

Auditor General's Triennial Report

2021-2023

**Cooperation, Boards and
Bureaus**

Table of content

		Page No.
1.	Executive Summary	8
2.	Opinion of the Auditor General on the Financial Statements	9
3.	Independent observations of Cooperation, Boards and Bureaus	
3.1	Sri Lanka National Freedoms from Hunger Campaign Board	19
3.2	Hector Kobbekaduwa Agrarian Research and Training Institute	25
3.3	Sri Lanka Agriculture research policy	27
3.4	Land Survey Council	32
3.5	Arts Council	35
3.6	J.R Jyawardana Center	38
3.7	Tower Hall Theater Foundation	40
3.8	National Film Corporation of Sri Lanka	43
3.9	Central Engineering Consultancy Bureau	49
3.10	Chamber of Construction Industry	57
3.11	Construction Industry Development Authority	61
3.12	Sri Lanka Broadcasting Corporation	73
3.13	National Aquatic Resources Research and Development Agency	81
3.14	National Aquaculture Development Authority of Sri Lanka	84
3.15	New Village Development Authority for Plantation Region	87
3.16	Ceylon Fishery Harbor Corporation	92
3.17	Ceylon Fisheries Corporation	97
3.18	State Timber Corporation	102
3.19	Central Environmental Authority	116
3.20	The Institute of Environmental Professionals of Sri Lanka	124
3.21	Marine Environment Protection Authority	125
3.22	Condominium Management Authority	136
3.23	Urban Settlement Development Authority	142
3.24	National Institute of Occupational Safety and Health	149

3.25	National Institute of Labour Studies	153
3.26	National Institute of Occupational Safety and Health	162
3.27	National Secretariat for Elders	164
3.28	National Institute of Social Development	174
3.29	Sri Lanka Social Security Board	176
3.30	Institute of Policy Studies of Sri Lanka	180
3.31	Employees' Trust Fund Board	181
3.32	1990 Suwaseriya Foundation	192
3.33	Private Health Service Regulatory Council	197
3.34	State Pharmaceutical Corporation of Sri Lanka	203
3.35	State Pharmaceuticals Manufacturing Corporation	263
3.36	Tea Small Holdings Development Authority	270
3.37	Tea Research Board	275
3.38	Sri lanka Tea Board	284
3.39	Spices and Allied Product Marketing Board	294
3.40	Rubber Research Board of Sri Lanka	296
3.41	National Institute of Plantation Management	300
3.42	Coconut Cultivation Board	302
3.43	Coconut Development Authority	308
3.44	Sri Lanka State Plantation Corporation	317
3.45	Development Lottery Board	326
3.46	National Lotteries Board	350
3.47	Sri Lanka Cricket	364
3.48	Sri Jayewardenepura General Hospital	371
3.49	Sri Lanka Tourism Promotion Bureau	377
3.50	Sri Lanka Tourism Development Authority	385
3.51	Sri Lanka Institute of Tourism and Hotel Management	404
3.52	Sri Lanka Convention Bureau	410
3.53	Sri Lanka Convention Bureau	412

3.54	State Development and Construction Corporation	427
3.55	Agricultural and Agrarian Insurance Board	430
3.56	Sri Lanka Cashew Corporation	447
3.57	Land Reform Commission	459
3.58	State Engineering Corporation of Sri Lanka	481
3.59	Water Resources Board	485
3.60	Engineering Council, Sri Lanka	501
3.61	Defense Service Command Staff College	510
3.62	Ranaviru Seva Authority	512
3.63	General Sir John Kotelawala Defence University	518
3.64	National Building Research Organization	548
3.65	Disaster Management Centre	552
3.66	Geological Survey and Mines Bureau	555
3.67	Legal Aid Commission	563
3.68	Sri Lanka Judges' Institute	574
3.69	Office for Reparations	576
3.70	Office on Missing Persons	583
3.71	National Authority for the Protection of Victims of Crime and Witnesses	589
3.72	Road Development Authority	595
3.73	Superior Courts Complex Board of Management	619
3.74	National Housing Development Authority	628
3.75	Sri Lanka Institute of Textiles and Apparel	651
3.76	National Enterprise Development Authority	654
3.77	Consumer Affairs Authority	656
3.78	Sri Lanka Export Credit Insurance Corporation	659
3.79	Sri Lanka Export Development Board	661
3.80	Sri Lanka State Trading (General) Corporation Ltd	664
3.81	Urban Development Authority	667
3.82	Ceylon Petroleum Corporation	689

3.83	Lakshman Kadiragamar International Relations and Strategic Studies Institute	704
3.84	Sri Lanka Institute on Local Governance	707
3.85	National Institute of Language Education and Training	719
3.86	Official Languages Commission	721
3.87	Local Loans and Development Fund	724
3.88	Sri Lanka Institute on Local Governance	729
3.89	State Printing Corporation	740
3.90	Sri Lanka Institute of Printing	748
3.91	National Livestock Development Board	754
3.92	Coconut Research Board	764
3.93	National Transport Commission	771
3.94	National Transport Medical Institute	776
3.95	Sri Lanka Land Development Corporation	780
3.96	National Secretariat for Persons with Disabilities	799
3.97	Ayurvedic Medical Council	801
3.98	Sri Lanka Ayurvedic Drugs Corporation	811
3.99	National Medicines Regulatory Authority	844
3.100	Wijaya Kumaratunga Memorial Hospital	854
3.101	National Authority on Tobacco and Alcohol	858
3.102	National Youth Corps	875
3.103	Sri Lanka Anti-Doping Agency	879
3.104	Sugathadasa National Sports Complex Authority	881
3.105	National Water Supply and Drainage Board	887
3.106	Insurance Regulatory Commission Sri Lanka	929
3.107	Sri Lanka Press Council	935
3.108	Sri Lanka Rupavahini Corporation	937
3.109	Securities and Exchange Commission of Sri Lanka	942
3.110	Sugarcane Research Institute	944
3.111	National Post Harvest Management Institute	952

3.112	National Council for Road Safety	956
3.113	Sri Lanka Hadabima Authority	963
3.114	Homoeopathic Medical Council	967
3.115	Sri Lanka Foundation	971
3.116	Civil Aviation Authority of Sri Lanka	975
3.117	National Crafts Council	991
3.118	Industrial Technology Institute	993
3.119	National Research Council	1001
3.120	Arthur C. Clarke Institute for Modern Technologies	1007
3.121	National Engineering Research and Development Center of Sri Lanka	1011
3.122	National Innovation Agency	1015
3.123	National Science and Technology Commission	1017
3.124	National Gem and Jewellery Authority	1020
3.125	Sri Lanka Standards Institution	1025
3.126	National Science Foundation	1031
3.127	Sri Lanka Inventors Commission	1033
3.128	National Gem and Jewellery Authority	1036
3.129	National Design Centre	1042
3.130	Sri Lanka Accreditation Board for Conformity Assessment	1043
3.131	National Institute of Co-operative Development	1045
3.132	Industrial Development Board of Ceylon	1048
3.133	Ceylon Ceramic Corporation	1056
3.134	Sri Lanka Handicrafts Board	1059
3.135	Sri Lanka Cement Corporation	1063
3.136	Public Utilities Commission of Sri Lanka	1069
3.137	Galle Heritage Foundation	1078
3.138	National Dangerous Drugs Control Board	1081
3.139	National Youth Services Council	1104
3.140	Institute of Geology Sri Lanka	1121

3.141	National Institute of Business Management	1123
3.142	National Institute of Education	1126
3.143	National Apprentice and Industrial Training Authority	1128
3.144	National Library and Documentation Service Board	1137
3.145	National Institution of Fundamental Studies	1139
3.146	National Child Protection Authority	1144
3.147	Tertiary and Vocational Education Commission	1147
3.148	University College of Batangala	1150
3.149	University College of Matara	1153
3.150	National Human Resource Development Council	1155
3.151	University College of Rathmalana	1158
3.152	University College – Kuliyaipitiya	1163
3.153	University of Vocational Technology	1165
3.154	Sri Lanka Institute of Advanced Technological Education	1169
3.155	Vocational Training Authority of Sri Lanka	1172
3.156	Ocean University of Sri Lanka	1181
3.157	Sri Lanka Transport Board	1183
3.158	Sri Lanka Ports Authority	1222
3.159	Ceylon Shipping Corporation Ltd	1247
3.160	Anuradhapura University College	1259
3.161	University College of Jaffna	1260
3.162	Sri Lanka Foreign Employment Bureau	1261
3.163	Sri Lanka Sustainable Eneergy Authority	1270
3.164	Sri Lanka Atomic Energy Board	1279
3.165	Atomic Energy Regulatory Council	1284
3.166	Palmyrah Development Board	1293
3.167	Mahaweli Authority of Sri Lanka	1296
3.168	Ceylon Electricity Board	1326
3.169	Ceylon German Technical Training Institute	1248

1. Executive Summary

This report only includes observations that the Auditor General has determined should be brought to the attention of Parliament for the years 2021, 2022 and 2023, relating to 169 state corporation boards and bureaus by the end of 2023, and which have not been further corrected.

Among the relevant statutory bodies, there are also institutions that were not included in this report due to non-availability of audit observation and failure to submit financial reports within the stipulated time.

Most of these institutions had received the grants for capital and recurrent expenditure and allocations from the Treasury, while some institutions had financed their capital and recurrent expenditure through self-financing.

These institutions had reported both surpluses as well as deficits in their financial operating results, and the Auditor General had given unqualified, qualified, disclaimer and adverse opinions in certifying the financial statements of the relevant institutions.

2. Opinion of the Auditor General on the Financial Statements

corporation boards and bureaus prepare annual financial statements comprising the statement of financial position as at the end of the year and income statement, a cash flow statement, statement of changes in equity and a summary of significant accounting policies and other explanatory information for the year then ended. The Auditor General provides independent assurance that the financial statements give a true and fair view of the operations of the entities. This assurance is provided by expressing an opinion on the financial statements. The conclusion of the Auditor General as to whether the statement of financial position and the statement of financial performance of the corporation boards and bureaus present a true and fair view and as to whether those financial statements comply with Sri Lanka Accounting Standards or Sri Lanka Public Sector Accounting Standards, which are currently compliant with International Public Sector Accounting Standards, and Financial Reporting Standards is expressed by the audit opinion.

Four types of opinions are expressed after considering material misstatements or discrepancies according to the financial statements, and limitations of scope and disagreements between management and the auditor. They are:

Unqualified Opinion

This opinion is expressed when material misstatements or non-compliances are not reported in the financial statements.

Qualified Opinion

This opinion is expressed when material / misstatements or inconsistencies have been reported in the financial statements, but, they have not been extended to the financial statements of entity.

Adverse Opinion

Adverse audit opinion is expressed when material / misstatements, reported in the financial statements have been extended to the financial statements.

Disclaimer of Opinion

This opinion is expressed when the auditor is unable to obtain sufficient and appropriate audit evidence for audit opinion owing to the limitation in the scope and when the auditor decides that there may be undisclosed misstatements in the financial statements.

Details of Opinions of corporation boards and bureaus.

Information of audit opinions issued in relation to the financial statements submitted in relation to 169 corporation boards and bureaus for the years 2021, 2022 and 2023 is mentioned in the following table.

	2021	2022	2023
Unqualifid	26	26	25
Qualified	129	126	120
Adverse	02	03	01
Disclaimer	07	05	02
Opinion has not decided yet	05	09	21
Financial Statements not received	-	-	-

	Name	2021	2022	2023
1.	Sri Lanka National Freedoms from Hunger Campaign Board	Qualified	Qualified	Qualified
2.	Hector Kobbekaduwa Agrarian Research and Training Institute	Unqualified	Qualified	Qualified
3.	Sri Lanka Agriculture research policy	Qualified	Qualified	Unqualified
4.	Land Survey Council	Qualified	Qualified	Qualified
5.	Arts Council	Qualified	Qualified	Unqualified
6.	J.R Jyawardana Center	Qualified	Qualified	-
7.	Tower Hall Theater Foundation	Qualified	Qualified	Qualified
8.	National Film Corporation of Sri Lanka	Qualified	Qualified	Qualified
9.	Central Engineering Consultancy Bureau	Qualified	Qualified	Qualified
10.	Chamber of Construction Industry	Qualified	Qualified	Qualified
11.	Construction Industry Development Authority	Qualified	Qualified	Qualified
12.	Sri Lanka Broadcasting Corporation	Qualified	Qualified	Qualified
13.	National Aquatic Resources Research and Development Agency	Qualified	Qualified	Qualified
14.	National Aquaculture Development Authority of Sri Lanka	Qualified	Qualified	-

15.	New Village Development Authority for Plantation Region	-	-	-
16.	Ceylon Fishery Harbor Corporation	Disclaimer	Disclaimer	-
17.	Ceylon Fisheries Corporation	-	-	-
18.	State Timber Corporation	Qualified	Qualified	Qualified
19.	Central Environmental Authority	Qualified	Qualified	Qualified
20.	The Institute of Environmental Professionals of Sri Lanka	Qualified	Qualified	Qualified
21.	Marine Environment Protection Authority	Qualified	Qualified	Qualified
22.	Condominium Management Authority	Qualified	Qualified	Qualified
23.	Urban Settlement Development Authority	Qualified	Qualified	Qualified
24.	National Institute of Occupational Safety and Health	Qualified	Qualified	Qualified
25.	National Institute of Labour Studies	Qualified	Qualified	Qualified
26.	National Institute of Occupational Safety and Health	Unqualified	Unqualified	Qualified
27.	National Secretariat for Elders	Qualified	Qualified	Unqualified
28.	National Institute of Social Development	Qualified	Unqualified	Qualified
29.	Sri Lanka Social Security Board	Qualified	Qualified	Unqualified
30.	Institute of Policy Studies of Sri Lanka	Qualified	Qualified	Unqualified
31.	Employees' Trust Fund Board	Qualified	Qualified	Qualified
32.	1990 Suwaseriya Foundation	Unqualified	Unqualified	Unqualified
33.	Private Health Service Regulatory Council	Qualified	Qualified	Qualified
34.	State Pharmaceutical Corporation of Sri Lanka	Qualified	Qualified	Qualified
35.	State Pharmaceuticals Manufacturing Corporation	Unqualified	Unqualified	Unqualified
36.	Tea Small Holdings Development Authority	Qualified	Qualified	Qualified

37.	Tea Research Board	Qualified	Qualified	Qualified
38.	Sri Lanka Tea Board	Qualified	Qualified	Qualified
39.	Spices and Allied Product Marketing Board	Qualified	-	-
40.	Rubber Research Board of Sri Lanka	Qualified	Qualified	Qualified
41.	National Institute of Plantation Management	Qualified	Qualified	Qualified
42.	Coconut Cultivation Board	Disclaimer	Qualified	-
43.	Coconut Development Authority	Qualified	Qualified	Qualified
44.	Sri Lanka State Plantation Corporation	Adverse	Qualified	Qualified
45.	Development Lottery Board	Qualified	Qualified	Qualified
46.	National Lotteries Board	Qualified	Qualified	Qualified
47.	Sri Lanka Cricket	Qualified	Unqualified	Unqualified
48.	Sri Jayewardenepura General Hospital	Qualified	Qualified	Qualified
49.	Sri Lanka Tourism Promotion Bureau	Qualified	Qualified	Qualified
50.	Sri Lanka Tourism Development Authority	Disclaimer	Qualified	Qualified
51.	Sri Lanka Institute of Tourism and Hotel Management	Qualified	Qualified	Qualified
52.	Sri Lanka Convention Bureau	Qualified	Unqualified	Unqualified
53.	Sri Lanka Convention Bureau	Qualified	Unqualified	-
54.	State Development and Construction Corporation	Qualified	Disclaimed	-
55.	Agricultural and Agrarian Insurance Board	Qualified	Qualified	Qualified
56.	Sri Lanka Cashew Corporation	Qualified	Qualified	Qualified
57.	Land Reform Commission	Disclaimed	Disclaimed	Disclaimed

58.	State Engineering Corporation of Sri Lanka	-	-	-
59.	Water Resources Board	Qualified	Qualified	Qualified
60.	Engineering Council, Sri Lanka	Qualified	Qualified	Qualified
61.	Defense Service Command Staff College	Qualified	Qualified	Qualified
62.	Ranaviru Seva Authority	Qualified	Qualified	Qualified
63.	General Sir John Kotelawala Defence University	Qualified	Qualified	Qualified
64.	National Building Research Organization	Qualified	Qualified	Qualified
65.	Disaster Management Centre	Qualified	Qualified	Qualified
66.	Geological Survey and Mines Bureau	Qualified	Qualified	Qualified
67.	Legal Aid Commission	Qualified	Qualified	Qualified
68.	Sri Lanka Judges' Institute	Qualified	Qualified	Qualified
69.	Office for Reparations	Unqualified	Qualified	Qualified
70.	Office on Missing Persons	Qualified	Qualified	Qualified
71.	National Authority for the Protection of Victims of Crime and Witnesses	Unqualified	Unqualified	Qualified
72.	Road Development Authority	Qualified	Qualified	Qualified
73.	Superior Courts Complex Board of Management	Qualified	Qualified	Qualified
74.	National Housing Development Authority	Qualified	Qualified	Qualified
75.	Sri Lanka Institute of Textiles and Apparel	Qualified	Qualified	Qualified
76.	National Enterprise Development Authority	Qualified	-	-
77.	Consumer Affairs Authority	Qualified	Qualified	Qualified
78.	Sri Lanka Export Credit Insurance Corporation	Qualified	Qualified	Qualified
79.	Sri Lanka Export Development Board	Qualified	Unqualified	Qualified

80.	Sri Lanka State Trading (General) Corporation Ltd	Qualified	Unqualified	-
81.	Urban Development Authority	Disclaimer	-	-
82.	Ceylon Petroleum Corporation	Qualified	Qualified	Qualified
83.	Lakshman Kadiragamar International Relations and Strategic Studies Institute	Qualified	Qualified	-
84.	Sri Lanka Institute on Local Governance	Qualified	Qualified	Qualified
85.	National Institute of Language Education and Training	Qualified	Qualified	Qualified
86.	Official Languages Commission	Qualified	Qualified	Qualified
87.	Local Loans and Development Fund	Qualified	Disclaimer	Disclaimer
88.	Sri Lanka Institute on Local Governance	Qualified	Qualified	Qualified
89.	State Printing Corporation	Qualified	Qualified	Qualified
90.	Sri Lanka Institute of Printing	Qualified	Qualified	Qualified
91.	National Livestock Development Board	Qualified	-	-
92.	Coconut Research Board	Qualified	Qualified	Qualified
93.	National Transport Commission	Qualified	Qualified	Qualified
94.	National Transport Medical Institute	Qualified	Qualified	Qualified
95.	Sri Lanka Land Development Corporation	Qualified	Qualified	Qualified
96.	National Secretariat for Persons with Disabilities	Unqualified	Unqualified	Qualified
97.	Ayurvedic Medical Council	Unqualified	Qualified	Unqualified
98.	Sri Lanka Ayurvedic Drugs Corporation	Qualified	Qualified	Qualified
99.	National Medicines Regulatory Authority	Qualified	Adverse	Qualified
100.	Wijaya Kumaratunga Memorial Hospital	Qualified	Qualified	Qualified
101.	National Authority on Tobacco and	Qualified	Qualified	Unqualified

	Alcohol			
102.	National Youth Corps	Qualified	Qualified	Qualified
103.	Sri Lanka Anti-Doping Agency	Unqualified	Qualified	Unqualified
104.	Sugathadasa National Sports Complex Authority	Qualified	Qualified	Qualified
105.	National Water Supply and Drainage Board	Qualified	Qualified	Qualified
106.	Insurance Regulatory Commission Sri Lanka	Unqualified	Unqualified	Unqualified
107.	Sri Lanka Press Council	Qualified	Qualified	Qualified
108.	Sri Lanka Rupavahini Corporation	Qualified	Qualified	Qualified
109.	Securities and Exchange Commission of Sri Lanka	Unqualified	Unqualified	Unqualified
110.	Sugarcane Research Institute	Qualified	Adverse	Qualified
111.	National Post Harvest Management Institute	Qualified	Qualified	Qualified
112.	National Council for Road Safety	Qualified	Qualified	Qualified
113.	Sri Lanka Hadabima Authority	Qualified	Qualified	Qualified
114.	Homoeopathic Medical Council	Qualified	Qualified	-
115.	Sri Lanka Foundation	Qualified	Qualified	Qualified
116.	Civil Aviation Authority of Sri Lanka	Unqualified	Qualified	Qualified
117.	National Crafts Council	Qualified	Qualified	Qualified
118.	Industrial Technology Institute	Qualified	Qualified	Qualified
119.	National Research Council	Qualified	Qualified	Qualified
120.	Arthur C. Clarke Institute for Modern Technologies	Qualified	Qualified	Qualified
121.	National Engineering Research and Development Center of Sri Lanka	Unqualified	Unqualified	Qualified
122.	National Innovation Agency	Unqualified	Unqualified	-

123.	National Science and Technology Commission	Qualified	Qualified	Qualified
124.	National Gem and Jewellery Authority	Qualified	Qualified	Qualified
125.	Sri Lanka Standards Institution	Qualified	Qualified	Qualified
126.	National Science Foundation	Qualified	Qualified	Qualified
127.	Sri Lanka Inventors Commission	Qualified	Qualified	Qualified
128.	National Gem and Jewellery Authority	Qualified	Qualified	Qualified
129.	National Design Centre	Qualified	Qualified	Unqualified
130.	Sri Lanka Accreditation Board for Conformity Assessment	Qualified	Qualified	Qualified
131.	National Institute of Co-operative Development	Qualified	Qualified	Qualified
132.	Industrial Development Board of Ceylon	Qualified	Qualified	Qualified
133.	Ceylon Ceramic Corporation	Qualified	Qualified	Qualified
134.	Sri Lanka Handicrafts Board	Qualified	Qualified	Qualified
135.	Sri Lanka Cement Corporation	Qualified	Qualified	Qualified
136.	Public Utilities Commission of Sri Lanka	Unqualified	Qualified	Qualified
137.	Galle Heritage Foundation	Unqualified	Unqualified	Unqualified
138.	National Dangerous Drugs Control Board	Qualified	Qualified	Qualified
139.	National Youth Services Council	Qualified	Qualified	Qualified
140.	Institute of Geology Sri Lanka	Unqualified	Unqualified	Unqualified
141.	National Institute of Business Management	Unqualified	Unqualified	Unqualified
142.	National Institute of Education	Qualified	Qualified	Qualified
143.	National Apprentice and Industrial Training Authority	Qualified	Qualified	Qualified
144.	National Library and Documentation Service Board	Adverse	-	-

145.	National Institution of Fundamental Studies	Qualified	Qualified	Qualified
146.	National Child Protection Authority	Unqualified	Qualified	Qualified
147.	Tertiary and Vocational Education Commission	Qualified	Qualified	Qualified
148.	University College of Batangala	Unqualified	Unqualified	Unqualified
149.	University College of Matara	Unqualified	Unqualified	Unqualified
150.	National Human Resource Development Council	Qualified	Qualified	Qualified
151.	University College of Rathmalana	Unqualified	Unqualified	Unqualified
152.	University College – Kuliyaipitiya	Unqualified	Unqualified	Qualified
153.	University of Vocational Technology	Unqualified	Unqualified	Qualified
154.	Sri Lanka Institute of Advanced Technological Education	Qualified	Qualified	Unqualified
155.	Vocational Training Authority of Sri Lanka	Qualified	Qualified	Qualified
156.	Ocean University of Sri Lanka	Qualified	Qualified	Qualified
157.	Sri Lanka Transport Board	Disclaim	Disclaim	Adverse
158.	Sri Lanka Ports Authority	Disclaim	Qualified	Qualified
159.	Ceylon Shipping Corporation Ltd	Qualified	Qualified	-
160.	Anuradhapura University College	Unqualified	Unqualified	Qualified
161.	University College of Jaffna	Qualified	Qualified	Unqualified
162.	Sri Lanka Foreign Employment Bureau	Qualified	Qualified	Qualified
163.	Sri Lanka Sustainable Eneergy Authority	Qualified	Qualified	Qualified
164.	Sri Lanka Atomic Energy Board	Qualified	Qualified	-
165.	Atomic Energy Regulatory Council	Qualified	Qualified	Qualified
166.	Palmyrah Development Board	Disclaimer	Qualified	Qualified

167.	Mahaweli Authority of Sri Lanka	Qualified	Adverse	Qualified
168.	Ceylon Electricity Board	Qualified	Qualified	Qualified
169.	Ceylon German Technical Training Institute	Qualified	Unqualified	Qualified

3. Independent observations of Cooperation, Boards and Bureaus

3.1 Sri Lanka National Freedoms from Hunger Campaign Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	569,190,977	92,517,567	476,673,410	(3,828,645)	Qualified
2022	597,974,835	114,503,919	483,470,916	16,020,225	Qualified
2023	660,409,859	119,532,990	540,876,869	59,970,689	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Even though the investigation report stated that the former chairman, director, assistant director, (currently the deputy director), project officer are collectively responsible in terms of F.R. 104(4) for the misplacement of soybeans worth Rs.4,094,596 in the Anuradhapura Upuldeniya warehouse during the year 2018, the Deputy Director was allowed to go abroad with no pay.	2021 2022 2023	Losses should be recovered from the responsible parties.	Action is taken as per the decisions of the Committee.	In terms of F.R. 104(4,) the inquiry is held by a committee appointed by the Ministry of Agriculture.

02. An income of Rs.81,134,631 was earned by removing the soil from the tank and selling the soil to the highways which was not an objective specified in the Act and according to the tank project report, the Board should receive money from the relevant farmers' organizations for the soil provided and use that money along with the government's provision to develop the minor tanks in a standard manner under the engineering consultancy of the Department of Agrarian Development.
- 2021 Minor tanks should be developed in a standard manner under the engineering consultancy of the Department of Agrarian Development.
- 2022 Renovation works of those tanks were carried out by the Department of Agrarian Development under the government's provision while the money paid to us is in the custody of Board. Future action will be taken after having discussions on this money with the Department of Agrarian Development.
- 2023 Renovation works of those tanks have not yet been carried out.
- Nevertheless, action had not been taken accordingly while Rs.76,085,636 out of the received money had been invested in a fixed deposit.
03. The Shrama Shakti Farmers' Organization had paid a deposit of Rs.1,693,200 on 25 September 2017 to the Board for the reconstruction of Aluth Karamatiya Lake in Hambantota District and due to the failure to remove the
- 2023 Deposits should be paid to the respective parties only.
- Officials have been informed to pay the deposits to respective parties only.
- Funds have been released as per the request made by the farmers' organization.

entire amount of soil cubes, an amount of Rs.1,594,480 was not paid to the relevant farmers' organization without any sufficient evidence and was paid to a person named A. R. C. Pradeep on 13 March 2023.

04.	Although the machine capacity of the Kalankuttiya Rice Processing Center can process about 1,000-1,200 kg of paddy into rice per hour, only 28,580 kg of paddy was processed into rice in the year under review. The 06 machines in working condition in this unit and 05 machines in working condition in the rice flour manufacturing unit were lying idle since 2022 and modernization of machines has not been done until now.	2023	Resources should be planned in such a way as to maximize benefits.	Future action will be taken as per the report after analysing these machines and informing the National Institute of Post Harvest Management.	Relevant machines have not been modernized as at the date of this Report.
05.	Out of the 13 projects carried out in the year under review, 08 projects have sustained a net loss of Rs.9,095,302.	2021 and 2023	Action should be taken to minimize the loss.	The RTS Beverage Project, Dose Flour Project and Traditional Rice Project which were identified as projects suffering losses continuously, have been discontinued.	At present, Narahenpita Plant Nursery, Kalankuttia rice flour processing project, String Hopper Flour Manufacturing Project at Gannoruwa and

According to the instructions of the Board of Directors, a committee has been appointed to consider the development of the Dehiwala Outlet with the private sector and as per its report, future action will be taken. Thanamalvila cow dung project and also the Buttala pot mixture project are being implemented. At present, the String Hopper Flour Manufacturing Project is being implemented successfully with the assistance of private sector.

Maiz project are profit earning whereas the Dehiwala Plant Nursery, Dehiwala Outlet, Thanamalvila cow dung project and the Buttala pot mixture project are running at loss. The RTS Beverage Project, Dose Flour Project, Chilli project, Wattala Agro Fresh Project and Traditional Rice Project have been discontinued.

06.	With the aim of contributing to meet the demand of seed turmeric, the Board had planted 2,500 kg of seed turmeric in 2.5 acres of Buttala farm and spent a total sum of Rs.3,449,927 as Rs. 1,345,544 in the year under review and Rs.2,104,383 in the preceding year. Although the	2022	The feasibility of the institution should be considered before implementing projects and action should be taken to plan and implement the projects in an effective manner.	Action is taken to plan and implement the projects in an effective manner.	The project was unsuccessful while only an income of Rs.3,560 has been earned from the sale of turmeric.

expected yield of turmeric from the production was 15,167 kg, the actual yield was 1,710 kg, which was 89 percent less than the expected yield. Action had not been taken to sell that turmeric stock until 24 March 2023. The entire amount spent for that had become an uneconomical expense.

07.	All projects including the Mawposha Project, Suvaposhha Project, Dosa Flour Production Project, Soya-based Food Production Project and Fruit Drink Manufacturing Project implemented by Gannoruwa Food Technology Unit of the Department of Agriculture had been discontinued by the Board during the period of 03 years from 2019 to 2021 due to malfunctioning of machines and difficulties in supplying raw materials.	2021	Action should be taken to implement the projects which have been discontinued.	It has been planned to implement the Suvaposhha/ Mawposha Project in cooperation with the Lakmee Company.	It has been planned to implement the Suvaposhha/ Mawposha Project in cooperation with the Lakmee Company. The Soya-based Food Production Project is scheduled to be continued after obtaining the patent. Even though arrangements were made to promote the Fruit Drink Manufacturing Project and Dosa Flour Production Project, the Department of Agriculture is planning to renovate the premises, thus it has been informed to vacate the said place in the year 2025.

Accordingly, there is a practical issue in implementing these projects as planned.

3.2 Hector Kobbekaduwa Agrarian Research and Training Institute

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	110,829,277	80,877,774	29,951,503	12,133,601	Unqualified
2022	115,599,243	82,433,470	33,165,773	5,391,622	Qualified
2023	135,486,222	83,967,571	51,518,651	16,128,359	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1.	The amount of Rs.5,272,016 receivable from an officer who left the institution in August 2021 had not been recovered.	2022 And 2023	The amounts receivable to the institution from the relevant officer should be recovered without delay.	Legal action is being taken to recover this amount with the assistance of Attorney General's Department.	The Attorney General's Department has sent letters to the main debtor and guarantors in this regard.
2.	Rs.12,693,448 out of Rs.17,965,464 of foreign scholarship debtor balance and Rs.2,192,602 out of Rs.24,387,625 of other debtor balances had not been recovered for more than 05 years. Also, out of the payable account balance of Rs.28,959,096, a balance of Rs.2,365,048 had not been settled for more than 05 years.	2021 2022 2023	The loan amounts should be recovered according to the judgments and the remaining loan balances should be settled without delay.	Action is being taken to recover the foreign scholarship debtor balance of Rs.12,693,448, as settlements and judgments pertaining to three officers have been received. As the current addresses of the remaining three officers could not be traced, their cases	A sum of Rs. 83,218 has been paid by a guarantor of one officer who received a judgment out of the 06 foreign scholarship debtors. The other guarantor has agreed verbally to pay the balance of Rs. 166,866. Action is being taken with the Attorney General to recover a sum of Rs.4,692,878 from another two debtors.

could not be pursued further. The current addresses of the remaining three debtors could not be traced to recover the sum of Rs. 7,345,385, thus efforts had been made to contact the respective scholarship debtors through their relatives. Accordingly, a sum of Rs.12,205,130 is recoverable further from 06 debtors.

3.	No action had been taken to recover the amount of Rs.8,895,470 that should be charged as the rental of rooms in the hostel provided for the security officers of Minister during the period from May 2015 to July 2018.	2021 2022	Relevant balances should be recovered without delay. The register maintained by the hostel should include and maintain the detailed information of the officers or employees who had the accommodation facilities.	Due to the lack of sufficient documents and information, efforts made to recover this amount have failed and it has become impossible to recover it by legal action.	Due to the lack of sufficient documents and information, efforts made to recover this amount have failed and it has become impossible to recover it through legal action.

3.3 Sri Lanka Agriculture research policy

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	83,974,317	10,624,331	73,349,986	6,931,190	Qualified
2022	83,875,747	9,856,833	74,018,914	13,108,798	Qualified
2023	65,641,811	33,700,446	31,941,365	(19,919,221)	Unqualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1. According to Section 10 of Sri Lanka Agricultural Research Policy Council Act No. 47 of 1987, It is a function of the policy council to prepare agricultural research policies and coordinate between research institutes and the government on other related matters, but it was not done as per the Act.	2023	It should be done according to the Act.	Workshops and seminars were held as a way of exchanging ideas between the government and research institutions, which are the tasks of the council in 2023. Coordination activities were carried out between research institutions and policy makers. Furthermore, the management has stated that the government will involve private research institutions in formulating research priorities	Agricultural research policies had not been formulated.

and exchanging ideas related to government policy formulation.

2. Information system for agricultural research managers (INFORM) was planned to call information from 30 research institutes, but information was called from only 24 institutes in the year 2023 and Report books to be issued annually containing information collected about researches have not been issued after the year 2019.	2023	Report books to be issued annually should be issued.	Information has been obtained from 27 institutions for the year 2023, and reminders have been sent to the remaining 03 institutions to obtain information. The book for the year 2019 was issued in 2023, and the management has indicated that the report books containing data for the years 2020 and 2021 are currently being prepared.	The report books had not been issued after 2019.
3. Although the contract for the addition of a section to the building of the Policy Council was awarded in 2019 for Rs.12,300,000 according to the conditions of the Memorandum of Understanding with the Department of Buildings, the work was not completed by the scheduled completion date of April 30, 2020. As of October 10, 2022,	2023 2022	Actions should be taken to complete the construction work of the building.	Due to the lack of funds received by the council in 2020 and 2021, as well as the Covid 19 pandemic and the severe economic crisis in the country, this construction work could not be completed on time. The Building Department has submitted an estimate of Rs. 11,088,000 for the completion of the	The building work had not been completed.

although the value of certified works was Rs.5,516,590, a payment of Rs.12,217,303 had been made, resulting in an overpayment of Rs.6,700,713 for uncertified works, and a recent engineering estimate indicated that an additional Rs.11,088,000 would be required to complete the project as planned, otherwise the money spent so far would not yield any benefits.

remaining work of the building. The management has stated that although the air conditioners have not been installed due to the incomplete work of the building, water supply has been provided to the institution through the new water tank.

4.	The Hillux double cab vehicle, registered under a project operated with foreign funds managed by the Sri Lanka Agricultural Research Policy Council, has been subjected to unauthorized use for the past 20 years because it was not transferred to the Council after the project's completion.	2023 2022	The vehicle should be taken over to the council.	A copy of the agreement related to this project has also been forwarded to the Attorney General's Department with an attachment to clarify the legality of the acquisition of this vehicle bearing JW 3904 by the Council. Furthermore, the letter sent to the Council by Professor D.K.N.G. Pushpakumara dated 2023.08.23 states that this cab has been handed	The vehicle had not been taken over by the Policy Council.

over on
2023.08.03 for a
project
implemented
jointly by ICRAF
and the Ministry of
Irrigation and
Environment,
Forest Resources,
Plantations and
Agriculture.

5. In terms of Cabinet Decision No. 2022 අමුණ/17/1992/728/34 dated 04 October 2017, 150 researchers should be referred to follow Ph.D. in the countries such as Malaysia, Thailand and Philippine within 05 years at 30 researchers per year and they should select their research topic focusing attention on the issues currently being faced and that may be faced in the agriculture sector of Sri Lanka in future. Nevertheless, despite lapse of 05 years by the year under review, only 79 researchers had been referred to that due to Covid epidemic situation and financial difficulties and among those Researchers should be encouraged to select recommended research topics. Due to the Covid pandemic, 79 researchers were able to be referred for this purpose, and the management has stated that the research topics of these researchers were selected according to the areas that were essential to their institutions. Researchers were not encouraged to choose recommended research topics.

researchers, it was observed that only 08 officers had selected their research topic in relation to the fields of agricultural mechanization and organic agriculture that have been identified as to be developed for the betterment of the agricultural sector in Sri Lanka.

6. Although the Policy Council had identified the significance of drawing attention to the organic agriculture and introduced 07 priority arrears to increase researches to the research institutions available in Sri Lanka, the research institutions had not been encouraged since the year 2017 to conduct researches on the organic agricultural policy and the quality of the organic foods available in the present market.	2022 2021	Research institutions should be encouraged to act in accordance with plans.	A committee for organic agriculture has been formed and 02 workshops have been held on this in 2019. Furthermore, efforts have been made to give priority to research proposals on organic agriculture in the call for projects for NARP from 2020. The management has stated that efforts have been made to create interest among researchers in the National Agricultural Research System.	There is insufficient interest among researchers within the National Agricultural Research System to conduct research on organic agricultural policy and the quality of organic foods currently available in the market.

3.4 Land Survey Council

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	93,544,878	7,654,622	85,890,256	958,915	Qualified
2022	96,113,667	9,869,531	86,244,136	367,510	Qualified
2023	98,621,027	9,288,924	89,332,103	3,130,667	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1. In accordance with section 32(1) of the Survey Act No.17 of 2002 dated 04 October 2002, even though there should be a Secretary appointed by the council, no Secretary had been appointed from 2002 to 2023.	2023	A Secretary should be immediately appointed.	Only 02 persons out of 19 applications received for newspapers and gazette notifications had participated for the interview. No recruitments had been made on fulfillment of the basic qualifications. The steps had been taken to amend the scheme of recruitment again after amending and inserting the relevant qualifications as “one year practical experience in the public sector or	The action is being taken to amend the scheme of recruitment.

one year experience in the private sector also” prevailing in the qualifications for recruitment having discussed with Department of Management Services in relation to this.

2. The rules had not been prepared in relation to the administration of the council in accordance with section 38(g) of Survey Act No.17 of 2002 dated 04 October 2002.	2023	The rules should be prepared in relation to the administration.	The rules pertaining to the facts such as registration of the council and providing of the annual survey license had been submitted to Legal Draftsman's Department and its first amendment and the observations had been received. Such observations and amendments had been completely made and the action had been taken to send it to Legal Draftsman's Department finally. Accordingly, once the relevant approval is obtained, the action will be taken to publish the rules with	It is expected an answer from Legal Draftsman's Department.

regard to
registration and
annual license as
the key activity of
council in the
gazette
notification.

3.5 Arts Council

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	4,323,043	1,131,546	3,191,497	(3,176,242)	Qualified
2022	3,759,776	1,301,362	2,458,414	(523,304)	Qualified
2023	5,530,710	1,457,312	4,073,398	259,079	Unqualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1. In terms of the 135 of Financial regulations of Democratic Socialist Republic of Sri Lanka the Board had not been delegated financial authorities for the year 2021.	2021	Financial authorities should be delegated as per the Financial Regulation.	The Executive Council of the Sri Lanka Arts Council has been operating according to the powers assigned by the Sri Lanka Arts Council Act. At present, after taking advice from the State Ministry, steps will be taken to transfer financial powers in accordance with in terms of the 135 of Financial regulations.	For the year 2024, no transfer of financial powers has been made in terms of Financial Regulation 135.

2. It had not taken the necessary steps to amend The Sri Lanka Arts Council Act No. 18 of 1952 considering the changes and requirements that have occurred in the field from time to time.	2021	Necessary steps should be taken to amend the Act.	A draft report has been prepared and submitted to the Ministry including matters that need to be amended to resolve the existing problems in the Sri Lanka Arts Council Act.	The nominations of the current Executive Committee members including the current Chairman have been submitted to the Additional Secretary (Cultural Promotion) on 02.07.2024.
3. In accordance with Section 12 of the Sri Lanka Arts Council Act No. 18 of 1952, the progress of the decisions taken in the advisory council meetings was not presented to the board and the board also did not follow up on it. Also, the act did not clearly mention the functions, roles and responsibilities of the advisory councils.	2022	Action should be taken in accordance with provisions of the Act.	The Executive Council agreed to formally control the progress and follow-up activities of the Advisory Council meetings.	The Secretary of the Sri Lanka Arts Council has given instructions to all the Advisory Council Chairmen in the meeting of the Sri Lanka Arts Council held on 18.06.2024 that the programs implemented by the advisory councils should take place within the relevant time frame. They were further advised that it would be appropriate to complete and submit the decisions taken by the Advisory Councils by the time of the quarterly meeting. Instructions have also been given in this regard at the Sri Lanka Arts Council meeting held on 09.09.2024.

4. According to State 2023 Administrative Circulars No. 09/2009 dated 16 April 2009, No. 09/2009 (i) dated 17 June 2009 and No. 03/2017 dated 19 April 2017, fingerprinting machines should be used to record the arrival and departure to and from their workplace of all public servants irrespective of the number of employees in a workplace, the Board had not taken action accordingly.	Action should be taken to use a Finger Print machine as per the Circulars.	The Sri Lanka Arts Council maintains a formal arrival and departure register and a leave register with the approval of the Executive Council and under the supervision of the Secretary of the Sri Lanka Arts Council.	Even currently, the Auditor General's recommendation has not been implemented.

3.6 J.R Jyawardana Center

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	187,764,082	20,915,944	166,848,138	(7,884,169)	Qualified
2022	193,523,268	21,428,020	172,095,248	5,491,805	Qualified
2023	-	-	-	-	-

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01	Sub-section 1.6 of Chapter II of the Establishments Code of Democratic Socialist Republic of Sri Lanka A scheme for recruitment to the posts of the Centre had not been prepared and approved	2022 2021	A recruitment procedure should be prepared and approved in accordance with the provisions of the Establishments Code.	A Scheme of Recruitment procedure has been drafted by now and action needed is being taken to forward to the Department of Management Service through the Secretary to the Ministry.	Had not been approved even by the date of 30 September 2024.
02	The land of 3 Roods and 4.47 Perches in extent at No.191, Dharmapala Mawatha, Colombo 07 where the Center is located, had been utilized since the inception of the Center in the year 1988. However, arrangements had not been made to	2022 2021	Issues relating to ownership of land should be resolved and action should be taken to acquire ownership of the land.	Necessary action is being taken by submitting information relating to ownership of land to the relevant institutions in the future.	The ownership of the land had not been acquired so far.

take over the ownership
of the land to the
Center.

03	According to paragraph 6.6 of the Operational Manual of Public Enterprises Circular No.01/2021 dated 16 November 2021, although the draft annual report and accounts should be submitted to the Auditor General within 60 days of the end of the accounting year, the Centre had submitted the accounts for the year 2022 to the Auditor General on 19 May 2023.	2022	Action should be taken to submit the Annual Report and Accounts on due date as per the Circular.	Obtaining approval of the Board of Governors for the declaration of accounts was delayed and it was noted down to submit to the Auditor General in terms of the Public Enterprises Circulars in the future.	The Financial Statements for the year then ended 31 December 2023 had not been submitted to the Auditor General even by the date of 07 October 2024.

3.7 Tower Hall Theater Foundation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,776,216,480	33,953,733	1,742,262,747	(77,244,494)	Qualified
2022	1,757,393,834	41,161,620	1,716,232,214	(80,792,883)	Qualified
2023	1,644,778,157	50,270,270	1,594,507,887	(4,844,240)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Proper actions had not been taken to recover the debtor balance of Rs.1,203,583 for more than 05 years as at 31 December 2023.	2023	Proper actions should be taken to recover the debtor balances existed from long period of time.	Discussed in the final Audit and Management Committee and noted to take action accordingly the instructions given as submitted the details of those balances to the next committee meeting.	Regarding balances more than 5 years was discussed in the final Audit and Management Committee held in the year 2024 and instructions have been given to submit a detail report of those balances separately in the coming year Audit and Management Committee.
02.	The contract retention money of Rs.1,786,008, which has exceeded more than 05 years as of 31 December 2023 had not been settled.	2023	Actions should be taken to settle the payable balance or take it into revenue.	Action will be taken accordingly those instructions, presenting in the next committee meeting.	Action had not been taken to settle even by the date of 30 September 2024.

03. According to the terms of the special grant paper dated 08 October 1980 relating to the transfer of the Sawsiripaya building and its land to the foundation, although it has been stated that this land and the buildings located there should not be used for other purposes except for the purposes of encouraging and promoting
- 2021 According to the decision given on 09 July 2024 for the Integrated Cabinet Memorandum No:CP/24/128 6/620/022 dated 27 May 2024, immediate actions should be taken to take over the building to the foundation and recover the arrears of rent.
- 2022 According to the Cabinet Memorandum No. CP/24/1286//620/02 2 dated 27 May 2024 Cabinet approval had been given on the date of 09 July 2024 to transfer the building again and to recover due rental
- 2023 As per the Cabinet decision Rs.25 million out of the outstanding due amount has been provided as an initial payment and the building had not been transferred again to the Foundation.

national dance activities, and if it is not used for those purposes, it will be transferred back to the government, the Sawsiripaya building and the land which was with the foundation had been leased to the Construction Industry Development Authority on 02 occasions for 30 years since 15 May 1986 and the second agreement was entered into without formal approval. Without payment of rent even after the expiry of the lease period on 14 May 2016 and as per the

decisions taken in the meeting chaired by the Prime Minister on 04 January 2023 and in the meeting chaired by the Secretary to the Prime Minister on 30 January 2024, it remained in the building without making arrangements to pay fees, enter into a new lease agreement or immediately establish that office in a building owned by the authority.

04.	Steps were not taken to amend the Tower Hall Theatre Foundation Act, No.01 of 1978 in a timely manner.	2021 2022 2023	Action should be taken to amend the Act immediately.	Obtaining Cabinet approval for amend the Tower Hall Foundation Act and appointing a committee for those amendments has been included. Draft Act including amendments has been forwarded to the Department of Legal Draftsman. Action will be taken to present to the Cabinet and to the Parliament after receiving approval by that Department.	The draft Act included amendments suitable for the current situation and approved by the Department of Legal Draftsman has been forwarded for the approval of the Attorney General.

3.8 National Film Corporation of Sri Lanka.

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,041,333,428	455,880,422	585,453,006	9,417,553	Qualified
2022	1,247,881,012	601,239,707	646,641,305	30,688,601	Qualified
2023	1,500,693,679	737,525,866	763,167,813	130,355,521	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01	According to Section 4 (h) of the Sri Lanka National Film Corporation Act No. 47 of 1971, no market research had been conducted in relation to films in Sri Lanka and outside Sri Lanka.	2021 2022 2023	Prompt steps should be taken to conduct market research activities.	4 researches has been proposed which could be possible to do regarding films, by now and selecting a research topic after having consultancy of a scholarly committee has been handed over to the Research Section in the University of Colombo. Those researches to be conducted with the University students in this year.	No action had been taken to conduct market research even by the date of 30 th September 2024.

02. As at the date of 31 December 2023, sum of Rs. 478,465,238 receivable to the corporation including total of Rs. 88,503,920 from loans had been given to produce films and cinema theaters and sum of Rs.389,961,318 of receivable due from cinema theaters to the corporation. Out of that amount, due to adjusting total of Rs.356,646,954 of surcharges and actuarial the net loan balance to be recoverable was Rs. 121,818,284 that is 25.46 percent as at the date of 31 December 2023. These loans have been impossible to recover on no adequate measures are being taken to recover the loans by the Management.
- 2021
2022
2023
- The process of collecting loan installments and interest should be implemented formally and efficiently by the Top Management and should follow strict control measures to recover old outstanding loan balances and settle them and should take action to recover the debtor balances without bad debts in the future.
- It was informed that to pay the loans given to produce films and out of that only one person has paid an amount of Rs.75,000 From the cinema theaters only 142 cinema theaters are being functioning now Action is being taken to recover that outstanding money and about Rs. 27 million had been recovered from the cinema theaters has been closed and old outstanding cinema theaters.
- Only Rs. 27 million had been recovered out of the net recoverable loan balance of Rs. 122 million.
03. The head office of the corporation was located in the land 1.1235 hectares from the plot No.01 of python M.T.K.9848 located in Kurunduwaththa Grama Niladhari domain of
- 2022
2023
- Action should be taken to transfer the legal ownership of the land.
- Action relating to transfer the legal ownership of the land is being taken.
- The legal ownership had not been transferred even by the date of 30 September 2024.

Thimbirigasyaya

Divisional

Secretariat. Several buildings including the head office of the corporation were constructed and the head office of the corporation was maintained there without transferring the legal ownership of this land to the corporation'

04.	A sum of Rs.870,659 of stock of film rolls and chemicals as at the date of 31 December 2023, due to expiration and currently not in use had been unusable condition since the year 2014 and it has also been pointed out by the previous years' reports of the Auditor General, no measures had been taken to dispose of these idle assets.	2022 2023	Action should be taken to dispose as per the decisions of the survey boards and existing rules and regulations.	These assets have been identified and it is to be dispose to a proper procedure.	Action had not been taken to dispose even by the date of 30 September 2024.
05.	A bilateral agreement had been entered for handing over to the State Engineering Corporation for the construction of a museum named to "Dr, Lester James Peiris" and a library	2021 2022 2023	The investigations should be completed immediately and action should be taken as per the instructions given in the	An investigation has been done and the report of that forwarded to the Board of Directors and as per the decision of the Board of Directors and as this Corporation does	Initial investigation report and draft charge sheet report files have been submitted to the Ministry of Mass Media.

and advisory services for that at a total estimated value of Rs. 99,965,061 and its construction had commenced on 05 April 2019. A total of Rs. 3,134,107 had been paid until 31 December 2023 for this construction, which was commenced without the approval of the Urban Development Authority and the Cabinet of Ministers. The Auditor General's report also pointed out that this construction work had been abandoned from more than 04 years and the building was being destroyed due to the severe deterioration of the iron rods in the building where the construction was commenced.

Committee on not have Public disciplinary Accounts on jurisdiction over 19 July 2021. the accused officers, action has been taken to forward that investigation report to the Public Service Commission.

06.	For the activity of 2023 establishing computer system relating to formalize the import, distribution and registration of films which has been included in to the Action Plan of the	Action should be established computer system promptly making the procurement activities.	On the practical issues occurred when implementing this project since time has been spent to complete the project extension of agreements have been made.	The works of the project had not been completed even by the date of 30 September 2024.

year 2021 under the provision of Rs. 15 million is planning to start on March in the year 2021 and to complete by the October, although the time period of the initial agreement No.4820 dated 28 April 2022 which entered between two parties had been extended in 03 instances, that activity had not been completed even by the date of 05 August 2024 and this activity had not been included in the Action Plans of the years' of 2023 and 2024. Further also the final agreement no. 4867 had been terminated on the date of 23 July 2023 action had not been taken to enter in to even a new agreement.

Further, A Board Paper has been forwarded with the intention of entering in to a new agreement.

07.	A 4K DCP Projector had been purchased by paying Rs. 11,460,155 for the activities of the "Tarangani" cinema hall belonging to the Corporation. However, the Corporation was unable to purchase	2021	This projector should be made functional and used to generate revenue for the "Tarangani" cinema.	The machine will be sent to the agent for repair and a test report and estimate will be obtained and acted upon accordingly.	Action had not been taken as per the recommendations of audit even by the date of 30 September 2024.

the spare parts needed to make this machine operational until the year 2022. As this projector could not be made operational, the money spent on its purchase and the "Tarangani" theater had become non utilized assets

08.	Paragraphs 2 (a) and (b) of Assets Management Circular No. 05/2020 dated 02 October 2020 The corporation had 14 cars by the year 2023 and 06 vehicles had been taken out of service since the year 2020. Only 05 motor vehicles were in running condition by the year 2022 and action was not taken to repair and use or dispose of non-running vehicles as per this circular	2021 2022	Action should be taken to dispose vehicles that are not in running condition as per the circular.	Several motor vehicles have been repaired until now and that were in running condition. The remaining vehicles will be disposed in future.	Action had not been taken as per the recommendations of audit even by the date of 30 September 2024.

3.9 Central Engineering Consultancy Bureau

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	17,805,525,486	11,278,365,221	6,527,160,264	48,502,732	Qualified
2022	17,496,536,781	10,990,473,724	6,506,063,057	69,394,967	Qualified
2023	17,827,587,307	10,841,466,718	6,986,120,590	747,545,907	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report

01. Internal Control over the preparation of financial statements

Although the process of properly coding the fixed assets of the Bureau to verify the assets annually was completed by 31 December 2023 a centralized fixed asset register had not been prepared. Therefore, physical existence of property, plant and equipment amounting to Rs.4,308.58 million had been shown in the financial statements could not be satisfactorily vouched in audit.	,2022 2023	All the assets of the bureau should be properly coded and entered into the fixed asset registers.	The fixed asset coding process is planned to be completed and included in the accounts by the end of 2024.	The Bureau's fixed asset coding process has not been completed up to now.

02 **Receivables**

- (a) As on 31 December 2022, the Bureau should receive Rs.1,545.96 million from the Subsidiary company and this value included vehicle rental charges, fixed asset rental charges and stock exchanges and temporary loans. However, due to lack of proper and up-to-date agreements between the Bureau and the Subsidiary company regarding these transactions and no effective action had been taken to settle this balance. Further it was observed that this balance has continuously increased since the year 2017.
- 2023
- Necessary steps should be taken to settle this balance promptly.
- Following the advice of the CECB Board of Directors, a consulting firm was engaged to provide an opinion on the duration to be considered for the inter-company balance. The draft report submitted by the firm is currently under review, and necessary adjustments will be made subject to the Board's approval.
- No action has been taken to recover the outstanding balance from subsidiary company so far, owed by the Bureau.
- (b) According to the statement of financial position as at 31 December 2023, the total debtor balance of the bureau was Rs.4,549.28 million and according to the age analysis of those debtors, there were long outstanding debtors. Between 3 – 5 years and outstanding balances over 5 years were Rs.246.90 million and Rs.1,280.46 million respectively in
- 2021
- 2022
- 2023
- Debt collection should be done in accordance with the Bureau's Financial Procedures Manual.
- Compared to last year, the debtor balance has decreased from Rs. 5,300 million to Rs. 4,500 million. Furthermore, the institution is actively engaging in discussions regarding the loan balance with the relevant organizations. Further, the Debtor Control
- The recovery of debt balances between 3 to 5 years and over 5 years remains in a very poor state, while the total debtor balance has increased to Rs. 4,712.42 million as at 30 June 2024.

the Engineering Procurement Construction (EPC) division and it represented 63 percent compared to the total debtor balance of Rs.2,425.99 million. Furthermore, the debtor balances between 3-5 years and the debtor balances over 5 years were Rs.270.48 million and Rs.356.54 million respectively in the consultancy division and it represented 30 percent compared to the total debtor balance of Rs.2,116.54 million. The receivables management processes in accordance with the Bureau's Financial Procedures Manual were not in a place to maintain the Bureau's cash flows and fail to collect the Bureau's receivables in a timely manner with statutory requirements had led the "bad debts".

Committee will follow up the internal aspects from time to time.

03. **Non -compliance with Tax Regulations**

According to Section 7 (2) of the Settlement of Defaulted Taxes (Special Provisions) Act No. 16 of 2010, the Bureau had defaulted

2022
2023

Necessary action should be taken to remit the unpaid taxes to the Inland

An amount of Rs. 20 million has already been paid, and the remaining tax balance will be settled on time in Taxes amounting to Rs. 29.59 million have not been paid yet.

on payment of income tax, VAT, pay-as-you-earn and other types of taxes and fines totaling to Rs.49.59 million to the Inland Revenue Department for the period of 1996 to 2007.

Revenue
Department.

understanding with
IRD.

04. **Management Inefficiencies**

(a)	Out of the 15 official quarters at Sarana Road, Colombo 07, 05 official quarters namely No. C, No. D - 7, No. M, No. A - 1, No. A - 4 were used by external parties and the Bureau had not followed approved system for providing quarters to external parties and the bureau has not entered into an agreement with the relevant parties to providing the official quarters.	2021 2022 2023	Arrangements should be made to reserve quarters only for the residence of the officers of the Bureau.	These quarters are allocated to external parties based on the instructions of the line ministry.	Quarters D-7 and M have not been returned yet.
(b)	By the letter No. DL/10/02/07 – X of Director General of Sri Lanka Mahaweli Authority dated 21 August 2020 and the letter No. RPM/RO/L/CLO/PB/38 of the Resident Manager of Sri Lanka Mahaweli Authority dated 19 November 2020, 150 acres of land in “Polle Bedda” Mahaweli Division in	2022 2023	Action should be made to enter into a long-term lease agreement.	According to the letter from the Sri Lanka Mahaweli Authority, the long-term lease agreement has not been finalized yet.	No long-term lease agreement has been reached so far.

Rambakanoya Mahaweli Zone of Ampara District belonging to Sri Lanka Mahaweli Authority, and it has been given to the Bureau for a mixed agriculture project. As of 30 April 2024, the Bureau had not entered into a formal lease agreement to acquire the land on a long-term lease basis.

(c)	The officer who was on duty as the Chief Operating Engineer at the Anuradhapura operations office of the subsidiary company belonging to the Bureau had been suspended from 11 January 2021, in view of the alleged misconduct that occurred from 01 January 2016 to 22 June 2020. In the letter dated 24 May 2021, the concerned officer had been reappointed as an employee of the Bureau, but the investigation had not been completed by 30 April 2024 and an investigation report had not been submitted.	2022 2023	Appropriate action should be taken after the investigation is completed promptly.	The officer who had been on duty as the operations engineer has been reassigned to CESL therefore, the relevant investigation is being conducted by CESL.	The investigation has not been completed so far, and the reports have to be submitted.

05. **Operational Inefficiencies**

(a)	In the year ended 31	2023	The	The	country's	Currently, there is no

December 2023, the Bureau had recorded a loss of Rs.145.57 million from its total operations. Also, it was observed that three main divisions of the Bureau, namely the Consultancy Division, the International Division and the Head Office, had recorded operating losses of Rs.216.09 million, Rs.13.38 million and Rs.4.40 million respectively in the year ending 31 December 2023.

management pay attention to get maximum profit from the operational activities of all the divisions of the bureau.

economic downturn, which was beyond the institution's control, has adversely affected the Bureau's operations.

progress in the construction projects, and the operations of the suspended projects have not been restored.

(b)	According to the financial statement of the Engineering Procurement Construction (EPC) division submitted for the year under review, 07 out of 14 divisions under that had reported an overall operating loss of Rs.54.85 million for the year ending 31 December 2023.	2021 2022 2023	Action should be taken to turn the operational loss making bases into profitability under Engineering Procurement Construction (EPC) division.	There has been an operating loss due to insufficient excess depreciation included in administrative expenses from revalued motor vehicles, trailers, and machinery. However, to minimize this loss, decisions have been made to transfer, dispose, or lease the assets after assessing their condition in the future.	The Engineering Procurement Construction (EPC) segment continues to operate at a loss.
(c)	The International division had not been carried out any operations during the	2023	The operations of the international division should	The operations of the international division are being	International projects have not been implemented.

year 2023 and during the period from 2021 to 31 December 2023, division had not generated any revenue.

be carried out.

carried out.

06. **Resources Released to Other Organizations**

According to paragraph 6.8 of the Operations Manual for State-Owned Enterprises, ministries and other institutions should not use the resources of state-owned enterprises to carry out their functions. However, the Bureau's 02 Roods 24.5 Perches land at T. B. Jaya Mawatha (Darley Road) Colombo, which was owned by the Bureau (value of Rs.575 million) on 22 January 1990 at a value of Rs.3 million had not been used for any productive economic activity by the end of 2023 without generating income and used as a car park for the head office of the Ministry of Irrigation.

2022
2023

Attention should be paid to use this land for productive economic purposes.

This land is currently being used as the car park premises of the Sri Lanka Mahaweli Authority's head office, it has been repeatedly discussed at the Ministerial AMC, and a decision is expected to be made in the near future.

It has been underutilized and not engaged in any productive economic activity up to now.

07. **Human Resources Management**

(a) Although paragraph 3.2 (i) of the Operational Manual for State-Owned Enterprises, requires that there

2021
2022
2023

A scheme of recruitment and promotion approved by the Department

According to the discussion held with the Management Services

Recruitment and promotion scheme for the middle and upper management levels of the Bureau

should be a scheme of recruitment and promotion approved by the Department of Management Services for all posts at all levels employed. However, the Bureau had not approved recruitment and promotion scheme prepared in accordance with Management Services Circular No. 30 for the middle management level and senior management levels from the year 2016 to the audited date of 30 April 2024.

of Management Services for posts at all levels of the Bureau should be adopted expeditiously.

Department on 26 August 2024, efforts are underway to revise the staffing index once again, and submitted for approval.

has not been prepared and approved up to now.

- (b) 13 officials had entered into bond agreements worth Rs. 18.15 million with the Bureau between 2007 and 31 December 2022 and as on 30 April 2024, an amount of Rs.8.30 million remained unpaid to the Bureau by the defaulting officers.

2022
2023

Arrangements should be taken to recover the arrears from the officers or guarantors who have breached the bonds.

Reminders were already sent to the embassy to get the addresses of 06 employees who had breached the agreements. Apart from this, notices were sent to some officials to settle the money and the files of some officials were handed over to the legal department for legal proceedings.

The balance due on 26 September 2024 is Rs. 7.05 million, since the recovery of this amount is very weak, legal proceedings are being carried out.

3.10 Chamber of Construction Industry

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	65,594,543	25,250,657	40,343,886	5,939,945	Qualified
2022	78,103,453	16,823,806	61,279,647	26,051,222	Qualified
2023	91,644,420	18,698,950	72,945,471	16,107,425	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Non-compliance with Laws, Rules, Regulations and Management Decisions etc.				
	Companies Act, No.07 of 2007 Paragraph 319 before incorporation, the Chamber was operating as a company limited by guarantee under the Companies Act No. 07 of 2007. Nevertheless, the Chamber had failed to complete the liquidation process of the company by 20 May 2024 due to delay in obtaining the tax clearance certificate from the Inland Revenue Department.	,2021 2022 , 2023	The Companies Act should be followed.	The liquidation process of the company is beyond our control and is now entirely entrusted to the Inland Revenue Department and the Companies Registration Department. We have made every effort to cancel this registration.	The liquidation process of the company has not been completed up to now.
02.	Management				

Inefficiencies

The Chamber had not prepared a procedural manual and a financial manual providing rules on all matters related to the management of human resources and financial resources for effective administration.

,2021 Manual on The preparation of The procedural
2022 , Corporate a procedural manual and the
2023 Governance manual and a financial manual
should be financial manual have not been
followed. has been initiated. prepared up to now.

03. Human Resources Management

Although determining the number of employees to be engaged, appointing employees, handling promotions, dismissals, and disciplinary actions, as well as providing salaries, allowances, and gratuities are the responsibilities of the Chamber, there was no approved cadre or recruitment and promotion scheme in place to hire qualified, permanent employees for its smooth functioning. As a result, all officers and employees had been recruited on a contract basis, further, 16 officers employed on contracts ranging from 1 to 18 years, as of 31 December 2023. Furthermore, an

,2021 Responsible, From the An approved staff
2022 , qualified, and beginning of 2001, has not been
2023 experienced the board has not recruited according
staff should be had any approved to an approved
approved, and staff. After recruitment
recruitment discussions with procedure.
should be done the management
accordingly. committee and the
board of
management, all
recruitments were
conducted based
on the assessed
requirements.
According to the
policy, all staff are
on contract basis.

inspection of personnel files revealed that the contract periods of two currently employed individuals had not been extended.

04. **Corporate plan**

According to paragraph 2.3 of the Public Enterprises Circular No. 01/2021 dated 16 November 2021 of the Guidelines on Corporate Governance of Public Institutions, the Board of Directors shall prepare its strategic plan to achieve the objectives set by the Board and submit the finalized strategic plan and annual budget together with the action plan. Although the Chamber had not prepared a strategic plan and an annual action plan showing how to fulfill the roles mentioned in the Act. Consequently, it was unable to assess the progress of the Chamber's operations during the year under review.

,2021 Manual on The strategic plan Strategic plan and
2022 , Corporate and action plan for annual action plan
2023 Governance the year 2024 had had not prepared for
should be been prepared. the year .2023
followed.

05. **Annual Report**

According to paragraph 6.6 of the Public Enterprises Circular No. 01/2021 dated 16 November 2021 of the

2021, Guidelines on In the future, The annual reports
2022, Corporate annual reports will had not been
2023 Governance of be tabled in the presented to
Public Parliament. Parliament until 8
Institutions

Guidelines on should be October .2024
 Corporate Governance followed.
 of Public Institutions,
 the Chamber's draft
 annual report for the
 year under review had
 not been submitted to
 the audit along with the
 financial statements,
 while last year's annual
 report had not been
 tabled in Parliament
 until 20 May 2024.

06. **Audit Committee**

According to Section 2021, Audit and Financial and No Audit and
 41(1) of the National 2022, Management monthly activities Management
 Audit Act No. 19 of 2022, Committee are reviewed by Committee meetings
 2018, the Governing 2023 meetings the Chamber's were held till 8
 Body should appoint an should be held Management October .2024
 Audit and Management as per the Committee.
 Committee to assist it, Audit Act.
 and the Committee
 shall continuously
 review the performance
 of each entity and
 report to the Governing
 Body. However, the
 Chamber had never
 held Audit and
 Management
 Committee meetings.

3.11 Construction Industry Development Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,541,884,759	431,307,018	1,110,574,741	38,129,480	Qualified
2022	1,362,885,340	328,545,586	1,034,339,754	(43,145,508)	Qualified
2023	1,292,536,957	276,317,641	1,016,219,317	26,879,563	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report

01. Non-Compliance with Sri Lanka Public Sector Accounting Standards

According to the annual financial statement, the value of stock balance was Rs. 164.90 million and the training equipment included in it was not distinguished from the main stock. Furthermore, since no proper stock management system had been established to manage stock receipts and issues, it was impossible to identify obsolete slow-moving and non-moving stocks, further it was impossible to	,2021 ,2022 2023	Action should be taken to establish a proper inventory management system.	A new computerized accounting system is expected to be purchased in the future.	Up to now no formal computerized stock management system had been established.

ascertain the accuracy of this stock value.

02 Cash Management

The head office of the Authority had maintained an average cash balance of Rs.242.70 million in the current account under the Bank of Ceylon Torrington branch over the past 05 years. Due to this, It was observed that the interest income that could have been obtained by strategically investing the surplus money that exceeded the working capital requirements of the Authority was lost.

2021 Surplus money should be managed strategically and invested in short-term investment to earn income.

The approval of the Ministry of Finance is expected for the Authority's plan to invest surplus funds in accordance with the guidelines for State-Owned Enterprises (SOEs).

Up to now no action had been taken to generate income by investing surplus funds in short-term investment schemes.

03 Management Inefficiencies

(a) The land and building where the head office of the Authority is located in Tower Hall Theater Foundation and a 30-year lease agreement had been made since 1986 at a rent of Rs.6.00 million. After the expiry of that lease agreement, a new lease agreement had been made since 2019 to use the land again for a period of 30 years from the year 2016 without

,2022 Arrangements should be made to enter into a formal lease agreement for the construction equipment training center.

According to the notification issued by the line ministry secretary on 19 December 2023, due to the existing difficulties in establishing the CIDA institution at the CETRAC or CHPB office building, a request was made through a letter dated 19 October 2023 numbered 1/4/214

As per the Cabinet Decision No. අමප/24/1286/620/02 dated 16 July 2024 which directed the immediate evacuation from the Savsiripaya building after settling the outstanding rent of Rs. 145 million, with the instructions and decisions of the Board of management a sum of Rs. 25 million has paid to the Tower

reevaluation of the rent. By letter dated 07 December 2023, moreover the Secretary to the Prime Minister has canceled this informal and unapproved lease agreement at the existing rental value and the secretary of the Ministry of Urban Development and Housing had been informed to enter into a new agreement according to the assessed rental value of the government valuer or shift to the Sathsiripaya premises and replace the office premises in the existing building complex in the Battaramulla area belonging to the Authority.

Accordingly, through the letter No. MUDH/HC/AD/178/7 dated 19 December 2023 addressed to the Director General of the Authority, the Secretary of the Ministry of Urban Development and Housing had informed that necessary arrangements should be made to locate the Authority in the

to the Urban Hall Foundation Development without entering into Authority to any formal provide suitable agreement. office space. Additionally, No steps has been another request taken to enter into a was submitted formal rental through a letter agreement for the dated 23 CETRAC November 2023 institution. numbered 1/4/214, seeking 15,000 square feet of office space for the CIDA institution from the Sathsiripaya Phase III office complex.

building where the Construction Equipment Training Center located at Battaramulla.

Since there is no formal lease agreement for the land with the building where the construction equipment training center is located, there is no provision for entering into an agreement, further it was observed that establishing the Authority at this place without settling this situation is a controversial situation.

(b)	A sum of Rs.2.84 million, Rs.4.91 million and Rs.0.30 million had been given for the development of the infrastructure of the Galkulama Operator Training School in the years 2019, 2020, 2021 respectively and Rs.1.33 million had been given in the year 2022 for software development and Rs.13.82 million had been given in the year 2020 for issuing technical ID cards had been remained unutilized without using for the purpose	2021 2022 2023	Arrangements should be made to perform the intended functions or to remit the balance to the treasury.	The related procurement activities had been completed and are in the final stage.	The relevant tasks have not been completed thus far.

by the date of audit.

- c) At the beginning of the accounting year there was a balance of Rs.48.29 million released to Treasury Grant for the technical training program. At the end of the accounting year, that balance was Rs.13.15 million. Accordingly, during the accounting year, Rs. 35.15 million had been spent, out of that Rs.13.25 million had been paid as training course allowance. Thus, this project had not been implemented during the year under review and Rs.21.89 million had been incurred for the administrative expenses of the training division.
- d) An amount of Rs. 35.7 million had been given by the Treasury during the year 2019 and 2020 for providing craftsmen ID cards for the craftsmen who engaged in the construction industry. Accordingly a contract of Rs.3.35 million was awarded to Sri Lanka Telecom on 11 March 2022 for the installation of a related information
- Arrangements should be made to perform the intended functions or remit the balance to the treasury.
- Arrangements are being made to transfer the remaining Rs. 5.1 million from the funds provided by the Treasury for this purpose.
- No actions has been taken to complete the project or transfer the remaining funds to the Treasury.
- Arrangements should be made to publish the relevant rules and fees in the gazette for the issuance of identity cards to skilled craftsmen.
- The Regulations for this activity had already gazetted and the approval of the Legal Draftsman's Department had given for the relevant Rules. Necessary actions are being taken to Gazette the rules.
- Gazette notification of the rules and regulations has not been done so far.

technology system. Although the related system development work was to be completed within 21 days, it was not completed until 30 April 2024 and formal approval had not been obtained from the Treasury to implement the project. Also, before issuing identity cards to skilled craftsmen, the related rules and fees should be published in the gazette and after that, collect the related fees, but the Authority had so far invited applications for this without gazette the related rules and fees and collected fees from them. 228 ID cards had been issued by charging the fees up to 31 July 2023.

Performance of the tasks specified in the Construction Industry Development Act No. 33 of 2014.

)e(	According to Section 2023 33 (i) of Part V of the Act, any person who wish to engage a foreign consultant as a qualified person in any identified construction work shall apply to the	The tasks specified in the Construction Industry Development Act should be carried out	The procedure approved by the Steering Committee in this regard was forwarded to drafting of legislation in May	The legislation drafting has not been completed up to now.

Authority for temporary registration and according to its second clause, every foreign consultant must be registered with the Authority before undertaking identified construction work in Sri Lanka and the registration procedures must be as prescribed. And as per Section 3, a person who does work without being registered as such is guilty under this Act. Thus, the Authority had not yet acted in this regard.

promptly.

2023 after the approval of the Board of Directors.

f) As per section 43 of the Act, The Authority shall maintain a directory of importers, manufacturers and suppliers of construction materials as may be determined by the rules made by the Authority. Under section 44 of the Act, the Authority shall maintain a directory of existing heavy construction machinery and equipment in such manner as may be determined by rules made. Moreover, the above directory shall be available for

2023

The tasks specified in the Construction Industry Development Act should be carried out promptly.

According to Section 43 of the Act, the relevant Gazette was published on 14 June 2023 under number 46/2336, and a newspaper advertisement published on 05 October 2023 informed the suppliers about the benefits of registration. Guideline regarding Registration of Raw Material Suppliers was printed.

A catalog under Section 43, along with a list of heavy machinery, has not been prepared or referred for examination up to now. Registration of construction material importers and manufacturers is in progress.

inspection by any person without payment during office hours. So far, the Authority had not taken any action to carry out the related activities.

)g(	According to Section 51(2) of the Act, the procedure for adjudicating industrial disputes should be prescribed, but the Authority had not prepared procedures related to adjudication of disputes so far.	2023	The tasks specified in the Construction Industry Development Act should be carried out promptly.	The procedure for adjudication prepared and was first submitted to the Ministry and the Legal Draftsman on 28 November 2017. Amendments are being submitted from time to time.	The procedures for deciding industrial disputes has not been developed so far.
)h(	According to Section 55 of Part XI of the Act, an office of Information Secretariat shall be established to provide information on behalf of the parties who requiring the information specified in the Act and its duties and procedures and performance standards shall be prescribed. However, the Authority had not yet developed an information system.	2023	The tasks specified in the Construction Industry Development Act should be carried out promptly.	Necessary arrangements for establishment of the Information Secretariat were initiated on 26 July 2023. Also, related to it, reports on construction works and reports on regulating registered contractors are being prepared.	So far, an Information Secretariat has not been established, and procedures and performance standards have not been defined.
)i(	According to Section 46 of Part VIII of the Act, the Authority shall prepare Standard Bidding Documents.	2023	The tasks specified in the Construction Industry Development	In 2024, relevant amendments will be made to the documents, and it is expected to be	The standard bid documents have not been revised and updated regularly.

Furthermore, in the year 2014, the Construction Training and Development Institute had been converted in to the Construction Industry Development

Authority by Act No. 33 of 2014. But the previously prepared tender documents for procurement works (SBD – 01) and minor procurement works (SBD – 03) had not been revised in timely till now after converting an Authority. The work related to updating the standard bid documents 02 (Procurement - Work - Major – SBD-02) and SBD-04 (Design and Build) had been done, accordingly these standard bid documents had been approved by the Public Finance Department of the Treasury on 27 July 2021. Then on 03 October 2023, a public notice, approval was given to implement it for a period of one year at the test level. But, the implementation of these standard documents has been

Act should be released to the carried out industry through a promptly. proper procedure.

delayed more than 2 years without any specific reason. Further, The Standard Bidding Documents for Consultancy had been prepared in August 2002 and the Authority had not updated these documents up to the audit date.

04 **Human Resources Management**

Due to the existence of significant problematic situations in the human resources management of the Authority in the years 2021 and 2022 due to dismissals of officers, compulsory leave, resignations, lawsuits against the Authority, compensation payments, the legal expenses had increased to Rs.7.78 million by the end of the year under review. Also, with the approval of the Board of Directors, the lawyer's fees of Rs.0.33 million had been paid so far for the defamation case (case bearing No-DMR/3067/2022) filed against the former chairman by

,2022
2023
Financial regulations should be followed.

Disciplinary actions against the employees of the company are carried out in accordance with the provisions of the E- code and labor laws, ensuring that legal expenses and workers' compensation do not recur.

The case was withdrawn by the plaintiffs after the defendant, the former chairman, passed away in January 2024.

The amount paid for this case Rs. 330,000, and the legal fees have not recovered from the responsible party yet.

the former finance director. However this case was a private case unrelated to the Authority, no any action was taken to recover this money from the responsible parties as per section 156(i) (a), (b) and (7) of the financial regulations.

05 Annual Action Plan

During the year 2023 ,2021
Action Plan progress ,2022
review, performance 2023
in each of the following tasks
remained at a low level. Namely,
registration of property developers,
registration of building material suppliers,
registration of qualified persons,
conduct of training courses on dispute resolution, registration of green building suppliers, registration of site supervisors and mid-level technical officers etc.
Furthermore,
registration of foreign contractors,
conducting technical audits, organization of awareness programs by all district coordinating officers, registration of experts

Work should be done according to the action plan.

Actions such as the publication of a newspaper advertisement for the registration of property developers, the formulation of rules related to the registration of foreign consultancy services and introduction of mediation instead of dispute adjudication had been taken.

So far, in the year 2024, seven property developers and 14 building material suppliers has been registered. Applications for the registration of qualified consultants and green building suppliers have not been received. Although foreign contractors must be registered before being awarded government-funded contracts, only 3 have been registered so far in 2024.

Additionally, dispute adjudication courses were not conducted. Accordingly, performance was at a level lower than 50%.

in digitized data system, training of supervisory level managers and other professional level personnel, skill development programs in construction equipment maintenance and operation technology, the task of training youth on construction equipment were less than 50 percent.

3.12 Sri Lanka Broadcasting Corporation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	2,357,422,349	2,166,627,605	190,894,744	11,487,241	Qualified
2022	2,121,114,723	1,990,386,028	130,728,695	(235,145,875)	Qualified
2023	2,844,969,113	1,743,044,581	1,101,924,532	(532,408,562)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1.	Out of the airtime debtor balance of Rs.281,690,050 as on 31 December 2022 an amounted to Rs.67,454,707 had been written off in the year 2023 contrary to the instructions mentioned in Section 6.9 of PED No 01/2021(i) circular. Out of the balance of other income receivable of Rs.1,050,911,287 at the end of the year under review, the total value of the debtor balance of Rs.14,521,534 from 2 to 11 years old, and the various debtor balance of Rs.4,829,121 between 2 and 22 years of	2023 2022 2021	The provisions of the circular should be complied with and the arrears should also be recovered.	Actions being taken to recover.	An amount of Rs. 112,261,818 has been collected by 30, September 2024 out of the balance of Rs. 203,616,392.

Rs.2,592,225 was not collected by the Corporation. Further the debtor balance amounted to Rs.203,616,393 as on 31 December 2023, amounted to Rs.85,552,843 was recovered by the Corporation on 31 March 2024 and amounted to Rs.118,063,550 or 42 percent, the corporation had failed to recover.

2.	The amount due to the Telecommunication Regulatory Commission for the period from 1981 to 2016 included in the financial statements of the year under review including the balance of Rs. 145,162,769 in the accrued expenses of Rs. 172,114,277 coming from many years remained unsettled as on the year under review.	2023 2022 2021	The expenditure should be identified and settled.	Actions had not been taken to recover.	Not settled even by 30 September 2024.
3.	Without following the 2006 government procurement guidelines 03 pianos in compartment 6 and 10 of the corporation were repaired and this work was not included in the procurement	2021	Government procurement guidelines should be followed and arrangements should be made to ensure the safety of	All Heads of Departments have been informed that the administration of institutions should take care of the administration of the institutions to protect the	The three pianos were taken out of the Corporation premises for repairs and a complaint has been lodged with the CID to investigate whether any irregularities have

plan prepared for the year 2020.

Amounted to Rs.460,000 had been paid for the repair of the piano in compartment No. 06 and 02 pianos in compartment No. 10 had been taken away for repair and brought to the corporation premises on 21 May 2021, but on 16 August 2022, no requests for payment had been submitted. In order to preserve the antique value and reliability of the piano, although the previous method was to carry out the repairs within the corporation premises, this 03 pianos was taken out of the corporation and repaired on the direct intervention of the Chairman. Also, the corporation did not have any evidence to confirm whether the 3 pianos that were taken out of the corporation were correctly returned due to the fact that special numbers and marks were not used to identify the pianos during inventory.

government property

public property by following the government's procurement guidelines.

taken place there.

4.	Since the beginning of the corporation, more than 06 buildings were allowed to be destroyed by the month of January 2024 in the 15 acre extent land where the Ekala Broadcasting Station was located and the buildings were destroyed and iron was stolen. The damage to the iron and asbestos sheets in these buildings was estimated at Rs.13,620,020, but the damage to other properties was not estimated. And the assets were not valued and specified in the financial statements.	2023	Responsible party for the damages should be identified and necessary actions should be taken accordingly.	There were no measures taken to prevent such things.	The security guard who was deployed for the security of Ekala Broadcasting Station has been suspended, and a preliminary investigation has been started.
5.	The Corporation had implemented the voluntary retirement compensation scheme in the year 2023 and in accordance with Public Enterprises Circular No. 2/2016 dated 8 March 2016, a staff investigation should have been conducted and excess employees should have been identified. The Secretary of the Ministry had also emphasized on it, but it had not been acted	2023	Money given for a specific purpose should be used only for that purpose.	There were no measures taken to prevent such things.	Funds allocated for voluntary retirement compensation further used for the payment of salaries.

upon. In addition to the Rs.325 million received from the Urban Development Authority for employee compensation, Rs.300 million was received from the Treasury and Rs.502 million was spent on compensation.

After that, Rs. 122 million should be left, but only Rs. 10 million remained in the account. According to the observations of the Minister of Finance, Economic Stabilization and National Policy and the money received according to the order of the Public Enterprises Department

Although it was stated that it should be used with maximum effectively and the rest should be sent to the treasury, On the contrary Rs. 56.7 million was spent on compensation and Rs. 55.3 million was spent on salary payment.

6.	In the inspection of the missing files mentioned in the orders of the COPE	2023	The missing files should be checked and reported to the	There were no measures taken to prevent such	Detail report was not submitted to audit.

Committee held in 2012, as of 31 October it was stated that there are files of Rs. 19,658,489, from 1998 to 2004, and Rs. 3,817,027 files from 2004 to 2007. Although the Administrative Officer stated that the loss of these files was a mistake made by the corporation officials and, it was handed over to the Criminal Investigation Department for inspection, but nothing about the facts revealed by such inspection was submitted to the audit.

A detailed report on the misplaced documents was not submitted to ensure that documents are not misplaced or fraud is prevented from happening in the future.

from 2000 to 2007, only a summary report had been submitted about 100 missing files related to Rs.11,141,793.

audit.

things

7.	Although the newspaper advertisement was published regarding the lease of a building	2023 2022	Problems should be resolved and corrected.	There were no measures taken to prevent such things.	Had not been setteled even 30 September 2022.

of 20,000 square feet of 10 perches, but in the inspection conducted by the audit it was included 123.6 perches in it.

Only this building was assessed by the Valuation Department at Rs. 2,000,000.

Accordingly, the monthly rent for a private company will be increased from Rs. 3 million per year once in 02 years and by 2042 the rent will be Rs. 5,751,716 for 20 years.

An advance of Rs. 72 million had been obtained and the agreement had been prepared unilaterally by the private company further such added value has to bear

by the corporation an amounted to Rs. 3,756,516 had been a loss to the corporation during the year 2023.

8.	Due to a financial irregularity in the licensing department, the corporation incurred a financial loss of Rs. 9,815,799 and no action had been taken against the	2023	Immediate action should be taken against the responsible officials.	A preliminary investigation has already begun.	A preliminary investigation has already begun.

officers responsible for the financial loss till 31 December, 2023.

9.	The monthly salary of a former Director General of the Corporation as on 26 June 2021 was Rs. 93,020, but without formal approval Rs. 120,020 monthly salary was paid from June 2021 onwards. Accordingly, as salary of over payment of Rs. 189,000 and arrears of Rs. 414,900 was also paid by the corporation.	2023 2021	Actions should be taken to recover the overpayment. Identified the responsible parties and necessary action should be taken for the payment without approval.	A preliminary investigation has already begun.	A preliminary investigation has already begun.

3.13 National Aquatic Resources Research and Development Agency

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	4,090,385,625	334,720,035	3,755,665,590	(3,457,925)	Qualified
2022	3,979,681,367	290,488,619	3,689,192,747	38,087,808	Qualified
2023	3,911,788,952	255,981,681	3,655,807,271	50,541,096	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1. The amount of Rs.3,900,673 paid for the Central Laboratory Complex Project remaining from 2018 and the amount of Rs.1,631,963 paid for the construction of the Kalpitiya hatchery complex remaining from 2020 had become a useless expenditure.	2022 2023	The institution should take action to carry out construction works with provisions.	The Treasury has temporarily delayed disbursements due to the existing economic instability. Attempts are being taken to obtain foreign grants.	These projects are still not operational even by 06 September 2024 .
2. Fish feed machine with an assessed value of Rs.16,868,610 was leased out to a private entity on 15 March 2016 and the machine	2023 2022	The ownership and existence of assets should be disclosed through accounts.	As the present lessee KMN Aquar Services Pvt. Ltd. has reported that the machine is defective, it has been reported that the machine is	An action has not been taken so far.

was taken over back to the Agency in the year 2021. The arrears of lease rent amounting to Rs.4,650,000 related to the period from 05 June 2020 to 31 months had not been collected from the said institution. This machine had been leased out to another private company in May 2023 and the lease agreement was not submitted for audit and the lessee had also reported defects in the machine and had not paid the monthly lease rent. Nevertheless, the Management had not taken any action to terminate the agreement related to this machine or to collect the installments as per the agreement.

defective according to the report given by the committee appointed on the recommendations of the Audit and Management Committee. Accordingly, the charging of installments has been stopped. This matter was brought to the attention of the Audit and Management Committee and it was recommended that the machine be disposed of using a suitable method if it is not practical to continue to operate.

3. A stock of 9391 oyster models with a value of Rs.7,512,800 had remained unused for many years.	2022 2023	Actions should be taken on unutilized stocks.	This collection of oyster models have been provided by a foreign inspection team. Due to the failure of the inspection works	An action has not been taken so far.

done with the Nara Institute, this stock of models has been withdrawn from use and stored in the warehouse. Future activities are being planned in this regard, according to the decisions taken in the 129th and 130th Audit and Management Committees held in the institution in 2023.

3.14 National Aquaculture Development Authority of Sri Lanka

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	4,488,429,228	4,074,902,908	413,526,320	32,567,704	Qualified
2022	4,536,685,561	4,560,108,057	(23,422,496)	103,989,075	Qualified
2023	4,295,013,829	4,251,164,162	43,849,667	(119,724,959) -	

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1. Even though an amount of Rs.229,035,250 had been given to 6450 beneficiaries from the year 2011 to the year 2014 by the Authority for the Divineguma Project, that amount disbursed had not been accounted for. Proper methods had not been introduced to recover money receivable from beneficiaries and the Authority also did not have an updated Register of Debtors. An amount of Rs.66,326,302 collected from the beneficiaries as at 31 December year under	2021 2022	Proper methods should be introduced to recover money receivable from beneficiaries.	A Register regarding the beneficiaries of Divineguma is being maintained at Planning and Supervision Unit and it has been problematic to update this register due to the matters such as the cases where the beneficiaries are paid to the court in sums ordered by the court and there are cases where payments are made to the court in installments, failure to submit accurate reports on the recovered money though all	Money had not been recovered.

review had not been accounted for as revolving fund but as creditors and the Authority did not have any written evidences to confirm from which beneficiary that money had been received. A number of 193 cases had been filed regarding recoverability of money and the recovery of debts amounting to Rs.3,572,500 shown in the financial statements was also uncertain.

types of money collected by the Court on behalf of the Authority are submitted by a monthly cheque.

2. Although it was expected to produce 127,000 kg of Tilapiya fish feed annually by a fish feed production machine installed at Udawalawa Fish Feed Processing Centre on 08 October 2019 valued at Rs.11,802,000 was to produce feed for tilapia fish, only 36,612 kg and 38,361 kg that are 28 per cent and 30 per cent had been produced in the year 2021 and 2022. This machine had remained unused by now.	2021 2022	Actions should be taken to use the fish feed production machine for tilapia fish.	Ambitions have been currently summoned to carry forward this machine as a public and private joint venture and request have been made from the Government Valuation Department on 15.03.2023 to assess the value by now.	It was not fulfilled yet.

3. Ponds and related constructions completed by spending Rs.221 million of Ministry funds for the project of farming mud crabs at 42 acres of land in Rekawa had been leased out to a private investor on 02 December 2021 for a period of 30 years for brackish water shrimp farming since the project had failed. It is not a primary function of the Authority to lease aquaculture centers after constructing by using public funds as per the National Aquaculture Development Authority of Sri Lanka Act No 53 of 1998 and the Act had only made provisions to promote aquaculture and encourage small and medium scale investments.	2021 2022	The Authority should be present the project plans in the manner of achieving the duties specified in the Act.	The objectives such as to attract investors in the Southern Provinceto aquaculture and create many direct and indirect jobs, popularize technology, and use it for research on shrimp farming are the primary objectives expected to be achieved from this project. Further, although the farm has been built on public funds, a lot of money had to be invested to make this farm a meticulous farm. More investment has to be made for such activities and it should be borne by the investor.	Consent has been called had been summoned as a project of public and private joint venture.

3.15 New Village Development Authority for Plantation Region

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1. As per Section 6.5.1 of the Public Enterprises Department Circular No. PED/12 dated 02 June 2003 and Paragraph No. 6.6 of the Operations Manual submitted with Circular No. 01/2021 dated 16 November 2021, Financial statements and draft annual report should be submitted to the Auditor General within 60 days of the end of the accounting year. However, the financial statements and draft annual report for the years	Transaction Report for the years 2019/2020/2021/2022	As per the circular, the financial statements and draft annual report should be submitted to the Auditor General within 60 days of the end of the accounting year.	Due to the lack of staff, it has not been possible to perform the related tasks. Reports for 2019, 2020, and 2021 have been forwarded to the Chief Internal Auditor of the Ministry as per the instructions of the Board of Directors, and the financial recommendations have been obtained now. Accordingly, action will be taken to submit it to the Auditor General immediately.	The 2019 financial statements have been submitted for audit and the Auditor General's reports have been issued and completed. The financial statement for the year 2020 have been handed over to the Audit Section on 10 September 2024. I have been informed that the financial statements of the year 2021, 2022 and 2023 can be submitted in the year 2024.

2019, 2020, 2021 and 2022 had not been submitted to the Auditor General by 15 January 2023.

2. As per the Transac No.01/2014 and tion Report dated 17 February for the 2014 Circular of the years Secretary of the 2019/2 Ministry of Finance 020/20 and Planning, board 21/202 meetings should be 2 held at least once a month regarding the management decisions of the Authority. Nevertheless, 10 meetings were held in 2019, one meeting in 2020, two meetings in 2021 and only 05 meetings were held until 30 November 2022.
 3. No. DMS/1849 Transac dated 15.08.2019, tion Report approved by the for the Department of Management Services, the years recruitment should 2019/2 be done according 020/20 to the recruitment 21/202 procedure, but 2 without doing so, the recruitment of officers for the permanent positions
- As per the circular, board meetings should be held at least once a month.
- Accordingly, taking into account the allocations of the institution, only essential board meetings were held to take essential board decisions.
- The board of directors has convened and held meetings on the basis of service requirements but has not acted as per the circular.
- Action should be taken to recruit permanent officers for the approved posts.
- The authority has recruited the staff on contract basis under the approval of the board of directors on the basis of the need to have a staff to carry out the activities of hiring a permanent staff and to fulfill the operational role of the authority until
- Officers were recruited on a permanent basis for the posts of regional director, accountant, and driver, but no action has been taken to recruit other posts. The officials of the line ministry have been given acting appointments, allowances, and other privileges for a

of the institution is done on contract basis and the contract period is extended by 30 November 2022 was held in the institution. Instead of permanent officers, 7 officers were recruited under contract basis for the posts of Regional Director, Assistant/Deputy Director, Administrative Officer, Office Assistant and Driver and were kept in the institution by extending the period for 6 months.

then. Officers have long time. to be maintained on contract basis due to non-ability to recruit permanent officers

4. Although copies of the corporate plan prepared 15 days prior to the commencement of the financial year, along with an updated budget statement after approval by the Board of Directors, should be submitted to the Line Ministry, Department of Public Enterprise, General Treasury as per Section 5.1.3 of Public Business	Transac tion Report for the years 2019/2 020/20 21/202 2	As per the circular, these plans should be submitted 15 days before the beginning of the accounting year.	The recruitment procedure of the authority's staff has been approved on 17.11.2020. Therefore, the preparation of the corporate plan for the institute has been started in the year 2021. Accordingly, the corporate plan was prepared for the years 2021-2025 and the Board of Directors approved it on 08.04.2021.	The 2020-2024 Corporate Plan and the 2021-2025 Strategic Corporate Plan, along with the action plan and budget documents, have not been submitted for audit as of the date of the report.

Circular No. PED/12 dated 02 June 2003; the corporate plan for 2020–2024 had not been prepared. According to Public Enterprise Circular 01/2021 dated 16 November 2021, Action Plan and budget along with strategic plan for 2021-2025 had not been submitted until 31 December 2022, through Secretary of Line Ministry to Secretary to General Treasury, Director General of Public Enterprise Department, State Budget Department and General Treasury.

