducted by the Committee during the period of May to October 2016.

As it is not practicable to summon all the state institutions totaling 842 which are under the purview of the Committee within a period of one year, the Committee having opted to obtain the information of these institutions online through a newly- introduced computer software, to maintain a continuous relationship with these institutions by carrying out initial evaluations on a selected criteria, to formulate new systems to summoning of institutions, and to reactivate the summoning of Provincial Councils and Local Authorities before the Committee, functions with a lot of vigour at present and most of the institutions implement the systems introduced by the Committee as a result of the encouragement given by the Committee to use the information technology.

The main objective of the Committee is not only to conducting post investigations but to guide them to achieve a progress by minimizing the irregularities and shortcomings.

The sub-committee appointed with the Chairmanship of Hon. Eran Wickramaratne with a view to solve the problems with regard to the use of computer applications in state institutions from which the largest contribution to the state revenue is collected and to improve those institutions by networking those institutions to minimize the errors, faults and irregularities and to increase the government revenue and to provide facilities to the people who are obtaining the services from those institutions, submitted its interim report to Parliament on 23rd of November 2016 and I hope that the government will focus its attention to the immediate implementation of those proposals.

It was a challenge to summon 69 institutions and conduct 74 investigations on those institutions along with 3 investigations conducted on special

issues within a short period of time in 2016 (the number of reports considered was 212). I hope that the Committee has given a commendable contribution to establish the practices of good governance while strengthening the monitoring mechanism of the financial control of the government.

The Committee was able to crush the opinion that the Committee restricts to negative recommendations after the investigations and acted without any hesitation to praise and motivate the institutions that have a good performance and financial activities.

I take this opportunity to express my gratitude to the Committee Members who extended their unflinching support without any party difference and my special thanks also goes to Secretary General of Parliament, Deputy Secretary General of Parliament, Assistant Secretaries-General of Parliament and the staff of the office of the Public Accounts Committee.

At the same time, I appreciate the work done by the officers in the Auditor General's Department and all the officers in the General Treasury for their support given to the Committee to act efficiently and effectively.

The Public Accounts Committee has successfully carried out its duties through new dimensions prepared by them and I am happy to inform that we hope to empower the Committee further to direct the state institutions to work innovatively adopting new technological methods in their future activities.

Lasantha Alagiyawanna
Chairman of the Committee on
Public Accounts

Summary Report

The prime functions of the Public Accounts Committee, which is a main Committee that oversees and exercises the fiscal control vested in Parliament in terms of Article 148 of the Constitution of the Democratic Socialist Republic of Sri Lanka, are to scrutinize and review the performance of the state institutions and the audit reports submitted by the Auditor General to Parliament, to examine the documents concerned and public officials who are bound to account for it, to inspect the financial and physical performance, frugality, efficiency and effectiveness as well as whether any acts of corruption, irregularities or non-compliance of laws, rules, Financial Regulations and Circulars has taken place in implementing them, and making recommendations to rectify them.

The role of the Public Accounts Committee has been mandated under Standing Order 125 of Parliament of Sri Lanka for this purpose in the following manner;

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

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

The Committee may when it considers necessary appoint Subcommittees of its own members to examine and report to the Committee on all accounts, finances and management of such Departments or local authorities as the Committee may direct.

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

Accordingly, the second report of the First Session of the Eighth Parliament is presented to the Parliament today.

69 number of Ministries, Departments, District Secretariats, Local Authorities and Provincial Councils which are under the supervision of the Committee were examined during the period from January 2016 to October 2016. This report

includes a brief note on the written and oral explanations given by the Chief Accounting Officers, the views expressed by the Committee, directives and recommendations given by the Committee, related to the 36 investigations conducted by the Committee from May 2016 to October 2016 with respect of the matters mentioned in the Auditor General's reports on 31 institutions 3 special issues and also the progress achieved by the institutions investigated by the Committee and the future plans of the Committee.

The Committee is of the firm belief that as a result of the matters revealed by this report,

these institutions would maintain a financial discipline and an efficient performance by minimizing their shortcomings and irregularities still prevalent and would take policy decisions to prevent such incidents.

Future Course of Action of the Committee

01. Obtaining, Evaluating and Reviewing of information on Provincial Councils, Local Authorities and Sub Institutions under the Provincial Councils

A programme has been launched as a pilot project to computerize the information on the human, financial and physical resources management obtained from the Ministries, Departments and Local Authorities, to evaluate them by giving marks and to summon them before the Committee based on the marks obtained.

Going beyond that, the Committee had already taken action to evaluate the Provincial Councils, the Ministries, Departments, Funds, Statutes and Authorities coming under the Provincial Councils and the Committee expects to receive the completed questionnaires online directly by 2017 and the Auditor General will review online the information received and forward a report containing his opinion.

In addition to evaluating them, the Committee has the intention of guiding the institutions to minimize their shortcomings by acquiring a knowledge on their financial discipline and performance and to take advantage of the opportunities available.

The Committee also intends to continue the process of summoning the Provincial Councils and Local Authorities before the Committee in future which was reactivated by the Committee and to focus more attention on these institutions.

02. Building of public relationship via Public Accounts Committee website

The Committee intends to publish the list of the institutions to be summoned to the Committee via the Parliament website one month prior to the scheduled dates and by obtaining the public views, the Committee expects to obtain an opinion of the real status of the institutions, to use these views as a criteria in summoning these institutions before the Committee and by reviewing these views the Committee expects to minimize their irregularities and shortcomings and also to formalize their activities.

03. Reviewing of the Auditor General's reports tabled in the Parliament.

The Auditor General's reports on the institutions audited by the Auditor General annually are tabled in the Parliament and the relevant institutions are to be summoned before the Committee for investigation based on these audit reports. Despite the fact that it is practically difficult to investigate all the reports, the Committee intends to investigate all the reports as far as

possible. It is a clear fact that the Committee had achieved a considerable progress in this regard.

A brief note on the audit reports tabled in Parliament from 2005-October 2016 issued by the Auditor General's Department on the main spending units of the Government and the reports already investigated by the Committee and to be investigated by the Committee.

<i>Institutions coming under the supervision of the PAC</i>	<i>No of institutions existed as at 31.12.2015</i>	<i>No. of reports not investigated by the Committee so far, mentioned in the reports tabled in the Parliament from 2005 - 2015</i>	<i>No. of reports submitted to Parliament up to October 2016</i>	<i>No. of reports investigated as at October 2016</i>	<i>No. of reports to be investigated as at 2016</i>
Ministries/ Departments/ Special Spending Units	159	514	120	175	459
District Secretariats	25	51	4	13	42
Local Government Institutions	335	11	7	5	13
Provincial Councils	9	76	32	19	89
Total	528	652	163	212	603

04. The progress of implementation of the directives and recommendations given by the Committee and submitting of reports.

Preliminary action had already been taken to initiate a follow up system to scrutinize the progress of implementing the directives and recommendations given by the Committee and submitting of reports called by the Committee within the stipulated period.

234 reports were called from 70 institutions that were investigated during the year 2016 and 91 reports were received by 18.11.2016. The Committee focuses its attention regularly to the reports that were not received on due date and the progress of the implementation of the recommendations of the Committee within

the stipulated period. The Committee will also focus on preventing of delays in submitting of reports and implementing of the recommendations.

05. Identifying the changes of the procedure adopted in utilizing the information technology and effecting the necessary changes and identifying staff training requirements and providing more opportunities for that.

The Committee emphasizes that it is mandatory to implement the current processes, to make changes in the current procedure adopted for computer based regulation so as to apt to the short term and middle term programmes expected to be implemented in future and also to provide ample training opportunities to the staff.

General Observations, Conclusions and Recommendations

1. Audit and Management Committees

The Committee observed that in certain institutions 04 meetings of the Audit and Management Committees are not held annually, in terms of the circular No. DMA (2009) (1) dated 09.06.2016, though it is mandatory and the post of Internal Auditor does not exist. It was also observed by the Committee that there are instances that the Audit and Management Committees of the Local Authorities are held in District Secretariats.

The Committee emphasized that conducting of the Audit and Management Committees of Local Authorities in District Secretariats was not adequate, the Audit and Management Committees of the Local Authorities should be held at institutional level and also it was the responsibility of the Chief Accounting Officers to comply with the above mentioned requirements.

2. Replying to Audit Queries

Instances where institutions had not received audit queries and instances when replies sent by institutions had not been received by the Attorney General's Department were also observed when they were summoned before the Committee. The Committee stated that attention be paid on delays and misplacements occurring in between when it comes to replies to audit queries and it is a very important task to confirm that the Auditor General has received audit replies and recommends that the two parties discuss and adopt a suitable methodology for this.

3. Projects Abandoned Part-way or Incurring Losses

Many instances were observed where various projects commenced with huge investments incurring losses later as well as instances where they are abandoned during implementation.

The Committee recommends that in order to prevent this situation, that projects should be studied well before making policy decisions and decisions should be made for the good of the country setting aside political ideologies and personal agenda, that plans should be prepared based on practical data and timeframes after taking feasibility reports and that constant monitoring should be done during implementation and stresses that steps should be taken to minimize losses or gain profits by adapting projects for other purposes if there are projects which incur losses continuously.

4. Vacancies in the staff

It was observed that vacancies existed in approximately 90% of the institutions investigated by the Committee.

The Committee recommended that a systematic programme should be formulated to overcome this problem. The number of staff required should be determined taking into consideration the future plans and objectives of the institution, the future cadre requirements and attention should be focused on the age of staff members and also the periods of retirement and promotion of the staff. A plan should be prepared for recruitments and promotions having considered all these factors.

5. Provincial Councils and Local Authorities

a. Posts of Legal Officer for Local Authorities

It was observed that delays occur in implementing directives and solving problems due to absence of Legal Officers attached to Pradeshiya Sabhas, and Urban Councils . Legal Officers of Provincial Councils have had to attend to the affairs of the Pradeshiya Sabhas. The Committee stresses the importance of providing one Legal Officer per District Assistant Commissioner to address legal matters of Urban Councils and Pradeshiya Sabhas for more efficient and effective service and increasing the number of Legal Officers attached to Provincial Councils.

b. Appointment of Public Health Officers

The Committee observed that in an era such as this when environmental problems are rampant, non-attachment of Public Health Officers to Urban Councils and Pradeshiya Sabhas is a huge lacuna and recommends that it is suitable to appoint Public Health Officers to Urban Councils and Pradeshiya Sabhas responsible for the Assistant Commissioners of Local Government and to increase the number as required.

c. Fragmentation and Sale of Land

It was observed that division and sale of lands occur abundantly within local authority areas and adequate attention is paid to rain water drain systems and common amenities of such lands and also it was revealed that mostly the plots set aside for common facilities are those areas such as mud pits which are unusable.

The Committee recommends that permission be withheld until all the requirements are fulfilled in order to arrest this situation.

d. Non-Use/ Dilapidation of official quarters belonging to the Government

It was observed that official quarters belonging to Divisional Secretariats are not used by relevant officers due to lack of facilities and they are in

a dilapidated condition and also the acquisition had not been done in a proper manner. As such, the Committee recommends to complete the acquisition quickly, pay attention to identify official quarters which are not occupied and making them available to other suitable officers, provide all facilities at these quarters, and subject them to constant inspection and repair.

e. Rate Units/ Notice Board Revenue/ Telephone Towers

The Committee noticed that rate units in Provincial Council, Municipal Council, Urban Council and Pradeshiya Sabha divisions have not been identified quantitatively and qualitatively, and therefore the government loses its due share of revenue and directed that the assistance of the Grama Niladharis be obtained for the purpose of identifying places where income units such as billboards, telephone towers etc. have been installed, carry out correct assessments and determine the values again and work towards securing to the government its due incomes.

The Committee further recommends that use of integrated computer software for all local authorities enabling the functions be more efficient.

f. Waste Management

A vast amount of money is spent for the removal of refuse generated within the limits of Municipal Councils, Urban Councils and Pradeshiya Sabhas while there are local authorities which even generate incomes through the expenditure so borne. In an era where disposal of waste has led to a very problematic situation, the Committee recommends that incentives and instructions should be given on sorting and classification of waste at village level and gathering and collecting sites be established and on recycling of waste, policies should be adopted by the government in this regard and new laws should be introduced for the purpose, while stressing the importance of having awareness programmes for the general public on sorting of waste and on recycling.

In addition, when the removal of garbage accumulating within the coastal zone was taken into consideration, it was revealed that the task of removing garbage in the zone has been assigned to local authorities although the stretch of land up to 300 metres inland and 2 kilometres ocean wards belong to the Department of Coast Conservation and Coastal Resources Management.

The Committee recommends that the administrative zones of the Department be mapped use modern technology, a study be carried out in this regard and engage coast guards and Grama Niladharis to regulate

this matter and steps be taken to make the waste management more methodical through a good coordination with the respective local authorities.

g. Appointment of Accountants/ Internal Auditors for Local Authorities

The Committee is of the opinion that steps should be taken to appoint higher grade Accountants and Auditors to all Local Authorities that have an annual revenue in excess of one billion rupees, whereby space for frauds, corruption and irregularities can be thwarted and a financial control of good standard can be ensured.

Specific Observations, Conclusions and Recommendations

1) Hambantota District Secretariat

It was revealed that action was not taken to distribute 610 land grant papers that had been registered by 4 Divisional Secretariats and 337 land grant papers which had not been registered with the Land Registrar's Office among the respective grantees and some of them had period of 32 years.

The Committee recommends that the reasons for such delays should be explored and prompt action be taken on such occasions and steps should be taken to make the processing of these activities quicker by assigning a separate officer for this purpose.

2) Attorney General's Department

The Committee observed that weaknesses as well as delays do exist in follow-up activities about the facts presented to the Attorney General's Department for the purpose of obtaining advice when financial irregularities and other administrative problems cropped up at various institutions. It was observed that this causes delays in taking measures for prevention of corruption and misappropriation of state funds, and as a result, there arise instances where such irregularities get long continued.

The Committee stresses that the Attorney General's Department should be provided with necessary resources to prevent such delays and advice of the Attorney General should be provided without delay for conducting investigations under proper supervision.

3) Department of Motor Traffic

It was observed that it has still not been possible to find the misplaced documents and the Committee expressed its displeasure over the appointment of an officer involved in the questionable activities as the Head of the Committee appointed to investigate the disappearance of vehicle files.

As the Chief Accounting Officer stated that he has received the report prepared by the said Committee, that he was not satisfied about it and that the matter would be re-investigated through another officer, the Committee approved it and directed that a proper methodology be formulated for this purpose with immediate effect, to submit all other documents to the Auditor General. The Committee also decided to focus its continuous attention to review its progress until the matter is fully solved and as the Department of Motor Traffic is an institution where a lot of irregularities, frauds and corruption occur.

4) Sri Lanka Air Force, Army and Navy

The excellent service rendered by the Three Forces was appreciated by the Committee and emphasized the necessity of minimizing the shortcomings to upgrade its human and financial management status.

- (a) The Committee observed that the officers employed at the Audit Division are persons attached to the military service.

The Committee focused its attention on the authority of respective ranks in different grades of institutions such as military forces and stresses the need for appointing civilian officers of the Accountants Service in order to strengthen the Audit Divisions of the three forces.

- (b) Pre-payments done in purchasing goods in contravention of Procurement Guidelines and Financial Regulations were and recommends that purchasing be carried out according to the Procurement Guidelines and follow the post-payment method as far as possible unless there are extraordinary or urgent circumstances.

5) Department of State Printing

Due to misplacement of files, delays have occurred in recovery of loans, conducting internal inquiries and meting out punishments to offenders. Due to misplacement of loan documents of 05 officers who had been dismissed and 31 officers who had been suspended and absence of 09 officers who had left the service because of various reasons during the period 1984 to 2009, it has been difficult to take action regarding them.