5.	According to the Public Finance Circular No. 1/2014 dated 17 February 2014 issued by the Secretary of the Ministry of Finance and Planning, the authority had not prepared an action plan covering the objectives and functions of the institution for the years 2019 and 2020. In the action	Transac tion Report for the years 2019/2 020/20 21/202 2	The action plan should be prepared as per the circular	The staff recruitment procedure of the Authority was not approved until November 2019 and 2021, and due to the lack of staff, the authority's operations have not taken place for the years 2019 and 2020. Due to the absence of allocations for the development activities of the	The action plan for the years 2023 and 2024 has not been presented.

plan prepared for the year 2021, no work identified and planned other than the implementation of government plans, programs and projects for the development of new villages and the issuance of title deeds to the legal residents of the estates in order to grant the right to those houses. No other work was identified, planned and covered in the action plan submitted for the year 2021.

Authority in the year 2021, the annual action plan for the year 2021 had been prepared by targeting the activities which require allocations made by the ministry and the tasks that do not require initial allocations.

3.16 Ceylon Fishery Harbor Corporation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	5,322,771,111	814,845,780	4,507,925,331	(136,222,182)	Disclaimer
2022	5,572,859,684	792,260,061	4,780,599,624	363,998,388	Disclaimer
2023	8,316,987,615	712,044,087	7,604,943,527	640,377,110	❖ -

❖ The financial statements were submitted for the audit on 29.07.2024 and final report has not been issued until now.

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1	There were 20 outstanding building rent debtor balances of Rs.11,630,954 for more than 5 years in 10 harbors in the outstanding building rent debtor balance of Rs.193,072,652 as at 31 December 2021 and their recovery was uncertain.	2021	The receivables should be collected soon and efforts should be made to increase the working capital of the Corporation.	The Legal Division has been directed to take necessary legal actions to recover the arrears of rent debtor balance for more than 05 years and the Legal Division has filed a case to recover the said balances and has taken actions to recover them in parts by now.	It had not been recovered even by 11.10.2024.
2	An amount of Rs.5,404,346 receivable from the National Aquatic Resources Research	2021	The receivables should be collected soon and efforts	The discussions are currently being carried out to recover the balance receivable	It had not been recovered even by 11.10.2024.

and Development Agency and an amount of Rs.76,499,142 receivable from the Ministry of Fisheries for providing security services had been exceeded 5 years and the recovery of said balances were uncertain.

should be from both the made to Ministry of increase the Fisheries and working National Aquatic capital of the Resources Corporation. Research and Development Agency, since National Aquatic Resources Research and Development Agency is also an institution under the Ministry of Fisheries.

3	Although the actions should be taken to bank the money received daily or without delay as per the Financial Regulation 187(3), fuel sales and other income in all harbors amounting to Rs.22,590,054 had been remained unbanked according to the F1 report as at 31 December 2021 and that balance was Rs.13,488,337 as per the financial statements of the year 2021. An amount of Rs.4,112,000 and Rs.6,786,180 had been remained without being deposited in bank at the physical cash verification carried out at Ambalangoda	2021	All the receipts should be deposited in bank without delay according to the Financial Regulations.	Internal circulars should be have been issued instructing to bank the daily income of all harbors in same or next day and the receipts will be banked subject to the insurance provided since the transportation costs are high when going to deposit daily cash collection in the bank.	It had not been corrected even by 11.10.2024.

and Beruwala harbors
on 14 and 24 March
2023 respectively.

4	The properties such as land, ice plants, warehouses in the fishery harbors owned by the Corporation had been given to private businessmen on lease basis and although 06 cases had been filed to recover the outstanding lease rent amount of Rs.24,547,822 and although one case had been filed to recover the outstanding anchorage charges of Rs.5,675,373, the Management had not pay proper attention to recover the outstanding anchorage charges of Rs.59,251,453 which is being carried forward unchanged and the outstanding building rent amounting to Rs.193,072,652 which had increased by 8.25 per cent compared to preceding year.	2021	The annual lease rent income should be collected accurately.	Necessary legal action has been taken to recover the rent income receivable on the leased property by now.	It had not been recovered even by 11.10.2024.

5	Although a vessel should be released after all fees are charged on departure from the harbor, an amount of Rs.146,047,698 of outstanding anchorage charges for vessels released before settlement of all charges at Dikowita Harbor had been uncertain to recover and impairment also had not been made for that.	2022	Vessels should be released after all receivables are charged and impairment should be made in respect of anchorage charges which are uncertain to recover.	Cases have been already filled against several institutions to recover outstanding balances at fishing harbor of Dikowita.	It had not been recovered even by 11.10.2024.
6	A balance of Rs.8,610,910 established under the name of "Dirisaviya" for the welfare of fishing community under the Ministry grants had been carried forward under current liabilities in the financial statements and it could not be verified the accuracy of it since none of primary documents had been submitted for that.	2022	Required primary documents should be submitted to the audit to verify the accuracy of the balances.	Necessary actions will be made to adjust by the accounts of the year 2024 by submitting the required documents to the Board of Directors.	The original documents had not been submitted to the audit even by 11.10.2024.

- 7 The unconfirmed 2022 balances of payments which were made in advance and were not confirmed by primary documents amounting to Rs.36,659,356 were the balances from the year 2004 to 2016 and actions had not been taken to identify these balances and settle the financial statements.
- Actions should be taken to identify the payments in advance and settle the balances.
- Although the Adequate evidences had not been collected regarding the balances of payments made in advance even by 11.10.2024. information was collected by a committee regarding the prepaid balances from the year 2004 to 2016, sufficient evidences could not be gathered.

3.17 Ceylon Fisheries Corporation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1. Even though the Internal Circular CFC/GM/CIR/51 dated on 07 of October 2003 had been instructed to immediately suspend the sales on credit, the value of fish sales receivable as at 31.12.2021 was Rs.261,549,254 and out of this, the external debtor balance for more than 5 years was Rs.28,831,013 and the outstanding debtor balance from the sale of fish to employees and the hospital debtor balance was Rs.17,497,325.	Transaction Report 2020/2021	Actions should be taken in accordance with the Internal Circular and disciplinary action should be taken against the officers who did not comply with it.	The sales have been made to external parties on credit basis in order to increase the Corporation's sales and the Corporation's investigation in this regard has been carried out and disciplinary actions have been taken against the internal officers and Internal Circulars have been revised.	Actions had not been taken as per the recommendations of the report and a new Circular of No CFC/CH/DGMM/CIRCULAR/2024-01 dated 12.07.2024 has been issued in this regard.

However, no action whatsoever had been taken against the officers who sold fish on credit in contrary to the Circular.

2. The bank loan balance payable on Treasury Guarantees as at 31 October 2022 was Rs.158,623,208 and the interest amount payable as at that date was Rs.34,531,894 and the bank overdraft of bank account number 1257 was Rs.25,491,592 as per the bank statement as at 31 December 2021 and this bad financial situation had not been possible to manage since the Corporation is incurring losses continuously.	Transaction Report 2020/2021	Management should pay close attention in this regard since the future existence of the Corporation at a risk condition.	The top management has discussed with the Bank of Ceylon and the Treasury for the payment of the bank loans obtained on the relevant Treasury Guarantees and the relevant procedures are being carried out.	The bank balance on Treasury Guarantees as at the date of audit 19 July 2024 was Rs.158.6 million and the amount of interest payable as at that date had increased to Rs.90.5 million. The bank overdraft of account number 1257 had remained unchanged from February to 31 August 2024 as Rs.29,807,261.
3. Although those responsible persons should be determined by conducting the investigations regarding losses and damages as per the F.R.103 (c), those responsible persons had not been determined even by now by conducting the investigations regarding the missing	Transaction report 2020/2021	The investigations should be started to determine those responsible to this loss.	The necessary actions have been taken to conduct a formal and financial investigation at the institutional level in this regard and the estimated value of the current market price had been obtained in relation to the missing spare parts	Actions had not been taken even by 24.07.2024 to determine those responsible by conducting investigations in terms of F.R. 103 (c).

of compressor spare parts revealed in the physical stockverification in Galle Ice Factory on 08.10.2021 and the value of these compressors had also not been submitted to the audit.

and an investigation is being conducted relevant to that by lodging a complaint regarding those misplacements.

4.	Although the Value Added Tax should be remitted to the Inland Revenue Department before the 20 th of every month as per the Section 26 of the Value Added Tax Act No.14 of 2002, an amount of Rs.19,696,372 had remained unremitted as at 31 December 2021.	Transac tion report 2020/2 021	This tax amount should be remitted to the Inland Revenue Department immediately.	Actions have not been taken to pay the Value Added Tax to Inland Revenue Department.	The balance to be remitted to the Inland Revenue Department as at 30.06.2024 remains unchanged as an amount of Rs.19,696,372.
5.	Although the Nations Building Tax should be remitted to the Inland Revenue Department as per the Section 04 of the Nations Building Tax Act No.9 of 2009, an amount of Rs.94,316,489 had been retained as at 31 December 2021.	Transac tion report 2020/2 021	The Nations Building Tax should be remitted to the Inland Revenue Department.	It has been concluded to pay the arrears of Rs.500,000 each per month from the case filed in the Court by the Inland Revenue Department.	The amount to be remitted to the Inland Revenue Department was Rs.87,295,794 as at 30.06.2024.

6. The actions to be followed for the settlement of outstanding Employee Provident Fund contributions and Employee Trust Fund contributions had been introduced by the Public Enterprises Circular No.2013/02 dated 11 September 2013 and according to the 3.7 of the Circular, the Secretary of the relevant Ministry should be informed about the outstanding contributions that are no longer settled and a copy should be submitted to the Secretary of the Treasury by informing to the Secretary of the Treasury and it was responsibility of the Secretaries of the Ministries to reach a solution by discussing with the Secretary of the Treasury. Similarly, according to the Section 3.9 of the Circular, it had been stated that the Chairman, the Board of Directors, the Chief Executive Officers and the Officers-In-Charge
- Transac tion of report 2020/2 021
- The contributions of Employee Provident Fund and contributions of Employee Trust Fund should be remitted timely.
- The contributions of Employee Trust Fund and surcharge had not been paid and although current balances in respect of Employee Provident Fund are being paid, the balance of Rs.17,753,613 which is bringing forward from the previous years has to be paid furthermore. Discussions are being carried out to obtain funds from the Treasury through the Line Ministry to pay this outstanding balances.
- Unsettle contributions to the Employee Provident Fund amounting to Rs.432,881,852, surcharge thereon Rs.207,768,540, contributions to the Employee Trust Fund amounting to Rs.15,420,275 and surcharge thereon Rs.7,710,137 had remained to be paid as at 30 June 2024.

are collectively and individually liable that further arrears of contributions will not increase. However, unsettled amounts as at 31 December 2021 were Rs.321,171,209 as contributions to the Employee Provident Fund, Rs.165,835,868 as surcharge thereon, Rs.15,420,275 as contributions to the Employee Trust Fund and Rs.7,710,137 as surcharge thereon.

3.18 State Timber Corporation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	9,207,818,718	2,450,611,500	6,757,207,218	1,496,155,864	Qualified
2022	9,588,286,776	1,923,131,250	7,665,155,526	1,015,986,328	Qualified
2023	9,562,930,913	1,556,142,801	8,006,788,112	1,273,734,838	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1. Actions had not been taken to recover the amount of Rs.240,299,687 out of Rs.966,058,091 which was existing since 1 year and more s in the than 04 year trade receivable as at .December 2023 31	2023 2022	Actions should be taken promptly to collect the amount due.	Of the trade debtors of Rs.966 million, Rs.603 million is due from the Sri Lanka Railway Department for the supply of sleepers. The due balances of Ruhunu University, Department of Forest Conservation and Department of Weights and Measures allowed to write off.	As at 30 September 2024, the amount of Rs.240,299,687 had not been collected or written off.
2. A loss of Rs. 2,952,271 was revealed which had been occurred in the	2023	Action should be taken promptly to recover the	The names of recommended committee members have	Arrangements are being made to appoint a board of

sale of kumbuk stumps in the Uma oya lower valley development sites and a loss of Rs. 685,109 due to irregularities in the release of security deposits in Bandarawela district which was discussed in the audit and management committee in 10 times and 07 times respectively, but even the investigations were completed, the losses could not be recovered.

losses incurred to the corporation from the parties involved.

been forwarded to inquiry. the Ministry for appointment of an inquiry panel on 03 September 2024.

3. The corporation is being faced difficulties such as destruction of forest offence of timber, difficulty in managing timber management and storage facilities due to not taking actions relating to offence of timber as per the guidelines issued by the Judicial Service Commission No. 422 dated 10 October 2018 and it was observed that 159.904 cubic decimeters of stump timber and 30.933 cubic decimeters of sawn timber were decaying and the	2023	Actions should be taken to prevent timber damage by following the guidelines of the circular.	We have submitted the Circular No. 422 issued by the Judicial Service Commission to all the courts. Accordingly, a court decision has been received only to retain this timber. Based on the legal instructions, the State Timber Corporation has retained the timber so far.	Officials have been informed to act according to the circular issued by the Judicial Service Commission No. 422 dated 10 October 2018, regarding the possible damage to forest offence timber to the court.

storage facilities were blocked in relation to Kandy region alone.

4. It had to pay Rs. 41,854,672 for the private contractors for 1,157 removals in 2023, due to not establishing a proper system for removal of donated timber.	2023	A formal system should be established for disposal of donated timber .	About 1,200 cases of donation timber removal per year are available and the ability to do it using modern machinery is limited, so the assistance of private contractors is sought. But for the budget of 2024, provision has been allocated to get modern machinery and the approval of the board of directors has also been received. Accordingly, the removal of this timber will be done soon.	There was no system in place to carry out the removal of donated timber by using the corporation's employees and machinery without contracting.
5. A dust collector machine at the Pallekele factory and 03 mobile sawmills, which had been released by the court in connection with forest offence, had been left to rot idly without use for many years.	2023	Cautious attention should be paid to efficient utilization and maintenance of assets.	These machines are unusable, obsolete, have very low efficiency and are subject to technical defects, and action will take them to out of use and dispose them. 01 sawmill have been tendered	As at 30 September 2024, 02 sawmills had not been removed.

and removed and the tender has been forwarded to the next tender to remove the remaining items.

6. More than 75 percent of the 100 chain saws with the value of Rs. 35,800,075 purchased by the corporation without specifically identifying the need and distributed to 13 regional offices in the year 2023 remained underutilized due to not preparing a formal program for efficient use.	2023	The requirements should be correctly identified, and the purchasing process should be streamlined to minimize the potential damage to the institution .	Due to the non-availability of sufficient quantity of forest plantations from the Department of Forest conservation for felling as planned, a few chain saws have been provided to the Municipalities on rental basis to procure forest offence/donation timber. In addition, an additional 165 hectares of teak plantations are planned to be received, and some of these plantations are planned to be implemented through corporation schemes. This has also increased the use of these chain saws. Arrangements have been made to supply chain saws to the rental base for the contractors, and an agreement has also been	As at 30 September 2024, these chainsaws remain underutilized.

prepared for that, and it has been decided to provide these chain saws to them in the future. Due to the delay in the recruitment of required chain saws, efforts are being made to get the required employees through the Manpower Institute, and thereafter it was informed that the utilization of these chain saws will be brought to the maximum level.

7. It was not possible to finish the felling until the end of March 2024 and to start the felling until February 2024 in the second work site due to the fact that the Corporation has taken an unusual time to approve the invitations for tenders for the completion works of the Haputale Jayaminipura 01/003 pinus work site which was received on 25 October 2021, and the Pallapitiya pinus forest plantation given in the year 2022, and the delay in providing	2023	Action should be taken through a properly planned manner in order to make the procurement process efficient and the operations to be done in a formal and efficient manner.	Procurement bids have been invited for the supply of timber in Pellapitiya pinus forest plantation and the prices have been forwarded to the Ministry for approval. The works have been temporarily stopped pending the approval of the Pradeshiya Saba regarding road construction. We have been informed about how to proceed by the Pradeshiya Saba, and further work is being done	There was no proper planned procedure to make the procurement process efficient and to make the operational activities formal and efficient.

infrastructure and the felling were not carried out according to the appropriate timings by paying attention to the natural factors.

accordingly.

8. Extraordinary Gazette No. 10/178 dated 05February 1982the Corporation had failed to establish a sufficient system and control to carry out the export of timberen-based finished and partly finished items, which is one of its objectives.	2022	The necessary strategic plans should be prepared, and adequate systems and control should be established in order to achieve the objectives of the Corporation.	01. Export of finished and semi-finished products. Countries identified for export of State Timber Corporation products - China, UAE, South Korea, Japan, Germany, India, Australia, USA, England, Canada So far, more than 76 items of furniture (approximately Rs.4,357,311.50) have been contributed to the export of furniture from 2020 to countries like SierraLeone, Australia, Singapore, India, Norway, and the United States of America. Export of goods under an agreement with foreign institutions.	Adequate systems and controls were not established to carry out the export function.

02. Export

furniture by
agreement
made with
foreign
institutes

In this regard,
a system was
prepared and
presented to
the Board of
Directors, and
it was decided
by the Board
of Directors
that it should
be further
planned and
presented in
detail.

9. Due to the failure to take disciplinary action against the employees who were accused of an irregularity that occurred in the year 2017 at the Gomadiyagala 01/22 teak coupe and the management had also taken actions to grant promotions to those officials.	2022	Actions should be taken to establish a strong internal control system to prevent malpractice, take formal disciplinary action against accused employees and regularize the promotion procedure.	As per the instructions of the Board of Directors, a formal disciplinary inquiry is currently underway in this regard.	No formal disciplinary inquiry was conducted.
10. A Dell Laptop, a Samsung Tab, and one Samsung Mobile phone used by the former Chairman of the Corporation who was Chairman from 09 January 2020 to	2022	Necessary action should be taken to acquire the relevant assets or recover the market value.	It is informed that the amount of Rs.532,949/- has not been paid to the corporation so far and the necessary documents for	As at 30 September 2024, the relevant assets have not been acquired or the market value charged.

10 March 2022 had not been handed over to the Corporation. However, the total amount of Rs.532,949 to be recovered from the officer, including the calculated market value of Rs.529,199 and the 25 percent expenditure to be incurred for the reacquisition had not been recovered.

prosecution have been handed over to the Talangama Police. However, since no proceedings have been taken so far, a reminder has been sent to the DIG in charge of Nugegoda on 03.09.2024.

11. The value of the work-in-progress over a period from 01 to 10 years was Rs.21,689,756 due to the failure to award contracts in the Boossa manufactory to skilled and appropriate contractors and irregular planning of the manufactory. Further, the value of the unused timber stock as at 31 July 2022 was Rs.65.5 million, resulting from the failure to identify timely requirements and implement sales promotions.	2022	Arrangement should be made to complete the work-in-progress and sell them, and to plan production activities based on identify the requirements, and to hand over contracts to capable and suitable contractors and marketing activities should be promoted and products should be made efficient.	At present, the partial production of the furniture is being completed and the factory work is also being done to prevent this situation from happening in the future. As at 30 September 2024, the value of the work in progress is Rs. 21,509,128.42 and the amount of timber stock is 139,425 cubic decimeters.	The production of semi-finished furniture had not been completed and adequate sales promotion had not been carried out.
12. Forecasting the production requirement based on the annual sales	2022	The top management should be given attention	This situation will not occur in the future as only the furniture related	Based on the annual sales requirement, the top management's focus

requirement, adopting good stock control techniques and maintaining regular and adequate stock, establishing an efficient production process due to the lack of attention of the top management, the cost of production from the year 2012 to 31 July 2022 was Rs.68,239,793 surplus furniture stock, 32 furniture items worth Rs.7,152,896 which were not sold in the year 2022 and 12 furniture items worth Rs.3,132,000 which are selling very slowly, and which are produced from the year 2012 to the year 2021. A stock of furniture valued at Rs.20,474,207 which were received without polishing and also present in the Boossa stores of the showroom and the manufacturing factory.

to making production forecasts based on annual sales requirements, establishing an efficient production process and maintaining proper and adequate storage.

to the high demand marketing plan is currently being produced. The amount of furniture that was not polished so far is being polished and released to the showroom based on the orders received from the marketing department.

on making product forecasts, maintaining regular and adequate stock, and establishing an efficient production process was slow and as of 30.09.2024, the value of the furniture stock in the Boossa showroom was Rs.99,966,756.60.

13. Although the 2022 Corporation had estimated the number of labour hours spent for furniture manufacturing, there was no methodology put in place to evaluate the efficiency and the productivity of the laboures by comparing with the actual number of labour hours spent. Accordingly, it was not possible to confirm that the laboures had been employed efficiently and effectively.
- A system should be developed to measure employee efficiency and productivity, and furniture costs should be calculated based on the actual labor hours spent on furniture production.
- While preparing the cost estimates, the labor cost has been prepared considering working 08 hours per day. The labor cost is calculated item by item of furniture, and it is possible to consider whether one item is covered by the amount corresponding to his daily wage when the product is finished. Instructions have been given to measure and record the work done by each employee while running a production line. Apart from this, the implementation of the directions given by the COPE committee for factory restructuring has been started, where the factories are to receive a human resource audit and a report by a machinery working time committee. After receiving the
- There was no proper system in place to measure employee efficiency and productivity, calculate furniture costs based on actual labor hours spent on furniture production, and follow-up.

relevant reports, arrangements will be made to present a method for follow-up in accordance with the ISO quality management system.

14. During the period from 2019 to 2022, the amount of timber used for the conversion of Ampara Saw Mill is 3,512,926 cubic decimeters and the amount of timber obtained is 1,806,397 cubic decimeters. As a result of which the waste during the conversion of timber was 1,706,529 cubic decimeters or 49 per cent. During that period, it was observed that 454,496 cubic decimeters of timber were released 32 per cent more than the requirement for certain tasks, it was also observed that a large stock of sown timber of 3,718,422 cubic decimeters worth Rs.295,712,614 was piled up due to lack of proper arrangement for	2022	Appropriate measures should be taken to prevent timber wastage and increase production efficiency by using suitable timber and efficient timber conversion techniques to achieve maximum productivity.	Year 2023 and during the period from 01.01.2024 to 30.09.2024, the amount of timber used was 531.01 cubic decimeters and 177.21 cubic decimeters respectively, and its output was 265.68 cubic decimeters and 84.03 cubic decimeters. As on 30.09.2024, the timber stock was 940.38 cubic decimeters and its value was Rs.82,634,655.	Since timber waste has exceeded 50 percent in the years 2023 and 2024, appropriate measures have not been taken to prevent timber waste and increase production efficiency by using techniques that can achieve maximum timber yield and suitable timber in timber conversion.

efficient use.

15. As per the Guideline 6.2.2 of the Government Procurement Guidelines, a minimum bidding period of 21 days should be given when calling for national bids. However, for felling 1720 Teak trees in 01/008 coupe c covering 06 hectares in Kurunegala, Polpithigama beets, bids had been called on 03 occasions. On 02 occasions, a bidding period shorter than the prescribed bidding period was given, and at the third bidding, the contract for removing the total number of trees, including already removed 290 trees, was awarded to the bidder who had been selected, but not entered into agreements during the first bidding. Therefore, this matter had become a subject of controversy.	2022	In accordance with the provisions of the Government Procurement Guidelines 2006, a strong control system should be established to prevent possible irregularities.	Even now, the files related to the investigations have been retained by the Commission to Investigate Allegations of Bribery or Corruption	An investigation by the Commission to Investigate Allegations of Bribery or Corruption was ongoing.

16. The amount to be recovered from credit sales from Ampara furniture showroom was Rs.13,091,111 and, out of that, Rs.7,767,938 was elapsed 02 years. Actions had not been taken to recover this debt amount.	2021	Actions should be taken to recover debt amount in update and, legal actions should be taken to recover non-recoverable debts.	The outstanding amount of Rs. 7,767,938 to be charged for the timber supplied by the State Timber Corporation from Ampara Furniture Complex and Anuradhapura, Medavachchi depots for the Kahtagasdigiliya Court Complex on credit basis, the Rs.3.5 Million has been agreed to be settled from advance which was deposited to purchase sawn timber. All amounts owed by the following institutions have been recovered so far.	As at 30 September 2024, the amount of Rs.3.5 million to be deducted from the Kahatagasdigilia Court Complex had not been deducted, so Rs.10,389,666 continued to be charged.
			Base Hospital – Batticaloa – Rs.1,250,782.00	
			Base Hospital – Badulla – Rs.1,335,319.00	
			High Court – Ampara – Rs.115,344.00	

17. Although an investigation had been conducted in relation to the irregularity occurred when totally falling down of 2172 Eucalyptus trees in Robgil worksite in year 2018, action had not been taken to conduct disciplinary investigation against the officers involved in this	2021	Actions should be done according to disciplinary proceedings stated in "Chapter 4" of the Corporate Disciplinary Code.	- Formal disciplinary investigations are underway. (Two new investigating officers have also been appointed.) - Investigations against one official have been completed. - As per the instructions of the legal department regarding the recovery of damages, separate files have been prepared and submitted in respect of the contractors. A preliminary legal discussion has been held in this regard. - Under F.R. 104, consists of a ministry official to calculate the amount of loss incurred by the corporation. A F.R. committee has been appointed.	A disciplinary investigation is undergoing.	formal

3.19 Central Environmental Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,493,493,106	803,344,361	690,148,745	(22,121,759)	Qualified
2022	1,406,894,206	793,054,950	613,839,256	(48,482,055)	Qualified
2023	1,539,491,382	849,496,593	689,994,789	100,819,908	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	According to the decision of the Board of Directors, a relief allowance which was not entitled under Management Service Circular No. 02/2016 dated 25 April 2016, has been paid to the non-executive officers of the Authority since August 2019 and the allowance paid only for the year 2023 was Rs.27,849,400.	2023	No other allowances shall be paid in addition to the wages and allowances approved by the circulars.	An annual provision is allocated for this purpose under travel expenses based on the authority's earnings making the payment of this stipend and not requesting appropriations for this purpose from the Treasury.	This payment will continue without suspension.
02.	There were Rs.208,486,003 for more than 05 years, Rs. 49,488,942 for 03-05 years, and Rs.33,518,659 for 02-03 years that were not settled, within the	2023	Arrangements should be made to promptly settle the outstanding balances.	From the deposit for obtaining of project reports by EIA project proponents included in the balance payable,	Balances included in accounts payable as of 31 December 2023, were not settled until September 26, 2024.

payables amounted to Rs.422,794,332 in the Statement of Financial Position of the Authority as at 31 December 2023.

it is stipulated to be adjusted to the accounts in the year 2024 after taking into consideration of ongoing projects and to inquire through accounts with tender deposits, performance bonds and miscellaneous deposits retained from various parties by the Administration Division.

03. According to the 2023 National Environmental Act and Gazette No. 1534/18 dated February 01, 2008, the environmental protection license must be obtained, but on 21 May, 2024, 272 businesses under the supervision of the North Central and Western Provincial Offices and the Kandy and Monaragala District Offices were operating without obtaining such a license and in that, it was observed that the authority did not take the necessary measures in time due
- Actions should be taken in terms of the law in respect of businesses which operates without obtaining Environmental Protection Licenses.
- Most of these business activities include in the environmental protection process and action in progress on Environmental Protection Licenses is being issued.
- So far, 6 of the 11 businesses under the supervision of the Western Provincial Office have received environmental protection licenses. 01 cases are pending. 02 have been denied licenses and 02 are to be field tested.
- Progress is being made in obtaining licenses for businesses under supervision at the North Central Provincial Offices and the Kandy and Monaragala District Offices.

to the presence of businesses whose business activities have been started for a period of 1 ½ to 28 years and businesses whose year of business activities has not been identified.

04.	Although the Environmental Protection Licenses should be requested 03 months before the expiration of the validity period and renewed, 396 businesses belonging to Matale, Dambulla, Colombo, Kandy, Monaragala and Anuradhapura Divisional Secretariats had not renewed their licenses even by 20 May 2024. Further, 10 businesses have been doing business for a long time from 03 months to 02 years without renewing their licenses and the licenses were later renewed.	2023	Necessary monitoring should be done continuously to renew Environmental Protection Licenses.	The officer in charge of the office data system has been instructed to forward the Register of Industries expiring within the next 03 months to all the officers in the last week of every month. Accordingly, information is updated through the EPL Data System and related reminders are also being made within the prescribed period while the industrialists are being informed through the telephone.	As on 26 September 2024, the matter had not been checked.
05.	The Authority had not taken necessary steps regarding breach of terms and conditions by the industries which did not comply with the terms and conditions stated in the environmental	2023	Necessary actions should be taken timely in respect of industries which do not carry out activities in accordance	Officers were made aware about how to operate in the instances where environmental pollutant control is not done in sufficient time and	As on 26 September 2024, these industries were not inspected.

protection license, such as 10 granite dolomite mining industries belonging to Matale and Dambulla Divisional Secretariats, 03 industries that discharged out waste water into water sources, 02 industries that had discharged waste into the external environment without treatment, 07 industries in Colombo District that had not complied with the prescribed standards and measures and 25 industries that had not submitted the reports that should be submitted in advance such as analysis reports, mining permits etc.

with the terms and conditions stated in the licence, as per the laws.

to maintain the Environmental Protection Licenses System efficiently and arrangements will be immediately made in respect of industries to take legal action on responses of industrialists with reminders as necessary.

06.	According to the Financial Regulation 756(6), the Inventory survey reports to be submitted in relation to the years 2022 and 2023 had not been submitted for audit by 30 September 2023.	2023 2022	The Board of Survey should be completed by the due date and proper internal control should be established regarding the inventory items.	The shortage of staff has directly affected the completion of Board of Survey activities on the due date.	As on 3 October 2024, the Inventory survey report related to the year 2022 had not been submitted for audit and the Inventory survey related to the year 2023 had not been completed.
07.	Even though the authority had received treasury allocations, Rs. 65,290,690 was paid for the remaining	2023	Unentitled payments as per the circular provisions, should be	The payment for reaming medical leave to the officers of this Authority is based	These payments which were not entitled as per the circular provisions had continued to be

leaves in the year 2022 and 2023 without following Public Enterprises Circular No. PED 08/2022 dated 21 December 2022

recovered.

on the special made despite the approval given by issue of audit the department of queries. management services dated 16 January 2013. This is paid, subject to a maximum of 21 days of remaining medical leave, from the Authority's earnings.

08. A sum of Rs. 50 million had been given in the year 2018 as asset and maintenance cost for the first phase project as per the agreement entered into to provide a capital grant of Rs. 150 million for a period of 03 years for environmental and social projects as 03 phase projects in terms of Memorandum of Understanding entered into by the Authority with a private company dated 21 December 2016 and due to the failure of the Authority to extend the contract period that ended on 20 December 2019 the balance of Rs.100 million that could have been received
- 2023 The relevant projects should be implemented successfully by signing the new agreement and receiving all the provisions as agreed.
- The Memorandum of Understanding has been sent to the Authority on 13 June 2023 after signing it by the respective company with the approval of the Board of Directors for the extension of this Memorandum of Understanding.
- However, since there was a suggestion for a need of deployment in other essential projects under water quality management and follow-up processes from the remaining allocation of Rs.100 million, further activities
- The new agreement was not signed until 26 September 2024.

had been lost.

are being implemented to revise the relevant Memorandum of Understanding for the new agreement that includes the necessary projects.

09.	Even though 05 years had elapsed after providing Rs.369,000 as an advance by the year under review for the installation of a human resource information system within 03 months according to the agreement entered into with a private company on 27 December 2018 for Rs.1,845,000, the relevant system had not been established and the related bank guarantee and performance security had also expired. Arrangements had not been made to collect the related late fee of Rs.184,500.	2023	Necessary arrangements should be made to renew the bank guarantee and performance security and establish the system as required.	Due to certain delays in preparing the modules to suit the Central Environment Authority and to enter the data during the last epidemic period, as the relevant activities were done based on the agreement between the supplier and the Authority late fees have not been charged. Due to problematic conditions in this system, it is stipulated to decide whether this system will continue to be carried out as per the agreement with the supplier.	Bank guarantee and performance security was not renewed or system was not established.
10.	A vehicle provided by the President's Secretariat office for process and field	2022	The said vehicle should be assigned to the concerned	A letter dated 06 March 2024, has been issued to the concerned	Even by 30th September 2024, the Chairman has not

	inspections related to environmental protection licenses was attached to the Chairman's office outside of those purposes and in the years 2021 and 2022, it had spent Rs. 105,165 and had driven a distance of 2,669 kilometers using 533.80 liters of fuel and another Rs.719,321 were spent to 4004.38 liters of fuel which was purchased, and the running activities were not confirmed to be for official purposes.		officers in such a way that it can be used for the given purposes.	chairman informing him to pay the amount of Rs.824,486 that had been paid for 4538 liters of fuel.	made the payments.
11.	Rs.2,030,000 were spent to purchase an electric cart from that provision which is not in line with the objectives of the Surakimu River Program and used for the Kataragama Dewalya site.	2022 2021	Funds should be utilized in accordance with program objectives.	An incorrect comment has been made that this activity is linked to the objectives of the Surakimu River Program.	Funds were not utilized in accordance with the objectives of the programme.
12.	An agreement was entered into on 8 August 2014, without obtaining a performance guarantee for the contract related to a waste-to-electricity project, but the project had not started and amount of Rs. 64,356,400 spent for that purpose, and	2022	Payments should be made in accordance with the government procurement guidelines and approved by the appropriate authority and necessary	The Attorney General has sought advice regarding the legal action to be taken in this regard.	So far, the project has not reached operational status.

the amount of Rs.13,071,372 which was spent from the Pilisaru Project in the year 2009 and purchased machinery for generating electricity using garbage had also become idle.

action should be taken against officials who have not obtained prior approval.

13.	A program manager appointed with the approval of the Board of Directors for the Surakimu River National Environmental Program had been paid a monthly salary and fuel allowance of Rs.170,000 per month from April to December 2021 and no approval had been obtained for this.	2021	Approval must be obtained prior to making payments.	This allowance was paid on the approval of the Board of Directors and a Cabinet Memorandum to this effect was forwarded on 27 September 2021. Several amendments to the memorandum were notified by the Ministry and the revised Cabinet Paper has been forwarded to the Ministry on 20 December 2021.	The allowance paid without approval was not collected even by 30 September 2024.

3.20 The Institute of Environmental Professionals of Sri Lanka

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	6,370,577	231,759	6,138,818	1,868,944	Qualified
2022	7,005,768	514,128	6,491,640	352,822	Qualified
2023	7,774,757	214,196	7,560,561	1,068,921	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Income tax liability for the years 2021, 2022 and 2023 had not been calculated and paid.	2023 2021	Need to get tax registration and pay income tax annually.	Taxes payable are recognized in the year 2020. But the company has not obtained a tax registration.	The company has not obtained a tax registration till now.
02.	An Audit and Management Committee was not established in terms of Section 41 (1) of the National Audit Act No. 19 of 2018.	2022	Arrangements should be made to establish the audit and management committee.	An audit and management committee will be set up and implemented in 2024.	No steps have been taken to establish the Audit and Management Committee.
03.	According to section 6.6 of the operational manual introduced by PE/COP/POLI/Circular and Public Enterprise Circular No. 01/2021 dated November 16, 2021, the annual reports to be tabled in Parliament within 05 months of the end of the financial year were not tabled.	2023 2022	Arrangements should be made to table the annual report in Parliament on the due date.	Institute will pay attention to this matter and take relevant measures.	The annual reports have not been tabled in Parliament so far.

3.21 Marine Environment Protection Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	345,072,686	201,845,713	143,226,973	(98,304,624)	Qualified
2022	551,038,483	175,570,922	375,467,561	209,250,751	Qualified
2023	602,874,134	144,548,041	458,326,093	87,501,471	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	A total allowance of Rs.1,951,550 was paid from 2017 to 2019 at a rate of Rs.750 per day to officers employed at the Ports for Waste Recovery Service facilities without obtaining approval from the Department of Management Services. Although the Audit and Management Committee, on 28 December 2021 recommended that a preliminary investigation be conducted regarding this payment, such an investigation had not been conducted as of 14 February 2023 and	2021 & 2022	Arrangements should be made to obtain approval from the Department of Management Services and to take necessary action against the parties responsible for the unauthorized payment.	The Secretary of the Ministry was requested to conduct an investigation into this matter. Accordingly, an investigation committee was appointed, and the investigation was carried out. However, the decision of the investigation committee has not yet been received by this authority.	The decision from the investigation in this regard has not been received, and no arrangements have been made to obtain approval for the payments.

no recovery was made from the responsible persons.

02.	Due to the delay in transporting the waste collected from the MV X-Press Pearl shipwreck from the temporary yard in Wattala to the storage yard in Pamunugama, an additional sum of Rs.17,934,000 had to be paid as storage charges for 40 containers.	2021 & 2022	Delays should be minimized, and necessary steps should be taken to recover all funds from the insurance company.	Following the X-Press Pearl ship accident, the collected waste was stored in containers and transferred to the Pamunugama waste yard, the delay caused which was not the fault of the Authority. Transportation was carried out immediately after obtaining approval from the ITOFF. Arrangements are being made to recover all associated expenses.	Arrangements are being made with the insurance company to collect the amount paid.
03.	Prices were obtained for purchasing food in parcels, since the food items were purchased separately, the cost-effectiveness could not be verified. Furthermore, the accuracy of these payments could not be confirmed due to the following issues: the serial numbers on bills related to a payment of Rs.23,154,710 for food, beverages, and	2022	Purchases must be made according to the quoted prices, and officials should be held accountable for ensuring bills are transparently issued in the name of the authority and paid to the selected	All officers have been instructed to follow the procurement process strictly.	Directives have been issued to fully implement the procurement process.

accommodation fees across 61 payment vouchers were sequential; the name of the authority was not included on the bills; and cheques were issued to names other than the supplier specified on the bills. The attention of responsible officials was not directed toward these irregularities.

04.	On two occasions in 2021, the supplier had been chosen without complying with the Procurement Guidelines for the storage of waste collected from the MV X-Press Pearl shipwreck. The forklift was hired at Rs. 1,400 and Rs. 1,500 per hour, with seven months remaining on the contract. In May 2022, it was observed that a rate of Rs. 2,900 per hour had been obtained as the quotation from the same supplier from the Wattala warehouse, where the machine was installed. The contract was opened three days after the	2022	The procurement process should be followed by identifying the need.	Necessary steps have been taken to carry out the required activities for procurement.	Necessary steps have been taken to purchase assets by recognizing the need and to properly conduct the procurement process.

bids were closed and subsequently awarded. The rent paid for this machine in 2022 was Rs. 2,433,800. The Authority incurred significant annual costs because it had not considered the long-term need for the machine or evaluated the option of purchasing a new one.

05.	A warehouse with a size of 48,765 square feet was chosen without preparing estimates, following the shopping method and without technical evaluation, instead of the requirement of 25,000 square feet to store the wastage on MV X Press Pearl shipwreck and a sum of Rs.1,706,775 for the first 06 months from June 2021, and in the second 06 months, increasing 40 percent more amounting to Rs. 2,400,000 per month had been paid. It was also observed that the government's monthly assessment for this warehouse was Rs.1,800,000. Thereon an amount of Rs.3,600,000 had	2022	Arrangements should be made to follow the procurement process as per requirements.	The period of the related ship accident was a time when Covid was spreading, and due to limitations on normal activities, waste storage yards were quickly acquired through the market supply system. Subsequently, Cabinet approval has been granted for this.	Arrangements are underway to collect all payments for the waste yards from the ship owners.

been overpaid for the second 6- month period, and it was observed that a loss of Rs.3,580,650 was incurred due to the rejection of the bid of monthly charge of Rs.1,755,000 for 30,000 square feet. Furthermore, although the Cabinet approval given to rent a warehouse for a period of one year had been ended on 14 December 2022, the future need of this warehouse, the fact that the shipping company had decided not to reimburse the rent after 06 September 2022, etc., were not addressed.

06.	A car owned by the Authority was repaired at a cost of Rs.381,450 on 23 June 2021 using a used Japan, gearbox but was unable to drive due to a fault in that gearbox. The repair was not certified by a technical officer and the old gearbox was also not handed over to the store. After this repair, a warranty period of 30,000 km	2022	A formal investigation should be conducted regarding this repair, and the vehicle should be restored. The need to hire the vehicle should be considered, and disciplinary action should be taken against the	After receiving the investigation report, if a mistake has been made, it will be resolved accordingly and the amount will be collected from the people concerned.	One investigation has been conducted and another investigation committee has been appointed as per the recommendation of AMC and investigation is in progress.

was given for the car, but it was handed over to the company without taking action to attend proper repairs. On 21 June 2021, a car had been hired on a rental basis until 12 March 2023, and an amount of Rs.3,741,685 had been paid. No action has been taken to identify the officials responsible in this regard and to take action against them.

responsible officers in case of deviations.

07. According to Cabinet Decision No. AMP/23/0386/605/01 2-1 dated 27 February 2023, the post of General Manager of the Authority is to be filled externally, while five management positions in other sectors are to be filled internally. The Director General of the Department of Management Services had informed that if it was not possible, the desired amendments should be made through a Cabinet note. However, without doing so, four management positions, including
- 2023
- Action should be taken according to the Cabinet decision.
- The recruitment for the General Manager and other posts was made as per the approval granted on 12 February 2024, for the recruitment of 44 positions by the Department of Management Services. Cabinet approval is required for recruitment only when a separate committee been appointed.
- The General Manager was recruited on an internal basis and continued in employment; he has not been recruited externally, as stated in the letters from the Department of Management Services, No. DMS/1627/Vol-IV, dated 1 November 2023 and 12 February 2024.

the Legal Manager, were advertised on an external basis, and the General Manager post was filled from 3 April 2024, with the officer who had held the acting post for 2 1/2 years on an internal basis.

08. According to Section 17(7) of the Prevention of Marine Pollution Act No. 35 of 2008, the Authority can seek the expertise of an external party with the necessary knowledge for the prevention and management of marine pollution. However, without determining the environmental importance as per the international norms and timely action, the impact on beach stability, or the required duration of this work, the collection of nurdles on the beach continued without the consent of the insurance company. Additionally, from October 2021 to 31 December 2023, allowances totalling Rs. 20,116,500 were
- 2023 The Authority has to obtain the expertise of an external party deemed necessary to assess the environmental importance of these activities over the long term, their impact on coastal stability, and to determine the duration for which these tasks should be performed by the community engaged for over two years. When obtaining services, the needs of that community should be met based on performance.
- Although the Authority requires expertise for this purpose, no payment system is in place. Therefore, as per the recommendations of the ITOPF Institute, which has been consulted for cleaning the debris of the ship from the shores, activities are conducted according to an international method. The insurance company will only cover the costs if the work adheres to recommendations of the ITOPF. The Authority has coordinated with ITOPF to ensure that beach clean-up efforts continue until all waste
- Despite following the recommendation of the ITOPF, it has not been determined that the beach-cleaning community would be compensated based on their efficiency, nor has the duration of their role been established.

paid to 158 people on community contributions who collected nurdles in the coastal areas of four districts.

from the ship is removed from the coastal environment.

09. It had been decided by the five-member committee appointed as per the Cabinet decision made on 30 January 2023, to pay the allowances of USD 584,500 at a rate of USD 350 per person for 8 hours of work per day to the expert committee appointed to assess the damage caused by the MV-X Press Pearl ship accident. However, this decision was made without obtaining a recommendation from the officer appointed from National Salaries Commission to the committee. Additionally, there was no evidence presented to substantiate the calculation of working hours for the committee members or to validate the recommended rate as an international standard. Furthermore, the	2023	Action should be taken to measure the time spent on duty by the members of expert committee and confirm the recommended rate as an international rate.	According to the decision of the Cabinet, the decision of the Committee chaired by the Secretary of the Ministry should be submitted to the Cabinet and be acted upon accordingly.	The recommendation from the salary commission officer was not received, and the audit was not provided with clarification on the rate recommended as an international rate or on how the allowance of Rs. 6,475,000 paid to the expert committee was calculated.

calculation method for the Rs.6,475,000 allowances paid to the expert committee up to 31 December 2023, had also not been confirmed to the audit.

10.	A total expenditure of Rs.248,192,250 had been incurred as allowances for the collection of nurdles scattered from the MV X-Press Pearl shipwreck with community participation and a sum of Rs.553,824,237 had been spent on equipment, transportation, food, and other related expenses since October 2021 to December 2023. Despite a decline in the average daily collection of nurdles, from approximately 44 kilograms in 2022 to around 20 kilograms by 2023, the reduction in expenses related to community participation was relatively small. The cost dropped from Rs. 124 million to Rs.106 million, amounting to a	2023	When obtaining services from the community, it is essential to implement a systematic process based on performance monitoring to ensure that the community's service requirements are effectively utilized.	The way the work is being carried out and the community services are being monitored by a third party, and it is currently being carried out to comply with that system.	Although the daily amount of nurdles collected has decreased from 44 kg to 20 kg, the cost incurred has been reduced by only Rs. 18 million without a reduction in community participation, which is not satisfactory to the audit.

decrease of only Rs.
18 million.

11.	At the beginning of the year under review, the balance remained in the bank current accounts of the Authority was Rs.290 million and by the end of the year it was Rs.364 million. Despite the regular monthly payment requirements of the Authority, the excess funds had not been invested in a more profitable manner. Instead, due to the failure to make more strategic, short-term investments, the potential interest income that could have been earned from these funds had been lost.	2023	The excess amount should be invested in a more profitable manner considering the average monthly payment requirement of the Authority.	This will be done in the future.	It has been informed that the funds will be invested in more profitable ventures in the future.
12.	The compensation of Rs.10 million from a ship accident in 2011 and Rs.100 million from retained earnings in 2022 had been deposited into a "Marine Environment Protection Fund" account. These funds had been invested in Treasury bills, and by the end of the review year, the	2023	According to Section 18 (2) of the Prevention of Marine Pollution Act No. 35 of 2008, all such amount of money as are required to defray any expenditure incurred by the Authority in	This amount is reserved for use in special cases, such as responding to ship accidents.	This fund was not utilized for marine pollution prevention.

balance of the fund had grown to Rs. 119,486,831 due to accumulated interest from the investments.

However, despite the growth of the fund, no specific activities or Projects had been identified or initiated to address marine environmental pollution. As a result, the fund remained inactive without being utilized for its intended purpose of protecting the marine environment.

the exercise, performance and discharge of its powers, duties and functions shall be paid out of the fund of the Authority.

3.22 Condominium Management Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	692,164,748	111,703,480	580,459,268	206,261,703	Qualified
2022	720,669,659	93,851,893	626,817,766	131,059,472	Qualified
2023	636,032,380	100,674,362	535,358,018	154,721,745	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1	The Authority had a total outstanding loan balance of Rs. 13,132,807 as at 31 December 2023, of which Rs. 9,473,681 had remained over 05 years.	2021, 2022, 2023	Immediate measures should be taken to collect the receivable balances.	A discussion has been requested with the Secretary of the Ministry of Health to recover the outstanding payment from the Gampaha Hospital. It has been agreed that the Gampaha Hospital will settle the outstanding amount.	It had not been recovered.
2	Section 6.2 (c) of the guidelines related to public enterprises in Public Enterprises Circular No. 1/2021, dated 16 November 2021. - Although approval from the Minister of Finance should have	2021, 2022, 2023	The instructions of the circular should be followed.	A letter has been sent by the Secretary of the line ministry to the Secretary of the Ministry of Finance.	Finance Minister's approval has not been obtained.

been obtained for the investment of surplus funds in a state corporation, the

Authority had not followed that procedure with regard to the 05 fixed deposits amounting to Rs. 506,686,028, which were invested during the year of 2023.

3.	Section (h) of Chapter 05 of the Common Amenities Board (Amendment) Act No. 24 of 2003. - Although it is the Authority's objective to delegate the maintenance of access routes to condominium properties, plantations, gardens, playgrounds, and open spaces to local authorities, the maintenance of the Maligawatta and Jalthara housing schemes had not been handed over to the local authorities.	2023	Provisions of the Act should be adhered to.	Action will be taken to hand over the relevant tasks.	It had not been handed over to the local authorities
4	In accordance with Section 3(2) of the principal enactment under the schedules appended to the Apartment Ownership	2021 2022 2023	Action should be taken to obtain the annual accounts from the corporations	The management corporations have stated that they do not conduct audits of their annual account reports due to the high	Annual general meetings had not held by management corporations.

(Amendment) Act
No. 45 of 1982, and
Section 27(3) of the
Apartment

and should be cost involved in
supervised in carrying out such
time. audits.

Ownership

(Amendment) Act
No. 39 of 2003,
general meetings of
the management
corporations should
be held, and as per
Section 8(4)(a),
copies of the audited
annual accounts of
the management
corporations should
be submitted to the
Authority. However,
out of the 1014
management
corporations
currently under the
Authority, 586 had
not submitted their
annual accounts
since the date of
registration, and out
of the remaining 428
corporations, 403
had failed to submit
the audited annual
accounts for the
year of 2023 to the
Authority.

Furthermore,
although
management
corporations should
be established within
03 months of
registering a
condominium deed,
but during the 2022–
2023 period,

management corporations had not been established for 39 of the registered properties.

- 5 Although primary clearance documents had been obtained for 400 properties, final certification had not been received for those properties during the period from 2013 to 2018. Furthermore, no action had been taken to renew the validity of these properties. Additionally, final certificates had not been obtained for 50 properties that had received temporary condominium certificates, and for 15 properties that had received partial condominium certificates. Out of 65 properties, 20 had not obtained certificate of compliance from local authorities, and which contributed to this issue.

2021, 2022, 2023	A proper procedure should be established to ensure that certificates can be issued within the stipulated time.	Starting from 2023, steps are being taken to renew the preliminary clearance letters and then issue final certificates.	Developers who have obtained primary/ partial/ temporary certificates are being informed and advised to obtain the required certificates.

- 6 Out of the 1,387 complaints received by the Authority, 67 had not been

2021, 2022,	Action should be taken to resolve the issues	After receiving complaints, the customer service division makes	Complaints are processed slowly.

resolved even by 31 December 2023. Among these complaints, 25 were related to unauthorized constructions, and 13 were related to water leaks. Six of these complaints had been pending for 2 to 5 years, creating hazardous conditions for both property and life.

immediately. every effort to resolve them. If they are unable to do so, the complaints are referred to the legal department, which works to conclude the investigation within a reasonable time frame.

7	Although, under Section 5(2) of the Apartment Ownership Act No. 11 of 1973, no person should occupy a property without obtaining a certificate of compliance, final certificates had not been obtained for 21 condominium properties constructed by the Urban Development Authority by the end of the year under review, and 12,734 families had been living in those apartment buildings. Due to the failure to obtain condominium certificates, it had been impossible to establish	2023	Action should be taken promptly in accordance with the provisions of the Act.	Not commented.	No application has been made for obtaining the Condominium Certificate from the Urban Development Authority.

management corporations for these housing complexes. As a result, maintenance activities have not been carried out properly, and it had not been possible to provide the deeds to the homeowners. Furthermore, the Authority had not taken any action to examine the common facilities that should be existed in these condominium properties and the failure of the property owners to act in accordance with the Apartment Ownership Act. Therefore, it was further observed that the Authority has neglected its responsibilities.

3.23 Urban Settlement Development Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	3,002,005,992	1,201,018,549	1,800,989,443	784,619,371	Qualified
2022	3,453,241,801	157,531,964	3,295,709,837	364,721,747	Qualified
2023	3,791,675,600	101,556,356	3,690,119,244	210,588,736	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1	According to the cabinet decision, the service charges collected from the property developers by the Urban Development Authority had been terminated. Thus, the Authority had lost its main source of income. The Urban Settlement Development Authority was unable to recover the Rs. 207.33 million in service fees that had been collected by the Urban Development Authority by the end of the year 2023.	2023 2022 2021	Adhere to the objectives of the Act.	A committee appointed under the chairmanship of the Additional Secretary of the Ministry has examined this matter and submitted a report to the Secretary of the Ministry.	The Urban Development Authority has accepted that this service fee should be paid to the Authority and now the Urban Development Authority has proposed to exchange the property in lieu of the due amount and the proposal has been sent to the Secretary of the Ministry in writing.
2	(i) According to Urban Settlement	2023 2022	Actions should be taken to	The authority sent a letter to the	The draft Terms of Reference (TOR) for

Development 2021 Authority Act No.36 of 2008, even though the Urban Settlement Development Authority had been established to prepare a National Policy related to the development of urban settlements and to ensure the implementing of such policy, the Authority had failed to prepare such a National policy and implement it even since lapsed of 15 years after the establishment of the Authority.	fulfill the objectives of the Act.	the Ministry to have this work done by the Department of Town and Village Planning of the University of Moratuwa.	the formulation of a national policy relating to urban settlement development has been forwarded to the Ministry for further advice. Accordingly, further action is to be taken based on the responses received from the Ministry.
(ii) As per the Section 2023 of the Urban Settlement 2022 Development 2021 Authority Act No.36 of 2008, The Authority had appointed a consulting committee by April 2017, not more than 14 members comprising with a Chairman. However, the functions which are related to the objectives of the Authority such as proposals of the Authority, plans, projects and action plans etc., had not been identified by the Committee up to end	Actions should be taken to fulfill the objectives of the Act.	A new Advisory Board has been appointed under the new management to implement the objectives as well as the Authority's future proposals, plans, projects and action plans.	The business plan prepared by the Urban Settlement Development Authority, including the proposed projects to be implemented, has been submitted to the newly established Advisory Committee and has also been submitted to the Department of National Planning.

of the year 2023.

3	The authority had issued deeds for 588 housing loan units out of 1714 housing units related to 09 housing schemes constructed on the relocation and sales basis by the end of the year 2023. However, deeds for 1126 housing units had not yet been provided to the owners. The main reasons for this were the incomplete land acquisition processes and delays in obtaining Condominium Certificates.	2023 2022 2021	Technical issues should be resolved and the property should be disposed of promptly and properly.	Recommendations have been forwarded to line ministries for the prompt resolution of technical issues and the formal disposal of condominium properties.	At present, arrangements are being made to take over the housing project authority which has not been completed yet.

4	The possession of 53 housing units worth Rs. 62.87 million in the Angulana housing scheme, which was constructed for fishermen, had been granted to actors and sportsmen through freehold papers without any charge. Subsequently, according to a Cabinet decision, it was decided to charge a reasonable price from the beneficiaries. As a result, Rs. 55.48 million had still expected from the remaining 38 housing units. According to the Attorney General's advice, actions had been taken to cancel the freehold rights of individuals who had not made payments, and the authority continued to work on the disposal of 15 housing units.	2023 2022 2021	It should be done according to the decisions of the Cabinet.	Although the Cabinet decision had been made regarding the 53 housing units that were provided on free hold basic, Due to the coronavirus pandemic and the fuel crisis, its work has been carried out at a very minimal level. The agreement had been signed immediately after the official commencement of duties.	27 beneficiaries who got houses as free hold basic have contracted on sale basis and started paying loan installments. 12 housing units have been contracted to be given to new beneficiaries on loan basis. While legal proceedings have been initiated against 11 beneficiaries who have got houses and appeals of beneficiaries of remaining 03 housing units are pending.
5	According to the Cabinet decision, housing units should be disposed by determining the sales price by adding 20 per cent to the government valuation of the housing units. However, contrary to	2023 2022	Should be acted according to the Cabinet decision.	In accordance with the management powers granted under Section 3 of the Urban Settlement Development Authority Act No. 36 of 2008, housing units have	Approval had been obtained through Board of Directors Paper No. 01/2021/15 to allocate houses to 22 eligible employees at an annual interest rate of 2% for a maximum period of

this, the Board of Directors had decided to charge only the government valuation on the sales price for the units which are given to 24 officials and incurred a loss of Rs. 20.68 million to the government. Additionally, the authority had not received of Rs. 95.34 million from the sale of housing units to its staff by the end of the year 2023.

been allocated to 25 years, without 24 qualified senior officials based on proper procedures. charging a service charge of 20% added in determining the average selling price.

6	It was decided by the Board of Directors to transfer 67 commercial units worth Rs. 44.78 million and 57 service units those value had not been identified which were constructed by Real Estate Exchange (Pvt) Ltd, to the Management Committee under the Condominium Management Authority on a free grant basis. As a result, the potential rental income that could have been generated from renting out these units was forfeited.	2023 2022	Rent income should be generated from commercial units.	The Reel Company, which started this housing scheme, had given the income of the relevant commercial units to the fund of the management corporation, and the Urban Settlement Development Authority only legalized the process.	In accordance with the approval of Board of Directors Paper No. 05/2022/06, with the objective of fully releasing the Urban Settlement Development Authority from the management and maintenance responsibilities of this housing scheme, the income of these commercial units has been provided to the management corporation. This authority owns the ownership of these commercial and service units.

7	The 06 houses constructed under Environmentally Friendly technology (Sudaraka Technology), at a cost of Rs.4.9 million, located in Anuradhapura, had been certified as unsuitable for human habitation by the National Engineering Research and Development Centre (NERDC) and the engineer of the authority. Further those houses had not been properly maintained and remained idle for 11 years, from 2013 until April 2024. However, since 2018, a security guard has been employed, and a total cost of Rs. 2.75 million has been incurred for his salary and other allowances.	2023 2022	A feasibility study should be conducted, before commencing a project.	Considering the current financial condition and financial viability of the Authority, the top management decided to temporarily stop this work.	The top management of the Authority held a discussion regarding the invitation to bid for the long-term lease of the 6 houses built using sustainable technology in the Katukeliyawa Housing Project in Anuradhapura, and it was decided to dispose of these houses by receiving a lump sum payment based on their assessed value and to maintain the remaining houses as the circuit bungalow.
8	According to the instructions given by the Attorney General on 28 October 2021 in relation to the financial fraud that occurred during the takeover of the Real Estate Exchange (Private) Company Limited to the Authority, The line ministry should take	2023 2022 2021	Proper action should be taken to recover the losses incurred by the government.	This amount will be disclosed in the financial statements after a formal legal study on it.	A committee has been appointed to conduct a preliminary investigation in accordance with Financial Regulation 104 (4).

actions for, considering whether the legal proceedings can be filed against the responsible parties caused for loss and loss incurred to the government should be properly calculated according to Finance Regulation 103 (Chapter II). But the line ministry had not done it even by April 2024.

3.24 National Institute of Occupational Safety and Health

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	238,709,080	3,552,398	235,156,682	25,122,253	Qualified
2022	299,144,927	4,384,599	294,760,327	48,116,618	Qualified
2023	359,925,383	8,722,039	351,203,344	47,203,829	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1	In terms of Sub-section 3 (1) (c) of the National Institute for Occupational Safety and Health Act No.38 of 2009,Although the institute should work to establish national standards in the field of occupational safety and health, those standards had not been established by 30 April 2022.	2021 – 154(6) 1.6 (e)	Should be acted According to the Act.	The Sri Lanka Standards Institute will be the authority for establishing national standards. Therefore, they have worked together with that institute to set up Standards. For example, Standard Practice Reparative Protection standards have already been published.	Actions are being taken to rectify but still not rectified.
2.	In terms of sub-section 20 (1) of National Institute of Occupational Safety and Health Act No. 38 of 2009, the Minister	2022 – 154(6) 1.6 (a) (i)	It should be done according to the provisions of the act.	I would like to inform you that the institute has submitted a cabinet paper with new amendments	Necessary action is being taken. Orders have not been made yet.

may make orders for the purpose of carrying out any or all of the functions of the institution under the provisions of the Act and for the purpose of giving effect to the principles of the Act, even if such orders were not made.

by the Ministry of Labour and presented it to the Honorable attorney general.

3. As per Section 11, a certain number of persons should be appointed by the council as directors of the institution as required for the efficient administration of the institution, but they were not appointed.

2022 – 154(6) 1.6 (a) (ii)	It should be done according to the provisions of the act.	Regarding the relevant audit observation, I have made a note to pay attention to the board of directors meeting to be held in the future and note down to get the recommendations of the board of directors in this regard.	Actions are being taken to rectify but still not rectified.

4. The approved carder of the institute was 25 and the actual carder was 16. It was observed that the position of Director General, the position of the Chief Executive Officer, who is engaged in the performance of the management tasks assigned by the Board of Directors of the said institution, is employed on a contract basis. Although the position

2022 – 154(6) 3.1	Recruitment of staff should be done and so that the institute can obtain its mission.	I would like to mention that arrangements have been made for the approval of the Department of Management Services to recruit a director and an assistant director from among the vacancies mentioned in the audit.	Approval sought from the Department of Management Services.
2023 – 154(6) 2.1		Also, I confirm that for the position of	

of Director (Health and Safety), which is an important task for the survival of the institution, requires the services of a permanent officer, the services of a resource person were obtained in necessary situations.

Director (Health and Safety) mentioned in the audit, the same service as the position of Director General will not be obtained under the contract basis.

5. Sub-section (1) 20 of National Institute for Occupational Safety and Health Act No. 38 of 2009, The Minister could have made orders under the provisions of the Act for the purpose of carrying out any or all of the functions of the institution and for the purpose of giving effect to the principles of the Act, but those orders had not been made. 2023 – It should be done according to the provisions of the Act. 154(6) 1.6 (a) (i) Actions are being taken regarding that. Orders have not been made yet.
6. Section 11 of National Institute for Occupational Safety and Health Act No. 38 of 2009, As required for the efficient administration of the institution, a certain number of persons should have been appointed by the council as directors of the institution, but they were not 2023 – It should be proceed according to the provisions of the Act. 154(6) 1.6 (a) (ii) Actions are being taken in accordance with the act. Not yet nominated.

nominated as such.

7. In terms of Inland Revenue Act No. 24 of 2017 83 A Chapter Inland Revenue (Amendment) Act No. 45 of 2022 and Circular No. PED 01/2023, In the calculation of advance personal income tax, advance personal income tax should be calculated including all allowances received during the performance of duties except the salary and allowances of the position, but the calculation of advance personal income tax was done without considering lecture fees, resource contribution fees and annual bonuses etc.
- 2023 – It should be proceed in accordance with the Inland Revenue Act.
- In this regard, these matters have been filed and the said secretariat has been asked for advice and the account division was instructed to act based on the recommendations received in the future.
- The amount paid has not been dealt with in accordance with the Act.

3.25 National Institute of Labour Studies

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	80,659,692	4,477,908	76,181,784	13,109,428	Opinion
2022	113,904,593	4,480,706	109,423,887	18,874,140	Qualified
2023	130,413,193	9,784,239	120,628,953	11,095,652	Opinion

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1	In terms of Subsections 3 (a) of National Institute of Labour Studies Act No.12 of 2010, Formal actions taken to ensure the welfare of employees to make them active participants in the development process were not observed.	2021 – 154(6) 1.6 (a)(i)	Actions should be taken to achieve the objectives mentioned in the Act.	By providing understanding of labour law, industrial relations, human resource development, procurement, Establishments code and Financial regulations to make employees active participants in the development process. Short-term and long-term courses were conducted for the purposes of capacity building on subjects directly related to their duties and informed about how they can	Awareness programs are being conducted. No formal program has been prepared.

				contribute to the development process. Efforts have also been made to develop the awareness of both employers and employees about labour law and industrial relations.	
2.	In terms of Subsection 3 (d) of National Institute of Labour Studies Act No.12 of 2010, Although the establishment and maintenance of library and information services is one of the main objectives of the institution, the institution had not implemented such a library and information service until 31 March 2021.	2021 – 154(6) 1.6 (a)(iii) 2022 – 154(6) 1.6 (a) (i) 2023 – 154(6) 1.5 (c)	Actions should be taken to achieve the objectives mentioned in the Act.	A library was installed from the year 2007 to November 2019 and arrangements have been made to install the library from the second quarter of the year 2022 after the installation and modernization of the office of the General Secretary of Labour in Narahenpita. Work has been initiated to create an online electronic library.	Creating of web page that include e-publishing is already started.
3.	In terms of Subsection 3 (e) of National Institute of Labour Studies Act No.12 of 2010, Although there should be close cooperation between national and foreign institutions, associations and societies with similar objectives. Such programs are not	2021 – 154(6) 1.6 (a)(iv) 2022 – 154(6) 1.6 (a) (ii) 2023 – 154(6) 1.5(d)	Actions should be taken to achieve the objectives mentioned in the Act.	While discussions have been held to update the Memorandum of Understanding with Vivigiri National Labour Organization of India, In the future, after receiving observations from the Attorney	The Attorney General's Department has been directed to sign an MoU with VV Giri National Labour Institute.

formally implemented.

General's
Department,
Arrangements will
be made to enter
into the agreement
subject to
necessary Cabinet
approval.

03 rounds of
negotiations to
enter into a
collaboration with
the International
Training Center
affiliated to the
International
Labour
Organization have
already been held
and discussions
have been
concluded
regarding the
possibility of
obtaining resource
contribution from
that institution for
the diploma course
on labour laws and
industrial relations
currently being
run.

4.	In terms of Subsection 3 (f) of of National Institute of Labour Studies Act No.12 of 2010,The Institute had not conducted courses and awarded certificates and diplomas (except Tertiary and Professional	2021 – 154(6) 1.6 (a)(v)	Actions should be taken to achieve the objectives mentioned in the Act.	Preliminary discussions have been held for a research with the Human Resources Development Institute of Colombo University with the aim of studying the legal	Discussions have been held and necessary arrangements have been made for providing NVQ, but so far the task has not been completed.

Education
Commission) even
though Institute had
negotiated with aided
universities and
similar bodies.

regulations related
to Manpower
employment
agencies and
employers and
identifying their
existing gaps and
identifying
opportunities for
its development.

Initial discussions
have been held
with the Sri Lanka
Evaluation
Association to
examine the
feasibility of
starting a diploma
course in
supervision and
Discussions have
been held with the
Department of
Official Languages
regarding the
possibility of
starting a
certificate course
for Tamil language
proficiency of
government
officials.

Necessary action
has already been
taken in
consultation with
the Tertiary and
Vocational
Education
Commission on
the application of
the National
Vocational

				Qualification (NVQ).	
5.	In terms of Subsection 4 (g) of National Institute of Labour Studies Act No.12 of 2010, To enter into agreements with other institutions located in Sri Lanka or abroad for the purpose of exchange and training, research and consultancy services and generally for furthering their common objectives with other institutions with objectives wholly or partially similar to the objectives of the Institute. But that was not done.	2021 – 154(6) 1.6 (a)(vi)	Actions should be taken to achieve the objectives mentioned in the Act.	While discussions have been held to update the Memorandum of Understanding with Vivigiri National Labour Organization of India, In the future, the agreement will be reached after obtaining the necessary approval from the Cabinet of Ministers.	A Memorandum of Understanding has been prepared and forwarded to the Attorney General's Department for observing.
6.	In terms of Subsection 16 (1) of National Institute of Labour Studies Act No.12 of 2010, Although the Board may have appointed a certain number of technical committees required for the performance of duties under this Act, such committees have not been appointed accordingly.	2021 – 154(6) 1.6 (a)(vii) 2022 – 154(6) 1.6 (a) (iii) 2023 – 154(6) 1.5 (b)	Actions should be taken to achieve the objectives mentioned in the Act.	Although such provisions have been made in the Act regarding the matters to be done with the future opportunities and future expansion of the institution, the Board has not appointed technical committees as no such need has arisen so far. The appointment of technical committees will be done in the future in accordance with	It is expected to be done in the future based on the financial capability and the instructions of the governing board.

these sections of the Act on the advice given by the Governing Body when there is sufficient financial capacity to expand the activities of the institution in the future.

7. In terms of Sections 5 (1) and (2) of the National Labour Studies Act No. 12 of 2010, According to the provisions of the Act, the administration, management and control of the institution have been entrusted to the governing body of the institution. The Board of Directors of the Institute met only once and twice in the years 2022 and 2023 in relation to the exercise of the powers assigned, prescribed or entrusted to the Governing Council by the Act to administer the affairs of the institution.	2023 – 154(6) 1.5 (a)	Should be acted in accordance to the provisions of the Act.	Since the members of the governing board of the National Institute of Labour Studies appointed for the year 2022 have resigned, the institute has informed the Ministry of Labour and Foreign Employment to appoint a new governing board on 02.06.2022 and to appoint the member of the Ministry of Higher Education who will be appointed officially for the governing board. Even if the facts are, as per the institute's act states that the quorum for a meeting of the board should be five members that 02 Board of Directors meetings have been held in	In the year 2024, only 02 meetings have been held.

the year 2023 with the full quorum of the Chairman of the Governing Board and five other ex officio members.

8.	In terms of Public Enterprises Circular No. 04/2023 dated 11 December 2023, Although 30 percent of the profit of the year 2022 should be remitted to the treasury before paying bonuses/incentives for the staff in the year 2023, without doing so, Rs.325,000 were paid as bonuses and a balance of Rs.2,315,712 is due to the treasury was stated as a payable balance.	2023 – 154(6) 1.5 (e)	Should be acted in accordance with the provisions of the Act.	Necessary arrangements have been made to pay the amount of Rs.2,315,712.00 due to the Treasury for the year 2023 and In order to confirm the bank accounts to which the relevant payments are to be made, notices have been given to the Grand Treasury and arrangements will be made to make the payments promptly. That it is indicated under the 2023 annual accounts.	No payments have been made to the Treasury.
9.	According to the Procurement Guidelines of the Democratic Socialist Republic of Sri Lanka-2006, without making formal estimates and carrying out inspections, without maintaining the details related to the repaired air conditioners and without ensuring whether the repairs	2023 – 154(6) 3.1 (a)	Should be acted in accordance with Procurement guidelines.	Would like to inform that it was confirmed repairs are guaranteed to be correct. It is filed in file NILS/AD/03/21/03 (PRO). In the future, before starting the procurement process, it is informed that the procurement	Repair have being done but idle machines are not repaired again.

have been done properly, Rs.1,096,250 had been spent. in 07 cases in the year 2023, for the repair of air conditioners.

Except for the supplier selected for the new air conditioner repair, it was revealed that the prices of the remaining suppliers had been faked and two air conditioners which had been repaired at a cost of Rs.481,825 with all the accessories were repaired again at a cost of Rs.91,075, but the respective machines remained inactive.

documents will be properly prepared and the work will be carried out properly and that the maintenance of these air conditioners had to be done due to the urgent need of the institution and it was not possible to purchase new machines at great cost to the institution during that year.

10.	Rs.522,930 was spent for printing 25 copies and 6 soft copies of the annual reports of the National Institute of Labour Studies and for the years 2021/2022, Although the orders had been delivered based on the agreement to carry out the printing work by offset method, the printed copies were paid for printed copies that were printed by digital method outside of that method, and it was observed that the cover of the annual report of the year 2022	2023 – Procurement 154(6) 3.1 (b)	should be done efficiently. In the future, payment will be made after confirming whether all printing work has been done to the required standard. Necessary action has not been taken to recover the overpayments.

was also not in proper standard.

11.	Although a Research Publication and Project Division had been established in July 2020 to achieve the objective of establishing the Institute, it had adversely affected the achievement of the desired objectives due to the fact that an officer had not been formally assigned to the relevant division till the date of audit.	2023 – 154(6) 3.2	Actions should be taken to achieve the desired goals.	The recruitment notification for the post of Business Promotion Officer has been prepared and approval has been obtained from the Secretary of the Ministry. Soon it will be published on the websites of the Ministry of Labour and Foreign Employment, the Department of Labour and the National Institute of Labour Studies. After that, a suitable officer will be selected and recruited for that position.	The work in the research publication and project section has not been completed so far.

3.26 National Institute of Occupational Safety and Health

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	14,873,178	339,579	14,533,599	183,179	UnQualified
2022	96,488,346	156,000	96,332,347	81,537,169	UnQualified
2023	244,076,766	158,700	243,918,066	147,747,119	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1	As per Section 2 of the part 1 the Protection of Rights of Persons with Disabilities Act No.28 of 1996, a National Council for Persons with Disabilities had been established. It was unable to implement important decisions taken by the National Council in year 2023 including preparation of National Action Plan of Sri Lanka on disability, preparation of Disability Management Informaion System (DMIS) and preparation of suitable insurance mechanism for disabled persons.	2021 2022 2023	Action should be taken to prepare a database including information on disabled community.	That Sri Lanka's National Action Plan on Disability is to be prepared and completed in the year 2024 and that the data obtained through surveys conducted with the Department of Social Services and that information is to be shared with the National Secretariat for Persons with Disabilities, that a discussion was held between the Sri Lanka Insurance Corporation and	It has not been implemented so far.

the National
Council for
Persons with
Disabilities
regarding the
provision of
insurance for
persons with
disabilities.

- 2 Although the amount 2021 It should be That housing aids Lottery income has
receivable from the 2022 acted in will be provided not been received to
Supiri Wasana lottery 2023 maximum so money received the fund so far as
income to the National 2023 efficiently so after the rejection scheduled.
Fund of the Persons
with Disabilities was
Rs. 82,597,195 as at 31
December 2022, out of
that only the amount of
Rs. 24,050,000 had
been given during the
year under review .
Further, no any amount
of money had been
received to the
National Secretariat out
of the Supiri Wasana
lottery income relevant
to the year under
review and the amount
receivable for the 31
December of year
under review was Rs.
225,104,617. Due to
this, it could not
achieve the aim of
housing aid programme
for disabled persons
properly.

3.27 National Secretariat for Elders

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	3,017,103,138	2,927,066,208	90,036,930	(841,077)	Qualified
2022	3,703,509,028	3,595,647,837	107,861,191	(213,698)	Qualified
2023	168,321,665	40,467,635	127,854,030	(16,039,452)	Unqualified
2023 Fund	4,158,774,410	783,178	4,157,991,232	99,401,346	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1	The Motor car used as the official vehicle of director, purchased value amounted to Rs.5,795,000 had been met with an accident while driving by the director himself and the front side of the vehicle had been completely damaged. Even though almost a year had passed since the accident, actions had not been taken to obtain the preliminary report including the information about the accident as per	2021	It should be recovered the damages caused by the accident and taken disciplinary action against the parties responsible for the accident.	It is informed that an official vehicle had reserved for Director as per the approval of the Secretary of State Ministry and such vehicle was met with an accident while driving. An examination of F.R. 104 is being conducted by the Committee appointed by the ministry. The preparation of estimate for repair was problematic as the procurement of spare parts was difficult due to the	According to F.R. 104(4), formal investigation has not been done and no steps have been taken to recover the damages and the car was parked in a certain garage even on 30 September 2024 without completing the repair work.

the F R 104 (3) of the Financial Regulation of the Democratic Socialist Republic of Sri Lanka and actions had not been taken to calculate the value of the loss specifically and to implement the disciplinary actions against the responsible parties.

poor economic condition prevailed. It is informed that, currently an estimate had forwarded to the Sri Lanka Insurance Co. Ltd and after obtaining the approval of the Sri Lanka Insurance Co. Ltd the vehicle would be able to run after carrying out the repairing activities quickly.

2	Although the Secretariat Office informally paid Rs.1,585,521 for the jeep belonging to the Ministry of Women, Child Affairs and Social Security for the repairs done during the run of the said ministry. The Secretariat Office had incurred a loss of Rs.1,585,521 by handing over the jeep without taking action to retain the jeep or to recover the cost of repair for its adequate use. Although nearly 03 years had been lapsed, the Secretariat had failed to reimburse the expenses incurred.	2021, 2022	Action should be taken to reimburse the expenses.	The Montero was taken to the reserve vehicles of the National Secretariat for Elders, and later the vehicle was handed back to the Ministry as per the instructions of the Secretary of Ministry of Women, Child Affairs and Social Security. I have also sent a letter to the Ministry asking them to reimburse the money spent on 27 January 2021, and no response has been received so far.	Actions had not been taken to reimburse the expenses so far.

3	In terms of the provisions of Section 13(f) sufficient and effective action had not been taken to prepare a data base that includes the information of the elder community to identify the number of elder citizens, district wise distribution, age structure, health condition and economic situation and to make the specific accurate and effective decisions to implement the national level projects and programmes for the activities such as ensuring the independence, protection, self - esteem, participation of elders, protection the rights in order to facilitate the providing of benefits equally in a transparent and formal manner.	2021 ,2022 ,2023	According to the provisions of the Act, efforts should be made to prepare a data system that includes the information of the elderly community.	The preliminary works of the data system is going on since 01 October 2023.	The data of 28,541 elderly persons had been entered into the Elderly Database System by 02 October 2024.
4	Although the amount collected from the Elderly Allowance for the Elderly Social Security Fund should be returned to the Fund by the Divisional Secretariats, the	2021, 2022 ,2023	The money collected by the Divisional Secretariats should be credited to the fund immediately.	That further steps will be taken to collect the arrears.	The money has not been credited to the fund so far.

amount of Rs.1,682,400 due for the previous year had not been given to the fund by the end of the year under review.

5	According to III Schedule of Inland Revenue Amendment Act No 10 of 2021 that introduced to Inland Revenue Act No 24 of 2017, the interest income earned and accrued to a society after 01 April 2021 is released from income tax. Accordingly, though the 5 per cent With Holding Tax retained by the bank from the interest of fixed deposits of Elders Social Security Fund can be released, the management of the Fund had not taken actions to obtain that right. Accordingly, an amount of Rs.39,053,431 from the interest received on the fixed deposits of Rs.2,941,701,428 that matured in the year under review had not been credited to the Fund.	2023	Actions should be taken to obtain right promptly by acting as per the Act.	Promptly take required actions by searching information on relevant legal status in this regard.	Action had not been taken to obtain rights.
6	Aiming to support the health, nutrition and protection of the low-income elderly	2023	Actions should be taken promptly to achieve	It was unable to achieve expected results as the social, economic	It was not acted to achieve objectives so far.

community in special and emergency situations and for the welfare of the elderly, the Cabinet approval was granted to establish Elderly Social Security Fund on 07 September 2016 by charging Rs.100 per beneficiary for one month each from the elderly allowance of beneficiaries received elderly allowance. Accordingly, by charging Rs.100 from the elderly allowance from each adult from the year 2016 that established the Fund to 31 December of the year under review, Rs.3,870.2 million had been funded. Any programme had not been implemented from this fund. From 2016 to 2018, this was collected based on 10 functions of the fund. Accordingly, the total contribution for 07 years was Rs.3,870.2 million and, the welfare expense for that period was Rs.1,468.6 million. But, investment was Rs.3,546.9 million. It was 91.6 per cent as a percentage.

objectives of and political establishing matters prevailed the fund. in the country.

Accordingly, it was observed that the purpose of this fund is not enough to use the fund for the welfare of the elderly.

7	An amount of Rs.58,806,933 had been released as advance on 28th March 2022 and 18th May 2022 as a maximum of twenty percent (20%) of the contract amount as advance based on submission of acceptable advance payment security as per Clause 5.4.4 (i) of Procurement Guidelines 2006. But in addition, out of the said advance, an amount of Rs.35,949,264 had been released as material advance on 28 December 2022, when Rs.41,600,046 was outstanding on 28 December 2022. On January 29, 2024, that is, at the time of the audit, even though more than a year had elapsed since the said money was released, the related works had not been completed using the advance money. 05 months after giving the advance money, the	2023	It should be acted as per Procurement Guideline.	The advance amount was provided to the contractor only to provide the necessary financial facilities for the purchase of tiles, toilet sanitary equipment and fixtures and elevators in order to prevent the project from stopping midway due to the economic instability of the country at that time.	Further, Rs.4.8 to be settled.

first stock of tiles was purchased on 02 June 2023 using a part of that amount. Later tiles were purchased from time to time and the last tile stock was purchased on 05 January 2024. It was observed that even on the audit date of 29 January 2024, most of the tiles were piled without using. Accordingly, the contractor had retained the remaining advance amount of Rs.18,369,827 for more than a year.

8	Construction of the Kataragama Elderly Home on the provisions of the Elderly Social Security Fund had been assigned to the private institution for an amount of Rs. 298,684,667 without tax. According to the agreement, this activity should have started on 15 March 2022 and completed on 12 September 2023. The first extension was requested from 12 September 2023 to 27 November 2023 and it was scheduled to be completed in 76	2023	The projects should be completed promptly as per the agreement within the stipulated time.	As this project was implemented in a period of extraordinary circumstances such as post-Covid effects, fuel shortages, prolonged power cuts, periodic movement restrictions and people's struggles, though it was a considerable disturbance for the project, as there is no standard mechanism to calculate them, it has to disregard the delays occurred from	Although the contract period was extended until 15 August 2024, the construction was not completed and handed over.

days. Due to non-completion of the work by that date, though the second extension of time up to 31 March 2024 was requested by the contractor for 125 days, the Secretariat for Elders had given an extension of 65 days till 31 January 2024. Accordingly, although the contract period had ended, even half of the activity had not been completed by that date.

them.

9	Tourist bungalow with 06 air conditioned rooms comprising of land and buildings of Rs.51,713,000, assets (inventory) of Rs.15,381,188 is situated in a beautiful location near Menik Ganga near Kataragama Pooja town and, This place, which can attract tourists no less, has not generated any income for about 02 years. The main reason for the loss of income was the fact that the officials of the Secretariat for Elders, who were attached to the elderly home, lived	2023	The funds received should be used for the welfare of the elderly and housing should be provided to the officers as per the provisions of the Establishment Code.	Due to the fact that this tourist resort was not provided to the tourists during the period of the Covid epidemic situation and the official residence was completely demolished, since he was living with his family members in the official residence, he was allowed to live with his family members. That water or electricity bills have not been paid or reimbursed from the social security fund or state funds since	The relevant charges have not been made so far and the tourist bungalow is still being used by the officials.

entirely upstairs and in a room downstairs with their family members. Although the cost of electricity and water consumption of the tourist bungalow for the 3 months of July, August and September of the year 2023 which was subjected to sample testing was RS.143,799. The tourist bungalow was given for its use without charging any money from the officials currently residing in the tourist house.

the date the house was given for the use of officers.

10	According to Section 1 Section 2 of the Act, the National Council for Elderly Persons was established. Important decisions such as formulation of a national policy for the elderly, preparation of an occupational health insurance program, registration of all old age homes by 31 December of the year under review, implementation of an elderly care service training program, provision of counseling services	2023	Decisions taken by the National Council should be implemented promptly.	That the draft of the National Elderly Policy is being prepared and the initial work of the insurance program is being done, there were issues related to deciding that all nursing homes must be registered before 30 September 2024, granting and acceptance of certificates by the relevant institutions for the implementation of an elderly care training program,	The draft of the National Policy on Elderly is being prepared. That the agreement is being prepared by insurance companies for elderly health insurance. 118 elders' homes have been registered The other matters had not been implemented.

for mentally ill adults by the National Council during the previous and the years under review that subject to sample inspection were unable to execute until the date of this report.

and Angoda Mental Hospital has been informed to make inquiries from the Ministry to provide counseling services for mentally ill adults.

11	According to section 12 of the Act, the key function of the council should be to promote and protect the welfare and rights of older persons in Sri Lanka and, to live elders with self-respect, independence and dignity, although the National Secretariat has spent Rs.2,438.715 per year of the government's grant received in 2016 to prepare a national policy for the elderly. The preparation of a national policy was not implemented until 31 December of the year under review. The remaining amount of Rs.1,807,092 was kept in the general deposit account for about 07 years.	2023	According to the provisions of the Act, efforts should be made to speed up the preparation of a national policy for the elderly.	The national policy will be revised again and the final draft will be prepared and given within 03 months	The national policy has not been implemented so far.

3.28 National Institute of Social Development

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	204,760,879	55,085,124	149,675,755	14,190,332	Qualified
2022	228,424,388	35,714,258	192,710,130	21,762,788	Unqualified
2023	321,841,068	37,783,974	284,057,094	12,241,680	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1	As per Section 2 of the part 1 the Protection of Rights of Persons with Disabilities Act No.28 of 1996, a National Council for Persons with Disabilities had been established. It was unable to implement important decisions taken by the National Council in year 2023 including preparation of National Action Plan of Sri lanka on disability, preparation of Disability Management Informaion System (DMIS) and preparation of suitable insurance mechanism for disabled persons.	2021 2022 2023	Action should be taken to prepare a database including information on disabled community.	That Sri Lanka's National Action Plan on Disability is to be prepared and completed in the year 2024and that the data obtained through surveys conducted with the Department of Social Services and that information is to be shared with the National Secretariat for Persons with Disabilities, that a discussion was held between the Sri Lanka	It has not been implemented so far.

Insurance
 Corporation and
 the National
 Council for
 Persons with
 Disabilities
 regarding the
 provision of
 insurance for
 persons with
 disabilities.

3.29 Sri Lanka Social Security Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	2,919,237,548	177,357,665	2,741,879,883	(15,106,709)	Qualified
2022	3,149,062,776	164,335,660	2,984,727,116	(419,422)	Qualified
2023	3,595,824,555	185,284,140	3,410,540,415	4,575,183	Unqualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1	As per the procurement plan in the year 2017 the provision of Rs. 12,511,000 had been taken from the treasury for the installation of new software system for the social security pension scheme following the planning of such software system and had been entered in to an agreement with the relevant institute on 06 December 2018 after that payment of Rs. 1,009,250 had been made on 14 February 2019 relating to the supply of first lot.	2021 2022 2023	A software system should be installed to properly maintain the operational activities of the Social Security Pension Schemes.	Since the additional amount of Rs. 12 million had been requested, both parties were agreed to terminate the agreement and a paper advertisement was published for selecting a new supplier. By investing in that money in the fixed deposits, that has become Rs.17 million and to that action is being taken to purchase modern computer system using that money.	Action has not been taken to establish the software system so far.

Although the agreed time period has been lapsed on 06 August 2019, an additional amount of Rs.12 million had been requested by the supplying institution with the changes in market price due to delay of works and, as there was no provision to give that amount to the entity, actions should be taken to prevent of losing retirement benefits by awarding benefit deprived members being inactive as per provisions of the Act. Although it was decided to terminate the agreement on 16 June of the year under review, due to the fact that the management did not extend the performance guarantee after 01 July of the previous year, Rs. 1,090,250 could not be recovered and had been remained useless for 4 years. Although the approval had been received to purchase a new computer system in the year under review, the

computer system had failed to be installed. The provision received from the treasury for the system is being invested in fixed deposits and, the fixed deposit balance as at 31 December in the year under review was Rs.17,129,263.

2.	The building located at Rajagiriya had been purchased in 2013 by paying of Rs. 195 million from the Fund of the Board for the maintenance of the Head Office of the Board. The board had done a loss of Rs. 30 million to the Board because the Board has purchased the building for a high price exceeding the government valuation of Rs. 165 million without following the procurement guidelines. Although 10 years had been passed, it was unable to recover the loss by taking legal actions against the responsible parties.	,2021 2022	Action should be taken to recover the loss fulfilling legal activities against the responsible parties.	A committee has been appointed under an additional secretary of the Ministry to do an investigation and that investigation report has submitted to the meeting of the Board of Directors on the date of 10 may 2023, after having consultation of the Board of Directors and taking legal advice the Board of Directors decided to hand over the case to the Attorney General accordingly.	Action has not been taken against the concerned parties to recover the loss.
3.	The Board had commenced 07 pension and benefit schemes as Thlina,	,2021 2023	When planning pension schemes, the attention	Activation of inactive members in the same schemes was also	• Referring letters to aware currently inactive members

Isura, Sarana, Dhana Lakshmee, Surekuma and Arassawa. Only the two pension schemes of Surekuma and Arassawa had been in operation by the 31 December in the year under review. 355,504 of members had been enrolled for Thlina, Isura, Sarana Dana Lakshmee schemes 81 percent out of that 289,356 of membership has been inactive and out of the members 646,289 recruited for Surekuma , Arassawa and Isura 66 percent that is 428,572 the membership of the members had been dormant .

should be paid regarding the continuity

suspended based on a board decision. That this decision has been taken to minimize the problems faced by the members, the institution and the government by continuing to implement these schemes due to the lack of government contribution.

- Establishment of appeal committees
- Work on amendment of Social Security Board Act etc. has started. But member activation is still in a weak state.

3.30 Institute of Policy Studies of Sri Lanka

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,036,056,693	76,410,346	959,646,347	9,225,871	Qualified
2022	1,176,055,674	165,955,547	1,010,100,127	50,453,780	Qualified
2023	1,396,087,198	155,994,500	1,240,092,698	229,992,572	Unqualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1	Although the Accounting System that is using should be upgraded in compliance with the identified nature of the key functions executed by the Institute, due to not doing so, it was unable to account the fixed assets of Rs.9,509,003 that purchased for researches during the year under review.	2023	Actions should be taken to account in accordance with Sri Lanka Public Sector Accounting Standards.	As equipment used for researches are only for research activities, there is no authority to account as fixed assets.	It has not been done according to the Accounting Standards so far.

3.31 Employees' Trust Fund Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	(Rs. Million)	(Rs. Million)	(Rs. Million)	(Rs. Million)	
2021	419,121	9,846	409,275	33,159	Qualified
2022	464,997	4,436	460,561	43,428	Qualified
2023	524,511	5,706	518,805	64,959	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01	A total amount of contributions credited to the Board by 4,526 employer organizations for the period from 1981 to 2022 to the value of Rs. 516.79 million had not been credited to the personal accounts of the members even as at 1 April 2024 as per Section 16 (3) of the Employees' Trust Fund Act No. 46 of 1980. Due to this reason, a mismatch between the member fund balance and the total of the individual account balance was evident. Included in the above balance, there was Rs. 20 million that existed	– 2021 ,1.5.2 – 2022 1.5.1)a,(– 2023 1.5.1)a(	A program should be implemented to identify the relevant members accurately to credit the contribution amounts, develop the new methods to collect member contributions, and process to settle the unidentified balances immediately.	Action such as taking telephone calls to employers, sending letters and initiating field examinations for the purpose of correction of drawbacks in the accounts of members, is being taken in order to divide among the relevant members the sum amounting to Rs.366 million that remains without being divided from 2015 to Further, encouraging employers to credit money through the electronic method, and taking action	The balance to be allocated from 2015 to 2022 amounted to Rs.366 million as at 20 August 2024.

over a period between
09 to 42 years.

to discuss with the
officers of the
Employees
Provident fund on
the possibility of
dividing money
based on the "C"
reports .

- 02 The balance value of – 2023 Balances should be The balance made That balance is
Rs. 6.52 million) 1.5.1b(identified and from 1982 to 2006 still continuing.
existing in the V 999 credited to the by employers has
suspense account member accounts. been locked in the
without being able to computer system
identify the respective for the purpose of
employers as of 31 making it
December 2023 impossible to alter
regarding the period it. Action is being
from the year 1982 taken at regional
to the year 2022, had not office level to
been settled. identify the correct
employers.
- 03 The board had not – 2021 A formal work It is expected to The amount that
taken steps to enter) 3.2d,(plan should be draft a valid further remained
into agreements with implemented to agreement with the outstanding by 09
the customers who collect the clients using the July 2024 was
avail parking facilities – 2023 receivables. Nawam Mawatha Rs.3.73 million.
in the car park which 1.6.1
is run on a land)a(vehicle park and
belonging to the board implement it in
at Nawam Mawatha, practice.
and out of the amount
of Rs.8,096 million
recoverable from such
customers as of 31
December 2023, the
amount of money yet
to be recoverable from
them as of 09 July
2024 totaled to
Rs.3.73 million. In this
sum of money, the
amount to be
- Furthermore, as
per the Board of
Directors' decision
in July 2017, it has
been mandated to
maintain a security
deposit amount
equivalent to three
times the monthly
invoice fee.
Additionally, for
new parking

recovered for the years 2017 to 2022 was Rs. 1.04 million. Action had not been taken either to recover the security deposits from 15 customers whose outstanding amount of the money ran into Rs.912,514 in respect of the ranges of the periods between the years 2016 and 2023, and there was also rent receivable from 38 customers to the value of Rs.2.4 million which had gone on to exceed the amount of security deposits received from them.

applications, it is mandatory to deposit the security deposit based on the number of vehicles.

- 04 As of 31 December 2021 – Follow up actions Steps will be taken It has still not
2023, the outstanding 1.6.1)b,(should be done to to explore the been possible to
interest recoverable by 1.6.1)b,(recover the interest possibility of recover these
the Board for the – 2022 funds, with the funds even as of
debenture investment) 1.6.1b,(intervention of the September 2024.
of Rs. 15 million made by it in 1994 at a fixed Department of
interest rate of 14.48 Public Enterprises
percent in a plantation – 2023 at the Treasury.
company was
Rs.26.29 million.
Even though it was
directed totake steps to
pay the outstanding
amount of the
discussion held in this
regards on 27 March
2023 with the relevent
institutions on the
intervention of the
Department of Public
Enterprises, these

amounts of the money had not been received by the Board even by the time of the audit in the month of June 2024.