The Committee directed that action be taken against the officers who had been in charge of the missing documents, steps be taken to appoint a Ministerial Committee to refer the matter to the Attorney General with recommendations of the Ministry of Finance and with the instructions from the Attorney General, resolve the issue within 03 months.

6) District Secretariat, Matara

It was observed that although a security camera system had been installed at the District Secretariat bearing an expenditure of Rs. 1,919,764/- on 29 August 2012, its servicing was not obtained properly and as a result, the total camera system had gone defunct by 01 June 2016 and its electric cables had been removed. The Committee stressed that the inability to take a proper measure for the matter, which was a damage caused to the security system of the institution, is a harm to the professional dignity of the officers of the institution. The Committee directed the Chief Accounting Officer to subject the camera system to inspection by the Ministry and explore the possibility to hand it over to some other government institution and directed that the

responsibility of performing the administrative functions of the institution without any shortcoming and the responsibility for the physical and human resources of the institution be handed over to the District Secretary.

7) Provincial Health Department, North Western Province– Expiry of Pharmaceuticals

It was revealed to the Committee that 10,162,768 units of 413 pharmaceuticals worth Rs. 16,945,704/- and yet another stock of 53 drugs of which the value has not been assessed had been removed from use due to expiry, failure of samples and change of colour or smell in six hospitals belonging to the Provincial Health Department of the North Western Province and at the Divisional Medical Supplies Unit of the office of the District Director General of Health Services in Kurunegala.

The Committee pointed out the need for a proper process for it as this problem had existed in all Provincial Councils and directed the Chief Accounting Officer to intervene in the matter and recommended that discussion be conducted to determine the reasons for this and the measures that should be taken to prevent it and the Chief Accounting Officer should intervene directly for this purpose. The recommendations can be submitted accordingly to the central government after identifying the reasons for this and the measures that should be taken to prevent it.

At the same time, the Committee recommends that the Chief Accounting Officer should pay his special attention on disposal of pharmaceuticals that are past expiry date upon relevant permission in the respective periods.

8) Dehiwala-Mount Lavinia Municipal Council

The total outstanding revenue of the Municipal Council stood at Rs. 917,399,000/- by 2015.

Its outstanding rates and taxes component stood at Rs. 344,899,000/-

31 million rupees of the outstanding rate revenue was written off in 2012.

Rs. 2,900,000/- due from Nagindas was written off.

The Accounting Officer stated that arrangements have been made to recover these outstanding monies while 100 million rupees has already been recovered. The Accounting Officer stated that action was taken to write off these amounts on the recommendations of the Municipal Council. The Committee observed that the Municipal Commissioner was unaware of it and directed the Commissioner of Local Government to conduct an inquiry regarding the move to write off rates without the approval from the Municipal Council and produce a report.

9) **Police Department**

The Committee appreciated the service rendered by the Police Department.

- Vacant positions accounted for 16% in the overall staff and 64% in the Internal Audit Division.
- There are nearly 16,000 vacancies in various Divisions of the Police Service, which consists of 3 wings. The existing training schools are not sufficient to recruit to the official service.
- As around 3,700 police officers have to be deployed for security duties in other places, the maintenance of routine activities has become a problem.

The Committee observed that the long-term absence of a recruitment and promotion procedure as well as salary status of officers and lack of official quarters facilities etc. have been instrumental in aggravating this problem and stresses that the number of officers necessary for each police station and office should be determined properly focusing on number of police stations in the District, the size of the area covered and language needs according to the Province while recruitment and training should be done accordingly and the government should take policy decisions in this regard.

10) **National Education Commission**

The attention of the Committee was turned to the appointment of members to the National Education Commission, conducting of meetings, quorum, and the non-appointment of Deputy Chairpersons and making a representation from Ministries to the Commission and appointment of representatives who have a knowledge on scientific matters.

The Commission consists of 15 members and the Committee stresses that the Commission should include experts engaged in the field of school education who possess the ability to work efficiently and meaningfully with an understanding on the role of the National Education Commission.

The main issues, observations and recommendations identified in each institution investigated by the Committee

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
Department of Coast Conservation and Coastal Resource Management 04th May 2016		
1.	Underutilization of provisions and the National Policy on Coast Conservation	<p>The AO stated that changes in policy matters and changes in various environmental conditions had resulted in the underutilization of provisions and that development of the National Policy on Coast Conservation had been completed in all three languages and public representations were due to be obtained in that regard.</p> <p>The C.A.O. /A.O. was directed to submit a report to the Committee within two weeks regarding the manner in which the process of getting that National Policy approved to be executed, with the relevant time frame.</p>
2.	Issuing of an Environment Feasibility Report on the Port City Project by the Department of Coast Conservation and Coastal Resource Management and the damage to the environment and sea erosion caused as a result of the Port City Project	The C.A.O. /A.O. was directed to submit to the Committee a report on the new environmental permit issued with the recommendations and conditions laid out by the Department with relevance to the Port City Project.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The C.A.O/A.O was further directed to send to the Committee a report on the measures taken to prevent the sea erosion caused as a result of the Project.</p>
<p>3.</p>	<p>The arrangements made by the Department to dispose the garbage that gets collected in the coastal zone and the steps taken for Coast Conservation.</p>	<p>It was pointed out by the A.O. that even though an area lying within a limit of 300 meters landward of the mean high water line and 2km. seaward was under the administration of the Department of Coast Conservation and Coastal Resource Management, the responsibility of removing garbage in the said area was assigned to the relevant Local Government Authorities.</p> <p>The C.A.O. /A.O. was directed to map the administrative zone of the Department using modern technology and to take action to send a report in that regard to the Committee. The C.A.O. /A.O. was advised by the Committee to deploy Coast Guards and Grama Niladharis to regulate this work and to take steps for waste management through good coordination with the relevant Local Government Authorities.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
4.	Social issues that emerge in taking action to remove the unauthorized constructions in the coastal zone and the business premises found in some places.	The C.A.O. /A.O. was advised by the Committee to follow a positive arrangement for the conservation of this coastal zone in coordination with the relevant Local Government Authorities, Board of Investment, Tourist Board etc. paying attention to the social issues as well as the tourism industry found in the coastal zone.
5.	An Internal Audit Unit has not been established in the Department.	The C.A.O. /A.O. was directed by the Committee to set up an Internal Audit Unit immediately and also to conduct Audit Management Committees subsequently.
6.	Violation of contract by the relevant contractor company in constructing three breakwaters, failure to complete work and payment of an advance of Rs.4 million without a certificate of work.	It was stated by the A.O. that payments had been made with relevance to 9400 stone blocks and that Rs.20 million had been recovered from the deposit as per the agreement. The C.A.O. /A.O. was directed by the Committee to submit a comprehensive report in that regard to the Auditor General.
Government Analyst Department 05th May 2016		
	i. A survey had not been conducted in respect of the library books as per the Directive Circular of the Library and Documentation Services Board dated 26 th January 2014.	The C.A.O./A.O was directed to focus special attention on this matter and get the work completed within the specified period.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	<p>ii. Action had not been taken to update the sectorial inventories.</p> <p>iii. Although legal action has been instituted against four officers on account of the irregularities caused pertaining to court productions of the Department, seeking of legal advice from the Attorney General had been delayed for about seven years.</p>	
2	<p>3,955 samples remain to be analyzed by the year 2015 and there are even samples older than ten years among them.</p>	<p>The CAO / AO stated that the Committee that the reasons for this are the receipt of a large number of samples for analysis during the period of war, the conclusion of the cases before reports are issued in respect of the requests for analysis reports, and the shortage of officers.</p> <p>The Committee informed the CAO/ AO to obtain a report from the Judicial Service Commission pertaining to the number of samples 5-10 years old out of those for which reports are yet to be issued and on the samples among them for which reports are no longer required by the Courts.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
3	Training of officers	<p>The CAO/ AO stated that steps had been taken to provide officers of the Department with training in Korea under a “KOICA” project on analysis of DNA in human teeth and bones and to establish a digital forensic laboratory at the Department.</p> <p>The Committee advised CAO/ AO to produce a report on the foreign / local institutions that are capable of conducting analyses which the Department cannot handle and also formulate plans in respect of sending officers for foreign training courses.</p>
Department of the Legal Draftsman 06th May 2016		
1.	A research unit has not been established by the Department	It was stated by the C.A.O. that arrangements had been made to set up a research unit at the Law Faculty of University of Colombo and that it would be more effective.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
2.	Current situation of the project to revise and consolidate Legislative Enactments.	<p>It was stated by the A.O. that Legislative Enactments to be revised had been grouped from A to Z and work had been completed up to K but it would not be possible to complete the project by 2017 as expected and that the post of Coordinating Officer remaining vacant had contributed to that situation.</p> <p>It was emphasized by the Committee that attention had to be paid to due retirement dates of officers and action had to be taken with planning ahead to fill those vacancies.</p>
3.	Existence of shortages in the methodology of Data Entry in relation to drafting of Bills within the Department.	<p>The Committee advised to take action to establish a proper computer network system for that and develop a format indicating the documents to be presented with the Bills and post it on the website of the Department to be accessed by the Ministries and other relevant institutions to make the procedure convenient.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		The C.A.O. /A.O. was directed to submit to the Committee a comprehensive report with time frames about the number of Bills forwarded by Ministries for drafting/amending up to that time, the number drafted and sent back out of that and the number that remains to be drafted.
Ministry of Petroleum Resources Development 18th May 2016		
1.	The Committee inquired on the measures taken to fill the vacancies existing for 28% of the overall staff.	CAO/ AO stated that although the insufficiency of office space had become an obstacle to fill the vacancies, adequate measures have been taken to cover the duties.
2.	Explanations were called for the 52.1% remaining unspent from the allocation for Capital expenditure in 2015.	The C.A.O/ A.O stated that the reason for this was the allocations remaining in the Petroleum Resources Development Secretariat being accounted under this Ministry as the Secretariat was brought under this Ministry in 2015.
3.	The attention of the Committee was focused on a former Additional Secretary of the Ministry who obtained Rs.503, 447/- and Rs.317, 800/- as salaries and allowances respectively while acting as Chairman /Managing Director.	The C.A.O/ A.O informed that she admitted that a mistake has occurred and took steps to pay back a sum of Rs.224, 065/- and it is not possible to recover the remainder as she had retired in 2014.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
4.	<p>The Committee inquired about the reasons for delaying the formalizing of the service agreement existing between the Ceylon Petroleum Corporation and Hyrax Malaysia by over one year.</p>	<p>The C.A.O/ A.O stated that the delay in formulating the agreements for starting a new venture for mixing fuels with Hyrax Malaysia was the reason for it and the agreement has been formalized so that it comes into effect on 18.10.2013.</p>
5.	<p>The Committee inquired on the progress of the measures taken in respect of the Sapugaskanda Refinery and to repair the existing pipelines.</p>	<p>The Cabinet Paper prepared by the Committee chaired by the Hon. Minister had studied the report of the Committee of academics appointed with regard to the overhaul of the Refinery together with the observations of the Ministry of Finance on it was submitted for the approval of the Cabinet.</p> <p>The C.A.O/ A.O stated that the Procurement Committee appointed on the subject of the overhaul of pipelines had proposed four countries and action will be taken to call quotations through Embassies of the respective countries and select a suitable tenderer.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
6.	<p>The Committee queried the financial benefit that could be accrued to the country if the total demand for fuel is met through refining.</p>	<p>The C.A.O/ A.O stated that the daily production of 50, 000 barrels is 35% of the total demand of the country and stressed that if the total demand is met through refining, foreign exchange to the value of 350 million United States dollars can be saved annually.</p>
7.	<p>The Committee focused its attention on the current status with regard to the exploration of petroleum.</p>	<p>The C.A.O/ A.O stated that as per the existing data, the Mannar Basin contains about 5 billion barrels of fuel and 9 trillion cubic feet of natural gas, it is sufficient to meet the demand for 60 years, an expenditure between 50 million dollars and one billion dollars has to be borne for the process from excavation of an oil well to production, and the main expectation of the Secretariat is to find a suitable investor as the M 2 area of the Mannar Basin is capable of moving from the exploration stage to the development stage.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
8.	The attention of the Committee was focused on the role of Polypto Lanka and its remittances.	It was informed that the main function of Polypto Lanka, which was established under the Central Environmental Authority in the year 2008, is generating fuel using solid waste such as plastic and polythene with ownership shared between the Ministry, founder and the Faculty of Mineral Resources Research as 60%, 30% and 10% respectively.
Special Meeting of the Committee convened on 07th June 2016 to investigate whether any damage/loss has been caused to Public Finance Management as a result of undocumented loans and the Bond Issue in January 2015		
1.	Whether any damage or loss had been caused to Public Finance Management as a result of the bond issue by the Central Bank of Sri Lanka in January 2015.	<p>The C.A.O explained that as the Central Bank does not come under the purview of the Ministry of Finance, he was not in a position to make a statement with regard to the Bond Issue.</p> <p>It was explained by the C.A.O. /A.O. that credit had to be obtained subject to the credit limit passed by Parliament when public revenue was less than the expenditure or when unforeseen expenditure had to be borne, the necessary finances are provided by the Central bank as per the request of the General Treasury.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The bond issue was one method of funding and that funding should be done by studying the market behavior, incurring minimum cost to the government.</p> <p>The C.A.O. /A.O. was directed by the Committee to submit a report on this matter, the Committee was informed by the Secretary to the Ministry of Finance that it was difficult for him to do so as Central Bank of Sri Lanka did not come under his purview.</p>
2.	<p>Whether there is any possibility to exist undocumented loans within the loans obtained by the Government.</p>	<p>It was revealed that all the loans obtained by the Government through the General Treasury was being documented and that there are instances that the loans obtained by other institutions outside this procedure are being indicated in the balance sheets of those institutions.</p> <p>The C.A.O. /A.O. emphasized that government or semi-government institutions create local or foreign bonds exceeding their limits, the amount was Rs.1043 billion according to the information available in 2015 and that a contingent liability would be caused as the Treasury would have to pay those monies on behalf of the government even though such transactions were not recorded at the Treasury.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
Department of Census and Statistics 08th June 2016		
1.	Community science and Health Survey that failed to achieve the expected results in 2015.	Action was taken to reduce the estimate of Rs. 367 billion that had been submitted by an American company named ICF to use DHS technology for this survey by 25% and after the cabinet approval was obtained the survey is now going on using that technology and it had been revealed that it could be completed before the end of this year.
2.	The changes occurred due to the change of the base year when the National Accounts were prepared.	<p>now it has been expanded up to 89 sectors and in addition to that new international accounting systems introduced by the United Nations Organization and the guidance of financial institutions will also be considered.</p> <p>2010 -2015 time period has prepared National Accounts taking 2002 and 2010 as the Base years are revised taking into consideration the economic expansion of a country and in the past 13 sectors were used in that process but base.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>Accordingly, the Committee directed to submit:</p> <ol style="list-style-type: none"> 1. A report that covers the economic development of the country, savings rates and investment rates, of year 2015, 2002 as the base year 2. A report that shows the distribution of income/ expenditure of a household in separate sections in percentages and rupees based on the recently conducted household budget survey. 3. A report that calculated the difference between the headline inflation and core inflation of the National Consumer Price Index with regard to the years 2014 and 2015.
<p>Department of Archaeology 08th June 2016</p>		
1.	<p>The Committee focused its attention on not appointing an officer to the post of Internal Auditor and many weaknesses in the procurement process.</p>	<p>The CAO/AO stated that no response had been received so far to the request directed to the Minister of Public Administration to provide an officer in the Accounting Service to the Internal Audit Section.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		The Committee directed that special attention of the Ministry should be focused on this and action should be taken to regularize its activities by appointing an Auditor with the intervention of the Ministry.
2.	Enough number of Audit Committees had not been conducted in 2015 – 2016.	The CAO/AO stated that this Department was under the Ministry of National Heritage and Cultural Affairs and action would be taken to regularize the Committee meetings once this came under the Ministry of Education.
3.	31% of vacancies are there in the total cadre of 2476.	<p>The CAO/AO stated that there are practical difficulties to recruit qualified persons and action would be taken to fill existing vacancies after having a discussion with the Public Service Commission.</p> <p>In a recent discussion had with the Public Service Commission they had agreed to amend the qualifications required to recruit to the posts of Assistant Directors.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
4.	Using Rs. 2, 014, 638/- that have been allocated to conserve the Dagaba and wall of the Anuradhapura Vijayarama Temple complex for another task in year 2013.	<p>Polonnaruwa Manikkampitiya Dagaba which has an archaeological value is threatened by the people living in that area and priority has to be given to the need and those provisions have been used to conserve that Dagaba.</p> <p>The CAO/AO stated that the conservation of the Dagaba and the wall of the Anuradhapura Vijayarama Temple complex was scheduled to be done by the Central Cultural Fund.</p>
5.	Inability to get bricks of proper standard to conserve the Yudaganawa Dagaba and underutilization of provisions.	<p>The CAO/AO stated that due to the difficulty in obtaining bricks of proper standard Rs. 10 million that had been allocated for the year 2013 could not be used.</p> <p>The CAO/AO further stated that the efforts to get bricks with a compression capacity of 600-800 failed and finally action has been taken to get bricks from the person who supplied bricks to the Sanda Hiru Seya.</p> <p>The Committee emphasized the necessity of preparing a proper procedure to register the suppliers and directed to submit a report to the Committee about the action that will be taken with regard to the balance of the provisions.</p>