05	The interest recoverable for Rs.12.17 million invested in a company's promissary notes maturing in 2002 and Rs.7.45 million invested in debentures subject to maturing in 2007 was Rs.15.21 million and Rs.0.37 million respectively. Although the district court had given orders for the liquidation of this institutions on 3 october 2008, the Board had no specific confirmation regarding the recovery of this money even by 4 May 2024. Due to this reason, the benefits payable to the members had been decreased.	– 2021 1.6.1)c,(– 2022 1.6.1)a,(– 2023 1.6.1)c(	Follow up actions should be done to recover the interest income due.	Although the court issued an order in 2008 for the liquidation of this company, a liquidator has not yet been appointed. Subsequently, based on a court order, a debtor party of the company has deposited a sum of Rs. 42.6 million regarding the liquidation case. A letter was sent on 12 March 2024, seeking the Attorney General's advice on whether any entitlement to the employees' trust fund could be claimed from that amount.	Steps have been taken to seek guidance from the Attorney General.

06	As of 31 December 2023, the balances of more than 20 years in the unclaimed accounts of ordinary benefit amounted to a total of Rs.3.83 million, and the relevant members had not been identified and made settlement on them to date.	- 2023 1.6.2)a(	Actions should be done to identify the relevant beneficiaries and arrangements should be done for settle the money.	The Board undertakes actions such as making phone calls, sending letters, and obtaining information through the electoral register to settle these benefit funds and accordingly, measures will be taken to settle the funds.	A sum of Rs. 4.6 million remains to be settled for 691 applications as at 20 August 2024. Of this, Rs. 3.83 million pertains to the period between 2001 and 2022.
07	At the end of the year under review, an amount of Rs.23.37 million had to be paid in respect of 1,253 beneficiaries as unclaimed death benefits and as of 31 March 2024, the said balance was Rs.23.043 million in respect of 1,240 beneficiaries. In this balance, the amount of death benefit payable to 826 beneficiaries belonging to the range of period between 07 and 28 years is Rs. 9.9 million. No action has been taken to settle this ongoing balance.	- 2021) 3.1g,(- 2022 1.6.2)c), - 2023 1.6.2)b(	Actions should be done to identify the unclaimed death beneficiaries and arrangements should be done for settle the money.	Details related to benefit payments have been published on the Board's website, to engage with the rightful heirs.	In 2024, a sum of Rs. 0.65 million has been released to 16 heirs. And further Rs. 22.72 million remains to be released.

- 08 According to – 2021 Relevant steps Regarding the No actions have
paragraph 11 of the) 3.2f,(should be taken in 2023 verification yet been taken.
Public Finance accordance with of stores, the
Circular No. 01/2020 circular provisions. observations of the
dated 28 August 2020, – 2023 internal audit
action regarding the 1.7 division will be
deficits and excesses taken into
revealed during the consideration, and
2022 stores actions will be
verification should be taken accordingly
taken before 30 April in the future.
2023. However, no
action has been taken
regarding the 100
units of deficits and 60
units of excesses
identified in the 2022
annual stores
verification report.
- 09 Even though the – 2021 Management The amendments The amendments
Committee on public) 3.1f(should take to the Act have to the Act have
Enterprises at its necessary actions been drafted, and not been
meetings held on 26 to implement the its progress is completed.
August 2016 had – 2022 directives issued currently being
recommended to) 3.1b,(by the Committee reviewed.
amend the section 5 on Public
(2) of the Employees' Enterprises.
Trust Fund Board Act – 2023
that spells out The) 3.1d(
Chief Executive
Officer of the Board to
be the Chairman of the
Board, as a financial
institution in
accordance with the
Incorporation Act, but
it had not worked out
by the end of year
2023.

10	By the end of 2022, out of the total of 189,850 registered employers, 66 percent, or 125,850, were identified as inactive employers. It was observed that the measures taken by the Board to update the registration of employer institutions were inadequate.	– 2023) 3.2d(	The mechanism for identifying inactive employers and reactivating them needs to be further improved.	The mechanism for integrating employers into the active workforce is being implemented through field inspection activities.	The number of employers reactivated from 2022 to 31 July 2024 totaled only 44,001. The number of employers still need to be reactivated is 81,849.
11	Although a separate section has been established to increase the registration of self-employed and migrant workers on the board, the number of members recruited by the head office and 13 regional offices in 2023 was only 456. According to The Labour Force Survey Annual Report—2019, the total number of self-employed persons registered in Sri Lanka was 3,233,290. The Board failed to meet its expectations because the number of self-employed persons registered in the fund was 42,753.	– 2022 – 2023	A systematic procedure should be designed and executed for the registration of self-employed individuals.	Awareness programs are being conducted at the regional office level to enhance recruitment efforts.	The enrollment of new self-employed individuals has not reached to an optimal level.

- 12 The number of migrant workers was 14 in 2023 and 04,19 and 16 migrants in the years 2020, 2021, and 2022, respectively. Also, the data related to the registered immigrants in the board before the year 2006 had not been computerized by 2 March 2024.
- 2022) 3.2f((iii) ,
– 2023 3.2) f(
- Planned activities to promote recruitment should be implemented promptly, and efforts should be made to accelerate and update the process of data computerization.
- Multiple rounds of discussions have been held at the institutional level with the Sri Lanka Foreign Employment Bureau, and activities to promote recruitment are currently underway.
- Data related to migrant workers has been fully computerized, and efforts are ongoing to enhance recruitment.
- A project report related to the recruitment and promotion of migrant workers is being prepared. The data has not been computerized.
- 13 In 2016, The Sri Lanka Information and Communication Technology Agency and the Board had entered into a memorandum of understanding under the financial provisions of the Ministry of Finance with the objectives of maintaining the employer and member accounts and the member fund more accurately and reliably and enable members and employers linked with the system through online
- 2023
- Immediate actions must be taken to transform the system into a live operational process.
- Efforts are underway to complete the system's operational acceptance testing and other processes in the future.
- The project has not yet been transformed into a live operational process by completing its activities.

communication modes. Even though, the Board From the beginning of the project until now, the board had spent Rs. 183.28 million for the purchase of hardware and training activities, it had not been possible for the Board to successfully complete the project objectives and establish the operational process of the system to make it alive operational process, even as at present.

14	The Board maintains temporary accounts (Dummy Accounts) from AX to XX on behalf of the employers who register only to the Employees' Trust Fund Board without taking membership of the Employees' Provident Fund, and as of 31 December 2023, the total amount of contributions sent by such 28,994 employers amounted Rs.309.97 million. In these remittance, there were balanced between the period of 8 to 41 years totaling up to Rs. 209.95	– 2023) 3.2i(	Action should be taken to credit the funds to the correct employer accounts by obtaining information.	The identification of the relevant employee provident fund numbers related to these funds is an ongoing process, carried out continuously. Information is gathered through regional office levels and the relevant labor offices, and necessary actions are taken accordingly.	The account balance remains the same, and the funds have not yet been credited to the employer accounts under the employees provident fund numbers.

million. So far, no suitable system has been introduced to credit the contributions lying in these temporary accounts (Dummy Accounts) to the correct employer accounts.

- 15 According to the information provided to the audit on 29 April 2024, an amount of Rs. 41.22 million in respect of 7,566 accounts, maintained without member name and valid ID number as of 31 December 2023, actions had been taken to lock down those member accounts that could not be identified until the year 2015 in the computer system. Even by 04 May 2024, this money had not been identified and credited in favor of the members.
- 2023) 3.2j(A procedure should be established to take measures for the accounts that have been locked.
- These member accounts have currently been locked in the computer system. Efforts are ongoing to gather the relevant information at the regional office level.
- To date, the funds have not been credited to the members by identifying the relevant members.

- 16 Despite the – 2021 Attention should The investment The vacancy has
instructions given to 3.4 be focused on division is staffed not yet been
the Board during the taking action with highly filled.
Committee on Public regarding the experienced and
Enterprises meeting – 2022 instructions given skilled personnel,
held on 26 August 3.4 by the Committee who possess the
2016 to promptly on Public knowledge and
appoint a permanent Enterprises. capability to
official for the independently
position of Chartered carry out these
Financial Analyst for tasks.
the investment
management activities
of the Member Fund,
the position remained
vacant as of the audit
date in May 2022
- 17 Although the Board is – 2021 Implementing the Currently, the The direct
a leading institution) 3.2e,(instructions given service is provided bidding facility
for investing in by the Committee by the People's has not yet been
government Securities, on Public Bank, as a state obtained.
it had not obtained the – 2022 Enterprises is the bank, without any
Direct Bidding responsibility of cost or the
Facility from the the management. involvement of
Central Bank of Sri additional staff.
Lanka during
government Securities
auctions. During the
Committee on Public
Enterprises meeting
held on 26 August
2016, an instruction
had been given to
register as a primary
dealer with the Central
Bank of Sri Lanka, but
this had not been
carried out as of 31
December 2021.

3.32 1990 Suwaseriya Foundation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,488,017,475	164,360,592	1,323,656,883	(51,365,905)	Unqualified
2022	2,296,833,189	342,661,872	1,954,171,317	293,067,249	Unqualified
2023	2,381,790,857	294,889,872	2,086,900,985	269,930,094	Unqualified

	Audit Observation	Year of the Report	Recommendatio n of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendatio n as at the Date of the Report
1	In accordance with the memorandum of understanding signed with the Ministry of Health and GVK EMRI Lanka (Private) Ltd on 24 April 2018 and the section 26 (c) of 1990 Suwaseriya Foundation Act No.18 of 2018, even though the recurrent expenditure incurred for the operating activities of Suweseriya Foundation should be reimbursed by the Government, an amount of Rs.330,091,526 prevailed as at 01 January 2023	2023, 2022 and 2021	Having taken an exact decision in relation to this money with the Treasury, the necessary adjustments should be made in the financial statements accordingly.	The requests had been made to the Treasury by the Ministry of Health to obtain this money in previous years and the all documents required for that had been submitted to the Treasury. But the Treasury had not responded for that and it had been verbally informed to come for discussion at only one incident and later such discussion had been cancelled. It had been discussed at the audit and	It is expected to obtain the concurrence of the General Treasury for writing off this amount from the books on the instructions of Board of Directors on 08.08.2024 and the action will be taken to write off that value from the books after referring it to Board of Directors again once the approval of General Treasury will be received for that.

had not been reimbursed by the Treasury in the year under review.

management committee meeting held in second quarter of 2024 in this regard and a letter had been sent to Treasury again.

- 2 As at 31 December 2023, 2022 and 2021 The action should be taken to recruit essential employees and amend the approved cadre having suppressed the non-essential posts.
- The approval had been obtained on 29 January 2021 to recruit 602 out of vacancies and the interviews couldn't be conducted for the recruitments due to Covid 19 pandemic situation prevailed at that time, one person will be undergone to a 03 interviews under 03 stages in recruitment of Emergency Medical Technicians since those will be recruited only after passing such third interview, it is inconvenient to carry out these recruitments within short period of time and 50 Emergency Medical Technical Officers and ambulance guards who had passed 03 interviews had
- Subsequent to receipt of approval for recruitment of 283 Emergency Medical Technicians and 174 ambulance guards as per the letter of Department of Management Services on 04.10.2023, even though these interviews were being conducted, such recruitments had been temporarily held subject to laws of General Election 2024.

been recruited at the end of 2023 and had been referred for the training purposes.

3	Even though the salary structure related to the staff of Suwaseriya Foundation had been approved on 01 August 2019, an annual salary increment structure had not been approved.	2023	The suitable salary increment structure should be approved for retention the staff and implemented.	Even though a salary increase or salary increment had been requested from the Treasury at several times, it had not been approved by Treasury so far and since every officer draws a same salary since long-time, the staff recruited will remove from that work place within short period of time.	The discussions had been already commenced on preparation of the salary structure in relation to the staff of Suwaseriya Foundation 1990 with Ministry of Health and the General Treasury and the relevant steps are being taken.
4	An interview had been conducted to recruit an officer for the post of Head of Finance which is a post in the higher management. On the recommendations of such interview board, an officer as a Finance Consultant and not included in the approved cadre had been recruited on contract basis on 02 September 2021 for a period of 06 months and the	2023, 2022 and 2021	It should be responsible that the all appointments should be only made under formal approvals.	Due to inability to recruitment a suitable person for the post of Chief Financial Officer at that time, it had been recruited to the relevant post of Finance Consultant. The period of contract of the officer who had been recruited to the post of relevant post of Finance Consultant was due to be ended in April 2024 and it	The Financial Regulations had been presented to the meeting of Board of Directors held on 08.08.2024 and approved and it is expected to make the changes pointed out there and submit to the Department of Public Enterprises and obtain its concurrence.

approval of Department of Management Services had not been obtained. In accordance with the conditions of recruitment, even though the period of contract can be extended only for another 06 months, his period of contract had been extended by another 25 months up to 19 April 2024. The activities for preparation of Financial Regulations identical to the Foundation as his main duty had not been carried out even up to the date of audit. Therefore, the facts such as it had been recruited to the post of Financial Consultant on contract basis deviation from the approved cadre, his service had not been terminated as per agreement and no action had been taken to appoint a permanent officer even up to 15 March 2024 for the post of Head of Finance which had been vacant more than 03

had been requested by such officer from Foundation for termination of his service. Similarly, no cost had been exceeded for approved cadre due to this recruitment. The preparation of Financial Regulations had been completed and handed over to Foundation. Its further activities should be performed with the concurrence of Department of Public Enterprises. Prior to taking action so, these facts should be reviewed by the higher officers of the institute.

years are conflicting.

5	As per Financial Regulation 133 of 2021 Financial Regulations of Democratic Socialist Republic of Sri Lanka and Management Audit Circular No. DMA/1-2019 dated 12 January 2019, no Internal Audit Unit had been established for Suwaseriya Foundation.	In accordance with laws and regulations, the action should be taken to carry out an internal audit.	Even though it had been informed to the Treasury to approve the staff for this, the relevant approval had not been granted and an Internal Audit Unit can't be established in this manner without approving the posts.	It had been requested from the Treasury to be approved the staff for Internal Audit Unit.

3.33 Private Health Service Regulatory Council

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	62,976,977	48,645,322	14,331,655	(692,194)	Qualified
2022	66,154,343	57,287,144	8,867,199	(5,372,457)	Qualified
2023	68,412,988	58,041,105	10,371,883	1,504,683	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1	Instead of identifying and making necessary adjustments, the suspense account balance amounting Rs.232,400, which had arisen due to non-balancing of the accounts, had been indicated as a balance in the funds transfer account.	2021 2022 2023	Suspense account balance should be identified and necessary adjustments should be made.	The steps have been taken to correct the said issue.	The required adjustment had not been done.
2	Since there had been a negative balance amounting to Rs 48,438,734 in net current assets as at 31 December 2023, it was observed that there had been a short-term insolvency in the Regulatory Council. As Regulatory Council had	2021 2022 2023	Action should be taken to register all the private medical institutions operating in the country and to increase the income and to reduce the costs of the institution	It has been decided to take immediate measures to mitigate and overcome this situation, and to take measures to increase registration fees by 50 percent from 2024, to implement fines and penalty charges, to increase	A quantitative improvement of the registered institutions had not been achieved.

been operated at loss continuously from the year 2017, the accumulated fund of Rs.33,719,154 existed as at 31 December 2016 had gradually decreased to Rs.10,371,883 by 68 percent by 31 December 2023.

in order to get rid of the short-term insolvency and to minimize the incurring of losses continuously.

registration, to expand the scope of the authorized officer under the Act, to take legal action by provincial directors against the institutions that have not been registered, to introduce electronic registration systems and to reduce costs.

- 3 Although a bonus 2021 cannot be paid to the 2022 employees of an 2023 institution which had reported a loss situation in the previous financial year as per the Public Enterprises Circular, an amount of Rs. 525,000 had been paid as bonus in the year 2023 in noncompliance with that even though the Regulatory Council had experienced a loss of Rs. 5,372,457 in 2022.

The steps should be taken as per the provisions of the circular.

The bonus were approved for implementation of the Regulatory Council with minimum workers, motivation of workers and the deduction of leave.

The proceeding will be made in future as per the Circular.

- 4 As per the paragraph 2.3 of the Guidelines 2021 issued by the 2022 Department of Public 2023 Enterprises on 16 November 2021, a Strategic Plan, Action Plan and Annual Budget should be prepared and approved by the Governing Board, and those

The action should be taken as per the provisions specified in the Guidelines.

The accurate actions will be taken from 2024 and a preliminary discussion had been held in relation to the registration in the Treasury.

The accurate measured will be followed from 2024.

documents should be submitted to the Director General of Department of Public Enterprises through the Secretary of the Line Ministry, no action had been taken accordingly.

5	Even though the 2021 approval of the General 2022 Treasury should be 2023 obtained for the staff as per the Paragraph 3.1 of the Operational Manual issued by the Department of Public Enterprises on 16 November 2021, the Regulatory Council had not taken actions accordingly.	The actions should be taken as per the provisions specified in the Operational Manual.	This is a policy decision taken by the Council not to register in the General Treasury.	A preliminary discussion has been held with the Department of Public Enterprises regarding the registration in the Treasury from the year 2024.
6	Although the Minister 2021 can make regulations 2022 regarding “the 2023 procedure or practice to be followed regarding the receipt of any complain made by a concerned or aggrieved person against any private medical institution or any person connected thereto and disposing such complain finally” according to Section 18(2)(g) of the Private Medical Institutions (Registration) Act No. 21 of 2006, the regulations on this matter had not been	The proceedings should be made according to the provisions of that Act.	The Regulatory Council has prepared a guideline for complain handling procedures and presented it to the Hon. Minister of Health.	A guideline has been prepared by the Council and presented to the Hon. Minister of Health.

made by the Minister.

7	As per the provisions of the subsection 2(1) of the Private Medical Institutions Registration Act No. 21 of 2006, all the private medical institutions should be registered and a formal method had not been prepared and implemented by the Regulatory Council to identify and register the private medical institutions that should be registered and to implement the provisions under the section 4 of the Act regarding the institutions that do not get registered.	2021 2022 2023	The actions should be taken to formulate and implement a formal method to identify the medical institutions that should be registered in the council and to implement the provisions of the section 4 of the Act regarding the institutions not registered.	The private medical institutions not registered have been identified based on the database and the survey, the notification letters were sent to the institutions not registered, the newspaper notices were published in three languages, discussions were held with the legal consultants to take legal actions against the institutions not registered, the authorized officer and prosecuting officers were appointed and the discussions were held with the Inspector General of Police related to identifying the institutions not registered.	A quantitative improvement of the registered institutions had not been achieved.
8	As per the Section 13 (1) of Act, it has been stated that the Minister may on the advice of the Council, by Order published in the Gazette, formulate and enforce schemes of accreditation for private medical institutions, and such	2021 2022 2023	The proceedings should be made as per the provisions of the said Act.	The required actions will be taken in future having due considerations.	A weak progress of implementing the recommendations was observed.

order should carry all the details specifying the facilities, services and any other factors constituting the criteria for accreditation. However, the orders related to these accreditation activities had not been made and turned into a law even by 31 December 2023.

9	Although an Internal Audit Unit should be established as per chapter 4.4 of the guidelines issued on 16 November 2021 by the Department of Public Enterprises, no such action had been taken.	2021 2022 2023	The proceedings should be made as per the provisions of the Circulars.	This matter will be discussed at the next Council meeting.	A weak progress of implementing the recommendations was observed.
10	As per Audit Management Circular No DMA/1-2019 dated 12 January 2019, 04 Audit Management Committee meetings should be conducted per year as one meeting for each quarter. However, the Regulatory Council had conducted only 02 Audit Management Committee meetings.	2021 2021 2021	The proceedings should be made as per the provisions of the Circulars.	The actions will be taken to conduct Audit Management Committee meetings in the year 2024 as per the guideline.	The meetings will be held as required in the year 2024.
11	As the Regulatory Council had not been aware of the Circular No. NP/SP/SDG/17 dated 14 August 2017	2021 2022 2023	The Regulatory Council is required to be aware of the relevant Circular	The actions would be taken accordingly in the future.	A weak progress of implementing the recommendations was observed.

issued by the Secretary of the Ministry of National Policies and Economic Activities and the “United Nations 2030 Agenda for Sustainable Development”, no action had been taken to identify the sustainable development goals, targets and the milestones to reach those targets and indicators to measure reaching on targets regarding the functions fallen within their scope. Although this situation was pointed out over the numerous past years, responsible parties had not paid their attention on that matter.

and the “United Nations Agenda of 2030” for sustainable development, and the actions should be taken to identify sustainable development goals, targets and the milestones to reach those targets and indices to measure on reaching targets regarding the functions fallen within their scope.

3.34 State Pharmaceutical Corporation of Sri Lanka

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	58,936,924,589	44,161,126,175	14,775,798,414	3,156,736,063	Qualified
2022	66,276,467,238	51,691,442,258	14,585,024,980	854,433,076	Qualified
2023	56,706,998,908	43,843,010,902	12,863,988,006	1,267,716,682	Qualified

	Audit Observation	Year of the Report	Recommendatio n of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendatio n as at the Date of the Report
1	In the balance of Rs.1,175.41 million as on 31 December 2023, Rs.32.13 million and Rs.29.93 million are due from private, government and semi-government institutions for more than 5 years and between 1-5 years. was in arrears respectively. Out of the debtor balance more than 5 years ,Rs. 28.54 million were inactive debtor balance and the percentage was 89 percent.	2023	Debt recovery should be expedited as per the agreement and within the recovery period.	28.47 million rupees due from private, public and semi-public institutions for more than 05 years remains the same. It includes the debtor value of Rs.14.62 million to be collected from the Parliament Complex, Rs.2.37 million to be received from other state and semi-state institutions and the debt balance of Rs.10.44 million that has been taken legal action.	Outstanding loan balances were not recovered.
2	Rs. 1.77 million rupees was incurred	2023	Should be act as per	That the value of rewards and	Circular provisions were

to distribute 932 torches to the employees on the occasion of the 51st anniversary of the corporation, contrary to the instructions of Public Enterprises Circular No. 95 dated 14 June 1994 and National Budget Circular No. 3/2022 dated 26 April 2022.

the circular certificates given not followed. provisions. to encourage employees.

3. Public Finance Circular No. 415 dated 06 May 2005

(i) In the case of 2023 inviting tenders for the procurement of medicines and medical equipment contrary to paragraph 02, it shall be decided to award the bid to the selected bidder on FOB or C & F value in accordance with the more favorable terms after discussion with the Ceylon Shipping Corporation before the award of the bid, except for medicines and medical equipment. In all the tenders related

Should be act as That bids have Circular per been invited as per provisions were the circular approved bid not followed. provisions. documents

to the procurement of equipment, bids were awarded to the selected bidder on the basis of C & F value.	(ii) According to 2023 paragraph 03, Due to non-observation of the shipping charges value in the nominal invoices received from the suppliers by the State Pharmaceuticals Corporation for the import of pharmaceuticals and medical equipments, arrangements were not made to select the more advantageous option as per the referred circular.	Should be act as per the circular provisions.	Comments not given.	were	Circular provisions were not followed.
(iii) Letters of credit had been opened through commercial banks using an exception which had been informed to ship the goods by a vessel belonging to the Sri Lanka Shipping Corporation or a	2023	Should be act as per the circular provisions.	Comments not given.	were	Circular provisions were not followed.

vessel designated by them as one of the conditions to be fulfilled by the supplier while opening the letters of credit as per paragraph 07. Even though the shipping corporation issued a waiver notice stating that the bidders should be instructed to ship on FOB basis in future, the corporation had invited bids based on the C & F value as before.

4.	Paragraph 58(2) of IV of National Medicines Regulatory Authority Act No. 05 of 2015, Paragraph 68(1) of Part VI of Special Gazette No. 378/3 dated 02 December 1985 and Gazette Notification No. 2145/1 dated 14 October 2019 XIII As per Para 122 of the section general cargo, refrigerated cargo for clearance,	2023	Should be act as per the circular provisions.	Both the parties who submitted the prices are not registered with the National Drug Regulatory Authority. Accordingly, the award of the tender will not be affected by this fact.	Circular provisions were not followed.

transportation and storage when required to one institution for stocks of Medical Supply Division selected and another institution with no 05 years of service experience for bulk transportation of corporation.

Although the agreement had been made with the district, according to the circular, a license should be obtained from the drug regulatory authority for the vehicles related to the transport of drugs, but the selected suppliers had not fulfilled that requirement.

5.	According to the 2023 State Business Circular No. PED 08/22 dated December 21, 2022, Although the leave entitlements to employees in payment of allowances on the remaining leave should be calculated in accordance with the provisions of the Shop and Office Workers Act No. 19	Should be act as per the circular provisions.	That the Circular remaining sick and annual leaves are made according to the decisions taken by the Board of Directors based on the agreement of the collective agreement between the two parties of employee – employer	Circular provisions were not followed.

of 1954, but apart from that, Rs. 54.48 million had been paid for the remaining sick leave.

6.	According to 2023 Paragraph 03 and paragraph 3.2 of 01 of the Public Enterprises Circular No. PED 04/2023 dated 11 December 2023, Although it has been stipulated in collective agreements or similar agreements of understanding or that employees of state corporations and fully state-owned companies operating salaries and allowances and non-profit corporations cannot be paid bonuses in the year 2022, apart from that, Rs. 16.64 million were paid as bonuses to one employee at the rate of Rs. 20,000 each on the approval of the Board of Directors.	Should be act as per the circular provisions.	Comments were not given.	Circular provisions were not followed.	
7.	As per the decision of the Board of Directors dated 13 June 2012 to establish an	2023	Action should be done as per decision of the Director Board.	That the current situation will be presented to the Board of Directors and arrangements	Action should not be done according to the Board decision.

insurance fund Rs. 3 million from the annual budget and reimbursement to employees up to Rs.500,000

including the reimbursement of medical bills of employees and family members had been given from time to time with the approval of the board of directors, but without setting up an insurance fund,

reimbursements

were made from the corporation's own funds. Treasury approval was also not obtained for this.

will be made to set up an insurance fund.

8. The stocks of 2023 rejected medicines and medical equipment from the Medical Supplies Division were kept in a private warehouse and among those drugs and medical equipments, the approval of the Board of Directors was not received for the destruction of stocks of medicines and medical equipment in relation to 17 items

Action should be taken to recover the value of defective drugs from the suppliers and destroy the rejected items as to minimize storage cost.

Storage facilities are required to keep the goods that are damaged due to various reasons from being rejected by the Medical Supplies Division until they are destroyed according to the prescribed procedure. For this we have obtained private storage facilities. That the fees related to the previous period have been paid for

No action has been taken so far to destroy the rejected items.

worth Rs. 98.34 million, 74 items whose value cannot be identified by the end of the year 2021 and 28 items of rejected drugs and medical equipments worth Rs.4.88 million in the year 2022 and 5 non-identifiable items. Although the Board of Directors approved the destruction of stock items belonging to 54 rejected indents purchased for the needs of the Medical Supplies Division since the year 2005, necessary action was not taken to destroy the stock items belonging to those 54 indents. Accordingly, Rs. 15.52 million was paid to a private company for the storage of stored items during the last 5 years.

that.

9.	Items purchased and rejected for the needs of the Medical Supply Division, kept in an air-conditioned private warehouse and transferred to the Ratmalana disposal	2023	If there are any legal proceedings related to the rejected goods as to minimize the storage cost, those proceedings should be done immediately and	As the items in Ratmalana warehouse are used only for stock disposal, there is dust and high heat in that warehouse. Therefore, even if the rejected goods	The additional costs incurred were not collected from the responsible parties.

warehouse after the expiry of 09 indents due to the items being stored in the air-conditioned warehouse for more than a year without being transferred after expiry, Rs. 1.03 million in storage charges had been paid. Also, two other items were overdue for more than a year and 04 months, but those items were still stored in the warehouse premises at a higher cost.

additional cost incurred due to longer storage of expired medicines in air-conditioned warehouse should be charged from the responsible parties.

are expired by the Medical Supply Division, the suppliers or their local representatives cannot check it due to some legal or other reason. Also applicable to this That storage charges are also taken care of to be recovered from the supplier on destruction of stock.

10. The balance due from the Medical Supplies Division as at 31st December 2023 was Rs.38,855.58 million, but according to the information presented by the Medical Supplies Division, the balance on that day was Rs.54,364.84 million, a difference of Rs.15,509.27 million was observed.

2023

Differences should be compared and necessary adjustments should be done.

The medical supplies shown in the accounts agree with the total debtor balance and cannot agree with the balance given in the financial statements of the Ministry of Health.

Balance adjustments are in progress.
11. The total cost of defective, expired and damaged medicines as on 31st December 2023 was

2023

Recovery of uncollected money from suppliers should be done

The total debit notes value for qualify failure is Rs. 401.07 million for the year 2023.

uncollected money were to be recovered

Rs.485.05 million and during the year under review, the total cost of defective, expired and damaged medicines was Rs.291.74 million. 70.81 million rupees out of the total cost of 265.77 million rupees of defective drugs had not been recovered. The total loss incurred by the corporation due to expiry and damage of medicines was Rs. 86.37 million.

immediately.

That figure includes the cost of landing in the quality failure category, a 25 percent penalty and other late charges. The value to be recovered is Rs. 54.33 million and work is being done for it.

12.	Due to the delay in releasing the stock from the port in the procurement of 1,000,000 vials of Enoxaparin Injection 60 mg in 0.6 ml in prefilled syringe and the late fee charged by the port was Rs.2.01 million with considering delay in sending the copies of the relevant documents related to the shipped goods, the Corporation had been decided to recover from the relevant suppliers, but the supplier had sent the copies of the relevant documents to the procurement	2023	Action should be taken to recover the damages or losses from the responsible parties.	Comments were not given.	No action has been taken so far to recover from the responsible parties

division of the Corporation before 04 days to the date when the respective ship was scheduled to arrive at the port of Sri Lanka. Accordingly, the late fee incurred by the Corporation has not been recovered from the responsible parties.

13.	In relation to 2023 determining the price of drugs sold by Osusala, according to the price formula in force according to the Board Paper No. BP/209/07, there should be a profit margin of 57.57 percent between the purchase price and the wholesale price and 81.20 percent between the purchase price and the retail price, except for the retail price. During the sample audit, cases where the profit percentages were fixed between 82 and 205 percent in determine and between 58 and 165 percent in determining the wholesale price were	There should be a specific policy to determine the price of medicines and it should be prepared as that fulfill the purpose of the Corporation.	The price formula used in determining the price of drug in the corporation is used as a guide, and in some cases, the pricing is done by paying attention to the market price. However, the necessary steps are already being taken to determine the price in a way that is favorable for the customer.	There was no specific policy to determine the price of medicines.

observed.

Accordingly, the price decided contrary to this price formula deviated from the objective of providing quality medicines at the lowest cost, which was the primary objective of the corporation.

14.	It operates 52 Osusala for the distribution of medicines, of which 11 Osusala have incurred losses in the year 2022. In the year 2023, the situation had grown to 18 and a loss of Rs. 45.22 million had been recorded. Among them, 8 Osusala had incurred losses for the next 3 years of 2021, 2022 and 2023. Osusala in Ratnapura, Nindavur, Akkareipattu and Narahenpita had not been able to earn enough gross profit to cover the employee expenses.	2023	Action should be taken to constantly monitoring the loss making pharmacies, the causes of the losses should be investigated and remedial measures should be taken to reduce the losses or convert them to a profitable situation.	Agreed	There were the unprofitable osusala outlet
15.	In case the applicant selected for the recruitment interview for the post of Deputy	2023	A formal independent investigation should be carried out and	A complaint has been filed with the Fraud Investigation Division. That the	The corporation had not conducted an internal investigation.

General Manager (Human Resource and Administration) does not have the required work experience as per the recruitment procedure and the non-selected applicant has the work experience, it was ignored despite the additional professional qualification of the non-selected applicant due to giving equal marks to both and post-graduation as additional professional qualification to the selected applicant. Although the institution that issued the certificate has informed that the service certificate is a fraudulent document submitted by the selected applicant as she was worked as the Head of Human Resource Division from 08 March 2016 to 31 July 2018, an internal investigation and further actions were not taken regarding that officer.

necessary further action should be taken in relation to the recruitment interview and the service certificate submitted by the officer. necessary further steps will be taken according to the results of that investigation.

16.	There was a loss of Rs. 25.24 million due to awarding the bid of the procurement of purchasing 1,729 vials of Bevacizumab Injection 100mg/4ml, which was costing to Rs. 85.76 million, to the bidder who submitted the second lowest price of Rs. 49,600 per unit while it had been a control price of Rs. 35,000 per unit.	2023	A proper independent investigation should be conducted and further action taken.	Comments were not given.	An officer had been appointed to conduct a preliminary investigation.
17.	The minor departmental procurement committees decided to present the status of the order in the year 2021 to the procurement committee in relation to the procurement of 440,000 units of Amisulpride Tablets 100 mg. But even after 01 years and 10 months passed as at 15 June 2023, the information about this was not submitted to the procurement committee. Also, although the bid was awarded to the	2023	The responsible officers should be investigated about delaying the submission of information to the procurement committee and further action should be taken. Procurement should be done immediately with considering the stock situation.	Agreed.	No action was taken in this regard.

selected bidder for the supply of 120,000 units of medicine for the year 2023, the bidder had not obtained the certificate of exemption from registration. The implementation of this order was temporarily suspended by the Circular No. 01-14/2023 issued by the Director General of Health services on 04 April 2023. Although the monthly requirement of this drug was 45,730 units, due to the non-fulfillment of the orders received by the Corporation in the years 2021, 2022 and 2023, the stock level was zero as at 26 January 2023.

18.	The departmental 2023 procurement committee has selected the supplier who submitted the lowest price subject to obtaining an independent laboratory report for samples before supplying the drugs in relation with the	The tests carried out should be independent. The responsible parties for the loss should be identified and further action should be taken.	As per the recommendation of the Departmental procurement committee, the supplier has selected Bee Pharma as mentioned in the list of NABL standardized	The parties responsible for the loss have not been identified and no further action has been taken.

procurement of 50,000 vials of Prednisolone Acetate Eye drop 1%, 5 ml at a cost of Rs. 3.35 million, but it was not ordered without any independent investigation.

According to the complaint of the Director of the National Eye hospital regarding this drug, due to the report issued by the National Quality Assurance

Laboratory after testing the samples confirmed that the samples were not complied with the BP standards as per the sterility test conducted in the laboratory, although the circular No. MSD/SCU(S)/CIR/2023 dated 25 April 2023 had informed all government hospitals and intuitions to immediately dispose the vaccine from use, the drug stock was disposed from use after 21 days from the delivery.

laboratories and accordingly the relevant test reports have been provided.

19. Although the bid 2023 was awarded to the lowest bidder for the procurement of 7,600 units of Cardiac Troponin I Qualitative Strips, which had been submitted by the Medical Supplies Division as an emergency purchase as a value of Rs. 3.72 million, the selected supplier had not submitted samples as per the bid documents. Even if National Drugs Regulatory Authority certificate or cosmetic equipment drugs authority certificate is mandatory as per bid documents, this stock of drugs obtained by issuing a letter of temporary waiver of registration from the National Drugs Regulatory Authority was handed over to the Medical Supplies Division and the supplier had informed that the supplied drugs should be removed from use as there are defects and new batch of stock would
- Costs incurred for the supply of defective drugs should be charged from the supplier. The procurement process should be done according to the applicable bid documents. A formal independent inquiry should be conducted regarding this procurement and further action should be taken.
- Concurring with the observation, the relevant grant has been made by the Emergency Procurement Committee of the Ministry of Health. That the 25 percent administrative fee will be collected in the future.
- There was no formal independent inquiry of the procurement.

be provided free of cost. Accordingly, as per clause 7(a), (c) of the supply conditions of the indenture, a surcharge of 25 percent on the total value had not been collected from the supplier due to the failure of the medicine. According to the report of the National Drugs Quality Assurance laboratory, it has been confirmed that the batch should be removed as soon as possible.

Accordingly, although the supplier found out that the relevant stock of medicine was defective the day after the stock was supplied to the Medical Supplies Division, due to that the Medical Supplies Division had been informed after the letter was received by the Corporation in writing, the Medical Supplies Division had issued 1,800 units of defective medicines to the Regional Supply Division and the District General

hospital.

20. The supplier had submitted bids for the procurement of 20,000 units of 30 unit packs of Bisoprolol Fumarate tablets 5 mg at a cost of Rs. 3.9 million in 250 unit bottle packs for sale in government pharmacies. The Departmental procurement committee had awarded the procurement without paying attention to it. The only bidder who submitted bids had not submitted bid security and samples at the time of bid opening. As per paragraph 2.8.4 of the Procurement Guidelines of the Democratic Socialist Republic of Sri Lanka, technical assessment committees were not appointed in relation to procurement. Also, although the bid should be awarded after obtaining a performance security as decided by the procurement committee,
- 2023
- Procurement management should be done in accordance with the Code of Government Procurement Guideline and its amendments as updated from time to time. Due to failure to do that, damages or losses should be surcharged from the responsible officers.
- Considering the zero stock situation, it has been decided to award the bid to the highest bidder. It is accepted that the decision of the procurement committee has been given under the condition of obtaining a performance security and that the relevant security has been given within 14 days from the order in placing the order without issuing a letter of acceptance in relation to this order.
- No action was taken in this regard.

irrespective of the committee decision, the purchase order was issued 11 days before the performance guarantee was issued, but the entire order was supplied 02 months late.

21.	Although the 2023 samples should be submitted as per the bid documents for the purchase of 30,000 packs of 30 units of Bisoprolol Fumarate tablets 2.5 mg, which is a cost of Rs. 15.26 million for sale in government pharmacies, the selected supplier had not submitted samples. The Corporation had not issued a letter of acceptance. The Corporation had not issued a letter of acceptance to the selected supplier as per clause 8.7.1 of the procurement guidelines. Also, as per the purchase order, the relevant suppliers should provide a performance bond within 14 days of receiving the order,	The responsible officers should be charged for the damages or losses caused due to non-conduct of procurement management in accordance with the Code of Government Procurement. Appropriate action should be taken in relation to the failure of the supplier to make the necessary amendments.	That the bid is awarded to the bidder who submits the second lowest price under zero stock condition of SPC considering the bidder who can supply the items and the unit quantity of the items supplied.	No action was taken in this regard.

but a performance bond was given to the Corporation after a delay of 40 days after the purchase order was received by the supplier.

22. Although the order of the procurement of 1,500 units from Triamcinolone acetoneide (presentative free) injection was awarded to the one and only supplier at a value of US\$ 27,645, he supplier supplied the Medical Supplies Division with a delay of 4 months for the first batch of 750 units and 3 months for the second batch of 750 units, but the Medical Supplies Division had rejected the stock due to that the items were not delivered as per the indent, the shelf life was reduced by more than 85 percent after reaching Sri Lanka, non-adherence to the special wrapping method and the presence of preservatives in the product. Accordingly, Rs. 2023
- Action should be made to recover from the responsible parties all the costs incurred due to the rejection of the consignment, even in relation to the late delivery of the consignment.
- That non-conformity to specification alone is grounds for rejection.
- No action was taken in this regard.

9.29 million of this stock worth was stored in a rented warehouse.

Although the monthly requirement of this drug was 336 units, the stock level of the Medical Supplies Division and the national stock level remained at zero till 23 May 2023.

23.	Although 700,000 units were awarded to the one and only bidder who submitted a bid for the procurement of purchasing 1,500,000 units from the drug of Lora Pam Tab 1 mg at US\$ 315,000, it was taken more than 5 weeks to issue the related indent to the supplier. The procurement committee dated 19th October 2022 had awarded 500,000 and 250,000 units to the supplier and issued indent No. 02 regarding the supply of the remaining 800,000 stock units. Accordingly, 750,000 units were to be supplied until 31 December 2022,	2023	Action should be made to collect late fees from the responsible parties.	Agreed	No actions were made to collect late fees from the responsible parties.

but 500,000 units were supplied with a delay of 2.5 months. The remaining stock of 250,000 units was still not supplied until the audited date of 29th May 2023.

24.	The Departmental Procurement Committee was given approval to award to the only bidder who presented without taking any competitive bid price at Rs. 301 each for 367,656 units at a value of Rs. 110.66 million in relation to the purchase of 367,656 vials of Cefotaxime Injection 1g vial medicine, but that price was 7 times higher than the normal supply price. Although this is an emergency procurement, due to the supplier has imported and supplied the drugs, the indents had been issued for 367,656 vials by the average supply price of a vial of vaccine in the Medical Supplies Division after 02 years from the date	2023	Management of procurement should be done in accordance with the Code of Government Procurement Guidelines and its amendments as updated from time to time. Damages or losses due to failure to do so should be charged from the responsible officials. A formal independent investigation should be conducted and further action taken.	Comments were not given.	No formal independent investigation was conducted.

of invitation of bids based on notifications made from time to time, but these stocks were close to expiry at the time of taking over the Medical Supplies Division. That is the medicines delivered on 20 April, 03 June and 08th July 2022 were schedules to expire in July and August 2022. The supplier informed to the Corporation that 37,156 vials of vaccine batch number VIH032 manufactured in July 2020 will be expired in July 2022. But, when batch number VIH032 was supplied to the Medical Supplies Division, it was stated the date of manufacturing as August 2020 and date of expiry as August 2022. Accordingly. When the drugs were handed over to the Medical Supplies Division, it was problematic whether the stock was expired. 4,700 units out of this stock had not been supplied to

the Medical Supplies Division until the audited date.

25.	According to the indenture of the procurement of purchasing 250,000 vaccine vials of Cefotaxime Injection 1g vial drugs from the one and only registered supplier in the National Drugs Regulatory Authority or the fifth lowest bidder at US\$ 0.95 each and totally US\$ 237,500, although 250,000 vials should be supplied on 12 December 2022, the Corporation had opened letters of credit for this order on 14th February 2023. Accordingly, these supplies were provided to the Medical Supplies Division on 23rd May 2023. According to the indent, there was a delay of 02 months from the date of supply of the stock to the issuance of the letter of credit and a delay of 5 months and 12 days to the date of supply of the stock to the Medical	2023	Arrangements should be made to collect late fees from the responsible parties.	Comments were not given.	No arrangements were made to collect late fees from the responsible parties.

Supplies Division.

Also, the supply timeline of the Medical Supplies Division was delayed by 07 months and 27 days from 26th September 2022 to the date of stock supply.

26.	Although the bid was awarded to the supplier who submitted the lowest bid price at US\$ 0.032 per unit showing that there was an error in the invitation of bids in relation to the procurement of 1,800,000 injection vials of Furoseminid injection 20mg/ 2 ml drug and it was informed to the supplier that unit is US\$ 0.034. As a result, the procurement process was delayed by 126 days. Based on this, it was decided to award the bid to the third lowest bidder at US\$ 0.064 per unit for 1,800,000 units at a value of US\$ 115,200 Although the certificate issued by the National Drugs Regulatory	2023	Procurement management should be done in accordance with the Code of Government Procurement Guidelines and its amendments as updated from time to time. Bids should be made in accordance with the conditions mentioned in the invitation documents. Necessary further action should be taken with regard to the responsible parties for the delays during the procurement.	Comments were not given.	No action was taken in this regard.

Authority as per the tender documents must be attested by an Advocate, Commissioner for Oaths of Justice of the Peace, such certification was not done for the copies of certificates submitted by the bidders. Although the selected supplier has submitted the file to the procurement committee for consultation on 14th June 2023 based on the request to proceed with this procurement on the quality reports obtained at the factory without obtaining an external independent laboratory report, the said committee had submitted to the Technical Evaluation Committee on 04 September 2023 and asked to do a re-evaluation. The file was given again to the procurement division on 26th September 2023 without recommendation of the technical Evaluation

committee for consultation with the Departmental procurement committee.

Although 06 months were spent for this process, final decision was not taken.

27.	According to the technical Evaluation Committee report on the procurement of 209,000 injection units of Furosemide injection 20mg/2ml drug for Rs. 14.63 million as an emergency purchase, bidder had not submitted any samples. Although he selected supplier had supplied 209,000 units of vaccine after a delay of 47 days, Sri Lanka had received vaccine stocks prior to that. The supplier had supplied the stock 11 days after receiving the stock of vaccines in Sri Lanka.	2023	Damages or losses caused by not conducting procurement management in accordance with the Code of Procurement Guidelines and its amendments which have been updated from time to time should be charged from the responsible parties.	Comments were not given.	No action was taken in this regard.
28.	Due to the supplier who submitted the minimum price of Rs. 16.50 each takes a time of 02 weeks to deliver the stock	2023	Procurement management should be done in accordance with the Code of Government	Comments were not given.	No action was taken in this regard.

to supplier in relation to the procurement of 625,000 injection vials as an emergency order of Furosemind injection 20 mg drug, although the emergency procurement committee of the Ministry of Health had approved the award of bid to the bidder who submitted the value of Rs. 43.12 million for 625,000 units at Rs. 69 per each in order to get stock immediately, These suppliers had not a valid registration certificate. According to the tender documents, the storage temperature of the medicine should be between 28⁰C – 32⁰C, but the sample submitted by the selected supplier indicated that the storage temperature in the package was lower than 25⁰C. Although the Corporation had been informed that 625,000 vials of vaccine should be supplies to the

Procurement Guidelines and its amendments as updated from time to time

Medical Supplies Division, the Ministerial procurement B committee has considered the procurement related to this order against the orders placed under the above Indian Credit Scheme and canceled the order, but this order was monitored in the health system as a pending order due to the lack of notification to the Medical Supplies Division. Although the monthly requirement of this drug was 272,063 units, the stock of the Medical Supplies Division was in a state of zero and the national level stock was unable to fulfill the monthly requirement from 23 June 2022 until 21st November 2022, which was the date of procurement.

29.	Any fax message sent to 21 foreign companies was not sent out of the bid invitations sent to 25 selected suppliers in the procurement of	2023	Procurement management should be done in accordance with the Code of Government Procurement	Comments were not given.	No action was taken in this regard.

1,250,000 injection vials of Furosemide injection 20mg/ 2ml drug. Although the procurement was awarded to the second lowest bidder based on the evaluation of bids submitted by eight bidders at a price of US\$ 0.065 per vial and subject to the provision of registration exemption certificate issued by the National Drugs Regulatory Authority, it was taken 21 days for the file to reach the procurement monitoring division. The National Drugs Regulatory Authority license submitted by the selected bidder has expired. The National Drugs Regulatory Authority license submitted by the selected bidder has expired. Also, the sample was not submitted by the selected bidder as per the bid invitation documents. The local representative of the said supplier informed that

Guidelines and its amendments as updated from time to time. Damages or losses due to failure to do that should be charged from the responsible parties.

Corporation that the selected supplier had changed its address and the Corporation had requested to provide a valid registration

certificate for the new address, but that certificate was not received by the Corporation. Due to this, it was not possible to complete the further process related to the procurement.

Although the monthly requirement of this drug was 299,415 units, as the stock level of the Medical Supplies Division was 135,601 until 02nd June 2023, it was unable to fulfill the monthly requirement.

30.	In relation to the purchase of 500 units of Trastuzumab (440 mg) injections worth Rs. 26.225 million for the needs of the medical supply sector in the year under review, the registration certificate of the National Drug Regulatory	2022	That the bid should be awarded to the supplier with the registration certificate of the Drug Regulatory Authority.	That a document authorizing the procuring entity has been submitted with the bid, that the validity period of the bid has been extended by a notice published by the Drug Regulatory Authority, and that the Procurement Committee has the	Necessary action was not taken in this regard.

Authority submitted with the bid by the selected bidder was not a certificate issued by the Drug Regulatory

Authority for that institution and that was a certificate issued by the Secretary to the State Ministry of Pharmaceuticals, Supplies and Regulation to a company that had notified it to temporarily stop all purchases until further notice. Also the registration certificate submitted had expired.

Although the Technical Evaluation

Committee which evaluated the bids had recommended that the bid be awarded to the lowest bidder only subject to submission of a valid registration certificate issued by the National Drug Regulatory

Authority, without considering the recommendation of the Technical Evaluation Committee, the

power to agree or disagree with the recommendations of the Technical Evaluation Committee.

Ministry
Procurement
Committee had
decided to award the
bid to the bidder
who did not submit a
valid registration
certificate from the
National Drug
Regulatory
Authority.

31.	5,845,000 units of 2022 injection doses of Furosemide Injection BP 20 mg/2 ml at a cost of Rs.35,761,504 for the requirement of the medical supply division are not acceptable due to the deficiencies observed in the receipt of the stock of 99,000 injection doses supplied to the medical supply division during the procurement and for that purpose Based on the notification to the supplier to provide the Product Stability Report, the supplier had provided the Accelerate Stability Report and as stated therein, the manufacturer company had informed that the relevant drugs are	Procurement management should be done in accordance with the Government Procurement Guidelines. Damages or losses caused by failure to do so should be charged against the responsible parties. A formal independent investigation should be conducted and further action taken.	Comments not given.	were	No formal independent investigation was conducted.

compliant with the required standards and specifications. But it was observed during the audit that the letterheads notified in this way were prepared rather than the ones used by the manufacturing company. According to the records of the Sri Lanka Customs Department, the supplier had imported 3,898,900 doses of vaccine through two other import companies that were not registered manufacturers of the Pharmaceutical Regulatory Authority mentioned in the bid documents and it was observed that both of those companies were not registered companies of the Pharmaceutical Regulatory Authority.

According to the test report of the National Medicines Quality Assurance Laboratory (NMQAL) which conducted the tests on this vaccine

provided by the supplier, the tested vaccines did not conform to the British Pharmacopoeia specifications in the sterility test and the vaccine samples received for testing and the National Medicines Quality Assurance Laboratories for registration (A different discrepancy was observed in the sample packages of the product contained in the files submitted to NMQAL. The expiry dates of the stocks related to the years 2018 and 2019 had already passed. Due to the above facts, the supplier company has been referred to the legal department for blacklisting, but the necessary work has not been done till now.

32.	79,500 units of 2022 Ceftriaxone Sodium for Injection BP 500mg costing Rs. 1.49 million were purchased from a supplier who did not have a valid	A formal independent investigation should be conducted and further action taken	Comments were not given.	No formal independent investigation was conducted.

registration certificate of the National Drug Regulatory Authority and according to the procurement documents submitted by the supplier and according to the documents submitted to the customs department at the time of importation, the drugs were imported by a company that was not registered with the National Drug Regulatory Authority without the company mentioned as the manufacturer of the vaccine. During the quality test conducted at the National Drug Safety Laboratory in respect of the stock supplied by the supplier to the Medical Supply Division, due to differences between the USP label requirement and the characteristics found in the existing labels, the stocks of the respective segments were notified to be

withdrawn from use.

Although the Corporation has informed the supplier to reimburse the cost incurred for the stocks withdrawn from service due to non-compliance with the required specifications,

Although the Corporation has informed the supplier to reimburse the cost incurred for the stocks withdrawn from service due to non-compliance with the required specifications,

without proceeding to blacklist the supplier who did not accept that a sum of Rs.273.6 million was paid to the supplier in the months of August, November and December 2022 after deducting the cost of Rs.1.86 million incurred due to the supply of substandard medicines from the suspended payments of the supplier.

33. In relation to the 2022 order given for the purchase of 48,000 packaging units (5x10) of Diclofenac Potassium Tablets (50mg) for sale in government pharmacies, the order was awarded to the selected supplier for USD 11,904 at USD 0.248 per packaging unit. It took 167 days for the technical evaluation and procurement decisions for this procurement. Also, at the time of selecting the supplier, even though the registration of the supplier in the National Drug Regulatory Authority was over, it took 258 days to extend it, which was the main reason for the delay in the order. In the first 5 months of 2021, the monthly average sales of this drug were 5000 units and since June 2021, this drug has been in short supply in state pharmacies. As a result, the total sales lost to the	Procurement management should be done in accordance with the Government Procurement Guidelines and its amendments as updated from time to time. Damages or losses due to non-compliance should be borne by the responsible officials.	The procurement process has taken a long time because the procurement committee took a long time to select the supplier and the supplier took a long time to provide the relevant documents.	Necessary action was not taken in this regard.

corporation from June 2021 to August 2022 were approximately Rs. 9.75 million.

34. In relation to an 2022 order given for the purchase of 30,000 packaging units of Etoricoxilo Tablats 60(mg) for sale in government pharmacies, the bid was awarded to the lowest second and lowest fifth bidders as 25 per cent and 75 per cent of the order respectively.
- However, the audit did not observe any reasonable cause for awarding 75 per cent of this procurement to the fifth bidder with a price increase of 153 per cent over the second lowest price. Also, a price increase of Rs.345 per unit was observed between the minimum price and the maximum price of this item, which is 128 per cent as a percentage. As 75 per cent of this procurement was awarded to the fifth lowest bidder instead of the second lowest bidder, the
- A formal independent investigation should be conducted and further action taken.
- Awarding to several suppliers is a decision of the procurement committee. After importing the drugs, the price decision is made by the price committee.
- There was no formal independent investigation

corporation had to bear an additional cost of Rs. 6.2 million, which had deviated from the corporation's objective of providing medicines at the lowest price.

35. In relation to an order placed on June 26, 2020 to purchase 150,000 packaging units of Cetrize Syrup 5mg/5ml Bottle for sale in state pharmacies, although it was stated that the lowest bidder who offered Rs.29.25 per unit as the lowest price did not have the registration certificate of the National Drug Regulatory Authority, and the second lowest bidder who offered a price of Rs.71.30 per unit was awarded the order for Rs.69.93 per unit, but the lowest bidder had submitted the registration certificate in the bid documents. Not awarding this procurement to the lowest bidder even by renewing the
- A formal independent investigation should be conducted and further action taken.
- The basic point of choosing the supplier is that there is a good demand in the market.
- There was no formal independent investigation.

registration of the National Drug Regulatory Authority to the lowest bidder, the corporation has to bear an additional cost of Rs.6.06 million and as a result, the purchase cost of this drug was 138 per cent higher than the minimum bid value and it was also deviated from the objective of providing the drug at the lowest price. Due to the failure of the supplier to supply 99,000 units of medicine, there was a situation of lack of stock in the state pharmacies.

36. According to a 2022 purchase appeal of the stock and control manager of the corporation regarding the indenture issued on 04 September 2020 to the supplier who offered the lowest price in relation to the purchase of 48,000 (25x10) packs of Clonazepam Tablets (0.5mg) at a cost of Rs.20.07 million, the first stock of	Reordering Stock levels should be ordered into the warehouse.	The stock level was maintained in the pharmacy warehouses sufficient for several months and even though the stock in the main warehouse was zero for several months, there is sufficient availability of this drug in the pharmacies. Due to the corona epidemic situation, the same quantity	So far, no measures have been taken to prevent this situation.

medicines was received at the warehouse on 08 February 2021 and the last stock on 12 January 2022. At the time of preparing the purchase order, the stock of this drug had been exhausted 4 months ago due to re-ordering of this drug without paying attention to the stock level, the Ratmalana warehouse was out of stock for 3-4 months. According to the sales forecast of the medicine, as the stock is in line with the annual requirement and the stock is zero, the medicine should be purchased as soon as possible in accordance with the procurement procedure, but from the date of submission of the purchase order, it took almost 2 years to get the total amount of medicine to the warehouse. This drug was purchased from one supplier from 2018 to 2022, due to the corporation's failure to procure the medicines on the

of medicine was also delayed in reaching the warehouses.

According to the stock reports of a few randomly selected pharmacies, there is no shortage of the drug.

dates mentioned in the indent, the sale of the medicine had been zero for more than two consecutive months on 6 occasions from March 2019 to August 2022, so the corporation had not received any sales income during that period.

37.	The procurement committee had decided to cancel the order and re-bid for the bidder who offered the lowest price of Rs.70.70 for the local purchase of 250,000 vials of vaccines of Cefotaxime Injection USP 1g based on the requirement of the medical supply division, stating that the period in which the order can be supplied is long. Accordingly, the price was negotiated with the bidder who had offered Rs.540 per unit (on the basis of free supply of 65,000 vaccines) and it was agreed to purchase the effective price of a vaccine at Rs.399.60. The	2022	A formal independent investigation should be conducted and further action taken.	That procurement committee decision.	a No formal independent investigation was conducted.

estimated price of a vial of vaccine was Rs.45.71 and the price of a unit of the first selected supplier was Rs.70.70, an increase of 774 per cent and 465 per cent respectively in the price of the selected supplier. The bidder selected in the second time had submitted the price in the first time as well and although the price was Rs.235, less than 2 months later, the tenderer had decided the price to be Rs.540 in the second invitation and the procurement committee had awarded the order without paying attention to it. Although the supplier selected in the second bidding had failed to supply the drug by 13 December 2019, the lowest bidder selected in the first bidding had claimed to supply 250,000 units of vaccine within 45 days but rejected it and bid again, but the selected supplier

failed to supply the drugs within 30 days.

38. The Medical Supply Division had invited bids for the procurement of 130,000 units of Ipratropium Pressurized Inhalation BP 20 Mcg/Puff medicine on three occasions and while letters of credit had been opened to the supplier in the first instance, according to the notification of the Director of the Medical Supply Division, the supply should be obtained after a delay of 09 months. Through notification it was observed that this supply is not an urgent requirement. In connection with the procurement, the National Drug Regulatory Authority registration certificate of the supplier submitted at the time of the third bid had expired, but on re-obtaining the registration certificate and subject to the
- 2022 Procurement management should be done in accordance with the Government Procurement Guidelines and its amendments as updated from time to time. Damages or losses caused by failure to do so shall be charged against the responsible parties. A formal independent investigation should be conducted and further action taken.
- The revision of the timeline was done by the medical supplies department. The medical supplies department inspects and accepts the imported goods. That the prices mentioned in the bids have not been verified with the manufacturer's price of the bidder.
- No formal independent investigation was conducted.

conditions of obtaining the registration certificate under the Public Contracts Act No. 03 of 1987, the procurement committee on 29 September 2017 awarded a unit of Rs. .705.40 each for 130,000 units at a value of Rs.91.7 million, but according to the invoices submitted to the Sri Lanka Customs, the supplier sold 130,000 units at Rs.14.13 per unit for Rs.1.84 million that were not registered with the National Drug Regulatory Authority. A company had imported to Sri Lanka and supplied it to the medical supply division at a higher price of 4892 percent. Before supplying the drugs to the medical supply division, the approval of the medical supply division was not obtained for the package, label and government logo of the said drugs. Also, it took more than a

month to supply the first batch (6500 units) related to the order to the Medical Supply Division from the date of importation.

Contrary to Section 106(1) of the National Drug Regulatory

Authority Act No. 05 of 2015, this drug imported by the supplier to the State Pharmaceutical

Corporation was imported into Sri Lanka by a manufacturer other than the one mentioned in the bid documents and the details of the manufacturer

mentioned in the bid documents were printed on the drug packaging. The

sample packaging of the medicine included in the file submitted to the National Drug Regulatory

Authority for the registration of the imported medicine by the suppliers and the information contained in the patient instruction sheet in the packaging of the

medicine given to the medical supply division and the information contained in the medicine label and the tender documents submitted by the supplier. Inconsistencies were observed in the information presented. According to the agreement, the supplier had spent a delay of 5 to 8 months in supplying these stocks.

39. It was observed that the Medical Supply Management Information System (MSMIS), which was introduced in 2015 for the management of medical supplies was not properly utilized, although the computer system provided the facility of updating the progress related to the relevant order by including each step in the system from ordering the medicine to receiving the stock (Status), the officers of the Corporation
- 2021
- The Corporation should also be updated in the Pronto Computer System through the advices and coordination of the Ministry of Health and the Medical Supply Division. Arrangements should be made to remove the obstacles.
- Although the orders were submitted through the Computer System, the signatures of the officers of the Medical Supply Department were not available. To prove the legal validity of those orders, the Medical Supply Department has possibility to modify or remove the order from the system at any time. So the procurement will be commenced based on the hard
- This situation has not been corrected.

are not entering the information related to the order in the system due to a technical problem that had occurred for 07 years. Similarly, as the corporation had stored the information related to the order through other computer Excel Sheets, it was observed that it takes more time to check and make decisions about who is responsible for the delay in the procurement as well as to know the information regarding the current progress of the order. although the medical supply division submits the order lists related to the respective year to the Corporation through this computer system with a lead time of 11 months, the Corporation had not started the procurement related to those orders immediately, the commencement of procurement had delayed until the written copies of the order list were

copies received.

received by the Corporation, it took more than 18 days to send the written copies of the orders issued to the Corporation through the computer system to the Import Division of the Corporation and since the procurement works had started only after that, it was observed that, a considerable time out of the supply period of 11 months was spent on the process of issuing and receiving orders.

40. The Corporation 2021 Building new A more effective This project has
uses 14 Management enterprise new not been
Information Systems resource planning System is expected implemented.
(MIS) for its systems and to be introduced.
operational and implementing
administrative should be
functions and expedited.
although a contract
agreement had been
entered into
expecting to
implement a new
Enterprise Resource
Planning System to
accomplish the tasks
performed by 12
systems with one
system, the contract
had been terminated
on 20 February 2020
due to a poor

performance as a result of being failure to select a suitable contractor. A number of 497 units of 09 items of computer accessories had been purchased at a cost of Rs.32.36 Million in the years 2018 and 2019 for the implementation of this project and 375 units of 09 items with a cost of Rs.26.11 Million which were not used for the project activities had been released for the use of other functions of the Corporation. Although the number of users currently using the 12 systems is 324, as the number of users expected to use the new system was 1,399, the inability to implement this project had severely affected the activities of all the Divisions of the Corporation.

41.	Since the average monthly sales volume was 1,159 packing units, although the annual sales requirement	2021	Actions should be taken to conduct a formal investigation and identify the responsible	The charge sheets had been issued to the responsible officers.	An inquiry officer has been appointed for the formal disciplinary inquiry.

was 13,908, without considering that and although 40,000 units of packaging had to be received by the Corporation from a previous order, despite that, 72,000 packing units of Levofloxacin Tablets (500 mg) of (3*10) size were ordered and 36,000 packing units had been purchased for Rs.5.52 Million in the year 2019 for the sale of the Corporation. A number of 9,092 packing units procured from previous order and 22,357 packing units out of 36,000 packing units had been failure to sell even by 28 February 2022 and due to the fact that all the 45,092 packing units had expired at that time there had been a loss of Rs.5.24 Million. However, necessary actions had not been taken to identify the responsible parties.

parties
and to make
necessary
arrangements..

42. Identified as an 2021
emergency
procurement with

A formal This purchase has A formal
investigation been identified as investigation was
should be essential items for not conducted

the Covid 19 pandemic by following the direct purchase method, a sum of Rs.14.27 Million had been spent for the purchase of 10,000 Safety Goggles at Rs.1,400 each and 200 Safety Goggles were purchased at Rs.1,350 each for the sale of the Corporation in the year 2020 by carrying out the procurement based on the price quote submitted by one supplier without performing any technical evaluation . Although an advance of 20 per cent of the total contract value can be paid to the supplier according to the Guideline 5.4.4 of the Government Procurement Guideline, on the contrary, Rs.07 Million had been paid to the supplier as a 50 per cent advance. Although the Seals Safety Goggles should have been supplied as per the quotation, purchase order and goods received note

conducted and Medical Supply and no further Division as per the action was taken. actions should be emergency forecasted on the basis of the Covid situation.

issued by the supplier, instead, it was revealed at the physical examination carried out that 10,200 Swimming Goggles were provided. It was revealed at the physical examination carried out 09 and 24 November 2021, due to purchase was made without proper identification of necessity and without carrying out a proper sales forecast, only 54 out of 10,200 Swimming Goggles were sold at Rs.1,610 each and 9,945 Swimming Goggles had remained with a total cost of Rs.13.92 Million and there was a shortage of 201 goggles with a total cost of Rs.281,400 .

43.	A number of 5,000 sets of Personal Protective Equipment (PPE) had been purchased at a cost of Rs.21.49 Million in the year 2020 for the necessity of Medical Supplies Division. Neither the Medical	2021	A formal investigation should be conducted and further actions should be taken.	According to the instruction of Director General of Health ,the Medical Supply Division of was instructed to accept the stock, but it has not been accepted till now.	A formal investigation was not conducted and no further action was taken.

Supplies Division nor the Corporation had prepared requirement specifications for PPE kits and the purchase was made on the Proforma Invoice presented by one supplier without obtaining any kind of quotation and carrying out a technical evaluation. Out of the 5,000 PPE sets ordered, although a stock of 2,000 sets had been received by the Corporation and sent to the Medical Supplies Division, acceptance of the relevant stock had been refused stating that only "Isolation Gown" were supplied and it was mentioned as "PPE Set" in the order submitted by the Medical Supplies Division. Despite that, although the second batch of 3,000 sets of PPE was also received from the supplier and sent to the Medical Supplies Division that stock was also rejected stating the same reason as before.

The Corporation had incurred a loss of Rs.29.62 Million due to inability to reimburse a sum of Rs.21.49 Million paid to the supplier and the service fee of Rs.8.13 Million from the Medical Supplies Division. It was observed that there were 4,997 sets of PPE in stock and a shortage of 03 sets as per the physical inspection carried out during the year under review.

44.	The Medical Supplies Division had purchased 1,560 units of Papaverine HCL injection 60mg/2ml injection at a cost of Rs.68.59 Million, that had identified as a requirement for the year 2021 . Since only one bidder had submitted bids according to the international open competitive bids conducted by the corporation for this procurement and since the bid for a unit was Rs.40,868.98 though the estimated price of a vaccine unit was	2021	A formal investigation should be conducted and further actions should be taken.	The salary increment of the officer in charge of the file has been delayed by one year due to the issuance of letters of credit without properly understanding the decision of the procurement committee.	A formal investigation was not conducted and no further actions was taken.

Rs.255.07, though the quotations should have been called again, without doing so, the approval had been given by the Departmental Procurement Committee for the purchase of 3,125 vaccine units for Rs.127.72 Million at Rs.40,868.98 per unit of this vaccine. Although a Technical Evaluation Committee consisting of 05 members should be appointed by the Ministry of Health to evaluate procurements exceeding Rs.50 Million as per the procedure followed by the Corporation regarding the appointment of Technical Evaluation Committees, a Technical Evaluation Committee appointed by the Corporation consisting of only 03 people had evaluated the bids. Although the Medical Supplies Division had

informed that the order should be placed after considering the existing stock level before opening the Letters of Credit or after obtaining the approval of the Medical Supplies Division, the Corporation had not done so. Likewise, although letters of credit should have been opened only for 40 per cent of the total amount of vaccine units or 1,250 vaccine units as per the Decision of the Departmental Procurement Committee because the annual use was 650 units of vaccine, the Letters of Credit amounting to Rs.68.73 Million had been opened for 1,563 vaccine units in contrary to the approval of the Departmental Procurement Committee. Out of the 1,560 vaccine units purchased on 18 July 2021, a number of 1,421 vaccine units had remained by 20 August 2022 and it was observed that

they will expire in February 2023 . Actions had not been taken to register the contract under the General Contracts Act No. 03 of 1987 and obtain the Registration Certificate to the Corporation.

3.35 State Pharmaceuticals Manufacturing Corporation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	8,680,301,991	3,400,224,795	5,280,077,196	1,235,327,457	Unqualified
2022	14,700,781,968	7,307,335,839	7,393,446,129	2,391,594,478	Unqualified
2023	16,517,179,749	5,038,205,788	11,478,973,961	2,173,308,106	Unqualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	A four-storied building located in Bulathsinhala area was purchased in the year 2017 for the purpose of establishing a public testing laboratory and a training school and that was not used for the said purposes as at the end of the year under review. 30 Auditorium chairs and 10 hall chairs obtained for the said purposes were not used from 04 years and these items were being destroyed.	2021 2023	The building should be used for the intended functions immediately.	The fixed assets in the building have been handed over to the Ceylon Industrial Development Board for valuation and after receiving the valuation report on the 30 auditorium chairs and 10 hall chairs, action will be taken as per decisions of the valuation committee.	A four-storied building located in Bulathsinhala area is Currently functions as a warehousing department. Machines and other materials that are no longer in use are stored there.

02.	As per the Paragraph 02 of the Public Administration Circular No 6/97 dated 03 February 1997 the period of acting in capacity for employees should be subject to a minimum of 3 months. Nevertheless an employee had been appointed to act in the post of Deputy General Manager- Formulation and Research for a period of 05 consecutive years	2021	Should be act in accordance with circular provisions	Arrangements are being made to conduct interviews for the post of General Manager for which applications have been called and it was decided in the management committee meeting that it is appropriate to call applications for the posts immediately after the recruitment for the post of General Manager.	Newspaper advertisements are to be published for future recruitment.
		2022			
		2023			
03.	As per the Director Board decision No. BP/30/15 dated 04 June 2015 and No. BP/62/22 dated 22 September 2022 Cycle loans paid to employees had been increased from Rs. 20,000 to Rs. 75,000 without the approval of the Director General of the Department of Public Enterprises	2021	Action should be taken as per the circular provisions.	A letter has been sent to the Director General of the Department of Public Enterprises regarding allowances seeking approval for all the revised payments.	Arrangements have been made to obtain the approval of the Treasury.
		2022			
		2023			
04.	The construction of a two-storied warehouse building on Kandawla road has been started in the year 2018 in order to store the finished Pharmaceuticals manufactured by the corporation, but its construction had been	2021	The building should be constructed quickly and work should be done to achieve the intended purpose.	After making the revisions indicated by the technical evaluation committee of ministry by the consultancy firm, the standing cabinet committee on procurement	A suitable bidder has been selected and hopes to be awarded the contract in the future.
		2022			
		2023			

stopped midway and Rs. 46, 032361 had been spent for the construction of the building as at 31 December .2023 The project had resumed and it was in the bid evaluation stage until the audited date. Due to the delay of 06 years in the construction work of the two-storied warehouse building from the year 2018, the expected objectives were not fulfilled. As a result, an expenditure of Rs. 41,796, 482 had been incurred in the year under review for obtaining storage facilities on rental basis to fulfill the storage facilities of the corporation.

held on 02.02.2024 was submitted to SCAPC and accordingly, the Additional Secretary- Procurement informed to the procurement division of the corporation to approve the tenders and publish newspaper advertisements. It is mandatory to hire warehouses from outside for storage of finished drugs produced by our products and joint venture companies till the completion of construction and use.

05. The corporation had entered into agreements in the year 2018, 2019 and 2021 with 15 potential investors for the supply of pharmaceuticals under the proposal to be establish join ventures between the state pharmaceuticals manufacturing corporation and private investors in order to expand the process of manufacturing locally. However, Pharmaceuticals had
- 2021 Action should be taken to purchase drugs from the remaining investors.
- 2022
- 2023
- Five investors entered into joint venture agreements to supply drugs to the Medical Supplies Division in year 2023.
- The corporation are monitoring the construction of the factories of the investors who have established joint ventures, and Greenthrough institutions have already informed the corporation to visit and view their factory construction.

been purchased only from 05 investors even by 31 December 2023.

06.	A quantity of 600kg of pharmaceutical ingredients for Chloroquine Phosphate BP worth Rs. 6,698,610 purchased in the year 2020 with the expectation of using it as a remedy for the Covid-19 pandemic situation and of which the shelf life had to be expired by 31 March 2025 had remained idle in the warehouse premises.	2023	Arrangements for export should be made before the shelf life of the pharmaceutical ingredients expires.	Requests have been made to the Additional Secretary (Health Services) of the Ministry of Health to coordinate this stock of manufactured drugs or raw materials if required by a local or foreign party and we have been informed that Fiji horizons country is looking into the possibility of giving it as a grant. Currently, those coordination activities are being done.	Coordination activities are being done.
07.	Even though the production of Clopidogrel Tablets USP 75 mg (500 Pack Size) had been introduced in the Corporation as a new medicine in the year 2020, the production of this medicine in the Corporation had failed	2021 2023	As it is a drug that is in demand in the medical supplies division, the weaknesses in the product formula should be corrected as soon as	Research work is being done to correct the weaknesses in the product formula. It is helped that the development work will be completed as soon as possible and this drug will be produced.	Research work is underway to collect the weaknesses in the product formula.

due to the weaknesses in its product Formula and as a result, the dissolution of the medicine had not been conformed with the due requirement. Even though there had been an opportunity to achieve a profit of 10 percent if the product formula had been developed and this medicine had been produced in the Corporation and supplied for the requirements of the Medical Supplies Division, action had not been taken accordingly.

possible and the drug should be manufactured.

08. Although it had been planned to establish 05 manufacturing factories in the Lotus Pharma new manufacturing plant to cover the fundamental need for pharmaceuticals in the country, US\$ 13.1 million equal to Rs. 4,349.2 million had been estimated for the establishment of a factory for the production of oral solids (tablets and capsules) as the first phase of it after 03 years. Even though it had been stated according to the Board Paper BP/44/22 dated 20 October 2022 and the decision of the Board
- 2022 As the project is an essential element for the institution as well as for the country, it should be expedited.
- 2023 The land is a very small portion taken from a total of 800 acres of land. It was obtained by the Urban Development Authority through a cabinet paper. It was acquired at a much lower value than the appraised value of the government. It was essential to save space for future plans in the project. A procurement committee has been appointed for the feasibility study and currently
- The committee is currently in the Final Stages of preparing the document related to inviting for bids as the procurement guideline (For Feasibility Study)

dated 07 October that the area of 20 acres had been sufficient to construct the 03 factories expected under this project, reasons for purchasing 65 acres by incurring a sum of Rs.322.4 million had not been obvious. Although the Cabinet Appointed Procurement Committee met on 02 February 2024 had informed that a Comprehensive Feasibility Study should be carried out by covering all the fields related to the project within a period of 03 months from that date, the time allocated for that had expired even by 06 May 2024, which had been the date of audit. Although it had been expected to finalize this project in 03 years according to the five-year plan from 2022 to 2026, 02 years and 05 months have passed from the expected period of completion of the project by 15 May 2024, the date of audit and the physical progress of it had been zero.

the preparation of documents related to the invitation of bids is in the final stages.

09.	Even though about 25 new pharmaceuticals had been introduced (except Omeprazole Gr Capsules IP 20mg, Levothyroxine (Thyroxine), Atorvastatin, Flucloxacillin, Cetirizine BP 10mg, Diltiazem Hydrochloride Tablets USP 30mg) during the period of 2018 to 2023, those introductions had not contributed enough to the company's product mix as sufficient attention had not been paid to the continuous production and promotion of the newly introduced pharmaceuticals	2021	Although there is not demand from the medical supplies division for new products, action should be taken to get advantage of new products by taking orders through the open market.	Adequate orders are essential for the continued production of newly introduced drugs. Continuous production could not be carried out due to non-receiving of orders. Production capacity can be increased after receiving future orders.	Due to non-receipt of such orders continuous production could not be carry out regarding some newly introduce medicines.

3.36 Tea Small Holdings Development Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,544,569,133	704,669,118	839,900,015	171,795,953	qualified
2022	1,262,753,692	584,570,526	678,183,166	(283,198,552)	qualified
2023	1,201,828,307	474,684,494	727,143,813	179,224,388	qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The balance of receivables at the end of the year under review was Rs.4,276,531 from the loan amount given under the Fertilizer Credit Scheme in 1998 to small tea estate societies for purchase of fertilizers, liquid sprayers and scales ,and no effective steps had been taken to recover and the accounts had been kept under current assets even though 25 years had passed.	2023	Sufficient and formal steps should be taken to recover the balances due from the responsible parties.	The Audit and Management Committee has been advised to appoint a committee and submit a report.	The receivable balances had not been collected from the responsible parties.

02.	A loan amounting to Rs.5,916,589 had been given for four private tea factories in the year 1998 under the program of providing color sorting machines ,and out of that amount, legal action had been taken only for Rs. 2,436,449 due from the Eriyagolla factory. Legal action could not be taken for the remaining amount of Rs.3,480,140 due to the deficiencies in the agreement	2023	Necessary steps should be taken urgently to recover the loan money from private tea factories and identify the defects in the agreements and the officials who responsible for it and necessary measures should be taken to prevent the recurrence of such defects.	The court case has not been finished up to now and the company had been appearing in court for the case filed for the receivable money by the Eriyagolla factory from time to time,	No steps had not been taken to collect the debt balances from the tea factories which were not filed court cases.
03.	Even though the Kegalle regional office building of the authority had been built on a land not owned by the authority at a cost of Rs.44,484,405, its ownership had not been transferred to the authority even by 31 December 2023.	2023	The necessary arrangements should be done promptly to take over this land to the authority or to enter into a legal agreement.	The letters had been sent to the ministry regarding the take over the title of the land.	The land has not been transferred to the authority and sign the legally binding agreement had not been done up to now.
04.	An amount of Rs. 9,155,483 received from the sale of 23 vehicles given to tea Small Holding Development Societies in the year 1998 and a remaining amount of Rs. 13,716,586 out of the amount given by	2023	Measures should be taken to utilize government funds efficiently and sparingly in purposeful activities.	Treasury approval has been request to purchase a bus for use in field trips and training programs for small tea estate owners with the proceeds of Rs. 9,155,483 from the	These funds had not been used for the intended purposes after obtaining the relevant approvals.

the treasury to pay a subsidy to the farmers in the year 2020 had been accounted for under current liabilities without taking actions by the authority to be employed in purposeful productive work or to be remitted to the treasury for a period of 3 to 25 years.

sale of vehicles. The Comptroller General has been informed of this amount and the money has been invested in a fixed deposit. The Treasury has been consulted on the possibility of deducting the amount of Rs. 13,716,586 from the amount due for the 2024 subsidy.

05.	Even though 08 machines for shredding compost ingredients had been purchased in the year 2021 for Rs.2,300,000 targeting a production of 40 metric tons with 05 metric tons per month from 08 Regional Offices through the compost fertilizer production project which had been started in the year 2021 using the direct contract method from the Sri Lanka State Trading (General) Corporation, only a stock of 47.75 MT had been produced from the date of purchase to the end of the year under review due to insufficient capacity of	2023	Projects should be managed so that the objectives and requirements can be fulfilled at the optimum level.	The Audit and Management Committee has discussed regarding the handover of 2 out of 8 compost raw material shredders to the National Plantation Management Institute.	Compost machines have not been used to optimally meet the objectives and requirements, and 2 machines have not been handed over to the National Plantation Management Institute to date.

these machines to meet the requirement.

06. According to the para 7 (i) of the Circular No. EC/EDR/PRE – 2019 dated 18 September 2019 of the Chairman of the Election Commission, even though it had been strongly emphasized that appointment letters/work such as calling applications for promotions and recruitments should not be ante-dated by a date before 18 September 2019 after the announcement of poll to elect the President, antedated permanent appointments had been given to 44 employees by the authority, and an amount of Rs.5,376,161 had been paid to 44 officers for the period from 01 September 2019 to 28 February 2020 without the approval of the Department of Management Services as salaries using the allocation money received by the authority.
- 2023 Immediate action should be taken against the officials responsible for recruiting and paying these employees.
- This appointment has been finished.
- Formal steps had not been taken against the officers responsible for recruitment and payment.
- Also, the dismissed employees have filed lawcase against the Authority and 08 employees have been given compensation of Rs. 370,407.

07. According to the 2023 Immediate This appointment Formal action had paragraphs I and II of the Management Services Circular No. 3/2018 dated 18 July 2018 of the Secretary, Ministry of Finance and Mass Media, even though the recruitment of staff should not be done without the full approval of the Management Services Department, and even though 09 Management Assistant Officers and one Security Assistant and Driver had been recruited after 18 July 2018, the approval of the Department of Management Services had not been obtained as per the circular for those recruitments.
- Immediate action should be taken against the officials responsible for recruiting and paying these employees.
- This appointment has been finished.
- Formal action had not been taken against the officers responsible for recruitment and payment.

3.37 Tea Research Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	2,463,703	479,508	1,984,195	(77,477)	qualified
2022	2,681,514	446,139	2,235,375	77,886	qualified
2023	2,622,493	390,192	2,232,301	17,151	qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	A number of 10,629 valuable tall shade trees like Mahogany, Jackfruit and Eucalyptus planted in the grounds and plantations of the Board had not been identified as consumable biological assets and the value thereof had not been assessed and accounted for in terms of Paragraphs 13 and 16 of Sri Lanka Public Sector Accounting Standards of 18.	2023	The value of biological assets should be assessed and accounted for in terms of Sri Lanka Public Sector Accounting Standards.	The preliminary works have been done with State Timber Corporation for assess the value of tress which are identified as biological assets.	The trees have been identified under the biological assets by the Board but the value had not been assessed and accounted for.

02.	Since 03 vehicles registered under the Sri Lanka Tea Board, which are not owned by the Tea Research Board had been revaluated to a Rs.3,750,000 and included in the financial statements of the Board, the property, plant and equipment and the revaluation reserve had been overstated by that amount.	2023	Only the assets owned by the Board should be revaluated and accounted for.	Repaired had been finished of the vehicle number 32-1809 and documents had been handed over to the Department of Registration of Motor Vehicles and in accordance with the State Finance Circular No. 01/2020 the vehicle number 90-6217 is being disposed. No further work has been done on the vehicle number of 32-1806 due to lack of budgetary provision to purchase an engine for repair the vehicle.	The actions have not been taken by the Board to take over the ownership of the untitled vehicle.
03.	The equipment purchased from India on 24 November 2017 at a cost of Rs.12,554,583 (Walk in Type Environmental Controlled Facility) to study the adaptive responses of tea plant to climate change under special projects of the Board had remained idle and could not be used for research though 5 years have elapsed due to non-conformity to the expected	2023	Losses should be recovered by expediting legal actions against the responsible parties.	As Local and foreign suppliers have not responded favorably to the issue of breach of contract terms by the supplier, Rs.12,554,583 and to obtain legal interest thereon till the said amount is paid and the actions have been taken to file the case in the Colombo Commercial High	Legal proceedings against the responsible parties have not been completed and no action has been taken to recover damages.

specifications and its performance not being at the expected level and actions had not been taken up to now to identify the officials responsible for the said procurement and take formal actions in that regard.

Court for an order against the first and second defendants.

04. Although the Board had constructed regional office buildings in Walahandua, Deniya and Kottawa in lands belonging to the Land Reform Commission, Talawakele Plantation Company and the Government respectively by incurring an expenditure of Rs.73,933,378 and accounted for as assets of the Board, the title of the lands had not been transferred to the Board.
- 2023 Actions should be taken to promptly take over the lease deeds or legal title of the lands and to accurately account for the assets.
- Walahanduwa Watta
- Until the order of the petition filed by the State Plantation Corporation in the Court of Appeal regarding this estate; it is not possible to take a decision regarding the legal ownership of the plot enjoyed by the board.
- Deniyaya
- The approval had been obtained to take over the land title to the Board by the Board of Directors of Talawakele Plantation Company and as same as The Ministry of Plantation Industries had been informed to take over the the
- Actions had not been taken to acquire the lease deeds or legal title to the lands.

right of golden
shares

Kottawa

Since it is more than 50 acres of land owned by the government, the documents had been sent to the Ministry of Plantation Industries to get the approval for takeover the land to Board by the Cabinet.

05.	Due to the breach of the agreement entered into with the Board from 2005 to 2009 by 04 officers who went abroad on study leave with full pay, did not return to duty and left service before completion of compulsory service after returning to service, the respective bond value of Rs 15,054,891 had not been recovered even by the end of the year 2023.	2023	Legal actions should be expedited in respect of breach of contract.	Board had been taken actions to file the case against officers who breach the bond.	The legal proceedings regarding the breach of the agreement had not been completed and bond value had not been recovered back.

06.	The contract to create, implement and maintain a management information system for the Sri Lanka Tea Research Board was awarded to a government company on 22 April 2020 for an amount of Rs.4,228,700 and an advance amount of Rs.1,141,749 had been paid to the institution on 20 August 2020. Although the works should be completed within 120 days from the date of issue of orders as per the bid documents submitted by the service provider, the activities thereon had not been not completed though 4 years had elapsed by June 2024.	2023	Actions should be taken to complete the activities of Management Information System promptly.	As per the agreement the 191 works had been completed and add to the system out of 200 works and among completed develop works the 144 works handover to the divisions. Four officers who have skill of Information Technology have been assigned from the other divisions.	The system had not been fully utilized.
07.	Even though an area of 1.367 hectares of Lamelyer Estate, Thalawakelle, owned by the Tea Research Board, including the factory and all buildings had been leased out to a private company in the year 2003 for a period of 50 years, due to failure of payment of rent as per agreement, though the relevant property was re-acquired in the	2023	Necessary actions should be taken to effectively utilize the properties belonging to the Board without delay.	As restrictions on the disposal of state land have been imposed, advices have been requested by the Ministry and committee has appointed for utilizing and maintains the land, building and other assets of the Lamelyer Estate and land of the Tea Research Board `s	The assets of the Lamelyer Estate are remain idle without utilization.

year 2016 and also 08 years had elapsed from the date of acquisition up to July 2024, those assets had remained without being utilized.

estate.

08. The Staff Provident Fund of the Tea Research Board had been certified by the Labour Commissioner on 30 October 2014 as an approved provident fund with effect from 01 June 1959. Although the Board of Trustees of the Fund should consist of seven members, including the Director of the Tea Research Institute (Chairman of the Board of Trustees), two members nominated by the Chairman of the Fund from among the Directors, two members appointed by the Annual General Meeting from among the members of the Fund and two officers of the Tea Board who are not members of the Fund nominated by the Sri Lanka Tea Board in terms of Section 4 (i) of the Code of Management Rules of this Provident Fund,
- 2023 The funds of the officers of the Tea Research Institute should be maintained efficiently and by taking actions to appoint and amend the Board of Trustees in accordance with the Code of Management Rules of the Provident Fund.
- The requested letters had been sent to the Provident Fund regarding the changes of the composition of Board of Trustees.
- According to the Code of Management Rules of the Provident Fund, the Board of Trustees had not been appointed and amended.

The Chairman had not appointed the two members of the Tea Board to the Board of Trustees even by 01 July 2024.

09.	Due to financial fraud in 2017 and 2018 at the St. Coombs Estate belonging to the Board, although a balance of Rs. 10,321,858 had remained as debtors for more than 05 years, the Board had not taken actions to complete the relevant investigations and recover the money from the responsible parties.	2023	Investigations into financial fraud should be finished without delay and necessary actions should be taken as per the judgments.	Charge sheets have been filed against the three officials of the St. Coombs estate involved in the incident, formal disciplinary investigations have been conducted and their suspension has been taken as per the recommendations of the board. The Criminal Investigation Department had filed a case in the Nuwara Eliya Magistrate's Court to collect money from the relevant parties.	The Proceedings has not been finalized yet and the money had not been recovered by the responsible parties.
10.	Although there are 36 Senior Management posts in the approved staff of the Board, 27 posts out of these had remained in vacant. Out of these vacant posts, although 22 posts including 03 Head of Division Posts, 14 Chief Research Officer Posts and 05 Chief	2023	Recruitment should be done soon for the essential posts in the approved staff for which the vacancies exists and revisions to the Scheme of Recruitment should also be got approved	Appointment letters had been issued for recruit the three senior management possitions. The interviewers have been conducted for the post of Director / Chief Executive Officer in September 2024	Recruitment had not been done for the essential posts of approved carder vacant And amendments in the recruitment procedure on the basis of need were also not approved.

Consultant Officer
Posts should be filled
by internal
promotions these
posts had remained in
vacant for more than
04 years.

on the
requirement of
the Board.

and a letter has
been sent to the
Public Service
Recruitment
Process Review
Committee
through the
Ministry in
September 2024
for obtain the
necessary approval
for the post of
Deputy Director
Research
(Production).

11.	Activities on preparation of a procedural manual related to the formulation of laws, rules for Human Resources Management and obtaining the approval of the Secretary of the Treasury had also not been completed during the year under review.	2023	Efficiently complete the preparation of procedural manual related to formulation of rules and regulations for Human Resources Management and necessary arrangements should be made on the basis of proper approvals.	A letter had been sent to the Department of Public Enterprises for review of the draft of the Board's Office Procedure Manual.	Preparation of the Procedures Manual had not been completed and proper approvals had not been obtained.
12.	According to the Public Administration Circular No. 25/2014 dated 12 November 2014, 93 employees who had been recruited on temporary or casual basis and worked for more than 180 days	2023	Actions should be taken to make appointments on the approval of the Department of Management Services and to	The officials appointed by the Cabinet to review the recruitment process in the public service are being directed to get the necessary approvals.	The approval of the Department of Management Services was not obtained.

had been given confirm .
permanent
appointments with
effect from 24 October
2014, the approval of
the Department of
Management Services
had not been obtained
for that.

3.38 Sri Lanka Tea Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	11,303,898,919	791,526,029	10,512,372,890	13,155,091	qualified
2022	13,540,693,874	1,682,435,951	11,858,257,923	222,538,495	qualified
2023	16,950,231,236	4,700,943,258	12,249,287,978	233,065,389	qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Even though it had been decided to stop the functions of the tea promotion unit of Sri Lanka Tea Board established in United Arab Emirates since 30 April 2022 as per the decision of Board of Directors No.2022/513/10 dated 28 February 2022, the fixed assets of Rs.1, 849,494 and current account balance of Rs.8, 237,377 of the unit had not been settled up to 31 December 2023.	2023	The action should be expeditiously taken to settle the fixed assets and current account balances.	The embassy was informed about the settlement of the current account balance, and letters were sent to inform about the transfer of the existing fixed assets to the consular office from the tea promotion unit.	Fixed assets and current account balances had not been settled.

02.	A deposit of Rs. 2023 90,304,143 which had been deposited in the board by owners of tea factories for the payment to tea leaf owners in change of the ownership of the tea factories and payment for the complaints made owing to non- payment of exact price to tea leaf owners and had not been properly settled until the end of year under review but had existed and the deposits exceeding more than 05 years was Rs.4,759,784 within it.	The payable parties should be accurately identified and promptly settled their amounts.	The required approval has been notified to the regional offices regarding the amounts which should be settled by the tea factories to the bought leaf suppliers	Actions had not been taken to identified and settle the payable parties.
03.	According to the 2023 regulations 02 and 03 of gazette notification of Democratic Socialist Republic of Sri Lanka No.1677/14 dated 27 October 2010, even though the gazette notification for charging a tax of Rs.3.50 for each tea kilogram from every registered tea exporter in granting the permission in CUSDEC by Director General of Sri Lanka Tea Board by allowing to export tea, had been	The enforcement of and implementation of the regulations should be performed in formal and periodical manner taking into consideration the legal provisions in preparing the regulations.	The advices are requested from the legal draftmen department regarding the legal provision.	Legal advices was not received and any formal action had not been taken.

revoked by the gazette notification No.2258/15 dated 14 December 2021, an amount of Rs.1,003,428,373 had been charged from tea exporters by board from 15 December 2021 to 04 August 2023.

04.	The ownership of the land in which Nuwaraeliya regional office is maintained had not been legally transferred to board from Kelanivalley Company and Nuwaraeliya Divisional Secretary.	2023	Since the buildings had been constructed in a land without a legal title, the action should be immediately taken to get the legal ownership of the land to board.	The compensation amount had been deposited in the district court for settle the land.	The actions of transferring the legal title of the land has not been finished yet.
05.	A loss of Rs. 62,603,006 had occurred to the board from Colombo Tea Outlet named "Tea Moments" commenced in 2014 and even though it had been informed to the Chairman to take appropriate action against the officers who had discharged the duties in a careless manner by the letter dated 06 December 2016 of the Secretary of Ministry of Plantation industries, no action	2023	A formal measure should be taken to recover the loss having identified the responsible parties for this loss.	There has not been taken specific action by the board apart from write off the charge losses from the relevant account years.	No action has been taken to carry investigation for identify and recover the losses by the officers who acted carelessly.

had been taken so far.

06. The Liquid 2023 Chromatography Mass Spectrometer purchased at a cost of Rs. 32,132,088 in 2009 had not been utilized up to date due to not in compliance with the expected specifications and a charge sheet had been issued against the Assistant Director attached to the laboratory at that time about the discrepancies occurred at the time of purchase. Even though the Board of Directors had decided to perform a disciplinary inquiry again after dismissing the decisions of the disciplinary inquiry, the board was unable to take necessary disciplinary actions at the end of year under review. The accused Assistant Director had retired in 2022 and the gratuity amount of Rs. 1,559,775 had been paid to the officer by board and an amount of Rs. 205,454 had been incurred by
- The action should be immediately taken to recover the loss occurred to board from the responsible parties due to the procurements not complied with the specifications.
- The investigation report presented to the Board on 3rd of May 2024 and as per the Board's approval advices are requested from the Attorney General's.
- This loss has not been recovered from the responsible parties.

board for disciplinary inquiry.

07.	As per regulation No.11 of Public Enterprises Committee of Sri Lanka Tea Board held on 19 June 2012, it had been decided to transfer the ownership of "Ceylon Tea Museum" located in Hanthana belonging to Janatha Estate Development Board for a loan of Rs. 25,000,000 given to Janatha Estate Development Board by Tea Board in 2023 but more than 10 years had elapsed. No action had been taken to take over the ownership of the asset or recover the loan amount. Similarly, a loan amount of Rs. 10,000,000 had been given to Janatha Estate Development Board by Tea Board on the approval of the Board of Directors in 2020 and only Rs.1, 000,000 had been recovered at the end of year under review.	The steps should be expeditiously taken to to recover the loan given to the external parties by board or settle in formal manner.	Discussions had been held with Janatha Estate Development Board regarding the settlement of loan balance and take over the assets.	Formal actions have not taken to settle loan balance and take over the assets.

08. Even though an amount of Rs. 174,332,138 had been incurred for creation of Television advertisement in English language for usage of Television media for traditional higher level advertisement under global promotion and marketing programs for "Ceylon" tea and translation those into Chinese, Japanese, Arabic, Ukraine, German and Turkey languages from 2016 to 2020, the purchase of required media for performing the advertisements in television Media which was the main objective of creation of such advertisements and related plans had not been prepared. Therefore, no advertisement had been made in Television Media. Similarly, it had been observed that 31 creative activities created with a cost of Rs. 39,832,808 had not been utilized for the relevant activities even at the end of year under review.
- It should be utilized for global promotions and marketing programs based on the evaluation carried out on ability of present and future usage of these creative activities. .
- A primary investigation had been conducted up to now regarding the overall activities and process of the global tea promotion program implemented by the Sri Lanka Tea Board.
- 31 numbers of creative activities had not been utilized for the global tea promotions and marketing programs till the date of review.
- Based on those facts the complained has been filed to the Criminal Investigation Department .

09. In accordance with 2023 It should be A primary A low level of the data obtained on utilized for investigation had foreign user access the functions such as global been conducted had been showed the URL of Where to up to now when analysis of buy which provides the online facilities for internet purchases enabling to directly order Ceylon tea from exports and salesmen through the main web site www.pureceylontea.com and key components of other translated web sites and the web site under the creative activities of global promotion and marketing program for "Ceylon Tea" implemented by Sri Lanka Tea Board, it was observed that such access was in very low level at the data analysis on consumer relations web site and the consumer/user attraction had not been received to the web site internationally. Accordingly, it was observed at the inspection of web sites that the web site created at a cost of Rs. 172,939,768 had not performed an effective role for
- It should be utilized for global promotions and marketing programs based on the evaluation carried out on ability of present and future usage of these creative activities.
- A primary investigation had been conducted up to now regarding the overall activities and process of the global tea promotion program implemented by the Sri Lanka Tea Board.
- Based on those facts the complained has been filed to the Criminal Investigation Department .

achieving the expected objectives under global promotion program.

10. Even though an amount of Rs. 107,088,740 had been incurred from 2019 to 2023 for the preparation of the media surveys and media plans for promotion of the Sri Lanka tea globally, the period of time of the media plans submitted for the all other countries except the media plan prepared for Chilli State among the plans prepared had expired but such functions had not been implemented up to the end of year under review.

2023

After carrying out a proper evaluation on the ability for present and future usage of the media plans, such plans should be utilized for the global promotion and marketing programs.

A primary investigation had been conducted up to now regarding the overall activities and process of the global tea promotion program implemented by the Sri Lanka Tea Board.

A proper evaluation of the current and future usability of the media plans and the utilization of those plans for global promotion and marketing programs had not been carried out.

Based on those facts the complained has been filed to the Criminal Investigation Department
11. Even though the both parties should enter into a written agreement at every occasion where the period of contract is extended as per paragraph 3.2 of the agreement signed between Sri Lanka Tea Board and the contracted company on 21 March 2018 for the promotion of Sri Lankan tea, there

2023

An agreement should be entered into between the company and board in every occasion where the period of time is extended as per agreement.

A draft of the agreement to be revised had been submitted to the Secretary of the Ministry of Plantations.

There was no agreement between company and the board

Regarding the extension of the contract time period.

was no agreement signed between the company and board for extending the relevant period of contract from 21 March 2021 to 20 March 2023 and an amount of Rs.58,066,874 had been paid to the company within that period for media plans.

12.	Even though it had been observed that 18 percent world prod share for Sri Lankan tea in 2011 owing to no gradual growth of total tea production and exports in Sri Lanka had decreased up to 3.88 percent in the year under review as per Supplement to Annual Bulletin of Statistics 2023, no appropriate action had been taken to improve the market share.	2023	The necessary encouragements for expanding the investments for suitable tea in compliance with the international standards with high quality in order to enhance the share for Sri Lankan tea in the global market and improvement the tea production should be performed by board.	Development and subsidy program had been implemented for enhance the domestic tea production.	There was no new actions taken for develop the world production share apart from the subsidy program.
13.	An aggregate of Rs. 15,716,148 had been paid to a private company up to 31 December 2023 from a confirmation of Assistant Director (Information Technology) of board on a contract value of	2023	The action should be expeditiously taken to extend the performance security and complete the process of establishment of information	Discussions have been held with the supplier private company in order to extend the performance security related to the procurement, and a work order had been	The performance guarantee had not been extended and the works of the system had not been completed as per the contract.

Rs. 53,964,995 for preparation of an information technology system for the tea industry. As per the agreement, even though the task should be completed within 18 months, the system had not been prepared even elapse about 03 years Even though the performance security of Rs. 26,982,497 provided by this private company had expired on 30 April 2022, no action had been taken to extend it even up to the date of audit.

technology system.

established to complete the IT system for the tea industry on the advice and supervision of an IT consultant appointed by the University of Moratuwa.

3.39 Spices and Allied Product Marketing Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	266,515,843	23,633,440	242,882,403	15,882,403	qualified
2022	Accounts have not been presented.				
2023	Accounts have not been presented.				

- ❖ Accounts have not been presented for the years 2022 and 2023.
- ❖ Transactions report for the year 2022 and 2023 is being prepared.

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	As per the Cabinet decision for re-establishing the Spices and Allied Product Marketing Board and the orders gazetted by the Minister of Plantations Industries, although the main task entrusted to the board is to provide facilities for the spices field and regulate that trade, the Board has currently drawn its attention only towards processing and trading of spices and it had not taken action to prepare a cooperate plan and identify the	2021	Steps should be taken to achieve the objectives of establishing the Spices and Allied Product Marketing Board.	Plans have been prepared to achieve these objectives in a step by step process. Activities such as exports, conducting of exhibitions, purchasing of agricultural products and introduction of value added products to the market, have also been done.	Action had not been taken to regulate the spices products.

staff required, making recruitments and preparation of required regulations therefor to achieve the objectives of its establishment despite 02 years have elapsed since its inception.

02. 07 posts at senior level of the Board had fallen vacant right up to the end of the year under review, and it was observed that since officers serving bellow the executive level are implementing the decisions taken by the Chief Executive Officer and the Chairman due to the non-availability of such officers, the activities carried out by the officers of the Board are not sufficiently supervised. Accordingly, it was observed at the audit that there is no proper internal control system in existence in the Board.
- 2021 Action should be taken without delay to fill the vacancies at senior level posts.
- Approval has been requested for recruiting officers for the existing vacant posts of the Board.
- Recruitments have been made so far to 06 posts at senior level.

3.40 Rubber Research Board of Sri Lanka

	Total Assets	Total Liabilities	Equity	Before Tax Profit/(Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,057,300,205	214,579,619	842,720,586	15,873,555	Qualified
2022	5,203,810,817	196,003,328	5,007,807,489	6,367,158	Qualified
2023	5,093,101,227	160,610,257	4,932,490,970	(70,609,994)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The amounts totalling to Rs. 4,256,552 to be recovered to the Board for a period from 01 year to 33 years from 05 officers, who had gone abroad for study purposes on paid leave in terms of Section 4:7 of Chapter XV of the Establishments Code of the Democratic Socialist Republic of Sri Lanka and had violated the bond conditions, had not been recovered until 31 July 2024.	2023	The relevant amounts should be recovered from the officers, who had violated the bond conditions in accordance with the provisions of the Establishment's Code, or from guarantors.	The balance of one officer has been settled. The amounts that should be paid by two officers are being paid in instalments. Since there was a problematic situation in relation to the balances of the other two, those matters will be examined by the Audit Management Committee of the Institution.	A sum of Rs. 4,166,552 had to be recovered as at 18 October 2024 from 04 officers, who had violated the bond conditions.
02.	A fixed asset register had not been prepared for the fixed assets amounting to Rs.	2023	A fixed assets register should be maintained in an updated	Action will be taken to prepare the fixed assets register of the	A completed and updated fixed assets register has not yet been

	5,285,109,496 held by the Board as at 31 December 2023.	manner.	institution.	prepared.	
03.	Since the activities of the Finite Element Analysis and Simulation Centre (FEAS CENTRE), which was started as a business model through a public-private partnership at a cost of Rs. 49.7 million to design and evaluate the performance of rubber products, had been completely stopped since October 2023, the relevant building and all the computers and software, machinery, furniture and office equipment costed at Rs. 38,918.694 remained idle. Accordingly, the objectives of establishing the centre, which were to add value to Sri Lanka's natural and synthetic rubber to compete effectively in the global market, to develop the skills required to use FEAS for the design and simulation of rubber products, and to become a centre of excellence in providing FEAS services to the region, could not be achieved.	2023	The activities of the institute should be planned and implemented in a proper manner with proper study in accordance with the agreements entered in to between the public and private partners.	The activities of this centre were stopped due to a software problem in October 2023 and although it was restored with effect from January 2024 after informing the software providers, the Plastics and Rubber Institute had informed that it would be excluded from the administration of this centre with effect from 10 August 2024. Therefore, a committee led by the Ministry of Plantation Industries has met to discuss this matter. Accordingly, it has been proposed to implement this project with another professional institution by issuing an open invitation for Expression of	The operations of this Finite Element Analysis and Simulation Centre (FEAS CENTRE) have not yet been implemented.

				Interest as a joint proposal for the reactivation of this centre.	
04.	Kumarawatte estate in Monaragala and Narampolawatte estate in Alawwa had not been taken over by the Rubber Research Board even by 03 July 2024.	2023 2022	The transfer activities of lands should be expedited.	Action is being taken to take over the Kumarawatte estate of Monaragala and Narampolawatte estate of Alawwa.	The transfer activities of lands has not yet been completed. yet.
05.	A sum of Rs.4,283,644 or 40 percent had been remained as at 31 December 2023, out of the amount of Rs.10,457,200 received for the project owing to not successfully completing the pilot project for introducing biofuel wood varieties for rubber smallholders, for which a contract had been entered into with the Food and Agriculture Organization of the United Nations in the year 2017 and which had been scheduled to be completed in the year 2022.	2023	The contracted works should be completed within the relevant period.	An internal audit is currently being conducted at the ministry level regarding the balance of this project that should be paid.	The project works have not yet been finalized and the amounts have not been used in any productive investment.
06.	The post of Deputy Director (Administration) of the Sri Lanka Rubber Research Board has been vacant for more than 04 years and 26 persons have been recruited for the posts of	2023 2022 2021	Recruitments should be made only on formal approvals.	An Acting Officer has been appointed for the post of Deputy Director (Administration). Employees will be recruited to the Estates Department on a	An officer from another institution has been informally appointed for the post of Deputy Director (Administration) on acting basis.

Junior Assistant Field Officer and General Worker, which had not been in the approved staff.

check roll basis Accordingly, using the money action has not yet earned for the been taken to payment of implement the salaries. The recommendation. services of employees obtained by the Estates Department for the needs of the institution will also be obtained.

07. The posts of Heads of 2023 Recruitments A Board paper The
05 departments, out of made for regarding these recommendation
the 12 departments essential posts in the Board has not yet been
directly involved in should be the meeting of the implemented.
research at the Rubber expedited. Board of Directors Recruitment have
Research Institute, had not yet been made
remained vacant for a period ranging from 04 for essential posts.
months to 33 years and officers to act in those
posts had been appointed.

3.41 National Institute of Plantation Management

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,085,474,337	39,942,649	1,045,531,688	19,202,306	Qualified
2022	1,130,567,268	33,082,073	1,097,485,196	8,548,607	Qualified
2023	1,613,362,696	85,451,825	1,527,910,871	399,851	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Although a Software System (KOHA) was installed in 2020 at a cost of Rs.248,000 to automate the library management of the institute, the software system had been disabled from 19 June 2020 to 27 May 2024 due to lack of hardware required to fully operate the software system and the inability to operate the software system at the time of power cuts.	2023	Actions should be taken to achieve the desired objectives by purchasing other hardware required for the Library Management Information System and using the necessary human resources.	Inability to operate the software system in the event of power cuts, the warranty period of this system has expired, difficulty in purchasing the technical equipment used to develop the software system due to the limited amount of money provided by the General Treasury to the institute due to the economic crisis, and also a permanent officer has not been able to recruit to obtain services for information technology in the	Actions have not been taken to achieve the desired objectives by purchasing other hardware required for the Library Management Information System and using the necessary human resources.

institute.

02. On the decision of the Board of Directors of the Institute, The 10 gold coins of 13.5 g of 22 carat gold pounds were purchased for providing at the time of retirements of staff members from a private institute on 30 May 2019 for Rs.851,800 and it had been written as expenses at the same year. These coins were kept in the drawer of the institute for 03 years without distribution and had been accounted as assets in the year 2022. Although there were 10 gold color coins at the end of the review year, the action had not been taken to assess the value and adjusted to the financial statements by verifying whether the gold coins were 22 carats gold.
- 2023
- Only expenses related to the objectives of the institute should be incurred and the correct value assessment of these gold coins should be accounted. And also this stock should be disposed with the proper approval.
- Actions are being taken to obtain instructions about the value and composition of gold by the Gem and Jewellery Authority.
- Inspection report on the value and composition of gold has not been obtained by the Gem and Jewellery Authority.

3.42 Coconut Cultivation Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	3,957,522,526	619,657,256	3,337,865,270	611,134,769	Disclaimer
2022	6,210,764,808	463,966,797	5,746,798,011	389,622,417	Qualified
2023	5,767,450,193	486,431,007	5,281,019,186	(62,743,429)	-

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Although an amount of Rs.100,000,000 had been allocated to the board under the provisions of the State Ministry in the year 2021 to convert 2500 acres of fallow fields into effective commercial units with the aim of selecting the lands that can be cultivated for coconuts and start coconut cultivation there and turn those lands into commercial coconut lands and to increase the existing coconut lands and to increase the productivity of coconuts thereby, and even though it was approved later to do the same work on 380	2021	Projects should be implemented with a systematic plan to encourage the farmers to increase the existing coconut land with properly planned targets.	As it was necessary to obtain the approval of the Department of Agricultural Services for the cultivation of perennial crops such as coconut cultivation on paddy lands, all applications were presented for the approval of the Department of Agricultural Services. The approvals of the Department of Agricultural Services were received only for 3.25 acres in the year 2021. As the approvals were not	Projects are not implemented with a systematic plan to encourage farmers to increase the amount of existing coconut land with planned targets.

acres, but by the end of the reviewed year, the Board had achieved only 8 percent progress of the expected amount as 03 acres of government land and 27.5 acres of private land. Although this project was expected to provide coconut seedlings and cash subsidy of Rs.80,000 per acre to the farmers, the board had been unable to carry out this work.

received for the remaining amount, this project could not be implemented.

02.	Rs.25 million given by the Coconut Development Authority to the Coconut Cultivation Board in the year 2020 for the promotion of king coconut plantations had not been used for the related purposes and had been invested in a fixed deposit by the end of the year under review.	2021	Funds received to promote king coconut cultivation should be used to make those projects successful.	The provision of Rs.25 million allocated for the purpose of king coconut promotion has been planned to be utilized under the Action Plan of the year 2023 and has been act accordingly.	Only 25,140 king coconut seedlings had been distributed as of 5 October 2024 out of the target amount of 83,787 seedlings for 2023 and 2024 under this project.
03.	Although an amount of Rs.59,610,000 was allocated to establish irrigation systems in 1,122 acres of coconut land under the provision of loans in the year under review,	2021	The proposed irrigation systems should be completed without delay.	Due to the Covid pandemic situation in the country in the year 2021, government offices, banking systems as well as growers are	Progress has not been achieved on 321 acres out of a target of 1122 acres for the construction of water supply systems in the

irrigation systems of 508 acres in planned 15 divisional offices had not been established as expected.

reluctant to take year 2021. loans under this pandemic situation, therefore it has not worked as planned in the beginning. Construction is currently underway.

04. As per paragraph 9.8.2 2021 of Public Enterprises Circular No.PED 12 dated 02 June 2003, a labor allowance of Rs.17,186,549 had been paid in cash from November 2011 to January 2015 to 27 officers including the chairman of the board and senior executive officers without the approval of Treasury. The loss caused to the board from this had not been recovered from the relevant officials until now.
- Labor allowances obtained without Treasury approval should be recovered from the relevant officers without further delay and disciplinary action should be taken against the officers who certified and approved for payment of such allowances.
- A petition has been filed in the Appellate Court for obtaining a writ by the relevant officers objecting the recovery of labor allowance.
- The affidavits related to this litigation have been examined by the Ministry's legal officers and submitted to the Attorney General's Department for submission to the Attorney General. The relevant money has not been recovered until now.

05. The construction of 2021
Circuit bungalow in
Anuradhapura
Katukeliyawa has
been done by a private
contractor in the year
2012 and the contract
cost was
Rs.11,809,918. Within
a short period of 04
years after the
completion of the
construction, 22
cracks in the ground
floor of the building,
wall explosions along
with the tiles in a
room on the ground
floor and 06 cracks in
the upper floor had
also occurred and had
become harmful and
dangerous. It was
observed during the
audit that, this
situation has been
occurred due to the
facts that the nature of
the soil and the level
of underground water
were not taken into
account while
designing the
foundation of the
building, and the
construction was not
carried out to a proper
standard.
06. In accordance with 2022
Section 02 of Public
Enterprises Circular
No.01/2020 dated 27
January 2020,
Paragraph 2.3 of
- Actions should
be taken to
carry out the
construction
properly by
following the
correct
procurement
methods and
the responsible
officers who
have not act
accordingly
should be
identified and
disciplinary
action should
be taken
against those
officers.
- The technical
report provided by
the National
Building Research
Organization
stated that those
cracks are not in a
dangerous
condition.
- An estimate was
obtained from the
Anuradhapura
Provincial
Engineering
Department for
the repairs and it
has been decided
to carry out the
repairs
accordingly.
- The Minister has
appointed an
Working Director
for the position of
Working Director
of the Coconut
- The officer who
was appointed for
the post of
Working Director
has resigned from
11.09.2024. From

Public Enterprises Circular No.1/2015 and the letter No.PED/P/02/15 (i) temp 3 dated 20 March 2023 of Director General of Public Enterprises Department, although it was instructed that to refrain from making new appointments in the post of Working Director, and to amend the Act if an appointment has already been made and if the post has been created under the Act which was incorporated, an Working Director who was not included in the approved cadre for the Coconut Cultivation Board has been appointed by the letter dated 12 October 2022 and a separate vehicle with a driver had been provided and 115 liters of fuel per month and Rs.60,650 monthly allowance had also been paid.

Public Enterprises Department should be followed.

Cultivation Board. According to the Act, the Minister has the power to make appointment and removal for these two position October 2022 to August 2024, the officer had been paid Rs.1,216,090 monthly allowance, a total of Rs.834,295 fuel allowance, Rs.436,829 of traveling expenses to the driver assigned to him and Rs.494,556 overtime expenses also.

07. Any of the coconut varieties i.e. CRIC 65 (Green), CRIC 65 (yellow), TSR, Kapruwana, Kapsuwaya, Kapsetha, and DT hybrid plants and king coconut plants introduced by

High quality seeds recommended by Coconut Research Institute should be obtained and seedlings should be

Since the Coconut Research Institute produces a very small amount of seed coconuts, those seed coconuts have not been received in the years 2021,

Due to the shortage of high-quality seedlings certified jointly by the Coconut Research Institute and the Coconut Cultivation Board, the

the Coconut Research Institute in the years 2020, 2021 and 2022 at 12 model coconut gardens owned by the board had not been planted and the PP2 plants, which were not recommended by the Coconut Research Institute had been planted as 86,499 in the year 2021, and 195,703 in the year 2022 in the coconut gardens of the board.

prepared.

2022 for nursery in the model coconut gardens. cultivation of these seedlings has not been successful up to now.

08. Although the Board 2022 was using 17 vehicles worth Rs.30,202,375 belonging to the Ministry of Plantations, Ministry of Sports, Coconut Development Authority, Ministry of Finance and the Secondary Agriculture Project, action had not been taken to take over those vehicle to the board until the end of the year under review and repair costs of Rs.3,207,905 had been incurred for 7 vehicles out of which in the year under review. The 4 vehicles out of these were not in running condition.

The vehicles used by the board should be taken over formally.

The 09 vehicles have been taken over in the name of the Ministry of Plantation Industry after searching for the documents of these vehicles.

The formal takeover of the vehicles used by the board has not been completed.

3.43 Coconut Development Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,872,467,192	407,846,380	1,464,620,812	(18,945,738)	Qualified
2022	2,163,687,015	263,909,505	1,899,777,510	98,651,996	Qualified
2023	2,087,672,307	356,348,737	1,731,323,570	170,788,322	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	It was observed that the incurring the expenditure of Rs.75,600 for the creation of a newspaper advertisement to congratulate for the two years of the President's term and the payment of Rs.8,181,000 for printing 150,000 copies of the book 'Apeksha Kapruka' printed by the Line State Ministry was contrary to the objectives of the Authority.	2021	Expenditures that do not conform to the objectives of the Authority should not be incurred. The expenses of the Cabinet Ministry should be made from the funds allocated to that Ministry.	The Cabinet Ministry has printed 150,000 copies of the book "Apeksha Kapruka" to educate the people related to coconut cultivation and coconut industry.	Corrective action had not been taken regarding the expenses incurred by this institution for the work done by the Line Ministry and the expenses incurred on "greetings".
02.	Despite provisions were not available for adding a part for	2021	This task should be completed. If	Further actions are underway to incorporate it in	An amount of Rs.300,000 has been paid to the

the Chairman in front of the Narahenpita Head Office of the Authority and to construction outlet in the office maintained in Colombo Fort, Rs.300,000 out of the consultancy fee of Rs.1,200,000 to prepare a plan related to that was paid to a private consulting company as the first installment and the related construction could not be carried out due to the non-approval of the Treasury for the project

this is not possible, the cost should be recovered from those who responsible.

the Action Plan for the year 2023 and continue as a special investment project using the internal earnings or internal savings of the Authority with the help of the private sector.

consulting company for carrying out the preliminary works related to the construction and the construction work has not been carried out till date. The money spent has not been recovered.

03. Although Rs.9,344,832 had been paid to the Sri Lanka Television Corporation in 2014 for the program to promote coconut products among consumers, it was a controversial fact that the amount of Rs.7,060,032 to be recovered due to non-completion of advertising could not be recovered until the end of the year under review and the progress of investigations
- 2021
- The progress of the investigations carried out should be reviewed and necessary action should be taken.
- Further actions are underway to recover this amount.
- Although the discussions with the Sri Lanka Rupavahini Corporation to broadcast advertisements related to the arrears of packed coconut milk promotion program carried out by the Coconut Development Authority with the Sri Lanka Rupavahini Corporation in the year 2014 was made, the Coconut Development

carried out in 2016 by the Commission to Investigate Allegations of Bribery or Corruption and the President's Investigation Unit that there was financial irregularities in the implementation of this advertising project had not been reviewed. Although Rs.2,280,000 out of Rs.2,284,800 spent was on producing 06 promos, that amount was also an idle expenditure as the promos were not broadcast.

Authority has been unable to use this airtime until 11.09.2024.

04. Total fee of 2022 Rs.7,207,517 including Rs.5,814,594 for cut coconut test fees and water sample testing fees from 2019 to 2022, Rs.211,938 for coir substrate testing and Rs.1,180,985 for produced coconut milk testing from 2020 to 2022 from coconut millers registered in the Authority had not been recovered by the end of the year under review.	These balances should be recovered without delay and action should be taken to recover the money before providing services.	Some of these arrears have been paid as direct deposits. Letters have been sent to industrialists for assistance in identifying them. Due to low performance of some industrialists in this year, the recovery of arrears has been delayed.	The method of recovery of money before providing the service was followed from the year 2023 and there was an unidentified and recoverable balance of Rs.4,732,271 by 16 October 2024 as Rs.685,118 for 2023 and Rs.4,047,153 for 2024.

05. Dunkannawa Coir 2022 Development and Training Centre had been established in 2006 as a training center for industrialists, new entrepreneurs, student community etc. regarding the necessary knowledge and the machinery and production methods used for the development of the coir industry, this was aimed at becoming a pioneer in introducing quality coir products by providing new knowledge and technology to the coir production sector. However (in accordance with the letter No.CDA/PD/FM/20 20/Program-003 dated 26 August 2020 of the Director - Processing Development Acting) the activities of the factory related to coir development were stopped from 01 September 2020 for the purpose of leasing to an external party. According to the positional audit conducted on 02 June 2023, Out of its
- The activities of the Dunkannawa Training Center should be commenced or the activities of the training center should be activated by implementing any other suitable program.
- Approval has been obtained to resume the repair work by allocating Rs.2.48 million for the operation of the coir mill at a minimum cost in the Action Plan for the year 2022.
- None of the machines of the coir Development Training Center have been repaired and the Development Training Center is still inactive.

18 machines, 14 were inactive and the machines with working condition also had to be repaired and therefore the work of the training center had not been resumed or the coir factory had not been leased out to an outside party.

06. According to Section 33 (4) of the Coconut Development Act No. 46 of 1971, although orders should be made regarding all matters necessary for the imposition, collection, implementation and payment of CESS tax on coconut, the authority had not prepared any order in this regard. However, accounts had been maintained in the name of the exporting mill owners using CESS income to the mill development fund until year 2007 and using an amount of 20 cents per every exported 1 kg received from treasury grants for the subsequent years
- 2023
- The Authority should formulate orders on the activities of CESS tax to be collected and execute those orders upon the proper approval.
- Rs.2,471,259 has been released from the security deposit of the mill owners in the year 2023. The balances in the remaining deposit account will be released on the request of the active desiccated mill for approved activities.
- The Authority had not made any order regarding all matters required for imposition, recovery, implementation and payment of CESS on coconuts.

and, there was a balance of Rs.44,000,497 in 58 accounts at the end of the year. An amount of Rs.11,814,955 had been repaid to the respective mill owners from those accounts from the year 2019 to the year 2023.

07. In terms of Section 2023 51 of the Coconut Development Act No. 46 of 1971 as amended by Act No.24 of 1975 and paragraph 3 of the Schedule I in the Extraordinary Gazette No. 69/4 dated 31 December 1979, although the authority should prescribe and maintain the quality standards of the exported coconut products even though the coconut-related products (excluding desiccated coconut) of 172,685 metric tons worth U.S. \$ 277,510 had been exported in the year 2023.
- The authority should formulate, maintain and monitor the quality standards of the exported coconut products.
- In the face of rapidly evolving technological methods and knowledge, it was accepted that the quality of a product is determined by the certification of the respective systems. In here, not the products but the relevant production system is certified. Through this system certification, as all situations that may harm the quality of the product will be prevented or controlled in the production process, the quality of the entire product is protected.
- Although the Authority is required to impose and maintain the quality standards of coconut products exported, it had not been act accordingly.

08.	The activities of the Coconut Oil Price Stabilization Fund, which was started with the objective of "controlling the price by purchasing coconut products in bulk and releasing them to the market according to the up and down of prices", had not taken any action to achieve the objectives for about 37 years.	2023	Immediate action should be taken to fulfil the objectives of the fund.	The funds available in this fund have been used in two loan schemes to provide financial facilities to the industrialists for the promotion of coconut industry. Such investments have been made until the loan is released as required.	The fund has not been used directly to control the price of coconut oil.
09.	Although 25 of 5-star certificates given by the Authority to confirmed that there is no aflatoxin in the coconut oil products of the coconut oil producers, that it is produced naturally without adding any chemicals and that the entire production process is carried out with standards have been obtained by 11 coconut-related production companies in 2022, the companies which had obtained 7 5-star certificates in 2022 had obtained only 3 5-star certificates in 2023. Accordingly, it was observed that the interest of high quality coconut oil	2023	The authority should provide financial support, knowledge and other facilities to the coconut oil producers to reduce their production costs to provide quality products to customers at affordable prices.	Due to the economic crisis in the years 2022-2023, the consumers purchased only cheap coconut oil products in the market, and therefore the industrialists have temporarily suspended the production of coconut oil with five star logo and have been tended to produce coconut oil without five stars. In such a situation, the testing of coconut oil samples has been temporarily suspended.	The Authority had not taken formal actions to control the prices of the products as the consumer does not purchase five star products at a higher price.

producers to improve the quality of their products is decreasing.

10. Although the 2023 authority planned to carry out the activities by the business service center established using the 1,162 square feet ground floor of the authority with 5 units including a call center unit to solve customer problems over the phone, a customer care unit to identify foreign customers by introducing diamond, platinum, gold and silver membership cards to provide better service to customers, a marketing intelligence unit to provide domestic and international coconut-related data to consumers by the authority, an information technology unit to provide information and collect information in quality assurance, processing development and marketing divisions and planning unit to
- Plans should be prepared only after a proper feasibility study and those plans should be implemented effectively.
- It was further expected by this to provide the services of The Coconut Development Authority to the industrialists and exporters of coconut related products as a prompt service and to provide a special brand name for coconut related products in Sri Lanka in the international market. However, on the current situation, there is a lack of access to this center and obtaining the services due to the tendency of many industrialists to get their services through online methods.
- Although the arrangements to install this business service center on the ground floor of the Colombo Fort office building of the Coconut Development Authority has been made in order to facilitate easy access to customers receiving and interested in receiving services from the Coconut Development Authority and to avoid unnecessary delays, any work has not been done.

plan all the activities
of this center, none
of the above work
had been done in the
year under review.

3.44 Sri Lanka State Plantation Corporation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	6,288,814,458	2,521,969,686	3,766,844,772	(231,197,596)	Adverse
2022	6,654,762,290	2,841,234,612	3,813,527,678	19,671,760	Qualified
2023	6,737,098,854	2,955,759,630	3,781,339,224	(92,673,903)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	As of 31 st December of the year under review, out of the trade and other payable balance of Rs.442,622,983, the credit balances of Rs.228,561,009 owed to 05 government institutions over 10 years had not been settled so far.	2023	Immediate actions should be taken to settle the long term payable balances and interest immediately.	A request has been made through the letter dated 16.05.2024 to settle the case in the Colombo Commercial High Court regarding the amount to be paid to Lanka Mineral Sand Company. Lanka Fertilizer Company has been asked whether the company agree to take over a fixed asset owned by our corporation for the amount due on 31.12.2023 and if not, we have made a request to write off the debt by our letter dated	This issue has not been resolved so far.

10.06.2024. A request has been made to the State Resource Management Corporation, Chillaw Plantation Company and Janatha Estate Development Board to cut off the amount paid.

02.	As on 31st December 2023, the overdraft bank balance of People's Bank was Rs. 135.391 million and overdraft interest for the year under review was Rs. 36.729 million. Out of the Rs. 100 million loan obtained in the year 2020, only Rs. 20.69 million had been repaid by the end of the year under review and the interest for the year under review was Rs. 18.60 million and the interest payable was Rs. 20.054 million.	Immediate actions should be taken to settle the long term payable balances and interest immediately.	The loan amount of Rs.100 million taken from the People's Bank in the year 2020, Rs.79.31 million remained to be paid as on 31.12.2023 and the bank overdraft on that date was Rs.135.39 million and the related interest payable was converted into a long term loan after negotiating with the bank for a five years in February 2024 and by now we have paid the installments related to this loan properly.	This payable loan, including overdraft and interest, was converted into a 5-year long-term loan of Rs.237 million in February 2024 and Rs.35.08 million was paid as installments (interest and premium).
03.	According to section 15 and 16 of the Employee Provident Fund Act No. 15 of 1958 and sections 16 (i) and 27 of part II of	The problem of current contributions and arrears contributions should be	Due to the severe financial difficulties of the corporation since a long time, the amount related to	21.3 million rupees is received monthly from the Treasury for settlement of

Employee's Trust Fund Act No.46 of 1980

from the year 2000 to the year 2023, Rs.689,241,182 employees' provident fund contributions, Rs.49,732,429 employees' trust funds and in addition Rs.73,313,020 for the Estate Staff Provident Fund and an amount of Rs.18,160,269 to the Ceylon Planters' Provident Society on the last date of the year under review payment had not been made. As on 31st December 2023, the surcharge value of estate sector to be paid for employees' provident fund and employees' trust funds was Rs.78,378,572 and Rs.9,295,631 respectively.

resolved promptly.

the judgments for arrears of the contributions statutory to be paid to the payments and provident funds installments are such as being paid for Employees' cases related to Provident Fund, statutory Ceylon Planters' payments from Provident Fund, that money. Estate Staff Provident Fund and Employees' Trust Fund is being paid.

04. According to section 2023 (5) (1) of Part 02 of the Payment of Gratuity Act No. 12 of 1983 although gratuity payments should be made within 30 days from the date of retirement or death of an employee, the corporation should have paid the gratuity value of
- In accordance with the Payment of Gratuity Act No. 12 of 1983, efforts should be made to avoid uneconomic expenses by settling the gratuity obligations
- Due to the severe financial difficulties in the corporation since a long time, it has been unable to pay the employee gratuity money properly and has to pay a huge surcharge. Cabinet approval has now been received to
- Through the General Treasury Rs. 1,445.5 million has been approved by the cabinet but the money has not been received till now. The amount of gratuity payable in respect of 4,941 employees has

Rs.629,252,704 and surcharges of Rs.25,843,582 as on 31st December 2023 including the previous years and the reviewed year. Due to the non-payment of the above funds, the corporation had to pay legal fees of Rs.1,933,000 for the year ending 31st December 2023.

properly.

complete the payment of these arrears of contributions.

05. Paragraph 2 (a) of 2023 Asset Management Circular No. 01/2018 dated 19 March 2018 and Paragraph 02 of State Finance Circular No. 02/2015 dated 10 July 2015 Out of the 122 vehicles owned by the corporation, there were 75 vehicles that were not in running condition and there were 57 vehicles that could not be repaired and used, but no action had been taken to dispose of those vehicles and 18 vehicles that could be repaired and used had not been repaired.
- According to circular provisions, arrangements should be made to dispose of unusable vehicles and repairable vehicles should be put to use after proper repair.
- According to the report of the survey board, out of the 75 vehicles that are not in running condition, 12 of the 25 vehicles that are in a repairable and unusable condition have had their registrations cancelled. Out of the remaining 50 vehicles whose registration has not been cancelled, 18 vehicles that can be repaired and used will be systematically repaired based on the current financial situation of our company.
- Out of the 75 vehicles that were not in running condition, one vehicle has been repaired and taken to use, while 03 survey boards have been appointed to investigate the other 74 vehicles.
06. Currently, there are 09 2023 tea factories in the corporation, but only 03 factories are doing production, 05
- The factories which have been closed down should be put to use in
- The 05 factories which have been inactive for a long time with ancient machinery cannot
- The machinery of the factories which have been closed for a long time are being

factories have been closed for a long time and one tea factory has been closed since October 2022 for maintenance work. Also, although the Knuckles bungalow in Goomara Estate, which is not in use, was in the middle of several sightseeing spots, the corporation had not repaired the bungalow and put it into use.

a beneficial way to earn income on formal approval.

produce quality tea to suit the market today. So it has been closed for a long time. Although preliminary work is being done to remove and repair the furnace part of the tea drying machine of the Rangala Tea Factory, the Board of Directors has decided to postpone the purchase of these machines due to the financial situation of the Sri Lanka State Plantation Corporation last year.

listed and assessment work is being done and repair work has started in the Rangala factory.

07. 280 estates owned by the corporation were assigned to 20 regional estate companies on long term lease basis of 53 years and in the financial statements it was shown as investment property of Rs. 1,611,520,641 but the annual income from those invested assets was sent to the Treasury as per the agreements, the corporation had lost income.

The income of the investment property of the corporation should be properly accounted for in the financial statements and should also be arranged to earn income in accordance with the agreements.

As per a condition of the agreement, the rent money is given to the Treasury through the Ministry of Plantation Industries, so the money is not credited to this account. Attention has been drawn again to the issue of income from a property owned by the corporation not being included in a corporation

The tax money will be sent to the Treasury through the Ministry of Plantations.

account.

08. In the year 2023, the tea harvest of all the estates belonging to the corporation had decreased in the range of 07 percent to 41 percent compared to the year 2022 and the total tea harvest of the State Plantation Corporation in the year 2023 was 5,089,282 Kg, which is a decrease of about 24 percent compared to the year 2022. Also, although it was estimated to harvest 9,170,548 Kg of tea in the year 2023, only 55 percent of the target was achieved. A harvest of 940,151 Kg of tea was expected from the area given to out growers, but only 364,597 Kg of tea was actually obtained. It is a 61 percent decrease compared to the expected tea harvest. In 13 of the 14 estates owned by the corporation, compared to the year 2022, the production cost of one kilogram of tea had increased from 03 percent to 444 percent in the year 2023.
- Necessary measures should be taken to increase the yield and quality of tea at a minimum cost of production.
- In the year 2021, due to the inadequate fertilization of the income-generating tea estates, there was a higher leaf yield in the year 2022 compared to the year 2023. But due to this situation, in the year 2023, the amount of manure required for the leaf harvesting fields is limited to approximately 20 percent; the tea yield of all plantations has depreciated from 7 percent to 41 percent. The location of the plantations and the pattern of monsoon rains and the prosperity of the plantations have been particularly influencing factors for the devaluation of the leaf yield.
- Action taken to reduce production costs and increase tea yield and quality were not observed.

09. 8 out of 16 estates 2023 owned by the Corporation were in a loss state in the year under review and Goomara and Kallebokka estates made a profit of Rs.8,974,150 and Rs.31,396,561 respectively in the year 2022, but had a loss of Rs.46,723,873 and Rs.16,805,293 in the year 2023. The employee cost of the corporation was more than 50 percent compared to the total cost, while the employee cost of HarePark Estate was 98 percent of its total cost and 112 percent compared to its cost of sales. It was observed during the audit that the cost of employees in Hunnasgiriya, Rangala, Hagala and Woodside estates was more than 80 percent of the total cost of those estates, which directly affected the loss of the estates.
- Necessary measures should be taken to increase the yield and quality of tea at a minimum cost of production.
- The loss has increased including the capital expenditure for modernization of the Goomara tea factory. Kotaganga and Viharagala estates are the least fertile estates owned by the corporation, and due to the decrease in the quality of green leaves for tea production, the selling price (NSA) of 2023 has decreased compared to 2022. Accordingly, the loss in the year 2023 is higher than in the year 2022.
- Goomara and Kalabokka earned Rs.28,683,547 and Rs.34,964,561 respectively by August 2024.
10. Although the annual 2023 finished tea production capacity of Kallebokka, Midland, Rangala and Goomara tea factories are 706,452, 549,462, 549,462 and 423,871
- Efforts should be made to increase the capacity utilization by increasing the yield of tea
- There was bad weather in 2023 and after the ban on chemical fertilizers in 2022, due to the rapid increase in the price of fertilizers;
- Actions have not been taken to increase the yield of tea leaves and the capacity

Kilograms respectively, the underutilization of the Kallebokka tea factory capacity remained at a level of more than 43 percent from the year 2017 to the year 2023 and in the year 2023 it was 94 percent deficient. The Rangala and Midland factories were also under capacity by more than 73 percent.

leaves.

the amount of utilization. green leaves received by the factories has decreased significantly.

11.	The total area of the estates owned by the corporation was 147,559 hectares and the land released for other institutions and under the control of the corporation was only 141,900 hectares, as no evidence was presented regarding 5,659 hectares of land, so the audit could not confirm the existence of those lands.	2023	A land register should be maintained by entering the information of the land owned by the corporation.	A large number of estates have been acquired by the corporation by acquiring them from the government under the Land Reforms Act and then vesting them in the corporation through the Gazette. The Corporation does not have a land register containing the existing land information.	A register of land owned by the corporation has not been prepared till now.
12.	As per paragraph 3.2 of the Guideline for Public Enterprises No. 01/2021 dated 16 th November 2021, the corporation had not approved the scheme of recruitment procedure except for primary positions as of	2023	Arrangements should be made to get the recruitment and promotion procedures approved promptly.	The scheme of recruitment procedure prepared for the corporation has been sent by the line ministry to the Department of Management Services in March	Recruitment and promotion procedures have not been approved so far.

31st December 2023.

2021 for approval.
It has been revised
and forwarded to
the Department of
Management
Services by the
line ministry in
January 2022 and
May 2023 and it
has been informed
that the posts will
be approved in
categories and
given to our
corporation.

3.45 Development Lottery Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	3,405,627,719	1,771,423,469	1,634,204,250	2,870,088,373	Qualified
2022	3,610,533,182	1,931,966,403	1,678,566,779	3,210,687,041	Qualified
2023	5,465,675,603	2,364,269,837	3,101,405,767	3,622,506,725	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Rs.1,336,676, Rs.246,918 and Rs.145,290 totalling Rs.1,728,884 had been included respectively in the work-in-progress account of the year 2018 for remodelling the dining room, storage room and wall which are currently in use, Even by the end of 2021, those items had not been capitalized and depreciated.	2021	Actions should be taken to recognize as completed assets.	This money has been spent for the preliminary work of the planned construction. But in several cases, although the necessary documents were made to carry out the construction, it could not be done due to various reasons. However, an allocation of money was also made in this year's budget to complete this ongoing work. But as mentioned in circular 03/2022 issued by the National Budget Department, non-essential	Recommendations have not been implemented.

constructions have been temporarily suspended.

Accordingly, it is not possible to carry out these constructions in this year as well and the related constructions will be carried out after the relaxation of the above circular.

02.	The Board had unilaterally breached the agreement entered into to acquire the premises at 234, Vauxhall Street on a rent basis from October 2006. Due to this, the board had failed to collect Rs.5, 700,000 which is the sum of Rs.723, 780 paid as deposit and Rs.4, 976,220 which is a part of the rent paid for those years for 16 years.	2021	Actions should be taken to recover the relevant money.	The Finance Ministry had appointed a committee to look into this matter and had given instructions to implement their recommendations.	Actions should be taken to recover the relevant money.
03.	The judgment of the case filed 23 years ago, demanding to collect the building rent deposit amounting to Rs.2,520,000 as per the Lease agreement made with a person in Ward Place in the year 1990, had been received on 11	2021	Actions should be taken to recover the relevant money.	Since the direct stakeholder has died to, his son and wife have been substituted this case and the Attorney General's Department has sent a letter of demand to them to pay this amount.	Actions should be taken to recover the relevant money.

January 2016,
Although almost 06
years had passed
since the case was
announced to recover
the relevant amount,
the board had failed
to recover the amount
even by the end of
2021.

04.	The Board had spent Rs.38,752,448 for the construction of a studio in 2012. By the end of the year 2021, the construction of a studio remained inactive without fulfilling its expected objectives.	2021	Cost estimates should be prepared to meet the expected objectives.	A report was obtained from the Rupavahini Corporation to carry out a cost benefit analysis to ascertain whether further large costs would be incurred to achieve that objective through the currently established studio. The observations mentioned in the report were presented to the Board of Directors on 29.01.2021 and the constructed studio is being maintained as an auditorium.	The studio is used as an auditorium as it does not have full facilities to record TV lottery draw programs.
05.	From the beginning of the Development Lottery Board, a code of procedure had not been prepared in relation to administrative and operational activities and a qualified	2021	The Board shall prepare and approve the necessary regulations as per the Act.	The Board has decided that this Code of Procedure has been prepared not in accordance with the existing system and has suspended the payment to the	Recommendations have not been implemented.

person had been appointed for that purpose in the year 2016. The concerned party had studied the existing rules and regulations and had prepared the relevant work procedure code and handed it over to the Development Lottery Board on 14 October 2019. It was agreed to pay Rs. 4,500,000 to the concerned party for this work, of which Rs. 1,700,000 had been paid so far. Although he had submitted the procedure code in two parts to the board, the payment of the remaining amount had been suspended on the grounds that the work procedure code was prepared in a way that was not in accordance with the existing system of the board. And for this purpose, the board had informed the party that prepared it to suspend the work of preparing the rules for "lottery and draw activities, internal control and audit activities" mentioned in the agreement signed for this

concerned party.

purpose. Accordingly, the relevant work had not been completed till now and it was observed that the amount spent for it was not a economical transaction.

06.	The concept of e-tickets was used as a solution to the difficulty of physically selling tickets during periods of corona pandemic. But in the year 2021, out of the total amount of lottery tickets sold by each lottery, Sale of E lottery tickets was only 0.2 percent of total Sasiri lottery tickets sale, 0.2 percent of total Lagna Vasana lottery sale, 0.3 percent of total Super bowl lottery sale, and 0.2 percent of total Shanida Vasana lottery sale.	2021	Actions should be taken to introduce E Lottery tickets in the market and increase sales.	To familiarize our target customers with this App, we should go to them and insert the app directly into their mobile phones. For that, The pandemic situation in the country was a threat. Therefore, there was a practical problem of further popularizing this application among the masses.	Recommendations have not been implemented.
07.	According to the Department of Public Finance Circular No. 08/2019 dated 17 December 2019, public institutions including public corporations should register under the electronic public procurement system (e-GP) introduced under the website	2022	Actions should be taken to act as per the relevant circular provision.	Currently, this institution has applied for registration for e-Government Procurement System (e-GP). After the registration, this organization can follow the e-procurement system.	Actions should be taken to act as per the relevant circular provision.

www.promise.lk. But the Development Lottery Board which had not been registered with e-GP and accordingly the procurement activities had not been carried out under the e-GP

08. The board had paid a total of Rs.15,168,369 comprising of Rs.14,923,369 as the value of the cab and legal interest and Rs.245,000 as the litigation fees for a cab that had been taken by a former chairman from a private company. The case instituted by the Board in this regard was not completed until the end of 2022 and the board had paid Rs.1,674,185 to the lawyers who represented it in this regard. Accordingly, the total cost incurred by the board in relation to this incident until the end of 2022 was Rs. 16,842,554.
- 2022 Actions should be taken to recover the financial loss caused to the Board from the concerned parties through legal proceedings.
- A WP-PB 6024 cab bought for the board was taken by a former chairman and the board had to pay Rs.15,168,367 to the company due to the fact that the board did not pay the money to the company that bought the vehicle. As a result, the board has incurred a loss of Rs.1,674,185 as the value of the cab, legal interest, lawyers' fees incurred by the concerned institution and the board's lawyers' fees. The necessary legal measures to recover this amount have been taken under the guidance of the Attorney General's Department and
- Court action has been taken in this regard and the relevant case has been adjourned till 20 May 2025.

the first court date related to this case was held on 06 May 2022 and the second court date was held on 07 April 2023.

09.	Although according to Sri Lanka Accounting Standard No. 2, the stock should be shown in the financial statements at the lower of cost or net realizable value, a stock of 2883 instant lottery tickets with no net realizable value, which was not physically available in the warehouse, on 31 December 2023 was included in the closing stock value at the purchase cost. Thus the retained earnings reserve and the closing stock value of instant lottery tickets had been overstated by that amount.	2023	Actions should be taken to proceed in compliance with Sri Lankan Accounting Standards.	Purchase of Lottery tickets had been valued to the cost as lottery tickets have virtually no net realizable value.	Recommendations have not been implemented.
10. Development Lotteries Board Act No. 20 of 1997					
i.	Section 17(5) Although the money received from the sale of goods purchased for prizes that have not been claimed by the	2023	Actions should be taken to proceed as per the Development Lotteries Board Act.	In the Board of Directors meeting held on 31 May 2022, it was approved to use the 03 motorcycles purchased as prizes of the Super Bowl and	Actions had not been taken to proceed as per the Development Lotteries Board Act.

prize winners and expired within 06 months should be credited to the Fund first and then to the President's Fund, three motorcycles with a total value of Rs.779,750 purchased to be given as prizes in the year 2018 and 2020 were sold and although approval was given at the board meeting held on 31 May 31, 2022 to implement the Act, the related activities have not been carried out till now.

Kootipathi Sanida lottery tickets in the years 2018 and 2020 and forward the money to the President's Fund.

Accordingly, a committee has been appointed to formally revalue these 03 motorcycles and after the valuation, they will be subjected to a formal disposal process within the next 02 months and necessary arrangements will be made to transfer the funds to the President's Fund.

ii. Section 19 (1) and 19 (2)

Although the Board should have prepared rules regarding all the matters declared or authorized by this Act, it had not done so.

2023

Actions should be taken to proceed as per the Development Lotteries Board Act.

The document containing the currently drafted rules has been forwarded to the Board of Directors and the rules related to the computer system have been confirmed by the computer department of the University of Colombo and the revised draft will be proposed to forward to the Board of Directors in the future by including the matters to be included regarding the work of various divisions of the board.

Actions had not been taken to proceed as per the Development Lotteries Board Act.

11.	A detailed procurement plan for the year 2023 had not been prepared as per Section 4.2.1 of the Procurement Guidelines of the Democratic Socialist Republic of Sri Lanka.	2023	Actions should be taken to proceed as per the provisions of the procurement guidelines.	A detailed procurement plan had not been prepared as the phases related to each procurement item were constantly revised.	Recommendations have not been implemented.
12.	According to paragraph 2.3 of the circular No. PED/1/2015 dated 25 May 2015 of the Department of Public Enterprises, official vehicles were provided for five officers who did not have official vehicle rights, and for that, a total of Rs.2,913,410 had been incurred as fuel expenses in the year 2023.	2023	Actions should be taken to proceed as per the provisions of the circular.	A paper of board of Director was referred to the meeting of Board of Director held on 20 May 2024 to obtain the approval required to provide transport facilities to the Assistant General Managers by following a similar method to that of the National Lottery Board in order to act in accordance with the letter referred by the Department of Public Enterprises dated 09 July 2023. Accordingly, the Board of Directors paper prepared according to the instructions given by the Department of Public Enterprises was approved and the new system will be implemented from June 2024.	Recommendations have not been implemented.
13.	As per Department of Public Enterprises Circular No. 04/2016 dated 30 May 2016, a	2023	. Actions should be taken to proceed as per	Due to the shortage of cars in the board, 03 cars have been acquired	Recommendations have not been implemented.

car obtained by the Board under the operating lease system had been given to an officer who did not possess a right to have an official vehicle Rs.2,028,000 had been paid as operating lease rent for that car in the year 2023.

the provisions of the circular

under the operating lease system. Out of those cars, 02 cars have been assigned to the General Manager and a Deputy General Manager.

14.	According to section 17 (5) of the Development Lottery Board Act No. 20 of 1997, due to the reason of an inability to find the person who is entitled to that prize in that lottery after the expiry of a period of 06 months counted from the date on which the prize winners of a development lottery were determined, any prize that has not been awarded in that lottery should be possessed by the government and then credited to the President's Fund, but a total of Rs.11,000 had been paid for 27 lottery tickets of 05 types that had expired after 06 months belonging to an Assistant General Manager of the	2023	The internal control system should be strengthened to ensure that prize money is not paid for lottery tickets that are more than 6 months old from the date of draw. Further actions should be taken in accordance with the Development Lottery Board Act.	Internal control systems have been strengthened so that future payments of this nature cannot be made without the special approval of the Chairman/Board of Directors.	Recommendations have not been implemented.

Development Lottery Board. Also, the lottery management system of the board rejected as canceled lotteries when scanning the said lotteries that exceeded the validity period of 06 months from the date of drawing, but the computer system had been changed to enable payments for these 27 lottery tickets.

15.	As the lottery operation and management process in the Development Lottery Board is done through an external service provider, the work for the creation and installation of a lottery management software system, the selection of a suitable supplier for staff training and the preparation of the necessary bid documents had started in July 2020 and the work was not finished even by the end of year 2023. Due to this, Rs. 73,221,351 had paid from the year 2020 to the end of 2023, with an increase of 68	2023	Since over 03 years have lapsed for the process of selecting a supplier to design and install a lottery management software system and training staff, it should be done promptly	The Board of Directors had decided in 2020 to revise the scope of the procurement made in 2019 and called for bids again in order to establish a lottery management software system for the board. Accordingly, this scope consisted of the creation of a lottery management software system (with source cord) so that the board would have full ownership of this institution and the day-to-day operation process would be carried	Recommendations have not been implemented.

percent in monthly service fees, by extending the service contract period and choosing a software service provider company outside of the competitive tender process for obtaining lottery operation and management software services.

out jointly with the board's staff after the installation of the software system by the supplier selected for the purpose. Accordingly, the scope of the software system was determined as the board's staff would understand all its processes while working together with the officers of the service organization.

However, since the establishment of the lottery management software system and its use for operations is a task that should be carried out by suitably qualified IT professionals, I would like to inform you that further work will be carried out in this regard as described above.

16.	According to the agreement between the Development Lotteries Board and the Software Service Supply Company on 18 August 2009,	2023	Actions should be taken as per the agreement made with the software service provider.	It is meant to deal with this in the future. Since the preliminary work has already been done to select a new IT system in	Recommendations have not been implemented.

although the Board had been authorized to conduct a system audit related to the services provided by the software service supply company, the board had not acted accordingly.

the procurement process to replace the IT system that is currently being acquired and operated by the LMS, it is proposed to take decisions on this matter in the future considering the huge costs incurred for the audit of the IT system.

17.	The Development Lottery Board had paid a total of Rs. 105,739,646 as incentives to the staff in the year 2023 without an incentive payment procedure approved by the Department of State Enterprise as per the Operational Code No. 01/2021 dated 16 November 2021.	2023	A proper procedure should be prepared for the payment of incentives and approval from the Department of Public Enterprises should be obtained.	The Board prepared a new system including the method of payment of incentive and presented a board paper to the 294th board meeting held on 20 May 2024 and the board of directors approved it and necessary actions will be taken in the future to get the approval of the Department of Public Enterprises.	Recommendations have not been implemented.
18.	Although it is appropriate to include the necessary criteria for the evaluation of factors such as the nature of work, experience and performance of each staff member and	2023	An incentive system should be established by including the necessary criteria to evaluate the work performance of	A board paper has been submitted to the board of directors regarding the method of payment of incentives for the 294th board meeting held on	Recommendations have not been implemented.

prepare an incentive payment system, the incentive payments had been made to the staff based only on the basis of having to work for 18 government working days per month.

the staff members.

20 May 2024 and actions will be taken accordingly in the future.

19. A preliminary investigation had been conducted in the year 2023 regarding the non-recovery of the amount of Rs.2,673,875 due to the board for 2945 instant lottery ticket books which were considered missing in the year 2020 and in accordance with section 13.2 of Chapter XLVIII, Volume II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, an investigation should be completed within two months and if additional time is required, the time should be extended by presenting sufficient acceptable reasons. However it had taken more than 30 months to complete the
- 2023 Necessary legal actions should be taken to recover the amount due.
- out of the 2945 instant lottery ticket books that have been misplaced, 2471 ticket books have not been found with any documents stating that they were requested by any party or issued to or received by any party. Also, as legal action has been taken to recover this money from the parties identified as due, it will be possible to recover a significant amount from the missing lottery tickets.
- Recommendations have not been implemented.

preliminary investigation and the investigation officer had not given sufficient acceptable reasons and extended the time for the delay. Further, the investigating officer had been selected without a specific method and although payments should be made according to the provisions of the Public

Administration

Circular No. 14/2014 dated 30 May 2014 regarding payments for preliminary investigations, the sum of Rs.683,971 had been paid in the year 2023 by erroneously using the maximum rates of the Public

Administration

Circular No. 18/2018 dated 31 July 2018.

Since out of 2945 ticket books which could be considered missing, since the Development Lottery Board did not have any written proof, that 2471 ticket books were requested by any party it had become impossible to

recover 83 percent of Rs.2,191,78.

20.	During the printing of the Kapruka lottery tickets drawn from 01 December to 10 December 2023, the sum of Rs. 470 million, which was the supiri Jayamalla, was erroneously printed as "Rs. 47000 lakhs-Sihina Jayamalla" in the drawing on the upper right corner of the face of the lottery ticket. Draft Art Forms (Art Work) and Prints 4,392,010 lottery tickets with printing errors had been released to the market due to the weaknesses in the internal control system installed by the board to check the lottery ticket samples and the failure of the marketing department officials and the quality inspection board officials appointed to identify the printing errors. Also, the board had to incur an amount of Rs.22, 873 for publishing newspaper advertisements to inform the customer about this typographical error	2023	Disciplinary action should be taken against the officials appointed to identify the printed lottery tickets with errors before they are released to the market for failure to perform their duties properly.	For this purpose, a correction was made on 06 December 2023 by educating the consumers through several newspaper advertisements. The internal control system has been strengthened to avoid this type of omission in the future.	Recommendations have not been implemented.

and how it should be corrected.

21.	Supiri Dhana Sampatha Lottery draw is done in a room outside the studio of the Rupavahini Corporation using a computer software. The mixing and randomly selecting of winning balls is done using a game animation software and a video is created and telecasted. The board had paid an amount of Rs.3,350, 000 in 2023 to a private company selected to create this video animation software. Further it had contracted to pay Rs.1,860, 000 annually for the provision of services from the year 2024 at the rate of Rs.5, 000 per day. The lottery draw process has been done using a draw machine since 02 May 2024.	2023	Actions should be taken to telecast the actual draws to instill customer confidence. Action should be taken to telecast the draw in actual form.	As it takes about 06 months to buy a new machine for the Supiri Dhana Sampatha lottery drawing process and with the aim of generating the expected income in the year 2023, the focus was on selecting the winning numbers through digital technology. The entire draw process takes place through 03 developed software and the software for generating the winning numbers has been prepared with a full audit. And a video animation similar to the actual form of the lottery machine has been given to the customer with an image similar to the actual image of a lottery machine, thus maintaining customer attraction. This has been done so that even after purchasing the	The drawing will be carried out by machine From 02 May 2024.

new machine, the lottery drawing process can be maintained in the same format so that it does not change. Otherwise, it was observed that if the lottery draw process takes place in one method at the initial time when the lottery ticket is introduced and in another method after purchasing a lottery machine, it may affect the customer's confidence.

22.	The drawing of the Sasiri Lottery, which was introduced to the market in 2020 by the Development Lottery Board, is conducted in a room outside the studio of the Rupavahini Corporation and a video is created and telecast using video animation software without showing the actual drawing of the draw. Also, in relation to the software system used for this draw process, different types of errors namely 04 system errors, 04 system limitation	2023	Actions should be taken promptly to correct the 15 types of errors detected and telecasting the actual draw to instill customer confidence.	The errors mentioned here relate to items that are not required for conducting daily lotteries and are not currently used in the system and the limitations that will be affected when expanding the system. It is expected to complete the correction of those errors and expand the system in the second phase.	Recommendations have not been implemented.

errors, 03 structural weakness errors, 03 user interface errors and 01 control deficiency errors identified by a private audit firm in 2021 through a system audit, have not been corrected by the end of 2023

23. **The 49th winning draw of the Supiri Dhana Sampatha Lottery**

(i) Due to technical and control weaknesses in the Supiri Dhana Sampatha Lotteries 49th draw held on 27 December 2023, Official results were issued with a wrong number instead of correct 6 numbers and the English letter given by the computer software. And based on that wrong number, cash payments had been made to the winners.	2023	The internal control system should be strengthened so as not to breach the customer's trust and the board should take action to recover the loss incurred from the officials who issued the official results with a wrong number.	Due to some lapse in the lottery process a wrong number was declared as the official result instead of the correct number. Based on this result, the respective winners of the draw are eligible to claim their winning prize money from the day after the draw date. As per the usual practice, the payment has been made in relation to the file containing the winning information which is entered into the LMS system during the daily draw. However, after observing the	No formal disciplinary action had been taken against the officials who violated the customer's trust and no action had been taken to recover the loss incurred by the board.

related problem, according to the 289th board report held on 05 January 2024, it was observed that it is timely to make further payments to the winning data file for which payments have already been made. This was done because if the announced official result is declared to be incorrect, it would breach the consumer trust, which could have a major impact on the lottery industry.

Due to the fact that this type of incident has happened for the first time, a system had not been introduced to take necessary action. Therefore, the board of directors met immediately on 5 January 2024 to get the necessary advice and took the necessary decisions and steps.

However, internal control systems have been further

strengthened to prevent such problems from occurring again. And for this, actions have been taken to provide necessary human resource training.

- (ii) In the 289th 2023 Board of Directors meeting held on 05 January 2024, it was decided to pay for the correct 06 winning numbers and the English letter given by the lottery software in the 49th draw of Supiri Dhana Sampatha, Even though it was announced in a newspaper notice on 10 January 2024, the board's computer system had not been updated to enable the payments to be made till April 24.
- Actions should be taken to update the computer system on time and ensure the customer confidence.
- Since this is the first time that both the correct number and the published number have to be paid, it will take some reasonable time to make the necessary changes in the computer system to make it suitable for payment. Therefore, the board did not deliberately delay the payment to the correct number and it took a reasonable time as the board worked to adjust the system so that no party would be unfairly treated As the system has now been updated, it is possible to make relevant payments as well as receive prize money.
- The prize money was lost to the correct winners because the computer system was not been updated in time.

(iii) In the 49th Supiri Dhana Sampatha lottery a winning lottery ticket of Rs.2,500,000 matching all the correct 06 winning numbers given by the lottery software was sold but the board failed to correct this error in the drawing process. The customer who purchased had receive only Rs.2,000.	2023	Actions should be taken to create customer confidence.	After the release of the original result sheet of the Supiri Dhana Sampatha 49th draw and before the release of the results with the correct numbers, the above-mentioned Rs.2,000 ticket was presented to the district sales agent to get the prize money and necessary arrangements were made to get it reimbursed from the board. According to the winning data file with the correct numbers, although Rs. 2,500, 000 prize money had been claimed to that ticket as it was a ticket presented to the district sales agent and it is difficult to find the true winner, the board has considered it as a further payment of Rs.2, 000 based on the responsibility and accountability to lottery customers. However, with the aim of doing justice to all	. Recommendations have not been implemented.

parties, including the winner, under the responsibility and accountability mentioned above, on 10 January 2024, the public has been informed through newspapers in all three languages.

24.	It was planned to implement the Enterprise Resource Planning (ERP) project for the Development Lottery Board in the year 2019 upon the approval of the Board of Directors. Although the work of establishing an accounting software system as the first phase of this project had been included in the procurement plan every year from the year 2020, the procurement work had not been started until the end of the year .2023	2023	Actions should be taken to act in accordance with the procurement plan.	It was planned to establish an ERP system for the organization as mentioned in this paragraph. Accordingly, the need related to the overall operational process of the board has been determined and the process performed at each sector level has been studied and a report including its scope has also been prepared. Later, it was decided to establish an accounting software system as the first phase of this project and it had been handed over to the Arthur C Clark Center. But the said centre later refused to carry out the work.	Recommendations have not been implemented.

Therefore the management decided to call for competitive bids again to select a suitable supplier.

3.46 National Lotteries Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	8,651,301,582	2,620,059,722	6,031,241,859	960,349,617	Qualified
2022	9,231,683,150	3,010,035,640	6,221,647,509	1,085,769,648	Qualified
2023	10,278,152,465	3,943,441,389	6,334,711,076	650,877,152	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Even though passive lotteries of Rs. 166,615,583 had been sold on credit to 94 sales agents as at 31 December 2023 out of that, the bank guarantees of Rs.59,525,000 had been obtained only from 48 debtors. The lotteries had been sold on credit from 46 sales agents without obtaining the bank guarantees or other adequate security and Rs.85,406,299 had to be recovered from such sales agents at the end of 2023. Furthermore, a balance of Rs.7,341,195 more than 01 year and a balance of	2023	The security guarantees should be obtained covering the sales value of the lotteries sold on credit by the Board and the action should be expeditiously taken to recover the due money to the Board.	The special draws are implemented for the lotteries drawn with an objective of sales promotion within the competitive market by National Lotteries Board and the lotteries had been issued to district sales agents on credit basis in implementing the special draws on approval of the Board of Directors.	The action had not been taken to obtain the security guarantees covering the sales value of the lotteries sold on credit by the Board.

Rs.1,446,198

exceeding 05 years
had to be recovered
from 05 sales agents.

02.	Scratch lotteries worth of Rs. 59,043,386 had been sold on credit to 75 district sales agents and the bank guarantees of Rs.4,300,000 had been obtained only from 05 debtors as at 31 December 2023. The lotteries had been sold on credit to 70 district sales agents without obtaining the bank guarantees or other adequate securities and Rs.54,875,636 had to be recovered from such sales agents as at 31 December of the year under review. Moreover, the recoverable balance exceeding 01 year was Rs.7, 917,747 from 17 sales agents.	2023	The security guarantees should be obtained covering the sales value of the lotteries sold on credit by the Board and the action should be immediately taken to recover the due money to the board.	An amount of Rs.39,180,912 had been paid from the receivable loan amount as at 31 December 2023.	An action had not been taken to obtain the security guarantees covering the sales value of the scratch lotteries sold on credit by the Board.
03.	The repayment of the distress loan given to 05 officers who serve in the board had been defaulted by the relevant officers since 2012, 2017, 2018 and 2019. Accordingly, the board had failed to recover the aggregate loan balance of	2023	The action should be taken to recover due amounts without delay.	The necessary action will be taken to recover in the future.	An action had not been taken to recover such money.

Rs.713,393 from such officers up to 31 December 2023.

04.	Even though an aggregate loan balance of Rs.1,519,920 out of the housing loan given to 02 officers who serve in the board had been defaulted the since 2006 by the relevant officers, the Board had failed to recover such due amount up to 31 December 2023.	2023	The action should be taken to recover the due amounts without delay.	The necessary legal action had been taken to recover the due balance to board after 02 officers had defaulted the housing loan.	It couldn't be recovered so far.
05.	In terms of section 17(2) of the Finance Act No.11 of 1963, even though the balance after deducting the expenditure specified in the Act from the lottery income should be credited to the Consolidated Fund, an amount of Rs.3,603,093,604 retained profit at the end of 2023 had been retained in the board even as at 31 December 2023 without crediting to the consolidated Fund likewise.	2023	The provisions of the relevant Act should be followed.	Since the National Lotteries Board had been established for supply the funds to the Consolidated Fund, a direct contribution is provided to the Consolidated Fund from the sales of lotteries on the order of Deputy Secretary to the Treasury. An amount of Rs.3,841,947,982 had been credited to the consolidated Fund as the direct contribution from the sale of lotteries for the year ended 31 December 2023.	Even though the action had been taken by the Board to credit 16.5 percent from Mahajana Sampatha lottery income and 10 percent from sale of other lotteries to the Consolidated Fund, the annual net profit of the Board had not been credited to the Consolidated Fund.

06. Contrary to the 2023 The action In accordance with The relevant provisions of Financial Regulation 71 of Democratic Socialist Republic of Sri Lanka and 3.2(i) of Operational Manual issued by Management Services Circular 01/2021 dated 16 November 2021, 06 increments had been given to 341 officers from 2023 onwards only on approval of the Board of Directors without obtaining the prior approval of the Department of Management Services of General Treasury by the board. Such expense was Rs.3,107,820 only related to the financial year 2023. Similarly, an aggregate allowances of Rs.205,608,174 had been paid to the all officers who serve in the Board within 2023 as duty allowances, risk allowances, uniform allowances, production allowances, ex-gratia allowances, targeted employee motivation benefits, duty allowance on sales by vans and the financial gifts to the employees without obtaining the
- The action should be taken as per the provisions of circulars.
- In accordance with the Management Services Circular No.30 issued in 2006, since there was a huge difference between the salary scales of lower salary categories (Management Assistant/ Primary Level) below that than the salaries of the top management in the amendment of employee salaries of the public corporations, statutory bodies, and fully owned state companies, the action had been taken to give 06 increments to the employee in the lower salary categories for settlement of such difference on the approval of the Board of Directors. The payment of allowances to the officers who serve in the Board had been performed on the approval of Board of directors.
- The relevant approval had not been obtained so far as per provisions of circular.

approval of the
Department of
Management Services
of General Treasury.

07. In terms of the 2023 The action The National Electronic
Department of Public should be taken Lotteries Board Government
Finance Circular as per the had been Procurement System
No.08/2019 dated 17 provisions of registered under had not been utilized
December 2019, even though the public for the procurement
institutions including activities so far by
the public corporations the Board.
should be registered under Electronic
under Electronic Government
Government Procurement System
Procurement System (e-GP)
(e-GP) introduced under the web site
under the web site www.promise.lk since
www.promise.lk 2019 the procurement
since 2019 the procurement activities had not been
activities had not been performed under said
performed under said system as at end of
system as at end of 2023 by National
2023 by National Lotteries Board.
Lotteries Board.
The action should be taken as per the provisions of the circulars.
The National Lotteries Board had been registered under the No. P000381 of Electronic Government Procurement System (e-GP) introduced under the web site www.promise.lk. Subsequently, the action had been taken to obtain the necessary instructions required for carrying out future procurement activities under Electronic Government Procurement System (e-GP) through Ministry of Finance, Economic Stabilization and National Policies, it is expected to carry out the future procurement activities which can be performed through that by following the Electronic

Government
Procurement
System (e-GP).

08. In terms of paragraph 01 of Public Enterprises Circular No. PED 1/2015 dated 25 May 2015, even though only group transport facilities can be provided to the middle level managers who are not entitled to the official vehicles, contrary to that, a vehicle and a driver of the Board had been reserved for 07 middle level managers since January 2024 by the Board and the fuel allowances had been paid by 115 liters monthly and the monthly transport allowance of Rs.50,000 with the fuel allowance of 115 liters had been paid to 02 officers by allowing them to use their private vehicles for the official purpose.
- 2023 The action should be taken as per the provisions of circular.
- The approval had been granted by the board paper No.3864-11 dated 19 December 2023 for giving the provision to them as per such circular having included Assistant General Managers in middle management level which is the lowest officer level in that circular in accordance with Public Enterprises Circular No. 1/2015. Similarly, it had been informed that if the usage of group transport service for duty purposes is not practical and expensive there is no objection of the department in relation to reimbursement of actual travelling expenses by the letter dated 18 April 2024 of Director General of Department of Public Enterprises.
- Contrary to paragraph 01 of Public Enterprises Circular No. PED 1/2015 dated 25 May 2015, the transport allowances and fuel allowances had been given to the managers in middle level of the board.

09.	In terms of section 2.8 of Public Enterprises Circular No.PED 04/2022 dated 08 August 2022, even though the all expenditure related to the anniversary activities of the public institutions should be given up, an aggregate amount of Rs.34.6 million had been incurred for providing the vouchers for purchase of goods by Rs.60,000 each to the staff of the Board for 60 th Anniversary of the Board in 2023 and conducting a musical show.	2023	The action should be taken as per the provisions of circular.	Because of 60 th anniversary of National Lotteries Board in 2023, the super market vouchers for Rs.60,000 for each officer and 06 increments for the all officers had been given for the encouragement of the staff who had rendered contribution for the advancement of the Board.	The action had been taken contrary to the circular provisions.
10.	An officer of the Board had been cheated an aggregate amount of Rs.4,736,005 received from sale of lotteries at 23 incidents from 10 September 2020 to 26 December 2020 without banking by making fake notes as receipt of the cash book. However, it couldn't be recovered such cheated money to the Board so far and no other progress had been achieved except making complaint against the officer who	2023	The opportunities for cheating money should be prevented having strengthened the internal control systems of the Board.	A preliminary investigation had been carried out on this matter institutionally. Similarly, once it was known related to this, it had been complained to the Department of Criminal Investigation and the international police had been made aware by having obtained the court orders by the Department of Criminal Investigation.	Even though 04 years had elapsed, this issue had not been settled.

had cheated that money at the Department of Criminal Investigation.

11.	In 2016, the Board had commenced the sale of lotteries by short message service through the mobile phones. Even though 07 years had elapsed from commencement of this service, less than 01 percent from total sales of lotteries had been sold by 03 sales agents. Even though there is more opportunities to increase the sale of lotteries through Short Message Service presently, no attention had been paid by the management for taking the benefit from such opportunity.	2023	The steps should be taken to increase the sale of lotteries of the board through modern technological methods.	The actions are being taken to create the post of sales agents having conducted the formal discussions to create the posts of Digital Sales Agents for sales through not only Short Message Service but also web site, telephone, Web Optimize mobile app with the creation of the modern technological trends by the Board.	There is no growth in the sales of lotteries through Short Message Service.
12.	Even though the board had earned Rs.650,877,152 of profit after the tax in 2023, a loss of Rs. 699,603,774 had occurred before adjusting sales, marketing, distribution, administration and other expenses from the lotteries such as Govisetha, Dana Nidanaya, Hadahana,	2023	The profit and loss of each lottery should be separately calculated.	The action will be taken in the future to separately calculate profit/loss of each lottery and present it in the final accounts in the future.	The action had not been taken by the Board so far to separately calculate profit and loss of each lottery.

Lucky Seven, Mega 60 and Mega Million. Since the board had not separately calculated the profit/loss for each lottery, the profit and loss status of each lottery had not been accurately submitted to the users.

13.	The National Lotteries Board which had been commenced in 1963 has been maintaining its business premises in the buildings obtained on rent basis more than 60 years and an amount of Rs.87, 686,550 had been paid as building rent for maintenance of the business premises in 2023. However, there is a land in extent of 112.05 perches worth of Rs.500 million purchase in 2009 by the Board located in Vauxhall Street, Colombo and a store, drivers boarding house and a vehicle park are being maintained.	2023	The attention should be paid to utilize the land belonging to the National Lotteries Board for the effective activities.	Even though it had been taken efforts to commence the construction activities of the proposed building in the land belonging to National Lotteries Board the government had taken policy decision to suspend the construction of the buildings for the public institutions until further notice. Such activities were not successful. Therefore, the contract period of the lease agreement of the building which the National Lotteries Board is maintained presently had been extended on the approval of Board	The business premises are maintained in the buildings obtained on rent basis.

of Directors.

14. The procurement activities related to printing, supply and delivery of 08 lotteries for a period of 01 year from 01 April 2023 to 31 March 2024 by the Board, couldn't be completed within 38 weeks indicated in 4.2.3 of the Government Procurement Guidelines 2006 and 01 year and 09 months had been spent for the completion of such procurement activities commenced on 25 June 2021 at the end of March 2023.
- 2023 The necessary action should be taken to complete the procurement activities within the stipulated period of time by following the provisions of Government Procurement Guidelines.
- Within the period of time in which these procurement had been commenced, very fatal Covid -19 pandemic had prevailed in the countries and as a result of that, the procurement entity had to face a large number of obstructions.
- Even though the contract related to printing of lotteries from 01 April 2024 onwards had been delayed up to 23 September 2024.
15. The contract had been awarded for a period of 04 years at a bid price of Rs.96,788,864 only considering the maintenance cost for 01 year for the procurement for development, supply, implementation, establishment, training, and maintenance of a complete Enterprises Resources planning System (ERP) for the Board. However, if the total cost of Rs.394 million of 04 years for
- 2023 In accordance with the provisions of the Procurement Guidelines, the procurement activities should be performed under relevant authority level taking into consideration the total cost for the establishment of the system.
- Since the purchase of complete enterprises system for development, supply, implementation, establishment and training including the maintenance in the first year at a bid price of Rs.96,788,864 from a qualified supplier institute is under the authority level of the departmental procurement
- The establishment of complete Enterprises Resources Planning System (ERP) had been halted on half way due to non-consideration of the accurate total cost for this procurement and non-identification of the procurement committee related to that.

this procurement is considered, this procurement should be performed under the Ministry Procurement Committee as per the provisions of the Government Procurement Guidelines and it had deviated and it had been carried out under Departmental Procurement Committee authority level.

committee, the recommendations of Technical Evaluation Committees and the approval of the departmental procurement committee had been given for purchase of that system.

16.	55 draws of Govesetha lotteries planned during that period couldn't be held due to not providing the Govisetha lotteries printed by the selected printing institutes from 05 March 2022 to 04 May 2022 to the Board. In the preceding year, a revenue of Rs.4,442 million had been earned by conducting 280 draws of Govisetha lottery and since an average revenue of one winning draw is approximately Rs.15.86 million, an approximately revenue of Rs.872.3 million had lost to the board for the draws of Govisetha lottery not	2022	In accordance with the agreement, the adequate raw material stocks should be maintained by the relevant suppliers for printing and supply of the stock. In violation of the conditions by the suppliers, the action should be taken as per the agreement.	The Government Printing Corporation including the Department of Government Printing had faced the crisis due to shortage of papers within Sri Lanka for printing the lotteries by the printers of board with the Dollar remittance crisis and enforcement of the import restrictions and the funds had been continuously credited to the Consolidated Fund by maintaining the lotteries in the market by suspending only 02 lotteries at 55	Owing to not conducting draws, receivable revenue to the board had been lost.

conducted.

draws.

17. Since the printing company which had accepted to print NLB Hadahana lottery had refused to print such lottery due to the dollar crisis and paper shortage after 02 draws, 29 winning draws of NLB Hadahana lottery had not been conducted by the Board from 05 March 2022 to 03 April 2022. Considering the average revenue of 37 draws of NLB Hadahana lottery conducted earlier by the Board, about Rs.263 million had been lost on not conducting Hadahana lottery.
- 2022 In accordance with the agreement, the adequate raw material stocks should be maintained by the relevant suppliers for printing and supply of the stock. In violation of the conditions by the suppliers, the action should be taken as per the agreement.
- The severe obstructions had arisen to import the raw materials used for the printing of the lotteries due to dollar crisis occurred in the country in 2022. The printing couldn't be performed by all printing institutions including Department of Government Printing which print the lotteries.
- The action had not been taken in relation to the violation of the conditions of agreement by suppliers.
18. Even though it had been stated that 6,869 Dollar Fortune lotteries had been sold by the Board, the money had been received from only 6,603 lotteries. Accordingly, money had not been received from 266 lotteries. An amount of Rs.964,678 had been provisioned in the financial statements as at 31 December 2022 without identifying the
- 2022 The action should be taken to recover from the responsible persons after examining the issuance of Dollar Fortune lotteries.
- Out of the 6,869 Dollar Fortune lottery tickets sold, money had been received only for 6,603 lotteries. The money had not been received up to the date of drawing for remaining 266 lotteries.
- The steps had not been taken to recover the outstanding money so far.

persons who should settle the money for the said 266 lotteries.

19.	A certain amount of above Dollar Fortune lotteries had been handed over to marketing Division of the Board for sale and 552 lottery tickets had been misplaced. It had not been verified what had happened to such misplaced tickets and the value of such 552 lotteries was USD 5,520 or approximately Rs.2,029,262 as at 31 December 2022.	2022	The action should be taken to recover from the responsible persons.	There are 552 lotteries unidentified which had been given for sale and not returned.	The reasons for misplacement of 552 tickets had not been identified so far.
20.	An aggregate amount of Rs.5,065,088 as an amount of Rs.2,335,562 payable to State Engineering Corporation and an amount of Rs.2,729,526 retained as retention money for construction of Mannar circuit bungalow of National Lotteries Board had been indicated under trade and other creditors since 2020 without settlement or get performed the relevant activities accurately.	2022	The action should be taken to obtain an engineering certificate that the relevant task had been accurately carry out before the settlement of retention money.	The action will be taken to pay the pertinent bills in the future for the renovations carried out by State Engineering Corporation so far.	Since the construction activities of Mannar circuit bungalow had not been accurately carried out, the retention had not been released so far.
21.	The debtor balance on sales of Colombo Airport Super Draw lottery was	2021	The action will be taken to recover the debtor balance	There is a debtor balance of Rs.5, 151,652 in Colombo Airport	It had been failed to recover the relevant money so far.

Rs.5,151,652 as at 31 December 2021. The draw of this lottery had been carried out on 21 January 2018 for the last time. The Board had failed to recover this debtor balance even up to 30 April 2022 and the provision for doubtful debts for the total value of that had been carried out in the financial statement 2021.

having discussed with the relevant divisions.

Super Draw lottery and that amount had to be charged from an advertising agency and a complaint on this had been lodged at Fraud and Investigation Unit on 22 June 2018.

3.47 Sri Lanka Cricket

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	15,195,780,000	3,188,200,000	12,007,580,000	2,138,730,000	Qualified
2022	21,799,340,000	3,853,620,000	17,945,720,000	6,336,870,000	Unqualified
2023	21,351,000,000	5,588,210,000	15,762,790,000	(2,111,690,000)	Unqualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The legal proceedings for recover the amount of Rs.37.5 million equivalent to USD 187,085 in sponsorship rights income due for the tour of Sri Lanka to South Africa in the year 2018 had not been completed.	,2021 ,2022 2023	Action should be taken promptly to recover the funds due.	The Criminal Investigation Department is conducting investigations into the matter to recover the funds in question.	The recommendation is being implemented. (Since legal proceedings have not been concluded, it has not been possible to recover the funds due.)
02.	The VAT balance due from the Inland Revenue Department amounted to Rs. 428.4 million, including Rs. 87.6 million outstanding for over 05 years, Rs. 77 million for over 03 years, Rs. 36 million for over one year, and Rs. 104.5 million for one year. Additionally, Rs. 38.2 million in withholding	,2021 2023	Action should be taken promptly to recover the funds due.	Steps will be taken to recover the funds with the cooperation of tax consultants.	The recommendation is being implemented. (Reconciliations have not been completed and settled the dues.)

tax arrears had remained unpaid for periods ranging from 04 to 15 years. However, none of these arrears had been recovered, nor had steps been taken to reconcile and clear these balances with information available with the Department of Inland Revenue.

03.	Due to Sri Lanka losing the hosting rights for the Under-19 Cricket World Cup scheduled for 2024, Sri Lanka Cricket incurred a loss of approximately Rs. 787 million equivalent to USD 2.46 million under the agreement signed with ICC Business Corporation FZLLC on October 13, 2023. Additionally, the country forfeited potential foreign exchange earnings and tourism benefits, including revenue from around 700 hotel rooms that had been reserved for the tournament period.	2023	Relevant parties must ensure that necessary measures are taken to avoid losing the hosting rights for tournaments scheduled to be held in Sri Lanka.	Steps will be taken to ensure that such losses do not occur in the future.	Since the tournament has concluded, the recommendation cannot be implemented. (The hosting rights have been lost.)
04.	In the year 2024, an advance of Rs.460.73 million had been given to 04 cricket associations for the development of stadiums for Under-19 World Cup, which was proposed to be held in Sri	2023	The projects should be completed within the relevant period and action should be taken to	Action is being taken to recover the financial loss, and measures will be taken in the future to release infrastructure and development	It is currently being implemented. (Action has been taken to recover Rs. 2,221,971, with the full financial loss from one cricket association and a

Lanka. Although the relevant works were to be completed before 19 January 2024, none of the supposed projects had been completed within the relevant period. Due to non-fulfilment of the related tasks, Rs.195.10 million of the due money was returned by the relevant cricket associations after retaining them with those association.

Consequently, the financial loss incurred by Sri Lanka Cricket is approximately Rs. 4.8 million. As at 31 May 2024, an amount of Rs.79.73 million had been retained without being used for the related tasks by above 04 cricket associations.

recover the financial losses incurred by the organization due to the non-fulfilment of the tasks within the relevant period.

advances through a proper mechanism.

portion of the financial loss from another association. Two cricket associations have completed their tasks, while two associations have not yet completed theirs)

05. A land extent of 1 acre, 3 roods and 20.2 perches in the Kandy area was leased for Rs.26.5 million on a 30-year lease basis on 20 April 2017, for the Kandy High Technology Training Centre project proposed to be built by the Sri Lanka Cricket. The Sri Lanka Cricket had paid Rs.500,000 to evict a person who was residing on this land and the Sri Lanka Cricket had paid Rs.525,000 to a lawyer to establish a lease

2023

While leasing land for projects, land should be selected that is free from encumbrances and should be worked efficiently to achieve the desired objectives of the project.

In the future, steps will be taken to purchase the land on a ready cash payment instead of leasing it.

The recommendation is currently being implemented. (Although 6 years have passed since the land was leased, the construction has remained at the initial stage.)

agreement for the land whose tenure was not settled under a situation where there was a discrepancy in the title deeds of the land. After the year 2021, no construction was done in this project and even though the land was leased for 6 years, however the construction was in the initial stage.

06.	Sri Lanka Cricket had recruited 44 coordinators at the provincial level on the approval of the executive board. During the year under review, Rs.65.98 million was paid to them as monthly allowances, festive and arduous allowances, reimbursement of transportation expenses. Instead of identifying and assigning tasks to these coordinators on a daily basis, only one or 02 tasks to be performed in a very short period of time had been assigned and without investigating the regular duty positions they hold, the above persons had been appointed. Accordingly, it was not possible to determine during the audit whether services in commensurate with the amount paid to them was taken.	2023	The duties to be performed on a daily basis should be identified and the staff of the institution should be employed to perform those duties.	Steps will be taken in the future to avoid shortcomings in these recruitments.	The recommendation is currently being implemented. (On September 14, 2024, the Executive Committee has made a decision to discontinue these positions effective from 30 September 2024.)

07. In contravention of Regulation 5(6) published by the Extraordinary Gazette No. 2310/26 dated 14 December 2022 by the Minister of Sports and Youth Affairs through under Section 41, read with Section 31 of the Sports Act No. 25 of 1973, a sum of Rs. 2.2 million has already been paid during the year under review to a Member of Parliament who currently serves as the Chairman of the Puttalam District Cricket Association and the Secretary of the Sri Lanka Handball Federation. 2023 - Do - - Do - The recommendation has been implemented. (The service has been discontinued.)
08. Although the Ministry of Sports and Youth Affairs had agreed to provide 21 acres of land for the construction of a fully equipped international cricket stadium with a minimum spectator capacity of 40,000 seats at an estimated cost of Rs.08 billion at Diyagama, until now, it was not possible to start the construction of the project due to the non-implementation of these activities. In the year 2020 the Sri Lanka Cricket had spent Rs.3.4 million before the legal 2023 The administrative work should be done properly and the construction of the project should be commenced. In the future, steps will be taken to purchase the land on a ready cash payment instead of leasing it. The recommendation is currently being implemented. (The situation remains as highlighted in the audit observation.)

transfer of the land and without entering into a Memorandum of Understanding between the concerned parties as the design and measurement fees of the project.

09.	Although it has been more than a year since the approval of the Government land of 17 hectares for the construction of the Polonnaruwa National Cricket Stadium and the main pavilion building to the Sri Lanka Cricket Institute for commercial activities under a 30-year lease basis through Gazette No. 2304 dated 28 October 2022, the related lease agreements had not been executed and the construction work of the pavilion had not been done. The total of Rs.27.5 million had been spent for the maintenance work and additions of the cricket stadium in the years 2022 and 2023 for the above cricket stadium with a construction cost Rs.154 million. However, the stadium was not put into use by the date of audit on 30 June 2024.	,2022 2023	The administrative work should be done properly and arrangements should be made to start the construction of the project and to put the completed stadium into use.	Steps will be taken to utilize the sports grounds and enter into lease agreements.	The recommendation is currently being implemented. (The first match at this stadium was held on July 18, 2024. Efforts are underway to finalize lease agreements, while construction work on the pavilion has not yet been completed.)

10. According to the Inland Revenue Amendment Acts No. 10 of 2021 and No. 45 of 2022, it was stated that a 5 per cent withholding tax (WHT) deduction should be made when paying service fees to an independent service provider. The withholding tax was not deducted as per the above provisions on the contract money of approximately Rs.794.45 million paid by Sri Lanka Cricket to the cricketers during the year 2023 and on the fees paid to the cricket umpires, selectors, commentators and consultants. In this regard, Sri Lanka Cricket had not inquired about the Commissioner General of Inland Revenue and obtained his clarification or confirmed the existing obligations of the institution to reduce the withholding tax on the above money. Also, the payments of Rs.65.98 million paid to the coordinators in the year under review were not taxed accordingly.
- Inquiries should be made to the Commissioner General of Inland Revenue to obtain his clarification or ascertain the existing obligations of the institution to deduct withholding tax on the above amounts.
- According to the Inland Revenue (Amendment) Acts No. 10 of 2021 and No. 45 of 2022, it was notified that professionals engaged on a contract basis are not subject to the Withholding Tax. However, steps will be taken to send a letter to the Commissioner General of Inland Revenue to obtain clarification in this regard.
- The recommendation is currently being implemented. (A letter regarding obtaining clarification was sent to the Commissioner General of Inland Revenue on 03 July 2024. The information requested by the Commissioner General of Inland Revenue on 08 August 2024, was submitted on the same day.)

3.48 Sri Jayewardenepura General Hospital

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	3,252,952,475	1,518,233,070	1,734,719,405	(254,190,804)	Qualified
2022	15,090,096,933	1,930,817,895	13,159,279,039	247,234,378	Qualified
2023	15,447,093,193	2,163,485,809	13,283,607,384	303,769,922	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	In accordance with Sections 2.1 and 2.2 to 2.6 of Chapter II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, recruitment procedures should be prepared for each service and grade of staff, including the qualifications required, the salary scale of the post, the age limit and other relevant details, and action should be taken to obtain the relevant approval for those procedures by following the procedures specified in the Establishments Code. The recruitment procedures had not been prepared and approval had not been	-2021)2.2.2a) -2022)2.2.2a) -2023)2.2.2a)	Actions should be taken in accordance with the provisions set out in the Establishments Code of the Democratic Socialist Republic of Sri Lanka.	The committee appointed to prepare the recruitment procedures has now completed the draft recruitment procedures.	The recruitment procedures had not been prepared and approval had been obtained as of 30 September 2024.

obtained up to now.

02. The hospital had been charging a 15percent Value Added Tax (VAT) on ward room charges from patient bills since October .2022 Thus, quarterly reports had not been submitted to the Inland Revenue Department in respect of Rs. 21.21 million collected as VAT from October 2022to the end of the year under review as per Section 21of Chapter 3of the Value Added Tax Act, No. 14 of 2002, and the entire tax amount collected had been offset against the taxes paid, without only offsetting the relevant VAT paid from that income in accordance with the provisions of the Act.
- 2023)2.3a) The Value Added Tax Act No. 14of 2002 should be followed.
- It was stated that the relevant officials were instructed to submit quarterly reports to the Department of Inland Revenue and that since it is difficult to separately identify the expenses related to the hospital rooms, the entire tax collected was offset against the taxes paid.
- This situation had not been corrected as of 30 September .2024
03. The fees charged by specialists for surgeries and tests performed out of office hours using hospital resources were determined at their discretion without a standard or specific policy. Accordingly, according to a sample audit conducted in the year 2023, professional
- 2021)2.3c)(i)
-2022)3b)(i)
-2023)2.3c)(i)
)
- A charging system designed according to standard should be implemented for surgeries and tests performed out of office hours.
- The Board of Directors has appointed a committee to regulate professional fees and will act in accordance with the committee's report in the future.
- This situation had not been corrected as of 30 September .2024

fees ranging from 24 percent to 89 percent of the bill value had been charged.

04. According to the Board of Directors' decision No. S.B.M 1.4 dated 08 June 2023, the hospital had levied only a 5 percent withholding tax from January 2023 on professional fees exceeding Rs.100,000 based on the Inland Revenue Department Circular No. SEC//2022E/ 03 dated 22 December 2022 without deduction of PAYE tax on professional fees paid to medical and other staff and remitted it to the Inland Revenue Department. However, in response to an appeal by the hospital, the Tax Appeals Commission had informed the hospital that it should pay PAYE tax on professional fees as per the report issued on 10 April 2024. Accordingly, although the PAYE tax on professional fees paid to the hospital's Doctors and other staff for the period from 2014/2013 to December 2023 should
- 2023)2.3c)(vii) be taken in accordance with the decision of the Tax Appeals Commission.
- Action should be taken in accordance with the decision of the Tax Appeals Commission.
- That action will be taken to streamline the collection of withholding taxes when earning from professional fees.
- This situation had not been corrected as of 30 September 2024

have been calculated and remitted to the Inland Revenue Department immediately, action had not been taken accordingly.

05. By Cabinet Decision No. 143/120/1347/96 dated 17 July 1996, it had been decided as a general policy to maintain a salary gap of 35 percent between the various grades of the Sri Jayewardenepura Hospital and the parallel grades of the Ministry of Health or parallel posts in other departments. Based on this salary increase, it was decided by a decision of the Board of Directors dated 15 March 2018 to pay an additional duty allowance and overtime allowance to officers of the Medical, Nursing and Complementary Medical Services under the General Circulars of the Ministry of Health, with effect from 01 January 2018, by adding a 35 percent increase to the rate specified in the circular. Accordingly, the medical staff, the
- 3-2022
i) (i)
-2023
2.3a)
- Action should be taken to obtain approval from the relevant authority.
- This decision has been taken in accordance with the powers vested in the Hospital Board under Section 2C) of Section 07 of the Sri Jayewardenepura General Hospital Act.
- This approval had not been obtained as of 30 September 2024.

nursing and paramedical staff of the hospital had paid Rs. 168.43million, Rs. 162.47million and Rs. 158.07million to in the years 2021, 2022 and 2023respectively, by adding 35percent to the additional duty and overtime allowance mentioned in the circular, which was set at a higher rate than the allowance provided by the circular. That the approval had been obtained from the Cabinet or the Treasury in this regard was not submitted to the audit.