6.	<p>The Committee focused its attention on the progress of the performance of provisions for 2016 and the obstacles in archaeological conservation activities.</p>	<p>Of the total provision of Rs. 1520 million, Rs. 1200 million has been allocated for Recurrent Expenditure and Rs. 152 million has been allocated for development activities and 30% of work has been commenced out of the tasks that have been planned and out of the total provision of Rs. 5 million allocated for conservation work, Rs. 1 million had been allocated for the Digawapiya conservation.</p> <p>The CAO/AO further stated that a significant number of vacancies that exist in the cadre has become an obstacle to the conservation activities and 26 posts out of the 28 Assistant Director posts and 10 out of 12 Director posts are vacant at present.</p> <p>The CAO/AO was directed to submit a report to the Committee of the action taken to fill those vacancies including the time frames in which the said action was taken.</p>
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	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
7.	<p>An amount of Rs. 73,486,473/- has been received from 2010 - 2015 to the Gift Fund that was set up to improve the efficiency of the persons who contribute to protect the artifacts and this amount has been kept in the General Deposit Account and credited as a government revenue at the end of year 2015 thereby not fulfilling the objective of the Fund.</p>	<p>The CAO/AO stated that monetary gifts could not be given due to the internal problems experienced recently. There is a need to amend the laws to provide its benefits to all the people in the Department who contributed directly and indirectly to protect the artifacts and action would be taken accordingly.</p>
<p>Second meeting to discuss vacancies existing in the Accountancy Service & issues related to salaries 09th June 2016</p>		
1.	<p>Forecasting the vacancies that may occur during 2017 – 2020</p> <p>The Committee inquired the progress on the decision taken at the first discussion held on 11.06.2015 in this regard.</p>	<p>The Secretary of the Ministry of Public Administration and Management stated that the following measures have already been taken;</p> <ul style="list-style-type: none"> - Conducting examinations annually to recruit qualified persons to the Sri Lanka Accountancy Service. - Approval of the Cabinet of Ministers has been sought to conduct a common examination by amalgamating all island wide services. - Recruitments have been made in 2015 after a lapse of 3 years and the approval of the Public Services Commission is awaited to make direct recruitments.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<ul style="list-style-type: none"> - The Sri Lanka Accountancy Service Division is making arrangements to conduct an examination to recruit qualified persons.
		<ul style="list-style-type: none"> - The approval of the Public Services Commission is awaited to conduct interviews for the Special Grades. - Requests have been made to the island wide associations to submit their ideas/suggestions in order to periodically review the cadre status of the Sri Lanka Accountancy Service in a formal manner.
Department of Motor Traffic (Re- summoning) 10th June 2016		
1.	Current situation with regard to the misplacement of 597 motor vehicle files	The Auditor General's Department pointed out that only 33 files have been received so far in response to the order given to submit 597 files and in addition to that any of the information asked for has not even been submitted.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The A.O. mentioned that action has been taken to trace the aforesaid files and a methodology has been formulated to ascertain the identity of the officers who handle files and accordingly action has been taken to ensure such a situation would not arise in the future.</p>
		<p>The Committee stated that it cannot be satisfied with that answer and directed the C.A.O/A.O to submit, within a month, a report of the methodology which is adopted to trace the remaining files with time frames along with a detailed report with regard to the action that have been taken to prevent the occurrence of such incidents in the future.</p>
2.	<p>Recommendations obtained by having referred to the Customs, the information on 105,628 motor cars from among the 668907 new motor vehicles registered in the year 2015.</p>	<p>The A.O. stated that it was revealed that the information of 164 vehicles do not match with the documents of the Customs and action has been taken in co-ordination with the Customs to rectify those problems and the new programme of work will be put in place from 01st August this year.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The C.A.O/A.O. was directed to rectify the problems relating to the importation and registration of vehicles and submit a report of that process to the Committee.</p>
3.	<p>Current situation in regard to the implementation of E-Motoring Project</p>	<p>It was stated the Cabinet Memorandum for it was not given approval and arrangements are being made for it as per with the report submitted by the Ministry of Finance. The C.A.O/A.O was directed to submit the Action Plan for the implementation of this project to the Committee with time frames within a month.</p>
4.	<p>Regulating the administrative affairs</p>	<p>The A.O. stated that necessary action has been taken to regulate the administrative affairs by way of issuing circulars as per the instructions issued by the Secretary to the Line Ministry. The C.A.O/A.O. stated that a Seven-Member Committee including officers of the Line Ministry has been appointed to monitor the activities of Department.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
5.	Current situation with regard to the incident of registering 7 new Prado Jeeps in a fraudulent manner using the Customs Notes for importation of hand tractors.	The Committee inquired about the steps taken to cancel the registration of the 7 Prado Jeeps. The A.O. stated that action has been taken to seek the advice of the Attorney General to cancel the registration of the aforesaid vehicles. The Committee was dissatisfied with the fact of having a complex approach in this regard without taking action as per the powers vested in the Motor Traffic Act and the C.A.O. was instructed to take immediate, precise and correct action in this regard in consultation with the Attorney General and report its progress to the Committee within one month and directions were given to complete the disciplinary inquiries against the officers who are connected to this incident, within a period of one year.
Sri Lanka Navy 22nd June 2016		
1.	The Annual Action Plan prepared for 2015 not being a practical plan.	The Committee stressed that a practical action plan be prepared and an assessment of whether the relevant targets have been achieved be assessed periodically.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
2.	The need to establish an Internal Audit Unit for the Sri Lanka Navy comprising of civil officers.	The C.A.O / A.O was directed to submit a letter signed by the Secretary to the Ministry of Defense, to the Ministry of Public Administration and Management services Department in order to make arrangements to establish an Internal Audit Unit and obtaining the required Accountants and Internal Auditors, to be followed by a discussion with the Ministry of Finance and Ministry of Public Administration expeditiously in order to amend the cadre and refer the officers required and to submit a report in that regard to the Committee within a month.
3.	Writing cheques before the goods expected to be purchased by violating Financial Regulation 237 were received by the Navy and the use of prepared remittance sheet method and purchasing goods worth of Rs.2,729,523,290/- at 8653 instances from 2011 to 2015 using that method.	The C.A.O/ A.O stated that this method had been rectified. The Committee emphasized that if this method was to be adopted on practical grounds it was essential to obtain the approval of the Treasury and to deviate from the pre-payment transfer system as far as possible.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
4.	All income generating ventures being maintained by the Sri Lanka Navy.	<p>The Committee directed the C.A.O. to discuss with the Ministry of Finance on crediting the gross profit of those ventures to the Consolidated Fund as the initial capital and other expenses of these ventures are borne by the Consolidated Fund and other matters pertaining to Financial Regulations with a view to working in accordance with the current Financial Regulations and report on the steps taken in that regard before 20th June 2016.</p> <p>The C.A.O. / A.O was directed to submit a report of details of the businesses maintained by the Navy, the initial capital used for them, the status of income and expenditure and the profit or loss to the Committee within a month.</p>
5.	10, 000 pairs of shoes had been purchased at a cost of Rs.23, 373, 952/- in 2011 and the Procurement Committee decision in this regard had been taken at the Procurement Committee without the participation of the Technical Evaluation Committee and the relevant audit query had not been replied to.	The Committee observing the existing shortcomings in the procurement process directed the C.A.O / A.O. to submit a report in this regard to the Committee within a month.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
6.	Purchasing 1000 units of Scaffoldings for the “Deyata Kirula” exhibition in 2012 in excess of the requirement of 250 and making a useless expenditure of Rs.2, 094, 731/-.	The C.A.O. stated that a unit of Scaffolding consists of 4 parts and those 4 parts had been calculated as 1000 units. The Committee which decided that it cannot be satisfied with that answer directed the A.O. to submit a report in that regard without delay.
7..	Not having obtained the bid security and performance security in order to avoid the denial of the supply in awarding contracts.	The C.A.O. / A.O. emphasized the importance of obtaining those securities as these actions affect directly to the procurement process and to the other activities indirectly.
Sri Lanka Police 22nd June 2016		
1.	The Committee queried whether the existence of 16% vacancies in the overall staff and 64% in the Audit Division had not hindered the maintenance of departmental services.	The AO stated that there were nearly 16,000 vacancies in various divisions of the police service consisting of 3 sections and attributed the inadequacy of training facilities as the reason for this and added that action would be taken to establish alternative training schools and make recruitment through the National Cadet Corps.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The Committee observing that the absence of a recruitment and promotion policy for a long time , state of salaries of officers, shortage of official quarters etc. had aggravated the issue emphasized that the Government should take a policy decision in this regard.</p>
2.	<p>The Committee inquired about the non-utilization of Rs.500 million allocated for a housing scheme in 2014 up to now.</p>	<p>It was revealed that Rs.500 million was not a provision made on a departmental request but an allocation made from the previous budget for a housing scheme for police officers and that measures were being taken for the acquisition of a land for this purpose from the Awissawella area.</p>
3.	<p>The Committee focused attention on the lack of adequate number of officers to maintain the activities of police stations and possible alternatives that can be taken.</p>	<p>A.O. said that the deployment of nearly 3700 police officers for security purposes of other locations had made it difficult to maintain routine activities and added that the deployment of officers of Civil Security Department for such purposes while detailing police officers for essential duties would be a viable alternative.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		CAO/AO stated that a survey on the cadre would be conducted and a report on the number of personnel required for police stations would be submitted to the Committee.
4.	The Committee made queries about the use of technology to enhance efficiency at police stations.	<p>The AO said that a five-year plan had been formulated in this regard and the examination of finger prints with the assistance of the Colombo University, on-line provision of information on arrested persons and issuing of police reports were being carried out as the initial steps of this programme and added that they would enlist the support of the ICT to further improve these services.</p> <p>The Committee ordered the CAO/AO to submit a report with the relevant timelines on the overall IT programme of the Police Department.</p>
5.	The Committee expressed concern over the purchase of animals and animal feed from private institutions which had not obtained proper licenses and the death of a few horses within a short time.	Animal feed is purchased from an institution called Jayanthi Enterprises, which is registered under the Department of Registrar of Companies and no connection had been established between the death of the animals and animal feed and tests had confirmed that the deaths of animals were due to cancer, stomach ulcers and aging.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The CAO/AO said that measures were underway to recruit three veterinary surgeons for the care of animals and purchase a 50-acre land from Horana area to keep animals under hygienic conditions as a long-term solution.</p>
<p>Sri Lanka Customs 23rd June 2016</p>		
<p>1.</p>	<p>Paying overtime allowances in contravention of government rules and regulations.</p>	<p>The Accountant of the Customs Department said that this was not an overtime allowance but a work-based payment and that the payment of money was done by various institutions and that no money had been obtained from the Treasury to pay overtime allowances.</p> <p>The Committee pointed out that according to the gazette notification, 10% of the said amount should be credited to the Consolidated Fund and directed the CAO/AO to study the methods adopted by other countries and submit a detailed report in this regard to the Committee.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
2.	<p>The Committee proposed that in order to prevent frauds committed by feeding false information into the database at the registration of vehicles, the computer networks of the Customs Department and the Department of Motor Traffic should be interconnected and an automated reconciliation system should be designed.</p>	<p>The CAO/AO said that the details of vehicle registration are obtained in CDs and such details are reconciled with the data available with the Customs Department and that measures would be taken within the next three 03 months to interconnect the data systems of two institutions.</p>
3.	<p>Current situation with regard to the finger scanning to record attendance.</p>	<p>In the report submitted to the Committee, the CAO/AO had stated that finger scanning was not practically possible for some officials due to the nature of their duties.</p> <p>The CAO/AO were directed to regularize the issues in this regard in consultation with the Ministry of Finance and to study the issue and report back to the Committee.</p> <p>The CAO/AO were also directed to look into the possibility of handing over the finger-scanning machines to another public sector institution to prevent them from being wasted.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
4.	Steps taken by the Customs Department to observe the granting of duty free concessions to air passengers by traders of duty free shops.	The CAO/AO said that a new computer software is due to be introduced to duty free shops through the Department of Immigration and Emigration enabling passengers to order items while on-board and it would be linked up with the database of the bonded warehouse and that the new programme would be implemented in such manner allowing only an active passport holder to purchase items.
		The Committee having observed that the air passengers do not receive the duty free concessions due to them, directed the CAO/AO to submit a report within a month, containing the value of items given to duty free shops during the past three years together with tax concessions offered.
5.	The Committee while pointing out that huge tax losses are caused due to constant changes in the assessment of values for the purpose of custom duty, observed that the tax loss caused by the import of 407 Prado type vehicles was approximately Rs.3,000 million.	The AO said that no loss had been caused to the government as a result of this import and that an investigation into this is being conducted by a special committee appointed by the President. The Committee directed the CAO/AO to submit a report of the investigation conducted in this regard to the Committee by 15.07.2016

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
6.	Steps had been taken to make Custom Notes and enter same into the computer system 03 to 06 days prior to vehicles being unloaded at the port premises in order to avoid taxes on vehicles increased from the budget.	The AO said that an inquiry into the incident was underway and the Committee ordered the CAO/AO to submit a report in this regard soon after the conclusion of the said inquiry.
7.	Causing a loss of customs duty of at least Rs.7, 705,170/- to the government due to the undervaluing of two BMW M-5 vehicles with a cylinder capacity of 4395 CC by assessing lower rates.	The A.O said that an inquiry in this connection was in progress and that the relevant persons had been asked to testify and agreed to submit a report to the Committee.
Sri Lanka Army 24th June 2016		
1.	Non settlement of the balance of Rs.1, 327,018/- in the General Deposit Account.	The C.A.O. stated that action will be taken to settle all the balances except the amount of Rs.400, 000/- which subject to a court proceeding before the end of July.
2.	Action taken to recover the outstanding loan balances (B Advance Account of Public Servants)	The A.O. stated that this situation has arisen due to the fact of issuing festival advance payments on “Agrahara” Insurance without asking for guarantors and loans will be issued in the future upon the assurance of guarantors whereas action has been taken to recover the aforesaid loans out of the mandatory savings and by way of providing opportunity to those who have left service to report for service again through a general amnesty.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
3.	The unsettled liabilities of Rs.552, 425,500/- as at 31 st December 2015.	The C.A.O/A.O. stated that 75% of the aforesaid amount of money is the money which the Treasury should pay for the fuel provided to the Sri Lanka Army.
4.	Action taken to follow the instructions given to rectify the matter of paying Rs.15, 626, 164/- to the relatives of the deceased war heroes, who have passed 55 years of age, as salaries and allowances.	The A.O. stated that Rs.13 million of the aforesaid amount has been recovered by now and action has been taken to recover the remaining amount.
5.	Library books have been purchased deviating from the procurement process and payment of money before the receipt of purchased books.	The A.O. stated that disciplinary action has been taken against the relevant officer and procurement process will be followed in all future activities.
6.	Awarding the tender for purchasing pre-fabricated concrete for some construction in the Rockhouse camp in Modara to a company named Gamini Furniture and Timber Stores which is not engaged in manufacturing pre-fabricated concrete	The A.O. stated that this tender has been awarded to a registered supplier upon the recommendation of the Technical Evaluation Committee and the construction of the camp has been completed in a proper manner. The Committee emphasized the fact that special attention should be paid to the capacity of suppliers before the tender is awarded.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
7.	The methodology to be adopted to regulate the whole procurement process, which is at a very weak position.	The Committee gave instructions to the C.A.O. to make amendments to the laws and regulations in accordance with the changes made in the procurement process in case such changes are required to be made due to the fact that the activities of the Army have to be distinguished from the activities of other institutions and the C.A.O. was directed to make necessary arrangements in the whole process with the intervention of the line Ministry and submit a report of aforesaid procedure to the Committee.
8.	The vacancies existing in the Accounts Sections of the three Forces and the necessity of officers of the Accountants' Service	The A.O. stated that an Internal Auditor who is also a Chartered Accountant serves in Sri Lanka Army and 16 qualified officers and a staff of 256 personnel work under him and the internal audit activities of the Army are carried out in a systematic manner. The Committee emphasized the fact that Audit Officers and the Accountants' Service should be independent and should work in accordance with the audit principles.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The Treasury officials were of the opinion that audit divisions have been set up in every Ministry in accordance with Treasury Circulars and an Internal Audit Unit which is comprised of civil officers should function even in an institution such as Sri Lanka Army. The C.A.O. stated that a request has been made in this regard to the Ministry of Public Administration.</p>
9.	<p>The Committee inquired about the methodology adopted in disposing empty ammunition shells of heavy weaponry discarded from use and whether any irregularity has occurred in the sale of the ammunition shells which are remaining after the end of the war.</p>	<p>The A.O. stated that provision of empty ammunition shells to Industrial Development Board has been stopped by now due to the irregularities which are said to have occurred in the system adopted for it and a small portion of them have been provided to a few temples upon the recommendation of the Ministry of Defense and steps have been taken to sell the remaining amount after calling open tenders and credit the proceeds to the government income.</p> <p>The A.O. further stated that action will be taken to send to the Committee a report on the methodology adopted for the allotment and sale of the ammunition which is left after the end of the war to local industrialists.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
10.	The current progress of the welfare activity of the Sri Lanka Army	The A.O. stated that the priority of the aforesaid programme is given to the war heroes who were killed or critically wounded during the war and accordingly the Army has commenced a programme to construct houses for 402 families that have been identified so far and in addition to that another housing project is being carried out by the “Api Wenuwen Api” Fund, which is under the purview of the Ministry of Defense.
11.	Reducing the quota provided for the admission of the children of the members of the three Forces to national schools from 7 to 5.	The C.A.O. was instructed to bring the matter to the attention of the Ministry of Education again.
Sri Lanka Air Force 24th June 2016		
1.	Deployment of Civil officers of the Accountancy Service to strengthen the internal audit sections of the three armed forces	The CAO/AO stated that arrangements will be made to recruit the officers having forwarded the matter to the Ministry of Public Administration and to obtain the approval of the Ministry of Defense as the approval of the Department of Management Services is required when recruitments are made for the civil positions of the three armed forces.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The CAO was directed by the Committee to make arrangements to fill all the available vacancies as at 01st August having obtained the approval from the Ministry of Finance by forwarding the staff information required by the Three Forces immediately.</p>
2.	<p>Progress of the measures that have been taken to recover or to write off an amount of Rs.23, 466, 822/- to be recovered related to the Advance Account B of the public officers as at 31st December 2010</p>	<p>Arrangements had been made to recover an amount of Rs.4, 500,000 approximately. Action has been taken to write off 1021 debts with a value of less than Rs.10, 000/- and to re-recover 439 debts out of 1640 defaulted loans and it was stated by the CAO/AO to see that such loan balances would not occur in future.</p>
		<p>The Committee stressed that weaknesses in loan recovery has contributed towards this situation and that therefore it should be strengthened as per a proper methodology.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
3.	<p>Not taking action to save a sum of Rs.5, 502, 000/- by purchasing shoes at a higher cost, ignoring the minimum bids of the supplier of the previous year with regard to the purchase of shoes for the Air force for the year 2012 and not presenting the recommendations of the Technical Evaluation Committee for the purpose of Audit.</p>	<p>Purchases have been made via Helitours Trading Affiliated Company and CAO/AO stated that the matter would be handled obtaining the responsibility of the items purchased.</p> <p>However, it was further stated by the CAO/AO that though the Technical Evaluation Committee had recommended to purchase goods as per the specifications, an irregularity has been occurred as a result of purchasing of goods at a higher price owing to a mistake done in the report of the Technical Evaluation Committee and disciplinary action would be taken against it.</p> <p>The Committee directed that this type of shortcomings should be avoided in future by properly adopting the procurement guidelines all times except in special circumstances.</p>
4	<p>Purchase of items worth of Rs. 203,738,728/- by making payments to a private company prior to the purchase violating the Financial Regulation 237 as at 31st December 2015.</p>	<p>It was revealed that this methodology had to be adopted due to the difficulties arisen in obtaining services from Ceylon Electricity Board, Water Supply Board, Standard Institute, Transport Board and Sri Lankan Air Lines on credit basis and pre payments are not done at present except in essential purchases.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		CAO/AO was instructed to take action to minimize the irregularities by adhering to the procurement procedure as there is a possibility of receiving low quality goods and submitting forged bills.
5.	The legal status related to a situation where public officers work as members of the Director Board in an institution which has been registered under the Company's Act	<p>CAO/AO stated that Helitours company which is affiliated to the Air force is an institution which provides services on a commercial basis and that its income is credited to the Treasury and that the members of the Director Board do not take any salary or allowance.</p> <p>CAO/AO, who admitted the fact that under the Company's Act, there is a problem with the public officers holding positions in a company, further stated that arrangements would be made to re investigate the matter.</p>
6.	A sum of Rs.5.7 million is to be recovered by the Air Force as at 31 st December 2017 for the provision of common services of the government out of which Rs.1.6 million from the Ministry of Foreign Affairs, Rs.900, 000/- from the Ministry of Economic Development and Rs.2.3 million from the Presidential Secretariat.	CAO/AO stated that the matters have been forwarded to the relevant sections to recover the dues.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
7.	<p>Maintaining 96 internal funds, utilization of physical and human resources in the possession of the Air Force for the functioning of the said funds, crediting the investment incomes only to the welfare funds without paying the share of the government and even not properly providing the information of the said projects and the account details to the audit sections.</p>	<p>CAO/AO stated that activities like provision of services to the members of the Air Force at subsidized rates by deducting a sum from the monthly salary of the Air Force officers and investing that money, maintaining different accounts in Niwasna, Awanhala restaurants and Yahasadaka funds which are available at 24 units of the Air Force and that each of these accounts are properly maintained having subjected to proper auditing and that they utilized to fill the gaps available in the allocations provided by the government.</p>
		<p>It was emphasized by the Committee that it is not fair to invest the moneys made through income generation projects which are conducted utilizing public property and public servants only in the welfare funds and that a fair percentage should be allocated for the committed employee groups and also for the input made by the government and that the objective of the Committee is to regulate them but not to hinder them.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>It was stated that the functions handled by the three armed forces should be further maintained under a general audit policy and the CAO was directed to present a report on the aforesaid methodology to the Committee within a period of one month.</p>
8.	<p>In year 2009, purchase of 187 solar powered street lamps and 37 batteries, incurring a loss of Rs.19 million to the Air force since these items becoming defunct during the warranty period itself.</p>	<p>These items have been purchased from 2 institutes in the year 2009 and when inquired later it was revealed that the said institutions are no more available. An investigation is carried out pertaining to the matter and CAO/AO stated that arrangements would be made to seek legal advice to recover the loss.</p>
9.	<p>Large buildings are being constructed at present and early preparedness of the Air force Fire Brigade regarding fire risks that can occur in these buildings.</p>	<p>CAO/AO stated that the equipment of the Fire Brigade Unit have been located in Rathmalana and Katunayaka, that non availability of a suitable place in the suburbs of Colombo is a problem, that it is a current requirement to provide a spacious location and that the Air force fire brigade is ready to face any fire threat.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		The Committee requested that a request regarding this matter be referred to the Ministry of Mega polis and Western Development and informed that an intervention can be made to formulate a proper programme after discussion.
National Education Commission 08th July 2016		
1.	Progress of the implementation of the technology stream which has been introduced to the school curriculum.	The members of the National Education Commission pointed out that the recommendations issued by National Education Commission to introduce the aforesaid subject stream were not implemented in the exact manner in which it should have been done.
		Subsequent to a lengthy discussion in that regard the Committee directed the C.A.O/A.O to submit a detailed report of the methodologies adopted in implementing technological subject stream in schools and the instances of compliances and non-compliances with the recommendations made by the National Education Commission.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
2.	<p>In regard to the Gunawardena Committee Report formulated utilizing a lot of time, subsequently approved by the Cabinet of Ministers and submitted to Parliament.</p>	<p>The A.O. stated that the Commission, when formulating this new report, considered the recommendations of the aforesaid Gunawardena Committee Report as well as the recommendations and the proposals of the Committees incidental to it and the new set of proposals consists of the aforesaid recommendations.</p> <p>The C.A.O/A.O was directed to submit to the Committee a report which includes the differences, similarities or contradictions between the recommendations of the Gunawardena Committee and the new report of the Incumbent Commission; and the changes that have occurred or do occur in the implementation of the aforesaid recommendations.</p>
3.	<p>The Committee inquired about appointing members to the National Education Commission, conducting meetings, quorum, not appointing Deputy Chairpersons to the Commission and appointing Secretaries to Ministries as its members.</p>	<p>The A.O. stated that the Commission is comprised of 15 members. The Committee emphasized the fact that the composition of the Commission shall include veterans in the field of education, who can discharge their duties in an effective and meaningful manner.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
4.	The Committee inquired whether action has been taken to identify and remedy the situation in which the educational development of schools has been hindered due to the fact that principals of schools pay more attention to administrative activities.	The A.O. stated that the Commission has properly identified this situation and it has been proposed to formulate rules in regard to the methodologies to be adopted in discharging administrative responsibilities. He further stated that recommendations have been made to minimize the pressure exerted on school children by exams and the proposal for reducing the number of subjects which should be offered in G.C.E. (O/L) Exam up to 8 is an example for it. The Committee paid its attention to the contents of the new report prepared by the Commission and directed the C.A.O/A.O to hand over the aforesaid report to the President quickly.
5.	Injustice caused to students due to the irregularity in the system adopted for admission to universities.	The Committee observed the fact that students who register themselves for a particular course in a university for the first time lose opportunity of registering themselves for the course to which they are eligible upon the results of the exam at the second attempt due to the fact that they have already registered themselves for a course in a university and yet another group of students are not able to enter university although there are vacancies left in universities if the former are allowed to re-register for the second course.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>In that context the Committee emphasized the fact that there is a necessity of making a policy decision to rectify the aforesaid problem and it was informed to the National Education Commission to intervene in this regard and provide its input to it.</p>
6.	<p>The Committee was focused on the necessity of creating a methodology to prevent sexual abuse of school children both inside and outside schools.</p>	<p>The Committee discussed both optional methodologies of educating school children as well as the practices to be adopted when including sexual education into the school curriculum.</p> <p>The Committee gave instructions to the C.A.O/A.O to pay special attention to this matter when preparing national policies on education.</p>
<p>Public Service Commission 08th July 2016</p>		
1.	<p>Not preparing an Annual Action Plan for years 2010, 2011 and 2012.</p>	<p>The Secretary to the Commission stated that an Annual Action Plan has been prepared for year 2016 and that it has been forwarded to be submitted to Parliament despite the fact that Annual Action Plans have not been prepared for the said years.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		The Committee emphasized that reviewing and reporting of progress should be carried out according to the said Annual Action Plan. The Secretary to the Commission was directed to submit the report of the progress review for the perusal of the Committee.
2.	Although assistance of the Attorney General's Department had been obtained in the past to handle cases filed against the Commission by public servants, assistance of private counsel had not been obtained. However, a certain case had been given special treatment and a private counsel had been retained without approval of the Attorney General. Rs.318, 052/- had been paid for this purpose.	The Secretary to the Commission stated that the Attorney General's Department represented in the first two hearings of the case but the Attorney General informed the Committee that private counsel be retained for the hearings afterwards.
3.	The Committee enquired about disciplinary action yet to be completed, preparation of new recruitment procedures, new Service Minutes and transfer procedures, and appeals etc. of the Public Service Commission.	The C.A.O stated that a certain degree of delay can be observed only in the examination of appeals and action is being taken in respect of the appeals for which the observations of the relevant Ministries had been received. The Secretary to the Commission was directed to submit a report to the next Committee meeting held on 20 July, regarding the Ministries that have delayed sending their observations because it has been revealed that there is a delay in observations being sent from the Ministries.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The Committee directed the Secretary to the Commission to make a list of required forms, instruction leaflets and information and forward the same to the Ministries. He was further directed to formulate a systematic course of action so that information submitted not in accordance with the list can be sent back to get properly completed information.</p>
<p>Attorney General's Department 20th July 2016</p>		
1.	<p>The Committee inquired about the absence of the Attorney General, who is the Accounting Officer.</p>	<p>The Committee directed the C.A.O. to submit a report before 27th July 2016 explaining legal situation in regard to the participation or non-participation of the Attorney General who is the respective Head of Department as well as the Accounting Officer, upon the receipt of a formal notice to be present at a meeting of the Public Accounts Committee of Parliament.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
Ministry of Development Strategies and International Trade 20th July 2016		
1.	As per the questionnaire prepared by the PAC to evaluate the human, physical and financial performance of public institutions, the attention of the Committee was drawn towards the performance of this Ministry.	<p>CAO stated that human, physical and financial performance deficiencies are being rectified, as this is a Ministry which was recently established.</p> <p>The Committee which paid its attention towards preparation of Appropriation Accounts, maintenance of books and registers, assignment of financial authority, accounting matters, Annual Action Plan, procurement plan, Internal Audit Division and Audit and Management Committee, strictly stressed the need to rectify the weaknesses available in them and to systematize matters.</p>
Ministry of Rural Economic Affairs 21st July 2016		
1.	In the year 2015, WELARD had constructed a road in the Rideegama Farm spending Rs.16 million while Rs.160 million has been spent for the construction of buildings and huts. The cost of these constructions is extremely high and the quality of the work is not satisfactory while the rates quoted are not acceptable.	The CAO informed the Committee that a Special Committee will be appointed in this regard and that future action will be taken according to the recommendations of the Committee.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>He further stated that the said road has been constructed upholding quality standards and that the Livestock Resources Board is satisfied with the quality of the other buildings constructed. He informed the Committee that follow-up activities will be carried out.</p>
2.	<p>4500 milk cows have been imported at the cost of Rs.4.3 billion but these cows have not been insured. A considerable number (10%) of imported cows have died.</p>	<p>C.A.O. / A.O., who stated that the said project was implemented under the National Livestock Development Board under the then Ministry of Livestock Development, mentioned that some animals died due to change in their climate and diseases. It was informed that no animals died while being transported via ships.</p> <p>C.A.O informed the Committee that the cost of animals that die during transportation is covered from an insurance cover.</p>
		<p>The Committee directed that a report on the loss incurred when importing the cows, insurance coverage and reasons for the death of animals be submitted to the Public Accounts Committee.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
3.	Establishment of the Badalgama Milk Production Factory	C.A.O. /A.O. stated that the said factory is estimated at 36.8 million Euros, the processing capacity of the plant will be 200,000 liters, the Narahenpita factory will be closed down once this factory starts work and it is expected to complete the factory by the end of 2018.
4	Closure of existing milk sales outlets starting up of new sales outlets	C.A.O. informed that some sales outlets had to be closed down because they did not bring in the expected revenue. The Committee directed that a detailed report including action that can be taken to remedy the situation be submitted within a month,
5	Accounts of the economic centers have not been maintained in order and there is a delay in submitting accounts for audit.	The Committee stated that respective Divisional Secretaries are responsible as administration activities of these centers are carried out under Divisional Secretaries.
		The Committee directed the C.A.O/ A.O. to discuss the matter with the Auditor General's Department and submit a detailed report on accounts of the economic centers, situation prevalent in these centers at present and their proper and correct functioning within a month.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
6	<p>The Ministry has spent Rs.5213.4 million on the livestock resource sector in order to increase the production of milk between years 2010 and 2015. Compared to year 2010, milk production had increased only by 126,889,200 liters by year 2015. Accordingly, the cost incurred to increase the production of milk per liter is Rs.41 but according to the Central Bank Report of 2015, the average cost of production per a liter of milk is Rs.32.42.</p>	<p>C.A.O. stated that ‘MILCO’ handles the promotion of fresh milk production and that action has been taken to minimize shortcomings. He further stated that although there appears to be a discrepancy in statistics on the production of milk, it is not fair to make these calculations only on a short term basis.</p>
Department of Animal Production and Health 21st July 2016		
1.	<p>The Committee enquired as to the steps taken by the Department to uplift the economy of dairy farmers.</p>	<p>C.A.O. /A.O. stated that the Ministry implements three main programmes specifically for small-scale dairy farmers. They are: the programme to collect their products, the programme to increase productivity of the farms, and the proposal to pay a pension.</p>
2.	<p>The Committee enquired about the possibility of achieving the overall dairy production goals for the country by year 2016.</p>	<p>C.A.O. /A.O. explained that approximately 16 liters of milk can be obtained from a cow per day while approximately 20 to 22 liters of milk can be obtained from an imported cow per day. Fresh milk requirement of the country is 350,000 metric tons per day but the total daily production is 150,000 metric tons. C.A.O. /A.O. stated that plans have been formulated to fill the gap between production and requirement.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
Department of Civil Security 10th August 2016		
1.	Failure to reach the minimum debit limit of advance B account in Rs.1,891,058/-	CAO/AO informed the Committee that although it was applied to amend the minimum debit limit, the delay was resulted by the change of Ministers of the Ministry under the scope of which the Department of Civil Security functions and that by now measures have been taken for that purpose.
2.	An amount of Rs.6, 600, 000/- had been paid as rent of a building which has not been utilized during the period from February 2007 to September 2008.	CAO/AO stated that the renovation activities of this building delayed since one floor of this building which consisted of three floors, belonging to the Ministry of Housing Development had to be provided for a Muslim festival by the name of 'Assra Mubharak' for 3 months from 01 st November 2007 on state order and that the building is currently utilized for the functions of the Department. CAO/AO were directed by the Committee to present a detailed report in this regard as soon as possible.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
3.	Maintaining bank accounts without Treasury approval	<p>CAO/AO stated that all the accounts which were separately opened for the forces in the past were closed and new current accounts have been opened on Treasury Approval with effect from 01.08.2016 and that the Income Deposit Account which was available in the Department has been closed down from 31.12.2015 and the said moneys have been credited to the Consolidated Fund.</p> <p>Further it was stated that an amount of Rs.378 million was generated and credited to the aforesaid fund during the past 08 months.</p>
4.	Functions accomplished by the Department of Civil Security which consist of 40,000 employees approximately and the manner in which they can be made to contribute to the functions of the Public and Private sectors.	<p>It was discussed about the manner in which the Civil Security Force could be contributed to the functions of the public and private sectors. The C.A.O/ A.o stated that as an initial step, it is intended to deploy around 2500 retired army professionals for the professional requirements available in institutions, having identified them and listed their details.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		The Committee that firmly emphasized on the requirement to formulate a well-planned programme for the promotion of the activities of the Civil Security Force directed that a common programme be formulated in connection with Tourist Board, Export Development Board and the Board of Investment and that these matters should be coordinated by the secretary to the Ministry.
5	Although it is necessary to obtain the approval of the CAO when payments are done in relation to the year preceding the previous year as per Financial Regulation 115 (4), a payment of Rs.1,353,408/- had been made without obtaining the aforesaid approval.	CAO/AO who admitted that some mistake has taken place here, agreed that such things would not be repeated in future and to work according to the available rules and regulations.
6	07 vehicles had been repaired and a payment of Rs.467, 455/- had been made without recommended reports.	CAO/AO stated that although payments were done in the past with the recommendation of a Major with vocational competency on repair of vehicles, at present payments are made only under the recommendation of the Transport Inspector employed in the Divisional Secretariat Office. CAO/AO were directed to present the Committee with a report on the payments made in relation to the repair.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
7	<p>A video camera and accessories have been purchased in year 2014 at a cost of Rs.9, 457,520/- generated out of project income of the Department.</p>	<p>CAO/AO stated that this expenditure was made utilizing the moneys generated through the projects of the Department on Treasury Approval under the heading “Improvement of Projects and Services and parallel departmental expenses” ,and that it is really difficult to do a purchase of this type utilizing the annual capital allocations which is only 1% and that it was not a futile expenditure since it has been possible at present, to earn an amount of 19 hundred thousand approximately through these equipment.</p>
8	<p>The matter raised at the Public Accounts Committee meeting of the Department of Police held on 22.06.2016 with pertinence to the possibility of deploying civil security officers for the security of Public places and for VIP security instead of deploying police officers.</p>	<p>CAO/AO stated that the preliminary measures have been taken for that purpose and that arrangements are made to deploy one civil security officer each as the initial step and to deploy only the civil security officers for the relevant purposes by gradually increasing the number.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
Western Provincial Council 11th August 2016		
1.	<p>The Auditor General pointed out the following shortcomings of the Western Provincial Council which were discovered in the audit process.</p> <ul style="list-style-type: none"> • Annual Action Plan and the Procurement Plan have not been prepared. • Audit Management Committee has not been established. • Internal audit does not function properly. • Replies for audit queries have not been sent. • Financial statements have not been submitted on time. • A relative financial loss has incurred as a result of short-term investments made using public funds/ provisions (which is a commonality in all Provincial Councils). 	<p>The Committee directed that the shortcomings be remedied.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
2.	<p>Submission of replies to the overall analysis made by the Auditor General by the institutes under the Provincial Council.</p> <p>Provincial Education Department – 12 queries not replied</p> <p>Provincial Health Department - 14 queries not replied</p> <p>Provincial Road Development Authority - 04 queries not replied</p> <p>Local Authorities - 155 queries not replied.</p>	<p>C.A.O. /A.O. was directed to a reply report prepared in response to all matters relevant to the analysis and to send the same to the Committee. Furthermore the C.A.O. /A.O. was directed to submit to the Committee, before 11 September 2016, a report on the institutions which have not replied to audit queries and to include in the report the reasons for not submitting replies.</p>
3.	<p>A relative financial loss has incurred as a result of short term investments made using public funds/ provisions.</p>	<p>Having engaged in an analysis of the matter, the Auditor General was informed to submit a comprehensive report on the issue covering all provinces. The Committee instructed the C.A.O. /A.O. to engage in a discussion with the Ministry of Finance, Finance Commission, Provincial Chief Secretaries and the Auditor General and propose a suitable and effective course of action to address this matter.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
4.	Proper internal audit of the Provincial Council	<p>A.O. stated that although an Internal Audit Unit has been established in the Provincial Council, it is not sufficient.</p> <p>The Committee instructed officers of the Treasury to submit a report that include information on the factors taken into consideration when approving cadre for the establishment of Internal Audit Units in the provinces; the cadres approved for each province; and the cadre approved for the Western Province.</p>
Department of Irrigation 22nd September 2016		
1.	The Committee inquired about the payment procedure followed by the Department of Irrigation since it is not compliance with the Financial Regulations of the government. The Committee observed that the directive given by the Public Accounts Committee on 24 th March 2011 to rectify this procedure has not been implemented.	According to the previous system the Engineer in charge of the division approved, certified and paid but now it has been rectified and the approval is done by the Irrigation Engineer, certification by the Divisional Assistant and the payment is done by the Chief Clerk and CAO/AO stated that action would be taken to get the approval for the aforesaid procedure.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
2.	<p>With regard to a matter related to Gin- Nilwala project for which Rs. 40 million has been estimated the Ministry has violated the agreement and has paid Rs. 2700 millions in 2015 to a Chinese Company as Mobilization Advance and this is 4.35% from the total estimate and that work has not yet been started.</p>	<p>A Committee has been appointed to conduct investigations in this regard and it is to be reconsidered by the Cabinet and CAO/AO stated that further action will be taken according to the order given by the Cabinet.</p>
3.	<p>Of the 103 river basins, identify the river basins that should be developed.</p>	<p>The CAO/AO stated that action is being taken to identify 10 river basins that can be developed and action will be taken to develop them and this is done under the phase 02 of the project to minimize the adverse effects of climate. 82 projects have now been identified and those projects have been identified under the strategic planning methodology, as projects that have a minimum environmental and social effect, projects necessary to minimize environmental and social effects and projects that cannot be implemented. Priority should be given to the projects that have a minimum environmental and social effect and other projects will be implemented after that.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The Committee directed that a report consisting of water resource management plans prepared in 2010 along with the implementation status of those plans and the time frame for the activities of the new Committee be handed over before 22 October.</p>
4.	<p>The steps that have been taken to solve the drinking water problem in areas around Hambantota and Tangalle and Kalu river diversion project.</p>	<p>Kalu river project is important as a solution to the two facts i.e., flood threat and the shortage of water and to avoid the problems arise out of that. The Committee advised to see whether this can be done without interrupting the flow of river while carrying water using underground canals and by building small reservoirs.</p> <p>The CAO/ AO stated that the Department would consider this fact and action would be taken as far as possible to save water that is used for agricultural activities to be used for drinking water.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
5.	<p>The amount that has been spent out of the capital expenditure in 2016 and the performance of that year.</p>	<p>The CAO/AO stated that Rs. 12.5 billion has been allocated in the budget as capital expenditure and 39% out of it has been spent by 31st August 2016 and the outstanding percentage for the activities that have been accomplished is 66% and it is very important to receive the imprest on due time but there is a delay in that. The CAO/AO further stated that Rs. 9 billion out of the total capital expenditure has been allocated for main irrigation.</p> <p>The CAO/AO stated that Rs. 3800 million has been requested to pay for the 66% of activities that have been accomplished.</p>
6	<p>The irregularities that have taken place in Sugaladevi and Weli Oya projects were discussed in the previous Committee and its legal status and the disciplinary action that have been taken in this regard.</p>	<p>The CAO/ AO stated that legal advice in this regard was received in 2014 and the Attorney General’s Department has recommended to sue under the Criminal Law. The CAO was directed to take necessary action in this regard and to send a report to the Committee.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
7	<p>The steps that have been taken on the 10 concrete mixing machines that became defunct in the Weheragala project.</p>	<p>The CAO/ AO informed the Committee that the Attorney General’s Department has been informed to take legal action in this regard. These machines have been used for a long period of time and Rs. 4 million can be obtained by selling those machines.</p> <p>Since the loss of Rs. 3 million can be recovered by selling the machines there will not be any losses to the government and the Attorney General’s Department has informed that there is no need to take legal action in this regard.</p> <p>The CAO/AO was directed that the letter that requested the opinion of the Attorney General and the copies of the letters that contained the opinion of the Attorney General and a report on the progress of this be sent to the Committee within a week.</p>