06.	Due to the changes that occurred after the information related to hospital charges and bills (Systolic) of the General Hospital Board was entered into the accounting computer system (Accpac) were not updated in the accounting system, as it was observed changes in the values of the items such as cost of purchase, creditors, debtors and hospital charges income in the system, as well as changes in balances on different dates within the same system (Systolic), it was a	2021	Procedures related to establishing interconnection between computer systems and entering, checking and approving data should be implemented under proper authority.	That it will be investigate with the relevant institution regarding this problem in the Systolic system and the subsequent changing in the collection of timely reports.	This situation had not been corrected as of 30 September .2024

controversial fact whether the correct values of those items were reflected in the financial statements.

This was due to the lack of a system link between the existing computer systems in the hospital, and the lack of proper authority to implement procedures related to data entry, verification and approval in the computer system.

3.49 Sri Lanka Tourism Promotion Bureau

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	4,937,292,276	259,755,599	4,677,536,677	651,179,227	Qualified
2022	7,279,096,495	160,989,643	7,118,106,852	2,442,010,989	Qualified
2023	11,154,144,728	473,135,490	10,681,009,238	3,492,042,780	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Reports, publications and plans required to be submitted on the activities of the year had not been submitted to the Minister before the expiration of three months from the end of each year in terms of the sub-section 09 of paragraph 40 of Chapter VII of the Tourism Act No. 38 of 2005.	2021 2022 2023	Thereports, publications and plans should be duly submitted to the Minister	Arrangements will be made to present nister it to the Mi . as scheduled	Reportshad not been presented to the Minister as .required
02.	Three laptop computers valued at Rs.308, 700 had been misplaced in 2013. However, no action had been taken in accordance with Financial Regulations 102and 104of the Democratic Socialist	2021	Action should have been taken on the misplacement according to financial regulations.	It is expected that this incident will be re-examined and reported in the future and action will be taken according to the financial regulations as	Action had not been taken as per financial regulations even by 30 September 2024.

Republic of Sri Lanka.

stated.

03.	Although, it was informed by the President's Circular No. CSA/2/3/4 of 21 February 2006 that the Minister and the Secretary of the Ministry should not go abroad together, both of them had participated for the promotional program held in France from 05 to 08 of October 2021 and any special reason for that had not been revealed. An expenditure of Rs.2,535,970 had been paid by Bureau's money for two of them as accommodation, incidental and air tickets.	2021	Action should be taken according to the circular	The relevant payment was made with the prior approval of the Board of Directors of the Promotion Bureau on the recommendation of the Secretary of the Ministry of Tourism and the payment was made upon the approval of the President's Secretary	No action had been taken in this regard
04.	Although, it was informed by the President's Circular No. CSA/2/3/4 of 21 February 2006 that the participation for foreign travels should be minimized, the coordinator of the tourism advisory committee of the Tourism Development Authority, head of the Minister's media unit, deputy chairman of the Civil Aviation Authority	2021	Only essential officials should be participated in foreign travels.	Payments were made based on the approval granted through the letter of the Secretary to the President, dated 01 October 2021.	No action had been taken in this regard

and a member of parliament had participated for the promotional programs held in France, Russia and Ukraine and a sum of Rs.7,135,173 had been paid as accommodation, incidental allowances and air tickets for them.

05. Although, it was informed by the President's Circular No. CSA/2/3/4 of 21 February 2006 that the participating time should be necessarily minimized including the travelling time, the coordinator of the tourism advisory committee of the Tourism Development Authority, head of the Minister's media unit and the deputy chairman of the Civil Aviation Authority had participated 7 days before for the promotional program held in Russia and Ukraine from 06 to 10 of September 2021 and an extra of Rs.2,363,017 had been paid for them as accommodation and incidental allowances.
- 2021 The time spent for participation including the time spent on the journey should be minimized as much as possible.
- It was decided at the board meeting held on 22 September 2021 that the coordinator of the tourism advisory committee, Secretary of the Ministry, Coordinating Secretary and the Minister of Tourism should participate for this promotional program. Further, it was decided to join a member of parliament also at the board meeting held on 02 October .2021 Accordingly, in adding an estimated cost of participants amounting to Rs.3,387,300 for 5 persons, total estimated cost was amounted to
- No action had been taken in this regard

Rs..8,860,500

However, actual participation cost of Rs.6,554,910 had been paid.

06. Trade mark of the Bureau currently is “So Sri Lanka” and the trade mark till 2018 was “Wonder of Asia”. Accordingly, 398 flags with “Wonder of Asia” mark and each valued at Rs.4,300 had been remained in the stores without any use as at the closing date of the year under review and the value of those was Rs..1,711,400
- 2021 The waste should be minimized by adopting a national tourism policy
- Flags with the trade mark of “Wonder of Asia” have been used by the Bureau for promotional programs. However, with the change of the trade mark as “So Sri Lanka” by a decision of the management, these flags cannot be used.
- Although the Cabinet approved the National Tourism Policy, it had not been published in the Gazette and implemented
07. The promotions or appointments could be given with effect from or after the date of establishment a position or being vacant the position as per the Sentence 1.9 in Paragraph II of Establishment Code. The promotions had been given to 02 lady officers of the Bureau during the year 2015 backdated for more than 09 years in contrary to the Establishment Code without proper approval and no transparency. Further, the minimum service years of 10 years for the promotion had
- 2022 Promotions or appointments should be made with effect from the date of establishment of a post or thereafter or from the date the post becomes vacant
- 2023 The Board of Management approval for the promotions had been granted. The officers had been placed on an Acting basis on the promoted position until the period of time is completed to hold the post.
- The previously granted promotions had not been revoked, nor had been the consideration given to granting promotions only for the specified period.

not been fulfilled by the officers.

08. The board of directors of the Bureau had approved the participation for the Arabian Travel Market (ATM-2022) from 09 to 12 May 2022 on 17 December 2021 at a cost of Rs.90,000,000 and subsequently this cost had been increased up to Rs.120,464,910 on 29 March 2022 by Chairperson of the Bureau due to Rupee value depreciation. Though the bids were called to reserve the space of 250sqm, the board of directors had reduced the space to 150sqm due to economic condition. However, being reduction in space had not been affected to reduction of cost. Thereon, the initial cost had been increased by USD 16,175. In addition, VAT charges of USD 2,444.55 and USD 525 for ribbon, scissors, candles and tray had been incurred. Therefore, it was observed that the Bureau had not planned the event properly although the decision was taken
- 2022 could Steps should be taken to avoid such losses in future. Due to time constraints and bargaining power due to refusal by other bidders and acceptance with conditions which were not attainable at that time, SLTPB had no option. No information was provided regarding the measures taken to prevent such losses.

in December 2021.

09.	The Bureau had participated in an International Power Boat Competition which was not included in Action plan held in Bentota area during the year 2017 organized by Lanka Power Boat Association agreed to a contribution of Rs.7,600,000 with the approval of Board of Directors. However, it was observed that no bank guarantee provided by the Association for 20 percent of total cost, most of the promotional activities had not been fulfilled by the Association, agreed cost had been increased by Rs.3,172,859 or 42 percent, no procurement procedure followed on selecting shipping company for the transportation of power boats from England & Return, delay occurred in conducting power boat competition and delay in uploading the boats to the ship.	2022	In every purchase or procurement of services procurement procedure should be followed and contracts should be signed to create commitment to achieve key objectives	This competition has been included in amended action plan 2017 later and it was conducted as per the instructions given by then Minister of Tourism and then Minister of Sports. No detailed report received from the Organizer regarding the achievement of key deliverables in promotional activities. Shipping company was selected and informed by Ceylon Shipping Corporation. It was recognized at the final payment stage that the organizer was the Managing Director of both Shipping company in England and agent company in Sri Lanka. However, final payment was released as per the instructions given by then Minister and Secretary to the Ministry.	No action had been taken in this regard

10.	Balance confirmations had not been received on Foreign Mission Advances aggregating to Rs.45,707,620 as at the end of year under review.	2021 2022 2023	Advances should be reconciled and settled with the Ministry of External Affairs.	SLTPB has received a confirmation letter from the Ministry of External Affairs regarding only the payments done through the year 2023. According to that confirmation letter the received to the value of Rs.3,264,261 being the value of remittance sent during the year of 2023 only.	Action is being taken to reconcile and settle advances with the Ministry of External Affairs.
11.	According to paragraph 2.33 of the Guidelines on Good Governance for Owned -State Enterprises a strategic plan for the Bureau had been prepared for the four years period from 2020-2023 and had not been updated to date.	2023	The strategic plan should be prepared for a five period of five years and submitted to the Treasury and updated every year	Noted and action will be taken in future	No action had been taken in this regard
12.	There were 500 number of "Visit Sri Lanka" branded flags had been printed at a cost of Rs.10,120,000 for the TAAI Convention held in Sri Lanka in July 2023 neither following procurement procedure nor board approval and under the approval of the Chairman. However, the quality and the specifications had not been met and a	2023	Deviations from due process must be approved in advance and must comply with existing guidelines	It is confirmed that the flags were purchased from M/S Salacine LTD through a Department Procurement committee decision. Payment for the flags were paid after adjusting for the size difference as well as after a price negotiation and	After adjusting the in size of difference the flags and negotiating the price, a board approval was obtained and payment was made

satisfactory report had not been submitted to date. Further, it was observed that the cost was above the estimate and it was Rs.17,600 without VAT per flag.

with the Board Approval.

13.	At the purchasing of air tickets for the participants in promotional programmes held in Germany and China in the year 2023, it was observed that procurement procedure had not been commenced in time, limited time period given for invitation for bids, payments made over the estimate without proper approval and no negotiations made.	2023	Steps should be taken to comply with government procurement guidelines	This was due to finalizing programmes at the end because of economic crisis and delay in obtaining approvals.	A procedure to expedite the purchase of airline tickets in a way that minimizes costs and avoids delays in obtaining approval for programs had not yet been implemented.

3.50 Sri Lanka Tourism Development Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	5,265,351,712	866,816,526	4,398,535,186	(88,331,709)	Disclaimer
2022	5,928,031,453	968,063,847	4,959,967,606	602,476,875	Qualified
2023	11,154,144,728	473,135,490	10,681,009,238	786,525,231	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The Ministry of tourism had agreed to reimburse the financial contribution for the "Tuk Tuk Program" of the Authority for three-wheeler drivers to provide transportation facilities to foreign tourists. However, an amount of Rs.13,227,648 incurred in the years 2018 and 2019 had not been recovered even as at the end of the year 2023.	2021 2022 2023	The relevant financial contribution should be reimbursed from the Ministry	A final decision will be taken after discussion with the Ministry	The relevant amount had not been recovered even by 30 September 2024.

02. The Secretary to the Ministry of Tourism had participated in the annual meeting of the United Nations World Tourism Organization held in Spain from 30 November to 03 December 2021 and the cost incurred by the Authority amounting to Rs.1,398,426 had not been reimbursed by the Ministry even as at 05 September 2022.
- 2021 The financial contribution on behalf of the Secretary to the Ministry of Tourism should be reimbursed from the Ministry.
- The United Nations World Tourism Organization (UNWTO) formally invited the Secretary to the Ministry of Tourism and the Director General of the Tourism Development Authority to participate in the organization's annual meeting on 9 November 2021. Accordingly, necessary arrangements were made with the approval of the Board of Directors and the Secretary to the President. The authority has borne the cost similar to events as such in the past and the Ministry will be informed in the future to cover the expenses for such visits from the Ministry's expenditure codes.
- The respective amounts have not been reimbursed even by 30 September 2024.
03. As per Section 6.1 (a) and (b) of Tourism Act No.38 of 2005, proposed long term targets and four years plan for tourism development had not
- 2021 The term -long goals and a year-four plan should be prepared for tourism development.
- 2022
- 2023
- The Ministry started preparing a national policy for the tourism industry from 2020. According to the advice of the
- term goals -Long and a four year plan had not been prepared even by 30 September 2024.

been prepared and furnished to the Minister.

Secretary to prepare organizational plans, we were in organizational preparation. While the formulation of the proposed policy final stages is in its, we are working with the Ministry to prepare the plan and accordingly hope to provide the long term plan and targets to the . Minister

04.	Dunhinda Ella Project had been started in 15 February 2017 with the aim of constructing 20 eco-friendly stalls, 02 benches per stall, safety fence and a name board at a value of Rs.7,488, 133 and had expected to be completed by 15 of December 2017, as at 22 January 2018, only 10 stalls and name board had been constructed at an aggregated cost of Rs.2,864, 289 and the work had stopped. Nevertheless, Authority had decided to construct 5 more stalls in the year 2021 under Dunhinda Project- Phase II at a	2021 2022 2023	Since Ella is an area with more tourist attractions, it is the authority's responsibility to develop the infrastructure and that the work should be completed as planned.	In the first phase, 5 shop rooms were constructed by Soranatota Pradeshiya Sabha. It was informed that the local council does not have the money to build the remaining part. According to the decision obtained from the Board of Directors on 02 December 2021, the Uva Provincial Tourism Bureau was informed to construct 05 eco-friendly shops in the second phase. The bureau was informed that it was difficult to select contractors due to the corona	Action had not been taken to complete the work so the project as expected even by 30 September .2024

cost of Rs.2,350,000, the construction of 5 rooms in the original plan had been abandoned. Further, due to delay of 4 years, cost per room had been increased up to Rs.470, 000 of which cost per room then was Rs.272, .429 It was an increase of 72 per cent.

pandemic at that time, the imposition of travel restrictions, the isolation of provinces and the increase in prices.

05. According to the investigations carried out by the enforcement unit from August 2018 to July 2022, 640 unregistered entities operating as tourism enterprises or tourism services had been identified and out of them, only 20 entities had registered even as at 03 July 2022. Accordingly, it was observed that the regulations conducted by the enforcement unit for the institutes that carried out business in the tourism sector informally were at a very low level. The management had not made a sufficient evaluation of the performance of this unit and a sum of
- 2021 Since the Enforcement Unit was in operation from August 2018 to July 2022, regulatory activities should also be in operation concurrently with it.
- 2022
- 2023
- There were more than 15 percent of institutions have already been registered and the registration of another 32 institutions is in progress. Absence of a legal document to prove the ownership of the institution, absence of a building plan approved by an authorized institution, lack of financial ability to obtain the fire safety certificate and practical difficulties to provide the necessary training, inability to get environmental protection permits quickly and taking some time to carry
- The registration of unregistered entities carrying on business as tourist services, had not been conducted efficiently

Rs.13,397,500 had been paid as allowances for the consultant, investigating officer and legal advisor of that unit from August 2018 to July 2022.

out relevant field tests due to the current situation and the inability to pay for it were some of the reasons for the inability to register and the negative response of service providers in general to pay levies to the government has also an impact on that.

06. Trade debtors totaling to Rs.70,008,231 which was 25 per cent of total trade debtors as at the end of the year 2023, had not been recovered for more than 03 years period.
- 2021 Debts should be taken to recover the within the credit period and a surcharge should be imposed for overdue debtors.
- 2022
- 2023
- A committee bt is being De consisting of Director Financial Management, Legal, Development and other special employees has been appointed by Director General to collect the dues.
07. Aggregate values of arrears in rental income due from 34 guest houses as at the end of the year 2023 was Rs.29,831,815 and out of which the arrears rental income over 4 years was Rs.10,167,445 or 34 per cent from total arrears. It was observed that the recovery process was not in a satisfactory
- 2021 Arrangements should be made to recover the arrears of rental income n as as soo .possible
- 2022
- 2023
- There are no . comments
- Arrears had not been not collected early.

level. Further action had not been taken to lease out 07 guest houses which had been vacant for more than 04 years to date.

08.	Out of the sample of 106 numbers of tourist hotels and restaurants in Nuwaraeliya area, 66 entities that is 62 percent had not been registered under the Authority. Though, there were only 81 numbers of actual registered tourist entities, there had been around more than thousands of tourist entities who were registered in foreign websites.	2023	Necessary measures should be taken to register establishments providing s to service .tourists	Authority requested assistance from the Asian Development Bank (ADB) to establish a special unit over a three-year period to mitigate the informal sector's impact on the formal sector. However, apart from ad-hoc responses, even the legal department lacks the necessary capacity to handle the task effectively. Furthermore, Authority has delegated certain responsibilities to the tourist police to manage activities within the informal sector.	An awareness program in this regard was held in eration with coop Nuwara Eliya Divisional Secretariat in the .year 2024
09.	In contrary to Financial Regulation 371(2) (b) amended by the Circular No.01/2020 dated 28 August 2020 by Ministry of Finance, "Ad hoc" sub imprest	2023	Sub imprest should not be released more than Rs.100,000 without proper approval and settlements	Though the original bills lack credibility, the Finance Division is in discussions, and the remaining 50 percent has not been released yet.	"Ad hoc" sub imprest of .Rs2,432,000 had not been settled even by 30 September 2024.

totalling to Rs.7,571,560 in 27 occasions had been given by the Authority to the staff grade officers during 2023 exceeding the limit of Rs.100,000. Further, an ad hoc sub imprest amounting to Rs.2,432,000 which had been obtained for a training programme of 960 Nos. of Safari jeep drivers on 06 November 2023, had not been settled even to the date.

should be done only when there are original and reliable bills and invoices.

10. Although 35 acres land and 16.8 acres lands in Yala tourism development zone had been leased out to 7 companies in 2014 and in 2019 respectively, only 2 companies out of 7 leased companies were engaged in operational activities at the end of the year under review. In this situation the Authority had taken litigation action against these non-operating companies regarding non-operating activities, arrears in lease rentals and
- 2021 The performance of s the project should be closely monitored and the Attorney General should be consulted in all these proceedings.
- 2022
- 2023 Three of these investors have already started hotel projects and are in operations. One company expects to be commenced in third quarter of 2024. One of the other two investors has completed 30 percent of the construction work with almost no progress in the last 3 years. The Authority had recommenced obtaining fresh approvals for new designs through the Investor Relations
- Attorney General 's advice had not been taken even by 30 September 2024.

termination of the lease agreement. As well the lessee company also had filed a case against to the Authority regarding the termination of agreements. Without taking Attorney General's advice regarding all these cases, the services of private lawyers had been taken and paid a sum of Rs.3,475,000 as legal fees in the year 2021 and 2022.

Unit (IRU) of the Authority. Private legal services for the court case were obtained with the approval of the Authority Board of Directors. Also, the Authority has signed a new lease agreement with the Cabinet approved investor in October 2020, based on the advice given by the appointed private lawyers.

11.	Although 05 National Holiday Resorts owned by the Authority had incurred losses for the year under review and the preceding year amounting to Rs.50,067,245 and Rs.51,269,048 respectively, the Authority had not paid sufficient attention to minimize the losses of those resorts.	2021 2022 2023	Action should be taken to run the National Holiday Resorts in a profitable way.	The Resort Management Division has implement several measures such as a staff shuffle aimed at improving productivity and efficiency, changing of menus to cater to customer preferences and increase sales, and the implementation of 5S was also initiated to ensure a cleaner and more organized work environment.	The resortshad still been operatedin a making -loss condition even by .September 2024 30
12.	Though the requested toners by the office aid assistant of Chairman office	2021 2022 2023	Action should be taken to allocate an officer to	A disciplinary inquiry regarding the stolen toners and photocopy	Losses have not been recovered even by 30 .September 2024

amounting to Rs.1,072,102 from the Sri Lanka Institute of Tourism and Hotel Management in 2020 had not been received, an internal investigation had not been conducted on it even as at the end of the year under review. In spite of that, on 05 August 2021, the said office assistant and the office assistant attached to the Director General's office had stolen photocopy papers and toners worth of Rs.1,234,540 from the stores. The laptop computer valued at Rs.198,500 which had newly purchased had been misplaced in the resort management department on 24 August 2022. Accordingly, it is observed that due to the lack of active intervention of the management regarding the initial complaints and the weaknesses of the internal control systems, an environment in which frauds continue to

review the CCTV system regularly and strengthen the internal control system. Further, actions should be taken based on the disciplinary inquiry.

papers incident took place at the Authority & SLTPB general stores, is already commenced at the Authority and ongoing. In addition, there is a pending case at Magistrate Court, Aluthkade. After the incident, preventive actions were taken mainly, the CCTV system was strengthened and responsibilities were allocated, issued comprehensive guideline to the security personnel. Regarding the recent incident of misplacement of a laptop in the Resorts Management division a complaint has been lodged at the Kollupitiya Police and an internal investigation was carried out. The charge sheets had been issued for responsible officers based on negligence and commenced disciplinary inquiry.

occur had been
created in the
Authority.

13. The Authority had entered into an agreement with a private company on 18 June 2011, to establish a sewage and waste water purification system for the hotels and related institutions within the Passikudah National Resort premises and Keeping the maintenance of the system, collecting fees from 14 hotels located in the premises and paying the amount so recovered to the above private company were the responsibilities of the Authority. The Authority had given the land of 118 perches required for the project. Though the collections and paying from 14 hotels to company is be with the Authority, uncollected balance was Rs.412,765,334 from the year 2013 up to date and no action had been taken to recover that
- 2021 Action should
2022 be taken to
2023 come to a final
conclusion not support the
early and takeover of the
minimize the e plant by th
losses to authority, the
Authority. findings of the
report were
discussed at length
internally and then
a workable solution
was reached in
consultation with
Lakdiatha as well
as all the hotel
owners
- The last report was received in 2023. As the report did not support the takeover of the e plant by th authority, the findings of the report were discussed at length internally and then a workable solution was reached in consultation with Lakdiatha as well as all the hotel owners
- The agreement reached is being implemented

money. Futhure, the Authority had to be paid Rs.421,113,524 exceeding the receivable amount. Although an offer letter was issued to a joint venture in the private sector to get financial advice about the affordability to take over the system to the Authority at a cost of Rs.1,644,750 on 20 April 2021, a final conclusion had not been taken even by the end of the year 2023.

14.	Only 35 acres of 510.086 acres of land had been taken over for Kuchchaveli Tourism development projects by the Authority in 2011 and 2014 for tourism development projects, only 35 acres of these lands had been leased out to 2 companies in the year 2020 and 14 acres land had been leased out to another company in May 2021. However, there was only one company in operation out of the 3 leased companies as at the end of the year 2023.	2021 2022 2023	Action should be taken to attract capable investors for leasehold lands and commence operations early. Further, essential facilities should be provided for the investors to commence their projects early.	Apart from the 3 companies who have entered into lease agreements with the Authority as stated, the Authority also signed 3 more lease agreements with 3 new investors with a total of 79 acres allocated for these six investors. Apart from that, following the proper procedure, the necessary approvals have been obtained to give further 36 acres of land to 3 other investors.	The situation remains the same and water supply to the Kuchchaveli beach resort had not been restored even by 30 .September 2024
				Currently, one investor is engaged	

in hotel operations, and although we have continued discussions with other 5 contracted investors to implement their projects. The main problem that arises here is the lack of water supply to the Kuchchaveli beach resort area. We have requested the National Water Supply and Drainage Board (NWSDB) for the same.

15. The Authority had received 2056.73 acres of lands in 12 islands of Kalpitiya in 2010 and 2012 as free grants for tourism activities. Only 668.69 acres of lands belonging 5 islands out of those 12 had been leased out for 03 companies during the years of 2010, 2011 and 2020. However, none of those companies had commenced operations by the end of the year 2023. Further, the Authority had failed to collect an amount of Rs 92,959,827 from seven lessees related	2021 2022 2023	Action should be taken to attract capable investors for leasehold islands, corporate with them for obtaining relevant approvals and commence operations early.	Project Project got delayed due to investors not getting relevant approvals for water bungalows, an issue with fishing community, islands size not sufficient etc. In May 2023, the Authority had signed 4 more lease agreements with 4 investors. However, due to infrastructure limitations and approval delays, the progress of the commenced projects even are slower than expected.	ion has been No action has been taken even by 30 September 2024.

to 10 leased islands in Kalpitiya from 2018 to 2024.

16.	Action had not been taken to take over the ownership of a land in Mannar to date, though a sum of Rs.61,000,000 had been paid in 2019 by the Authority.	2021 2022 2023	Land acquisition process should be followed up and taken over the land early.	The amount of Rs.61,000,000 was deposited with the DS Mannar Town for the purpose of starting the acquisition process of the land identified by the Authority to develop a theme resort in Mannar. By now Section 2 notice had been published and the tracing survey too had been completed. As per the request of the Secretary to the Ministry of Lands, the district secretary of Mannar has provided further information for future activities. This matter is ongoing, which we are closely following up.	The acquisition process had not been completed even by 30 September 2024
17.	Action had not been taken to settle the advances paid more than 04 years ago on acquisition of land amounting to Rs.39,227,275 and	2021 2022 2023	Action should be taken to settle the advances immediately after the given work	These advances are in the Tourism Zone Development Advance Account- 633 and the Dedduwa Lake Resort project has	Advances had not been settled even by September 30 .2024

construction of completed.
buildings amounting
to Rs.12,264,582.

been successfully
concluded.
However, a total of
Rs.1,109,000
remains in this
account as we are
yet to receive
confirmation letters
from DS Bentota
and CEA indicating
the project's
completion. Other
ongoing projects
cannot be
capitalized until
their completion.
Once finalized, they
can then be
capitalized
accordingly.

18. The Authority and Urban Development Authority (UDA) had entered in to a Memorandum of Understanding (MOU) on 13 February 2019 for the preparation of master plans of 07 numbers of tourism development zones within 18 months as per a cabinet decision. The total cost was incurred an amount of Rs.39,151,500 as at 06 June 2018 . However, only two master plans for Ella and Arugambay had been prepared for the 2023
- Actions should be taken to prepare and finalize Tourism Development Master Plans early.
- Most of these issues are resolved at present and we intend to complete the task through the UDA by mid-2025. We have also requested the UDA to clearly identify short term, medium term and long term actions for implementation in each TDMP. The main reasons for non-development of the infrastructure facilities in the said areas as per the TDMPs were the government restriction/hold on
- The work had not been completed even by 30 September 2024

periods of 2030-2020 and 2030-2021 respectively as at date. An amount of Rs.18,400, 000 had been paid for the preparation of 05 plans to UDA. Further, a definite time period against activities and goals had not been established in above plans and an inter-ministerial committee had not been appointed to date for this purpose. Thereon, the infrastructure facilities had not been developed and maintained in those tourism areas for a long time.

capital expenditure and the lack of funds/finances in most of the implementing organizations. Regarding the payments to the UDA, the payments are released only based on the work carried out.

19.	Although Anuradhapura national holiday resort had been repaired recently, the useful life period of that building couldn't be guaranteed in audit, due to more water leakages in walls, using low quality bathroom fittings, damaged doors & ceiling etc. Further, the maintenance of the resort had not been	2023	Necessary steps should be taken to improve the quality of the resort and solve the maintenance issues.	Significant steps have been taken to address maintenance and quality issues gradually with the NHR-Anuradhapura resort. This includes informing the HR department multiple times about the need to recruit a multi duty technician to handle maintenance tasks efficiently.	Necessary steps had not been taken to improve the quality of the resort and resolve the maintenance issues.

done properly due to lack of multi duty technician from the year 2020. Further, a CCTV system and a generator had not been established in the resort even though there are 52 rooms available. Accordingly, a loss of Rs.8,321,156 had been incurred on the operation of the resort for the year ended 31 December 2023.

Additionally, we are in the process of hiring an outside party to carry out maintenance work, indicating our commitment to improving the overall maintenance standards.

20.	Although, the Bandarawela National Holiday Resort had been obtained the Registration Certificate under the Authority, it has not fulfilled the necessary requirements for registration. Further, this resort had not been maintained in a proper way. The cottages, kitchen, lobby of the main building children's park and the garden had not been repaired for a long time. The furniture and equipment had also been damaged and had become unusable. This had	2023	Action should be taken to uplift the standard of the resort and make it as a profit making unit.	Currently Resort Management Division (Trading Resorts) is in the process of obtaining the certification. As we have currently have obtained services from CECB (Central Engineering Consultancy Bureau) in order to uplift the standards by refurbishing the resorts.	Action hadnot been taken even by 30 September 2024.

created a bad image to the Authority and had made a loss of Rs.3,198,422 for the year under review.

21.	Sufficient attention had not been incurred on the development and maintenance of necessary facilities in key points at Ella tourism zone. The facilities such as lightings and sanitary facilities had not been fulfilled in Rawana Ella area. Further, there was no sufficient seating facilities, sanitary facilities, phone charging unit for tourists and train timetable display at Ella Railway station.	2023	Action should be taken to improve the facilities in Ella Tourism Development Area.	There were no comments made	Action had not been taken even by 30 September 2024.
22.	There were 9 guest houses out of the 37 guest houses owned by the Authority, had not been leased out for a period ranging from two to eight years, so the property remained underutilized.	2021 2022 2023	Action should be taken to utilize the investment properties effectively.	There were no comments made	It is remained under utilized even by 30 September 2024.
23.	Although, the land acquisition for tourism development project in Dedduwa process had been	2021 2022 2023	Action should be taken to utilize the investment properties	Malaysian investor project was cancelled due to failure to fulfill the condition of then	t Development projects had not been initiated even by 30 September 2024

completed as per Galle District Secretary's letter No.DPS/LND/03/BA N/General and dated 20 June 2017 after paying Rs.173,159,909 had been paid on, tourism development projects had not been commenced there even by the end of the year 2023.

effectively.

Prime Minister and Tourism Ministry to transfer Rs.500,000,000 to Sri Lanka in phase 1. Further, the Authority is continuously working on demarcation clearance and avoid encroachment to attract investors.

24.	Bibila Rest house had been abandoned for more than 17 years, due to no action taken on encroachments and security of the premises. Thereon, a total rent income able to be received from the investor for the period from 02 November 2016 to 31 December 2023, amounting to Rs.10,462,466 and investment valued at Rs.40,000,000 had been lost by the Authority.	2023	Encroachment should be cleared and the security of the rest house should be guaranteed. Further, the rest house should be leased out properly or utilized effectively in a profitable way.	There were no comments made.	Action had not been taken even by 30 September 2024.
25.	Ragala rest house which had been transferred to the Authority in 1993, had been leased out for a private party in 1998 at a monthly rent of Rs.5, 167 and	2023	Encroachment should be cleared and the security of the rest house should be guaranteed. Further, the	There were no comments made.	Action had not been taken even by 30 September 2024.

cumulative rent from 2001 had not been paid by the lessee. A sum of Rs.697, 546 had been written off as per the approval of the Board of Directors. In 2010, the premises had been encroached and the security of rest house was at a risk. Meanwhile, in 2022 a court order had been received to remove the encroachers. At the physical examination by audit on 23 November 2023, it was observed the encroachment had not still been cleared and the security of the rest house couldn't be guaranteed in audit.

rest house should be leased out properly or utilized effectively in a profitable way.

26. The physical progress was not made on the contract award on 01 January 2021 for an amount of Rs.55,000,000 for the construction of Yala Entrance Gate and Resort office building due to non conduct of proper feasibility study and prior approval from the Department of Wild Life Conservation.
- 2022
2023
- Action should be taken to follow up capital projects closely and complete in an effective manner.
- This project was temporarily parked, as following the economic crisis in 2022, all CAPEX projects were put on hold by the government. Now we are planning to resume the project first with the entrance structure during 2024. The office building will be planned in 2025 after the entrance structure.
- No physical progress had been achieved on the contract.

3.51 Sri Lanka Institute of Tourism and Hotel Management

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,113,115,238.00	105,647,876.00	1,007,467,362.00	176,422,(955.00	Qualified
2022	1,216,711,648.00	98,155,947.00	1,118,555,701.00	125,872,269.00	Qualified
2023	1,534,824,128.00	85,861,665.00	1,448,962,463.00	417,479,936.00	Qualified

	Audit Observation	Year of the Report	Recommendat ion of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	A bonus of Rs.5,000 can be given to employees of those entities of which a loss has been reported in the financial year 2021 and that loss has been reduced with compared to the year 2020 as per Public Enterprises Circular No. PED 03/2018 of 07 December 2018 and Public Enterprises Circular No. PED 03/2021 of 15 December 2021. However, a sum of Rs.13,500 for each employee had been paid as bonus aggregating to Rs.2,493,000 during	2021	Action should be taken as per the circular.	The Board of Directors had decided to give that money considering the economic difficulties of the employees in the year 2021, requests made by employees' unions and the improvement of the operations of the institute.	The overpayment had not been recovered so far

the year 2021.

02.	A reasonable value had not been assessed and accounted on two lands at Colombo and Anuradhapura which is being utilized by the Institute to date as per paragraphs No.13 & 26 of the Sri Lanka Public Sector Accounting Standard No.07, Neither action had been taken to transfer the ownership of those lands under the name of the Institute nor disclosure had not been made regarding the above lands in the financial statements for the year 2023.	2022 2023	Action should be taken to transfer the ownership of those lands to SLITHM and record the land values in the books of accounts early.	Lands cannot be recognized as the assets without ownership.	The ownership of the lands had not been transferred yet.
03.	Although the No. of applications received for various courses under Hotel School for the year 2023 was 11,788 there were 5,912 No. of applicants or 50 percent of applicants had been registered for the courses. It was observed in audit that this situation was mainly due to lack of space for classrooms. However, action had	2023	Necessary action should be taken to improve the facilities of the school with the capacity improvement including hostels.	Some of the courses requested by various institutions as weekday and weekend courses are conducted within their institution premises by the lecturers of our institution making maximum use of the available space in our institution. In addition to the	No action had been taken to improve the facilities yet.

not been taken by the management of the institute to recognize a solution and implement to fulfill the higher demand. Furthermore, action had not been taken to establish hostel facilities to hotel school branches in rural areas which could be accommodate fully in those classrooms.

main courses conducted by our institution, we have been working to achieve the purpose of our institution by introducing short-term courses and focusing on regional schools by providing the necessary physical resources to those schools.

04.	A Marketing plan for Samudra Hotel which is used for practical training of students had not been prepared and implemented. Further, facilities & comfortability of rooms had not been in satisfactory level.	2023	A marketing plan should be prepared for Samudra Hotel and the facilities and comfort of the rooms should be improved.	Necessary action will be taken.	Necessary action had not been taken to date.
05.	It had been utilized only 494 number of room nights i.e., 11 percent from total of 4,380 number of room nights for the year 2023.	2023	The hotel should be employed economically and effectively to generate revenue.	The renovation work was completed in 2023.	The hotel had not been used economically and effectively to generate income to date.
06.	Although, a rent income receivable amounting to Rs.3,192,000 from Tourist Police Unit in 2014 had been recognized as income and shown under	2021 2022 2023	The appropriate adjustments should be made in accounts and action should be taken to	As per the AMC recommendation, the request letter has been sent to the SLTDA for recover rent arrears for 2013-2014 and expenses	The amount hadnot beenrecovered to date.

debtors receivables, there was an uncertainty of the recoverability of this amount. However, the impairment value for that had not been calculated and shown in the financial statements. Further, no rent had charged and invoiced from the year 2015 to date though they are utilizing the premises.

clear the for 2015-2022. relevant items.

07.	Receivables of Rs.305,350 from laundry debtors and Rs.25,678,878 from Samudra Hotel debtors had not been recovered even as at the end of year 2023. Although an amount of Rs.25,984,228 were in arrears for more than 24 months. There were balances of Rs.4,068,000 from coordinating Secretary to Minister of finance, Rs.5,140,571 from Ministry of Economic Development, Rs.3,583,010 from SLTDA and Rs.5,723,382 from SLTPB in the above receivables.	2021 2022 2023	Action should be taken to recover the long outstanding receivables.	Currently the recovery procedure is in process. Meetings are ongoing for the long outstanding balances from inter institute.	Norecoveries had been made so far
08.	An officer recruited under the external lecturer category for supervising the	2023	Necessary actions should be taken to recruit a	Necessary actions will be taken to recruit a permanent officer.	Action had not been taken to recruit a permanent officer to date.

laundry and conducting lectures without recruiting a permanent officer will be paid Rs500 each and a maximum of 6 hours per day was paid. However, under Board approval, this hourly rate is Rs3,100 and a maximum monthly limit of Rs300,000 had been increased up to, where he was paid Rs300,000 each for the months of February and March 2024.

permanent officer.

09. Although a sum of Rs.3,771,216 had been incurred to develop an information system in 2014, it had been given up due to the incompatibility with the requirement of the institute. No action had been taken to remove the value from work in progress account even at the end of year 2023.
- 2021 The appropriate adjustments should be made in accounts and recover the losses.
- 2022
- 2023 Though the amount incurred has been recorded as Rs.3,771,216, out of this amount, Rs.1,508, 486 has not been paid. (mentioned under liabilities) it will take actions to write back the same since the system was not successful & no response from the supplier. Necessary measures to remove the balance amount of Rs.2,262, 730 from the work in progress with the approval of the Action had been taken to make the relevant adjustments in the accounts and recover the losses.

Board of
Management and
will be adjusted in
the year 2023
annual accounts.

3.52 Sri Lanka Convention Bureau

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	381,446,163	8,511,991	372,934,172	13,133,911	Qualified
2022	487,683,357	19,366,749	468,316,608	95,382,436	Unqualified
2023	524,488,862	9,268,936	515,219,926	36,103,317	Unqualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The Bureau had paid an amount of Rs.11,516, 808 on 23 November 2023 which was to be paid in addition to the compensation received from the insurance company for the cost of repairing a jeep which was involved in an accident in the year 2019 belonging to the Ministry of Tourism. This decision was taken on the basis of acquisition of the relevant vehicle to the bureau, but prior agreement or cost benefit analysis had not been made in this regard. However, the two parties had not entered into a proper	2023	Bureau should take action to avoid the utilization of assets of other institutions although it is financial worthy.	It is financially viable to get the vehicle for Rs.11.5 million for a period of 5 years.	The vehicle is still .being used

agreement in this regard so far and by the Ministry Secretary's letter No. MT/ADM//2021/22/01 CAU- 4004 dated 27 February 2024, the relevant jeep had been assigned for the use of the bureau for a period of 05 years.

02.	As per Paragraph 2.3 of Guidelines on Corporate Governance for State Owned Enterprises dated 16 November 2021, the strategic plan should be prepared for a five years period and submitted to the Treasury. Further, The plan shall be updated each year in line with the changes in the business environment and shall be submitted to the General Treasury, not later than 15 days before the commencement of the ensuing year. However, a strategic plan for the Bureau had been prepared for the four years period from 2023-2020 and had not been updated to date.	2022 2023	The strategic plan should be prepared for a five years period; keep updated every year and submitted to the Treasury.	Necessary steps will be taken to prepare the strategic plan for the next five years and update it annually in line with changes in the business environment.	The plan had not been updated to the date.

3.53 Sri Lanka Convention Bureau

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	64,533,067,276	1,748,208,899	62,784,858,377	1,442,548,920	Qualified
2022	68,662,402,758	2,175,087,944	66,487,314,814	3,293,713,748	Unqualified
2023	-	-	-	-	-

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	A number of 10 allowances amounting to Rs.666,716,143 and 13 loan and welfare schemes amounting to Rs.420,800,245 had been implemented during the year 2021 without obtaining approval of Treasury.	2021	Required approval should be obtained.	On 11 October 2023, a letter was sent through the Secretary of the Ministry of Investment Promotion requesting approval from the Department of Public Enterprises for proposals related to allowances, payments, and employee benefits schemes. Furthermore, a reminder regarding this matter was also sent through the Secretary of the Ministry of Investment Promotion on 19	The necessary approval has not been obtained thus far.

July 2024.

02.	Section 3.1 of No. PED/2015 dated 25 May 2015, PED/2015 (i) dated 26 October 2016 and PED 01/2020 dated 27 January 2020	2021	Circular provisions should be followed.	The Board of Directors has determined fuel limits in accordance with the indicators specified in the relevant PED circulars.	The necessary approval had not been obtained.
	(i) Contrary to the Circular, the fuel limits had been changed as follows. Chairman - As required Director General - 300 litres Executive Director - 170 litres Directors - 140 litres				
	(ii) Contrary to the Circular, a monthly driver allowance of Rs.35,000 totaled to Rs.11,134,215 had been paid for 33 officers to whom entitled for an official vehicle.	2021	Circular Provisions should be followed.	On 11 October 2023, a letter was sent through the Secretary of the Ministry of Investment Promotion requesting approval from the Department of Public Enterprises for proposals related to allowances, payments, and employee benefits schemes. Furthermore, a reminder regarding this matter was	Actions had not been taken in accordance with Circular provisions.

also sent through the Secretary of the Ministry of Investment Promotion on 19 July 2024.

03.	Contrary to the Section 9.3.1 of circular No: PED/12 dated 02 June 2003, nine officers were recruited to establish a "special unit" during the year 2021 without considering provisions in the Scheme of Recruitment and the salaries of them had been advertised as "Salary is Negotiable"	2021	It should adhere to the conditions in Scheme of Recruitment.	The primary objective of establishing a special unit within the Board of Investment of Sri Lanka (BOI) is to attract highly skilled professionals and to adapt to the employment conditions in the industrial sector. Consequently, it has been indicated that the salaries offered for recruitment to the special unit's staff can be negotiated and compared with industry rates. Furthermore, it is noted that these appointments will provide packages with higher salaries and additional benefits than those in the public sector.	From the Cabinet meeting held on 23 May 2022, approval was given to dissolve the special unit and to terminate the contracts of its officials and that unit was thus disbanded. Since the objectives of establishing this unit was carried out by the board's staff both before and after its establishment, the purpose of creating the special unit was not fulfilled.
04.	Contrary to the Section 14.1 of Department of Management Services Circular No:	2021	Circular Provisions should be followed.	On 11 October 2023, a letter was sent through the Secretary to the Ministry of	Actions had not been taken in accordance with Circular provisions.

02/2016 and dated 25 April 2016, a sum of Rs.10,704,620 had been paid as special allowance to 242 officers in 21 tertiary level posts which is not entitled to be paid .

Investment Promotion requesting approval from the Department of Public Enterprises for proposals related to allowances, payments, and employee benefits schemes. Furthermore, a reminder regarding this matter was also sent through the Secretary to the Ministry of Investment Promotion on 19 July 2024.

05.	Although the land of 2 acres in extent and 3906 sq. meters building at Malwatta Zone had been released in the year 2012 to a company, an agreement had not been entered into and therefore, the ground rent, land premium, water and waste water charges amounting to Rs.24.1 million could not be recovered since 2014.	2021	Matters should be resolved and actions should be taken to recover charges by entering into agreements.	Although the investor was informed by the BOI to make agreements with the BOI, this was not done.	The legal department of the BOI is engaged in a process of asset takeover, and the removal notice has been directed to the Chairman of the BOI.
06.	Although the then Ministry of the Board had granted Rs.1988 million to commence an Export Processing Zone in Milleniya in years 2017, 2018 and	2021	Actions should be taken to implement as planned in Corporate Plan.	The projects providing infrastructures for the Millaniya zone had been temporarily suspended since 24	Horana Plantation PLC has filed a case against the Ministry of Development Strategies and International Trade)

	2019, it had not been commenced even by the end of the year 2021.			May 2019.	to prevent acquisition of land on 24 May 2019 which is still unsettled.
07.	The Board had paid Rs.4,384,440 during the year under review for the supply of water to Wathupitiwala Zone through water bowers due to the actions had not been taken to supply water in timely manner through National Water Supply and Drainage Board (NWS&DB).	2021	Arrangements should be made to obtain water from the NWS&DB as the hiring charges for bowers is a significant amount.	The National Water Supply and Drainage Board was unable to completed the Karasnagala Water Supply Project as planned.	Through the Ranpokunugama Water Supply proposal, the supply to the export processing zone in Wathupitiwala has been increased from 400m ³ to 700-800m ³ per day.
08	The number of enterprises which had signed agreements as at 31 December 2021 in 14 Zones of the Board was 740 since the inception and the number of closed, suspended or agreement cancelled enterprises was 440 as at the end of the year 2021. Therefore, only 285 enterprises have been functioning by the end of the year 2021 since inception.	2021	As the No. of closed, suspended or agreement cancelled enterprises were nearly 50 per cent, it should be pre-reviewed and take remedial actions to minimize.	It should be noted that the 440 projects that were closed, suspended, or have had their contracts canceled exist within a scope spanning 43 years (1978-2021). Furthermore, this list of 440 projects includes 86 projects that were merged with or transferred to another company, meaning that they are technically operational. For the remaining 354 projects that had contracts canceled, closed, or operations	To identify weak companies, the BOI had conducted a pre-performance evaluation of the companies. If there are any non-compliances with the BOI agreement, the company will be informed to rectify these issues within a reasonable timeframe.

suspended, issues such as non-compliance with contractual obligations, lack of orders, financial difficulties, and company bankruptcies have been contributing factors, most of which were outside the control limits of the BOI.

09. Although the 2021 installation of Integrated Accounting Software System had to be completed in April 2019, it had not yet been completed even as at 31 December 2023 and as an additional expense of Rs.3,750,000 had been incurred as at 31 December 2021.
- The project should be completed successfully in due time.
- The implementation was delayed due to several reasons, including the COVID-19 pandemic, staff shortages, and the complexity of the business model at the BOI.
- The accounting system that was to be completed by the BOI in April 2019 has been implemented since March 2024, incurring an additional cost of Rs.3,750,000 by 2021.
10. The construction contract of chain-link fence along western boundary of the Bingiriya Zone had been awarded on 29 April 2019 for a cost of Rs.32,087,075 notifying the construction period was 4 months. Although a sum of Rs.31,814,285 had been spent and the project had been
- 2021
- The project should be completed as planned to get value for money.
- Physical possession of paddy land received to BOI and handed over to Road Development Authority (RDA) to commence the public road construction. RDA is waiting for the funds required for the work from the
- As the Dummalasuriya-Bingiriya road, the public road across the region, cannot be blocked, the rest of the fence can be started after the RDA completes the bypass public road instead of that road.

handed over to the Board with a delay of 20 months, it was observed at physical test check that the construction of the fence was not completed at several areas and not properly maintained. Although it had been planned to build the Eastern Boundary in the year 2019, even the procurement procedure was not commenced and therefore, the safeguard of the land which was the objective of the project had not been achieved.

line ministry.

11.	The amount due from Lanwa Sanstha Cement Corporation (Pvt) Ltd as at 31 December 2022 was Rs.152,842,821 and this had been accumulated over the past years since year 2019 without paying.	2021 2022	-Do -	While holding discussions with this institution, actions have been taking to collect this amount without delay."	Only Rs.30,000,000 had been covered from the total deficit amount.
12.	Contrary to the section 2.6 of Guidelines on Corporate Governance for State Owned Enterprises (SOEs), the Executive Director-Human Resources	2022	Action should be taken in accordance with the Public Enterprises Circulars.	No comments had been made.	The Executive Director (Human Resources and Administration) has been continuing to serve in the position of Secretary of the Board of Directors.

and Administration had been appointed as the secretary of the Board of Directors.

13.	Contrary to the Section 3.1 & 3.2 of Operational Manual for State Owned Enterprises, the board had paid Rs.544,263,823 as allowances and Rs.68,039,960 as bonuses for the year 2022 without the approval of the General Treasury.	2022	-Do -	On 11 October 2023, a letter was sent through the Secretary to the Ministry of Investment Promotion requesting approval from the Department of State Enterprises for proposals related to allowances, payments, and employee benefits schemes. Furthermore, a reminder regarding this matter was also sent through the Secretary to the Ministry of Investment Promotion on 19 July 2024.	Actions had not been taken in accordance with Circular provisions.
14.	According to the regulations of the Environmental Protection Act, renewal of the environmental protection license and the submission of the renewal application should be done before 03 months prior to the date of expiry of the	2022	Environmental Protection License renewal process should be followed up.	Steps have been taken to closely monitor the process of renewing the environmental protection license.	Currently, the process of renewal is underway for all the export processing zones enterprises in accordance with the Act.

environmental protection license. However, BOI had failed to follow up the action. Hence 6 enterprises at the Seethawaka Export Processing Zone had failed to comply with the above requirement.

15.	The security firm of the Seethawaka Export Processing Zone had failed to deploy required security officers in accordance with the clause No.03 of the security agreement in the selected sample of Month of July, October, November & December 2022. Further, 12 hours shifts should be provided, but as per the invoices that included over 24 shifts. This badly affect the security of the Zone.	2022	Security of the Zone should be strengthened.	Under the supervision of security duty officers, the BOI and private security officials are enhancing security in the region. Measures have been taken to strengthen security, such as imposing fines during situations like deploying security forces beyond 24 hours	The security has not been adequately enhanced.
16.	In year 2020, the Board had planned to establish a pharmaceutical production zone in Arabokka which spread over 400 acres with estimated investment of Rs.2,460 million. Following	2022			

observations were made with regards.

(i) Since the land received as a grant to this project, without carrying out of a feasibility study, this land was used to the project by conducting only Strategic Environment Impact Assessment report.	Feasibility study should be conducted before start an investment project.	The suitability of the location for developing a zone, including the socio-economic sector, is covered by conducting an environmental impact assessment.	A feasibility study has not yet been conducted as it would incur additional cost.
(ii) By the end of the year 2021, the provision of infrastructure should be completed, but by October 2022, the provision of electricity facilities is 70 percent, the provision of water facilities is 0 percent, and the provision of highway facilities is very slow.	Action should be taken in accordance with Project proposal.	Due to the COVID-19 pandemic, economic downturn, and government policies aimed at controlling public spending during the years 2021 and 2022, development activities were suspended.	Electric poles had been erected and electric lines had been constructed for power supply, but transformers had not been installed. There is only a temporary water supply connection. Construction on the internal gravel road had been completed.

(iii) Although the BOI had launched promotional programs to attract investors to the region and although several investors had participated in initial discussions, no investors had yet come forward to invest in the region.	Action should be taken to attract investors.	Taking measures to attract investors with the development of infrastructure facilities in the region.	The BOI is currently discussing the establishment of an Active Pharmaceutical Ingredient (API) zone in the 100-acre plot of land allocated for the pharmaceutical sector.

17. The following observations were made regarding the industrial zone planned to be set up as a special industrial zone for textiles at 400 acres of land situated in Eravur at a cost estimate of Rs.4,770 million.

(i) The BOI had to spend an additional amount of Rs.107,890,674 for the land that had been acquired for the construction of this zone due to the delay in taking decisions for land acquisition.	Action should be taken in accordance with Project proposal.	The land acquisition process has been delayed due to the government's policy decision to abandon the acquisition process.	The land acquisition has been carried out with delays.
(ii) Even though the construction work of the sea outfall system has been	The process of getting transferred of the land should	With the coordination with the Chenkaladi Divisional	The land had been proposed to be transferred to the BOI as a free grant

started, the ownership of the nearly 100 acres of land had not been transferred to the BOI by 30 November 2022. The land is owned by the Government of Sri Lanka and in relation to it, the BOI had incurred an expenditure of Rs.927,738 for the survey work by the month of October 2022.	be speed up.	Secretariat, the process of transferring this land is currently taking place.	with the approval of the Cabinet, and the land transfer process is currently underway.
(iii) To attract investment to the region, the BOI had launched promotional programs for the year 2020, 2021 and 2022, but so far only one investor had come forward to invest in the region.	Action should be taken to attract investors.	Although there was initial interest in the textiles park in Eravur, the first investor faced several issues related to investment incentives, which have recently been resolved.	There have been no submissions from investors so far.
(iv) Although Rs.16.1 million was estimated for the years 2020, 2021 and 2022 for the works of providing basic water facilities, as of 30 November 2022, an amount of Rs.24 million had been spent for it. Accordingly,	The cost should be incurred within the given estimation.	NWS&DB submitted a revised estimate of Rs.18,932,400 in 2021 and has additionally requested Rs.5,055,451 for connection fees and security deposits.	Expenditures had been incurred in excess of estimates.

by the year 2022,
an amount of
Rs.7.9 million had
been spent
beyond the
estimated cost.

18. None of the recent projects to launch new investment zones had so far been able to move towards the desired targets. Details are as follows.
- 2022 Action should be taken to attract more investors and turn new zones for viable projects.
- 35.24 acres have been allocated for four investment projects from the 90.20-acre industrial area in Phase I of the Bingiriya EPZ.
- The proposed land had not yet been taken over.

Zone	Estimated amount Rs. Million	Actual amount incurred Rs. Million	Total Acreage of Land	Acreage of land used	No. of investment projects
Mallariya	13,474	2,300.5	The proposed land has not been acquired so far.		
Bingiriya	2,266	1,052.3	440.50	30.72	3
Eravur	1,730	361.8	262	50	1
Azabokkka	2,460	275.15	400	None	

19. The land with 2 Acres which is located near to the Lakshmi Vidyalaya – Katunayake had been utilized by Lakshmi Vidyalaya. However, this land was shown under Non- Industrial area without being transferred the ownership to the above external parties or entering into a formal agreement to
- 2022 Necessary action should be taken with the approval of the Board of Directors.
- The BOI has informed Lakshmi Vidyalaya to submit a formal request to the BOI through their respective line ministry for these provisions.
- A request has been received from the principal of Lakshmi Vidyalaya on 22 July 2024, and the BOI recommendation for the transfer of the relevant land was submitted to the Negombo Zone Education Director's Office on 24 July 2024; however, no assignment has been made yet.

lease out the land.

20.	An extent of 773.09 acres of land in 13 Zones were vacant as at 31 December 2022 and it represents 30 percent of the industrial area which was available for investors. Further, lands in Arabokka (Pharma Zone) and Bingiriya Export Processing Zone phase II with an extent of 751.7 acres and 282.9 acres respectively had been remained idle without being utilized as at 31 December 2022 since their inception. Further, an extent of 777.11 acres of land in outside the Economic Zones were remained idle as at 31 December 2022.	2022	Actions should be taken to promote vacant lands.	Vacant lands for investment are continuously promoted to local and global investors.	The land remains vacant by 30 September 2024.
21.	Only 800 meters had been utilized out of 10.8 Km of internal road at Mirijjawila Export Processing Zone, constructed at a cost of Rs.516,964,285. Further, the width of the road which is ranging from 26.5m –	2022	Internal roads at the Zones should be properly planned and constructed.	Before the land is allocated to the BOI for the development of the Mirijjawila export processing zone, this road construction has been initiated by the UDA.	The 10.8 Km internal road within the zone had not been completed by 30 September 2024.

33m is higher than standard width of 7.4m carriage width with overall 20m reservation.

22.	A plot of land with 5A 3R 30.1P extend in immediate vicinity of KEPZ allocated to Sri Lanka Red Cross Society (SLRCS) for the purpose of establishment of training center of Disaster Management Center (DMC) was underutilized as at 12 October 2022.	2022	Necessary actions should be taken to effectively utilize the lands available.	Both parties, the Sri Lanka Red Cross Society and the BOI, had agreed to explore methods and procedures for identifying a suitable investor to share mutual benefits.	An annual nominal fee of Rs.2,047,690 (including tax) will be charged as ground rent in the year 2024, and a suitable investor has not yet been identified.

3.54 State Development and Construction Corporation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	6,770,160,573	6,446,434,836	323,725,737	96,124,611	Qualified
2022	7,592,792,156	6,754,254,108	838,538,048	26,921,045	Disclaimed
2023	-	-	-	-	-

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	A total of Rs. 691.23 million relating to Concrete yards, construction and road sign systems debtors, late fees receivable, retention receivable and purchase advances has remained uncollected for 3years.	2021 , 2022	Responsible officials should take effective action to recover outstanding balances.	A collection section has been established under the Planning and Production Division to collect outstanding amounts.	The balance to be recovered as of 31 December 2023 is Rs. 582 million.
02.	Employees' Provident Fund Act No. 15 of 1958 EPF contributions and related surcharges amounting to Rs. 143.26million had not been paid to the Employees' Provident Fund since .2020	2022	Steps need to be taken to settle these statutory payments.	Arrangements have been made to settle them in cash.	Of this amount, Rs. 105.21million has not been settled so far.

03.	Term loan balances which were taken from two state banks, as at 31 December 2022 was Rs.1,848.24 million and the value of differed loan balances was Rs.1,727.18 million. Out of these loans a sum of Rs.990.61 million had been granted under treasury guarantee and for Rs.518.60 million, corporation has pledged the lands of the corporation as guarantee.	2021 , 2022	The management of the corporation should pay attention to the payment of loans and interest as per the new terms of deferment.	The corporation has decided to settle all loans during the restructuring process.	The loans have not been settled up to date.
04.	VAT and Surcharges thereon since 2006, were amounting to Rs.2,403 million had not been remitted to the Inland Revenue Department, in accordance with Value Added Tax Act No.14 in 2002.	2021 , 2022	The Corporation shall comply with the provisions of the Value Added Tax Act.	The government has decided to restructure the corporation and has decided to settle these taxes at that time.	It has not been paid yet.
05.	Nation Building Tax and Surcharges thereon were amounting Rs.7.15 million had not been paid since 2010, in accordance with Nation Building Tax Act No.09 in 2009.	2021 , 2022	The Corporation shall comply with the provisions of the Nation Building Tax Act.	-Do-	-Do-
06.	Economic Services Charges payable amounting to Rs.101.23 million	2022	The Corporation shall comply with the	-Do-	-Do-

had not been paid to
Inland Revenue
Department, in
accordance with
Service Charges
Amendment Act
No.13 of 2015.

Economic
Services
Charges
Amendment
Act.

07. Devcoshowa (Pvt) Ltd, the fully owned subsidiary of the Corporation, has been inactive for some period, and the Board had taken a decision to liquidate the company in .2006 The liquidation process had not been completed by 31 October 2023.
- 2021 , 2022
- The corporation must take steps to complete the liquidation process.
- Advice has been sought from the Attorney General on the Liquidation Process.
- The liquidation process had not been completed yet.

3.55 Agricultural and Agrarian Insurance Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	8,315,405,250	1,407,335,240	6,908,070,010	1,575,875,061	Qualified
2022	10,005,066,041	460,457,265	9,433,394,222	2,440,680,754	Qualified
2023	7,764,191,166	1,572,701,212	6,191,489,954	982,500,036	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The Farmer's pension and social security benefit scheme includes total assets of Rs.2,202,748,150 and total liabilities of Rs.89,457,327,488, resulting in liabilities exceeding assets by Rs.87,254,579,339, and has total current assets of Rs.1,092,503,529 and total current liabilities of Rs.2,527,354,554, leading to current liabilities exceeding current assets by Rs.1,434,851,025, making the going concern of the scheme problematic without the contribution from the treasury.	2023	Action should be taken to activate the Scheme.	The annual pension liability continues to increase, and in several instances, benefits have been enhanced based on government policies without a corresponding increase in contributions. As a result, pension payments are funded through allocations from the government budget.	Although new contributors were recruited during the years 2021 and 2022, attention was not adequately directed towards the current liabilities exceeding the current assets.

02.	Due to the absence of a method for updating the accurate bio-data of farmers, pensions of deceased and non-claimed farmers are continuously sent to the postal department. Consequently, in 2023, the postal department returned Rs.259,373,191 in unclaimed pensions, leaving an outstanding balance of Rs.81,000,602 due from the postal department by the end of the reviewed year. The lack of updated records for farmers who did not collect their pensions resulted in the inability to verify the accuracy of the year-end balance and the funds received.	2023	Information regarding unclaimed funds should be updated and submitted to the Treasury.	In relation to the Farmers' Pension Scheme, all documents received at the main office are examined and properly stored either at a designated location within the main office or in the archives. Additionally, it is noted that the information from these documents is being updated in the computerized database system on an ongoing basis. The records of unpaid pensions, submitted by District Accountants via the internet, are received and systematically maintained	Information regarding unclaimed funds had not been updated and forwarded to the Treasury.
03.	Although the Fishermen's pension liability amounted to Rs. 5,532,349,026, the investment value on that day was Rs. 793,808,692. Therefore, sufficient investment had not been made to settle these obligations	2023	Adequate investment should be made to settle the pension liability.	The answer has not been provided.	Sufficient investment had not been made to settle the liabilities.

04.	Going concern of the Fishermen's pension scheme is disputed as the total net assets of the scheme continue to be negative and the total liabilities cannot be met by the total assets of the scheme.	2023	Action should be taken to prevent the total net assets of the scheme from becoming continuously negative.	This scheme does not function on a self-financing model, and the current situation has arisen due to the incorporation of government funding in the installment decisions. As a result, the annual pension liability increases, which in turn reduces the net asset value. Due to this, new enrollments for this scheme have not been encouraged.	No actions have been taken to prevent the total net assets of the scheme from continuously having a negative value.
05.	Contrary to F.R 381 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, 57 bank accounts of the Group, including 45 bank accounts of the Board, are being opened and maintained without the approval of the Treasury.	2023	Approval from the Treasury must be obtained for bank accounts.	When the board initiates official accounts, a board memorandum is sent to the Board of Directors to obtain the necessary approval.	The Treasury approval was not obtained for opening the bank accounts.
06.	Establishments Code of the Sri Lanka Democratic Socialist Republic As per Section 7.5 of Chapter XII, Lieu leave is not admissible with leave spent	2023	It should be done in accordance with the	Leave is calculated according to the circulars and instructions	No action had been taken regarding obtaining Lieu leave to foreign leave.

abroad but the former Director General of the Board had taken compensatory leave to spend abroad for a period of 31 days from 10th September 2023 to 10th October 2023.

procedures of the Establishments code. approved by the Board of Directors and not all the clauses and conditions included in the Establishment Code are applied to the leave of the officers of the Board in the same manner. Accordingly, the Senior Assistant Secretary (Administration II) of the Ministry has approved the Director General's leave for the period spent outside the country.

07. The Agriculture and Agrarian Insurance Board's recruitment procedure for posts in the management service category

(i) As per Subsection 4.3.1(a), an officer with 3 years of experience in insurance work in the public sector/ corporation/ board or recognised organisation should have been recruited for the position of assistant director of insurance division, an officer

2023

It should be done in accordance with the recruitment procedure.

Approval was not received to recruit sufficient numbers of Assistant Directors and qualified applicants did not presented for the vacant positions. After examining the qualifications of the recruited applicants and the subject knowledge they possessed to serve in the

The recruitment procedure had not been followed.

with 03 years of experience in field and administrative work was recruited.

relevant departments, the relevant officers have been assigned to the relevant departments after a short training.

(ii) Although an officer with 3 years of experience in the field of planning or effective operation of a public sector/ corporation/ board or recognised institution should have been recruited for the position of assistant director of planning division, an officer with 03 years of experience in field and administrative work was recruited.	2023	It should be done in accordance with the recruitment procedure.	- as stated above-	The recruitment procedure was not followed as per the established process.
(iii) As per Sub-Section 5.2.1(a), external applicants must have passed the General Certificate of Education (Ordinary Level) examination in six (06) subjects simultaneously with credit passes in two other subjects including Sinhala/Tamil	2023	Officers who do not meet the required qualifications should not be recruited for positions on an casual basis.	During the period when approval for recruitment had not been obtained, officers were recruited on a training basis, and the board's operations were carried out efficiently. Officers are encouraged to obtain the basic qualifications	Officers who did not meet the required qualifications had been recruited for positions on an casual basis.

	Language and Mathematics, 12 officers who did not meet the qualifications were recruited for the position of management assistant and retained as casual officers for a period of 03 years.			required for the position and after obtaining the qualifications, they will be made permanent in the position of Management Assistant.	
08.	According to Section 131 of Chapter IX of the Extraordinary Gazette for Procedural Rules No. 2310/29 dated 14 December 2022, an acting appointment should be made when a regular Government officer serving in a post in the approved cadre is out of service in that post for a period of time with formal approval or as a temporary remedy until a permanent appointment is made to that post in the event of a vacancy in a post in the approved cadre. However, 26 officers for 07 posts were employed on the basis of acting on long-term from 08 months to 12 years.	2023	As a temporary remedy until a permanent appointment is made, but should not be employed on a long-term acting basis.	Currently, permanent recruitment has been made for 02 acting positions and recruitment for other vacant positions has been forwarded for approval. Once approval is received, action will be taken to recruit for the vacant positions.	No permanent appointment had been made for the acting appointment.
09.	Contrary to paragraph 2 of the Public Enterprises Circular PED No. 1/2015 dated 25th May 2015, 19 officers belonging to	2023	Transport allowance should not be paid to the service category	Since the audit had indicated that a decision implemented by the Board of Directors	No action was taken to recover the allowances paid to officers belonging to the non-allowable service category or

the MM 1-1 service category were paid transportation allowances amounting to Rs. 1,380,533 during the year 2022 and Rs. 1,837,960 during the year under review.

officers who are not entitled to transport allowance as per the circular.

accordance with the powers of the Act should be followed in accordance with a circular, A request was made to the Secretary of the Line Ministry by letter No. 3/1/8/1 dated 2019/05/10 and again by letter No. 3/1/8/1 dated 2023/03/27 to obtain approval from the institution that issued the relevant circular. The Board of Directors' decision remains in effect until a decision is made.

10. According to the State Enterprise Circular No. 06/2022 dated October 6, 2022, employees of Government Owned Enterprises who are in service beyond the age of 60 years and attain the age of 60 years on or before 31 December 2022 should be retired on or before 31 December 2022 and should be obtain prior approval from the Department of Management Services for recruitment on contract basis. However, 5 officers who completed 60

2023

A prior approval of the Department of Management Services is required for all employees who have completed the age of 60 years.

There is a shortage of workers due to vacancies that have not been filled for an extended period. Since several projects, such as the commencement of recruitment for the new Farmers' Pension Scheme, implementation of the ERP system within the Board, establishment of a new training center, the AIMS project, insurance promotion activities, expansion of

No steps had been taken to stop employing employees who were 60 years of age or to obtain formal approval.

years of age on that day and over 60 years of age were employed and Rs.4,389,535 were paid as salaries and allowances without approval.

animal insurance, as well as the preparation of new recruitment and work procedures, have been developed and are currently being implemented, steps have been taken to engage the services of these experienced officers.

Accordingly, approval has been granted through Board of Directors' Circular 531/18 for the recruitment of Development Officers and Management Officers on a contract basis. Kindly be informed that actions are being taken to terminate the service of the relevant officers after receiving approval.

11.	The board had to bear a loss of Rs.40,869,072 as late interest due to the tax amount of Rs.299,354,489 from April 1, 2018 to December 31, 2023 was not paid on the due dates and due to non-registration for income taxes as per the Inland Revenue	2023	From the year 2024/25, arrangements should be made to settle the tax liability correctly.	Since the Board carries out agricultural insurance and social security activities, all profits and income of the Board were exempted from income tax by the Inland Revenue Act No. 28 of 1979 and the	The tax payable had not been paid quarterly for the year 2024/25

Act No. 24 of 2017.

subsequent Inland Revenue Act No. 10 of 2006. However, since it had not been exempted under Act No. 24 of 2017, the board was required to pay income tax. In calculating income tax, the board had been required to pay tax at the rate of 30 percent applicable to regular companies and following extensive discussions with the Inland Revenue Department, arrangements were made to apply a 14 percent tax rate to the board's taxable income. Accordingly, the board has not incurred a financial loss. Accordingly, steps will be taken to properly resolve the tax liability from the year 2024/25 onwards.

12.	According to the Sub-section 7(a) the Agricultural and Agrarian Insurance Act, No. 20 of 1999, Indemnity amounting to Rs.70,800,200 paid to 8,185 farmers in the years 2017 and 2018,	2023	Arrangements should be made to remit the unclaimed indemnity money to the Treasury.	Agricultural Service Centers and District Offices have been informed to prepare and send revised documents for farmers whose payments were	Unclaimed compensation had not been remitted to the treasury.

has been returned by commercial banks due to mismatch of account numbers, farmers' names and identity card numbers. For 6 years no action was taken to identify the farmers and settle the amount or remit it back to the treasury.

rejected, and payments have been made based on the revised documents received. The amount of Rs. 70,800,200 of the farmers who did not claim compensation was submitted to the Board of Directors for transfer to the Agricultural Insurance Fund due to the farmers' continued non-claim, and approval has been received to allocate that amount for the creation of the Agricultural Data Management System. However, since these funds were not utilized for the intended purpose, they are to be to the Board of Directors for further action to be taken. However, since the funds was not used for intended purpose, it will be resubmitted again to the Board of Directors for further action.

13. According to Ministry of Agriculture, Rural Economic Affairs, Irrigation and Fisheries and Aquatic Resources Development Circular No. 07/2017 (Amendment II) dated September 02, 2019, although an amount of Rs.9,244,450 from 23,351 farmers was recognized as the income of the board for accident insurance coverage in relation to the 2021/2022 Maha season in the 17 offices where the information was reported. but the deeds were not given to 15,491 farmers and it was observed that deeds were given to 7,851 farmers after a period of 07 months to 10 months of the one year reserve period.
- 2023 Insurance certificates should be provided at the time of enrollment for insurance coverage.
- This is due to the shortage of officers in the district offices and the busy schedule of officers, and steps will be taken to issue accident policies for crop insurance policies in the future.
- Accident insurance policies have not been issued to farmers.
14. According to the Section 6 of Farmers Pension certificate of deed, If 75 percent of the required semi-annual contribution amount has been paid, the contributors are entitled to a pension lower than the specified amount determined by the board. However,
- 2023 Pensions are payable to contributors who have paid 75 percent of the half-yearly contribution.
- Any contributor who has paid more than 75 percent of the contribution amount has been paid, the contributors are entitled to amount due without cancellation will be granted a reduced pension. In order to calculate
- The pensions of contributors who had paid 75 percent of the semi-annual contribution amount were forfeited.

benefits were forfeited for these contributors.

the reduced pension, contributions must not be cancelled and more than 75 percent of the premiums must have been paid.

15.	According to Section 4 of Section 24 of the Agricultural and Agrarian Insurance Act No. 20 of 1990, a reserve fund to be used at its discretion to pay for claims arising from unexpected events had been built since 2002 and as of December 31, 2023, its balance was Rs.498,536,253. This fund has not been used in the 21 years from 2002 until now because the rules were not defined and established regarding the unexpected events that should be used.	2023	Attention should be paid to the need and use of the start of the fund.	It is expected that this fund will be used after obtaining the approval of the Board of Directors for the basic capital and additional capital requirements (requirements arising after obtaining life insurance valuation reports) arising for other insurance schemes, including the life insurance scheme that the Board intends to start with the contributions of farmers, in accordance with the Act.	The rules had not been prepared for unexpected events.
16.	To verify the amount of temporary cover notes given to each agent under the third party vehicle insurance scheme, the amount sold, the amount of cancelled	2023	Income and information should be kept complete.	District offices currently maintain the database using the Access application system to carry out third-party insurance activities. Relevant	The supervision of third-party vehicle insurance schemes was at a weak level.

temporary cover notes and the monthly sales income, and Also to ensure that the income earned on the temporary cover number is deposited in the bank account in sequence and information was not maintained correctly and completely to ensure that the deposits made by each agent could be distinguished from the bank statement and It was observed that the completeness of the banked income was not monitored by a higher official.

information can be obtained through analysis in this system, and district office officials have been informed to enter relevant information correctly into the data system. The Board has introduced the ERP system to implement third-party insurance activities in several district offices, and It is pointed out that it is possible to accurately obtain relevant information using this data system.

17.	With the help of officials of the Department of Agricultural Development, Indemnity for crop damage should be paid within 2 months, but for the 39,455 applications recommended and received for the 2022/2023 Maha season ending in March 2023, Rs.914,574,064 were paid starting on June 09, 2023 and ending	Delays in payment of indemnity should be minimized.	Such delays occur due to the prevailing practical conditions and the busyness of the officers, and action will be taken to minimize these delays in consultation with the Development Officers of the Agricultural Service Center.	The ministries or departments had not been informed about the delays in crop damage compensation payments.

on September 02,
2024.

18. According to the 2023 Section 6(1) of Farmers' Pension and Social Security Benefit Scheme Act, No. 12 of 1987, Non-payment of pension by identifying farmers who have completed 60 years of age and are entitled to pension by contributing to the scheme, According to the Section 15(1) of the Act, Failure to notify a contributor of default in payment of 5 installments respectively, The beneficiary party had not defaulted in the payment of 5 installments respectively but the pension benefits had been considered as a breach of the deed in the case of intermittent or non-payment of 5 installments respectively.
- Payment of pension should be made on completion of 60 years of age and the Board should verify monthly that premiums are collected properly.
- All district offices have been informed to promptly forward the applications of pensioners who have completed 60 years of age to the head office. Farmers who have reached the age of 60 and have not yet received their farmers' pensions have now been informed. Farmers who have failed to pay 5 installments in accordance with Section 15(1) of the Farmers' Pension and Social Security Scheme Act will lose their benefits. During the installment payment process, consideration is given to whether the installment being paid corresponds to the due installment. Accordingly, if any installment is delayed for more than 5 seasons, i.e. more than 2 ½ years, the benefits stated in his
- The contributor had not been informed about the introduction of an easy method to obtain pension applications or the loss of benefits stated in the certificate deed due to late payment of premiums.

certificate deed
will be lost.

19.	Out of the 871,425 registered farmers in the Farmers' Pension and Social Security Benefit Scheme, 474,803 farmers aged between 61 and 93 years as on December 31, 2023, but 264,227 of them have not been paid pension.	2023	Action should be taken to pay Pension on completion of 60 years of age.	Farmers who have reached the age of 60 years and have not yet received their pensions have been informed, and all Assistant Directors of District Offices have treated this task as a priority.	A procedure had not been established to identify contributors who had reached the age of 60 and were eligible to receive pensions.
20.	As per the Section 5(1) of Fishermen's Pension and Social Security Benefit Scheme Act, No. 23 of 1990, Any fisherman between the ages of 18 and 59 is eligible to join the Fishermen's Pension Scheme, however no Fishermen's Pension members have enrolled in the scheme after 2018, As per the Section 7 of the Act, Although pensions should have been provided to fishermen who contributed to the scheme upon reaching the age of 60 years, a total of Rs.5,537,581 was recorded as pension arrears in the financial statements, including Rs.4,159,063 for 139 fishermen who were granted pensions	2023	Necessary arrangements should be made to grant pension on completion of 60 years of age.	Steps have been taken to implement the scheme with financial sustainability. Necessary steps are being taken to introduce a new fishermen's pension scheme to attract fishermen to this program. Lists of contributors who have reached the age of 60 have been sent to the respective district offices, and based on these lists, a program has been initiated to inform eligible fishermen about the pension. Since the operational activities related to the Fishermen's Pension Scheme are carried out by	A procedure has not been established for enrolling new members or ensuring the disbursement of pensions upon reaching the age of 60.

between January 2007 and December 2016, and Rs.1,378,518 for 45 fishermen who were granted pensions in 2022 and 2023, but payments were not made to the fishermen.

the Department of Fisheries and Aquatic Resources, steps have been taken to inform the Department of this situation.

Additionally, in addition to the notifications made by the district fisheries offices, necessary steps will be taken to inform the fishing community through newspaper advertisements.

21. The number of fishermen contributing to the scheme was 64,117 and had not done grant of Fishermen's pension benefit to 24,187 (including 5,549 Contributors who have paid lump sum contributions) out of 31,146 fishermen who reached the retirement age of 60 years as on December 31 of the year under review.	2023 Action should be taken to made pension payments when contributors reach the age of 60.	Payments for arrears of pensions were not made until the reasons for the delay in the applications were clarified. Currently, pension payments are being made along with the arrears.	A procedure for providing pensions upon reaching the age of 60 has not been established.

22. An amount of Rs. 20,391,089 was received to the board in the year 2022 by the United Nations Food and Agriculture Organization for the construction of the agricultural management information system in conjunction with the International Finance Corporation (IFC) and although In that year, Rs.23,009,698 was spent for it, but by the year 2024, the information system was not used for indemnity calculation and indemnity payment process. 2023
- The objectives of establishing the Agricultural Management Information System should be fulfilled.
- The Agricultural Management Information System is implemented under the leadership of the Ministry of Agriculture, and the relevant expenses are reimbursed through the Ministry of Agriculture. All related transactions are accurately accounted for and disclosed in the accounting records.
- Information related to the calculation and payment of compensation was not entered into the computerized system.
23. Contracted for Rs.79,000,000 the purchase of Enterprise Resource Planning (ERP) System for the board's management information system and procurement of hardware should be started on 1 March 2023 and completed by 20August 2023, but those activities were not finished by 31 July 2024. 2023
- Tasks should be performed as per the agreement.
- Steps have been taken to extend the agreement period.
- The work on establishing the information system has not been completed.

3.56 Sri Lanka Cashew Corporation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	566,220,121	99,572,294	466,647,827	(16,412,185)	Qualified
2022	549,704,058	81,836,718	467,867,340	14,471,411	Qualified
2023	564,416,429	116,979,498	447,436,931	(5,020,580)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Although the provisions for retirement gratuity should be invested according to the formal investment plan as per the Section 139 of Sri Lanka Accounting Standards 19, an investment had not been made corresponding to the balance of Rs.35,789,916 at the end of the year under review in the account of provisions for retirement gratuity.	2021 2022 2023	Sri Lanka Accounting Standards should be followed.	Agree with the observation. A letter has been sent to the Department of Public Enterprises with the approval of the board of directors and the approval of the Minister in charge to invest Rs. 100,000 each monthly correspondingly to the balance of provision for retirement gratuity shown in the financial statements and accordingly, the necessary further action will be carried out as soon as the relevant	Retirement gratuity provision has not been invested according to a formal investment plan.

approval is
received.

02. The visible loss in the financial statements of the corporation in last 05 years regardless of government grants in the period from 2018 to 2022 had ranged from Rs.134,800,425 to Rs.102,312,533. According to this, it was observed that the going concern of the corporation without government grants has become challenging due to reasons such as continuous operational losses, staff vacancies and decrease in production due to non-cultivation of existing cashew estates .
- 2021
2022
2023
- Losses, staff vacancies and decreases in production due to non-cultivation should be taken care of and the Going Concern of the corporation should be ensured.
- Close attention has been given to the actions to be taken to increase the profitability of the corporation by further increasing the sales and other incomes and properly managing the expenses, and accordingly the necessary further actions are taken.
- Operational losses, staff vacancies , and production has been decreased due to non-cultivation of existing cashew estates .Losses have been reduced in 2023 compared to 2022.
03. Although the debt collection period of the corporation is 60 days, the trade debtor balance exceeding 90 days is Rs.2,994,271. Formal actions had not been taken to recover the balance of Rs.1,499,410 to be received from a private company
- 2021
2022
2023
- Formal actions should be taken to recover the debt balance.
- Rs.1,296,771 was recovered by 30.09.2023 from the trade debtor balance of Rs.2,994,271 which exceeded the grace period and the remaining balance will be recovered promptly. Since it was unsuccessful the efforts taken for
- Although short-term debts have been collected, steps taken to recover debts of Rs. 1,499,410, which are more than 2 years old, have not been effective.

located in the Colombo area and included in the said trade debtor balance for more than two years.

a long time to recover the outstanding balance of Rs.1,499,410 (Lisala Enterprises), it have been directed to take legal action.

04.	The 10 years had been passed since cashew plants worth Rs.9,466,200 were given to the existed Ministry of Economic Development. It is observed that there is no possibility of recovery of the said debt due to the fact that the relevant ministry has been revoked at the present.	2021 2022 2023	Necessary action should be taken immediately regarding the accounts receivable balances.	Even though it has been referred to the Public Enterprises Department of the Treasury for advice regarding the debtor balance of Rs. 9,466,200 to be received from the Ministry of Economic Development which was currently revoked and the balance of Rs.3,500,000 to be paid by the corporation to the Paddy Marketing Board, written instructions have been received from the Public Business Department that there is no possibility for set off and to proceed further actions with the recommendations of the audit committee of the corporation regarding the above debtor balance.	The receivable balance had not been collected.

05.	Decisions of the Committee On Public Enterprises dated 24 July 2012 Although the Committee On Public Enterprises had informed to take over the legal rights of the lands which does not have legal rights to the Corporation, The proceedings related to transfer of legal rights of the land enjoyed by the Corporation before 24 July 2012 and after 24 July 2012 which is 11,363 acres given by the Divisional Secretariat Offices and the Land Reform Commission to the Corporation had not been completed until 31 December 2022.	2021 2022	Actions should be taken to take over the ownership of lands that do not have legal rights as decided by the committees.	At the time of receiving the decision of the Committee On Public Enterprises dated 24 July 2012, the amount of acres of land in the estates/seed gardens which have not been transferred to the corporation is only 2370 acres. The amount of land that did not belong to this corporation by the year 2012 but has been received by the corporation from various parties and has not yet been legally owned is 8993 acres. Necessary actions are being carried out to take over the ownership of the lands.	Effective actions had not been taken to acquire ownership of lands to which the Corporation did not have legal title.
06.	Very low attention had been paid from the year 2013 to the year 2022 regarding the fulfilment of the factors mentioned in paragraph (a),(c),(d),(f) and (h) of the first schedule of the gazette notice No.60/07 dated 25 May 1973 issued for the establishment of	2022	The organization should work to fulfil the established objectives.	Disagreed with the observation. The relevant information has been requested through the corporation by the Ministry of in charge (currently the Ministry of Agriculture and Plantation Industry)	No action had been taken to introduce new products, improve exports, sales, or introduce new products from cashew nuts and cashew shells.

the Corporation, that means actions had not been taken to giving advice to the Minister, processing cashew products, developing sales and exports, working together with external parties regarding promotion and distribution, investigations and research.

in providing relevant information and advices and also, that information has been provided by the Corporation. In addition, in the urgent, special and other subject matters that arise, their opinion, relevant information and expert opinions were presented by the officers in charge in the meetings held by the Ministry in charge. In matters outside of its main objectives that should be interfered by the corporation, the relevant activities will be carried out according to the approval of the Secretary of the Ministry in charge to pay the attention of the honourable minister regarding that.

07.	The land size of 13 estates owned/in charge by the Corporation was 11,363 acres and out of that 3,449 acres were cultivated with	2022	The corporation should take steps to cultivate the uncultivated waste lands.	Although 50 years have passed since the establishment of the Corporation, 79 percent of the total land area of 11,363	Cultivation of uncultivated vacant lands remained at a low level.

cashew nuts while the percentage of uncultivated land was 70 percent. The any effective action had not been taken by the Corporation to cultivate the waste land.

acres has been acquired by this Corporation after the year 2012. Out of the total land, Kondachchi estate at Mannar and Mankarni Estate at Batticaloa have been given to the Civil Security Department for cashew cultivation and cashew has been successfully cultivated in 1,600 acres of land. Also, there is an amount of 552 acres of land which cannot be used for cashew cultivation or any other cultivation.

08.	By planting 70 transplanted cashew plants per acre and 40 seed cashew plant per acre on 3,449 acres of land where cashews were cultivated of the Corporation, the cashew productivity in the year 2022 was 88.24 metric tons and the yield at a low value of 25.38Kg of cashews per acre.	2022	An unacceptable decline in cashew productivity has been reported and action should be taken to increase cashew yield. A proper internal control should be implemented regarding the controlling the cashew estates and graving the cashew	Most of the estates of the corporation have very old cashew plantations and the number of existing cashew trees is much lower than the standard number of cashew trees. Also, the number of cashew trees was also decreased greatly due to reasons such as the wild elephant damages, beetle damages to trunk/body and root. The raw cashew crops were	No steps had been taken to improve the average yield of a cashew tree.
- By the end of the year under review, it has been stated that

the number of fecund cashew trees in those plantations was 51,685 and accordingly, the average yield of one cashew tree existed at a low level which was 1.71Kg.

harvest.

at a low level in the entire island due to unfavourable weather and climate condition in the year 2022 and the shelled cashew harvest collected by the estates of this Corporation in the year 2020 was at a value of approximately 5.043Kg.

09. The number of coconut trees in the Kamandaluwa estate in the Puttalam and Ampara Hardi Estate owned by the corporation were 3,358 and 826 respectively and consisted 1,147 of immature, 2,391 of productive and 646 of arid trees. The coconut productivity was 90,304 nuts in the year 2022 and its sales income was Rs.4,427,439. Accordingly, the annual coconut productivity of a tree was 38 nuts and the sales income was reduced up to Rs.1,863 due to the poor maintenance of coconut trees and the poor level of the application of
- 2022 Necessary steps should be taken to increase coconut productivity.
- The crops was decreased significantly due to the non-application of chemical fertilizers required for coconut cultivation for the last 05 years according to the existed crisis situation in the country and the bad financial condition of the Corporation. So a significant growth in coconut harvest can be expected in the next year due to necessary arrangements are being made to purchase fertilizers for cultivation in the year under review.
- Coconut production had not been increased and arid coconut trees had not been removed.

fertilizer.

10.	The area under cashew cultivation was approximately 3,449 acres by the end of the year under review. The net value of those trees has been stated as Rs.24,159,359 in the financial statements, nevertheless, doing a census of the cashew trees, numbering of the trees and preparation of the register of regarding the trees had not been done.	2021 2022	The attention should be paid to the assets management.	The preliminary work regarding the census of these cashew trees has already been started and it is planned to complete the work before the harvest season of the next year. The preparation of the cashew tree register will also be completed based on that after completion of the relevant census activities.	Cashew tree census, tree numbering and preparation of a register of trees had not been carried out.
11.	It had been observed during physical inspection of the Puttalam processing center that the machine purchased in the year 2021 for the automatic processing of cashews at a cost of Rs.7.092 million had been idle.	2022	Necessary repairs should be made and the machines should be put into use and necessary steps should be taken to recover the losses.	The value of Rs.7.092 million basically includes a cashew boiler, a cashew processing machine and 02 cashew dehydrating machines, out of that only the cashew processing machine and two cashew dehydrating machines were ordered by the corporation. The concerned supplier, Sahesh Industries, informed that the supply of cashew dehydrating machines could not be done due to the prevailing	No necessary repairs had been made to put those machines into use or to recover the damages.

inflationary situation and the concerned supplier delivered only the cashew processing machine to the corporation. Due to the existed problematic situation regarding the operation of that processing machine, the usage was delayed. When the relevant supplier requested payment for that machine, an action has been taken to release the relevant payment by retaining the 10 percent of the purchase price of the machine based on the recommendations of the committee appointed to check the performance of the relevant machine.

After that an estimate of Rs.04 million has been proposed to restore this machine for operational condition by Buddhi Industries which owns the patent for the production of cashew cutting

machines.

Accordingly, the part which is cashew cutting part of the machine that is currently identified as essential in the above processing machine has been expected to basically repair by corporation and during that, the legal actions will be taken against the main supplier as mentioned above.

12.	An Automated Packing Machine capable of packing 60 packets per minute at a cost of Rs.8,100,000 had been purchased for the Grading and Packing Division of Nadagamuwa Cashew Processing Centre in 2021. The number of packets packed in the year 2022 was 62,265 and the maximum capacity of this machine has not been utilized.	2021 2022	Procurement should be done efficiently and economically.	While purchasing this packing machine, attention has not been paid to the current production capacity of the processing centres. The attention has been paid in here to the requirement created in the future increase in production capacities through the mechanization of the processing centres. Although it was previously planned to purchase a relatively low-capacity packing machine by the corporation, the purchase of that	Although the Ministry of Plantation Industries had conducted an investigation regarding the purchase of the automatic packaging machine, no further action had been taken.

machine was rejected as significant variations in the weight of the packages were observed during the inspection of the samples of the packages provided by the relevant machine. Those previous experiences have also been considered in making the decision to purchase this packaging machine with modern technology. The specifications mentioned here have been prepared in consultation with external parties and paying special attention to the quality of packaging, the accuracy of the packaging measurements and stability of packaging etc. A preliminary investigation is being conducted by the Internal Audit Division of the Ministry of in charge regarding the use of this machine, and

accordingly relevant decisions regarding the use of this machine will be made based on the instructions of the Ministry of in charge.

13.	It had been planned to build 07 quarters to officers in charge by allocating an amount of Rs.15,653,000 by the Ministry of Development of Minor Crops Plantation including Sugarcane, Maize, Cashew, Pepper, Cinnamon, Cloves, Betel related Industries and Export Promotion. These quarters have not been fully constructed for use as at 31 December 2022.	2022 2023	Construction should be done and put into use.	The price of construction materials and work rents increased in the market when compared to the approved estimate for these quarters, due to that the related construction works could not be completed properly. After receiving the instructions, approvals and provisions of the concerned ministries, the works are being carried out to complete the construction works of the buildings and there is the possibility of completing the construction works mentioned here as soon as the approval is received.	The quarters were not completed and ready for use until September 2024.

3.57 Land Reform Commission

	Total Assets	Total Liabilities	Equity	After Tax Profit/ Surplus/ (Loss)/(Deficit)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	5,269,742,301	517,526,474	4,752,215,827	310,284,854	Disclaimer
2022	6,130,363,231	593,893,236	5,536,469,995	518,199,960	Disclaimer
2023	6,864,730,584	1,732,580,768	5,132,149,816	636,050,744	Disclaimer

- Land Reform Commission had not been paid tax from the beginning and according to the notification by the Department of Income Tax since impose to pay from the year 2018, Rs. 448,397,544 of income tax payable from 2018-2022 had been adjusted to the prior year profit and shown as income tax payable in the financial statements of the year 2023.

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. According to the land register, although the total amount of land including 4,833 hectares was 156,838 hectares, only 2,144 hectares (29 plots of 868 acres and 6.9 perches) have been assessed and the value of which, as Rs.905,285,000 had been disclosed by the financial statement as at 31 December 2023. It was 1.37 percent as a percentage. Accordingly, the fair value of the land was not reflected through the accounts and it	2023 2022 2021	As per the Act. the fair value of the lands mentioned in the land register which prepared by including the lands acquired should be reflected in the accounts.	Although the lands should be measured and plan should be given for valuation, all lands have not been measured accordingly. The leasehold lands have been surveyed lands were forwarded to assess only the values assessed received have been presented by the accounts. In the register of lands, information about the declared land and its extent, the	According to the land register, action has not been taken to assess the leasehold lands.

was impossible to confirm the accuracy and overall value of those lands to the audit.

number of lands has been disposed and the remaining lands have been entered.

02. As per the Land Reforms Act, The balance amounting to Rs.215,622,362 (Phase - I & II) of the compensation payables for 1,010 of land files acquired from Estate Companies and individuals had been credited to a suspense account and details were not regarding that and, it was observed that, it may be possible either an over or under-provision.
- 2023
2022
2021
- Action should be taken to account and settle the compensation payable properly for the lands had been acquired from individuals.
- Since the balances in the compensation suspense accounts can be settled only after the respective companies and individuals have confirmed their rights to the said lands, only individuals whose rights have been confirmed have been settled during the year under review.
- Compensation has not been paid for the acquired lands.
03. Although the Commission has identified Rs.354,658,614 as the outstanding rent income to be collected for 1,539 acres 02 roods and 38.81 perches of land given to the Coconut Cultivation Board on lease basis without an agreement, The amount to be charged for the remaining land amount of 1,588 acres and 11 perches had not been identified and disclosed in the financial statements.
- 2023
- Unrecognized rental income should be identified and accounted and, recovery of rent arrears should be done.
- As per covering 10 districts of the island 3,139 acres 1 rood and 16.11 perches on lease basis, also 21 acres 3 roods and 39.23 perches from sale basis, 32 acres from gazette and 936 acres 0 roods and 11.45 perches by acquisition have been given. These lands were handed over to the Coconut Cultivation Board in 1979-1980 without surveying. A policy decision
- Although the Secretary to the Cultivation ministry has ordered to pay has not paid up to now.

should be taken regarding non-recovering of lease and to pay the arrears of lease and it has been informed that to take necessary actions to regularize the lease in future.

04.	Although Rs.31,688,608 was recognized as handling cost for leasing to the Coconut Cultivation Board, it had not been recognized in the financial statements as a receivable balance.	2023	Handling cost should be accurately identified and accounted.	The relevant divisions have been instructed to correct when preparing the financial statements in the year 2024.	Handling cost had not been charged.
05.	The arrears rent amount of Rs.5,250,480 related to the 04 acre with quartz land located the land of Talpitiya Estate located in the Kandaketiya Divisional Secretariat of Badulla District had been removed from the financial statements of the year under review despite of it had not been recovered.	2023	Lease ledgers should be properly prepared and lease arrears should not be removed from financial statements without formal approval.	In the disposal of mineral land on the lease basis, especially not only regarding the graphite and quartz minerals, but also for the land should be recovered lease. Accordingly, the annual lease amount is Rs.453,600 based on the assessment of the chief Assessor for the year 2012 and the amount receivable up to 13.09.2023 subject to revise once in 5 years is Rs.5,250,480. And to hand over this plot of land to his son as the lessee had died, and	Out of that lease amount only Rs. 500,000 has been recovered.

agreed to pay 50 percent of the lease at once and the balance as installments. It is informed that relevant actions will be carried out to recover.