8.	<p>a) According to the reconciliation as at 31 December 2012 on the Advance Account for the Public Servants bearing item number 28201 the total of the balances due to that date was Rs. 18,620,869/= and the follow up activities to collect the due balances are not at a satisfactory level.</p> <p>(b) Action has not been taken according to the Financial Regulation 571 regarding the deposits amounting to Rs. 53,464,992/= that exceed two years as at 31 December 2015.</p> <p>(c) Legal action have not been taken with regard to the unauthorized dwellers in government owned 21 houses that belonged to the Department as mentioned in Annual Board of Survey Reports in 2012.</p> <p>(d) According to the Board of Survey Report 2012 the officers have not applied for 310 government quarters. These houses have been abandoned for a long period of time since they are in a dilapidated condition.</p> <p>(e) According to the Board of Survey Report 2012, 54 government quarters have been transferred to other Government Departments and institutions but it has not been done following the proper procedure.</p> <p>(f) Rs. 2,143,527/- has been spent to transport people from outside areas for the opening ceremony of the Rambakenoya Irrigation Project but its result is not clear.</p>	<p>The Committee requested reports of these matters before 22nd of October.</p>
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	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
9.	The effort taken to conduct boat services in the 22 tanks that belong to the Department of Irrigation was not fruitful and the Committee observed that as a failed project.	The Committee requested a report be sent before November 1 explaining the possibilities of developing or prohibiting the project along with the reasons for that.
10	Confirmation should be done, according to the circular 2014, in the post to which the recruitment was made but action has been taken to confirm in the post in which the person has been employed.	<p>The CAO/AO stated that an investigation would be conducted in this regard.</p> <p>The Committee directed that a report be submitted before 22 October about the employees who were confirmed violating the circular along with the procedures followed in this regard and the date on which this can be completed.</p>
State Printing Department 22nd September 2016		
1.	Non-preparation of a Procurement Plan for the year 2016.	CAO/AO informed the Committee that arrangements would be taken to present the Procurement Plan to the Auditor General within 2 weeks, since action had not been taken to submit the Procurement Plan to the Auditor General although it had been formulated.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The Committee stated that the Ministry should pay more attention towards the activities of the Department and directed the CAO/AO to forward the Procurement Plan that has been formulated already to the Auditor General along with the recommendation of the Ministry next 26th and to provide a copy to the Committee.</p>
2.	<p>Progress of the measures that have been taken to fill the vacant positions existing in the Department.</p>	<p>CAO/AO stated that a competitive examination and an interview have been conducted to recruit individuals out of internal and external applicants for the 12 posts of Deputy and Assistant State Printer and the selections have been referred to the Public Services Commission for approval and that the attention of the Public Service Commission has been drawn to matters like recruiting officers on apprentice basis for 107 posts at the secondary level and absorbing them to permanent service after the completion of NVQ 5 qualification following a 3 year successful training, and following the methodology of promoting officers holding Additional State Printer posts to the special category based on seniority and qualification and</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		later to appoint to the post of State Printer.
		The Committee, which stressed the need to prioritize the internal applicants when recruitments are done for the post of state printer, directed the CAO/AO to present the Committee with a report prepared on the measures taken to fill the vacancies as per the Service Minutes before 05 th of October.
3.	The progress of the measures that have been taken to recover the dues to the institution from the officers who were dismissed or interdicted and who have resigned for various reasons up to 31 st December 2015.	CAO/AO stated that loan documents of 05 officers who were dismissed and document files of 31 officers who were interdicted and 5 officers who were dismissed within the period 1984-2009 have got misplaced and that particular details are being searched and that it is expected to get the advice of the Attorney General in relation to 35 officers and that there is a difficulty in taking measures since the documents of 09 officers who resigned are not available in the institution

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The Committee directed that action be taken against the officers responsible for the misplaced documents, and that arrangements be made to resolve this issue within 03 months appointing a Ministerial Committee to refer the matter to the Attorney General with recommendations from the Ministry of Finance and to get his advice.</p> <p>The Committee informed that a report with time frames to be furnished before 05th of October.</p>
4.	Action has not been taken to recover the outstanding printing income of Rs.585,985,184/-	CAO/AO stated that the Printing Department is an institution which provides services only to the public institutions and the shortcomings of the client institutions, change of estimated values, and lack of information have contributed to the increase of outstanding income and that the request which was sent to the Ministry of Finance requesting a transfer of allocations in the year 2008 has not been hitherto responded.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>However, CAO/AO further stated that action has been taken to recover around Rs.173 million out of the above amount and that attention has been paid towards measures like obtaining a 50% advance prior to the provision of services and obtaining 75% of allocations in view of minimizing this situation in future.</p> <p>The Committee emphasized the need for a methodology to enter into agreements with the clients.</p>
5.	Inventory Surveys have not been conducted and Fixed Assets Registers and Computer Assets Registers have not been prepared after 2011.	CAO/AO stated that a proper survey has not been conducted after 1989 and that issues like not properly maintaining documents of stocks and many other issues in the areas related to workers, machinery and trade unions are existing. He further requested the Committee for a reasonable time to conduct a formal study on these issues and to rectify them.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>Accordingly, the Committee which paid special attention towards the institutional weaknesses pointed out by the audit query, directed that the following reports be furnished.</p> <ul style="list-style-type: none"> - A report prepared after identifying the issues existing in the Accounts, Administration and other Divisions of the institution by deploying the officers of the Auditor General's Department, to be submitted before 15th of November - A report on the performance of the Department prepared by the Ministry to be submitted before 20th of October - A report on the current progress of the facts presented through the audit query presented by the Auditor General today.
<p>Sabaragamuwa Provincial Council 04th October 2016</p>		
1.	Disclaimer of Audit opinion in relation to Industrial Development Authority and Road Passenger Transport Authority from 2010 to 2014	The C.A.O. /A.O. and the Auditor General were directed by the Committee to submit a comprehensive report in this regard within one month.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
2.	Rs.3787 million investment being in the possession of Sabaragamuwa Provincial Council as bank fixed deposits by 31.12.2015	The C.A.O. /A.O. stated that the said funds were utilized for the sectors for which allocations were not made in 2016 and that the balance was given as deposits because the Provincial Council did not close the accounts at the end of the year and submitted the balance to the Treasury like the other public institutions did. The Committee recommended that taking a policy decision in this regard by the Cabinet and at the Summit of the Provincial Ministers would be appropriate.
3.	Rs.1,999,034/= remaining to be recovered for 15 surcharge certificates issued from 1973 to 2008	The need for proper follow up on possible surcharges in future was emphasized by the Committee.
4.	Disclosure of the charging of Rs.1, 525,000/= from 350 students by a school in Mawanella area when children were admitted for 2015, without issuing receipts.	It was stated by the C.A.O./A.O. that collection of money was not done by Principals by then, the relevant money had been obtained by the School Development Committee, the relevant Principal had been sent on transfer and another Principal had been appointed and that a proper disciplinary inquiry was conducted in that regard.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
5.	<p>Even though the maximum amount provided to Members of Provincial Councils as loans was Rs.250,000/= as per the provisions of the Circular issued by the Ministry of Provincial Councils and Local Government bearing No. 1/2001 dated 28th March 2001, loans amounting to Rs.500,000/= per person have been provided exceeding that limit. In addition, out of such loans provided, Rs.1 418,600/= was due from 12 who lost their Membership as at 31st December 2014.</p>	<p>It was stated by the C.A.O. /A.O. that approval of the Provincial Cabinet had been received for that. The Committee directed to request the change of that limit through the Line Ministry and take the necessary steps.</p>
6.	<p>Despite the communication made by the letter of the Secretary to the Finance Commission to the effect that no direct allocation of provisions should be done for development projects based on backward and isolated villages, Rs.1,403,603/= has been spent as direct provisions.</p>	<p>It was stated by the C.A.O. /A.O. that it had been provided as roofing sheets for the roof of a temple, that provision of chairs to four very remote temples under the development of isolated villages had been reported and that such provisions were not done any longer.</p>
7.	<p>Preparing the technical specifications and evaluation in relation to the purchase of 589 computers at a cost of Rs.60, 372,500/= had been done in a fraudulent manner and Rs.7, 961,513/= had been over paid to the supplier and despite the serious recommendations made as per the initial inquiry in this regard no action has been taken by the Provincial Council in this regard.</p>	<p>It was stated by the C.A.O. /A.O. that the investigation was conducted in a very proper manner by the Presidential Investigation Commission and that it was expected to send the charge sheets after receiving the investigation report. It was emphasized by the Committee that the internal investigations too should be carried out properly in addition to the investigations carried by external institutions.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
8.	Failure to submit any details about the receipt or distribution of items for auditing even though items worth Rs.18,549,089/= had been purchased and distributed among various parties as gifts by the Governor's Office in 2014.	The Committee took note of this matter and directed the C.A.O. to look into the matter and take necessary action.
9.	<p>(a) Absence of a Constitution or a set of rules for the fund established for welfare affairs of the Road Passenger Transport Authority of Sabaragamuwa Province and absence of any allocation for welfare of the employees.</p> <p>b) Rs.6, 721,443/= and Rs.6, 559,719/= had been utilized in 2013 and 2014 respectively for affairs outside the objectives of the Authority.</p>	The C.A.O. /A.O. stated that a Constitution for the fund was being prepared. It was stated by the C.A.O. /A.O. that the final accounts had not been prepared after decentralizing the affairs of this institution, those final accounts were being prepared and that action would be taken to provide the money to the relevant persons by obtaining information on the money received from decision accounting.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
10	54,719 exercise books worth Rs.1, 176,457/= had been purchased by three Divisional Secretariats in the latter part of 2014 to be provided to children of low income families on a proposal made by a Provincial Councilor but the District Secretariat, Ratnapura had refused to distribute them and handed them back to the Secretary to the Provincial Council in April 2015 as the photograph of the relevant political authority had been printed on the front cover of those books when they were printed. All the books were stored in the stores of the Provincial Revenue Department even by September 2016.	The C.A.O. /A.O. stated to the Committee that the programme had been implemented with funds allocated to the Members, that the Department of Government Printing would not change the cover page though they had been requested to do so and that the payments had been stopped but the cover page would be changed using money of the Council as the books were of very good quality
11.	The total of the bank balances of the funds of the Sabaragamuwa Province Development Department being Rs.14, 451,053/- and the total in 36 fixed deposits being Rs.145, 588,314/=.	It was stated by the C.A.O./A.O. that the relevant money was a part of the profit of the Cooperative, that such money would be utilized for the promotion of the Cooperative campaign and that action was being taken to draft the rules in that regard which had to be passed by the Council.
12	11 vehicles handed over by the Development Designs and Machinery Authority for repairs have been idling during a period of 4 months to 3 years.	C.A.O/A.O stated that this situation arose as a result of the delay of purchasing spare parts and non- availability of enough Technicians. The Committee directed the C.A.O/A.O to dispose of the vehicles after conducting a Board of Survey.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
District Secretariat- Hambantota 05th October 2016		
1	The auditing activities of the District Secretariat have not been included in the Internal Audit Programme and the auditing activities of 07 Divisional Secretariats for 2016 have not been conducted even as at 19 th September 2016	AO stated that the auditing activities of the District Secretariat have been included in the Internal Audit Programme of 2016 and that auditing activities of 10 Divisional Secretariats have been conducted and that the auditing activities of the two remaining Divisional Secretariats would be completed in near future.
2	The loss of Rs.1.7 million incurred by a financial fraud committed by an officer of Divisional Secretariat Thissamaharama has not yet been recovered from his pension gratuity	AO stated that the document file relevant to the calculation of the pensions of the relevant officer has been prepared by the Divisional Secretariat Thissamaharama and has been sent to the Director General-Pensions but it has not been calculated yet in spite of the fact that several reminders have been sent and also stated that arrangements would be made to recover the relevant loss subsequent to the calculation of the pensions.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The following directions were given to the CAO/AO by the Committee.</p> <ul style="list-style-type: none"> i. To inquire the legal status regarding the way in which the determination of the institutional level inquiry would be affected by the determination that will be given by the judicial investigation process conducted by the CID as they conduct an inquiry against the relevant officer and to report it to the Committee. ii. To send a report to the Committee on the recovery of this amount of money.
3.	<p>In the year 2011, the Divisional Secretariat Beliatta has written 16 cheques with a value of Rs.2,432,488/- by the name of NSB regarding the payment of compensation for the unclaimed lands located in the area acquired for the Matara- Kataragama railway line and has kept in their custody and has not taken measures to obtain the deposit certificates from the court regarding the compensation payments for the unclaimed lands</p>	<p>AO stated that as per the ordinary procedure, cheques are written after the issuance of deposit certificates by the court for the relevant lands for which money has been deposited and here, the cheques have been written soon after receiving the court order and that as there was a delay in the issuance of deposit certificates by the court and the cheques which were written were kept with them and as soon as the deposit certificates were issued the cheques were banked properly.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
4.	<p>The contract regarding the initial estimate of Rs.3,296,503/-for the renovation of a health centre has been awarded to two approved societies under the direct contract method by preparing two contracts as two different contract tasks, contravening the provisions of the code of Public Procurement Guidelines by the Divisional Secretariat, weeraketiya under the “Jathika Saviya Maganeguma” programme in 2011.</p>	<p>AO stated that the same contract has been divided into two sections and has been handed over to two societies, and that it has been completed by now.</p>
5.	<p>An extra amount of Rs.116,533/-had to paid since 3 type 600 PVC pipes with a market value of Rs.2600/= had been overestimated and purchased at a value of Rs.4500/- for the Kirimetiya Ussana Water project by the Ambalantota Divisional Secretariat in 2012.</p>	<p>The Committee informed the CAO that the relevant estimate be analyzed, and that a report on the conformity of the estimates with the specific rates of the government be presented to the Committee to be held on the October 27th and that the relevant engineers too be summoned to Parliament when District Secretariats are summoned to the Public Accounts Committee in future.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
6	<p>An amount of Rs. 691,768/- has been paid for laying gravel of 759.35 cubic meters as per the bills with pertinence to the construction of the bund of the water spill canal of the Siyambalagaswewa of Aluthgoda belonging to the Tangalle Divisional Secretariat division. Here, an extra amount of Rs.533,573/- in 2012 had been paid to the contractor as the work accomplished was only 173.65 cubic meters</p>	<p>The AO stated that an examination in this regard was conducted in the year 2014 and as per its report, 1611 cubic meters of gravel had been laid and therefore, no extra payment has been made.</p> <p>The Committee which stated that the examination which was conducted by the Auditor General's Department was conducted in the year 2012 and that its authenticity cannot be examined by a an examination which was conducted two years after the incident, and informed that a re-examination be conducted by the Engineers and a report be presented to the Committee which will meet on 27th October.</p>
7	<p>As per the reconciliation statement which was presented for audit, outstanding loan balances of a value of Rs.2, 556,027/- relating to 20 officers remained as at 31st December 2015 and although a period of 1 to 20 years has lapsed as at 31st December 2015, a loan balance of Rs.1, 579,751/- further remained outstanding after the recovery of the aforesaid outstanding loan balances.</p>	<p>The AO stated that the outstanding loans have been recovered from the workers who got transferred under the central government and owing to the financial difficulties of the Provincial Council, the loans of the workers who got transferred under the Provincial Council are recovered in installments and that steps have been taken to initiate legal measures against the workers who have vacated service.</p>

8	<p>20 Singer sewing machines with the electric motor which has been purchased from the Development programme of the Public Representatives at a cost of Rs.462, 000/- by the Sooriyawewa Divisional Secretariat on 30th December 2014, had not been distributed among the beneficiaries even by June 2016.</p>	<p>The AO informed the Committee that these sewing machines had been purchased under the allocations of an MP and that the distribution of the machines got delayed owing to several issues regarding the list of beneficiaries which she had submitted , and as she didn't present a list of beneficiaries when inquired later , approval has been sought by the Divisional Secretary of Sooriyawewa to distribute these machines among a suitable group and that the District Secretary has not given approval in this regard as it is difficult for him to take an exact decision in this regard.</p> <p>The Committee directed the CAO/AO to pay attention to the distribution of these machines after inquiring the chairmen of the Regional Coordination Committee.</p>
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	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
9	610 land grant deeds registered by 04 Divisional Secretariats and 337 grant deeds which had not been registered at the land registry had been Kept in custody for a period of 01 to 32 years without taking measures to distribute them among the owners.	<p>The AO stated that the distribution of these deeds got delayed owing to certain issues that came up at the distribution and that H.E the President makes arrangements to distribute 10,000 land deeds and that these deeds too would be distributed soon after receiving the particular order from HE the president.</p> <p>The Committee directed the CAO/AO to take the required measures having subjected the matter to discussion in the next District Coordination Committee and to report it to the Committee</p>
Department of Motor Traffic 06th October 2016		
1.	The Committee which stressed the point that it is for the fourth time that the Department of Motor Traffic was summoned before PAC in the year 2016, and that as the current performance of this Department is not satisfactory in spite of the above fact, informed that the necessary steps would be taken by the Committee to report the situation to HE the President, to the Hon. Prime Minister and even to Parliament, if no positive development of the affairs of this Department is shown.	