06.	Since Rs.777,136,104 of 36 balances of lease receivable and Rs.6,305,291 related to 15 trade and other payable balances were not confirmed by the confirmation letters, the accuracy was not confirmed to the audit.	2023 2022 2021	Balance confirmations relating to trade and other accounts receivable and payable should be obtained.	It has been reported that 24 balance confirmation letters related to the accounts receivable and payable related to the finance division have been sent and 07 balance confirmation letters have been received.	Those balances had been outstanding further.
07.	No any provision had been made for Rs.2,126,952,139 of receivable amount from 03 government institutions over 30 years and Rs.381,076,216 over 10 years included in the balance of trade and other receivables totaling Rs.4,002,737,774 and the recovering that was in a uncertain condition.	2023 2022 2021	Action should be taken to recover the money informing to the Chief Accounting Officer for Government Institutions.	The receivable balances of Rs.2,068,913,697 from Janatha Estate Development Board and Sri Lanka State Plantation Corporation it was referred to the Audit and Management Committee and recommended to take appropriate action. it was informed to continue in that manner the receivable balance of Rs.54,911,756	According to the decision of the Council held on the date of 28.08.2024 it has been decided to that balance should be further remained in the accounts of the Land Reform Commission as it is.

				from the Hadabima Authority.	
08.	The sum of Rs. 2,311,017 due from individuals who had obtained 08 land plots located in the districts of Kalutara and Gampaha on lease that had been shown under sundry debtors in the financial statements, remained outstanding for a period of over 24 years. Nevertheless, no action had been taken to recover the lease.	2023 2022 2021	Actions should be taken to recover the lease arrears.	Paper No.12788 dated 02.07.2024 was submitted to the Commission regarding these balances and it was decided to submit it to the Corporate Audit and Management Committee and submit it back to the Commission with its observations.	Actions had not been taken to recover the money.
09.	Although as at 31 December of the year under review, in the advance balance of land sales Rs.11,322,992 the balance of Rs.11,202,992 has been maintained for more than 10 years and in the land lease advance account balance of Rs.14,080,850 included the advance amount of Rs.11,215,850 received from 269 persons included had been remained for more than 18 years, the Commission had not taken actions to legally sell, lease out or to resettle the advances.	2023 2022 2021	Attention should be paid to settlement of sales advances and land lease advances.	These land sales advances that have been accounted are mostly related to land transactions had been made during 2002-2004. The drafted Cabinet paper have been forwarded to the Ministry of Lands on 20.04.2022 to obtain the approval of the Cabinet by Commission Decision No.11738 dated 2022.02.17 after checking the facts and verifying the facts of 1,156 acres of land which are currently cultivated with fertility out of the	Action had not been taken to settle the sales advances and land rent advances.

11,942 acres of
219 lands assigned
during that period.

10. As per the Section 2023 The meanings According to As per the Act no
44(l) of the Land 2022 of the Act Section 44 (l) of approval for the
Reforms Act No.1 of 2021 should be the Land Reforms allotment of lands.
1972 Based on the interpreted properly. Act, allotment of
establishment of an land plots was
provident fund for done on employee
those who employed basis during the
by the commission period 1982-1984.
and the provision of After the year
welfare and 2005, regardless of
entertaining sports the area, an equal
facilities and housing amount of land is
and hostel and other being given
facilities, action had according to the
been taken to provide policy decision.
20 perches for an The basic
employee with 5 years qualification for
of continuous service getting land plots
in the commission is considered to be
at the value of Rs.1,000 a satisfactory
per perch. service period of
Accordingly, 49 acres 05 years of
and 35.64 perches of continuous service
land had been given in the Commission
to 396 officers from and a person who
the year 2009 to the has not been
year under review. subject to any
disciplinary action.
At the time of the
commission held
on 16.09.2020,
Instructions have
been given relating
to granting land
plots to the staff
whose service
period is
completed for 05
years on a waiting
list.

11.	As per the Paragraph 1.1 of the Chapter V of Establishment Code of the Democratic Socialist Republic of Sri Lanka While working in the post of Project Director of the Commission from 23 October 2020 to 31 March 2022 in violation of the Establishment Code, joined for the post of Deputy General Manager (Control) of Maga Neguma Road Construction Machinery Company from 01 January 2021 on permanent basis subject to a probationary period of one year and Salaries and allowances were received from both institutions during the same service period. Accordingly, the Rs.2,038,979 of salaries and allowances paid by the Commission without giving any attention to the attendance and service of the relevant officer had not been recovered even by 31 December of the year under review.	2023 2022 2021	Action should be taken to recover salaries and allowances overpaid.	The Commission sent a letter containing all the information to the Attorney General dated 23.06.2023 regarding the amount received by the Project Director. Further, as reply was not received, letters dated 10.01.2024 and 22.04.2024 were also forwarded. Furthermore, the Bar Association of Sri Lanka has sent a letter dated 08.05.2024 regarding this matter and has informed that since it is a problem related to two government institutions, it is appropriate to take appropriate actions through the existing disciplinary actions of the government institutions.	Had not been settled up to now.

12.	In accordance with Section 2 of the Control of Government Expenditure Circular No.03/2022 dated 26 April 2022 of the Secretary to Treasury, although it has been informed that the renting of buildings should be suspended, Rs.49,571,072 had been incurred as rent relating to the years 2022 and 2023 for maintaining the head office of the Commission and 07 district offices on a rental basis. Also, it was further observed that although it has been almost 50 years since the commission was established, the management has failed to set up offices in the buildings belonging to the commission.	2023	Action should be taken as per the Circular of Control of Government Expenditure.	After reporting that the district directors could not find space in the government buildings, arrangements have been made to maintain them on rental basis. However, 03 district offices are in buildings owned by the Commission and another 10 district offices are maintained in government buildings.	Offices are being maintained in the buildings of the government.
13.	It was observed that Rs. 4,870,000 which had been incurred for rent of the building until 31 December was an idle expense due to the fact that, without maintaining the Galle district office of the commission in the building with the land of 31.5 perches in Galle Kurundugaha Hethepma, it was maintaining in a	2023	Action should be taken as per the cost is minimized.	This place has been maintained as a sub-office in the year 2018 and since it is approximately 39 Km distance from Galle city, it was observed that difficulties will be faced in other duties as well.	Galle district office is maintaining in a building rented by the date of this report.

building of 9.79 perches located in the suburbs of Galle with a monthly rent of Rs. 65,000 from the year 2018 to 31 December 2023.

14.	The number of lessees related to Rs.1,180,434,743 of receivable land lease as at 31 December 2023 was 401 and out of that, only 116 lessees were given lease agreements and lands had been leased to 285 lessees related with arrears rent amount of Rs.904,486,633 without entering into a legal agreement. During the year under review, the amount recovered from lease arrears was 13 percent and the amount recovered from income during the year under review was 30 percent. Accordingly, it had not been possible to go for court to recover the arrears due to leases without legal agreements.	2023 2022	Action should be taken to enter into legal agreements for leased lands.	403 lessees have been identified in relation to the amount of lease receivable as at the date of 31.12.2023 and out of that should be taken legal action against 246 lessees who are not paying lease and to recover that amount and the number of lessees who can recoverable on annual and installment basis was 157. It is further classified as the lease non-recovered and to be recovered accordingly, through legal process and action is being taken promptly.	Giving lease agreements for all the lessees has not been made.
15.	According to the Land Reforms Act, although the Templestore Estate land which owned to a private company has been acquired on the date of 09 July 1974, according to the	2023	Action should be taken to transfer the undisturbed possession according to a formal method.	The district court gave a decision on 23.02.2001 to pay means and profits for the case filed by the private company and 5 other related cases.	No any measure has been taken regarding the parties given recommendation to taking over without finding lands which has not an

decision of the case filed by the company, the tenure of 439 acres 02 roods and 03 perches had again been handed over to the company on 23 November 1993. Due to non-fulfilling of the order given in relation to the case filed regarding the lost income and for the interest lost to the company for the period from 1974 to 1993, as the payable amount of Rs.100 million in the year 2001 was not paid during that period and the annual interest was also added to that amount, Rs.500 million had been agreed to pay. Accordingly, it was observed that Rs. 400 million had to be over paid.

Nevertheless, it ownership. did not decide to give interest. Therefore a final appeal was submitted to the Court of Appeal by the plaintiffs in the earlier cases filed who dissatisfied with that decision and although the Commission submitted a cross-appeal and revision request, Court ordered to pay 100 percent interest on the loss and legal interest thereon. The Cabinet approval was given to take a policy decision to reach this settlement subject to calling for a report from the Attorney General. Accordingly, Rs.500 million was paid to the plaintiffs on 24.04.2024.

16.	Although an integrated accounting software system of the Commission was purchased from a private company on 22 May 2019 for Rs. 8,500,000, it was not possible to obtain information about the land rent receivables from that information	2021 2022 2023	Action should be taken to establish integrated accounting software system.	Science Land Information Technology (Pvt) Ltd and the Technical Evaluation Committee have been held a meeting to discuss the progress of the MIS information system, and it has	The software system has not been used.

system by 31
December of the year
under review.

been agreed to
prepare the MIS
information
system in a way
that to obtain the
land rent
receivables
through the
information
system as soon as
possible according
to the discussed
matters and the
TOR. Accordingly,
the system is
currently being
prepared regarding
debtor balances. In
addition to this
action is being
taken to get legal
actions in this
regard.

17.	Although the Committee on Public Enterprises held in 2022 was informed to take legal action to recover the amount of Rs.17,000,000 had been paid to a private company in the year 2002 for designing, developing and implementing a fully integrated computer system for the council, action had not been taken to act accordingly even by the date of this report.	2023 2022 2021	Action should be taken to recover the amount.	Crime Investigation Department and the Bribery or Corruption Investigation Commission, have informed that there are not enough facts to prove beyond reasonable doubt. Information has also submitted in this regard to the Audit and Management Committee, and in this regard and has been submitted to General Treasury for recommendations through Ministry	The amount has not been recovered.

of Lands and, reply has not been received from the Treasury until now. Commission has obtained a complete report and all the information has been forwarded to the Committee on Public Enterprises. a letter dated 24.08.2023 has been sent requesting advice from the Attorney General's Department in this regard and reply has not been received until now.

18. Out of the 2023 Rs.33,229,487 amount had been paid to the 2022 land surveyors at the 2021 time of surveying and regularization of the lands of the Commission in the years 2019, 2020 and 2021 subject to reimbursement from the plotters, only Rs.7,616,274 had been reimbursed as of 31 December of the year under review and the balance to be further received on that date was Rs.25,613,213.
- Action should be taken to survey and charge fee at the time of provision of lands to the plotters.
- An amount of Rs.25,613,211 was to be recovered as at the date of 31.12.2023 out of the amount of Rs.33,229,487 paid as surveying fees by the Commission in the years 2019, 2020 and 2021 to the registered authorized surveyors as a special project in the Galle district. Out of which Rs.1,081,472 has been reimbursed as on 30.06.2024. Accordingly, Rs.24,531,739 to be reimbursed by Attorney General has been consulted regarding the recovery of the arrears.

30.06.2024.

However, instructions have been given to the director of land to recover this money by informing the plotters to pay this money.

19.	Nawalapitiya Tilton Estate land with Tea Factory owned by the commission the extent of 02 acres 01 roods and 05 perches had been leased to a private company at an annual rent of Rs.270,000 on a thirty-year lease basis from 30 August 1997. In the year 2008, although a private party has acquired the land with the brand name of the above company, the Commission had allowed it to be used informally without any approval or agreement in this regard or without any charge, and as receivable lease for a period of 26 years until 31 December 2023 Rs.18,403,926 had been accounted.	2023 2022	Action should be taken to recover the rent arrears.	Tilton Estate located at Nawalapitiya, in Kandy district being transferred to Super Industries and Exports Private Limited Company for 30 years and due to non-payment of lease as per the judgment of No.79899/18 and dated 26.03.2021 of Nawalapitiya Magistrate Court an order has been issued to evict Mr. Tilak Kumara Udugama from this property. A letter dated 10.01.2024 has been sent to the Attorney General regarding the recovery of the lease arrears.	The rent arrears have not been recovered.
20.	08 acres from the land named Lechchami B Estate located in the Akmeemana Divisional Secretariat in Galle was given to a "foundation" on lease	2023 2022 2021	The acquired lands should be utilized for the purposes of the Act and actions should also be taken to	An amount of 08 acres has been given on lease basis to Sahana Children's Development Foundation dated	Regarding the recovery of these arrears has been consulted from the Attorney General.

basis for a period of 30 years and although the tenure of the land had been unilaterally transferred to the Commission in the year 2021, The commission has not taken actions to recover the amount of Rs.6,998,800 remained outstanding as at 31 December of the year under review.

recover
arrears.

the 01.01.2005 from Lechchami B Estate land located in Akmeemana Divisional Secretariat in Galle District. The amount of receivable lease rent up to 31.12.2022 was Rs.6,998,800. Any amount of lease has not been paid from 2005 to up to now. 03 acres out of this land has been transferred to the person who called Wickramasingha, before the monk has passed away and this person cultivated Agarwood in this 03 acres and tenture this land and transferring the land with building located in the rest of the 05 acres to the Commission and adjusting to the arrears lease amount and action will be taken to obtain instructions of the Commission to give another lessee with the buildings.

21. In the undivided 14 acres 1 rood and 9.9 perches land belonging to Mahena North 615 B Grama Niladhari Division of Horana Divisional Secretariat of Kalutara District owned by the Land Reforms Commission, a monk has illegally occupied in nearly 5 acres and another private land owner has occupied an amount exceeding 66 perches and legal proceedings had not been taken to evict the encroachers in accordance with Section 16 of the Land Reforms Act No.01 of 1972.
- 2023
2022
- Legal action should be taken against encroachers.
- Plan No.1581 and dated 22.07.2021 has been submitted by surveying according to the survey order No. 15/6/3626 and dated 21.05.2021 in order to identify the Hegallawatta land owned by the Commission in Horana Divisional Secretariat of Kalutara District. In that survey, it was revealed that a part of the land owned by the Commission is being illegally enjoyed in addition to the part of 66 perches with the bungalow currently owned by Sujatha Weerakoon, and that part was shown as plot No.08 of 1581 Plan. However due to the filing of the case bearing CA(W)576/2021 by Sujatha Weerakoon against the Commission, it was unable to take any action regarding the encroach activity until now. A request has been made to obtain on lease basis for a lay clergy
- There has been a case regarding this and those activities are not finalized. Information has been called by the letter dated 14.10.2024 to hold the illegal activities of the monk.

community head
training center by
Isipathanarama
Incumbent, Rev.
Ho.
Thanjamthanne
Dhammaransi
Thero, and
according to that
request, survey
order
No.15/6/3626
dated 08.11.2021
was issued to
survey a
undisturbed
amount of land of
4 acres 2 roods 00
perches from 1581
Plan in the name
of the commission.
Nevertheless,
Legal action
should be taken
against
encroachers. Since
Sujatha
Weerakoon filed
the case No.
CA(W)576/2021
against the
Commission in the
Court of Appeal, it
was not possible to
survey and further
activities related to
leasing have been
done.

22.	The 01 rood and 9.79 perches of JaKotuwa Watta land located in Kolonnawa Wellampitiya area of Colombo District was assigned to an individual at an annual rent of Rs.1,590,000 and although it was assessed at Rs.26,500,000 based on the market value of the land, it was informed that it could not be paid as the rent was too high and any rent had not been charged up to now.	2023 2022	Rent should be charged on government valuation.	According to the valuation of the chief Assessor in the year 2021 and the rent amount is Rs.1,590,000. Since paying of this lease amount is impossible from the income earn from this business, requests have been made to revise the lease again. Although has been informed to the Valuation Department, this institute has been informed by the Department of Valuation that it was impossible to make changes. Since the government valuation has not been received up to now, it was also impossible to give the lease agreement.	Recovering of due lease or removing of lessee has not been done.
23.	The 70 acres of Ragedara Watta land located in Ibbagamuwa Divisional Secretariat has been leased to a private company for a period of 05 years based on the government valuation value for graphite mining in the year 2011. The amount of Rs.8,110,356 paid for	2023	Rent should be charged on government valuation.	Although it has been referred to the Director/Valuation and Compensation on 19.10.2012 requesting to provide the current valuation of the Chief Valuer of the Government under section 22(1) b b of the Land Reforms Act, the	Arrears lease amount has not been recovered by calling assessment reports.

this graphite land up to 31 December 2023 had been accounted as advances received on non-receipt of Government valuation. Even though 12 years have passed as of the date of this audit report, the commission has unable to assess, calculate and collect rents and reach a rent agreement between the two parties until now.

valuation reports have not been provided. The Director/Valuation and Compensation will be investigated again on 25.12.2023 regarding the delay in receiving this valuation report and the amount of Rs.8,937,144 has been collected from this project by now. Accordingly, after receiving the valuation reports, the relevant adjustments will be made and a formal rent agreement will be issued after collecting the arrears.

24.	The 25 acres of Ambalanwatta land in Kandy district has been leased to a private company for a Silica project in the year 2011 and any rent was not collected in the years 2012-2015 and 2017-2019. Action had not been taken to obtain the valuation reports of the Government Valuation Department or the reports of the Geological Survey and Mines Bureau to determine the amount	The rent should be charged as per the government valuation or the reports obtained by the Geological Survey and Mines Bureau.	The institution had been informed on 21.01.2018 to pay rents on an annual gross valuation until receiving valuation of the Chief Assessor. Accordingly, letters have been forwarded to the valuation department on the date of 03.05.2011, 14.09.2020 and 27.01.2021 A letter dated 04.04.2024 has also been sent to the Registrar	Outstanding lease or current lease has not been recovered on non- receiving of the valuation reports.

of rent to be charged in a fair manner even by 31.12.2023.

Geological Survey and Mines Bureau. An amount of Rs.2,000,000 has been paid to us on the date of 03.04.2024.

Accordingly, action will be taken to obtain promptly the balance due amount of Rs. 2,127,500, Furthermore, Bluebay Mineral Institute states as the reason for non-payment of rents in the years 2012/2015 and 2017/2019 that the project was not implemented during that period.

25.	Boulder located in 12 acres 02 roods and 4.48 perches in Galimure Watta plot No.01 in Diwlapitiya Divisional Secretariat had been leased in July 2011. Due to the failure of the commission to take due actions related to the non-payment of rent by the relevant lessee until about 12 years had passed from the year 2011 to 31 December of the year under review, an income that could have been earned from that had been lost.	2023	Rent should be charged on a valid agreement.	As per the Section 22 (1) (a), on the valuation of the Chief Assessor of the government in the year 2011 it has been informed by the letter No.15/6/4028 dated 23.01.2023 and by the letter No.3/5/2/1/95 dated 24.10.2023 to pay the rent including handling fee. The Director (Legal) has been informed on 17.10.2023 to take legal action due to non-payment and	Lessee has not properly paid lease.

the Director (Revenue) has informed that legal action will be taken immediately.

26. The organic fertilizer project had started in the year 2021 with a cost of Rs.350 million was terminated as a failed project in 2022 as the income earned compared to the cost was Rs.22 million. The places of more than Rs.31 million of machinery and office equipment purchased for this project were located and the details of the types and values of those assets were not submitted to the audit. By the decision of the Cabinet No. CP/23/383/615/017 dated 28 March 2023, a special investigation committee consist of three members was appointed by the Secretary to the Ministry of Tourism and Lands to carry out an independent complete investigation on facts that affected to failure this project, how the funds have been used and the parties who contributed to the failure of this project and although it was stated by the letter
- 2023
- Action should be taken according to the special investigation report.
- Rs.350 million had been allocated initially for maintaining the organic fertilizer production project in 35 Centers in 29 divisional secretariat divisions in the North Central Province and after that from the date of 01.01.2022. it had been decided to implement as a project of the Ministry of Land. Although an agreement was also signed with the Commercial Fertilizer Company for the sale of manufactured fertilizers, which Company also suspended the purchase of these fertilizers. An amount of Rs.81,150,320 million has been incurred for the machinery and office equipment purchased for this project that was terminated on
- The final investigation report of the special investigation Committee has not forwarded.

No.9/2/6/17 dated 29 April 2023 of the Secretary to the Ministry of Tourism and Lands that the report should be submitted within 02 weeks, it was not submitted until June 2024.

14.07.2022 . The machinery and office equipment purchased have been provided to the government institutions such as Sri Lanka Air Force, Civil Defense Department and Ella Pradeshiya Sabha by now. The investigation committee consisting of three members requested the documents of files has been opened and commission decisions related to the organic project etc. from the commission and all those documents were handed over to the committee. However, the commission has not been informed about a final inspection report.

27.	The Cabinet decision No. CP/18/1126/829/002 dated 27 June 2018 had approved the recruitment of 214 officers for a period of one year and although it was stated that the service of those officers could be extended for a period	2023 2022 2021	The number of cadre should be revised according to the approval of the Management Department.	After the meeting of the Committee on Public Enterprises dated 21.10.2022, since the Land Reforms Commission is an institution to be restructured, that it is not appropriate to create positions and recruit staff at	The approval of the Department of Management Service had not been obtained for the cadre has been recruited for a period of one year by the Cabinet decision.

of 3 years depending on the performance, after completion of relevant 3 years, permanent appointments were given to 138 Management Assistants, 10 Drivers and 16 Office Assistants without the approval of the Management Services Department. Apart from this, the approval of the Management Department had not been taken for 56 Management Assistant positions and 08 Primary positions recruited by the commission papers.

this time and action is being taken to permanent under the Public Administration Circular No.25/2014 and 25/2014 (1) as per the Cabinet decision dated 12.06.2024, recruitment of 77 Management Assistant positions, 18 Office Assistant positions and 05 Driver positions had been vacant in the commission had been approved to recruit among the employees who were confirmed based on the seniority. According to that decision, a committee has been appointed to examine the qualifications and the files are currently being examined.

3.58 State Engineering Corporation of Sri Lanka

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	--	-	-	-	-

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Employees' Provident Fund Act, No. 15 of 1958 and Employees' Trust Fund Act, No. 46 of 1980.	2021	The corporation must comply with relevant regulatory requirements.	The issues in the C-reports quoted in 2016 regarding the outstanding Employees Provident Fund on the cost of living allowance were resolved and payments were made based on the correct reports .	The outstanding Employees' Provident Fund arrears as of 08 October 2024 amounting to Rs. 79.1million and the outstanding Employee Trust Contribution arrears amounting to Rs. 19.5million.
(i)When calculating the EPF and ETF contributions, cost of living allowances paid to the employees for the period of January 2006 to July 2015 had not been taken in to accounts by the Corporation. So, as per the calculation done by the Corporation an amount of Rs. 349.79 million and Rs.174.89 million had to be paid by the Corporation as the arrears of EPF and ETF Contributions and Surcharges thereon	Transaction Report		The outstanding Employee Trust Fund amounting to Rs. 56.1million has been agreed to be paid in monthly	

respectively. However, a sum of Rs. 524.68 million as contributions and surcharges had not been paid by the Corporation as of 31 August 2023.

installments of Rs. 5lakh each, based on court orders received in June .2022

(ii)A contribution of Rs.421.78 million and a surcharge of Rs.147.39 million which had been payable by the Corporation to the Employees Provident Fund as at 31 December 2021 had been remained without being remitted. Further, total unpaid contributions as at 31 December 2022 were Rs.607.62 million, and even by 31 August 2023. It had not been paid.	2021 Transac- tion Report	Action should be taken to remit contributions on time and surcharges as terms of the Employees' Provident Fund Act.	The arrears and surcharges for all staff who left the Corporation by August 2023 have been paid. Previous Staff arrears have been paid up to December 2021 along with the due surcharges.	Currently, Rs. 101.12 million remains to be paid in 32 installments of Rs. 3.16million each.
02. Loans of Rs. 2, 100 million obtained from state banks from 2016 to 2020 had not been repaid and the outstanding interest payable as of 31 December 2021 was Rs. 569million.	2021 Transac- tion Report	Management should take appropriate measures to minimize losses and generate profits to achieve profitability.	The corporation is considering various models to settle all liabilities and operate as an independent business entity under the restructuring process.	Action had not been taken to pay the loan amount of Rs.2, 099.99million and the outstanding interest amount of Rs.1, 547million as of 31.12.2023 up to date.

03. A surcharge of 2021 The It has been paying Out of the main
Rs.130.43 million had)Transa corporation taxes since July liability, the value
been imposed by the ction should meet .2023 added tax balance
Department of Inland Report(regulatory requirements. included in the
Revenue up to end of previous tax
the year 2021 due to liabilities, only Rs.
non-remittance of 5.0million has been
Income Tax, Value paid so far.
Added Tax, Economic Therefore, the total
Services Charge, Nation tax payable amount
Building Tax and GST is Rs.1,328.83
on time amounting to million, and the
Rs.10.56 million, surcharge on that
Rs.1,158.19 million, amount of Rs.130.43
Rs.97.745 million, million has not been
Rs.65.21 million and paid.
Rs.2.12 million
respectively from the
year 2014 to 2020
04. After analyzing the 2021 Action should Management is The total loss as of
income and expenditure be taken to working to 31 December 2022
details regarding the)Transa minimize mitigate the amounting to Rs.
work performance of ction losses and situation through 152.44million, and
permanent sites and Report(identify new close monitoring it is a 40percent
workshops, it was ways to of monthly decrease compared
observed that a total loss generate performance and to the year .2021
of Rs.253.70 Million income. reporting to the
had been incurred Board of
during the year 2021 Directors.
and it was an
improvement of 19.82
percentage compared to
the previous year.
Further only two sites
have been made profits
and others had operated
on losses.

05.	Forty-Six employees of the Corporation had been released to the Ministry of Urban Development and Housing, Government Factory, Cultural fund, Urban settlement Development Authority and Urban Development Authority contrary to the instructions given in Guideline 8.3.9 of the Public Enterprises Circular No. PED/12 of 02 June 2003. However, the salaries and overtime amounting to Rs.55.25 million incurred by the Corporation had not been reimbursed	(46)	2021	Action Should be taken to comply with the circular instructions and salaries should be reimbursed from respective government institutions.	To take action in accordance with the provisions of the circular notifications and reminders are being sent to the heads of relevant institutions as well as the values to be obtained through discussions.	No recovery has been made so far.

3.59 Water Resources Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	639,962,000	439,551,000	200,411,000	(16,988,000)	Qualified
2022	2,067,247,000	1,886,044,000	181,203,000	(27,506,000)	Qualified
2023	1,671,727,000	67,270,000	1,604,457,000	1,386,004,000	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Although the non-current assets purchased by the Ministry of Irrigation under the project to establish a groundwater monitoring information network had been provided to the Board by the Project Director by the end of the year under review, those assets amounting to Rs. 336,301,185 had not been accounted.	2022 2023	Actions should be taken to account Project assets in accordance with Sri Lanka Public Sector Accounting Standards and account an equivalent amount as income.	As per the recommendations made by the committee appointed by the Secretary to the Ministry of Irrigation regarding the accurate valuation of the assets submitted by the project, actions will be taken to submit a report by the Project Director to the Water Resources Board with the correct asset values and include them in the accounts for the year 2024.	Actions had not been taken to account the non-current assets purchased under the project.

02. The value of 190 tube wells with high-tech equipment and their maintenance equipment assigned to the Board at a cost of Rs. 1,738,833,941 and consumables assigned to the Board at a value of Rs. 1,534,077,024 had not been valued and accounted in accordance with paragraph 83 of Sri Lanka Public Sector Accounting Standards 11.
- 2022
2023
- Actions should be taken to account the project assets in accordance with Sri Lanka Public Sector Accounting Standards and an equivalent amount as income.
- It has been informed that the cost of the assets submitted by the project is unacceptable and the Project Director has not submitted a report to the Water Resources Board with the correct asset values in accordance with the recommendations made by the committee appointed by the Secretary to the Ministry of Irrigation regarding the accurate valuation of the project assets.
- Actions had not been taken to value and account the tube wells with high-tech equipment and their maintenance equipment.
03. Order published by the Minister in the Gazette Extraordinary No. 2010/23 dated 16 March 2017, in terms of Section 16 of the Water Resources Board Act, No. 29 of 1964.
- (a) Order 02**
- Although all institutions engaged in tube well construction should be
- 2021
2022
2023
- Actions should be taken to develop a program and implement to identify all
- A Actions are being taken to prepare a systematic program for the registration of tube
- Actions have not been taken to register the tube well construction companies annually.

registered with the Board, only 42 institutions had been registered by the end of the year under review. 72 institutions had been registered in the previous year and the Board did not have adequate procedures to ensure that unregistered and unrenewed institutions were not engaged in tube well construction and to identify which institutions were not registered with the Board. Further, although as per the above order, registered institutions should submit a report containing the data of all newly constructed tube wells to the Board every 03 months, only 4 institutions out of the 42 registered institutions, had

institutions engaged in tube well construction.

well construction companies. As there are no legal provisions in the Water Resources Board Act regarding the non-registration of tube well construction companies, the relevant Act has been amended and the necessary approvals have been sent. All currently registered tube well drilling companies have been informed and written notices have been issued to update their registration with the Water Resources Board. Written notices have been issued to the relevant companies to provide the relevant chemical reports to the Water Resources Board.

submitted the
said report.

(b) Order 03 Although an institution or individual engaged in the water bottling industry and beverage production which utilizes a natural water source or groundwater for its production activities, should get a water sample from that water source tested by a government-recognized laboratory every 6 months and submit the relevant analysis report for approval. out of the 42 institutions registered with the Board, only 9 institutions had provided the said reports to the Board.	2021 2022 2023	Natural water sources or groundwater production institution should test water samples and submit reports.	The relevant institutions have been informed through letters to send the relevant analysis report to the Water Resources Board and the Gazette containing the law has been sent to the relevant institutions. A letter has been sent to the Attorney General on 06.09.2024 seeking advice on legal action that can be taken under the Water Resources Board Act, the Gazette or other laws against institutions and individuals who are registered with the Water Resources Board and violate the relevant procedure.	Actions had not been taken to submit the Chemical analysis reports of water sources as scheduled.
(c) Order 06 Legal action had not been taken against institutions,	2021 2022 2023	Actions should be taken in respect of institutions that use natural	A letter has been sent to the Attorney General on 06.09.2024 seeking advice on	Actions had bnot been taken to provide the guidance on the rules to be followed

organizations or individuals who did not act in accordance with Regulations 1 to 5, which contain the rules to be followed by government or non-government institutions using natural water sources or deep or shallow groundwater, in accordance with Section 20 of the Water Resources Board Act No. 29 of 1964, as amended by Act No. 42 of 1999.

water sources or deep or shallow groundwater in accordance with the relevant regulations.

legal action that can be taken under the Water Resources Board Act, the Gazette or other laws against institutions, organizations or individuals who do not act in accordance with Gazette Notification 2010/23.

Further, Actions are being taken to issue a circular containing the procedure to be followed in constructing a deep tube well and obtaining water from it, in accordance with the Water Resources Board (Amendment) Act No. 42 of 1999 and the Extraordinary Gazette No. 2010/23, to all Ministry Secretaries, District Secretaries, Provincial Chief Secretaries and the Inspector General of Police.

by governmental or non-governmental organizations that use natural water sources or deep or shallow groundwater.

04.	As part of the pilot project to establish a groundwater monitoring network, two double cab vehicles were converted into mobile laboratories and handed over to the Board on 15 February 2023 and the private company had charged Rs. 11,841,774 for the conversion work. However, the two rear tube tail bodies removed from the two vehicles had not been returned to the Board. Actions had not been taken to conduct an investigation in accordance with Financial Regulation 104(1) in this regard and identify the responsible parties.	2023	Investigations should be carried out in accordance with financial regulations to identify those who are responsible and action should be taken against them.	Actions had not been taken in that regard.	Actions had not been taken to conduct an investigation and determine those responsible in accordance with Financial Regulation 104(1).
05.	Although 2 mobile laboratory vehicles had been registered as cabs in the name of the Chairman of the Board on 02 May 2023, the registration as mobile laboratories had not been amended.	2023	The two relevant cabs should be registered as mobile laboratories.	A letter has been sent to the Commissioner General of Motor Traffic with relevant information requesting the registration of WP PK-6931 and WP PK-6932 cabs as mobile laboratories.	Actions had not been taken to register the Cabs as mobile laboratories.

06.	It had been decided that a 40-perch plot of land located at Denzil Kobbekaduwa Mawatha, Battaramulla, belonging to the Urban Development Authority, be given to the Water Resources Board for a period of 30 years by the Cabinet Decision No. CP/16/2500/724/099 dated 06 December 2016. The Chief Government Valuer had determined a rent of Rs. 2,700,000 per annum for the said land, which was proposed to be used for the construction of the new main office building. Although the Board had paid Rs. 24,906,879 as rent to the said authority from 2016 to October 2023 without signing a lease agreement with the Urban Development Authority for the land, the land had not been utilized. Also, although provisions had been allocated since 2018 for the construction	2022 2023	The outstanding amount should be written off as per a formal approval and the necessary consent should be obtained to sign a lease agreement with the Urban Development Authority.	Although the data center and laboratory to be constructed under the groundwater monitoring network project and the head office of the Water Resources Board were planned to be installed on this land and the necessary approvals had been obtained, the said opportunity was missed with the end of the project period due to the delay in signing the agreement by the Urban Development Authority. Considering that the Urban Development Authority has informed that the agreement will be signed after the outstanding amount of Rs. 56,409,666.00 that was due to the Western Provincial Land Commissioner is paid or written off with the approval of the Cabinet, the Water Resources Board has already	Actions had not been taken to submit a memorandum to obtain Cabinet approval to write off the outstanding amount or obtain the necessary consent to sign a lease agreement.

of the main office building on this land under the pilot project for the establishment of a groundwater monitoring information network, it had not been possible to utilize the provisions due to the absence of a formal lease agreement. Also, the Urban Development Authority had refused to enter into a long-term lease agreement for this land located on Denzil Kobbekaduwa Mawatha until the outstanding rent of Rs. 56,409,666,000 due for the land located on Kobbekaduwa Mawatha, Colombo 7, was paid or written off through a proper procedure under Section 6(1) of the Government Lands Ordinance.

prepared to submit a memorandum to obtain the approval of the Cabinet to write off this outstanding amount.

07.	As per the provisions of Management Services Circular No. 30, certain posts which were in the JM-1 salary category at the	2023	Actions should be taken to complete the investigation promptly and take necessary action in that regard.	The Ministry of Water Supply and Estate Infrastructure Development has conducted a preliminary investigation into	Although the five officers involved in this matter had been acquitted of all charges following a disciplinary investigation conducted by the

junior management level prior to the restructuring of the Board's staff had been converted into MM category (Middle Management Level) posts during the restructuring. Five officers who were absorbed into the said posts after the restructuring with effect from 03.10.2012 had been recommended to issue the said motor vehicle import licenses on a concessional basis under Trade and Investment Policy Circulars 01/2010, 01/2013 and 01/2018, by incorrectly calculating the period of service as if they had held MM category posts prior to the restructuring. Three of these officers who had obtained the first concessional vehicle import licenses had also been recommended to obtain the second license again in the year 2018. Although 10 years had passed

these officers and Water Resources Board, action had not been taken against the officers who recommended the concessional vehicle import permits. The Water Resources Board has conducted a formal disciplinary investigation in this regard.

since the licenses were obtained. The disciplinary investigation initiated against those officers had not been completed so far. The board had not yet taken steps to take disciplinary action against the officers who had given the relevant recommendations in this regard. The gratuity had been paid to those officers without recovering the losses due to the government upon their retirement.

08.	A sum of Rs. 645,000 had been paid as at the audited day to a private lawyer and a legal firm for the preparation of the draft related to amending the Water Resources Board Act and although 4 years had elapsed following the identification of the requirement of amending the Act.	2021 2022 2023	The activities related to amending the Water Resources Board Act should be expedited.	Amending of the Water Resources Board Act has halted due to the reasons such as the declaration of the proposed National Water Policy and the establishment of the National Water Policy Resources Secretariat and thereby restructuring of the Water Resources Board.	The Act has not been amended.
09.	Although 7 years have elapsed since the land in which	2023	After finding out whether there is a	Action had been taken to obtain the services of a	Since the land had been located in the tank reserve,

the holiday bungalow in Anuradhapura constructed, being transferred to the Board on rent basis in the year 2016 for a period of 30 years, action had not been taken to enter into a rent agreement and no rent payment has so far been made for this land.

possibility to enter into an rent agreement in respect of a land located in a tank reserve, action should be taken accordingly.

licensed Surveyor through the Divisional Secretary to survey the land for the purpose of paying taxes in respect of the land in which the Anuradhapura holiday bungalow is located.

surveying activities had not been undertaken.

10.	Permission for the hydro-geologists to provide their private services was granted by the Board since the year 2018 after registration of them. And, legal provisions had not been granted therefor under the Water Resources Board Act No 29 of 1964 and around 12 to 18 Hydro-Geologists had been registered annually.	2022 2023	Action should be taken to amend the Water resources Board Act with the relevant provisions included.	For the purpose of proper carrying out of these activities, it has been referred for approval with relevant facts included in the amendment process of the Water Resources Board Act and further action in this regard is being taken as per the instructions of the Board of Directors.	Hydrologists had been registered without any authority under Water Resources Act.
11.	The approval was granted by the Cabinet decision No CP/15/1087/644/00 5 dated 29 July 2015 for fixing of a system for the management of	2021 2022	Measures required to construct the building should be taken.	The Data Center at the Rathmalana Workshop with all the required special features has been established by now and it is being	The money saved owing to the non-construction of the data Center building according to a good plan, has not been utilized achieve the expected benefits

qualitative and quantitative condition of groundwater in Sri Lanka, and for a pilot project for the establishment of ground water monitoring network in 4 selected districts such as Anuradhapura, Polonnaruwa, Monaragala and Puttalam wherein the prevalence of kidney disease is widespread. The Secretary of the Ministry of Irrigation had entered into an agreement on 17 October 2017 with the Royal Icle Camp institution of Netherlands for the implementation of the project at a cost of EUR. 20,629,921 and the project activities had been concluded on 31 December 2022. The sum amounting to EUR. 17,535,433, which is equal to 85 per cent of the total cost of this project standing at EUR. 20,629,921.18 or Rs. 5,521,329,000, had been obtained

maintained therein and basic objectives. in accordance with objectives and needs of the project.

from the Rabo Bank of Netherland by the Government of Sri Lanka on an annual interest rate of 1.45 and it is to be paid back in 20 equal installments within 10 year time period. The remaining 15 percent equal to EUR. 3,094,488.18, had been obtained the Government of Sri Lanka from the Hatton National Bank to be paid back after 3 years of grace period in 15 years starting from the second half of the year 2025, and although the project had been concluded in the year 2022, the basic objectives and the expected benefits of the project could not have been achieved properly due to the non-construction of the Data center Building which was a basic requirement of the project.

12.	A sum of Rs. 259.1 or EUR. 1,473,462 million had been set aside for the construction of Data Center building in a	2022 2023	. Advance should be recovered without delay and action should be	The project savings due to the establishment thereof in a building of the	Due to the reason of locating the data center in a existing building of the water Resources Board, no separate construction

land belonging to the Urban Development Authority in Battaramulla and It had been decided to use the suspense allocation of Rs. 329.8 million or EUR. 1,875,447 for the date center. Although 15 per cent of the whole value which s equal to Rs.544.2 million or EUR. 3,094,488 had been paid as advance to a Netherland contractor, the data center had not been built due to non-receipt of the ownership of the land and the advance amount of Rs. 3,094,488 had become idle.

taken regarding the responsible officers of the Board.

Board, had been had been done. informed to the department of Foreign Resources of the General Treasury, and the Director (foreign loans -1), and with copies to the Chief Accountant of the Ministry of Irrigation. Accordingly, the Department of Foreign Resources informed that the loan installments would be paid based on this balance including those reductions.

13. Although the 2021 Divisional 2022 Secretary of 2023 Thimbirigasyaya Divisional Secretariat had informed to the Board to obtain an annual lease permit by paying a sum of Rs. 12,772,000 annually from the year 2013 in respect of the land located on the Hector
- Following signing of a proper lease agreement in respect of the land belonging to the Urban Development Authority, the head office building of the board should be constructed therein.
- Steps are being taken to come to an agreement with the Urban development Authority.
- No permanent building had been taken over by for the Institution.

Kobbekaduwa
Mawatha, Colombo
07 wherein the
Water Resources
Board had been
housed from the
year 1978, a case
had been filed in
2019 at the
Colombo High
Court by the
Thimbirigasyaya
Divisional
Secretary due to
disregarding
thereof. Thereafter,
in the background
where the Attorney
General had given
instructions to the
Divisional
Secretary to come
to a settlement
regarding the
possession of the
land, without doing
so, the premises in
which the head
office was housed
for 45 years, had
been handed over
even without the
cabinet approval for
the project of
expansion of the
official residence
used by the then
Prime Minister. The
head office had
been maintained
from 18 July 2021
to 15 July 2022 at a
private building in
Rajagiriya area, and

from 01 August 2022 in a private building in Nawala Koswatta area. A sum of Rs. 30,511,722 had been paid as building rent therefor for the period from 2021 to 2022.

14. 02 MS-FT drilling mounted truck purchased at Rs. 397.98 million or EUR.2, 240,030,328 under the pilot project of ground water monitoring network had been in use and although these 02 machines had been returned to the Board after ending of the project, due to maintenance and operational issues found in them even by 21 March 2023, they had been kept idle by the Board without using for any purpose.
- A suitable method should be devised and implemented to use these MS-FT drilling machines
- Activities carried out by the Water resources Board under the project of integrated watershed and water resource management project implemented on World Bank aids for enhancing ground water resources management and planning for the use of vehicles, machineries and scientific equipment on Geo-physical surveys, chemical analysis, drilling activities and ground water level measurement devices.
- MS-FT drilling machines and equipment remained idle.

3.60 Engineering Council, Sri Lanka

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	36,424,000	3,307,000	33,117,000	12,206,000	Qualified
2022	43,505,000	3,503,000	40,002,000	8,970,000	Qualified
2023	54,079,640	4,758,029	49,321,611	13,044,518	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The amount of Rs. 523,355 which was purchased and amortized under the Treasury Grants of preceding years had been stated as deferred income in contrary to the Supplement to Sri Lanka Public Accounting Standards 11 and it had not been recognized as a previous year income.	2023	Treasury grants should be recognized as income of the current year as per the Sri Lanka Public Sector Accounting Standard.	It had been recorded to take action to indicate the amortized value of assets that had been identified as grants as an income in accordance with paragraph 48 of Sri Lanka Public Sector Accounting Standards No. 01.	The financial statements had not been rectified.
02.	An approval obtained from the Treasury for payment of annual bonus and payment of remaining leave had not been submitted to the	2023	Actions should be taken to obtain approval of the Treasury for payment	It had been recorded to make the payment of annual bonuses and remaining leave in accordance with	The approval had not been taken for the payment of annual bonuses.

	audit.		of incentives and bonuses.	the Circular.	Treasury
03.	Although investigations should be conducted on certain matters relating to professional misconduct of engineering professionals as per Section 12 (d) of the Engineering Council, Sri Lanka Act, No. 04 of 2017, procedures had not been introduced to identify and check whether the engineers are carrying out work according to the professional ethics that had been introduced to be followed by the professionals engaged in the engineering profession and no check on it had been done.	2021 2022 2023	Adherence to professional ethics of engineers should be checked as per the Provisions of the Act.	Action had been taken to finalize the internal process related to this.	The adherence of engineering professionals to professional ethics had not been checked.
04.	As it has been proposed to register the registered members of the Institution of Engineers of Sri Lanka (IESL) and the Institute of Incorporated Engineers of Sri	2021 2022 2023	Steps should be taken to register the unregistered members in the Engineering Council, Sri Lanka.	Several steps were being taken to register the relevant members of the two institutions, IESL and IIESL.	Steps have not yet been taken to register the members, not registered with the Engineering Council, Sri Lanka, with the Council.

Lanka (IIESL) as members of the Engineering Council as per Section 14 (1) of the Engineering Council, Sri Lanka Act, No. 04 of 2017, the members had paid the registration fee of the Engineering Council along with the membership fees of the above two institutions.

Accordingly, although 28,657 had obtained the membership in the above two institutions as 19,689 and 8,968 respectively in the year 2023, out of these, 12,547 equivalent to 43.78 per cent in the form of 5,643 and 6,904 respectively had not registered with the Engineering Council. A confirmation was not submitted to the audit that the unregistered members of the Engineering Council of Sri Lanka were not engaged in the engineering profession.

05.	The Council had 2022 applied the 2023	Action should be taken to pay	Due to the fact that the employees'	The fact that the employees'

employees' transportation allowances, fuel allowances, telephone allowances, professional allowances and special allowances to calculate the earnings when paying contributions to the Fund Without paying attention to Section 09(2) of the Employees' Provident Fund (Amendment) Act, No. 01 of 1985, and as a result, the Council had paid an excess of 15 percent each of the relevant allowances as the contributions of the Council and an excess of 10 percent each has been collected and paid as the contribution of the employee.

the contribution in accordance with the provisions of Section 09(2) of the Employees' Provident Fund (Amendment) Act

transportation allowances, fuel allowances, telephone allowances, were further applied to calculate the earnings when making contributions to the fund, 15 percent each of the relevant allowances had been paid in excess as the contribution of the Council and 10 percent each had been collected and paid in excess as the contribution of the employees.

transportation allowances, fuel allowances, telephone allowances, professional allowances and special allowances had been applied to calculate the earnings when making contributions to the Employees' Provident Fund had not been corrected so far.

06. The Council had paid 2022 3 percent more than 2023 the relevant allowances due to the application of transport allowances, fuel allowances, telephone allowances, professional allowances and special allowances to

Action should be taken to pay contributions as per the provisions of the Employees' Trust Fund Act, No.46 of 1980.

Due to the fact that the employees' transportation allowances, fuel allowances, telephone allowances had been applied to calculate the earnings when making payments to the Employees'

The fact that the employees' transportation allowances, fuel allowances, telephone allowances, professional allowances and special allowances had been applied to calculate the

calculate the remuneration when paying contributions to the fund by the Council without paying attention to Section 44 of the Employees' Trust Fund Act, No. 46 of 1980.

Trust Fund, 3 earnings when percent each of the making payments to relevant the Employees' Trust allowances had Fund had not been been paid in corrected so far excess.

07. Although the 2021 Action should Action had not Necessary measures overtime or similar 2022 be taken been taken so far had not been taken allowances should 2023 according to in accordance with to verify the time not be paid since it is the provisions of the provisions of engaged in duties unable to ascertain the time spent on duty and duties performed whilst the Establishments Code. and the duties performed when working from home Subsection 10:1 of Chapter VIII performing duties from home and to make payments. Establishments Code of the Democratic Socialist Republic of Sri Lanka, a total of Rs. 263,240 as 1/20 each of the salary of the Information Technology Officer as holiday pay for performing duties from home in 96 days in weekends and public holidays from January to December 2023 and Rs.47,387 as Employees' Provident Fund Contribution and Employees' Trust Fund Contribution had been paid.

08. Although the 2022 The prescribed The vouchers used The payment
vouchers presented 2023 forms must be for the payment of vouchers of the
for payment should used for overtime and council and salary
be accurately and payments in holiday pay had payment vouchers
completely prepared accordance been revised. had not been
in the prescribed with the revised.
forms in terms of Financial
F.R. 225 (1) and (2), Regulations.
vouchers which were
used for payments,
salary and overtime
payments in the
Council had been
prepared excluding
the Form General 37,
33 and General 35(a)
respectively and the
approval obtained
from the Chief
Accounting Officer
for use of payment
vouchers outside the
prescribed format
had also not
submitted to the
audit.
09. Although 5 years of 2022 Action should Fuel allowances Transportation
experience in an MM 2023 be taken as per and transportation allowances made in
level position is the orders of allowances were contrary to the
required for the post Director still being paid to Public Enterprises
of Chief Information General of the officer Circular had not
Technology Officer Management appointed to been recovered.
under Salary Scale Services. perform the duties
HM 1-3 as per the Arrangements of the post of
Scheme of should be Chief Information
Recruitment made to Technology
approved by recover the Officer.
Department of payments
Management made
Services, the officer erroneously.
holding the position
of Chief Information
Technology Officer

under the Salary Scale MM 1-1 who had completed one year of qualification at that level had been appointed on 28 November 2022 by the Board of Directors to attend to duties of the post of Chief Information Technology Officer under Salary Scale HM 1-3. A total of 461,598 had been paid as Rs.391, 184, Rs.58,678 and Rs.11,736 respectively as attend to duties allowances, Employees' Provident Fund contribution and Employees' Trust Fund contribution for that purpose. Further, a transport allowance of Rs.540, 000 as Rs.40, 000 each from January to June 2022 and Rs. 50,000 From July to December 2022 and fuel allowance of Rs. 263,804 as Rs.42,550 each had been paid to the Chief Information Technology Officer who was holding a post under Salary Scale No. MM 1-1 in contrary to Public Enterprises Circular No. 01/2015(ii) dated

14 January 2022.

10.	An amount of Rs.84,135 had been accrued in the financial statements 2023 to pay two officers for leave encashment during the year under review. These payments were made based on the Public Enterprises Circular No. PDF 8/2022 dated 21 December 2022 and despite the non-fulfilment of condition of "Dividend/tax payable to the Treasury in respect of the year before consideration for payment should have been paid.", as stated in Paragraph iii of the circular, the Provision had been made for payment.	2023	Actions should be taken as per the provisions of the Public Enterprises Circular.	It had been noted down to take action in accordance with the Public Enterprises Circular in the future.	Payments had been made in the year 2024 for the remained leave without paying the dividends payable to the General Treasury in the year 2023.
11.	It had been approved to increase employee contribution from 12 per cent to 15 per cent and employee contribution from 8 per cent to 10 per cent with effect from 01 January 2022 under Section 11 (1) of the Employees' Provident Fund Act	2023	Measures should be taken in accordance with the provisions of the Employees' Provident Fund Act and action should be taken for every employee in an	It had been stated that necessary steps were being taken to increase the employee contribution amount to 10 percent and the employer contribution amount to 15 percent for the	Formal approval had not been obtained for the payments that were not in accordance with the provisions of the Employees' Provident Fund Act.

No. 15 of 1958 only to the employees holding Employees' Provident Fund Nos. 1, 3 and 4 as requested by the Sri Lanka Council of Engineers in its letter No. ECSL / EPF /2023 /02 dated 11 August 2023 in the form 'ඔ' by the Labour

Commissioner's letter No. EPF/FROT/22 dated 26 August 2023. Nevertheless, a sum of Rs. 40,896 had been paid in excess to the Employee Provident Fund for Employee Numbers 5, 6 and 7 of the Council.

equal manner.

employee number 7 who is currently in service.

3.61 Defense Service Command Staff College

	Total Assets	Total Liabilities	Equity	Before Tax Profit/(Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,378,422,976	26,420,228	1,352,002,748	28,959,511	Qualified
2022	1,487,351,366	89,459,309	1,397,892,057	86,736,631	Qualified
2023	1,550,302,519	74,344,834	1,475,957,685	117,304,421	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Contributions to the Employee Provident Fund had not been paid for the civil staff of the College from the year 2009 to 2022. The contribution payable for 64 employees in the service at present amounted to Rs.7,583,786.	2022	Action should be taken in accordance with the rules of the Employee Provident Fund Act.	Crediting of contributions to the Employee Provident Fund had not been carried out from the year 2009 to 2022. It is informed that future actions will be taken on the instructions received by the Labour Department.	The contributions to the Employee Provident Fund had not been received by the end of the year 2023.
02.	The college had constructed buildings on the 11-acre land belonging to the Heyyanthuduwa Youth Services Council and utilized them; the legal ownership of the said land had not	2022	Legal ownership of the lands should be transferred.	The land of 11 acres and 10 perches in extent had been transferred to the Land Reform Commission and forwarded for approval to the Head office of the valuation office at	The process of transferring ownership of the land had not been completed by the end of the year 2023.

been transferred as of 31st December of the reporting year.

the Colombo for carrying out valuations by the valuation office Gampaha for the transferring actions of the land to the College. It has been informed that after furnishing of the said approval to the Land Reform Commission, transferring actions of the land will be taken.

03.	According to the letter of the State Finance Department No. PF/FD/04/198 and dated 5 th of January 2016, no circular has been issued or a constitution has been prepared, including the conditions related to the granting and recovery of loans related to the disaster loan scheme for the civil staff of the Staff College.	2023	The guidelines specified in the State Finance Circular should be implemented for the Disaster Loan Scheme.	In this regard, a committee was appointed and noted to issue the relevant circulars or to prepare the constitutions.	The relevant guideline manual had not been issued.

3.62 Ranaviru Seva Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,142,552,266	467,772,967	674,779,298	19,846,298	Qualified
2022	1,086,119,189	312,035,402	774,083,787	121,972,695	Qualified
2023	1,253,039,378	260,882,291	992,157,086	245,654,689	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Advance amount of Rs.1,830,450 given in 2014 to two officers of the Ranaviru Seva Authority had not been settled even by 31 December 2021.	2021	Action should be taken to promptly recover the dues owed to the authority from the relevant parties.	Since the accused have been acquitted by the first disciplinary inquiry and also since it is not possible to satisfy with the decision of the one member tribunal, another disciplinary inquiry has been initiated from 18 th February 2022 and investigations related thereto are now underway as per the instructions of the secretary of ministry.	The investigation is still going on. The advances were not cleared.
02.	A Sum of Rs.5,940,500 had been improperly paid under Ranaviru parents care scheme to two account holders during the 18	2021	Action should be taken to recover the dues owed to the Authority from the	16 person including a civil person and 15 officers served at the Ranaviru Seva Authority, have been named as respondent	Investigations are currently underway.

months from June 2016 to November 2017. Out of this amount Rs.4,978,580 had not been recovered even by the end of the year under review.

relevant parties.

for this malpractice. Of this number 6 persons are attached to the tri forces and action cannot legally be taken against them and the civil person as per establishment code. Seven of other 09 officers have resigned from service and only two officers are still serving. It has been informed that except for the said two officers, the investigations are conducted regarding other persons through a complaint under No B/11041/2018 filed at the fort magistrate court.

03.	A sum of Rs.3,607,941 has been saved of the amount of Rs.16,607,826 received from the Ministry of Defence for the preparation virusaru cards and it has been observed that such amount has been remaining for 5 years without being utilized	2021	Management should take steps to utilize the money for the purpose for which it was meant.	It has been informed that this amount will be utilized for the issuance of Virusara cards.	Issuance of Virusara cards for the second phase has started. Out of that amount, Rs. 2,597,121 remains unutilized.

04.	In the year 2014, the retention money of Rs.224,063 from the TCI company (T.C.I ENTERPRISES PVT LTD) for the installation of cladding in the main office of the Authority, was not released until the end of the year under review and no investigation was conducted on the irregularities in that transaction amounting to Rs.4,481,269 in the year 2014.	2022	Irregularities should be investigated immediately and efforts should be made to reduce losses.	The matter has been handed over to the Commission to investigate Bribery or Corruption. Due to the fact that the investigation related to this contract has not been completed by the end of the year 2022, the relevant retention amount is shown in the financial statements as an amount to be paid.	Although the relevant investigations have been completed, the responsible persons have not been identified.
05.	Rs.3192 million had been allocated for the completion of 1950 full houses and 1700 half houses under the Virusumithuru Housing Project which was started in the year 2017 and it was implemented jointly by the Authority and the National Housing Development Authority. Although the work was scheduled to be completed in 2019, it was extended to 2022 and only Rs.1035.1 million of the total project amount had been utilized by 31 December 2022. The total number of houses where the payment of	2022	Given disputed loans should be obtained back.	The National Housing Development Authority underestimated the annual allocations required for the Virusumithuru housing project, the estimated amount was also used for other housing projects of that Authority, and money was not properly released for the construction of the beneficiaries' houses, due to the fact that the financial and physical performance was at a low level. The Housing Authority was informed on	The disputed amount had not been recovered by the end of 2023, and the relevant project has been stopped.

one installment of the project or has started was 1496. Accordingly, at the end of the year under review, 40 percent of the expected housing target has been partially and fully assisted to 550 beneficiaries, which is 15 percent of the total project. Also, an amount of Rs.865,000 given to 6 beneficiaries at the beginning of the project in the year 2019 though it had to be recovered due to various problematic situations, it had not been recovered even as at 31 December 2022.

several occasions in this regard. Even though the related work could not be completed as expected.

06.	Although a complete report should be submitted within three months from the date of the loss or damage, the investigation into the theft of copper pipes valued at Rs. 110,833 from two air conditioning units, which occurred on 3 rd February 2023, had not been concluded	2023	Should work according to the financial regulations	A police investigation is ongoing, and the committee appointed to conduct an internal investigation under Financial Regulation 104 has submitted its report. Actions will be taken in accordance with the management board's advices.	Investigations have not been completed.

07. Act stipulates that within 60 days from the date of commencement, a list of all members of the armed forces and police who are disabled, deceased, or missing, along with their dependents, should be prepared, but until the end of the year under reviewed, a complete database containing these names had not been established 2023
- According to the Ranaviru Sewa Authority Act No. 54 of 1999, actions must be
- The information system has been updated with the basic details of deceased, missing, and disabled war heroes, using their service numbers as a reference. Currently, information regarding their closest relatives is also being update this information is being collected through grama niladharies at the level of divisional secretariat offices.
- An updated information system has not been established.
08. On 1st of November 2018, an amount of Rs. 1,500,000 was deposited as a seven-day call deposit with the Bank of Ceylon. By the end of the year under reviewed, more than five years had passed, yet no actions had been taken to renew this investment or to account for the relevant interest. 2023
- Government funds should be invested with maximum effectiveness.
- The interest income from this deposit is provided at the time of withdrawal, and it is not possible to identify the annual interest income. It was reported that recommendations regarding this deposit would be made to the Authority's investment committee and, based on the decisions communicated to the management board, actions would be taken accordingly
- No further action has been taken regarding this deposit.

09. As the primary source of revenue for the authority, the fixed deposit interest income of Rs. 7,358,875 received in the years 2022 and 2023 for savings account at the National Savings Bank and Rs. 323,865 earned as savings interest on that interest amount, had been retained without being utilized effectively
- 2023 Funds should be utilized with maximum effectiveness.
- was noted that the interest income from fixed deposits maintained at relevant banks, was credited to the National Savings Bank account number 100010885550 and the People's Bank account number 259200160007849 these respective savings accounts. The funds were retained in these savings accounts because the Treasury did not provide the scheduled Lottery Board provision and the budgetary allocations were not properly disbursed. This retention was intended to ensure the continuous operation of the Ranaviru welfare programs
- These funds remain in the respective account without being utilized.

3.63 General Sir John Kotelawala Defence University

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	47,814,360,565	39,086,224,627	8,728,135,938	95,630,017	Qualified
2022	84,061,838,782	39,715,772,786	44,346,065,996	5,878,823,674	Qualified
2023	80,225,791,005	39,166,448,460	41,059,342,545	(5,736,507,885)	Qualified

	Audit Observation	Year of the Report	Recommendat ion of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	As per the agreements, the fees for providing meals and accommodation to students admitted based on foreign qualifications should have been paid by the end of the respective month. However, as of 31 st December 2021, Rs.10,815,115 was outstanding for meal provisions, and USD 118,107 was outstanding for accommodation facilities. The duration of the arrears ranged from 1 to 4 years.	2021	Steps should be taken to promptly recover the funds that are due in foreign currency.	Efforts are underway to write off an uncollectible amount of USD 7,636 from the outstanding dues. As of 22 nd June 2022, 65 percent of the amount due has been collected from outstanding. Actions are being taken to recover the remaining balance.	It has been only stated that internal measures are being implemented, and investigations are ongoing regarding this process, while the collection activities will continue without interruption.
02.	According to Sub-Article 1 of Article 154(1) of the	2021	Actions should be taken in	It is emphasized that there is no	It has again been stated that there is

Constitution of the Democratic Socialist Republic of Sri Lanka, companies registered under or deemed to be registered under the Companies Act No. 07 of 2007, and where 50 percent or more of their shares are held by the government, a state corporation, or a local government authority, must be audited by the Auditor General. However, the accounts of a company fully owned and managed by the university for the financial year ending 31st March 2021, were assigned to a private company for auditing.

accordance with the provisions of the Constitution.

obstacle to presenting observations regarding the activities of the company.

to no obstacle to presenting observations regarding the activities of the company. However, as of now, no actions have been taken to submit the accounts to the Auditor General.

03. As of the end of the year under review, out of the payable balance of Rs.125,941,615, an amount of Rs.35,639,977, representing outstanding creditors' balances aged between 3 to 4 years, had not been settled.

2022

Steps should be taken to settle the outstanding creditor balances.

It has been stated that steps will be taken to resolve these outstanding balances in the future.

Out of the reported outstanding balance of Rs.125,941,615 in the audit query, Rs.89,375,036 pertains to foreign creditors, while the remaining Rs.36,566,579 pertains to local creditors. It was clarified that the settlement of foreign creditors depends on issuing

quality assurance certificates after goods are received, followed by relevant payments to the bank as per the letter of credit terms. Accordingly, it was assured that this balance would be cleared in the future, and the local creditors have already been settled.

04. In accordance with paragraph 11 of the Monetary Act No. 38 of 1971, during the year under review, investments amounting to USD 32,619,412 in six fixed deposits had made without obtaining the concurrence of the Minister of Finance and the approval of the relevant Minister.
- 2022 Should be It has been stated This funds acted in that only the primarily include accordance approval of the loan money with the board of obtained for provisions of management has purchasing hospital the Monetary been obtained. equipment and Act. tuition fees from foreign students. Due to the lack of staff for the establishment of the hospital, there was a delay in setting up some essential components of the hospital. Until the payments for the purchase of those hospital equipment were made according to the provisions of Section 4 (f) of the Sir John Kotelawala Defence Academy Act No. 68 of 1981, with the approval of

the management board the funds were temporarily invested in fixed deposits, and currently, medical equipment has been purchased for the university hospital using these short-term deposits. A sum of Rs.19,492,887 was also paid to the National Savings Bank for the repayment of the loan.

05. The university had not acted as a state enterprise with tax liabilities under the Inland Revenue Act until the audited date.
- 2022
- Actions should be taken in accordance with the provisions of the Inland Revenue Act.
- It has been stated that steps will be taken to resolve these outstanding balances in the future.
- It was informed that a letter, signed by the Vice Chancellor, was sent to the Ministry of Defence on 20th July 2023, addressed to the Secretary, recommending the appropriate steps to amend the Inland Revenue to exempt from paying income tax as the only state defense university in Sri Lanka.
06. During the year under review, procurement for purchasing 1,120 cement bags valued at Rs.2,982,011 was divided into 03
- 2022
- Should be acted in accordance with the provisions of the Procurement
- Due to the critical situation of obtaining biddings, it was not possible to obtain performance guarantee, bid
- Tender documents were altered as requiring suppliers to submit 1 per cent of the total bid amount as a bid bond for biddings

segments, for bypassing submission to the main tender board as required under clause 2.14.1 of the Procurement Guidelines.

Additionally, it was observed that the requirements specified under clauses 5.4.10, 5.3.11, and 8.9.1 of the Procurement Guidelines had not been fulfilled for these purchases as obtaining performance security, bid security, and entering into a formal agreement.

Guidelines.

security, or enter into agreement.

exceeding Rs. 2 million and 10 percent of the total bid amount as a performance bond for biddings exceeding Rs. 2 million while violating of procurement guidelines.

Accordingly, these bonds are currently being obtained in compliance with the aforementioned requirements.

Additionally, agreements with suppliers are being entered.

07. According to Circular No. 01-41/2019 dated 22.07.2019 issued by the Ministry of Health, emergency medical supplies should only be procured from the State Pharmaceuticals Corporation outlets. If those medicines are unavailable, written confirmation of unavailability must be obtained before making purchases in

2022

The necessity to act in accordance with the circulars of the Ministry of Health.

Steps will be taken to resolve this in the future.

It had been informed that necessary measures have been taken to ensure that when obtaining medicines and dressing materials through advance payments, a mandatory price quotation is obtained from the State Pharmaceuticals Corporation, and only if the item is unavailable there, procurement from another supplier

accordance with the
Procurement
Guidelines.

However, during the
sample audit
inspection, it was
observed that
medicines valued at
Rs.3,053,808 were
purchased without
obtaining written
confirmation of their
availability at the
State

Pharmaceuticals

Corporation outlets.

will be undertaken.

08.	The printing press, operated using the printing machines purchased by the university at a cost of Rs.2,959,830, was run as an independent business without proper approval. Furthermore, it was decided at the Board of Directors meeting held on 7th March 2023, to provide a loan of Rs.5,000,000 from the university to the printing press. Due to this irregular decision, the preparation of financial statements was inconsistent with Sections 42, 76, and 99 of Sri Lanka Public Sector Accounting Standard	2023	The printing press's revenue, expenses, and assets for the year under review should have been included in the accounts.	Preventive measures had not been implemented.	It had been stated that steps will be taken to resolve this matter in the future as the printing press is expected to be brought back under the purview of the Kotelawala Defence University.

No. 01. As a result, after the said date, the printing press's revenue of Rs.18,504,114, expenses of Rs.8,433,158, the closing stock of Rs.2,196,774 and liabilities of Rs.4,497,914 as of the end of the year under review were not included in the university's financial statements. This omission led to an understatement of income, expenses, and current assets by the respective amounts in the year under review.

09.	According to Paragraph 127 of Sri Lanka Public Sector Accounting Standard No. 01, information required by SLPSAS that is not presented on the face of the Statement of Financial Position should be disclosed through notes. However, notes regarding an income tax receivable amounting to Rs.9,554,938 and an income tax expense of Rs.1,422,624 for the year were not	2023	Should be acted in accordance with standards.	Preventive measures have not been implemented.	Notes had not been included.

included in the financial statements.

10.	Research grants received from various sources in prior years were recognized as income and expenses following an incorrect accounting policy. While research grants received this year were recognized as liabilities under research grants in accordance with their nature, adjustments were not retrospectively made by restating opening balances as required by Paragraph 47 of Sri Lanka Public Sector Accounting Standard 03. Consequently, a debit balance of Rs.44,178,343 in research grants was recognized as assets as of 31 st December 2023. Additionally, the financial statements indicated a debit balance of Rs.38,678,752 for research grants as of 31 st December 2023, whereas schedules showed this balance to be Rs.25,322,871,	2023	Should be acted in accordance with standards.	Corrective actions will be taken in the future.	It has been informed that corrective actions will be taken.

resulting in a
discrepancy of
Rs.64,001,623.

11.	Contrary to paragraph 14 and 69 of the Sri Lanka Public Sector Accounting Standards Number 07, the roof repairs at the Kotelawala Defence University museum, costing Rs.6,489,177, were completed on November 11, 2021. However, as of 31st December 2023, the work, which had not been capitalized, was still included in the working progress. As a result, the buildings in the reporting year were understated by that amount, and deficit of the year was understated by that amount due to understatement of annual depreciation by Rs.162,229.	2023	Should be acted in accordance with standards.	It has been noted to make the necessary adjustments.	It was informed that the necessary adjustments will be made in the future.
12.	Due to lack of information for the cash advances of Rs.162,029 given in the year 2021, the university had to adjust it as bad debt and provision for bad debt. Furthermore, by	2023	The full value of the advances should be included in the accounts.	It has been informed that steps will be taken to identify the relevant discrepancies through comparisons, and accordingly, corrective actions will be taken in the	It had been informed that since the advances were not paid by 31st December 2023, provisions for doubtful debts have been made, and steps will be taken to identify the

including the hospital's purchase advance amount of Rs.716,578 as a credit balance in the last year's financial statement and also showing the salary advance of Rs.38,784 as a credit balance, the asset value at the end of the year under review were understated by Rs.917,391.

future to reconcile the relevant adjustments. relevant discrepancies through comparisons. Accordingly, actions will be taken in the future to correct the relevant adjustments.

13. An amount to Rs.96,953, 827 spent for the construction of the auditorium from 2010 to 2019 was not included in the work in progress and although Rs.11,506, 604 was spent for the construction of the Budget Hotel Hospital of the University Hospital, The total value of work in progress was understated by Rs.98,222, 645 as a result only Rs.10,237, 786 were shown as work in progress in the financial statements of the year under review.
- 2023 All expenses should be included in work in progress.
- No capital expense was reported for the Budget Hotel Hospital during the year under review. However, after obtaining the relevant details from the project office, if any discrepancies are identified, necessary adjustments will be made in the future.
- It had been not corrected.

14.	Although the receivables of Rs.2,187,341 as at 01 January 2023 related to private surgeries had been charged during the year under review, but due to the fact that the relevant balance was further shown as receivables in the financial statements, so the receivables in the financial statements of the year under review were overstated by that value.	2023	Receivable income should be accounted correctly.	Corrective actions will be taken in the future in Financial Statements.	It had been informed that it will be corrected in the future.
15.	As at 31 st December 2023, no provision was made in the accounts for the expired stock of Rs.11,349,293 included in the medical supplies stock value of Rs.70,931,247 and the management had not taken steps to remove the relevant drugs till the date of audit. As a result, the stock value in the accounts was overstated by that value and as a result the deficit in the year under review was understated by that value.	2023	Correct amount of inventory should be stated in accounts.	Preventive measures have not been implemented.	Guidance regarding the removal of medicines has been requested from the National Medicines Regulatory Authority and the Pharmaceutical Supply Division. Efforts have been made to quickly obtain the relevant guidance by coordinating with the responsible officers of the respective institutions through the Chief Pharmacist.

16.	Among the trade debtors, the debtors who were more than a year old had a value of Rs.359,796,230 and a debtor age analysis was not prepared for the balance. These balances had not been recovered. Also an amount of Rs.70,650,682 received from the students was not settled at the end of the year under review and in those balances, a balance value of older than one year was Rs.40,275,433.	2023	Actions should be taken to promptly recover the outstanding debts, and efforts should be made to maintain an age analysis for the outstanding balances.	It has been stated that the detailed report of the debtor age analysis can obtain with the invoice dates for all invoices.	Although the relevant students have not been properly identified, the amount to be deducted from the course fees has been reduced from the debtor balance. It had been informed that the balance of this account will be clarified after the relevant students present their deposit slips and obtain receipts.
17.	1 to 25 years old Bonds payable amounting to Rs.99,028,325, 6 years old Ration Allowance amounting to Rs.15,439,662 and 1 to 9 years old laundry income amounting to Rs.6,219,490 to be recovered by the end of the year under review had not been recovered.	2023	The lost income should be recovered through appropriate actions.	Legal action has been taken to recover Rs.43,366,883 from the outstanding bonds. Efforts are ongoing to recover the laundry income.	It was informed that legal actions are ongoing to recover every outstanding bond value, efforts will be made to settle the receivable allowance in the future, and necessary steps are being taken to recover the laundry income.
18.	According to the Section 12.2.5 of the Establishment Code of the Democratic Socialist Republic of	2023	Should be complied with Establishment Code.	Preventive measures have not been implemented.	It was stated that payments were stopped from the date Metropolitan Campus

Sri Lanka, under a departmental arrangement used to cover the duties of a vacant post, an officer covering those duties cannot receive a working salary or any additional remuneration, but based on the approval of the 644th Board of Management of this University held in June 2022, the Bursar of the University was appointed on 01st July 2022 to cover the duties of the accountant position of Miloda Institute and had been given an approval for a 25 percent allowance from basic salary of the accountant for covering up duties. From 13th September 2022, but while an Assistant Bursar was appointed for the Metropolitan Campus, the amount paid as allowances for covering duties from October 2022 to October 2023 was Rs.452,238

(Guarantee)
Limited was removed from the Company Register and began operating as a faculty of the Kotelawala Defence University.

19. Code of Financial Regulations of the Democratic Socialist

Republic of Sri Lanka

i	According to the Financial Regulation 371(2)(a), although a sub-imprest up to a maximum of Rs.100,000 can be given in one instance only to the officers of staff grade for a particular work, the University had exceeded that limit in 57 cases and provide advances totalling Rs.15,941,748 during the year under review.	2023	Actions should be carried out in accordance with financial regulations.	Preventive measures have not been implemented.	It had been stated that a letter requesting the necessary approval to increase the sub-imprest payment in line with university requirements has been submitted to the Department of Public Enterprises, and their consent has been provided through the letter numbered PFD/RED/REG/FR /2024 dated 27 th June 2024.
ii	According to the Financial Regulation 371(6), although the annual Board of Survey should be done and its report sent to the Auditor General before 15 th June but the University's annual Board of Survey report for the year 2023 was not submitted to the Auditor General on that date.	2023	Actions should be carried out in accordance with financial regulations.	The relevant report is being promptly submitted to the Auditor General.	It was informed that the activities of the Disqualification Board are in their final stages and that steps are being taken to promptly submit the relevant report to the Auditor General.
iii	According to Financial Regulations 880 and 891, the institution is required to identify the officers who	2023	Actions should be carried out in accordance with financial regulations.	Preventive measures have not been implemented.	It was stated that a security deposit of Rs.5,000 has been obtained only from Shroff-KDU.

should place deposits and maintain a deposit register. However, the it was observed that the institution has not maintained such a deposit register to the audit.

20.	According to the section 8 I (1) of the Urban Development Authority (Amendment) Act No. 4 of 1982, Notwithstanding the provisions of any other law, any development activities or engagement in development activities in any development area or part there of shall not be carried out by any person including a deputy of the government except under the authority of a permit issued there by the authority. But the institution had not obtained an approval for the construction of the auditorium building.	2023	Actions must be carried out in accordance with the provisions of the Act.	Preventive measures have not been implemented.	Approval had not been obtained.
21.	In the year under review, the hospital had to pay fines of Rs.12,128, 284as delay payment due	2023	Timely payment of electricity bills should be ensured to	Preventive measures have not been implemented.	It was stated that if the Treasury releases liquid funds on time, it would be possible

	to the failure of the management to pay the electricity bills on the due date.		minimize losses incurred by the institution.		to settle electricity bills properly in the future without incurring penalties.
22.	During the year under review, Rs.56,072,219 was spent as electricity expenses for the administration, study and residential activities of a total number of 761 students including 41 cadet officers of the Southern Campus. It was observed that no appropriate alternative energy system has been applied to this area to reduce or control it.	2023	Steps should be taken to control electricity expenses.	A feasibility study has been conducted for the local solar power project at the Southern Campus, and efforts are currently underway to find a suitable investor.	It was stated that this project has been included in the 2024 institutional plan, and a feasibility study for the solar power project has been conducted, with efforts currently underway to identify a suitable investor.
23.	From January 2023, the first floor of the Metropolitan Campus was given over to the World Food Programme's Partnership Secretariat. No rental income had been received for this, and no written agreement had been reached regarding the proportional distribution of overhead expenses such as electricity, water, rent & rates, safety, sanitary	2023	Steps should be taken to promptly enter into an agreement.	Plans are being made to take further steps to finalize agreements with the World Food Programme office (Presidential Secretariat) using the first floor.	Agreements have not been finalized.

related to the premises between the two institutions.

24.	The cabinet decision no. 403/21/0584/303/052 dated 20th April 2021 had given the cabinet approval to determine the appropriate number of employees and obtain the approval of the Department of Management Services while transferring of the Miloda Institute of Financial Studies to the University, but as at 10th October 2023, the approval had not been obtained.	2023	Steps should be taken promptly to obtain approval from the Management Services Department for the carder.	A request was made to the Management Services Department once again on October 23, 2023, through a letter, to obtain approval for the requested staff on a permanent basis.	Approval had not been taken.
25.	Although 103 people are to be recruited for the post of Management Assistant as per the approved carder of the University, according to the information given by the acting registrar in the letter No. 36/2024/36/2024 and dated 18th June 2024, 101 people had been recruited for Management Assistants on permanent basis and 38 people on	2023	All recruitments should be done according to the approved carder.	Preventive measures have not been implemented.	It was informed that, among the staff proposals presented by the university so far, a very urgent proposal was submitted to the Ministry of Defence on 10th May 2024, with a request to forward it to the Management Services Department for consideration.

contract basis.
Finlay due to the
recruitment of 139
people, 36 people
were recruited
beyond the approved
carder.

26.	The University Teaching Hospital was established on the land of 21.5815 Hectares belonging to the Ceylon Transport Board located in Kesbewa Divisional Secretariat. The value of the buildings belonging to the teaching hospital built on that land was Rs.45,385,484,229, and the cost of developing the land was Rs. .1,216,884,293 At the end of the year under review, Although more than 07 years have passed since the completion of the construction, the acquisition of the relevant land was not completed.	2023	Steps should be taken immediately to acquire the land.	The land plots owned by Provident Properties Lanka Limited which is currently inactive and established under the Ministry of Finance, are scheduled to be transferred to the beneficiaries by the Ministry of Lands, following the decision made by the Ministry of Finance. Steps are to be taken for the handover accordingly.	It was informed that it has been requested through a letter referenced as 4/10/46926 from the Department of the Land Commissioner General to the General Treasury to obtain approval regarding whether the land plots owned by inactive Provident Properties Lanka Limited, under the General Treasury, by considering this land as a government land in order to resolve the issue. Based on the decision provided by the General Treasury, the process of acquiring the mentioned land will proceed accordingly.
27.	According to the General Sir John Kotelawala Defence Academy Act No. 68 of 1981 amended by	2023	Steps should be taken immediately to amend the law.	The legal draftsman has forwarded the final draft to the Ministry of Defense on 25 th June 2024	The draft Cabinet memorandum seeking Cabinet approval was submitted to the

Acts No. 27 of 1988 and No. 50 of 2007, the awarding of degrees to local and foreign students who were not cadet officers or government officers had started from the year 2011 on the basis of payment of money. Furthermore, in the Committee on Public Accounts held on 21st March 2018, it was informed to amend the relevant act to suit the university to cover the issues of student enrollment and the validity of the decisions of the governing body, but the revision of the act was not completed during the year under review.

with copies to this Ministry of Defense University. on 23rd July 2024. Requests were On 2nd September made on 27th June 2024, the final draft from the of the act and the Ministry of Defense statement of legal to arrange for impact, prepared in obtaining the all three languages, certificate of were forwarded to conformity from the Ministry of the Attorney Defense along with General for the said copies for the final draft. university by the legal draftsman.

28. In the years 2018, 2019 and 2020 an amount of Rs.48,834,173 had been paid as advance for the purchase of Pneumatic Tourniquet Pump System, Traumatology Instrument, PMGS Accessories and Endoscopy for Medicine. Accordingly, due to
- 2023 Steps should be taken promptly to resolve the matter.
- The items under reference KDU/PRO/CAP/13 53/2017 have been received by the University Hospital and are recorded in the ledger, but they have failed the quality inspection. The supplier had been informed about this earlier, but no action has
- As of 24th October 2024, it had still not been resolved.

the fact that the purchased assets had failed quality checks, the advances had remained unsettled in the accounts and even though 3 to 5 years had passed, the said loss had not been recovered.

been taken by the supplier so far. Therefore, it has not been possible to proceed with the payment for these items.

29. Purchase advances and cash advances of the University, Hospital and Southern Campus from the year 2015 to the year 2023 amounting to Rs.361,404, 619 and Rs.4,897, 892 respectively had not been settled by 31st December 2023. Furthermore, the sum of Rs.895, 000 which was given on 22 occasions from January to 22nd September 2023 in the Southern Campus was settled with a delay between 14 days and 117 days. The advances of Rs.280,000, provided on 7 occasions, was fully paid without any expenditure. Accordingly, this amount was held on the relevant officers for a period ranging
- 2023 Prompt settlement of advances.
- The individuals who received the advances is still not settled have been informed to settle the matter. Appropriate action will be taken against those who fail to settle accordingly.
- It has been informed that the individuals who received the relevant advances have been notified to settle the amounts. For those who fail to do so, further action will be taken. Except two advances provided for the year 2023 for the Southern campus, all the other advances have been properly settled. The individuals who have not yet settled their advances have been promptly informed to do so. It has also been stated that the unresolved advances will be settled immediately in the future.

from 9 days to 66 days.

30.	56 courses were planned from January to September 2023 at the Metropolitan Campus, but only 12 courses were held, and 44 courses were not held due to lack of demand. Out of the 12 courses that were conducted, the planned number of students did not participate in 11 courses, which ranged between 20 percent and 50 percent. Furthermore, out of the 56 courses planned, there was no demand for 44 of them.	2023	New courses that are in demand should be started.	Steps have been taken to establish a faculty under the Kotelawala Defence University at our institution. Currently, students are enrolled in three courses, and in the future, new courses will be introduced to admit more students. Efforts are being made to ensure the maximum and efficient utilization of resources moving forward.	It was stated that the focus has been placed on conducting courses that are in demand, primarily in the public and private sectors. Steps have been taken to establish a faculty under the Kotelawala Defence University, and currently, around 150 students from 03 groups are engaged in educational activities.
31.	A total of 443,695 stock units, consisting of 57 different items purchased by the Southern Campus and the University Hospital, have remained idle since 2018. Among these, medical equipment purchased for the hospital, which exceeded their warranty period, was Rs.76,825,839, out of the stock value of	2023	The medical equipment provided should be utilized effectively.	The wire has been stored for use in the construction activities at the Kurunegala Campus, which is scheduled to be built soon, as well as for the construction of new buildings at the Southern Campus. Due to the excess stock of cotton file lace, guidance has been sought from the KDU	It has been informed that medical equipment will be issued based on the needs of the wards, sections, institutions, and clinics that are scheduled to begin operations or are already operational. Other items remain idle.

Rs.79,612,689.

Ratmalana.

However, no guidance has been received yet. A portion of this stock has been provided for use at KDU Ratmalana. Medical equipment will be issued based on the requirements of the wards, sections, institutions, and clinics currently in operation, for the benefit of the patients in the future.

32. The building of the Metropolitan Campus consisted of 05 floors of 11,074 square feet each and a 6th floor of 10,104 square feet. In these floors, there were 7 halls that could be used for lectures with a seating capacity of 875, but it was observed that these halls were underutilized for a long period of time.
- 2023
- Efforts should be made to fully utilize the lecture halls.
- Efforts will be made to promote all the facilities available on every floor of our institution through marketing channels such as the website, Facebook, brochures, and handbooks.
- Daily use of the lecture halls for courses is carried out as usual. Additionally, efforts are being made to establish a faculty of the Defence University at our institution, and lecture halls are currently being used for 03 groups of students. All the facilities available on the institution's floors are being promoted through marketing channels such as the website, Facebook, brochures, and handbooks. Furthermore, the institution is

making arrangements to send brochures, handbooks, and similar materials to organizations on a monthly and quarterly basis.

33. In the year 2018, a Pneumatic Tube System was installed connecting 56 stations at a cost of Rs.96,846,900 USD 530,000 for the purpose of transporting laboratory test materials and reports with in the University Hospital. Transportation was only conducted for 52 stations out of them. Out of that, there were 25 stations that had completed less than 100 travels and thus the underutilized stations were 44 percent. Due to the hospital not operating at full capacity, certain sections were not being utilized, and this, along with Pneumatic Tube System, contributed to the underutilization.
- 2023 The Pneumatic Tube System should be utilized at maximum capacity for hospital operations. Preventive measures have not been implemented.
- It has been reported that the Pneumatic Tube System at the university hospital is composed of 56 stations. However, due to the hospital not operating at full capacity, certain stations (ICU 02, ICU 03, ICU 04, ward 07, ward 08) have not been utilized, which has contributed to the underutilization of the Pneumatic Tube System.

34. At the end of the year under review, ward numbers 5A, 7A and 7B and intensive care units 02, 03 and 04 of the hospital remained unused from May 2022 to the end of the year under review. In there, medical equipment valued at Rs.210,190, 808 are remained unused.
- 2023
- It is essential to develop strategies to ensure that the wards are used at full capacity.
- Ward No. 7-A is planned to be opened as the second medical ward, while Ward No. 07-B is designated as a private sector ward. When the capacity of the private wards of Ward No. 09-B and 09-A exceeds, patient will admit to it. Due to the ongoing severe staff shortages, critical efforts are being made to manage these effectively, ensuring that Wards No. 08-B and 09-B are used to their maximum capacity. Furthermore, the 02 Intensive Care Units is to be used to Cardiothoracic unit and the required equipment for 02 Intensive Care Units will be provided after completing the necessary actions to establish the unit. Additionally, several round of discussions have been held with the Ministry of Health regarding the obtaining of human resources for the establishment of
- Ward number 7-A has been opened as a second medical ward, and currently, 66 inpatients are receiving treatments there. Ward 07-B is a private sector ward, and patients are admitted there when the capacity of wards 09-B and 08-A are exceeded. Due to the existing critical staff shortage, it is necessary to manage efficiently, and therefore, wards 08-B and 09-B are being utilized to their maximum capacity. 02 Intensive care units are used for Cardiothoracic unit which is currently undergoing. After completing the necessary steps to establish that unit, equipment will be allocated to the 02 intensive care units. Discussions have been held with the Ministry of Health regarding the recruitment of the required human resources for the establishment of intensive care units

				Intensive Care Units 03 and 04.	03 and 04. A Memorandum of Understanding has been presented to the legal advisor of the Ministry of Health to facilitate the acquisition of these human resources, and discussions have been held with the Attorney General's Department for advice. After signing this agreement, the necessary human resources will be obtained, and once those units are established, the medical equipment can be put into use.
35.	As at 31 st December 2023, Rs.215,240,527 had been spent for the Hospital Management Information System, which was scheduled to be completed by 24 th February 2023. The project was supposed to be completed by 28 th May 2024 after it was extended on 2 occasions, but as at 11 th June 2024, the progress of the project was at only	2023	Should be established the system as planned.	Preventive measures have not been implemented.	It had been informed that the third extension of 90 days was granted starting from October 8, 2024. As of now, the progress of the installation is as follows: hardware installation is 70 percent complete, software installation is 100 percent complete, software customization is 80 percent complete, and overall

68.5 percent.

progress is 77 percent.

36.	As per Section 8.9.1 of the Procurement Guidelines, a formal contract agreement must be written and signed for goods or service contracts exceeding Rs.500,000 immediately after a formal acceptance letter is issued. In the sample audit of the Southern Campus, 27 procurements with a total value of Rs.20,728,998 exceeding Rs.500,000 did not include a contract agreement in the procurement files and no clause to that effect was included in the bid documents.	2023	Should be adhered to the procurement guidelines.	Correcting this, in relation to procurement guidelines 8.9.1, for the purchase of "goods and services" exceeding Rs.500,000, contracts are being made with qualified suppliers.	In relation to procurement guidelines 8.9.1, for the purchase of "goods and services" exceeding Rs.500,000 contracts are being made with qualified suppliers while correcting these observations.
37.	On several occasions, arrangements were made to purchase the necessary raw materials for the rector chalet and the cadet officer's residence that were being built in the southern campus. Accordingly, Rs.3,980,725 was	2023	Should be adhered to the procurement guidelines.	Preventive measures have not been implemented.	It was informed that the demand for goods was made based on the way the requirement was raised.

spent for the timber required for the rector chalet and Rs.6,222,018 for the purchase of tor steel wire for the rector chalet and these purchases were made on 07 and 08 occasions respectively.

Furthermore, 24 bunk beds valued at Rs.2,124,000 for the cadet officer residence were purchased from the same supplier on 03 occasions and the price advantage that could have been obtained for the overall purchase had been lost.

38.	Although clear specifications should be prepared as per Section 5.6 of the Procurement Guidelines, without preparing such specifications, prices were obtained and in the purchase of chemicals for the control of insects in the Southern campus and an Audio Visual System for the Metropolitan Campus, at a cost of Rs.907,280 and Rs.934,000 respectively. Further,	2023	Should be adhered to the procurement guidelines.	Bids were invited on the basis of square feet in the bidding related to insect control, and the bidders completed the bidding documents on the basis of square feet without conducting an on-site inspection. In here, calling for bids was carried out to cover the all the insects. These purchases were made during the period of the activities of	It has been informed that, at present, the institution has taken measures to ensure that procurement activities are conducted in accordance with the proper procurement guidelines.

no formal contractual agreement was entered into in terms of 8.9.1 of the Procurement Guidelines for the purchase of the audio visual system.

Metropolitan Campus (Guarantee) Limited were carried out, and in relation to the purchase, the specifications were approved when approving purchasing application. Based on the approved application, the bidding documents were prepared and delivered to the suppliers.

39. Construction of the auditorium was estimated to be completed in three phases in 2010, 2011, and 2012. However, the construction was not completed until 2015. From 2015 to 2019, the construction work of this building was stopped during a period of 04 years, and as a result, for repairing the damage to the building, amounted to Rs.8,458,531 had been spent. Furthermore, although the remaining work was estimated to be completed within 14
- 2023 Should be adhered to the procurement guidelines.
- The current consulting firm has indicated that the strength of the structural parts should be increased. In the first phase, the concrete parts constructed under their supervision were not strong enough, so they were dismantled and rebuilt. I point out that the amount of Rs.8,458,530.58 was not due to the lack of construction monitoring, supervision and quality of the construction who carried out the construction work in the first phase
- As of 10th October 2024, the construction work of the auditorium had not been completed.

months, as at 31 August 2021, the university was unable to complete the work even by February 2024. In this case, contrary to Section 5.3.11 of the Procurement Guidelines, bid security was not obtained in the purchase of Tor steel worth Rs.5,670, 000 for the Auditorium. Also, it was revealed in the sample audit that procurements worth Rs.25,345, 980 were made for this building on 9 occasions without entering into a contract agreement contrary to Section 8.9.1 of the Procurement Guidelines Code.

and the other reasons were also affected.

40.	Contrary to Chapter 3 of the Procurement Manual, Shopping method was used for the purchase of SAGE accounting software worth of Rs.11,036,177, which had lost the advantages that could have been achieved by inviting quotations from international/national competitive	2023	Should be adhered to the procurement manual.	Due to the urgent need to purchase the SAGE accounting software, and for the payroll processing and other accounting work of the accounting department of the university's bursar office, Shopping method has been	It has been stated that in the future, software procurement will be carried out in accordance with the guidelines, manuals, and provisions.

bidders.

used.

41.	Although the bid awarding letter dated 09 th May 2022 states that the SAGE 300 ERP Solution computer software should be installed on or before 25 th June 2022, and as at 19 th June 2024, the Payroll Processing Module was established but was not at functional level. As per Section 2.4 of the Procurement Manual, the validity of the report of the Technical Evaluation Committee held on 06 th May 2022 was not satisfied due to absence of a signature of one member.	2023	Procurement activities should be conducted in accordance with the procurement manual, and all modules of the software must be implemented promptly for utilization.	The Payroll Module has been installed properly but as we are doing the data entries that we need to do, this module can be used live after the data entries are completed and checked.	No action had been taken.

3.64 National Building Research Organization

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,799,887,770	708,034,166	1,091,853,604	70,461,437	Qualified
2022	1,868,936,790	512,584,148	1,356,352,642	266,985,728	Qualified
2023	2,328,149,016	630,465,288	1,697,683,727	235,379,561	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Although it has been 31 years passed since the establishment of the National Building Research Organization, but no bill has been passed to grant it legal status. The bill prepared for granting legal status to the organization was sent to the Attorney General's Department on 26 September 2022 by the Law Drafting Department.	2021 2022 2023	Necessary actions should be taken to pass the Act as soon as possible.	Following up and monitoring the progress.	According to the cabinet decision, the National Building Research Institute Bill was published in the Government Gazette on 30 August 2024 in Part II Supplement and released on 03.09.2024. Necessary arrangements are being made for tabling in Parliament.
02.	330 automatic rain gauges were installed to receive data for issuing landslide early warnings in 14	2022 2023	Automatic rain gauge system should be properly maintained.	Modernization of automatic rain gauge system and monitoring of progress.	All these rain gauges are more than 05 years old and due to various technical problems, nearly 100 rain

prone districts, of which only 251 rain gauges were connected to the emergency operation center of the Disaster Management Center for issuing landslide early warnings. Out of that, only 198 rain gauges are currently receiving information, the rest of the rain gauges were in an inactive state or were not in condition of receiving information.

gauges were in inactive state or not in condition of receiving information. Since the repair of these rain gauges is not economically effective, it is planned to install new rain gauges under the CResMPA project and that tender has been awarded and the installation of new rain gauges has started.

03. 5,388 applications were received for obtaining landslide test reports from 11 districts with landslide risk for the year ending 31 December 2023 and the number of applications to be given further recommendations was 1,545. Also, including the applications received last year, the number of applications to be further given recommendation was 2,889 by 31 December 2023, which was 43 percent of the
- 2021,2 022 and the year 2023
- Applications given for inspection should be checked promptly and reports should be provided.
- Monitoring the issuing of reports
- For the request that should be prioritized.
- Reports have been given for all the requests by now that should be prioritized.

number of applications to be given recommendations during the year.