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
2.	<p>The measures taken by the Department to practically implement the E-Motoring project as per the recommendations given at the committee meetings which were called several times from 09th January 2016 to date and the current situation.</p>	<p>The CAO/AO stated that a plan with specific time periods is implemented to start the E Motoring Project, and accordingly and that the award of the relevant tender would be done within the month of March 2017 and that the Data Base Migration facilities required have been provided enabling the proposed E-Motoring project to be linked to the computer programme currently utilized by the Department and that it has been facilitated to get connected with other institutions.</p> <p>The Committee directed the CAO/AO to provide the Committee with a report on the implementation of the future steps of this project with the specific time periods.</p>
3	<p>An officer who has engaged in the relevant problematic activities, has been appointed as the Head of the Committee appointed to investigate the misplacement of the vehicle document files and the misplacement of vehicle document files was further observed towards the end of year 2015.</p>	<p>CAO who stated that he has received the report prepared by the Investigation Committee and even he himself is not satisfied with the said report and further stated that the said matter would be re investigated using some other officer.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The CAO was directed by the Committee to send a report on the said investigation and also to send a register of names of the officers who handle the administration of the document files at present and of those who are in charge of the document files.</p>
4.	<p>The Committee revealed the following information on the vehicle bearing number CAI-0469 which has been fraudulently registered on 22nd July 2015.</p> <ul style="list-style-type: none"> - The Hyundai Type vehicle had been mentioned as a Land rover at the registration. - The year of production of the particular vehicle was 2001 but it has been mentioned as 2011. - The country of production has been fraudulently mentioned as Japan - The measures adopted by the Department pertaining to the above factors 	<p>AO stated that a preliminary inquiry was conducted with regard to this incident and that accordingly, measures were taken to cancel the registration of the relevant vehicle and that an investigation is carried out by the CID as well.</p> <p>The Committee which expressed its disapproval over the measures adopted by the Department pertaining to this incident and the preliminary investigation conducted, directed the CAO/AO to submit the following information and reports before 06th November 2016.</p> <ul style="list-style-type: none"> - a detailed report on the officers/workers who have been punished owing to engaging in various fraudulent actions while serving in the Department of Motor Traffic from the year 2005 to date

		<ul style="list-style-type: none">- a report on the Departmental positions which were available during the last 15 years including the job titles, nature of duty and the place of work- a document of the officers belonging to the combined service , deployed in the Department with a service period of more than 5 years- a report on the internal transfer policy of the Department the manner in which those transfers were done- the report of the preliminary internal investigation pertaining to the vehicle bearing number CAI-0469 which has been registered in a fraudulent manner- -the report of the examination which is needed to be conducted by the Line Ministry regarding the vehicle bearing number CAI-0469 which has been registered in a fraudulent manner- a report prepared pertaining to the vehicles daily registered as per the vehicle type
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	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<ul style="list-style-type: none"> - a document of the vehicles exceeding a value of Rs.70,000,000/- including tax which are registered daily. - A document of the vehicles which were imported to Sri Lanka during the past five years including information of the vehicle class, type of vehicle, and the companies by which those vehicles have been imported. <p>In addition to obtaining these information, it was decided that a report should be summoned from CID regarding the progress of the examination conducted by CID with pertinence to the vehicle bearing number CAI-0469 which has been registered in a fraudulent manner.</p>
5.	An excessive number of motorbikes has been registered exceeding the amounts included in the customs records which include import details.	AO stated that the method to confirm the information given by the Customs Department through the computer programme has been implemented with effect from 01.01.2014 and that such issues regarding the registration of motorbikes were not repeated afterwards and that there had been contradictions between the customs records and the registered number of vehicles prior to the adoption of the aforesaid methodology.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
6.	<p>The Committee instructed the CAO/AO to inform the immediate measures taken to avoid the weaknesses and inefficiencies which are currently available in the Department of Motor traffic.</p>	<p>The AO stated that they would work in accordance with the recommendations and instructions given by the Committee and steps would be taken to formalize and rectify the duties of the Department by adopting to effective methodologies.</p> <p>The Committee stressed that the activities of this Department would further be firmly monitored by the Committee and accordingly the future measures would be decided by the Committee.</p>
<p>Wattala Pradeshiya Sabha 25th October 2016</p>		
1.	<p>Lands and buildings belonging to the Pradeshiya Sabha have not been entered quantitatively into the budget under ‘property belonging to the Sabha’. Those lands have not been properly documented.</p>	<p>C.A.O stated that instructions have been issued to maintain a register of lands in the Western Province in future. The C.A.O. was directed by the Committee to immediately prepare a document on the properties within the Province up to now.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
2.	Holding Audit and Management Committees	<p>A.O. was directed to formulate a formal methodology to hold Audit Committee meetings without violating orders in the respective circulars. C.A.O. was directed to formulate through the Ministry of Local Government, a methodology which would be applicable to all Local Authorities island-wide in terms of holding Audit Committee meetings.</p>
3.	Use of computer programmes in local authorities	<p>In response, the A.O. stated that rates and trade permits have been computerized and that it is used in practice since year 2015. C.A.O. stated that majority of the Local Authorities have started to recover their revenue through software and follow accepted accounting standards.</p> <p>At this point, the Committee emphasized the significance of using a single computer software that connects all Local Authorities. C.A.O/A.O was instructed to take action to implement an integrated computer programme because it would make payment of rates more convenient to the citizen and enable the recovery of dues in a methodical manner.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
4.	Income from advertisement boards approved by the Sabha and telephone towers.	<p>The Committee stated that receiving income from only 35 advertisement boards in the entire Sabha area by 30-09-2016 is not acceptable and emphasized that the Sabha must pay greater attention to earning more income through advertisement boards.</p> <p>The Committee directed C.A.O. /A.O. to look into ways through which a greater income can be earned from telephone towers.</p>
5.	Rs.43, 120,454/- has been spent in year 2015 for the disposal of garbage. Compared to the amount of money spent for this purpose in previous years, it indicates a massive hike.	A.O. stated that the increase in this amount occurred as a result of the inclusion of staff maintenance expenses, fuel and equipment maintenance expenses. However, the Committee was not satisfied with this reply and directed the C.A.O. /A.O. to submit a report stating the reasons for discrepancies in expenses made for the disposal of garbage in different years.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
6.	No legal steps had been taken even by 31 December 2015 regarding the dishonoured cheque of Rs.974, 800/- received in May to cover rent payment of the Hendala reception hall.	C.A.O. stated that the Chairman has not signed the relevant agreement and that the transaction took place with agreement from the Sabha. Part of the total amount has been recovered from the deposit. A complaint has been lodged at the police regarding the dishonored cheque and it is expected to take necessary legal action through an attorney. The Committee directed the C.A.O. /A.O. to submit a report in this regard.
Meerigama Pradeshiya Sabha 25th October 2016		
1.	The reason why no quantitative increase could be observed in the number of assessment units in the Sabha area in the period between 2012 and 2015.	C.A.O/A.O. stated that new areas were identified and the matter was forwarded to the Valuation Department in order to obtain a report after assessment of properties and a qualitative and revenue increases are expected accordingly.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
2.	The attention of the Committee was drawn to the reduction of income received from approved propagating advertising boards of the Pradeshiya Sabha area from year 2015 to 30-09-2016.	<p>The Committee stated that income received from advertising boards displayed in high commercial value areas is not satisfactory and emphasized that such matters should be discussed during progress review meetings and action must be taken to update charges after comparative analysis.</p> <p>It was further stated that it is the responsibility of the Pradeshiya Sabha to come up with the most suitable methodology for this.</p>
3.	Since the share transferred to the Sabha from the auctioning of the land called “Camiluswatta” of Loluwagoda has been observed to be insufficient for common amenities, action taken by the Sabha in this regard were asked.	<p>Approval of the Central Environment Authority has not been obtained when blocking out land in this property and the Coconut Development Board has expressed its objection to the same. The C.A.O/A.O. stated that it is difficult to take action against responsible parties since the officers responsible for this action are no longer in the service.</p> <p>C.A.O/A.O. further stated that the newly drafted by law will enable them to resolve this matter in a systematic manner after it is passed.</p> <p>The Committee expressed its displeasure at the scenario and emphasized that the Provincial Chief Secretary should focus extra attention on such issues.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
4.	Steps have not been taken to identify transmission towers within the Pradeshiya Sabha area and levy charges.	<p>A.O. stated that 7 such towers have been identified so far.</p> <p>The Committee directed that information on transmission towers in the area be collected through the Grama Niladharis under the supervision of the Divisional Secretaries and that action be taken to verify whether such towers have been built after obtaining approval of the Commissioner of Local Government.</p>
5.	Delays in approving building plans and granting the same to relevant parties	C.A.O/A.O. promised to focus attention on this matter and look into the situation while the Committee instructed that computer programmes be used to avoid the occurrence of such incidents.
6.	Failure to take action to resolve environmental issues that arise as a result of the waste incineration unit in Pasyala	<p>It was revealed that it is carried out by a private company and the A.O. stated that action was taken to stop this with the intervention of the Pradeshiya Sabha and that it is the responsibility of the Central Environment Authority to take action in this regard.</p> <p>The Committee emphasized the significance of attaching PHIs to Pradeshiya Sabhas and who are responsible for Health Medical Officers and Commissioners of Local Government.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
Western Provincial Council 25th October 2016		
1.	<p>C.A.O/A.O. explained that following action has been taken regarding the audit queries brought up and recommendations made at the Committee on Public Accounts meeting on the Western Province held on the Western Provincial Council on 11-08-2015</p> <ul style="list-style-type: none"> a) Annual Action Plan and the Procurement Plan have not been formulated for the institutions of the Western Province b) Audit Management Committee meetings have not been held c) Financial statements have not been submitted to the Auditor General by three institutions in year 2015 	<p>Following action has been taken by the respective institutions:</p> <ul style="list-style-type: none"> a) C.A.O. / A.O. stated that Action Plans have been prepared by all institutions of the Western Province and that Procurement Plans have been prepared. b) Audit and Management Committee meetings have been held in all Ministries and the Departments that come under each Ministry too have been covered under the same Audit and Management Committee meetings. Except for three Authorities, all other Authorities too have carried out Audit and Management Committee meetings. Instructions have been issued to the aforementioned three Authorities to hold Audit and Management Committee meetings within this month. c) C.A.O/A.O. stated that final accounts of these three institutions for year 2015 have been submitted to the Auditor General and that instructions have been issued to submit to the Auditor General, the final accounts of year 2016 before 31-03-2017.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
	<p>d) Replies for 185 audit queries applicable to 25 institutions under the Provincial Council have not been sent</p> <p>e) Rs.9000 million of the surplus of the Provincial Council have been invested in short term investments.</p>	<p>d) C.A.O/A.O. stated that replies have been made to 124 audit queries by now and that instructions have been issued to submit replies to the remaining 61 queries within a month.</p> <p>e) By 30-08-2016, only a sum of Rs.6750 million out of the said amount was under Treasury Repos while a sum of Rs.3,944 million deposited in Treasury Repos had to be used for settling estimated expenses. C.A.O. / A.O. had informed that the remaining Rs.2,806 million is expected to be spent on the construction of buildings and purchasing of equipment, services and furniture.</p>
<p>Dehiwala-Mount Lavinia Municipal Council 26th October 2016</p>		
1.	<p>Required attention has not been paid to complaints lodged by the public regarding investigation activities of the officers during the period of 3 years from 2013-2015.</p>	<p>A.O. stated that the dearth of the investigation officers contributed to this situation and that the said activities have been regularized by now after making new recruitments.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
2.	<p>The total outstanding income of the Municipal Council as at 2015 was Rs.917,399,000/-</p> <p>Out of the above amount, the outstanding assessment tax and tax income was Rs.344,899,000/-</p> <p>RS.31 million out of the outstanding assessment tax of the year 2012 has been written off.</p> <p>The reason for writing off Rs.2,900,000/-which was to be recovered from Nagindas Company.</p>	<p>A.O. stated that arrangements have been made to recover the outstanding income and that Rs.100 million out of the outstanding assessment tax has already been recovered.</p> <p>A.O. stated that action was taken to write off the relevant amounts as per the recommendations of the Municipal Council. The Committee observed that the Commissioner of Local Government was not aware of the above action and directed the Commissioner of Local Government to conduct a complete investigation on the writing off of assessment tax dues without obtaining required approval and to provide a report to the Committee.</p>
3.	<p>The number of Audit and Management Committees conducted from year 2014 to 2016 was very few.</p>	<p>It was emphasized that these committee meetings should be held at least once every three months. A.O. stated that the estimated annual income of the Municipal Council is approximately Rs. 1.5 billion that an Internal Auditor has not been attached to the Municipal Council, and that applications have been sent to get an officer of grade III of the Accountants' service for this purpose.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The Committee instructed the C.A.O. that steps should be taken to appoint Accountants of higher grade and Internal Auditors to all the local government institutions which earn an annual income of more than Rs.1 billion</p>
4.	<p>Issuance of surcharges and lodging appeals</p>	<p>It was pointed out by the C.A.O. /A.O. that there is doubt whether the surcharges and appeals, when presented, should be presented to the Minister of the Line Ministry or to the Provincial Level Minister.</p> <p>C.A.O. was instructed to present the relevant recommendations to the Attorney General, having discussed this situation with the Secretary to the Line Ministry Auditor General, and the officers of the Provincial Council as it is required to obtain a policy decision to solve this issue.</p>
5.	<p>Process to approve building plans and land plots.</p>	<p>The Committee which emphasized the necessity of having a formal process to approve building plans, pointed out the need of a computerized programme for the convenience, accuracy and efficiency of all the administrative matters.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>C.A.O. was directed that a computerized programme linked to all the local government institutions in Sri Lanka should be formulated, and that a report on the plans and the functionality of the aforesaid programme be sent to the Committee before 01st December 2016.</p> <p>The Commissioner of Local Government was directed to send a separate report to the Committee on the functionality of the aforesaid computerized programmes in all the local government institutions available in the Western Province.</p>
6.	Income received through name boards	<p>A.O. stated that the rates established for name boards may fluctuate as per the decisions given by the Municipal Council. The Committee which stressed that a methodology should be formulated to charge penalties in addition to the legal measures taken regarding unauthorized notice boards or the notice boards for which the stipulated amounts are not paid, recommended that a proper methodology should be formulated in this regard by the Provincial Council, having appointed a Committee to regulate these activities.</p>

7	Waste Management	<p>The Committee, taking into consideration the unsatisfactory situation existing throughout the country with regard to waste management, directed the CAO to submit to the Committee a report containing the following information in order to discover the current situation about waste management within the Western Province:</p> <ul style="list-style-type: none">- The number of local government bodies in the Province, the number of Grama Niladhari Divisions and the number of houses in each of those local government bodies.- Out of them, the number of Grama Niladhari Divisions and the number of houses from which garbage is collected.- Whether the collection of garbage is carried out by the relevant Sabha / Council or by the private sector on contract basis.- The nature of measures implemented by each of those Sabhas / Councils with regard to waste management and whether they have adopted methods such as producing compost. If such methods have not been adopted so far, to focus attention on Producing Compost.
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	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
The Ministry of Parliamentary Reforms and Mass Media 26th October 2016		
1.	The current progress of the two activities, namely establishment of Selacine Institute as a public company and establishment of a National Broadcasting Development Authority that had been proposed to be completed during year 2015 as per the Action Plan for that year.	The CAO stated that the decision has already been taken to turn Selacine Institute into a public company, but no step has been taken so far with regard to the establishment of a National Broadcasting Development Authority as it relates to policies of the government.
2.	Delay in sending replies to audit queries for year 2015 and for other years.	The CAO stated that he would take action to answer the 6 audit queries within two weeks. The Committee informed the CAO that action should be taken to submit answers to audit queries without delay and that attention should be paid towards using information technology in that regard. The Committee directed the CAO to submit to the Committee a copy of the audit query to which answers were submitted under the title “controlling vehicles” on 19.10.2015.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
3.	<p>Not conducting an adequate number of meetings of the Audit and Management Committee in year 2015.</p>	<p>The CAO stated that there are 13 institutes coming under the Ministry and it is a very difficult task to conduct 52 committee meetings annually as those institutes differ from one another in terms of their functions and some of them are not functioning at present. He also stated that attention has been drawn towards conducting committee meetings calling several institutes together in future.</p> <p>The Committee emphasized that the objective should not only be to conduct committee meetings and more attention should be drawn towards getting the expected targets achieved.</p>
4.	<p>Amending the Press Council Act so that electronic media institutes, too, come under the provisions of the Act in order to provide for investigations into complaints against false information or news.</p>	<p>Although the Press Council Act contains provisions for investigating complaints received against publishing of false news items in newspapers, there is no possibility of investigating the wrongs committed by the electronic media and therefore, the CAO stated that, attention of the responsible authorities would be drawn to this matter as there is the requirement that the government reaches policy decisions.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		The Committee directed the CAO to bring to the attention of the Hon. Minister the requirement for amending the existing laws and rules.
5.	The present situation of the measures taken for converting television services from analog technology to digital technology and using German or Japanese technology for that.	The CAO stated that the government is yet to reach a conclusion regarding the analog technology, but the Japanese technology has been selected for that.
6	Developing a methodology for charging the annual fees from licensees and for renewing licenses in order to prevent private parties obtaining public funds in unsuitable ways.	The CAO/AO stated that, as licenses have been issued to all institutes, except for ITN, on a temporary basis in terms of the provisions of Sri Lanka Rupavahini Corporation Act, it is a timely requirement that those licenses be revoked and a proper license be issued, but this is a sensitive issue and therefore top level attention should be drawn to this matter.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
7	The Committee directed its attention towards unregistered websites operating in Jaffna area.	The Committee emphasized that the possibility for banning these websites through Telecommunications Regulatory Commission should be looked into and, if not, investigations should be carried out as complaints are received and action should be taken in terms of the legal provisions. It was also emphasized that attention of the Ministry of Telecommunication and Digital Infrastructure should be drawn to this matter and action should be taken to prepare suitable methodology to address this issue.
8	Use of official vehicles by the Minister exceeding the approved limit and action that has been taken regarding payment of telephone and electricity bills.	The CAO stated that lack of evidence to verify this matter has been a problem. Although it is the responsibility of the Accountant to recover these amounts, it had not been fulfilled and therefore it was directed to carry out an investigation immediately and submit a report to the Committee.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
9	Issuing licenses for private radio and television channels without proper approval.	<p>Licenses had been issued on temporary basis under the powers vested in the Minister in terms of the provisions of Sri Lanka Broadcasting Corporation Act and Sri Lanka Rupavahini Corporation Act. The CAO stated that a condition has been laid down to the effect that prior approval of the Telecommunications Regulatory Commission should be obtained for satellite television channels.</p> <p>However, the CAO/AO informed the Committee that the only solution for these issues is to pass Sri Lanka Broadcasting Authority Bill and discussions are underway with the Minister regarding that.</p>
10	Incurring of a loss of Rs.39.5 million from Ranminitenna Tele Cinema Village in year 2012 and running the same at a loss even at present.	<p>The CAO/AO stated that possibility of providing the facility for conducting training programmes of public institutes and providing accommodation facilities has been looked into in order to minimize the loss.</p> <p>He further stated that attention has been paid towards the possibility of using this village for some other purpose and the favourable response of the Committee was received in this regard.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
11	A member of the private staff of the former Minister had received Rs.1, 000,000 as salary while receiving a salary for the same period from the Disaster Management Centre, too.	The CAO/AO stated that action was taken as per the instructions issued by the Attorney General to recover the amount in installments of Rs.50, 000/- and a sum of Rs.100, 000/- has been paid back accordingly, and that action has to be taken following instructions from the Attorney General to recover the remaining amount.
12	Loss of an income of over Rs.10 million due to the lack of a methodology to identify imported advertisements and due to the shortcomings in follow-up action	The CAO/AO stated that there is no technical methodology for regulating television advertisements and that there is no space for any fraud as the relevant taxes are added to the sponsor by the agencies.
13	Not levying taxes of Rs.32 million that is outstanding as at 31 December 2015.	The CAO/AO stated that these outstanding amounts are due from two TV channels only and steps have been taken to obtain instructions from the Attorney General for further action