04.	For recruitment to the post of Senior Scientist - AR 2 by preparing an unapproved procedure outside the basic recruitment procedure and 02 interviews were conducted in violation of the provisions of the recruitment procedure. Due to this, three officers who scored the highest marks in the preliminary interview had lost the opportunity to get promoted to the respective post.	Year 2023	It should be done in accordance with the Recruitment procedure.	Recruitment should be done as per the recruitment procedure.	In this regard, the internal auditor of the Disaster Management Division of the Ministry of Defense has given a report, which has been studied and planned for further work.
05.	An amount of Rs.9,815,793 was paid to the insurance company for a group life insurance and medical insurance scheme that was being implemented for the officers of the organization since 2013. 23 employees of the organization had	Year 2023	Actions should be taken in accordance with the provisions of the Establishment Code regarding the officials who have prepared false documents and received insurance compensation.	Actions were taken to aware about this in the awareness program of the insurance scheme of the year 2024.	A formal disciplinary inquiry is planned to conduct in this regard.

prepared fake bills and forged official seals on 29 occasions and reimbursed medical bills of Rs.1,820,000 under the group life insurance and medical insurance scheme. Although the organization had collected an amount of Rs.440,000 from six officials who obtained insurance compensation by preparing false documents, Actions were not taken regarding those officials in accordance with the provisions of Chapter XLVIII of the Code of Establishment.

3.65 Disaster Management Centre

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	663,676,000	52,304,000	611,372,000	7,995,000	Qualified
2022	563,196,000	31,596,000	531,600,000	(44,745,000)	Qualified
2023	535,090,000	54,341,000	480,749,000	(11,536,000)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The value of the building constructed at a cost of Rs.1,034.39 million in the year 2010 on a land belonging to the Department of Meteorology was not recognized in the financial statements and the actions were not taken to take over legal ownership of the land.	2021, 2022, 2023	The building and land should be legally taken over to the Disaster Management Center and the fixed assets should be properly identified and accounted for.	That the value of the building has also become problematic to identify in the financial statements due to inability to take over the land where the building is situated. Actions will be being taken to settle it in the future.	Actions are being taken.
02.	Amendments to the Sri Lanka Disaster Management Act No. 13 of 2005 had been made since 2008, but the relevant amendments had not been submitted for Parliament's approval.	2021, 2022, 2023	Approval should be obtained amending the act.	The work of amending the Act is being carried out by the Disaster Management Division and it has been forwarded to the Attorney General's Department by now	Actions are being taken.

observation.

03.	According to Section 04 of the Sri Lanka Disaster Management Act No. 13 of 2005, the National Emergency Operations Plan, which is one of the main functions of the Centre, had not been prepared and approval of the Cabinet of Ministers was not obtained.	2021, 2022, 2023	The National Emergency Operations Plan should be prepared and approval should be obtained from the Cabinet.	That the final draft of the National Emergency Operations Plan had been prepared but could not be submitted to the Cabinet due to the fact that the hard copies had not been checked and printed.	Actions are being taken.
04.	To the post of Director (Mitigations) was appointed without minimum qualification and Submitted documents with incorrect information and according to the recruitment procedure, at least 03 years of probation should be served. Although Rs.14,163,264 was paid as wages and allowances to the officer whose service was permanent after a period of one year. The provisions of the Financial Regulations had not been followed.	2023	Provisions of the financial regulation should be followed.	In this regard, Further work will be carried out as per the Instructions given by the Ministry of Defence according to the Attorney General's instructions.	Actions are being taken.
05.	A retired army officer has been appointed to the post of Director General by the	2023	It should be done with proper authority.	Since the year 2020 to till now, the Disaster Management	Actions are being taken.

Cabinet Decision bearing No. CA/19/3498/203/008 dated 15 January 2020 on a one-year contract basis Subject to the obtaining the approval of the National Council for Disaster Management. The approval based on the decision of the Cabinet has not been obtained so far.

Council has not being met and the activities related to the meeting of the Council will be done by the Disaster Management Division of the Ministry of Defense.

3.66 Geological Survey and Mines Bureau

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	4,016,526,576	1,802,913,313	2,213,613,263	2,061,179,029	Qualified
2022	5,058,487,761	1,603,111,389	3,455,376,372	2,557,296,846	Qualified
2023	7,457,599,975	1,639,573,875	5,818,026,100	1,506,083,659	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Action had not been taken even up to 30 June 2024 to prepare a national policy on mineral resources and obtain approval in accordance with request made by the Cabinet on 22 May 2017.	2021	A national policy on mineral resources should be prepared promptly and approval should be obtained.	No action had been taken.	The national policy on mineral resources had not been prepared.
02.	A fuel tank had been purchased by the Bureau, and a sum of Rs. 4,401,262 had been spent in the year under review to prepare a location for fuel storage at the premises. Nevertheless, those assets had not been made use of even by 31 May 2023.	2022	The assets should be made use of. Non essential purchases should not be made.	No action had been taken.	Action had not been taken to store fuel at the premises.

03. Service of a 2023 chartered engineer had been obtained to prepare bid documents and obtain consultancy services for construction of divisional office in Polonnaruwa, and a sum of Rs. 2,105,200 had been paid up to 31 December 2023. In addition to that, the said chartered engineer had also been appointed as the Chairman of the Technical Evaluation Committee for construction of the divisional office, thus resulting in a conflict of interest with the Procurement Process. A sum of Rs. 19,253,840 equivalent to 23 per cent of the contract value had been paid through 04 interim payments up to 01 April 2022, but no evaluation had been done on physical progress of the works done. As the constructions had been suspended for over 02 years, the building remained
- Failure to follow the Procurement Guidelines should be re-examined, and the constructed building, should be made use of.
- No action had been taken.
- Measures had not been taken correctly by evaluating the physical progress of works relating to the construction of divisional office.

unusable.

04. The overpaid sum of Rs. 3,886,701 by the Bureau on telephone bills of the executive officers during the year under review the period 2018-2021, had not been recovered even by the end of the year under review.
- Should be recovered from the relevant officers.
- No action had been taken.
- The overpaid telephone bills had not been recovered.
05. A sum of Rs. 1,661,910 incurred in the year 2022 for the installation of an Enterprise Resource Planning (ERP) system, had been shown as work in progress at the end of the year under review. As it was decided on 20 February 2023 that the said activity be discontinued, that sum became fruitless.
- Nevertheless, the Bureau, with the objective of implementing the proposed Enterprise Resource Planning system, 60 computers had been purchased on 21 February 2023 at a sum of Rs.
- 2023
- The assets should be utilized properly.
- No action had been taken.
- Action had not been taken to install the Enterprise Resource Planning system.

20,394,000, and 12 computers therefrom worth Rs. 4,078,800 remained idle at the stores as the date of audit on 15 March 2024.

06.	The validity of 2023 exploration license No. EL/406 issued to Lanka Mineral Sands Ltd for exploring minerals had expired on 30 December 2022. According to Section 14 (e) of the Gazette Extraordinary No. 2313/37 dated 04 January 2023, the licensees had been allowed either to request for a mining license or retain the potential area by paying the relevant fees within a period of 02 years since the expiration of the license or from the date of concluding the exploration. In order to execute the procedures to further verify the area of exploration, the Company had been provided with a period of 02 weeks. Nevertheless, the exploration license No. EL/434 had	Validity period of the exploration license should be extended.	No action had been taken.	Action had not been taken to correctly utilize the mining licenses in exploring minerals.

been granted to another private company to explore the Grid 07 area within the period from 09 October 2023 to 08 October 2025.

07.	Until a survey is conducted by the Bureau on the availability of Phosphate mineral in Sri Lanka, it had been decided through the verdict of the Case No. SE(FR)884-99, Bulankulama vs Secretary to the Ministry of Industries and Others, dated 02 June 2000, that entering into any agreement relating to Phosphate mineral would be illegal. In addition to that, it had also been informed that a comprehensive research on Apatite and other Phosphate minerals in Sri Lanka be conducted by the Bureau with consultation of the National Science Council and National Science Foundation and a report be presented.	2023	Export licenses should be granted in accordance with legal provisions.	No action had been taken.	The Bureau had taken action to grant export licenses for Phosphate informally.

The report of the research conducted by the Bureau on Phosphate mine in Eppawala after 22 years, had been published through the official website of the Bureau and newspapers on 21 June 2023 prior to obtaining recommendations of the National Science Foundation and National Science Academy. The report of observation presented by the National Science Foundation on 25 August 2023 stated that the Bureau had been unable to properly execute the task required by the court, whilst approval of the National Science Foundation had not been given on the report of survey. According to the verdict of the Case, the report of survey should have been published and export licenses should have been granted by the Bureau once consent of the National Science

Foundation was received. Contrary to that, the Bureau had granted export licenses to Phosphate exporters selected by the Lanka Phosphate Company, and 02 private exporters had exported 7,500 Metric Tons and 2,350 Metric Tons of Phosphate.

08.	The software used by the mining division and accounts division of the Bureau are older than 20 years, an annual maintenance fee of Rs. 1,050,000 had been paid to a private company. However, those software had not been updated in accordance with current operational and financial requirements of the Bureau including, issue of mining licenses, computation of royalty for the Government and issue of invoices, charging fees, obtaining bank guarantees, rehabilitation of mining areas,	2023	The software should be updated.	No action had been taken.	Action had not been taken to update the software of the Bureau to be in line with current operational and financial requirements.

cancellation of
mining licenses,
refunding fees, and
other facilities
relating to the
accounts division.

3.67 Legal Aid Commission

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	69,571,095	81,101,947	(11,530,852)	(15,754,042)	Qualified
2022	66,787,553	84,834,877	(18,047,323)	(13,906,980)	Qualified
2023	64,931,041	87,192,512	(22,261,471)	(8,802,344)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The necessary steps have not been taken to execute the key powers such as to establish, administer, develop and co-operate in experimental programmes, law clinics and projects in respect of any aspect of the provision of legal aid and employing the necessary staff for the development and implementation of programmes and projects for that purpose as mentioned in Paragraph 4 (i) of the Legal Aid Commission Act No. 27 of 1987.	2021	Actions should be taken to implement the objectives of the Act.	Comments had not been made.	Awareness programmes on Law are being conducted through the provision received from the Legal Aid Fund in relation to implementing the objectives of the Act, and a number of legal awareness programmes and legal clinics are being conducted island wide through 85 centres under the JURE project with financial provisions received from foreign projects such as UNDP/UNISRF/EU ROPEAN UNION. Legal awareness

programmes and legal clinics are also being conducted for the LGBTIQ community, aborigines, fishing community, estate workers and people with special abilities who are more vulnerable to persecution.

02.	Even though the Cabinet had approved the Proposed National Policy on Legal Aid for Sri Lanka on 30 March 2016 with the view of making State Legal Aid Programme in a more formal empowerment in civil society, it had not been implemented.	2021	Actions should be taken to implement legal aid programmes as stipulated.	Comments had not been made.	It is necessary to identify the existing conditions that need to be improved in the said Legal Aid Policy and prepare them to suit the national needs. The Legal Aid Commission had not participated in the preparation of the original Legal Aid Policy. The Ministry of Justice has appointed a committee on 30.08.2024 to prepare the new Legal Aid Policy. The Committee will review the Legal Aid Policy in the future and finalize its work.
03.	According to the 2022 Annual Draft Report of the Commission, the number of cases brought forward for	2021 2022	Performance should be maintained as per the objectives of	Comments had not been made.	The progress of the observation related to the year 2021 is correct, and the

providing legal aid as at 01 January 2022 was 38,099, and the number of newly filed cases from January to December 2022 was 11,380, so as the total number of cases to be done during that period 49,479. Among these, 10,740 cases had been settled by 31 December and 38,739 cases were to be settled on that day and it was 78 percent of the total number of cases to be providing services.

the Act.

number of cases brought forward as at 01 January 2024 in accordance with the objectives of the Act was 38905. The number of newly filed cases from January to 30 September 2024 was 9471. The total number of cases to be heard during that period was 48376. Action had been taken to resolve 19941 cases, and the number of cases pending as at 30.09.2024 was 28935.

04. As at 31 December 2023, the inventory items at the head office and 85 centers had not been valued and accounted for under current assets.

The value of all inventory items owned by the institution should be shown under current assets. The Commission had not yet carried out a valuation of the value of current assets, but had announced that it would do so from the next year.

Due to the limitations of the existing accounting computer system, it was not possible to identify and record the stock held as consumables on a particular day. Attention has been paid to that matter and steps have been taken to replace the updated software of that computer system. I will take action to calculate the correct remaining stock balance of consumables in the future using the

relevant newly
updated software.

05.	The schedules related to verify the accuracy of the balances relating to the assets such as computers, office equipment and furniture amounting to Rs. 15,619,085 existed prior to the year 2009 and library books amounting to Rs. 36,950 existed prior to the year 2014, included in the fixed assets indicated in the statement of financial position were not submitted to audit.	2022 2023	Relevant evidence must be submitted to the audit to confirm the balances related to fixed assets.	It was informed that there was no asset register before 2009, and that the data was obtained based on the final accounts and cash books of previous years when preparing the asset register. There was no way to obtain information in this regard.	Most of the property, plant and equipment used by the Legal Aid Commission have been completely depreciated by now. Under the circumstances, a situation where the value of these assets has to be restored. Therefore, I am taking the necessary steps to promptly identify, number and revalue the relevant assets in accordance with the asset valuation guidelines issued by the Office of the Comptroller General.
06.	In the debtor balance of Rs.2,428,014 as at 31 December 2023, Rs.402,990 between years 01 - 02, Rs.707,008 between years 02 - 03, Rs.67,251 between years 3 - 5 and more than 5 years the outstanding balances were Rs.230,500, but the management had not taken steps to recover the respective balances.	2023	Actions should be taken to recover the debtor balances without delay.	The amount over 5 years was the deposit paid for the Gampaha branch and the money deposited when opening of current accounts in the branches. It had been informed that this recoverable deposit money can be obtained in the future.	I consider the recording of advance payments made to the Legal Aid Commission as at 31.12.2023 as debtors was an error occurred in accounting. This balance includes advance payments made and interest on deposits receivable. I noted down this to accurately indicate the accounts for the year 2024 in the final financial statements.

07.	Although in the creditor balance of Rs.2,390,922 as at 31 December 2023, there was a creditor balance Rs.1,200,621 less than 01 year, the creditor balance between 1-2 years is Rs.513,019, between 3-5 years is Rs.929 and more than 5 years is Rs.676,353, but the management had not focused on adjusting the respective balances in the accounts.	2023	Actions should be taken to settle the creditor's balance.	The balances for the period between 1 year to 2 years, out of the balances payable, will be paid during this year, while the balances over 5 years will be paid during this year. Although I have informed the persons, who left the service of the Commission, I was informed that the cheques had been cancelled due to not obtaining the cheques.	In the preparation of the financial statements for the year 2024, I will take steps to record the relevant liabilities as current and non-current liabilities according to their periods.
08.	Although a stamp duty of Rs.25 should be charged for payments above Rs.25,000 according to the Stamp Duty Act No. 43 of 1982, actions had not been taken as per the act regarding the value of payments amounting to Rs.1,529,961 made on 26 occasions.	2021 2023	Actions should be taken as per the referred Act.	It was informed that steps will be taken to avoid the shortcomings in the future.	The Legal Aid Commission shall levy stamp duty on the receipts and payments in accordance with the Stamp Duty Act and remit it to the Inland Revenue Department on a quarterly basis.
09.	In terms of Section 11 of the Finance Act No. 38 of 1971, the approvals of the Minister of Finance and the Minister in charge of the subject had not been obtained for the fixed deposits of Rs. 7,748,671 invested in the state banks.	2022 2023	Actions should be taken as per the referred Act.	The approval of the Board of Directors has been obtained for the fixed deposits and it had been informed that this matter had been referred to the meeting of the Board of Directors.	This amount is an account balance maintained by the Legal Aid Commission to finance the urgent financial needs of the Legal Aid Commission. The Board of Directors of the institution has approved this and action will be taken

in the future to establish a formal fund management.

10.	According to Section 6.6 of the Public Enterprises Circular PED No. 01/2021 dated 16 November 2021, the Annual Report of the year 2022 had not been tabled in Parliament even by 11 September 2023.	2021 2022	Actions should be taken as per the Circular.	Comments had not been made.	Translation work has been carried out. After printing the report for the year 2022, the report was submitted for the approval of the Cabinet of Ministers on 10.01.2024. After receiving the approval of the Cabinet of Ministers, it was presented to Parliament on 13.06.2024.
11.	Efficiency Bar Examinations have been included in the commission's recruitment process, but from the beginning of the Commission until the year 2023, efficiency Bar Examinations were conducted only for officers in the primary service category.	2023	Actions should be taken as per the provisions of the referred Establishments Code.	It was informed that efficiency bar examinations were conducted for the primary service category in the year 2023 and arrangements have been made to conduct efficiency bar examinations for the other posts in the second quarter of 2024.	Efficiency Bar Examinations of the year 2023 for the primary service category have been conducted and completed. Efficiency bar examinations were conducted for legal officers on 2024.05.18, and the relevant arrangements for conducting examinations for the other staff are currently being carried out through the Non-Judicial Officers Training Institute. All these examinations are scheduled to be conducted and completed during this year.

12.	The relevant receipts were not attached for 41 payment vouchers amounting to Rs.1,590,277 as per the Financial Regulation 139 (4).	2023	Actions should be taken as per the referred Financial Regulations.	It was informed that there were delays in sending receipts and vouchers by post to the head office in relation to 85 centres and that these vouchers would be collected by the centres and forwarded to audit.	The source documents related to all payment vouchers would be filed with the relevant vouchers.
13.	Although a certificate should be attached stating that the goods have been received and the goods have been entered in the relevant inventory, stock book, in making payments for warehouse supplies in terms of Financial Regulation 237 (b), the said arrangements were not followed in 45 purchases valued at Rs. 7,509,063 in the institute.	2023	Actions should be taken as per the referred Financial Regulations.	It was informed that certificates of receipt of goods would be attached to the relevant vouchers hereinafter.	I have noted down to certify the documents of receipt of materials related to the receipt of goods and to attach them to the relevant source documents.
14.	In the year 2023, payments were made without obtaining a certificate that the work was properly completed in terms of Financial Regulation 237(a)(1) in relation to 39 vehicles and office equipment repairs amounting to Rs.1,958,476.	2023	Actions should be taken as per the referred Financial Regulations.	It had been informed that the Legal Officer in charge of the centre will certify on the card related to the machine that the work or supplies have been done satisfactorily and that the relevant payments can be made, and that a copy of this card will be sent after the	I will take action to make payments for the relevant repairs after obtaining the certification of the relevant officers that the repairs have been successfully carried out from the year 2024.

completion of the relevant service in the future.

15.	According to Public Finance Circular No. 01/2020 dated 28 August 2020 and Financial Regulations 880, and in accordance with the Government Officers security Ordinance, arrangements had not been made to obtain security from the officers, who were required to give security.	2022 2023	Actions should be taken as per the referred Financial Regulations.	Since the Legal Aid Commission of Sri Lanka is a statutory body, it had been informed that instructions have been requested from the Ministry of Justice in relation to the officers, who should give security and its limitations, and necessary steps will be taken immediately after receiving the instructions.	Giving security according to the highly limited salary received by an employee and the normal amount of transactions has been referred to the Commission for obtaining its instructions. Action will be taken to inform pertaining to functioning as per the instructions of the Commission.
16.	In the current bank account maintained at the Hulftsdorp branch of the Bank of Ceylon in the period of 12 months from January to December 2023, the amount was in the range of Rs.17.4 million to Rs.4.9 million. Therefore, that excess amount was kept idle.	2021 2023	Money should not be kept idle.	It was informed that the balance according to the cash book after deducting the value of the “Cheques issued but presented to the bank” is less than the balance indicated by the audit.	This balance is the balance indicated in the bank statement and according to the cash book of the Legal Aid Commission, the balance was Rs.1,908,024.24.
17.	According to 6.2.2 of the 2006 Procurement Guidelines, a minimum time of 07 days should be given for calling the bids in the market price	2023	Actions should be taken as per the referred Procurement Guidelines.	It had been informed that steps will be taken to select cleaning service providers by following the prescribed	I have noted down to carry out all the procurement activities in the future subject to the provisions of the Procurement

comparison method, but in the procurement of cleaning services for the years 2023/2024, a minimum time of 03 days has been arranged to call the bids without properly preparing the specifications and those evaluation was not done until 05 days and was not reported in the relevant form on the opening of bids in accordance with paragraph 6.3.6 of the procurement guidelines, and the selected institute did not submit a performance guarantee for the relevant period in accordance with 5.4.8 of the guidelines.

procurement Guidelines.
guidelines from
next year.

18.	Rs. 595,282 value of furniture, bookshelves and tires related to the purchase of 09 procurements could not be identified in the procurement files.	2023	Information relating to procurement should be maintained in files.	It had been informed that steps will be taken to carry out procurement activities by following the prescribed procurement guidelines from next year.	These purchases have been carried out by calling for quotations in accordance with the prescribed procurement guidelines.
19.	Out of the total staff of the Commission, there were vacancies of 88 employees which is 24 percent, and the three main posts of Director (Legal) and	2021 2022 2023	Actions should be taken to fill the vacancies without delay.	It had been informed that approval had not been received so far even though requests for approval had been	According to the approved scheme of recruitment, the posts of Director (Legal) and Director (Administration and Finance) are to be

Director (Administration and Finance) and Deputy Director (Regional) belonging to the "Management" service category and Posts of Deputy Director (Finance) which is directly responsible for the financial control of the Commission and 26 posts of Legal Officer under "Management" service category remained vacant as at 31st December 2023. As at the date of the report, there was a delay in filling these vacancies from 01 year 05 months to 05 years.

submitted several times since 2022 to fill the vacancies.

recruited internally. Since those who qualified for these posts are not currently in active service, it has not been possible to make recruitments.

The vacancies in the posts of Assistant / Deputy Director (Finance) have been filled.

There are vacancies in a large number of posts including the posts of Legal Officers, Management Assistants (Technical and Non-Technical), and approval has been sought on numerous occasions since 2022 to recruit them.

Approval was received to recruit only 12 Legal Officers in the beginning of the year 2023 and 9 Legal Officers in the year 2024, and those persons were recruited.

20. According to the recruitment procedure of the Commission, officers from senior management to primary service Efficiency bar examination should be conducted properly. It had been informed that examinations had been conducted for the Primary Service Category. Efficiency bar examinations are being conducted, and steps are being taken to rectify those activities by

category officers were given the opportunity to be promoted from one grade to another without conducting an efficiency bar examination.

in the year 2023 following the proper and action has scheme of been taken to promotion. conduct efficiency bar examinations for the other posts in the second quarter of the year 2024.

3.68 Sri Lanka Judges' Institute

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	16,589,363	1,742,366	14,846,997	(1,035,725)	Qualified
2022	8,578,420	1,877,177	6,701,243	(6,925,256)	Qualified
2023	8,197,684	1,614,754	6,582,930	(118,262)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Information for the year 2023 related to documenting all non-financial assets of the government for asset and cost management had not been submitted to the Comptroller General.	2023 2022	Actions should be taken as per the referred circular.	It was informed that steps will be taken in the future.	Action will be taken expeditiously to submit information.
02.	Although the annual report of statutory bodies should be tabled in Parliament within 150 days after the end of the financial year, action had not been taken accordingly.	2023	Action should be taken as per the referred circular.	It was informed that this delay was due to the inability of obtaining the approval of the Board of Management	The draft annual report related to the year 2023 had been sent to the Auditor General on 07/10/2024.
03.	The legal database system purchased at a cost of Rs.2,212,195 in the year 2016 has not	2023	The legal database system should be used.	It was informed that a report was to be prepared and sent by experts of the University of	It has been scheduled to receive the recommendation of the Technical Evaluation

been used so far
and is currently
inactive.

Moratuwa on the Committee.
methodology for
updating this, and
after receiving the
report, action
would be taken
accordingly

04. Even though the 2023 approved staff of the institution was 26, there was a shortage of 11 employees in 08 posts as at 31 December 2023. It had taken 42 percent of the approved staff.
- Action should be taken to fill the vacancies promptly
- It was informed that approval had been given for the recruitment of those posts by the letter of the Director General of Management Services dated 24 April 2024.
- Invitation for applications to fill the vacancies was gazetted on 02 August 2024 and further action is being taken.

3.69 Office for Reparations

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	604,002,890	390,018,977	213,983,914	(17,114,511)	Unqualified
2022	519,852,068	286,790,976	233,061,092	19,268,441	Qualified
2023	259,066,078	41,346,289	217,719,789	(13,642,455)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	In order to ascertain the correct number of files for compensation, the Office of Reparations failed to submit a document detailing the files of compensation claims to the audit. Although the office stated that there were 8,626 files for further compensation as at 31December 2023, the agency failed to provide a age analysis of the period from which the files consisted of claimants seeking compensation. Of	2023 2022 2021	The files for compensation should be maintained in an orderly manner and the files for which compensation is sought should be entered in a register. Also, since steps should be taken to estimate the amount of compensation to be paid, the budget estimates should be prepared	The data system has been updated so that a list with details of the beneficiaries can be obtained through the computer system as per the requirement.	It is also possible to provide a age analysis on the files for further compensation. But it is not possible to estimate the total amount due as the payment amount for each file is not certain and due to absence of necessary files (eg - police reports, valuation reports).

	these, an amount of Rs.1,802,446,195 was to be paid in relation to 4,917 files, but the amount to be paid in relation to the remaining 3,709 files was not assessed.		correctly and provision should be made on time and also the compensation payments should be made,		
02.	Out of the 1,335 million rupees paid as compensation in the year under review, 753 million rupees were paid to the victims of the conflict who applied in 2023, but only 582 million rupees were paid to the victims who applied for other compensations from previous years. Accordingly, giving priority in compensation to compensation recipients who applied before the year 2023 was at a relatively low level.	2023	Arrangements should be made to give priority in compensation to those who have applied from previous years.	As per the Office Act for Compensation approved by the Cabinet, in accordance with the compensation policy and guidelines and rules prepared by the Board of Directors on the basis of the priority of needs and the availability of resources, a financial relief has been decided and the Board of Directors and the Cabinet have approved the provision of compensation for the damage caused to the houses of the victims due to the political unrest on 09 May 2022 on priority basis.	This situation remains the same up to today.
03.	Although checks were issued for compensation during	2023 2022	Compensation should be recommended	A letter to the concerned beneficiary to be	To proceed with payments based on the verified

the year under review, the bank had dishonored 318 checks worth Rs. 39,124,653 out of the checks given to the compensation beneficiaries as at 31 December 2023 due to compensation based on information that was not updated. An amount of Rs. 29,818,995 of these compensations were remitted to the same compensation recipients through direct remittances and another amount of Rs. 9,305,658 was given to 85 new compensation recipients.

based on the updated information of the concerned beneficiaries.

issued by asking him to verify the accuracy of the relevant new bank details or the existing details before making the payment and to making arrangements to remit the money to the concerned contributor and calling the details of the beneficiaries whose checks have been dishonored and not paid, and arranging for re-payments.

information of the beneficiaries.

04. In the year 2019, it was decided to write off Rs. 300,000 overpaid to an indemnifier for the Easter attack in 2019 and without taking measures to recover the loss on misplacement of stationery stock worth of Rs. 112,900 from the responsible party, actions have been taken to write off those only on the decision of the director board..

2023

Adequate steps should be taken by the institution regarding these loss recovery.

Arrangements have been made to prevent such irregularities from happening again by implementing the computerized system in making payments. Also, security measures have been taken to ensure the security of corporate assets including stationery.

After appointing the preliminary investigation board and confirming that these losses were not caused by the officials' fault based on the recommendations of the said boards and after reporting the relevant matters to the membership board, they have been written off from the books of accounts upon the approval of the membership

board.

05.	A female officer was recruited for the post of "Director" in the Office of Reparations for a period of two years from 01 September 2023, on secondary basis, out of formal recruitment procedure. However, if an external or internal applicant is recruited for the post of director, Rs.163,055 per month as salary and all allowances will have to be paid. But the officer recruited under the secondary basis will incur an additional cost of Rs.38,419 due to the payment of Rs.201,474 per month as salary and all allowances .A list of duties was not provided for this officer who was recruited for the post of Director, and there was insufficient performance related to the performance of the duties.	2023	Officers should be recruited as per formal recruitment procedure.	To provide a list of prescribed duties for the director and to supervise those duties by the member board.	Monitoring and review of progress by the Board of Directors as assigned duties assigned to the Director.

06.	Although the Office for Reparations had paid an amount of Rs.547,526,491 to 362 victims through checks and an amount of Rs.786,977,664 to 5,430 victims through direct remittances during the year under review , but as per the Financial Regulation 264, it was not confirmed that whether the amount on check payment had been received to the relevant persons.	2023	Steps should be taken to act as per the Financial Regulations 264.	A letter will be sent to the concerned beneficiary to verify the accuracy of the relevant new bank details or the existing details before making the payment. Thus making payments based on updated information only.	After making the payment, a letter is issued to the beneficiary informing them that the payment has been made, and a letter is also included in the letter to be sent back to the institution confirming that they have received the money.
07.	According to paragraph 2.3 of the Circular No. 01/2021 dated 16 November 2021, the action plan and strategic plan should be prepared annually, but the relevant plan for the year 2023 of the office for Reparations was not prepared accordingly.	2023	Action plan and strategic plan should be prepared as per the circular.	As per the circular, instructions have been given to prepare the annual action plan and related strategic plans of the institution.	With the financial and technical contribution of USAID, a three-day residential workshop was held on August 5, 6 and 7, of the year 2024, and the annual action plan and related strategic drafts of the institution for the period 2024-2029 were prepared. The drafts have been forwarded to the Ministry of Justice on 29 December 2023.
08.	As mentioned in Annexure 03 of Paragraph 3.1 of	2023	Arrangements should be made to	Instructions have been given to include the	The annual report of the year 2023 has been sent for printing,

	Circular No. 01/2021 dated 16 November 2021, the minimum elements to be disclosed in the annual report to be submitted with the financial statements, such as the company's vision and mission, the chairman's comments, the board of directors' report, the report including the audit opinion and the information about the company's financial status for the last 10 years, were not included.		include the elements to be disclosed as per the circular.	company's vision, mission, chairman's comments and audit management report in the annual report of the year 2023.	including the report containing the vision, mission, chairman's comments and audit opinion.
09.	It was observed that the three-wheeler owned by the institute was damaged due to the sea wind and had not been driven for 02 years.	2021	Under F.R.770(4) dealing with unusable vehicles to be disposed .	Steps were taken to repair the concerned three-wheeler.	The three-wheeler has been repaired and put into operation.
10.	The approved number of officers in the office as at 31st December 2023 was 77, while the actual number of officers was 50, so as 27 vacancies for 06 posts existed.	2023 2022 2021	In order to maintain an effective service level, the management should conduct a staff review and take necessary measures accordingly.	From the year 2021, the Ministry of Justice, Prison Affairs and Constitutional Reforms submitted requests to obtain the approval of the Department of Management Services to fill the relevant employee vacancies.	On 12th and 20th December 2023, approval has been obtained for recruitment for 05 posts as mentioned below, and qualified officers have been recruited for the same. That is Assistant/ Deputy Director - 01, Compensation

Officers	-	01,
Interpreter	-	01,
Internal		Audit
Assistant	-	01,
Management		
Assistant	-	03.

3.70 Office on Missing Persons

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	23,057,886	5,249,969	17,807,917	(5,466,061)	Qualified
2022	16,571,921	4,351,891	12,220,030	(5,463,248)	Qualified
2023	19,960,057	10,228,258	9,731,799	(11,545,375)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Although it has been stated that even the Accounting Officer should not obtain the ad hoc sub imprest for non-specific and unnecessary work, four officers had returned Rs.526,800 taken as ad hoc sub imprest without spending.	2023	Actions should be taken to proceed as per the referred Regulation.	Although arrangements were made to conduct preliminary investigations, it was stated that in certain instances where such activities had to be suspended, the full advance payment had to be refunded.	To rectify this situation, all officers of the institution were instructed through the circular bearing My No. OMP/F&P/38/IFC/2024 dated 19 July 2024. Approval has been obtained for new recruitments on a contractual basis for vacant positions, and necessary further actions are being taken to carry out the new recruitments.
02.	According to Public Administration Circular No. 12/2003 iv and circular No. 03 (b) (c) dated 27	2023	Actions should be taken as per the referred Regulation.	It has been stated that the interpreters engaged with the preliminary	Due to the practical difficulties in involving language interpreters in very remote areas where

February 2017 as amended by circular No. 12/2003 (iii) dated 22 August 2016, although the initial hourly rate of Rs.500 for simultaneous interpretation of public meetings, discussions and other lectures should be paid for each hour on the increase, the office had paid a daily rate of Rs. 4,500 each amounting to Rs.243,000 for 35 interpreters who participated in 5 inquires without the basis of the number of hours worked.

investigation committees perform both simultaneous translation and written translation of statements obtained from victims and witnesses. Since language translation services are provided from 8:30 a.m. to 4:30 p.m., payments have been made for those hours worked and for both the tasks performed. this institution conducts initial investigations, given the limited availability of such interpreters in those areas, and considering that these language interpreters perform both language and written translations for approximately 6-8 hours a day, the board of directors has decided on 20 October 2022 to pay Rs. 4,500 for translations

03.	An officer who went abroad on 02 October 2023 had not remitted the foreign exchange as per the circular until 30 April 2024 and although a report containing the details of the non-resident foreign currency account expected to be used and its progress should be reported to the Board of Directors and the Secretary of the Ministry on a monthly basis, it had not been followed.	2023	Actions should be taken as per the referred circular.	Although the relevant officer was informed to remit funds monthly to the non-residential account, it has been stated that she was unable to send the funds thus far due to her inability to find employment. It has also been noted that steps are being taken to make submission on the current situation to the present Board of Directors and	The matter was reported through the Note to the Board No. 21/2024 presented at the 118th Board of Directors meeting held on 10 July 2024. The Board decided that the relevant officer must remit funds to the non-residential foreign account as agreed and instructed to notify her accordingly. Additionally, the Board resolved that her response should

the Secretary to be communicated to the Ministry. the Secretary of the Ministry of Justice. Accordingly, the relevant officer was notified through the letter of My No. OMP/ADM/STAFF/PF/54 dated 17 August 2024. However, she has not provided a response thus far. Therefore, it is anticipated that once a reply is received from her, it will be forwarded to the Secretary of the Ministry of Justice.

04.	Actions had not been taken to submit the annual performance report along with the annual financial statements as per the Section 16 (2) of National Audit Act No. 19 of 2018.	2022 2023	Actions should be taken to proceed as per the referred Act.	It had been communicated that the 2023 annual report was sent to the Secretary General of the Constitutional Council.	The Annual Report for the year 2022, under My No. OMP/ADM/03-VOL II, was submitted to the Auditor General along with the covering letter dated 14 August 2024. The preparation of the Annual Report for the year 2023 has also been completed.
05.	As on 31 December of the year under review, the Office had sent 1883 cases to the Office for Reparations for payment of revival allowances for which the investigation was completed but the said office had paid revival	2023	Actions should be taken to make timely follows up	Referring the letters No. OMP/VFS/053 dated 16 February 2024 and 20 March 2024, a follow-up was conducted regarding this matter. It was	At a meeting held at this office on 25 September 2024, with the participation of the Director General of the Office for Reparations and relevant officials to follow up on the

allowances in respect of 206 files as on 31 December.

Accordingly, although the progress of payment of allowances by the Office for Reparations was as low as 10 per cent, there was not enough follow-up regarding the reasons that affected it.

informed that there has been progress in the payment of the revival allowance thereafter.

progress of revival allowance payments, it was informed that this office had referred 4,131 completed investigation files for revival allowance payments, and that as of that day, payments had been made for 3,478 files.

06.	Although the Office on Missing Persons had forwarded about 424 files to the Registrar General's Department after completing the investigations and obtaining the compliance report of the Management Board to issue death certificates and absence certificates, only 60 certificates or 14 per cent have been issued during the year and there was no adequate follow-up in that regard.	2023	Arrangements should be made to carry out follow-up activities.	In this regard, a discussion was held on 25 September 2023, with the participation of the Secretary of the Ministry, the Registrar General, and several others, and it had been notified that attention was drawn to the need to expedite the issuance of the relevant certificates.	Insight was gained into the progress of issuing certificates of absence and death certificates from the Registrar General, and steps have been taken to emphasize the need to expedite this process.
07.	Although the draft financial statements and annual report should be submitted to the audit within 60 days of the end of the accounting year according to paragraph 6.6 of the Manual for Public Enterprises No.	2023	Actions should be taken to proceed as per the referred Circular	It has been stated that delays in submitting accounts and reports occurred due to vacancies in the staff of the financial section.	The necessary arrangements have been made to submit the financial statements and audit report for the year 2024 in accordance with Circular No. 01/2021.

01/2021 and dated 16 November 2021 issued by the Ministry of Finance, the financial statements of the office had been submitted on the 16 May 2024.

08.	According to paragraph 6.6 of the Manual for Public Enterprises No. 01/2021 and dated 16 November 2021 issued by the Ministry of Finance, although the annual report including the financial statements and the audit report should be tabled in Parliament within 05 months after the end of the accounting year, actions had not been taken to table the annual report related to the year 2022 in Parliament even by 30 June 2024.	2023	Actions should be taken to proceed as per the referred Circular	It has been stated that delays in submitting accounts and reports occurred due to vacancies in the staff of the financial section.	The annual reports for the years 2022 and 2023 have been prepared for submission to Parliament. Necessary arrangements have been made to submit the financial statements and audit report for the year 2024 in accordance with Circular No. 01/2021.
09.	Tracing and Investigation and Communication and Outreach Divisions which are two main sections of the office, are directly involved in performing the functions indicated in section 11 (1)10 of the Act in respect of Establishment of the Office on Missing	2022 2023	The action plan should be prepared in such a way that the desired objectives of the institution are fulfilled.	It has been stated that the Tracing and Investigation Division was non-operational due to the absence of a permanent staff, and the Communication and Outreach Division remained inactive as no employees were	At present, the Tracing and Investigation Division is operational with the recruitment of a head and 06 officers who are carrying out the duties of the division. However, the Communication and Outreach Division remains

Persons
Administration and
Performance of
Functions in the Act
No.14 of 2016, The
actions expected to be
performed by those
divisions had not been
included in the action
plan prepared for the
year 2023.

recruited to fill inactive as no
existing vacancies. employees have
been recruited to fill
the existing staff
vacancies.

3.71 National Authority for the Protection of Victims of Crime and Witnesses

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	50,625,910	3,910,596	46,715,314	(4,265,483)	Unqualified
2022	85,418,120	4,568,978	80,849,142	567,799	Unqualified
2023	91,763,237	5,606,617	86,156,620	(22,583)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Although a mechanism should have been formulated, approved, and implemented for granting compensation from the fund established under Section 29 of the National Authority for the Protection of Victims of Crime and Witnesses Act No. 04 of 2015, this has not been done despite seven years having elapsed since the establishment of the Authority. As of 31 December 2023, the fund held a balance of Rs.	2021 2022 2023	A mechanism for granting compensation must be promptly formulated.	According to the provisions of the new Act, the Honorable Minister has appointed a committee for granting compensation, and it has been stated that the said committee has been submitted for approval by the Management Board	In accordance with the provisions of the new Act, a committee has been appointed, and the relevant process is currently under review.

22,699,627.

02. The fines collected during the year under review and the previous year for the Protection Fund established under Section 29 of the National Authority for the Protection of Victims of Crimes and Witnesses Act amounted to Rs.2,876,775 and Rs. 2,100,600, respectively. As per Section 29(4) of the Act, expenditures incurred for the protection of victims and witnesses amounted to Rs. 251,025 and Rs. 60,456, respectively. Since compensation payments made under Section 29(4) of the Act are considered the primary expenditure of the Protection Fund, and as facilitating compensation payments to victims from offenders convicted of crimes against them is an objective of the Authority under
- 2021 It is essential to ensure the proper functioning of the mechanisms for revenue collection and compensation payments.
- 2022
- 2023
- Currently, the Authority has limited compensation payments to court orders only. However, it was stated that with the activation of the Compensation Committee, the payment of compensation could be made more active.
- Currently, the Compensation Committee is actively functioning, and the compensation payment process is being studied. The committee has held three meetings so far.

Section 2(c) of the Act, the collection of the aforementioned revenue and the disbursement of compensation remained at a minimal level.

03.	The land and building had been purchased for an amount of Rs. 20,799,000 from Waskaduwa area on 27 December 2021 for safe house for implementation of the activities for providing protection to the victims and witness of a crime implemented under authority. An amount of Rs. 1,084,977 and amount of Rs. 7,339 had been incurred for purchase of furniture and other equipment required for 2022 and electricity respectively and a wall had been erected around the house by incurring Rs. 965,000 in the year under review. Similarly, though about 27	2022 2023	All necessary infrastructure development work has been completed by now, and the safe house has been handed over to the Care Division. It was also stated that they are taking the necessary further actions for its utilization.	Steps should be taken promptly to start the safe house.	All the essential infrastructure/ physical facilities of the safe house have been completed and handed over to the Protection Division. It is currently at operational level.

complaints had been received for obtaining the protection of the safe house as at 31 December in the year under review, this house had been idle without utilization since 02 years.

04.	The officers who should give securities as per Public Finance Circular No.01/2020 dated 28 August 2020 and Financial Regulations had not taken action to give securities.	2021 2022 2023	This Authority has not appointed a security cashier (Shraff), and since transactions are conducted through cheques, no security has been provided.	Action should be taken to give security in accordance with circulars	No action has been taken to give security so far.
05.	The two jeeps received by the Authority from the Ministry on 21 December 2017 had not been transferred to the Authority as per the provisions of the Asset Management Circular No. 02/2017.	2022 2023	It was informed that relevant actions are being taken to promptly obtain a solution for registering these two vehicles in the name of the Authority.	Actions should be taken to transfer the two jeeps according to the circular.	Due to existing problematic conditions, efforts are being made to return these two vehicles to the Ministry of Justice, instead of transferring them to the National Authority.
06.	An officer who had migrated on 20 February 2023 had not taken action to remit the foreign exchange as per the	2023	Even though 02 reminders had been sent to the relevant officers to remit the	The action should be taken to remit foreign exchange as per circulars.	Three reminder letters have been sent to the relevant officer in this regard and the Board of Management has

circular up to April 2024 as per Paragraph 3.9 of Public Enterprises Circular No.PED 05/2022 dated 22 August 2022. Even though a report including details of the non-resident foreign currency account expected to be used and its progress should be monthly submitted to the Board of Directors and the Secretary of Ministry, no such reports had been prepared for migrated officers by Authority.

money, no remittance progress reports had been forwarded so far and it had been informed that it was planned to be reported in the future management board meeting.

been informed about this and informed that further action will be taken by lowering his seniority in accordance with Section 3.14 of Public Enterprises Circular 05/2022.

07. A sum of Rs.12.833 million had been received to authority as first installment under United Nations Development Program and Rs.9.1973 million had been incurred within the year. An amount of Rs.3.6357 million from this first installment or 28 percent of the received fund had remained as at 31 December. The first installment in the action plan
- 2023
- It was stated that these provisions are part of the awareness programs conducted by the Authority's Policy and Programmes Division, but there is insufficient manpower to carry them out. As a result, the second installment could not be obtained by the Authority
- The action should be taken to efficiently carry out the functions of institute having filled the vacancies.
- The necessary steps have been taken to deploy adequate staff to the division and carry out the work systematically without delay. A sum of Rs. 6.95 million has been obtained from the second installment to date.

prepared for this program had ended 30 June 2023 and even though Rs.13.1188 million had been allocated from July 2023 to December 2023 as second installment, no action had been taken by Authority to obtain the second installment up to 31 December 2023 owing to not completely incurring the first installment.

within the year 2023.

3.72 Road Development Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs. million	Rs. million	Rs. million	Rs. million	
2021	1,217,691.47	432,524.21	785,167.26	79,371.55	Qualified
2022	1,267,360.70	434,197.28	833,163.41	43,501.83	Qualified
2023	1,331,160.46	425,654.95	905,505.51	68,669.19	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Although the total distance of A and B grade highways belonging to the Authority is 12,225 km, only 3,267 km belonging to 285 roads had been capitalized until 31 December 2022 after the capitalization of national highways started in 2018. Accordingly, the value for the distance of 8958 km belonging to the A and B grades owned by the Road Development Authority was not shown in the financial statements and this was 73 per cent of the entire road system distance as at 31 December 2022.	2021 , 2022 , 2023	The relevant measures should be identified and expediently implemented to capitalize and depreciate accordingly of the highways that are being constructed and rehabilitated from time to time financed by various foreign and domestic projects.	The capitalization works of the remaining roads are to be started in 2024 by the Sri Lanka Road Asset Management System and 2000km in 2024, 4000km in 2025 and 5500km in 2026 are expected to be completed.	All the roads belonging to the authority are not recorded as assets.

02. The values of 17,883 ,2022 units of assets were not 2023 disclosed in the financial statements due to failure to prepare a system which is updating the authority's fixed asset register in the instances of assets purchase and exchange between projects that need to be inventoried when they are purchased and exchanged between projects for the requirement of the project are operating on foreign loans and domestic commercial bank loans.	The Additional Director General (Finance and Asset Management) should be ensured that correct forms are used for receiving and issuing of goods as prescribed by the Financial Regulations.	The assets will be handed over to the authority after the completion of the projects, and according to the internal circulars No. 216and 250 issued in relation to the handover of project assets, the relevant assets will be updated to the fixed assets register.	The relevant asset value has not been recognized and accounted for.
03. Assets totaling ,2022 Rs.22,587 million had 2023 been transferred to the Authority by 09 projects implemented with various local/foreign financial assistance in the years 2020, 2021, 2022 but those assets had not been accounted during the year 2023.	After the completion of the projects, special attention should be paid to accounting for the handover and acceptance of assets and necessary procedures should be introduced and written instructions should be issued. Disciplinary action should be taken against officials who informally handed over and received assets.	Will be accounted after receiving information.	Accounting has not been completed.
04. In terms of Sections 2021 , 4(3), 6(1) and 7(1) Of 2023 National Thoroughfares Act, No. 40 of 2008, the	Action should be taken in terms of relevant provisions of the Act.	Public representatives should be nominated as	Although the “Road System Development Advisory Council”

Action Plan for “Integrated Road Network Development and Maintenance” had not been prepared and the “Road Development Advisory Council” and the “District Road Network Development Coordinating Committee” had not been established.

represented the relevant local government bodies heads and provincial councils as District Road System Coordinating Committee Members and after electing suitable public representatives for those institutions, steps will be taken to establish the District road system coordination committees mentioned here.

was established in the year 2023, any meeting was not being held and District Road System Development Coordinating Committees were not formed.

05. The relevant Project Director had informed all Provincial Directors, Chief Engineers and Executive Engineers to revise and rectify Engineers’ estimates prepared under the National, Regional and Rural Programme on Rehabilitation of 100,000 Kilometers of Alternate Roads implemented under the local bank funds and the Rural Road Project. However, the relevant rectifications had not been made relating to 146 projects valued at a
- 2021 Estimates should be prepared as accurately as possible under proper supervision.
- Payment revisions made for the projects being carried out are made before the final payment in the above method based on the agreements made in the discussion with the audit departments at the Ministry of Highways.
- Estimation errors have not been corrected.

total of Rs.15,690.5 million even by 30 October 2022.

06.	60 vehicles comprising 44 vehicles costing Rs.122 million and 15 vehicles of which no cost whatsoever had been mentioned, belonging to the Authority, had been released to the Ministry of Highways, State Ministry and the Presidential Secretariat respectively.	2021 , ,2022 2023	While giving and re-accepting Vehicles belonging to the authority to external organizations and persons should be done with formal approvals.	Vehicles belonging to the Road Development Authority have been released to external agencies including the Ministry of Lines and the Prime Minister's Office only on the basis of relevant approvals.	Audit recommendation was not implemented.
07.	The Authority had not prepared a Scheme of Recruitment and obtained approval from the Department of Management Services even by the end of the year 2022.	2021 , 2022	A Scheme of Recruitment approved by the Department of Management Services should be implemented for proper and effective utilization of human resources.	Approval of Management Services Department for recruitment and promotion procedure were received currently only for a few posts/service categories.	The recruitment and promotion procedure has not been completed and approved.
08.	Although the Authority's financial statements disclosed that the Authority holds a 99 per cent direct controlling power in Maga Neguma Emulsion Production Company, the share	,2021 2022 , 2023	The authority should take the necessary measures to resolve the matter of ownership before the company is dissolved, obtain	The company is currently in the process of liquidation and necessary arrangements are being made to resolve the	Control rights of the authority existing in relation to the company has not been confirmed.

certificates for that were not submitted to the audit and it was observed that the Authority does not have an equivalent representation for that percentage in the board of directors of the company. Further, although the Authority's financial statements state that an investment of Rs.01 million was made in the year 2004, it had been accounted as a loan in the financial statements of the respective company.

the relevant share ownership issue. certificates, and appoint the board of directors representing the controlling power.

09.	According to Section 7(3) of the National Thoroughfares Act No. 40 of 2008, the "Action Plan for Integrated Road System Development and Maintenance" specifying the road development projects of the district undertaken by the Road Development Authority, the relevant provincial councils, the relevant local government bodies and other agencies had not been prepared.	,2021 2022 , 2023	An action plan should be prepared for the development and maintenance of integrated road systems as per the provisions of the National Thoroughfares Act.	The five-year (2027-2023 maintenance plan has been prepared by identifying the road sections that need to be renovated and improved in the next 10years of the national road system on a scientific basis and selecting national highways with high priorities.	Action plan has not been prepared for Integrated Road System Development and Maintenance"
10.	According to the Cabinet decision No. CP/05/1711/016/110 dated on 03 November	2022 , 2023	The Road Maintenance Trust Fund should be established as per	At present, the draft bill prepared for levying a tax	The Road Maintenance Trust Fund has not yet been established.

2005, the action had not been taken to set up a Road Maintenance Trust Fund.

the decision of the Cabinet.

along with revenue license fees has been submitted to the Department of Public Finance Policy of the Ministry of Finance for necessary further work.

11. Section 20 of the Gratuity Payment Act No. 12 of 1983.

Other than the cost of living allowance, the Gratuity provision for the year 2022 was overstated by Rs.1,232.83 million due to calculating the Gratuity allowance by considering 12 allowances including road development authority allowance, additional work allowance, adjustment allowance and engineering allowance which are paid with different objectives and unique to the Authority. Further, an over payment of Rs.40.92 million had been made during the year 2022 due to payment of Gratuity including unauthorized allowances.

2022

Payment of Gratuity should be made in accordance with the provisions of the Act.

The Road Development Authority has applied 04 allowances in addition to the living expense allowance to calculate the contributions for the Employees' Provident Fund in the payment of gratuities upon the approval of the Board of Directors.

Gratuity payments are being made continuously with extra allowances.

12. According to the financial statements as at 31 December 2022,

,2021
2022

The land acquired for the construction of expressways

The land information regarding the

Even now, land register is not maintained for

although the cost incurred for the acquisition of land for the construction of expressways was Rs.33,815.28 million, the Land Division of the Authority did not maintain a land register related to it.

should be recorded in a land register of the Authority.

payments made land acquired by the Line under highway Ministry is not construction. accurately recorded in the data record of the Authority.

13. According to Section 133 of the Companies Act No. 07 of 2007, although a company is required to conduct an annual general meeting of shareholders once every year, 04 subsidiary companies belonging to the Authority had not acted accordingly.
- 2021, 2022, 2023
- The arrangements should be made to conduct Annual General Meetings in accordance with the Companies Act.
- Some of the subsidiary companies decided not to conduct annual general meetings due to legal issues regarding the ownership of shares during the formation of the companies.
- Annual general meetings have not been held.

14. According to Section 21(1) of the Pradeshiya Sabha Act No. 15 of 1987, the rights of thoroughfares and roads within the local council's administrative area belong to those local government bodies. Accordingly, even though the authority should have capitalized on the costs incurred for the renovation and improvement of those roads for those institutions, write-off as expenditure without capitalizing accordingly was problematic in the audit. A sum of Rs.9,706.84million incurred for Non-RDA roads accordingly had been written off as expenses in the year 2022.	2022	A method of providing the necessary information should be prepared so that the costs incurred for the roads under the area of the local government can be accounted by the relevant local government authorities.	The amount incurred on non-RDA roads on 31.12.2022 under 100,000 km project (after deducting all Mobilization Advances) has been written off under the development expenses without being capitalized. For that, a sum of Rs.9,706.84 million related to the value of 225 non-RDA roads was written off as expenses in 2022.	This value remains as written off expense.
15. The value of the advances given to contractors for 10 construction projects by the Authority was Rs.45,811.79 million and among those values, advances of Rs.15.53 million relating to 05 projects were given before the year 2015 and the respective balances were not settled even at the end of the year 2022. Further, a total sum of	2022	The arrangements should be made to complete the contract work immediately and collect the advances.	The Mobilization Advances for the Ruwanpura Expressway project is scheduled to be settled through the final bill of the project and a sum of Rs.1359.86 million had been recovered from the Mobilization	The value of advances to be recovered from Central Expressway Project Phase I, Central Expressway Project Phase III and Ruwanpura Expressway projects is Rs.38, 616.34 million.

Rs.39,976.2 million had been paid in advance for Central Expressway Project Phase I, Central Expressway Project Phase III and Ruwanpura Expressway Project and the work on 03 related projects had been abandoned. Accordingly, the mobilization advance amounting to Rs.45,811.79 million had not been settled.

Advances of the Central Expressway Projects 1 and 3.

16. The Authority had paid a sum of Rs.60 million to the National Housing Development Authority for the construction of holiday bungalows in 2005. Although the work of Rs.44.18 million had been achieved out of that amount, the Authority had not taken action to perform the work related to the remaining value Rs.15.82 million or to recover the related advance at the end of the year 2022.	2022	The relevant activities should be completed or the remaining amount should be recovered.	Although inquiries were made to the National Housing Development Authority to recover this amount, the authority has not responded in this regard. Therefore, if it is not possible to get that amount, it is expected to look into the possibility of getting houses instead and do the necessary work.	This amount has not been recovered or related tasks have not been performed.
17. Action had not been taken even as at end of the year 2022 to recover an over payment of Rs.6.19 million paid by exceeding the provisions	,2022 2023	The provisions of the Procurement Guidelines should not be exceeded and the necessary actions should be	The officers had been informed to pay this amount and in addition, I would like to inform that it	Recovery is finished.

of the Government Procurement Guideline 2006 for committee members of the Procurement and Technical Evaluation Committees under 100,000 km Road Programme in 2020 and 2021. Further, the relevant balance also included Rs.3.03 million receivable from an officer who had retired from the Authority.

taken to recover the overpayments and Disciplinary action should be taken against the officials who approved overpayments. will be recovered from the payments entitled to be paid in the future.

18. The 2481 Work Orders valued at Rs.193,518 million had been given to Maga Neguma Construction Equipment Company as of 31 December 2022 for the construction of 6426 km of roads under the Hundred Thousand Roads Development Project and the work of 4732.8 km of roads valued at Rs.131,650 million had been started out of it. The company had undertaken to directly carry out only 71 Work Orders valued at Rs.5,920 million related to 306.97 km of roads among them. It was as low as 03 per cent of the total Work Order value and the remaining 97 per cent of the work for 4,425.87 2022 Action should be taken against the officials who gave subcontracts without proper approval as per the financial Regulations and take action to complete the assigned work orders on time. The contract work orders had been given to Maga Neguma Institute according to a Cabinet decision under the 100,000 km Road Development Programme. According to this, 2416 work orders amounting to Rs.190,800 million had been given by the Provincial Directors to Maga Neguma Institute for 7,377.37 km of roads. Further, the awarding of subcontracts of The situation remains as the same.

km of roads under 1,753 work orders at a cost of Rs.125,730 million had been awarded to subcontractors identified as the service providers of the company. Further, the awarding of subcontracts was contrary to Board Paper No.2008/1109 of the Road Development Authority and according to the decision of the Cabinet of Ministers No. CP/20/0731/221/005-1 dated 07 May 2020, the objectives of awarding the contracts to a government company were also not fulfilled and almost Rs.20,955 million of government funds were remitted to private contractors as profits of the subcontractors. Further, the 351 Work Orders amounting to Rs.32,736 million out of total work orders had been cancelled by the end of the year 2022 and The construction works of 306 Work Orders amounting to Rs.29,130 million had not been commenced.

this project had not informed to the Road Development Authority by the Maga Neguma Institute.

19. In terms of sections 07 and 08 of the Guidelines on the Transfer of Crown Lands issued by the Presidential Secretariat on 21 July 1995	2023	Disciplinary action should be taken in accordance with Section 08 of Chapter XLVII and Section 29 of	The lease had been granted for 30 years for lots 1 and 9 and 99 years for lots 4 and 6 based on	The relevant lease agreement has not been amended

Although the lease terms should be revised every 5 years as the conditions of the agreement, contrary to this, 04 plots of land were leased to 02 private companies on a lease basis for a period of 30 years and 99 years in 2013 and 2014 by 03 agreements at an annual lease rent of Rs.10,000 each for the purpose of maintaining restaurants and fuel station at the Welipenna service area of the Southern Expressway.

Chapter XLVIII of Part II of the Establishments Code by identifying the responsible officers who had violated the instructions of the Guidelines on transfer of lands. the assessed value of Rs.10,000 which is the annual nominal rent obtained from the Valuation Department and for this purpose, the relevant amounts were received from them as a lump sum amounting to Rs.21,800,000 from Sri Lanka Insurance Resort Spas (Pvt) Ltd. on 13 February 2013 and Rs.2,924,905 from Canovine Hotels & Spas (Pvt) Ltd. on 29 January 2014.

20. In terms of Paragraph 04 in Annexure II of Circular No. 30 dated 22 September 2006, An additional amount of Rs.437.89 million had been paid as salaries as at 31 December 2023 due to the establishment of the HM salary scale instead of the basic salary of the MM 1-3 salary scale approved by the Department of Management Services for 114 officers recruited by the Authority without	,2022 2023	The Chief Accounting Officer should conduct an investigation into this matter and take action in accordance with Section 08 of Chapter XLVII of Part II of the Establishments Code regarding the officers concerned who were placed in a higher salary scale without approval. Excess	Approval for this salary scale had not been given by the Department of Management Services up to now. This problem is automatically resolved when obtaining promotions to be entitled internally to the officers who obtaining	No action has taken to resolve this problem.

implementing the staff restructuring recommendations submitted by that Department subject to the preparation of a recruitment and promotion procedure formulated in accordance with the rules and guidelines of the Department.

payments should be recovered from the officers who approved the relevant appointments and the salary payments. salaries in this salary code either through the submitted Cabinet paper or through the approval of the Department of Management Services.

21. In terms of Management Services Circulars 28 (II) dated 01 August 2006, The Authority had paid a sum of Rs.309.7 million in the year 2023 as salaries to 857 officers recruited over the number of employees approved by the Department of Management Services.	2023	Excess payments should be recovered from the officers who approved the relevant appointments and the salary payments.	There was a surplus staff of 856 as at the end of the year 2023 (31-12-2023) due to ad hoc recruitments based on service requirements.	Recommendation has not being implemented.
22. In terms of Management Services Circular No. 39 dated 26 May 2009, Although approval should be obtained from the Department of Management Services and the Salaries and Cadre Commission for any allowance given to officers in addition to the approved salary, contrary to this a Professional allowance and a Authority Allowance had been paid to the officers of the Authority only the	2023	Excess payments should be recovered from the officers who approved unauthorized allowances and made payments.	The Authority had been paid a professional allowance to executive officers who hold associate membership in a recognized chartered professional body relevant to each profession with the approval of the Board of Directors. The	The relevant allowances further will be paid.

approval of the Board of Directors No. 1698/2016 dated 28 March 2016. Accordingly, a sum of Rs.736.46 million had been paid as Professional Allowances from 2016 to 2023 including Rs.110.59 million for 382 employees in the year 2023 and a totaling Rs.5, 232.61 million had been paid as "Road Development Authority Allowances" from 2019 to 2023 including Rs.1,042.61 million to 6,794 employees in the year 2023.

Road Development Authority Allowance is an allowance approved by the Treasury at the time of entering into the collective agreement and the Director General of the Authority had informed to the staff unions that the Secretary to the Treasury had agreed that the relevant privileges would remain the same when vacating from it.

23. According to the financial statements, it was stated that 312.6 km of expressways valued at Rs.767,630 million had been constructed using local and foreign funds. Further, all administrative work on these roads was entrusted to the Authority and it was reported the theft of properties and damage as at 31 December 2023 and the value of those damages were about Rs.913.17 million due to the failure to prepare an adequate security plan to	2023	Action should be taken to establish effective internal controls for a security program.	Although the available facilities had been significantly increased for Raids and patrols, providing complete security for those properties has become a very difficult task since properties on expressways are spread along the road.	A program to protect property has not been implemented.

protect the assets in the expressway while over a sum of Rs.2,000 million had been incurred for operational costs including facilities provided to the police.

24. Sample audits revealed that frauds of money exceeding Rs.2.08 million had been committed within the Authority from the year 2021 to the end of 31 January 2024. However there was no system to verify receipts income to prevent this type of fraud and the current cashier system was temporarily established in 2011.	2023	Action should be taken to establish effective internal controls.	There is no database system across the entire expressway network to compare receipts provided at the time of payment.	The related internal control system has not been established
25. Although the Cabinet had decided on 30 October 2014 to allocate road development lands to the Authority without a fee in terms of Section 6 of the Government Lands Ordinance, action had not been taken to take over and account the 935.855 acres of land used by the Authority as per the said decision even as at the end of the year 2023.	2023	Responsibilities related to the implementation of the Cabinet decision should be clearly assigned and necessary procedures should be introduced and written instructions should be issued.	Although applications for 356 plots of land under Freehold Titles had already been submitted to the Commissioner General of Lands, Freehold Titles had not been issued to the Authority so far. It is expected that further action will be taken in this regard with the Land Commissioner's Department.	The Cabinet decision has not been implemented.

26.	11 Aggregate Chip Spreaders valued at Rs.347.37 million were imported and provided to the Authority by the Presidential Task Force in 2010 and the machines had not been used since the date of handed over to the Authority due to the width of the relevant machines are being 4.2 meters and which was greater than the width of a normal road. Moreover, it had been decided in 2024 to dispose the machines after 14 years at the value of Rs.4.4 million. Accordingly, the relevant machines had been kept idled by knowing that they could not meet the requirements of the Authority was doubtful in the audit.	2023	Disciplinary action should be taken against the officers who accepted these unusable machines and kept them unused.	These machines were purchased and provided by the Ministry of Economic Affairs without conducting a formal study of the institution's needs and these machines could not be used to operate on existing roads throughout the island. These had not been use since the period they were handed over to the Authority since bitumen paving is not currently being carried out on Grade A and B roads maintained by the Road Development Authority.	Recommendation has not being implemented.
27.	The bills totaling Rs.5.29 million had been submitted by stating that a vehicle bearing the same number had been used for 02 contracts implemented by the Gampaha Chief Engineer's Office belonging to the Western Provincial Project Office	2023	The Chief Accounting Officer should conduct an investigation in this matter and take disciplinary action against the responsible officers in accordance with Section 29 of Chapter XLVIII of	Payments for vouchers had been suspended and instructions had been given to prevent such acts in future, carry out the procurement process with transparency and	Recommendation has not being implemented.

during the same period. Accordingly, it is observed that the relevant bills are fraudulent bills and action had not been taken against the officers who certified and approved the value of those bills in accordance with Financial Regulations 156(1), 103(1)(a) and 105.

the Establishment Code. state that the relevant officials are liable according to financial regulations.

28. The unused road sections near the old bridge in Gampola have been handed over to a company by the Authority to maintain an information centre of the D.M. Jayaratne Religious Biodiversity Complex since 2017 but annual rental had not been collected for this land.	2023	An investigation should be conducted to ensure that the transfer of the relevant land was carried out following formal procedures and with proper approval. Accordingly, disciplinary actions should be taken by identifying the responsible officers.	The unused road section near the old Gampola bridge has an area of 819 square meters and this section was transferred to the company in 2017 without charging any rental. Future actions are being taken to collect annual rent for this plot of land.	Annual lease rental is not charged.
29. A sum of Rs.196.24 million had been paid as compensation and interest in respect of 15,019 land plots out of a total of 21,757 land plots acquired through 06 projects that were completed and handed over to the Authority in the years 2015, 2017 and 2020, and compensation	2023	Land acquisition activities should be carried out in a timely manner to minimize additional costs.	The relevant Divisional Secretary is the land acquisition officer for projects and the transfer of the land to the Authority is done after registration. The Cabinet of	The land acquisition process has not been completed.

and interest for 982 plots of land had not been paid by the end of the year 2023. The Authority had decided not to pay compensation for 5,756 plots of crown land. Further, the Authority had failed to obtain the certificate under Section 44 of the Land acquisition Act in respect of any land plot out of the total 21, 757 land plots acquired under the provisions of the Land Acquisition Act.

Ministers had approved the method for expediting the said registration process and accordingly, all Divisional Secretaries had been informed to consider the year 2024 as the year for expediting the registration under Section 44 of the Land Acquisition Act relating to road projects.

30. Approval was received through Cabinet Decision No.23/0127/608/010 dated 30 January 2023 to upgrade the roads to motorable condition which were abandoned without rehabilitation after being selected for development under the 100,000 km Road Project, however the selection of 212.30 km of new roads under non-motorable conditions to develop with an estimated cost of Rs.2,891.24 million was doubtful in the audit.	2023	Disciplinary action should be taken relating to the officers who had acted contrary to the approval of the Cabinet in accordance with Section 29 of Chapter 48 of Part II of the Establishments Code.	With most of the roads being selected to develop up to motorable condition, the roads those development activities were not completed had been selected for rehabilitation works on a priority basis as per the plan.	Audit recommendations have not been implemented.

31. According to the Cabinet Memorandums dated 14 January 2020 and 26 November 2020 prepared by the Ministry of Highways had been requested to increase the contract value limits by an extraordinary range from a minimum of Rs.75 million to a maximum of Rs.300 million than the limits mentioned in Supplement 39 for Guideline 5.3.5 of the Government Procurement Guidelines. The approvals for such changes had been granted by the Cabinet of Ministers. However, the Ministry had not taken steps to obtain the consent from CIDA for such changes before submitting the Cabinet Memorandums to change the CIDA grade and contract award value to be offered to the contractors.	2023	The approval of the CIDA should be obtained for revision of the CIDA grade and contract value.	Approval was given through a Cabinet Memorandum to increase the capacity and contract value limits of contractors for this project only.	Audit recommendation has not being implemented. This problem remains as same.
32. According to the Section 3.5(e) of the Cabinet Memorandum dated 14 January 2020, it was stated that payment for all road works contracts under the 100,000 km road project would be made on a Milestone Delivery Model based on milestone payments. This payment method is	2023	Action should be taken according to Section 08 of Chapter XLVII of Part II of the Lump Sum Establishments Code relating to the officers who had not comply according to Section 4.1 of the Standard Bidding	Financial administration becomes easier through the payment method and all increases applicable to the work observed at the sites should be made by the	This problem remains as same.

a method used for turnkey projects with more technical requirements and a method that is not commonly used for road construction where estimates can be prepared. Further, in accordance with Section 4.1 of the Standard Bidding Document for Procurement of work Design and Build contracts (CIDA/SBD/04), the contractor should design, execute and complete the contract under this method, but, it was stated that design was not relevant to this project. Accordingly, this method had not been fully implemented. Further, the contract is awarded under this method, the Measure and Pay method had to be adopted when determining payments for contracts that had been suspended.

Document contractor. Procurement of Further, it will work Design and take a long time Build contracts to complete (CIDA/SBD/04). measure and pay Special attention for all projects should be paid to since this project this area and is a large-scale necessary project. The procedures should contractor be introduced and should bear the issue written risk and instructions in the responsibility in monitoring under projects that Section 38(1)(c) of follow this the National Audit methodology. Act No. 19 of The methodology 2018. adopted is to provide only the engineering estimate value to contractors and obtain a competitive discount for it.

33. The 100,000 km road project had adopted the method of submitting the engineering estimate related to the contract packages to the bidder and obtaining a maximum discount for it. Accordingly, the discounts offered by the relevant bidders for the	2023	Disciplinary action should be taken relating to officers responsible for using incorrect engineering estimates in accordance with Section 29 of Chapter XLVIII of Part II of the	According to the agreements reached during the discussion held with the participation of government audit officers, the relevant provincial directors had	This problem remains as same.

24 selected contract packages ranged from 0.19 per cent to 13.56 per cent. The estimated value of contracts awarded by the 9 Provinces had been overestimated by approximately Rs.3,484 million as at 31 December 2023 due to the failure to prepare engineering estimates correctly. Moreover, it is observed that more advantages could have been achieved than the benefits afforded by the discounts if the selection of contractors had been carried out by calling quotations without publishing the relevant engineering estimate.

Establishments
Code.

been informed to re-analyse the estimates.

A discount is given to the project after comparing the minimum cost of construction of the road with the total estimated cost, since the values for each item are not provided to the contracting company during the award of the contract. The contractors may tend to contractual claims due to changing it since the contract was signed by awarding the contract and if that happens, the amounts have to pay will increase significantly.

34. Treasury bonds amounting to Rs.40,651.55 million had been released to contractors on two occasions for the services obtained by the 100,000 km Road Project. Later, a sum of Rs.121.17 million equivalent to Treasury	2023	Disciplinary action should be taken relating to officers who had not calculated their liabilities correctly in accordance with Section 29 of Chapter XLVIII of the Establishments Code.	Several bills forwarded from provincial offices had been revised and accordingly, actions were taken to recover the amount to be recovered for the relevant	This problem remains as same.

Bonds issued to 9 contractors on 11 occasions was paid to the project by the relevant contractors due to the project had not correctly calculated the value (liabilities) to be paid to an external parties at the time of the release of those bonds. Accordingly, the interest paid by the government on Treasury Bills relating to that value and the discounted face value was a loss to the government.

difference at that time.

35. In accordance to the Cabinet Decision No: CP/20/0142/221/005 dated 13 February 2020, it was recommended that roads that score more than 40 points should be given in the selection of roads under the 100,000 km Road Project be selected in the first phase as stated in paragraph 3.1 of Cabinet Memorandum No. 2020/01 dated 14 January 2020, but the scoring system as above had not been followed in selecting the roads by the Western Provincial Project Office at a cost of Rs.1,826 million and development work had been carried out on internal roads and outdoor areas of schools,	2023	Disciplinary action should be taken in accordance with Section 29 of Chapter 48, Part II of the Establishments Code relating to officers who approved the construction of roads without complying with the criteria stated in the Cabinet Memorandum.	A scoring system was implemented to select the roads of the Projects during the implementation of the 100,000 Km project. Accordingly, the procurement process for those projects was carried out through the Ministry Procurement Committee and contracts were awarded giving priority to roads that exceeded 40 points through the scoring system. Essential and	This problem remains as same.

parks, churches, temples, housing complexes, public places belonging to police stations and army camps, and internal roads belonging to those institutions, outside the scope of the project.

economically and socially important roads with a score of less than 40 points were developed under Direct Labour.

36. The Authority had released a sum of Rs.32,553.12 million to the Construction Guarantee Fund between 2020 to 31 August 2023 and a sum of Rs.224.2 million had been retained by the relevant fund at the end of the year 2023. Further, the payment for Treasury Bonds amounting to Rs.1,492.82 million and bills amounting to Rs.29.94 million of 212 contracts had been released directly to the contractors except from the Fund and the Internal Audit Division of the Authority had revealed that the bills amounting to Rs.29.94 million out of those were fraudulent	2023	Action should be taken to establish effective internal controls and investigate irregularities.	A preliminary investigation is conducted and an investigation is also being conducted by the Criminal Investigation Department (CID). Further action will be taken based on the results of that investigation and the internal control system had been strengthened in current payments.	The investigations have not been completed..
37. According to Section 5.3.4 of the Procurement Guidelines, 08 contracts of 100 km totaling Rs.121.45 million and 10 contracts of 50 km totaling Rs.79.26 million had been awarded to a private company for	2023	A formal investigation should be conducted for evaluating and awarding contracts by violating the conditions of the Procurement	The list of equipment required for measurement activities and the qualifications of the staff involved in measurement	Audit recommendations have not being implemented.

surveying the longitudinal and cross sections of the 50 km and 100 km roads which were implemented to cover the entire island at the beginning of the 100,000 km road project. However, it was observed that the Technical Evaluation Committee had not conducted an evaluation whether the contracting entity had the necessary equipment when awarding the contract. Further, the contract amount awarded to the relevant contractor was 44 per cent of the total surveyed length of 2975km.

Guidelines identifying responsible officers.

after activities are the clearly stated and the Technical Committee report was prepared after evaluating the quantity and quality of which those were achieved.

3.73 Superior Courts Complex Board of Management

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	6,005,267,727	51,236,367	5,954,031,360	6,720,314	Qualified
2022	5,898,872,012	53,224,345	5,845,647,667	(1,480,749)	Qualified
2023	5,781,642,350	37,476,448	5,744,165,902	(114,231,765)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. According to paragraph 79 of Public Sector Accounting Standards of Sri Lanka No. 01, current assets include assets held for realized in the normal operating cycle even though they are not expected to be realized of within twelve months from the date of reporting. But Rs.1,350,000 irrecoverable rental deposits of more than 02 years were shown as non-current assets in the financial statements.	2023 2022	Actions should be taken in accordance with the referred accounting standards.	It was informed that it is difficult to recover this amount within one year as legal action has been taken to recover the security deposit amount for the building acquired from an external party on hire basis. Therefore, it has been indicated as non-current assets in the financial statements.	I would like to inform you that the rental deposits to be recovered have been adjusted as current assets in the financial statements in the year 2024.
02. The amount paid directly by the Ministry of Justice	2023	Accounting disclosures in financial	These two functions were carried out on the basis of the	It was required to repair the structural issues of the Civil

during the year under review for the repair of structural problems in the Civil Appeal Court Building and the repair of the concrete slab in the basement garage of the Judge's Quarters Building was Rs. 1,492, 884 and Rs. 3,431,070 respectively but it had not been accounted and disclosed in the financial statements.

statements should be done correctly.

letter of the Appeal Court Ministry of Justice bearing No. MOJ/AC/11/08/23 dated 02 June 2023 and the verbal notification that the necessary provision would be paid by the Ministry. The Ministry of Justice had made the payment amounting to Rs. 1,492,884 through voucher No. P231284 for the payment of the bills of the Civil Appeal High Court and the Ministry of Justice had made the payment amounting to Rs. 3,431,070 for the payment of the bills for the repair of the concrete slab of the garage located on the ground floor of the building of Judges' Official Quarters through voucher No. P231285. Furthermore, it was informed that this would be disclosed in the financial statements for the year 2024.

03. Paragraph 01 of the Public Administration Circular No. 02/2018	2023	Actions should be taken as per the referred circular.	Since the performance agreements have	The relevant performance agreements have

dated 24 January 2018, The signing of annual performance agreements for the entire staff should be done from the year 2018, but the board had not acted accordingly.

not been provided to the employees and signed, it was informed that they will be prepared from the year 2024. been directed to the departments of the institution to sign them from August to December of the year 2024. The performance agreements for the year 2025 are scheduled to be signed at the beginning of the year.

04. In terms of the Circular No. 05/2008 and 05/2008 (i) dated 06 February 2008 and 24 January 2018, the introduction of the Citizens/Clients Charter should have been done by every government agency to make public sector activities more efficient and to improve understanding and mutual trust among the parties involved, the Board had not been introduced the Citizens/Clients Charter.	2023	Actions should be taken as per the referred circular.	It was informed that a Citizens' Charter has not been prepared and documented, and that it will be prepared from the year 2024.	A Citizens' / Clients' Charter is currently being prepared for our institution, taking into account the factors such as reliability, courtesy, consideration and readiness to provide services, in accordance with Public Administration Circulars 05/2008 and 05/2008 (i) issued on Citizens' Charter.
05. Regarding the fixed assets of Rs. 58,833,546 which had been purchased in the years 2004, 2006, 2008 and the beginning of 2010, no schedules or documentary	2023 2021	Relevant evidence/schedules should be submitted to audit to confirm the balances of fixed assets.	Although there are opening balances for 08 assets, it was informed that the schedules and invoices of the assets to confirm those balances have been destroyed	I would like to inform you that although there are opening balances for 08 assets as stated in the audit query in the fixed assets register, the schedules and

evidence were submitted to the audit to confirm their existence.

prior to the year 2010. invoices of the assets to confirm those balances have been destroyed prior to the year 2010. A committee was appointed to investigate this matter further, and it has also been stated in that report of the committee that the schedules and invoices of the assets had been destroyed prior to the year 2010. I would like to further inform you that the useful life time of all those fixed assets have been ended and the assets have been fully depreciated.

06. According to 4.2.1 of the Government Procurement Guidelines, a master procurement plan should be prepared that includes expected procurement activities for a period of at least 03 years, but the Board had not been prepared such a plan.	2023	Actions should be taken as per the referred Procurement Guidelines.	It was informed that a long-term procurement plan will be prepared for the next 03 years.	In terms of the procurement guidelines, a master procurement plan has been prepared from the year 2025 for the next three years.
07. According to paragraph 6.2.2 of the Government Procurement Guidelines, a minimum of 21 days	2023	Actions should be taken as per the referred Procurement Guidelines.	It was informed that such short comings will be taken into account in future procurement activities and the	I would like to inform you that such short comings will be taken into account in procurement

should be given for the call for bids in national competitive bidding, but only 18 days were given for the procurement for the provision of cleaning services, and only one person had submitted bids.

relevant tasks will be performed accordingly. activities and the relevant tasks will be performed accordingly.

08. 7.3.1(d) of the 2023 Government Procurement Guidelines, 2.8.4 and 7.11.1 of the Procurement Manual while engaging the services of consultants to evaluate the bids, the Technical Evaluation Committee shall submit the consultants' report to the Procurement Committee along with a formal report of its committee. but in the procurement for the purchase of uniforms for officers value of Rs.955,900, a recommendation was given by a technical evaluation committee which did not have a person with knowledge of the subject. Further, as per paragraph 7.11.1 of the Procurement Manual, a bid evaluation report
- Actions should be taken as per the referred Procurement Guidelines.
- The procurement activities were being carried out based on the reports of the selection committee, and it was informed that further action would be taken in accordance with those recommendations based on the evaluations of the relevant technical evaluation committee, and that action would be taken in the future with sufficient reasons for the rejected bids, and that a Textile Technologist I officer of the Department of Textiles had been appointed as a member of the Technical Evaluation Committee related
- In accordance with the recommendation that a party knowledgeable in the subject should be a member of the Technical Evaluation Committee in terms of 2.8.4 of the Procurement Manual, I would like to inform you that Mr. M.J.N. Muthunayake, Textile Technologist I of the Department of Textiles, has been appointed in this year as a member of the Technical Evaluation Committee related to uniforms.

including the rejected bids and the reasons thereof, was to be prepared by the Technical Evaluation Committee, but the said report did not present facts in this regard.

to uniforms.

09. According to 7.12.2 (a) of the Government Procurement Guidelines, although only one bid is received, a comparison can be made according to the market values and it can be decided that the price is fair, but in relation to the price call for the Judges' Canteen, to call the quotations to 08 suppliers on 17 April 2023 As only one supplier had been responded, therefore no market price comparison was made in relation to this procurement.	2023	Actions should be taken as per the referred Procurement Guidelines.	It was informed that future procurement activities will be carried out in accordance with the Procurement Guidelines.	I hereby inform you that procurement activities are being carried out in terms of 7.12.2(a) of the Procurement Guidelines.
10. In the renovation of the judges quarters with a contract value of Rs.444,000, on 14 March 2023 and 20 June 2023, the technical evaluation committee and the procurement committee gave	2023	Procurements approved by the Procurement Committee shall be initiated and completed without delay.	After receiving the decision of the Ministry of Justice regarding the transfer of the relevant judges' residences, it was informed that the contract could not be awarded due to	I would like to inform you that we will start and complete the procurement without delay in carrying out procurements.

approvals without starting the related works, based on the decision of the management board meeting held on 03 October 2023, The contract has been cancelled due to the validity period of the relevant price sheets and the expiry of the validity period of the bid security.

the inability to submit the relevant price lists and bid security at the Management Board meeting on 03 October 2023 due to the expiration of the validity period of those documents.

11.	The Board had not been prepared a strategic plan as per Schedule I of Public Enterprises Circular No. 01/2021 (Guidelines on Public Enterprises) and No. 2.3 dated 16 November 2021.	2023	The Governing body shall proceed to submit an approved plan as per the referred circular.	It was informed that the strategic plan of the Superior Courts Complex is being submitted herewith in accordance with the circular.	A strategic plan was prepared for the year 2023 and submitted to you. However, I would like to inform you that it is currently being prepared formally in accordance with Public Enterprises Circular 01/2021.
12.	Paragraph No. 40 (1) of the National Audit Act No. 19 of 2018 states that the Board shall have its own an internal auditor appointed by the governing body of the Board to carry out internal audit activities but from 01 June 2023, the staff of the Board was not include an internal auditor. Furthermore, according to Financial Regulation 134 (3),	2023	An internal auditor shall be appointed as per the referred Act.	It was informed that the internal audit reports could not be submitted as the recruited internal auditor left the Board with effect from 01 June 2023.	Our institution recruited an Internal Audit Officer for the first time with effect from 01 April 2022, and an Internal Audit Division was implemented from that date until 30 June 2023. The said Audit Officer forwarded copies of the relevant internal audit reports to the

copies of the internal audit reports related to the financial affairs of the Board should be forwarded to the Auditor General, but the internal audit reports related to the year under review had not been submitted by the date of the report.

Auditor General up to April 2023. However, the Internal Audit Officer resigned from the post with effect from 01 July 2023 due to receiving another job. Later, a new Internal Audit Officer was recruited on 14 June 2024 and she resigned from the service on 22 July 2024 due to a personal reason. Subsequently, an Internal Audit Officer assumed duties on 13 August 2024, and the officer has already initiated an audit of the role of the Engineering Division, the main department that contributes to the achievement of the objectives of the Superior Courts Complex Management Board, the role, performance and supervision of its employees, and is currently discussing solutions to the relevant audit

observations.

13.	According to the letter issued by the Ministry of Sustainable Development and Wildlife No. MSDW/08/65 dated 27 April 2018, The board had not been appointed officers to coordinate the achievement of sustainable development objectives and prepared a sustainable development programme.	2023	Proceed as per the referred letter.	It was informed that the Sustainable Development Goals have not been documented and separate programmes have not been prepared for the Goals, and that an officer will be appointed to document and coordinate the implementation of the programmes from the year 2024 in accordance with the said Act.	In accordance with the letter issued by the Ministry of Sustainable Development and Wildlife bearing No. MSDW/08/65 dated 27 April 2018, we inform you that our institution will appoint officers to coordinate the achievement of sustainable development goals and prepare a sustainable development programme and to implement it to achieve the sustainable development goals in the year 2024.

3.74 National Housing Development Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	31,782,594,154	6,174,355,400	25,608,238,753	841),637,(238	Qualified
2022	30,201,695,466	5,612,557,082	24,589,138,384	1),287,411,(562	Qualified
2023	29,875,855,426	5,183,852,853	24,692,002,572	1),007,031,(976	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. According to Note 13 of the accounting policies of the Authority, when acquiring state lands for housing construction purposes without making payments, the market value of the land should be estimated. After matching the initial expenses, the amount should be transferred to the reserve account. However, 781 acres, 2 roods, and 20.7 perches of land had been acquired after 2013 but it had not been accounted as reserves.	2021 2022, 2023	Actions should Comply with the accounting policies.	Due to High cost to be incurred on valuation. The process will be carried out in parts and the fair value will be reflected in the 2024 accounts.	Stated that they will disclose in 2024 Financial Statements.

02. During the audit of 2021 A detailed analysis Various methods Up to now the debt collection at the 2022, of the old debt have been outstanding 04 District Offices of 2023 balances should be adopted to balances were not the Authority, it was conducted, and increase the debt recovered. noted that, as at 31 methods should be recovery. December 2023, a introduced for recovery. sum of Rs. 179.6 million loans had been distributed during the period of 1984–2014, and Rs. 2,164.66 million loans had been distributed during 2018–2023 through three District Offices, remained pending. Further, it was observed that due to the absence of a proper assessment of recoverability and the lack of a systematic collection procedure these debts could not be collected.
03. According to the 2021, Must adhere to Under Section Lands are being Internal Property 2022, Property to 75/1 of the disposed of Management Circular 2023 Management Authority's Act, outside the No. 2011/04.ක./01 of Circular instructions. land allocations Circular. the Authority dated 01 were made with the approval of the Minister based on the recommendations of the Board of Directors. January 2012, It was observed that land allocations in 35 instances had been made in violation of the relevant procedures. Among these lands in Wattala Gongithota, Rukmalgama, Chitra Lane, and Dematagoda Mahawilawatta. Additionally, approval

from the Board of Directors had granted for unallocated lands and houses. However, in 17 instances, valuation details and land sizes had not been specified.

04. The Colombo 2022, Maligawatta District 2023 Office A, B, C car park and Pradeepa Mawatha car park had been leased again from October 2022 to August 2023 to a person who had not paid any rent for a period of 32 months. An amount of Rs. 2.175 million had also not been recovered for this period. Even though a security deposit of Rs. 1.575 million was decided to be recovered, it was not paid by the lessee. Despite the decision to seal all the parking lots on 09 September 2023, the Pradeepa Mawatha parking lot was still being used without authorization on 26 January 2024. Thus, no revenue was earned by the Authority from the proper lease of this land.	The assets of the Authority should be utilized efficiently to generate revenue.	All parking lots have been sealed due to non-payment of rent. Although new bids were called, the first bid has not been submitted. A decision has been made to select the second bid.	The parking lots are still not leased.

05. Although the Board of Directors had decided to lease out 03 Pradeepa halls operated under the Maligawatta District Office of the Authority, the leasing process was carried out without adhering to the Government Procurement Guidelines -2006. Further, the initial lease agreement for the Modera Pradeepa Hall had been terminated and subsequently leased to another party. Despite several requests for the relevant file to be submitted for audit, the relevant file was not submitted .
- 2022, 2023
- The assets owned by the Authority should be utilized effectively to generate revenue.
- An estimate of Rs. 8.6 million has been prepared for the renovation of the Modera Pradeepa Hall. As a result, it has been decided to hand over its management on a lease basis.
- The Hall was given for a monthly rent of Rs. 250,000 Without following the procurement guidelines, The files have not been submitted for the audit.
06. According to the number of land plots reported by the Property Management Division of the Authority, between 2019 and 2022, there was a reduction of 300 adjacent land plots, 1,503 unauthorized land plots, and 2,618 vacant land plots. Further, an additional 61 vacant land plots had been decreased by September 2023. The Authority was unable to provide detailed
- 2022 2023
- Vacant/ Adjacent/ unauthorized land owned by the authority should be used to fulfill the objectives of the authority.
- A valuation report covering 149 land plots totaling 5.81 hectares has been submitted, and a portion of these plots has already been sold. Steps are being taken to sell the remaining plots after valuing the rest of the land.
- Detailed information related to land reductions has not been presented to the audit.

information regarding the reasons for this reduction during the audit, which led to contentious issues in Audit.

07. Based on Cabinet approval, without a public tender process, a plot of land measuring 01 acre and 26.5 perches, located on Darley Road, Colombo 10, owned by the Authority, had been handed over to a foreign company on 09 November 2005, for the construction of a mixed-development project comprising residential and commercial complexes. According to the agreement signed on 23 June 2006 between the Authority and the company, the value of the land, which was valued by the Government Chief Valuer at Rs. 650 million, had to be recovered, and a profit share of Rs. 162 million had to be paid to the Authority after the completion of the project within six years. However, the company had failed to carry out the proposed development work	2021 2022 2023	Proper procedures should be followed in selecting institutions for projects and in land disposal. Agreements should be made with terms that do not affect the Authority, and proper project monitoring should be conducted. Additionally, a formal investigation should be carried out against the officials who have failed to give due attention to the above matters.	An integrated cooperation agreement was signed on 23 June 2006 with a German company named BAY SAT MBH (Pvt) LTD for the construction of a mixed-development residential project on a land plot extended to 1 acre and 26.5 perches on Darley Road. Plots numbered 4 and 5 had been transferred to the company through deed number 975. In 2006, the company changed its name as L & T Infrastructure Development and on 10 August 2007, plots numbered 1, 2, and 3 were transferred to the company through deed number 983, and a supplementary agreement was	The court cases are still ongoing.

and withdrew from the project in 2006. The project was then assigned to another foreign company. Before receiving payment, the Authority had transferred ownership of the land to the new company through deed number 983 on 05 May 2016. According to the agreement, the new company had required to pay Rs. 712 million in foreign currency to the Authority. However, contrary to this agreement, the company had obtained loans by mortgaging 03 land plots numbered 2, 3, and 4 to a private bank and paid Rs. 800 million in local currency through two cheques from the said bank, dated 05 May 2016. Despite this, the proposed development work had not been undertaken by the company up to the date of the audit. Meanwhile, in 2017, the company sold plot number 5 to another third-party company through a deed, and the third party mortgaged the deed to a government bank

entered on 05 May 2016. As no development activities had commenced even after seven years, deeds 975 and 983 were canceled by the Authority.

Plots 1 to 5, along with parts of another land, were consolidated under Section 3011 of plan number 01 (819). On 31 October 2007, the consolidated land was mortgaged for Rs. 950 million to a Government Bank by Darley Road Private Limited and OAK Street Company. In this regard, OAK Street company had filed a fundamental rights case in the Supreme Court, a case in the Colombo District Court, and an appeal in the Civil Appellate Court, challenging the decisions. It will be called on 10

and obtained a loan of Rs. 950 million. Later the Authority had canceled the sale deed, but the third-party company had filed three lawsuits against the Authority in the Supreme Court, District Court, and Court of Appeal. Until a final verdict had been delivered, the courts had granted possession of the land to the third-party company. According to the above facts, it was revealed that the Authority had not acted in compliance with the powers granted under its Act and Authority had executed its responsibilities in a favorable manner to the parties involved in the agreements.

September 2024.

08.	A plot of land extends to 05 acres and 10 perches, known as "Parangiya Kumbura" in Nawala, owned by the Authority, had been transferred to a private company in 2004 on a Cabinet decision based on the Government valuation conducted in 2003. The transfer was made through a conditional freehold deed for Rs.	2021 2022 2023	When selecting institutions for projects and allocating land, proper procedures must be followed, ensuring agreements include terms that favor to the Authority. Additionally, proper project monitoring should be conducted. Investigations	A housing project on a 05-acre and 10-perch plot of land known as Parangiya Kumbura, located on Kiri Mandala Mawatha, Nawala, was initiated under an agreement between the Authority and Eco Home Lanka (PVT) Ltd on 21	The court cases are still ongoing.

75 million, with the agreement that a housing complex would be constructed within three years. However, In 2004, the transfer of the land based on its 2003 valuation lead a loss of Rs. 46.5 million to the Authority. Despite the agreement, the company had not implemented the proposed development project. Instead, it sold 29.44 perches of the land to another company for Rs. 196.5 million in 2006 and mortgaged the remaining land to a Private Bank, and obtaining a loan of Rs. 697.5 million. On 26 June 2020, under Section 8(1) of the National Housing Development Authority Act No. 17 of 1979, the Authority had canceled the deed and reclaimed the land. However, the company, filed a case against the Authority and another individual also filed a case in the District Court claiming ownership of the land. It was observed that the Authority had failed to follow procurement procedures when

must be initiated against officials who fail to pay due attention to the aforementioned aspects.

September 2004. This land had been transferred with conditions through a deed of transfer at a government-assessed value of Rs. 75 million as of 21 August 2003 valid for two years. Due to the failure to implement the proposed project and the sale of part of the land to Ceylinco Hospital Service Company, the deed of transfer was canceled, and the property was reverted to the Authority's possession. Thereafter the Eco Home Lanka (PVT) Ltd filed a case against the Authority and 04 other entities in the Court of Appeal. The hearing is scheduled for 11 October 2024. Additionally, another individual has filed a case in the Colombo District Court to claim ownership of the land. Currently,

transferring land for the project, non-including the necessary conditions in the agreements, prepare the agreements incorrectly, and failed to carry out appropriate supervision.

the land has been leased to Sachindra Enterprises at a monthly rental of Rs. 500,000.

09. Two land plots, 2023 namely Lot No. 49/C of Property No. 4051 in Maligawatta 12 perches and 117 Waththa in Elvitigala Mawatha 7.25 perches had been leased to a self-employment beneficiaries' association in 2014 at a nominal value of 1 percent of the nominal value, amounting to Rs. 240,000 and Rs. 180,000 for the respective plots. Even though prior approval from the Cabinet has to be obtained in this regard as per the Cabinet Memorandum No. 98/641/21/062, this has not been obtained. Further, as per the Circular No. 2011/දෙක/03 issued by the Authority, the annual rent should be 4 percent of the assessed value of the land and the rent	Necessary action should be taken immediately.	Since the lands provided have not been utilized for their intended purposes, future actions will be taken to either cancel the lease agreements or leasing the properties based on government-assessed valuations. The lease agreement had not been canceled or a government valuation had not been obtained.

should be revised every 2 and 5 years based on updated assessments.