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
14	Levying taxes from imported teledramas, movies and commercial propagating programmes.	The CAO/AO stated that the Ministry does not have 100% authority to regulate activities of media institutes, and although the authority to issue licenses for media institutes is vested in the Secretary to the Ministry in terms of the Finance Act No 11 of 2006, attention has been directed towards correcting the legal gaps currently affecting that process.
Third Meeting to Discuss the Vacancies and Salaries of Sri Lanka Accountants' Service 27 October 2016		
1.	How the cadre of Sri Lanka Accountants' Service should be increased with the increase of the number employees in the public sector.	The CAO/AO stated that 1871 positions were approved for the Accountants' Service on 30.02.2016.
2	Criteria adopted in creating positions of Accountant.	The CAO/AO stated that positions of Accountants are created based on the number of employees, the income generated, number of sub-offices and requirement of the workplace and that the approved cadre is determined accordingly.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
3.	Steps that have been taken to fill the vacancies in the Accountants' Service.	<p>The CAO/AO stated that action would be taken to conduct a competitive examination and recruitments would be made to fulfill 275 vacancies.</p> <p>The Committee emphasized that, when developing criteria for creating these positions and when officers are divided, attention should be paid to the ethnic situation and also the cultural setting.</p>
4.	Additional measures that have been taken to carry out audit activities efficiently.	<p>The CAO/AO stated that action should be taken to attach support staff in order carry out audit activities more efficiently and that staff requirements can be fulfilled by re-attaching the existing cadres to places where there is staff requirement. The CAO/AO further stated that attention should also be drawn towards the improvement of language competence of the staff and the officers.</p>
5.	Transfers in the Accountants' Service and of Internal Auditors.	<p>The CAO/AO stated that, as there are no applications for annual transfers, action would be taken to give compulsory transfers to officers who have been working in the same place for too long.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		The Committee directed the CAO/AO to appoint a Committee for the purpose of making these transfers and to inform the Committee of the composition of that Committee before 05 th November, and also to inform the Committee before 20 th December of the methodology that will be adopted in making these transfers.
District Secretariat – Matara 27 October 2016		
1.	Existence of 236 excess staff as at 31 st December 2015	The AO stated that, although there is requirement for increasing the cadre, this situation has arisen as approval has not been granted so far for such increase. As there is some problematic situation with regard to this, the Committee directed the CAO/AO to submit before 20 November 2016 a detailed report containing details of the approved cadre, the number of vacancies and the excess staff in each district.
2.	Unutilized official quarters belonging to Divisional Secretariats.	The AO stated that these quarters are not utilized due to a number of reasons such as that most of these house are in a bad state of repair, that heavy expenditure has to be incurred on carrying out repairs, and that some of the officers do not need official quarters.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		The Committee was of the opinion that the responsibility of maintaining these quarters should be undertaken by the Divisional Secretaries and, as this has been a common problem throughout the country, the Committee directed the CAO/AO to prepare some suitable and practicable programme to remedy this situation.
3.	Unutilized multipurpose buildings and community halls.	The Committee observed that these buildings are not in usable condition due to several reasons such as non-completion of the construction work of buildings, non-acquisition of lands and not providing facilities such as water and electricity.
		The Committee issued its recommendation to look into the possibility of utilizing these buildings for some productive purpose and directed the CAO/AO to propose this recommendation to the District Development Committee and report the progress of such measures to the Committee.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
4.	<p>The project for constructing the toll-gate at Gandarawella fishing village in Devinuwara had been given up after spending Rs.41,378/- of the approved provision of Rs.594,898/- .</p>	<p>The AO stated that, as per the directives given by the last meeting of the Committee on Public Accounts, the documents pertaining to the project had been submitted to the Secretary to the Ministry of Fisheries and Aquatic Resources and that the construction work of the building was stopped after the building that had been constructed for the industry had been destroyed due to sea erosion.</p> <p>The Committee emphasized the importance of officials' being more prepared when attending the meeting of the Committee as this matter had been discussed at an earlier meeting and the officials were directed to submit a report explaining the present situation of this issue.</p>
5.	<p>A report had not been submitted , though the District Secretary was informed to submit an investigative report on overpayment of Rs. 130,000/= in purchasing plastic chairs, paying Rs. 550/= per each , canceling the second minimum bid of Rs. 510/= which was received in first calling of bids by the District secretariat to purchase 3250 plastic chairs for Grama Niladari offices .</p>	<p>A.O informed that he missed sending the report due to the fact that the notes had not been taken, in the previous meeting, in that regard.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
		<p>The Committee expressed its dissatisfaction over the answer and emphasized the fact that files should be opened calling the Minuets of all District secretariats with which previous meetings were held from the Public Accounts Committee Office . The C.A.O and A.O was directed to submit a report in this regard within a month.</p>
6.	<p>Although a building of Devinuwara Divisional secretariat had been leased out to a co-operative society since 1997, on monthly lease of Rs. 4000/=, the rent had not been paid for 29 months from year 2010 to 2012 .And also no sufficient action had been taken to recover the outstanding rent of Rs. 116,000/=, presently, with the increase of rent, the outstanding rent has amounted to Rs. 5,053,433/-.</p>	<p>A,O stated that Devinuwara Co-operative society has taken this building on lease and failed to evict them from the building by reason of public protests , though efforts were made and decisions have been taken to transfer the building to the same co-operative society .</p> <p>The Committee directed C.A.O and A.O to assign the task of recovering aforesaid payments, with the Commissioner of Co-operatives.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
7.	Although Devinuwara Divisional Secretariat had taken over 88 plots of lands to construct Tsunami houses, Matara – katharagama railway development project and for the improvements in water supplies, they were not registered with Land Registrar until October 2012 and even presently 84 lots of lands have not been registered .	A.O stated that the Registrar of Lands had informed that land registration cannot be performed due to the contradictions of data in the documents which were sent by secretariat and the Land Registrar’s office and Registrar of Lands agreed to complete the task in time to come when she was instructed in that regard .
8	Although a security camera system had been installed in District secretariat with the expense of Rs. 919,764/= on 29 th August 2012 , full system had gone defunct by 1 st July 2016 due to the fact that proper service had not been carried out and its electric wiring also had been removed .	The Committee emphasized that the inability to take proper actions on the damage caused to security system of the institution, is detrimental on the professional dignity of the officials and the institution. The Committee directed C.A.O to get the institution to check the camera system and to see whether it can be given to some other state institution and to assign the District secretary with the responsibility of performing administrative tasks of the institution without any fault and the responsibility on all human and physical recourses of the institution .

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
9	<p>Even presently, no action has been taken on the stamp scam that had been taken place in Matara district secretariat to the value of Rs. 664,200/- and arson on Weligama Divisional Secretariat office.</p>	<p>A.O stated that action could not be initiated as the files concerned were misplaced and action will be taken against two officials who are connected with the stamp scam since files have been received by now.</p> <p>The Committee directed C.A.O /A.O to resolve this issue as soon as possible as this is a long-drawn-out issue and the officials connected with the incident have retired.</p>
10	<p>407 state land grants which had been prepared by 9 Divisional secretariat offices of Matara district, to be distributed among grantees, had been kept in aforesaid offices without distributing even until 10th October 2016 .</p>	<p>A.O stated that the District Secretariat held a meeting with all Divisional Secretaries and it was revealed that the distribution of land grants is over.</p> <ul style="list-style-type: none"> - But in an inquiry made by the Committee while Committee in session, it was revealed that the distribution of land grants in Mulatiyana Divisional Secretariat is still underway. The Committee emphasized the importance of the credibility of the facts that are submitted before the Committee and directed C.A.O and A.O to submit a written report in this regard.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
North Western Provincial Council 27 October 2017		
1.	The principal vacancies, available in 1254 schools in province.	A.O revealed that Acting Principals are serving in 326 schools. C.A.O /A.O was directed to resort to a formal action to fill available Principal vacancies ,taking the Acting Principals into consideration and considering the number of principals to get their retirement in three years to come.
2.	Not collecting lease payments subsequent to entering into a long term lease since 12 years, on a land in extent of 4 acres 3 roods , 37 perches that is situated in Pannala Divisional Secretariat Division and enjoyed by a private company and the unauthorized enjoyment of the land in extent of 1 rood , 28 perches .	A.O stated that measures have been taken to collect outstanding tax payments and it is the responsibility of the respective Divisional Secretary to take measures to recover the taxes that are due. C.A.O/A.O was directed to submit a comprehensive report to the Committee on this land and the 5 lands that have been mentioned in the report of the Auditor General which is to be taken into discussion in the Committee.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
3.	<p>In respect of 2012 and 2013, a stock of 96 types of Medicines to the value of Rs. 222,540 /- and Rs. 3,016,124 /- and 270012 units of 49 types of medicine and 874344 units of 84 types of medicines of which the value cannot be calculated, has been stored, in 3 hospitals that comes under the Provincial Health Services Department, in 3 Medical Health Officer offices, and in Regional Medical Supplies Unit .</p> <p>10,162,768 units of 413 types of medicine to the value of Rs. 16,945,704 /- , and 53 other types of medicine of which the value cannot be calculated have been removed from the use due to expiration, sample failures, changes in color and smell in 6 hospitals under Provincial Medical Services Department and Regional Medical Supplies Unit of Medical Services Directorate of Kurunegala district .</p>	<p>A.O stated that there are 6 reasons for that and a separate board has been appointed for the removal of these medicines that are supplied by the Line Ministry and however removal has been done on 8th and 9th of August 2015. The Committee pointed out of the necessity of a formal process as this issue exists in every Provincial Council and C.A.O was instructed to intervene in to the matter. It was informed to submit a report to the Committee, including the causes of the issues and the measures to avoid them, having summoned all Provincial Councils for a discussion.</p>
4.	<p>A sum of Rs. 5,600,000/- , a 50% of the money to be collected by the Provincial Medical Director in terms of Act No. 21 of 2006 , had not been sent to the Provincial Council and Rs. 3,610,685 /- out of aforesaid amount had been deposited in a special account by Provincial Medical Director</p>	<p>C.A.O was directed to submit a detailed report on the amount that has been collected by the Provincial Councils in terms of this Act, during past 5 years and the manner in which they have been deposited.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
5	<p>Non recovery of the money that was provided to write off the financial fraud amounting to Rs. 13, 609, 655/- which took place in Giriulla Zonal office in connection with Provincial Treasury Deposit Account under damages and losses , and not taking legal actions in that regard.</p>	<p>A.O stated that police complaints have been lodged with regard to this incident that took place in 2011 , and action have been taken against 14 individuals after an initial inquiry and the main suspect has gone abroad. The C.A.O was directed to have a formal inquiry in this regard having information from the People’s Bank where the account was maintained and to submit a report to the committee before 20th December .</p>
<p>Kalutara Urban Council 28th October 2016</p>		
1.	<p>Approving building plans, issuing conformity certificates, not valuing revenue in collecting revenue taxes, and low level of revenue unit increase rate, from 2011 to 2015 .</p>	<p>It was observed that the Council not taking measures to collect revenue, from 86 buildings for which conformity certificates had been issued , might have led not to change the amount of revenue units, significantly . A.O stated that 63 cases out of that have been sent to the Valuation Department .The Committee directed to submit a report in that regard.</p>

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
2	Waste management	C.A.O and A.O stated that Rs. 47 million is spent to manage garbage and 25- 30 tons of garbage is removed per day. These garbage is sent to a compost project, called “Mihisaru” that is run by Waste Management Authority of Western Province and it earns profit by selling compost to tea estates of the Southern Province.
3.	Methodology of communicating, the approval that is granted for the building plans and the applications that are not approved.	A.O stated that, up to 30 th September 2016, the number of building plans that have not been approved due to shortcomings in the applications, is 40. The Committee directed to classify those rejected applications and to identify shortcomings and provide instructions to avoid them, in terms of Circular LP/93/30.
4.	6 perch land of the Urban Council that is situated in Kalutara Ganga Bada road, has been given to an employee of the Urban Council for residential purposes , on 30 year lease since May 2004 , with the approval of the Chief Minister and it was revealed that he enjoys the adjoining Urban Council land as well, though decisions had been taken to pay Rs. 600/= , per year, no valuation had been taken from a Government valuer .	The Committee made inquiries in that regard and C.A.O/A.O stated that it has already been referred to a valuer for valuation.

	Main Issues Discussed	Explanations of the Chief Accounting Officer/Accounting Officer and the comments /directives and recommendations of the Committee
5.	<p>Certain road contracts which were prepared for certain road projects , had been over estimated by the Technical Officers of the Urban Councils , new estimates had to be done canceling the original agreements and the same Technical Officers had made changes in the subsequent estimated work descriptions that they prepared, to a great extent , differing the amount of work that should be performed .</p>	<p>The Committee inquired of the measures that have been taken in this regard and C.A.O /A.O stated that preliminary inquiries have been initiated and a Technical Officer has been transferred in connection with that. The CAO/AO was directed to submit a report to the Committee on the prevailing inquiries in Local Government Institutions before 20th November.</p>

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