However, this had not been followed when entering into the agreements. Further, since the land had not been used for the specific purpose mentioned in the lease agreement, it was advised by the Attorney General by letters No. 11/01/05/05 and 2017 to cancel the lease agreement. Even though the lease agreement had been canceled on 26 June 2019 and 15 September 2023, the same organization had re-leased the land starting from 21 March 2023. Moreover, a fraudulent lease agreement had been presented to the Audit for investigation, but any information had not been received regarding the existence of such an organization in the Audit. A physical inspection revealed that a modern-style restaurant is being built on the land. Based on these findings, it was

revealed that the disposal of the land of the Authority had been carried out in a unfavorable manner.

10. According to the provisions of the Act of the Authority, if lands are leased on a freehold basis, they should strictly be used for residential purposes. However, a 60-perch plot of land located in Ranpokunugama Housing Scheme, Lot Nos. 02 and 03 of Plan No. 166, had been leased on a freehold basis for 20 years in 2012 for the establishment of a fuel station, at a monthly rent of Rs. 30,000. Subsequently, an adjacent 1.3 perches were also added at a rent of Rs. 650 per month. However, this had not been included in the lease agreement. Further, in 2015, the lease term had been extended by 10 years, but the rent had not been revised based on revaluation reports every five years, as required. From January to December 2021, a monthly rent of Rs.	2023	Must act in accordance with the relevant rules.	When the lessee acquired the land in 2015, it was in an undeveloped property value, therefore, they requested the land at the prevailing assessed value at that time. However, the assessment report for that period was not available.	While the fuel station is maintained no agreements have been signed.

71,500 had been charged. Based on the request of the primary lessee, the property had been approved to be leased on a freehold basis to another party with the approval of the Board of Directors under Resolution No. 17/2022, dated 24 December 2022. This indicates that the property had been leased on a freehold basis lead to violation of the Act of the Authority. According to the valuation report dated 7 June 2022, the property valued at Rs. 73.5 million, but the valuation report used for rent calculation was based on the undeveloped value of the land in 2015, which was over nine years. The Authority had requested a revaluation from the Department of Valuation in 2015, but the updated valuation was not received.

11. The building constructed on a 21.5 perches Col/City 104 plot of land bearing Lot No. 65 at the Maligawatta Housing Complex, owned by	2023	Legal action should be taken.	Although written notice has been issued to pay the outstanding amount, no reasonable response has been	Arrears of rent had not been paid and rent had not been collected on assessed value.

the Authority, had been leased for a monthly rent of Rs. 3,900, as determined by the pricing committee of the Authority, without obtaining a valuation for the rent. A lease agreement had been made for the period from 19 August 1999 to 19 August 2000. Even though prior Cabinet approval had to be obtained as per Cabinet Paper No. 98/641/21/062 when leasing state-owned lands to religious institutions, sacred sites, educational, or research institutions approval had not obtained in this case. Although the lease expired on 19 August 2000, it was not renewed, and the lessee failed to pay the rent. Legal notices had been issued demanding the return of vacant possession of the building to the Authority, but it had not been handed over. Instead, in 2000, a part of the building had been demolished without the approval of the Authority, and a new structure was constructed by the lessee for the

received.

administrative purposes of a preschool. Moreover, the outstanding rent from August 1999 to June 2004 was offset against the expenses incurred by the lessee for constructing the new building. However, the rent for the period from 2004 to 2011 was not paid. On 19 July 2011, up to March 2013, the rent had not been paid, and in May 2013, it was defaulted. Further, despite these payment defaults, the building had been leased to the same institution, which had a history of rent evasion, for a total of 23 years without any proper review or oversight. In 2013, a new lease agreement had been signed, which expired in 2018. Subsequently, the preschool administration had requested to lease the building for 30 years. According to a valuation report obtained from the Valuation Department, a monthly rent of Rs. 177,000 should have been charged. However, until April

2023, the lease continued at the nominal rate of Rs. 3,900. Based on the request made by the preschool, the Board of Directors had decided to charge Rs. 30,000 per month from 2023 onward. The failure to charge the assessed rent led a loss of Rs. 10.28 million to the Authority from 2018 to 2023.

12. According to Cabinet Decision No. අමප/20/1381/306/057 dated 15 December 2020, approval was granted for the construction of a housing complex consisting of 154 units in 12 storied buildings on a 7.6-hectare plot of land at Yakkala Werellawatta. During a site inspection, it was decided to clear the land, prepare the project plan and estimates, and relocate the high-tension electrical lines running across the property and the construction work had been handed over to the State Engineering Corporation. By the end of the year under	2023	Attention on what can be done at present should be urgently examined.	National Circular 3/2022 instructed construction should not be commenced.	Budget No. has that	Abandoned without any examination.

review, the Authority had spent Rs. 169.7 million on this project. However, only the foundation work had been completed, and the project had been abandoned it was observed that this expenditure was uneconomical.

13.	Under the Model Villages Project implemented during the years 2015–2019 by the Authority, there were 2,150 incomplete villages consisting of 39,815 houses had been observed by the year under review. Out of this, only 681 houses had been completed during the year under review at a cost of Rs. 190.63 million. Under the Indian Housing Assistance Project initiated between 2017–2019, 114 incomplete houses remained across 25 villages. Although Rs. 103 million had been allocated in the year under review to construct 143 houses, only 29 houses had been completed at a cost of Rs. 6.38 million. Similarly,	2021 2022, 2023	According to a suitable method, the projects that had been abandoned should be surveyed.	No allocations have been received for Model Villages and “Neero” Villages after 2019.	The Treasury has been notified and requested for allocations of Continuation projects.

under the Grama Shakthi Housing Project, 1,605 houses had been planned to be constructed during the year under review at an estimated cost of Rs. 554 million. However, only 57 houses had been completed at a cost of Rs. 48.8 million.

14. During the year under review, the Authority had incurred of Rs. 44.14 million as legal fees for cases filed against and by the Authority. Out of this amount, Rs. 6.97 million had been spent on a case at the Singapore International Arbitration Centre related to the Bambalapitiya Apartment Re-development Project, and Rs. 2.23 million had been incurred for legal fees concerning the Ragama Lavanya Heights Housing Project. Additionally, 852 labor cases had been filed by contract workers at labor tribunals, out of which 349 had been dismissed. Following decisions made by the labor tribunals in Colombo and Matara,	2022, 2023	Project and other activities should be done through proper agreements, legally.	Significant expenditures had been incurred on cases at the Singapore Court regarding the Bambalapitiya Apartment re-development Project.	The court cases are ongoing.

the Authority had to deposit Rs. 13.8 million as compensation for 49 cases. Further, 518 cases remained pending at the Matara Labor Tribunal although decisions had been delivered for 81 cases, appeals had been filed in the Appellate Court. Furthermore, in ongoing cases, a compensation of Rs. 2,616 million had been claimed against the Authority. Despite these challenges arising from inefficient management decisions, the practices of irregular recruitment, failure to select investors systematically for projects and inadequate inclusion of essential clauses in lease agreements for lands and buildings are being continued.

15.	The Authority had disbursed Rs. 312.68 million as advance payments for 53 projects, including housing complex renovations, water projects, and bridge construction. However, these	2021, 2022, 2023	Action should be taken to ensure that advance payments are cleared on time.	The Ministry has intervened to initiate discussions aimed at resolving these outstanding payments.	Had not been settled.

payments had not been settled as at 31 December 2023. Out of this amount, Rs. 106.24 million had remained unsettled for 3-4 years, Rs. 41.91 million for 4-5 years, and Rs. 164.53 million for more than five years. Out of the total amount, Rs. 254.36 million, or 81 percent had been paid to the State Engineering Corporation, yet no action had been taken to settle this amount by the end of the year under review.

16. A land plot extended 159 perches from Plot No. 1 of Plan No. 302 had been leased for 50 years to the Modara Venkateshwara Maha Vishnu Temple on Lease Agreement No. 8207 dated 14 December 2006. According to the agreement, the annual rent had been Rs. 1.15 million, subject to a 2.5 percent increment in every five years. However, due to unauthorized occupants on 39.7 perches of the land allocated to the temple, rental payments had not	2023	A proper inspection should be done regarding the assets owned by the Authority and formal agreements should be done properly.	Approval was granted in the agreement for construction and an agreement was made to pay Rs. 03 million for the period during unauthorized occupants were present. Payments are expected to begin in April.	It includes conditions unfavorable to the authority in entering into the agreement.

been made from 2007 to July 2013. As at 28 November 2013, an outstanding rental amount of Rs. 19.3 million had been recovered. On 11 August 2023, the Board of Directors, through Decision No. 13/2023, decided to recover only Rs. 3 million in installments of Rs. 125,000 per month over two years. Despite 75 percent of the land being utilized during this period, due to lack of a security deposit at the time of entering the lease agreement it was impossible to recover the outstanding rent. Further, as per the President Circular No. SEI/A/4/34 dated 12 July 1993 regarding state land allocation, rent increments in every five years must not be less than 150 percent. However, the Authority had failed to adhere to this directive. Another building associated with the temple is being constructed on vacant land owned by the Authority without permission and no action had been taken regarding this unauthorized

construction.

17.	3,110 land plots in the extent of 125.18 hectares owned by the Authority are encroached by unauthorized residents and necessary legal procedures to regularize those lands have not been carried out.	2022	Actions should be taken immediately to regularize or regain back lands occupied by unauthorized residents.	Land value occupied by unauthorized residents will be assessed. Therefore, the land values will be charged from them and made legitimate according to the Authority's Circular 2014/01.	Currently, there are 1,607 unauthorized residents
18.	Even though the Authority had allocated a provision amounting Rs. 4,458.39 million for the implementation of 07 major projects in the year under review, only a sum of Rs. 3,352.92 million had actually been received. Any activity of 02 Siyapatha projects that had been planned had not been carried out and the construction work of the both projects had been at a level of 22 and 29 percent and the progress of another 03 projects was at a range of 5 to 8 percent.	2022	Allocated funds should be utilized effectively and efforts should be made to achieve desired objectives	02 Projects have been completed.	Tangalle and Soysapura projects had been completed. The rest of the projects had not been completed.
19.	The number of shops owned by the Authority and that had	2021	That the value of the shops given for rent and lease	Information is being obtained from the district	The observation is remained the

been rented / leased out had been 1,816 and 1,786, out of that, had been located in the Colombo district. Among them, 942 had been given on the basis of monthly rent less than Rs.100 and another 09 shops had been given to external parties without charging any lease. Furthermore, 744 shops had been given for monthly rents in the range of Rs.101 and Rs.1,000. In the calculation of rent, the lower value, out of 04 percent of the value of the property or 4 percent of the net income should be considered as rent, and the lease agreement should be renewed once in every 02 years. The Authority had not estimated the rent in this manner in leasing out of the shops and the lease agreements of 89 percent of the shops in the Colombo district ie 1,582 shops had not been updated since the date of the starting the lease agreement.

Accordingly, the Authority had lost the income that could have been received

should be assessed offices for the same. subsequently, rent activities in should be decided relation to and the lease valuation of the agreements should properties. be renewed according to the conditions.

due to not giving for
rent / lease at the
current assessed
value.

3.75 Sri Lanka Institute of Textiles and Apparel

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	660,375,835	64,418,585	595,957,250	37,439,379	Qualified
2022	705,972,602	70,356,918	635,615,684	89,948,884	Qualified
2023	920,413,638	66,393,614	854,020,024	219,994,455	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. According to paragraph 3.2 (i) of the Operational Manual for Good Governance issued in line with the Public Enterprises Circular No.01/2021 dated 16 November 2021, all allowances paid to workers should be forwarded for the approval of the Department of Management Services after obtaining the approval of the Board of Directors and the recommendation of the Line Ministry. Nevertheless, a sum of 12,730,369 of Rs. had been paid during the year 2022 and Rs.11,246,760 in the previous year under review for laboratory tests	2021 2022	Approval of Treasury should be taken for the all allowances paid to the employees.	It had been referred to the approval of the Department of Management Services.	Approval of the Department of Management Services had not been received.

allowance, course
coordinating allowance,
staff allowance for
weekend courses and for
consultancy allowance.

02.	A premium of Rs.1,475,953 had been paid for the Insurance intended to cover medical bills of the employees of the Institute and a sum of Rs.1,674,573 had been paid as reimbursement of medical bills, in the year under review, without obtaining an approval from the Treasury.	2021	Action should be taken in accordance with the advices of circulars.	The approval of the board of management had been obtained.	Approval of Treasury had not been obtained.
03.	A balance of Rs. 6,524,257 which had not been recovered since more than 3 years and a balance of Rs. 1,577,681 which had not been recovered since 01-03 years had been prevailed in the trade balance receivable of Rs. 11,323,009 as at 31 December 2023 and no action was taken to recover those loan balances.	2023	The action should be taken to expeditiously recover it.	Letters of reminders had been sent.	It had not been recovered.
04.	As per the section 4(i) of the above Act, even though, the Institute should maintain a data base containing information relating to the production, import	2021	Necessary measures should be taken to fulfill the activities of the act.	Provisions had been requested from the Ministry for a formal data system.	Data system had not been established in accordance with the act.

and export and other technical information relating to the textile and apparel industry, the Institute has not maintained a database including fully integrated data.

05. Although, the power of certification has been vested on the Institute, by the Cabinet Paper No. CP/17/2707/723/050, making it a mandatory requirement to provide health and safety certificates for locally produced and imported textile & apparels products entering into the local market, the health and safety of the garments available in the market has not been certified due to further actions had not been taken	2021	The health and safety of the garments should be ensured.	Preliminary work had been initiated with Rs. 5 million, with the approval of the Board of Directors.	The health and safety of the garments had not been ensured.

3.76 National Enterprise Development Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	31,020,684	16,685,830	14,334,854	8,687,298	Qualified
2022	35,413,466	14,869,461	20,544,005	3,740,582	Accounts are being checked.
2023	Accounts had not been received				

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	According to Financial Regulations of the Democratic Socialist Republic of Sri Lanka 371(5), the advance should have been settled by 31 December of the year in which it was given, action had not been taken to settle the advance given from 2017 to 2022, which was a sum of Rs. 6,138,242 by 31 December 2023.	2021	Actions should be taken in terms of Financial Regulations.	Necessary actions had been taken to settle the remaining advances.	Advances had not been settled.
02.	According to the paragraph 13(b) and 13(g) of National Enterprise Development	Transactions Report 2021	The objectives of the Act should be achieved.	It is expected that development programs will be	The objectives of the Act had not been fulfilled.

Authority Act No. 17 of 2006, the following objectives of the Authority had not been focused to be achieved even in the year 2021.

(i) Stimulate and encourage the establishment and operation outside Sri Lanka of enterprises designed with a view to internationalize domestic enterprises capable of penetrating foreign markets for the fulfillment of the objectives of the Act.

(ii) Establishment of a Technology Development Fund to promote research and development in relation to technological enhancement, product development, and the commercialization of patents.

implemented in the future and the Authority plans to prepare proposals for the establishment of a Technical Development Fund, obtain approval, and obtain financial facilities through it.

3.77 Consumer Affairs Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	560,498,000	138,859,000	421,639,000	7,101,000	Qualified
2022	713,044,000	112,277,000	600,767,000	91,246,000	Qualified
2023	834,431,000	178,157,000	656,274,000	52,338,000	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. The amendment of the Consumer Affairs Authority Act No. 09 of 2003 started in the year 2004 and in a few years, apart from submitting 30 sections of the Act to the Legal Draftsman's Department, although 19 years have passed by the year under review, the revision of the Act had not been completed	2023 2022 2021	Prompt Actions should be taken to complete the amendment of the Act.	A letter has been sent to the ministry regarding further amendments that need to be made.	The work on amending the Act had not been completed.
02. An agreement was entered into on 24 January 2014 with a company in Switzerland to prepare a safety system for several identified products to protect consumers	2023 2022	Actions should be taken to enter into agreements after establishing the enforceability and responsible parties should be identified promptly.	Legal proceedings had been taken and had not been concluded.	An internal investigation had not been conducted and the responsible parties had not yet been identified.

from unsafe and inferior products. Due to the issuance of an interim order preventing the implementation of the directive by the High Court for the application filed by several product manufacturing companies against the Authority to nullify the directive No. 49 issued in that regard, It had been impossible to proceed with the project in accordance with the agreement reached with the Swiss company.

Due to the non-implementation of the agreement, the company had filed a case against the authority in the year 2018 in the International Court of Arbitration demanding that the agreement be unilaterally cancelled and the full investment amount of Rs. 2.716 billion be paid as per the agreement. According to the order given on 10 May 2022, the final award for the arbitration case given

by the Authority to the company was Rs.

2.716billion and as arbitration fee of U.S. Dollars 325, 000was also to be paid. The Authority had filed a petition in the Commercial High Court of Colombo against the final award of the arbitration case on 7 July 2022 and the Authority had not conducted an internal investigation and identified the responsible parties in this regard.

3.78 Sri Lanka Export Credit Insurance Corporation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	3,624,960,671	552,131,395	3,072,829,276	309,988,251	Qualified
2022	5,431,721,623	789,780,442	4,641,941,181	711,249,234	Qualified
2023	5,561,635,694	1,195,986,352	4,365,649,342	1,055,623,029	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Action had not been taken to recover the interest income on treasury deposits receivable of Rs.67,154,145 mentioned in the financial statements for the year 2022 for more than 10 years.	2022 1.6.1 2023 1.5.4 (a)	Actions should be taken to collect interest income on treasury deposits receivable promptly.	Conducting regular follow-up activities.	Action had not been taken in accordance with the recommendations.
02. An advance amounting to Rs. 34,958,636 given to 08 exporters on export bill discounting facility had been shown in the financial	2022 2023	Prompt actions should be taken to reconcile and recover the outstanding balance.	Reminder letters had been sent to exporters and action will be taken to recover the amount in installments in the future.	Outstanding loan balances had not been recovered up to now.

statements over a period of 15 years without settlement and out of which Rs.22,870,492 had been given to one exporter.

03. VAT on financial services receivable amounting to Rs. 2,185,511 had been shown in the financial statement over a period of 6 years.	2023	Prompt actions should be taken to reconcile and recover the balance.	As per the recommendations given by the Inland Revenue Department, the Corporation is currently not paying VAT on financial services.	Although inquiries had been made to the Inland Revenue Department regarding deductions from taxes payable, payments had not been made up to now.

3.79 Sri Lanka Export Development Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,450,681,865	198,833,869	1,251,847,996	211,709,684	Qualified
2022	1,730,837,589	166,463,831	1,564,373,758	218,857,087	Unqualified
2023	1,909,682,336	267,650,852	1,642,031,484	83,766,528	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. The amount receivable from 146 exporters out of export credit given by the Board to the exporters as at 31 December 2023 was Rs. 38,027,520. Of that amount, 96 percent, or Rs. 36,831,520, was a 25-year-old debt balance, which should have been collected from 145 exporters. The remaining 4 percent, or Rs. 1,196,000, was a 17-year-old debt balance, which should have been collected from one exporter.	2023 2022 2021	Prompt actions should be taken to recover the export credit balances.	Legal action had been taken against companies that are currently in operation to recover debts.	The loan balances had not been recovered.

02. The Board had failed to recover a sum of Rs.10,403,683 given to farmers under the Uva Paranagama Export Production Villages (UPEPV) Programme over a period of 14 years.	2023 2022 2021	Prompt actions should be taken to recover the receivable amount from the farmers.	Sending letters to farmers requesting repayment of loans and deploying an officer to collect the loans.	The loan balances had not been recovered. It has been informed that the possibility of writing off that loan balance in the future will be explored.
03. The Board had failed to recover a sum of Rs.7,230,203 from other debtors over a period over 10 years.	2023	Prompt actions should be taken to recover the balances from debtors.	Acting in accordance with the court order and taking legal action against the directors of the currently closed companies.	Rs. 50,000 of the loan amount has been recovered. Legal action is being taken against the directors of the closed companies.
04. The Board had paid a transport allowance of Rs.13,975,608 during the year under review for 162 employees of the Board under MM, PL, MA and JM salary categories who are not eligible for transport allowance contrary to the Public Enterprises Circular No. 01/2015 dated 25 May 2015.	2023	Transport allowances should be paid by following the provisions of the public Enterprises Circular.	Preventive measures had not been informed.	It had been informed that actions will be taken to obtain approval to pay the monthly transportation allowance provided on attendance to employees currently in the PL, MA, JM and MM salary groups. Payments contrary to the circular had not been recovered up to now.

05. The Board had 2023 failed to recover an investment amounting to Rs.40,217,028 made in shares of 26 companies written off from the Register of Companies, due to the insufficiency of continuous follow up procedures in connection with the existence of the companies which the Board had invested in.
- The follow up Preventive It has been informed procedures in measures that legal action connection with the had not been cannot be taken existence of the informed. against closed companies in which the Board had invested should be carried out in order to take effective and efficient investment decisions.
- It has been informed that legal action cannot be taken against closed companies because amendments to the Companies Act have not yet been made.

3.80 Sri Lanka State Trading (General) Corporation Ltd.

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	5,917,328,167	4,786,107,882	1,131,220,285	472,717,911	Qualified
2022	4,845,827,423	3,063,580,592	1,782,246,831	735,435,943	Qualified
2023	8,576,237,152	2,406,574,646	6,169,662,506	1,501,214,947	Final report had not been issued.

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. A sum of Rs. 2,833,385, Rs. 16,905,960 and Rs. 1,000,000 was paid as medical allowances, festival allowances and death gratuity of the employees, respectively, during the year 2021/2022 and an approved insurance scheme was not introduced for the employees' medical benefits even by 15 February 2023.	2021/2022	Relevant insurance scheme should be approved to pay benefits	Payments have been made with the approval of the Board of Directors and work is being carried out to obtain Treasury approval for the incentive payments.	An insurance scheme to pay benefits had not been approved and Treasury approval had not been obtained.

02.	Contrary to the Paragraph 9.8.2 of Public Enterprises Circular No. PED/12 dated 02 June 2003, a sum of Rs. 9,978,207 was paid as incentive for the staff without obtaining approval from the Treasury during the year under review.	2021/2022	Action should be taken in accordance with the circular provisions.	Action is being carried out to obtain Treasury approval for incentive payments.	Treasury approval for incentive payments had not been obtained up to now.
03.	An amount of Rs.2,952,500 was paid as monthly transport allowance to 41 officers recruited on permanent basis who do not allowed for official vehicles and an amount of Rs.1,160,000 was paid to 10 officers recruited on contract basis as per Public Enterprises Department Circular No. PED 1/2015 dated 25 May 2015.	2022/2023	Action should be taken as per circular.	A transportation allowance has been provided with the approval of the Board of Directors, and Treasury approval has been received for the reimbursement method.	The payment of transportation allowances had been made without following the reimbursement method approved by the Director General of the Department of Public Enterprises.
04.	Debit balance of Rs. 16,603,289 included in the creditors balance	2021/2022	In the settlement of debts, the returns should be deducted.	Preventive measures had not been informed.	Advances and returns had not been identified separately and accounted.

due to returning goods had not been adjusted, despite the lapse of more than 5 years.

05. A physical verification on property, plant and equipment totalled Rs. 914,186,176 was not carried out as per the Paragraph 7.4.5 of Public Enterprises Circular No.PED/12 dated 02 June 2003.	2021/2022	Action should be taken in accordance with the circular provisions.	It is planned to carry out physical verification in accordance with the Public Enterprise Circular and take further action accordingly.	Recommendations had not been implemented.

3.81 Urban Development Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	219,766,078,165	142,662,257,313	77,103,820,852	267,082,339	Disclaimer
2022	-	-	-	-	Financial Statements not received
2023	-	-	-	-	Financial Statements not received

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Sri Lanka Accounting standard 01- In contravention of paragraph 15 of the Standard on presentation of Financial Statements the cost of the assets which is disclosed as the assessed value in the Financial Statements for the year 2021 was Rs. 511,722 million but it had been taken to the Financial Statements as Rs. 184,790 million. Therefore, it was	2021	Action should be taken to presented fair value of the investment property in the Financial Statements.	Action will be taken to correct in Financial Statements for the year 2022.	The observation is remained the same.

observed that the value of the assets mentioned in the Financial Statements as at 31 December 2021 had not been fairly presented as per the standard requirement.

02.	Sri Lanka Accounting Standard No 01- In contravention of Paragraph No. 30 of the standard on presentation of Financial Statements, the total development expenditure of Rs.185,876.66 million had been incurred in respect of all the projects executed in time to time during the period from 1979 when the Authority was established to 31 December 2021, had been recorded in the Authority's ledger at the transaction level and then at the Financial Statement level it had been recorded under the 5 asset items which are coming under the work in progress, investment	2021	The accounting system should be reviewed and the accounting system should be corrected as per the assets, liabilities, income and expenses recorded correctly.	Arrangements will be made to revise and present the balance sheet in relation to the 2024 accounts.	The observation is remained the same.

property, land and buildings, customer projects and completed houses, through a calculation and classification done outside the ledger.

Thus, since the ledger was not prepared to classify and identify the Authority's development expenses, transactions and events as assets, it was contrary to the normal accounting process to prepare the values for these 05 asset items. Therefore, the accuracy of the value of these five asset items cannot be assured for the audit.

03.	Among the properties included in the schedule of the Financial Statement of deferred income that submitted to the Audit by the Authority, 162 properties had been used for income generation, but those properties	2021	Recognition and measurement of investment property should be done correctly.	This will be disclosed in the Financial Statements for the year ending 31 December 2022.	The observation is remained the same.

had not been accounted as investment properties. The assessment value of 106 properties out of these was Rs.2,997.92 million. And also, the assessment value of the remaining 56 properties had not been recognized. Therefore, the accuracy of the value of the investment properties cannot be ascertained.

04.	Even though the value Rs.59.16 million of 38 properties extend 48 acres, 02 roods, 39.6 perches which had been included in the valuation report as at 31 December 2020, it had been omitted from the Financial Statements.	2021	All assets belonging to the Authority should be included in the Financial Statements.	Action will be taken to account at market value	The observation is remained the same.
05.	The capital contribution received from the General Treasury for the Authority had been shown as Rs.1,257.55 million in the Island Account of	2021	The corrected value should be shown in the Financial Statements after verification of the balances.	It had been informed by the Treasury that the contribution should be accounted as per the equity of the Urban Development	The observation is remained the same.

Sri Lanka, but that amount was Rs.100 million in the Financial Statements of the Authority. Therefore the difference of Rs.1,157.55 million had been observed.

Authority.

06.	The lease value was Rs.569.85 million in relation to the 168 lease properties in the lease schedule but the annual income or the value of deferred lease as at the last day for the year 2021 had not been recognized in relation to that. Furthermore, the information had not been submitted to the Audit check whether the leases have been cancelled or not.	2021	A comprehensive investigation should be done in relation to the leased properties.	The information related to 141 properties had already been found, and information related to 27 properties has to be found in relation to these.	The observation is remained the same.
07.	The Authority does not maintain a contract document which includes contract cost, advance for mobilizing of work, settlement of advance, retention, release of retention etc. Accordingly, the	2021	A contract document with all details should be maintained.	The necessary action will be taken in this regard in future.	The observation is remained the same.

accuracy of bills payable to the contractors shown in the Financial Statements as Rs. 10,319 million and the retention payable of Rs.2,480 million had not been ascertained accurately during the Audit.

08.	The 500 unit housing scheme in Weeramawatha, Pannipitiya, Consisted of 5 towers, namely A,B,C,D and E. 71 houses in tower B of this housing project had been given to the members of the parliament on the basis of recovering rent from the Treasury. However, the total amounting to Rs.11.84 million in respect of water, electricity and management fee are arrears as at 30 October 2023.	2021	Immediate action should be taken to recover the dues.	A cabinet paper has been submitted to obtain necessary approval for sale of housing units in the open market which have not been reserved and contractually not yet occupied.	A total of Rs.17.9 million will be received for outstanding water charges, electricity charges, gas charges and management charges as at 30 September 2024.
09.	The Authority collects a monthly instalment of Rs.3,000 from the housing units provided for the	2021	Immediate action should be taken to recover the relevant outstanding.	Necessary actions are already being taken to recover outstanding water charges through the provision for	A total Rs. 1,294 million was to be recovered for rent and water bills as at 30 September 2024.

low-income families under the Urban Regeneration Project and the Authority had been failed to recover a total amount of Rs.170.48 million for rent and water bills as at 31 December 2023.

payment plan

10.	As per the section 8 (a) (i) in part II of the Urban Development Authority (amendment) Act No 04 of 1982 only 54 development plans had been prepared for the 85 declared areas.	2021	The time frame should be reviewed again for expedite the preparation of development plan	It is expected that development plans for the declared area will be gazette by 2030	Development plans had not been prepared to cover all declared areas.
11.	As per the section 7.7 of the Operations Manual dated 16 November 2021 issued by secretary to the Ministry of Finance, Although the review policy should be prepared for subsidiaries this policy had not been prepared for any subsidiary owned by the Authority as at end of this report.	2021	Action should be taken immediately to prepare a subsidiary review policy	Currently, the subsidiary review policy has been prepared and submitted for top management's observation.	The Observation is remained the same

12. The Authority had not received any dividend from the Urban Development and Investment (Pvt) Ltd Incorporated by the Authority in the year 2006 under an investment made of Rs. 345 million and the Lanka Rest Houses Limited which was incorporated in the year 2010 as a subsidiary. Furthermore, the Authority had not received any dividend for the year 2021 also from the Waters Edge Company, for which a sum of Rs. 236.81 million had been invested. The total investment cost of subsidiaries and associated companies as at 31 December 2021 had been Rs.677 million, but the dividend income received during the year 2021 had been only Rs. 444,079. This was equivalent to 0.067 percent of the total investment.	2021	It should be empowered through the Board of Directors appointed to the companies to ensure that they receive adequate return on their investments.	The Management of the Authority will consider and take necessary action regarding non dividend entities.	The Observation is remained the same.

13. In order to 2021 Land acquisition As per the section Land Acquisition process has not
construct an urban activities should be 44 of the Land process has not
park under the expedited and this Acquisition Act, been completed.
Meethotamulla land should be used since the
Regeneration for productive acquisition
Project, a private economic and process has not
institution had environmental completed, the
been awarded the purposes. process of
contract valued at selecting an
Rs. 269.5 million investors has not
on 9 June 2020 for been completed.
applying a blanket
layer to stabilize
the garbage dump
that had collapsed
in the year 2017
and install a
greenhouse gas
emission unit.

However, The Authority had spent a sum of Rs. 441.74 million on this project, a park had not been constructed as planned, and it was observed in the physical inspection that the stabilized garbage dump had been encroached by wilderness and remained unused. Furthermore, the waste water disposal system planned to be installed at this location has been completed by 30 percent while the air emission

system was only
25 percent
completed.

14. Without calling for public quotations, the land of the Authority facing D.R. Wijewardana Mawatha, Colombo Fort, in extent of 02 acres 02 roods and 21.4 perches, had been provided for a company for a 46 mixed development project without an agreement and Cabinet approval since in the year 2007. After that approval of the Cabinet had been given on 12 August 2009 and position of this land had been handed over to relevant company by memorandum of understand on 18 February 2010 for a long term lease of 30 years at the lease rent assessed to the value of Rs. 1,300 million. Although or this purpose, only a sum of Rs. 557 million had been paid by the Company as lease	2021	Action should be taken against the responsible parties for the losses incurred by the Authority and the steps should be taken to the relevant land for productive economic activities.	Currently actions have been taken to obtain advice from the Department of Attorney General's. Further action will be taken in accordance with the advice provided by the Department of Attorney General's.	The Observation is remained the same.

rents in 07 instances during the period from August 2009 to 25 September 2013, As per the memorandum of understanding signed with the company any development activities in this land had not been carried out and income had been earned since 2007 by using the land as a vehicle park. After that a memorandum of understand had been signed on 25 March 2013, and contrary to that MOU, although the relevant payments had not been made to the Authority, the approval given by the Board of Directors on 16 February 2017, an agreement had been entered into with another company owned by the owner of original company to give the land on lease for 50 years again at the value of Rs.3,352 million based on

the value of chief value amounting to Rs.3,620 million dated 12 August 2016. However the investor had been agreed without proper approval of the Board of Directors of the Authority to pay of Rs.330 million accrued interest for the company paid amount to Rs.557 million paid by the company.

Therefore, no action had been taken against the responsible parties for the loss incurred by the Authority. It was also observed that no development activity had been carried out on the land even up to 30 December 2023.

15. When low income households had been resettled in housing schemes constructed under the Urban Regeneration Project, lands in 18 of their earlier settlements (estates) had been released.	2021	Ownership of the relevant land should be acquired immediately and certificate of the Condominium Management should be obtained immediately.	With the commencement of the Urban Regeneration Project, acquisition of land related to all the housing schemes constructed has been initiated. Although the land of 14 housing	The Observation is remained the

However, rights to lands in extent of 11.23 hectares relating to 06 of those estates, had not been acquired by the Authority so far. Furthermore, of the lands pertaining to 22 housing schemes constructed under the Urban Regeneration Project by the end of the year 2021, the lands where 08 of those housing schemes had been constructed, had not been acquired by the Authority so far. Further certificate of the Condominium Management Authority could not be obtained for 20 housing schemes out of 22 housing schemes as at date of this report.

projects has been acquired the land acquisition of 08 housing projects has been delayed.

16.	A cabinet approval had received dated 27 October 2020, to acquire, develop and open the public by the Authority 03 lands with buildings in extent of 1.8274	2021	The lands and buildings where both these institutions are located should be used for appropriate commercial purposes and should be apply in	I would like to inform you that once a suitable investor is selected for the development of the 80 club and otters club, the remaining balance	The Observation is remained the same

hectares where Otters Aquatic Club and 80 Club. Furthermore, as per the observations of the Minister of Finance regarding the cabinet memorandum dated 12 October 2020 relating to the said cabinet approval, the lands attached to this memorandum are used for commercial purposes and the Urban Development Authority should credit the consolidated fund the value after deducting expenses incurred in the development and acquisition of the relevant lands from the income generated there by. The Authority had not been able to utilize the lands and building where these two institutions are located for a suitable commercial purpose so far.

accordance with the cabinet decision.

will be credited to the consolidated fund after deducting the expenses incurred by the Urban Development Authority in the development and acquisition of the relevant lands from the income generated thereby.

17. As per the land compensation schedule submitted to the audit, the owners of 66 acres 02 roods 25.5 perches of land acquired by the Authority could not be identified in definitely and it was observed that the compensation allocated for this was Rs. 2,040.72 million and interest was Rs.493.83 million. Among these balances there were also balances from the year 1984. Since the compensation payment process had not been completed due to non-identification of the owners, additional expenses were being accrued to the Authority in the form of interest a daily.	2021	The relevant compensation examination should be completed and compensation payment process should be expedited in this regard the secretary level of the ministry should intervene.	Necessary actions will be taken to inform the relevant Divisional Secretaries regarding the parties whose compensation recipients have not been identified for the currently acquired lands mentioned the compensation documents.	The Observation is remained the same
18. The Peliyagoda Market Complex constructed using Treasury grants amounting to Rs. 6,990 million in	2021	Income received to the Authority should be increased by hand over the relevant stalls to the traders who have	It is expected to dispose stalls/shops	1467 stalls had been given as at 31 October 2024.

the year 2016 by the Authority to reinstall the Pettah Market Complex (Manning Market), and it had been completed as at September 2020. But it was observed that 417 stalls out of 1,395 stalls were ideal since they have not been handed over to the traders as at 31 October 2022.

fulfill the qualifications.

19. As for the construction of Magam Ruhunupura International Convention Centre under Hambanthota Development Project, the main conference hall thereof had been constructed by Korean International Cooperation Agency (KOICA) spending a sum of Rs.851.2 million whilst the other constructions of the Conference Hall had been expended by	2021 Alternative sources of revenue through the project should be looked into and action should be taken for security of the building and other resources.	It is expected to increase the income by implementing short-term management method with the private sector.	The Observation is remained the same

incurring Government funds totaling Rs. 3.83 million. In addition to that, the Authority had spent a sum of Rs.110.53 million as recurrent expenditures for maintaining the Center during the period from 2017 to 2021 whereas only a sum of Rs. 20.63 million had been earned as revenue during the same period. The activities expected to be carried out this center jointly by the Authority and private sector had not been successful so far.

20. The Authority had commenced the construction of 05 storied building complex in the year 2017 for administrative and commercial purposes in Mahara area of about 8,032.9 square meters at the contract value of Rs. 269.12 million under the “Sukhitha	2021	Attention should be paid to increasing the source of income of the Authority after the completion of the construction work and renting out of the building so that they can be used for the intended purposes.	Attention is currently focused in respect of identify a suitable investor and operate on a basis of public private partnership regarding Maximum usage of the building.	The Observation is remained the same

Purawara''

Township

Development

Project

implemented in

the year 2016

using the

provision from

the Ministry of

Megapolis and

Western

Development, and

the construction

had been

completed in 30

September 2019.

30 January 2024

Only 1,164.9

square meters had

been used by

various

government

institutions and

social

organizations and

agreement had not

been made with

those institutes.

Furthermore, by

now two elevators

installed in the

building had been

out of use and the

auditorium which

had 428 seats with

all facilities had

been closed and

unused.

21. The households of Ovel View Housing Complex comprising 608	2021	Action should be taken to expedite deed issuing process.	Steps are being taken to transfer legal ownership to residents from	298 housing deeds had been given to oval view residents and 165 deeds had

housing units, had been completed in September of the 2021 and the Lake Crest Housing Complex in Angoda comprising 500 housing units the constructions of which had been completed in the year 2018, had paid sums of Rs.5,858.40 million and Rs.1,880.02 million respectively to the Urban Development Authority.

However, deeds issued to the residents of the Oval View Project was 276, Angoda Housing Project was only 61 so far.

January 2024.

been given to Angoda Lake Crest residents as at 31 October 2024.

22. The contract for construction of the housing scheme consisting 500 houses on Weera Mawatha, Pannipitiya, had been awarded on 15 June 2017 to a contractor who was selected by a Cabinet appointed procurement
- 2021 The project should be completed, and the houses should be provided for the beneficiaries immediately and action should be taken to sell the rest of the houses and revenue should be increased.
- The Construction works of tower "A" which is reserved by the Ministry of Defense and the presale basis by paying Rs. 4,414.37 million are still being carried out.
- Rs.676.7 million from the Ministry of Defense and Rs.627.89 million from the Navy had been received as at 31 October 2024 and project had not been completed.

committee.

(CAPC) Although the project should have been completed by 31 December 2019, an extension had been given until 29 September 2022 under the approval of the Chairman of the Authority as the project could not be completed by the said date. Out of the 500 housing units, 101 houses had been allocated for the Ministry of Defense and the Navy whereas 202 houses had been sold through presale basis, and the remained 197 houses had been under construction without any presale basis. The Authority had received a sum of Rs. 3,188.63 million comprising a sum of Rs. 1,011.79 million paid by the Ministry of Defense and Navy and a sum of Rs. 2,176.84 million received from presale basis. Nevertheless, the

houses had not been handed over to the beneficiaries even by December 2023.

23. The land at Trans Work Square, Fort Colombo had been leased to a locally Incorporated foreign private company for a total of Rs.4,999.7 million for the implementation of a mixed development project by 04 lease agreements. However this project had not been completed as at date of this report and only the building frame for 60 floor out of 81 floors had been constructed under the first phase of the project. It was observed that due to this delay, the differences between the market value as at 04 July 2018 which was re-contracted, and pre lease value of Rs.1,290.04 million could not be recovered due to the non-completion of this
- 2021 A formal investigation in this regard should be done at the management level. The value cannot be recovered till the completion of the development project. The Observation is remained the same

project.

24. The Authority should have submitted the Financial Statements for the 2021 to the Audit by 28 February 2021, but the financial statements had been presented after a delay of 02 years on 10 January 2023.	2021 The Financial Statements should be presented within the specified duration in order to exercise the responsibility for accountability.	Not commented.	The Financial Statements for the year 2022 have not submitted up to now.

3.82 Ceylon Petroleum Corporation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	423,002,000,000	777,598,000,000	354,596,000,000	(81,816,000,000)	Qualified
2022	493,901,000,000	580,633,000,000	(86,732,000,000)	(617,589,000,000)	Qualified
2023	311,436,000,000	277,965,000,000	33,471,000,000	120,310,000,000	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. According to the Board Decision No. 38/1140 dated 29 October 2013, the Board had approved to charge a Monthly Utility Fee (MUF) from all Corporation Owned Dealer Operated (CODO) Filling Stations and Treasury Owned Dealer Operated (TODO) Filling Stations with effect from 01 January 2014. However, decision had not been fully implemented and MUF had been	,2021 ,2022 2023	Board decisions should be implemented without delay. Appropriate action should be taken to recover the loss of revenue from the responsible parties.	The Monthly Utility Fee (MUF) from 2014 to November 2023 has been accounted in the financial statements, and recoveries have been suspended due to the interim order given by the Court. Therefore, the MUF to be collected from dealers is included as receivables. Collection of receivables will be done based on the decision of the court.	Even though this matter had been pointed out by the audit since 2015, the Board of Director's decision had not been implemented. Although the interim order given in December 2023 was removed by the court in March 2024, the Board of Director's decision had not been fully implemented even by 15 October 2024.

charged only
from 11 dealers
out CODO and
TODO Filing
Stations.

Accordingly, by
the end of 2023,
unrecovered
MUF had
increased to
Rs. 4,848
million.

02. "The Dealer ,2021 Immediate action A case has been filed Necessary actions
commission" had ,2022 should be taken to in the court by the had not been taken
been paying 2023 implement the dealers against against the parties
disregarding the board decision and circular No.05/1231 responsible for not
upper cap on the overpaid dated 30 July 2019 acting in
dealer commission should commission to enforce the limits accordance with the
as per the Board decision and to decision of the
Decision Board of Directors.
No.05/1231
dated 30 July
2019.
Accordingly, the
overpaid dealer
commission
(petrol and
diesel) was Rs.
26,306million as
at 31 December
2023.
- Against the circular
dated 10.03.2022, the
court has issued an
interim order in July
2022 preventing the
change of
commission rate and
recovery of excess
commissions. The
status quo will be
maintained until it is
removed or a final
judgment is given.
- In the preparation
of the fuel price
formula, 3 percent
was applied without
paying attention to
the upper limit of
commission
payment of dealers,
as per the decision
of the board of
directors.

As a result, the
overpaid dealer
commission of
Rs.56 million which
was in 2021, had
increased to
Rs.11,376 in 2022
and Rs.14,874
million in 2023.

03. The Corporation had not taken prompt action to correct the following issues regarding common user facilities.

i) Though the ,2021 Common User ,2022 Facility 2023 Shareholders Agreement had expired on 31 December 2008 , the common user facilities covered under said Common User Facilities including the governance procedures for entities and the pricing formula used for the purpose of determining the throughput charges and transport expenses including slab charges had not been revised with the agreement of all related parties.	Should be entered into an agreement without delay with the collaboration of all parties concerned.	CPSTL has not signed any common user agreement with LIOC from year 2019 (5 years)	Agreements for common user facilities were not made with the collaboration of all parties, as of 15 October 2024.
ii) It was observed ,2021 that any impact ,2022 on unfavorable 2023 conditions and cost had to be	-do-	CPSTL has to ensure	Actions had not been taken to manage the risk as of 15 October 2024 any terms agreed

borne by the Corporation in any event of LIOC refusing the terms and condition entered between the Corporation and CPSTL.

upon by them with LIOC.

- iii) Although ,2021 CPSTL had ,2022 charged Rs. 2023 51,459 million for providing storage and terminal facilities during last 13 years , sufficient actions had not been taken by CPSTL to design and develop new infrastructure facilities and maintenance of the existing facilities promptly. As a result, the Corporation had to pay the demurrages due to inefficiencies in the pipelines and storage system.
- Appropriate action should be taken by the management to ensure that funds transferred to CPSTL are used for intended purposes and minimize the cost to the Corporation and country as a whole.
- At present the CPC Board of Directors has approved to sign a new agreement by reviewing certain clauses of the agreements signed in 2013. Accordingly, if CPSTL has any responsibility regarding demurrage cost, the new agreement has been prepared giving provisions to recover such demurrage cost.
- If CPSTL has responsibility regarding demurrages cost, new aggrement had not been entered to recover such cost even by 15 october .2024

04. Pertaining to the hedging transactions taken place in respect of procurement of oil during the period of 2007 to 2009, the total loss incurred to the country on those transactions as at 31 December 2023 had been Rs. 14,028 million. Further, a private bank had filed a case at the Commercial High Court, Colombo against the Corporation by claiming US\$ 8,648,300.	,2021 ,2022 2023	Actions should be taken to settle the matter promptly.	The private Bank has filed a case in the Commercial High Court as stated in the report and the Corporation has filed an appeal against the order on the preliminary objection in the Supreme Court. The judgment has not been announced yet.	The issue had not been resolved as of 15 October 2024.
05. The existing Refinery at Sapugaskanda, is a basic level refinery and was unable to implement the proposed Sapugaskanda Oil Refinery Expansion and Modernization (SOREM) Project or alternative project in order to ensure supplying of its	,2021 ,2022 2023	Attention should be given to upgrade the existing refinery and build a new refinery to satisfy the country demand at lowest cost.	The approval of the Cabinet of Ministers for calling of request for proposals (RFP) to select an investor has not been granted and the project is held in abeyance. The Cabinet of Ministers has granted approval in principle to establish the Sapugaskanda Oil Refinery as a state owned Enterprise separated from CPC through the Cabinet Paper No.	Commencemnt of buiding new refinery had not been initiated and the aquired land had been idle even by .October 2024 15

products to the market in a cost-effective manner. The land which was acquired for that purpose incurring cost of Rs. 1,003 million, had been laying idle even up to the date of this report.

24/0490/621/30

dated 07 March 2024.

In addition, the Cabinet of Ministers has instructed to explore the possibility of establishing a new Refinery in the Trincomalee area by engaging a suitable strategic partner as well instead of further developing the infrastructure facilities at the Sapugaskanda Oil Refinery.

06. The initial version of SAP ERP system which was released in 2005, has been used by the Corporation from the date of 01 April 2010 without any up-grading.	,2021 ,2022 2023	Immediate actions should be taken to upgrade SAP system.	A decision was taken by the Steering Committee to update the ERP system to "SAP 4 HANA Rise" version. This update was approved by the Board of Directors of Corporation. CPSTL company is in the process of preparing the bid documents to invite bids.	SAP system had not been upgraded even by 15 October 2024.
07. The amount that had to be collected from suppliers was USD 4.39 million equivalents to Rs 1,443 million in respect of the period from 2012	,2021 2022, 2023	Prompt action should be taken to collect the outstanding balances or settle against payable amounts.	Respective debit notes were sent within the specified time frame as stipulated in the contract/tender for each supplier and have been followed up continuously.	The outstanding balances had not been collected even by 15 October 2024.

to 2018 as penalty imposed due to late delivery/ short loading, penalty for unacceptable quality and losses incurred due to price differences. Even though, nearly six (6) years had been passed, the Corporation had failed to recover the money.

In response to that, they were informed to offset the penalty amount payable by them against their demurrage claims.

At present demurrage claims are being evaluated by the demurrage committee and negotiations have been initiated with relevant parties following AG'S opinion prior to litigation action.

08. A sum of Rs. 1,617 million had been paid by the Corporation as custom duties and taxes before discharging the cargo of rejected shipments, in which excise duty amounting to Rs. 648 million had been included. However, the Corporation was unable to get that amount recovered or to get them settled from subsequent payments made by the Corporation from January 2017.	,2021 ,2022 2023	Actions should be taken to recover or settle that money.	The Corporation has submitted a refund application to the Sri Lankan Customs, however no response has been received from the Customs yet.	The money had not been received or settled even by 15 October 2024.

09. The Tank farm ,2022
Complex at 2023
Trincomalee,
consisting of 100
oil tanks which
built in 1930,
was taken over
from the British
Government with
effect from 01
April 1964.
- Accordingly,
though the
Government of
Sri Lanka had
taken several
initiatives to
develop and use
the tank farm, the
government had
failed to achieve
those initiatives
until the year
2021.
- In 2021, the
Corporation and
the LIOC had
established a
joint company,
named Trinco
Petroleum
Terminal (Pvt)
Ltd, to develop
and operate this
oil tank complex.
However, due to
unavailability of
secured internal
or external
funding sources
to finance the
development of
oil tank complex
- Immediate
initiatives should
be taken to achieve
the objectives of
the company.
- Initiatives have been
taken to develop 24
oil tanks using the
corporation's funds
and Trinco
Petroleum Terminal
(Pvt) Ltd is in the
process of
developing the
remaining 61 tanks.
- Trinco Petroleum
Terminal (Pvt) Ltd
has made an
International
Expression of
Interest (EOI) by
15 October 2024.
The 07 responses
received for that,
will be evaluated
and a Request for
Proposal (RFP)
will be issued.

„the Company was failed to commence its business operations timely in accordance with strategic plan.

10. Provisions had been made in the financial statements for doubtful debts of USD 26.9 million equivalent to Rs. 7.8 billion as claims made by the Corporation due to the out turn losses, late delivery and non-performance of contractual obligations related to several oil imports made during the year 2022 and 2023. However, it was observed that these claims could not be recovered due to defect in the respective tender documents.	2023	An investigation should be conducted and necessary actions should be taken	This matter has been referred to the Attorney General's Department.	An internal investigation had not been initiated even by 15 October 2024.
11. Term contract for the purchase of 1,960,000 barrels of diesel (LAD) at a price premium of USD	2022	Endeavor should be made to procure fuel at most economical way.	Due to the exchange crisis in the country at that time, it was not possible to actively maintain this term agreement. As	No formal inspection had been done in this regard.

7.48 per barrel from 01 March 2022 to 31 October 2022 had been cancelled by rejecting the alternative option given by the supplier to actively maintain the term contract at a price premium of USD 6.98 per barrel as the prepayment method.

stated in the report, the term contract was to be executed at a price of USD 6.98 per barrel, but the cabinet approval for this term contract was for a credit period of 180 days at a price of USD 7.48 per barrel subject to issuance of L/C.

12. However, during the active period of such term agreement, the Corporation had procured 497,996 barrels of diesel which comprises 274,185 barrels and 223,811 barrels respectively under price premium of USD 24 and USD 23 per barrel on prepayment basis under two proposals from the same supplier who had the term contract. Therefore, Corporation had to incur additional cost of USD 8,252,081	2022 Endeavor should be made to procure fuel at most economical way.	The corporation officials were not able to implement the supplier's second proposal at a price of USD 6.98 per barrel on the basis of pre-payment. All Diesel shipments under Indian Credit Line were delivered at the month of May 2022. Two cargoes under shipment ref: BK/139/2022 in July & BK/168/2022 in August were procured considering strictness of the country based on the need for fuel and to maintain the economic stability of the country to some extent. These two orders under	No formal inspection had been done in this regard.

equivalent to Rs.
3,047.42 million.

unsolicited proposal have been obtained from M/s. Coral Energy DMCC,UAE by following the specific approval required. That is, this unsolicited proposal has been awarded to the supplier on the approval of SSCAPC as per STEC recommendations with the consent of CPC.

13. The Corporation had procured 922,381 barrels of Lanka Auto Diesel (LAD) at a premium of USD 17.00, USD 19.87 and USD 13.83 per barrel respectively in 03 occasions from two other suppliers during the period when the relevant term contract was active. Accordingly, Corporation had incurred an additional cost of USD 9,146,741 equivalent to Rs.3,381.69 million.	2022	Endeavor should be made to procure fuel at most economical way.	The strictness of the country these orders have been obtained based on the need of fuel and with the aim of maintaining the economic stability of the country to some extent. And these orders have been obtained under unsolicited proposal following the specific procurement procedure because this unsolicited proposal has been awarded to the supplier on the approval of SSCAPC as per STEC recommendations with the approval of top management.	No formal inspection had been done in this regard.

14.	Lanka Auto Diesel LAD (Gas Oil 500 ppm) barrels of 1,820,012 had been ordered in 08 cases in relation to 06 orders in the year 2022. However in order to follow DAP Colombo Basis (Incoterms (2010Gas Oil 500 ppm for pricing, it was based on Lanka Super Diesel (LSD) price or Gas Oil 10ppm FOB Singapore Price Method , with comparatively higher average value in PLATTS Gas Oil 10ppm. Accordingly, the Corporation had to incur additional cost of USD 10,499,898 which was equivalent to Rs. 3,872.96 million.	2022	Endeavor should be made to procure fuel at most economical way.	The supplier has submitted LAD (Gas Oil 500 ppm) price for unsolicited proposal based on Platt's Gas Oil 10 ppm price index. STEC and SSCAPC observed that there is no current functioning of the committee during the audit. Information about the composition and scope of the appointed committee was not submitted to the audit and it was observed that there is no current functioning of the committee during the audit.	
15.	When pricing for 599,722 barrels of Lanka Auto Diesel (LAD) (Gas Oil 500 ppm) imported by the Corporation in	2022	Endeavor should be made to procure fuel at most economical way.	This order proposal has been submitted by the supplier IOC, India (Indian Oil Corporation, India) subject to the Indian loan assistance amount of 200	No formal inspection had been done in this regard.

two occasions under the Indian Credit Line, the Corporation had to incur an additional cost of USD 4,582,179 equivalent to Rs. 1,669.54 million due to payments made based FOB Singapore Price Method for Lanka Super Diesel (LSD) Gas Oil 10ppm with relatively higher average value of PLAATS.

million. There the supplier has quoted the price for supply of LAD (Gas Oil 500 ppm) based on Platt's Gas Oil 10 ppm price index. CPC has requested to agree with Gas oil 500ppm price index but the supplier has not agreed. Due to the severe exchange crisis in the country during this period STEC and SSCAPC at that time the recommendation was to deviate from this LSD (Gas Oil 10 ppm) price index and use LAD (Gas Oil 500 ppm) in the relevant Platt's. Also, no other competitive alternative proposals have been received at this time.

16. A price index representing a relatively high price in the market (Dated Brent Price) had been used to decide the price (cost) in relation to 2,023,509 barrels of crude oil (Siberian Light and Ural) imported by the Corporation	2022 Endeavor should be made to procure fuel at most economical way.	Two cargoes under shipments ref: CR/15/2022 and CR/38/2022 were purchased through unsolicited proposals with the STEC recommendations and approval of SSCAPC based on the price index submitted by the supplier. Two Crude Oil	No formal inspection had been done in this regard.

during 2022, instead of using the related price index for those products published on Singapore PLATTS. As a result, the Corporation had to incur an additional cost of USD 48.6037 equivalent to Rs. 17,877 million.

stocks had to be purchased as none of the registered suppliers submitted bids for the tenders communicated to the registered suppliers and because there was no other alternative way of procuring Crude Oil during this period. Also, if Crude Oil was not purchased about two cargoes, the country would have been in crisis due to the fact that the refinery would not be able to meet the energy needs of the country.

17. According to the records of the Corporation, the average demurrage rate per day which was ranging between USD 15,000 - 21,500 in the previous years for a 40,000MT ship of finished petroleum product had been increased ranging between USD 16,000 - 55,000 in the year under	2022	Endeavor should be made to procure fuel at most economical way.	Compared to 2021, the reason for the increase in demurrage cost for shipping in 2022 is the severe financial crisis in the country during these periods. Due to this situation, it was very difficult for the CPC to open L/C for oil cargoes ordered on time as agreed with the supplier. Sometimes the oil tankers were anchored at the discharge port for several days until the L/C or advance payment was given	No formal inspection had been done in this regard.

review.

Accordingly, demurrages claimed by the suppliers during 2022 had been increased from Rs. 572 million to Rs 5,463 million or over 9 times compared with the previous year.

as agreed. Based on this situation, the suppliers continue to charge for the respective ships demurrage rate has been increased. Demurrage rate of the ships proposed by the suppliers is high due to stringent vessel conditions at discharge port mentioned in the tender but those ships have to use for imports of oil cargoes. There are only a very limited number of ships in the market that can meet those conditions.

3.83 Lakshman Kadiragamar International Relations and Strategic Studies Institute

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	164,832,945	2,007,904	162,825,041	(1,075,825)	Qualified
2022	167,660,830	1,980,798	165,680,032	2,900,074	Qualified
2023	-	-	-	-	The accounts had not been presented.

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report

01. Sri Lanka Institute on Strategic Studies (Amendment) Act No.32 of 2006

(i) In terms of section 10 (a), even though an International Relations Advisory Council should be appointed consisting with 05 persons by Management Board of Institute, no such advisory council had been appointed.	2021 / 2022	In terms of the provisions of Act, an International Relations Advisory Council should be appointed.	The facts had been submitted to Board of Directors and the action is being taken in this regard.	Advisory council had not been appointed.

(ii) In terms of section 10 e (1) and section 10 e (2), Bandaranayake International Ambassador Training Institute should be taken over to this institute with effect from 29 September 2006 and training programs and other educational courses should be conducted as a unit of the institute. Furthermore, the officers and the employees who had served in that institute should be considered as the officers and employees of institute. However, such requirements had not been fulfilled.	2021 / 2022	In terms of the provisions of Act, the action should be taken.	No preventive measures had been taken.	The training institute and employees had not been assigned.
-
(iii) In terms of section 10 e (2) (i) , even though the all money which was in the credit of any account maintained by Bandaranayake International	2021 / 2022	In terms of the provisions of circulars, the actions should be taken. .	No measure had been taken.	It had not been transferred to the fund of the training institute.

Ambassador
Training Institute
before the date of
implementation
of act, should be
transferred to the
fund of the
institute, no
action had been
taken likewise.

2. Introduced by Public
Enterprises Circular
No.1/2021 dated 16
November 2021,

(i) In terms of section 3.2 (i) of Operational Manual, the approval of Department of Management Services had not been taken for the scheme of recruitment of the staff.	2021 2022	In terms of the provisions of circulars, the action should be taken.	The schemes of recruitments are being prepared in cooperation with Department of Management Services.	The approval had not been obtained for the scheme of recruitment.
(ii) In terms of section 6.6 of Operational Manual, the Annual Reports had not been tabled by institute since 2007.	2021 2022	In terms of the provisions of Act, the action should be taken.	The action is being taken to table it.	The Annual Reports had not been tabled.

3.84 Sri Lanka Institute on Local Governance

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	545,542,314	20,294,466	525,247,848	5,171,193	Qualified
2022	553,367,983	26,039,639	527,328,344	2,079,104	Qualified
2023	543,325,362	16,927,298	526,398,064	2,795,448	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. In accordance with section 1 of chapter XXX of the Establishments Code of Democratic Socialist Republic of Sri Lanka, the assignments had been handed over to 08 officers engaged in various posts to prepare a module contrary to the rights of government over its officers and Rs.460,000 had been paid	2021	The action should be taken as per the provisions of the Establishments Code of Democratic Socialist Republic of Sri Lanka.	The relevant officers had been made aware about the manner in which the action should be taken as per the provisions of the Establishments Code.	No action had been taken for the payments contrary to the provisions of the Establishments Code.

for that.

02. As per the paragraph 3.2(v) of the Operational Manual of Public Enterprises Circular No.01/2021 dated 16 November 2021,even though the incentive scheme in payment of the incentives should be approved by Director General of Department of Public Enterprises, an amount of Rs.4,800,000 had been paid to the officers as incentives for the contribution of the institute for the training programs conducted by United Nations Development Program in 2020,2021 and 2022 non-compliance	2022	The approval should be obtained as per circulars.	The necessary action will be taken to obtain approval from Department of Public Enterprises prior to payment of this allowance in due course.	No action had been taken about the payments contrary to the circulars.

with such
instructions.

03. As per paragraph 02 IV of Management Services Circular No.05/2017 dated 25 October 2017, even though only period of service in senior level served in the institute should be applied in payment of the professional allowance, an amount of Rs.321,677 had been overpaid due to payment of the professional allowance taken into consideration the prior period of service of Chief Executive Officer of institute.	2023	The over payments should be recovered.	It had been agreed to deduct the total amount receivable for salary increment arrears from the first 2021 to up to now as the first installment of allowance paid in excess and pay the remaining as installments and it had been informed through an internal memo.	The total increment value of Rs.74, 555 entitled to the post of Director from 2021 to 2024 had been recovered as the first installment. The balances had to be further recovered.
04. No measures had been taken to settle the course fee of Rs.1,571,250 receivable and not settled since	2023/2022	The course fees receivable should be settled.	Even though it had been made aware Deputy Director (Training) who is the relevant officer for such subject to	The balances receivable had not been settled.

2017.

submit a report related to this, the adequate information had not been received to take a decision. Presently, the service of such officers had been suspended.

05. An accounting standard had been introduced to the local authorities by Sri Lanka institute of Chartered Accountants. Even though the rules should be formulated by minister of the local authorities of such province by 09 provinces in provincial level for implementation of such accounting standard, the rules had not been formulated like that in 07 provincial councils. However, the training programs had	/2021 2023	The rules should be formulated in the provincial level for new accounting method and rectified further deficiencies prevailed and the action should be taken to implement this accounting method.	The deficiencies prevailed in this accounting method had been rectified and the all arrangement had been taken to implement it and the action had been taken to provide the training in this regard again since 2025.	The rules had not been formulated in provincial level of 07 provinces for implementation of the accounting standard.

been conducted in relation to new accounting method in such 07 provinces by incurring more than Rs.5 million.

06.	In accordance with 3(a),(b) of Sri Lanka Institute on Local Governance No.31 of 1999, providing of the trainings to the councilors, officers and employees in order to perform their duties by the councilors, officers and employees of the provincial councils and the local authorities in more efficient and effective manner and conducting of the workshops and the training courses on management of provincial councils and local authorities are key functions of the	2023	The action should be taken to fulfill the functions entrusted by the Act.	No preventive measures had been taken.	No measures had been taken to conduct the all courses planned.

institute.

However, it had been scheduled to be conducted 10 diploma courses and 25 certificate courses in the year under review and 02 diploma courses and 04 certificate courses had been only conducted.

07. In terms of 3(g) of aforesaid Act, even though the acceptance of the assignment in consultation level in local authority field is a function of the institute, no assignment in consultation level had been accepted in 2021, 2022 and 2023.	2023	The action should be taken to fulfill the functions entrusted by the Act.	Presently, since there is no person in the institute who holds the post of consultant 'the consultation assignments had not been accepted or received.	No action had been taken to accept the consultation assignments.
08. The environmental and social responsibility related to institute had not been identified and not acted accordingly and	2023	The action should be taken by the institute to identify the relevant environmental and social responsibility and identify the role to be performed	Even though the applications had been called for conducting a certificate course for environmental protection and	No step had been taken to implement the recommendation.

even though the waste management is a main function of the local authorities, a training program or a workshop relevant to that had not been implemented by institute.

accordingly.

solid waste management in 2022 and 2023, the course couldn't be conducted due to non-receipt of adequate applications.

09. The resource persons had been engaged for the programs without submitting the list of resource persons 2022 and 2023 to the governing board and obtaining approval and an amount of Rs.1,510,604 had been paid in 2022 and Rs.2,159,000 in 2023.	2023	The approval of the governing board should be obtained for the name list of resource persons.	The list of resource persons in 2024 had been completely prepared and the action had been taken to forward it to future governing board.	The name list of resource persons had not been approved by the governing board.
10. An expense of Rs.46,275,072 incurred for the office building which had been commenced in 2013 and not been completed	/2022/2021 2023	The construction activities of the building should be inspected and the action should be taken to recover the loss occurred	The agreements entered with the contractor in relation to this building had been cancelled. The	The expenses had been idle.

yet had been an idle expense. .

to government.

discussions had been held again with Department of Buildings and CECB in relation to construction of this building.

11. The overpaid salaries of Rs.513,000 to former Director from February 2020 to August 2021 had not been recovered.	2023 /2021	The salary over paid should be immediately recovered.	The judgement given in relation to recovery of the salary over paid by governing board 171 had been referred to former Director, Mr.Jayantha.	No action had been taken to recover over payments.
12. As per Procurement Guidelines 2.6.1 (ii), even though the prescription prepared should be reviewed and approved by the Technical Evaluation Committee prior to the commencement of the procurement process, the Technical Evaluation Committee had	2023	The provisions of the Procurement Guidelines should be compiled.	In the future, it is expected to join with the knowledgeable parties in the ministry.	It had not been complied with Procurement Guidelines.

been appointed 13 days after publication of the procurement notice in the procurement for preparation of E-content module for institute. At that occasion, an expert related to subject who is mandatory in Technical Evaluation Committee as per 2.8.1 (b) and (c) of the Procurement Guidelines had not represented the committee. The advertisements had been only published in the web site of the line ministry on 25 and 26 November 2022 for selection of a suitable party for preparation of above E module. Owing to not providing fair, equal and maximum opportunities for participation of qualified and interested other parties, the

calling of quotations had been extended for 03 months up to 03 March 2023. In accordance with 6.2.2 of the Procurement Guidelines, even though the minimum period of time for submission of bids is 21 days, 14 days, 04 days and 09 days had been provided at 03 occasions.

13. The resource persons had not been selected by following the procurement guidelines in a formal and accepted manner for the preparation of procedural rules for 53 posts in local authorities. The memoranda of understanding had not been signed with the selected resource persons and the participatory allowance of Rs.696,000 had	2023	In accordance with the Procurement Guidelines, the action should be taken to select the resource persons. The measures should be taken to sign the memoranda of understanding with selected resource persons and the treasury approval should be obtained for the payment.	The preparation of the procedural rules for 53 posts in the local authorities had been completed.	The recommendations had not been followed.

been paid up to 31 December 2023 under UNDP-CDLG grants without approval of the treasury to the officers of local authorities selected for relevant task.

14. The Annual Reports for 2021, 2020 and 2022 had not been tabled in the parliament.	2023/2022/2021	The Annual Reports should be tabled to the parliament.	It had been referred for translation.	The Annual Reports had not been tabled to the parliament.
15. Even though this is sole institute which conducts the training courses for the officers in all local authorities in Sri Lanka, the action had not been taken to maintain a data system enabling to obtain the all information related to that accurately and without delay.	2023	The information system including the all information formally should be maintained.	The discussions are being conducted to prepare an information system.	The information system had not been made.
16. The measures had not been taken to identify the	2023	The action should be taken to establish the sustainable	No action had been taken.	The sustainable goals, targets and performance indices had not

sustainable development goals, targets and milestones to be achieved such targets and indices for measuring the achievement of the targets due to not making aware the agenda 2030 in relation to the sustainable development goals by institute.

development goals and targets and identify the performance indices.

been identified.

3.85 National Institute of Language Education and Training

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	127,827,763	27,308,035	100,519,728	(13,849,436)	Qualified
2022	186,251,881	38,488,992	147,762,889	47,590,386	Qualified
2023	315,215,632	47,739,646	267,475,986	92,498,166	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. As per Paragraph II of Management Services Circular No. 2018/03 dated 18 July 2018, 10 officers were recruited on contract basis in the years 2020 and 2021 without obtaining the prior approval of the Department of Management Services and an amount of Rs.2,899,002 had been paid as salaries and allowances during the year 2021.	2021	Actions should be taken to act as per the provisions of the circulars.	Only 04 of the officers recruited in this way are in permanent service by the year 2024.	Approval has not been obtained for contract basis recruitment.
02. According to Public Finance Circular PF/PE 5 dated 11 January 2000, Rs.630,000 had been paid as incentive	2021	Action should be taken to proceed in accordance with the provisions of the circular.	Incentives are not being paid to the officers of the institution presently.	Approval has not been obtained in respect of the payment of incentives.

allowances to the officers of the institution without proper approval.

03.	The Director General and the Administrative Officer who were suspended had been reinstated without a formal disciplinary investigation and Rs.666,026 had been paid as salaries and allowances for the period of suspension.	2021	Disciplinary investigations into suspended officers should be expedited.	A formal disciplinary investigation was conducted against the administrative officer, during which she was freed from all charges in the charge sheet.	. No formal disciplinary investigation has been conducted against the Director General and no action has been taken to recover any amount due from him.
04.	Although the rental of buildings by public institutions should be stopped as per the National Budget Circular No. 2022/03 dated 26 April 2022, the institution had already established itself in the same building with a monthly rental agreement of Rs.1,250,000 until 13 February 2023	2022	Actions should be taken to act as per the provisions of the circulars.	The value of the building has been revalued and the monthly rent has been deducted from Rs.1,250,000 to Rs.800,000	Action has not been taken to act as per the provisions of the circular.

3.86 Official Languages Commission

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	18,801,908	8,234,269	10,567,639	552,524	Qualified
2022	20,325,112	8,801,935	11,523,177	(9,548,362)	Qualified
2023	17,767,531	9,174,453	8,593,078	(5,218,396)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Prior to entering into an official agreement, an agreement valued at Rs. 1,251,126 (with VAT) had been entered into without approval of the Board of Directors for construction of a washing room adjacent to official room of the Chairman of the Commission. As no consensus had been reached with the Urban Council for the recovery of that sum incurred on the washing room, it was observed in audit that the recovery of the sum remained doubtful.	2021	Agreements should be entered into legally before proceeding with constructions.	Discussions about the reimbursement of Rs.993,596 spent on the washing room had been held with the Municipal Commissioner, and agreement had been given verbally. After being pointed out by the Audit, such capital expenses had not been incurred by the Commission.	The sum has not been reimbursed, nor has a written agreement been obtained.

02. The Register of Fixed Assets had not been maintained in an up-to-date manner in terms of Treasury Circular, No. 842 dated 19 December 1978.	2022	The Register of Fixed Assets should be maintained in an updated manner.	Assets had been revalued by the Assessment Committee. Accordingly, approval of the board of management has been obtained to re-write the Register of Fixed Assets.	The Register of Fixed Assets has not been updated.
03. According to Section 13 (3) of the Official Languages Commission Act No. 18 of 1991, the Chairman is deemed to be the Chief Executive Officer of the Commission, but he should not be a member of the staff of the Commission. Nevertheless, the Chairman had certified all the expenses on payments of the Commission relating to the period from 13 March 2023 to 26 October 2023.	2023	Action should be taken in accordance with the Act.	Service of an officer in Accountants' service should be obtained. Authority should be delegated in terms of F. R. 135.	Corrective measures have been taken, but the officer has committed an offence.
04. It is the mission of the Commission to provide for the bilingual needs of the public through reviewing, monitoring, educating and advising on the implementation of the Official	2023	Action should be taken to fill vacancies in the essential posts.	Approval had been given through the letter dated 2024.05.22 to make recruitments to the essential	Officers have not been recruited.

Languages Policy.
However, the posts in
the approved cadre
required for
accomplishing that
mission such as,
Language Officer,
Language Promotion
Officer and
Investigation Officer,
had 02, 07 and 03
vacancies respectively.

posts.

3.87 Local Loans and Development Fund

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	4,838,459,706	4,645,490,731	192,968,975	327,544,126	Qualified
2022	3,979,372,136	4,313,065,189	(333,693,053)	(495,266,197)	Disclaimer
2023	3,765,425,374	4,108,289,542	(342,864,168)	96,430,838	Disclaimer

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. A transport allowance of Rs.700, 000 had been paid for two Deputy Directresses working in the posts not entitled for the transport allowances from November 2017 to June 2019 at the rate of Rs.17, 500 per month.	2021	The circular instructions should be followed. The allowances paid without an entitlement should be recovered.	The payments have already been stopped and the letter dated 28.08.2024 has been sent by registered post to the respective officers to recover the money from the concerned officers as per the decision of the Board of Commissioners' meeting held on 04.09.2024.	The allowances made without an entitlement have not been recovered.
02. According to the recruitment procedure approved by the Department of Management Services on 8 April 2010, a person with	2021	The vacancies should be filled up as the long term deployment in acting posts unfavorably affect the performance of	The actions were taken to recruit a Director on contract basis.	A permanent officer has not been appointed.

proper qualifications should be recruited as the Director of the Fund. However, a permanent officer was not appointed for this post and it had been continuously held as a post on acting basis. The Director (Planning) of the Provincial Councils and Local Government Division of the said Ministry had been appointed by the Letter of the Secretary to the Ministry dated 14 July 2019 to act in the Chief Executive Post of the Fund and the said Director (Planning) was already working as the Director of the regional development project implemented under the financing of the World Bank. Accordingly, he had obtained prescribed remunerations by working in 3 posts simultaneously.

the organization.

03. Although the Board of Commissioners has the power of appointing the staff according to the 2021 The actions should be taken immediately to fill the vacancies. An amount of Rs.901, 556 had been paid on 19 November 2023. The Secretary to A permanent officer has not been appointed. A formal disciplinary inquiry has not

Section 03 of the Local Loans and Development Ordinance, the Secretary to the relevant Ministry at that time had appointed an officer of the Accountants' Service without the approval of the Board of Commissioners to act in / perform the duties of the post of the Director of the institution. Further, the acting salary of Rs.382,056 had been paid for the said officer contrary to the Section 12:5:4 and the Section 12:8 in the Chapter VII of the Establishments Code of the Democratic Socialist Republic of Sri Lanka and the transport allowance of Rs.522,000 and the fuel allowances of Rs. 340,849 had been paid opposing to the provisions of circulars amounting to a total of Rs. 1,244,905 in the years 2015 and 2016.

the Public Service Commission has been informed in writing on 07 December 2023 to conduct a formal disciplinary inquiry on the concerned officer.

04.	Although a bonus of Rs.825,000 had been paid based on the profit shown in the	2022	The bonus should be paid only on the profit and the bonus should not	No action has been taken.	The recommendations have not been

financial statements of the year 2021, such payment of bonus was observed to have been incorrect as it becomes a loss if the correct adjustments were made in the financial statements.

be paid on loss.

implemented.

05. A sum of 2022 Rs.2,938,000 for the installment of computer software so that it covers 03 sectors as financial management system, credit management system and general module and a sum of Rs.1,762,800 for 03 years as annual maintenance fee of Rs.587,600 each from the year 2020 had been paid. However, except for the credit management system, the financial management system and the general module had not been used.
- The actions should be taken to fulfill the intended purpose of the computer system.
- The procurement documents prepared for the new project have been submitted to the Procurement Committee of the Ministry on 14.08.2024 for approval.
- Computer Software remains underutilized.
06. The loan balance not recovered as at 31 December 2023 was Rs.670,289,991, and it had been in arrears for a period from 01 to 34years.
- 2023
- The debts should be recovered.
- The meetings have been held under the leadership of the Chief Secretaries to the Provincial Councils to collect the overdue loans
- The loan balances to be recovered have not been recovered.

and the collection of loans has presently been started. The loan collection in Dambulla Pradeshiya Sabha, Dambulla Municipal Council and Kalawana Pradeshiya Sabha, has been started.

07. Although it had been reported to the Auditor General that the credit balances of the local government institutions are verified at the end of the year, balance confirmation letters for Rs.58,788, 239 related to 16debtor balances were not presented as at 31 December .2023	2023 All the balances should be verified.	The balances of Dambulla, Negombo, Galigamuwa and Weligama have been verified. The balance verification for the remaining 12 councils is under way.
		All the balances have not been verified.

3.88 Sri Lanka Institute on Local Governance

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	545,542,314	20,294,466	525,247,848	5,171,193	Qualified
2022	553,367,983	26,039,639	527,328,344	2,079,104	Qualified
2023	543,325,362	16,927,298	526,398,064	2,795,448	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. In accordance with section 1 of chapter XXX of the Establishments Code of Democratic Socialist Republic of Sri Lanka, the assignments had been handed over to 08 officers engaged in various posts to prepare a module contrary to the rights of government over its officers and Rs.460,000 had been paid for that.	2021	The action should be taken as per the provisions of the Establishments Code of Democratic Socialist Republic of Sri Lanka.	The relevant officers had been made aware about the manner in which the action should be taken as per the provisions of the Establishments Code.	No action had been taken for the payments contrary to the provisions of the Establishments Code.

02.	As per the paragraph 3.2(v) of the Operational Manual of Public Enterprises Circular No.01/2021 dated 16 November 2021,even though the incentive scheme in payment of the incentives should be approved by Director General of Department of Public Enterprises, an amount of Rs.4,800,000 had been paid to the officers as incentives for the contribution of the institute for the training programs conducted by United Nations Development Program in 2020,2021 and 2022 non-compliance with such instructions.	2022	The approval should be obtained as per circulars.	The necessary action will be taken to obtain approval from Department of Public Enterprises prior to payment of this allowance in due course.	No action had been taken about the payments contrary to the circulars.
03.	As per paragraph 02 IV of Management Services Circular No.05/2017 dated 25 October	2023	The over payments should be recovered.	It had been agreed to deduct the total amount receivable for salary	The total increment value of Rs.74, 555 entitled to the post of Director from 2021 to 2024 had

2017, even though only period of service in senior level served in the institute should be applied in payment of the professional allowance, an amount of Rs.321,677 had been overpaid due to payment of the professional allowance taken into consideration the prior period of service of Chief Executive Officer of institute.

increment been recovered as arrears from the first 2021 to up to installment. The now as the balances had to be first further recovered. installment of allowance paid in excess and pay the remaining as installments and it had been informed through an internal memo.

04. No measures had been taken to settle the course fee of Rs.1,571,250 receivable and not settled since 2017.	2023/2022	The course fees receivable should be settled.	Even though it had been made aware Deputy Director (Training) who is the relevant officer for such subject to submit a report related to this, the adequate information had not been received to take a decision. Presently, the service of such officers had been	The balances receivable had not been settled.

suspended.

05. An accounting standard had been introduced to the local authorities by Sri Lanka institute of Chartered Accountants. Even though the rules should be formulated by minister of the local authorities of such province by 09 provinces in provincial level for implementation of such accounting standard, the rules had not been formulated like that in 07 provincial councils. However, the training programs had been conducted in relation to new accounting method in such 07 provinces by incurring more than Rs.5 million.	/2021 2023	The rules should be formulated in the provincial level for new accounting method and rectified further deficiencies prevailed and the action should be taken to implement this accounting method.	The deficiencies prevailed in this accounting method had been rectified and the all arrangement had been taken to implement it and the action had been taken to provide the training in this regard again since 2025.	The rules had not been formulated in provincial level of 07 provinces for implementation of the accounting standard.
06. In accordance with 3(a),(b) of Sri Lanka	2023	The action should be taken to fulfill the functions	No preventive measures had been taken.	No measures had been taken to conduct the all

Institute on Local Governance

No.31 of 1999, providing of the trainings to the councilors, officers and employees in order to perform their duties by the councilors, officers and employees of the provincial councils and the local authorities in more efficient and effective manner and conducting of the workshops and the training courses on management of provincial councils and local authorities are key functions of the institute.

However, it had been scheduled to be conducted 10 diploma courses and 25 certificate courses in the year under review and 02 diploma courses and 04 certificate courses had been only conducted.

entrusted by the Act.

courses planned.

07.	In terms of 3(g) of aforesaid Act, even though the acceptance of the assignment in consultation level in local authority field is a function of the institute, no assignment in consultation level had been accepted in 2021, 2022 and 2023.	2023	The action should be taken to fulfill the functions entrusted by the Act.	Presently, since there is no person in the institute who holds the post of consultant 'the consultation assignments had not been accepted or received.	No action had been taken to accept the consultation assignments.
08.	The environmental and social responsibility related to institute had not been identified and not acted accordingly and even though the waste management is a main function of the local authorities, a training program or a workshop relevant to that had not been implemented by institute.	2023	The action should be taken by the institute to identify the relevant environmental and social responsibility and identify the role to be performed accordingly.	Even though the applications had been called for conducting a certificate course for environmental protection and solid waste management in 2022 and 2023, the course couldn't be conducted due to non-receipt of adequate applications.	No step had been taken to implement the recommendation.
09.	The resource persons had been engaged for the programs without submitting the list of resource	2023	The approval of the governing board should be obtained for the name list of	The list of resource persons in 2024 had been completely prepared and	The name list of resource persons had not been approved by the governing board.

persons 2022 and 2023 to the governing board and obtaining approval and an amount of Rs.1,510,604 had been paid in 2022 and Rs.2,159,000 in 2023.

resource persons.

the action had been taken to forward it to future governing board.

10. An expense of Rs.46,275,072 incurred for the office building which had been commenced in 2013 and not been completed yet had been an idle expense. .	/2022/2021 2023	The construction activities of the building should be inspected and the action should be taken to recover the loss occurred to government.	The agreements entered with the contractor in relation to this building had been cancelled. The discussions had been held again with Department of Buildings and CECB in relation to construction of this building.	The expenses had been idle.
11. The overpaid salaries of Rs.513,000 to former Director from February 2020 to August 2021 had not been recovered.	2023 /2021	The salary over paid should be immediately recovered.	The judgement given in relation to recovery of the salary over paid by governing board 171 had been referred to former Director, Mr.Jayantha.	No action had been taken to recover over payments.

12. As per 2023 Procurement Guidelines 2.6.1 (ii), even though the prescription prepared should be reviewed and approved by the Technical Evaluation Committee prior to the commencement of the procurement process, the Technical Evaluation Committee had been appointed 13 days after publication of the procurement notice in the procurement for preparation of E-content module for institute. At that occasion, an expert related to subject who is mandatory in Technical Evaluation Committee as per 2.8.1 (b) and (c) of the Procurement Guidelines had not represented the committee. The advertisements had been only	The provisions of the Procurement Guidelines should be compiled.	In the future, it is expected to join with the knowledgeable parties in the ministry.	It had not been complied with Procurement Guidelines.

published in the web site of the line ministry on 25 and 26 November 2022 for selection of a suitable party for preparation of above E module. Owing to not providing fair, equal and maximum opportunities for participation of qualified and interested other parties, the calling of quotations had been extended for 03 months up to 03 March 2023. In accordance with 6.2.2 of the Procurement Guidelines, even though the minimum period of time for submission of bids is 21 days, 14 days, 04 days and 09 days had been provided at 03 occasions.

13. The resource persons had not been selected by following the procurement	2023	In accordance with the Procurement Guidelines, the action should be	The preparation of the procedural rules for 53 posts in the	The recommendations had not been followed.

guidelines in a formal and accepted manner for the preparation of procedural rules for 53 posts in local authorities. The memoranda of understanding had not been signed with the selected resource persons and the participatory allowance of Rs.696,000 had been paid up to 31 December 2023 under UNDP-CDLG grants without approval of the treasury to the officers of local authorities selected for relevant task.

taken to select the local resource persons. authorities had The measures been should be taken to completed. sign the memoranda of understanding with selected resource persons and the treasury approval should be obtained for the payment.

14. The Annual Reports for ,2020 2021and 2022 had not been tabled in the parliament.	2023/2022/2021	The Annual Reports should be tabled to the parliament.	It had been referred for translation.	The Annual Reports had not tabled to the parliament.
15. Even though this is sole institute which conducts the training courses for the officers in all local authorities	2023	The information system including the all information formally should be maintained.	The discussions are being conducted to prepare an information	The information system had not been made.

in Sri Lanka, the action had not been taken to maintain a data system enabling to obtain the all information related to that accurately and without delay.

system.

16. The measures had not been taken to identify the sustainable development goals, targets and milestones to be achieved such targets and indices for measuring the achievement of the targets due to not making aware the agenda 2030 in relation to the sustainable development goals by institute.	2023	The action should be taken to establish the sustainable development goals and targets and identify the performance indices.	No action had been taken.	The sustainable goals, targets and performance indices had not been identified.

3.89 State Printing Corporation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	2,127,220,289	2,235,877,897	(108,657,608)	(208,096,656)	Qualified
2022	1,614,179,488	2,060,891,700	(446,712,212)	(380,702,801)	Qualified
2023	4,056,711,989	1,885,587,473	2,171,124,516	2,794,248,182	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Action had not been taken to recover the outstanding balance of Rs. 37,529,625 relating to 04 closed outlets by the end of the year under review.	2021	These outstanding debt balances should be recovered promptly.	Currently, priority is given to government institutions in conducting loan transactions, and steps have been taken to establish control by maintaining the relevant documents in a systematic manner.	It has been informed that steps will be taken to identify as many balances as possible for which legal action can be taken and to specifically identify and recover a balance prior to the year 2012.
02. The Corporation had lost an income of Rs. 10,519,265 during the year under review due to the reduction of the amount due to the Corporation from 49 cents to 44	2021	Such decisions should not be made without the approval of the Board of Directors.	It has been informed that such policy decisions will always be made only with the approval of the Board of Directors.	That recommendation will be further implemented.

cents per lottery ticket printed by the Chairman of the Corporation without the approval of the Board of Directors.

03.	The Corporation had incurred a loss of Rs. 61,949,991 due to the fact that it had the ability to import paper for Rs. 448,299,364 from letters of credit but had not done so and purchased paper from local suppliers for Rs. 510,249,355.	2021	An investigation should be conducted into this matter and the responsible officials should be identified.	It has been informed that steps are being taken to purchase goods based on imports, without local purchases, whenever letters of credit can be opened and whenever financial facilities are available.	A complaint has been submitted to the Bribery Commission to investigate this matter.
04.	The outstanding balance as on 31st December of the year under review was stated as Rs. 1,008,219,259. Of this, the Corporation had not taken steps to settle the outstanding balance of Rs. 177,816,278, which had been outstanding for a period of 4 to 11 years, even by the end of the	2022 2023	Action should be taken to recover outstanding balances promptly.	Currently, the debt recovery process has been streamlined by keeping all necessary information regarding loan transactions separately.	These loan balances of Rs. 106.5 million are balances prior to the year 2012 and have not been able to be recovered due to lack of supporting information. The Audit Committee has informed the Board of Management that such unrecoverable loans are being removed in accordance with circular instructions.

year under
review.

05. The Konica 2023 Assets should be It has been The preliminary
Minolta Digital purchased after informed that the report has been
Printing Machine worth Rs. proper investment preliminary submitted to the
7,900,000, which evaluation and report will be Ministry on 09
was acquired by efforts should be forwarded to the September 2024.
the Corporation made to protect Ministry
on 14th October assets by utilizing Secretary and the
2021 and them efficiently. Ministry's Chief
installed at the Internal Auditor,
Narahenpita and that a
outlet, remained preliminary
inactive from the investigation will
date of purchase be conducted in
until the audit the future, and if
date of 30th April there is any loss,
2024. it will be
Furthermore, this identified and
machine was further action
removed in April will be taken.
2022 without the
written consent
of a responsible
party of the
Corporation, after
paying Rs.
135,000 to the
agency, and
installed in the
pre-processing
section of the
Corporation's
head office. Also,
due to the
negligence of the
officer trained to
operate this
machine, it was
damaged by rats
and an expense
of Rs. 2,361,500

was incurred to repair it. The Corporation had not taken any steps up to 30 May 2024 to conduct an investigation in accordance with Sections 103 (1) (c), (e) and (g) of the Financial Regulations in relation to the damage caused, determine those responsible, recover the relevant amount or take necessary action.

06. While the 2023 Department of Public Enterprises had approved the recruitment of the Corporation's Finance Manager on an internal basis in the year under review, the Interview Board had examined the relevant qualifications for recruitment on an internal basis and given the relevant decision, but they had examined the relevant qualifications of external
- The recruitment procedure of the State Printing Corporation approved by the Department of Management Services should be followed.
- It has been informed that with the aim of bringing fairness to the officers of the institution due to the continuous delay in revising the recruitment procedure of the corporation, it has been decided to conduct interviews in the context of high performance in their duties. It has also been informed that a board paper will be submitted to the board of directors in this regard and instructions will be
- As per the instructions of the Board of Directors, the Ministry has sent a letter to the Department of Public Enterprises regarding this recruitment on 29 July 2024. It has been informed that the Ministry will take steps to forward it to the Department of Public Enterprises.
- The Corporation's approved recruitment procedure is currently being revised.

applicants and given the relevant decision.

Furthermore, according to the note provided by the interview panel, although Treasury approval and Board of Directors approval were required before appointing the Finance Manager, only Board of Directors approval was obtained when appointing the Finance Manager.

sought.

07. Although the 2023 General Manager of the Corporation, as per the approved recruitment procedure, states that "he should have the ability to lead a team of professionals from various fields and have experience in properly and efficiently managing human resources and other resources", the personal file of the officer
- The recruitment procedure of the State Printing Corporation approved by the Department of Management Services should be followed.
- Commencing work to revise the approved recruitment procedure as of September 07, 2022.
- Discussions were held with the Department of Management Services on October 01, 2024 and necessary amendments are being made.

appointed as the General Manager on 01 January 2024 did not confirm that he had the experience mentioned in the said recruitment procedure and the audit confirmed that he only had experience in the field of supply. The interview board and the board of directors had not checked those qualifications.

08.	As per Section 13.3 of Chapter 11 of the Establishments Code, an acting appointment should be made only as a temporary remedy until a permanent appointment is made. If the post requires the services of a full-time officer, a permanent appointment should be made without delay. However, as on 31st December of the year under review,	2023	The relevant appointment should be made in accordance with Section 13.3 of Chapter 11 of the Establishments Code.	Many of the qualified candidates have been appointed and many of the acting positions have now been confirmed. Verbal instructions have been given to the relevant officers to act in accordance with Chapter II, Section 13.3 of the Establishments Code in the future.	It has been informed that since the Appointing Authority under Section 10 of the Corporation's currently approved recruitment procedure lies with the Board of Directors, it has been informed that steps will be taken to obtain the approval of the Board of Directors for the performance of all duties/tasks in the future.

officers of the Printing Corporation had been appointed to acting posts in various years from the year 2000 to the year 2023.

Furthermore, those officers had worked as acting officers from the year 2022 to the year 2023 in addition to the duties of their regular posts and had received an allowance of Rs.2,842,165 for that period.

09. Although the Corporation had approval for 138 Junior General Production Assistants and Printing Assistants belonging to the primary employees category, it was observed that there were 64 surplus employees due to the recruitment of 202 as permanent employees. Rs. 81,401,062 had been paid as salaries to these	2023 Employee management should be carried out by preparing a proper human resources plan and hiring accordingly.	The Human Resources Plan 2024-2027 (Medium Term) is being prepared for submission to the next Board of Directors.	The Human Resources Plan 2024-2027 (Medium Term) is being prepared for submission to the next Board of Directors.

surplus
employees in the
years 2022 and
2023.

3.90 Sri Lanka Institute of Printing

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	181,983,496	57,535,358	124,448,138	5,007,594	Qualified
2022	186,114,133	50,848,903	135,265,230	10,817,092	Qualified
2023	206,734,054	45,467,002	161,267,051	23,967,609	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Sri Lanka Institute of Printing had to pay an amount of Rs.522,000 to that employee in the year under review because a Labour Court concluded that there was no just and justified reason for the termination of the employment of one of its employees.	2021	Actions should be taken to prevent this kind of situation from occurring in the future.	The decision to remove this employee was made subject to the approval of the Board of Governors and it will be decided to deal with the actions to be taken according to the advice of the lawyers in case of such employee problems in the future.	If such cases arise from now on, apart from the decision of the governing body, its legal status will also be taken into consideration.
02. An internal auditor was not appointed to carry out the internal audit of the institution as per sub-section 40(1)	2022 2023	An internal auditor should be appointed as per the provisions of the National Audit Act.	The conclusion of the discussion with the Board of Governors regarding the relevant matter was that because	The conclusion of the discussion with the Board of Governors regarding the relevant matter was that because the accounts of the Sri Lanka

and 40(2) of the National Audit Act No. 19 of 2018.

the accounts of the Sri Lanka Printing Institute are carried out by recognized external chartered accountants, and thereafter the Sri Lanka Printing Institute is audited by government auditors and in addition participates in the audit committees held by the Ministry once a quarter. , since the Sri Lanka Printing Institute is a small self-generating organization, appointing an internal auditor or appointing audit committees is an unnecessary cost. Accordingly, the Governing Board has decided that the current way of working in the Sri Lanka Printing Institute is very appropriate and cost saving and has informed the Secretary of the Ministry of that decision.

Ministry of that decision.

03.	An audit and management committee was not appointed to conduct the affairs of the institution as per sub-section 41(1) and 41(2) of the National Audit Act No. 19 of 2018.	2022 2023	Proceed as per relevant sections.	The conclusion of the discussion with the Board of Governors regarding the relevant matter was that because the accounts of the Sri Lanka Printing Institute are carried out by recognized external chartered accountants, and thereafter the Sri Lanka Printing Institute is audited by government auditors and in addition participates in the audit committees held by the Ministry once a quarter. , since the Sri Lanka Printing Institute is a small self-generating organization, appointing an internal auditor or appointing audit committees is an unnecessary cost. Accordingly, the Governing Board has decided that the current way of working in the Sri Lanka Printing Institute is very appropriate and cost saving and has informed the Secretary of the Ministry of that	The conclusion of the discussion with the Board of Governors regarding the relevant matter was that because the accounts of the Sri Lanka Printing Institute are carried out by recognized external chartered accountants, and thereafter the Sri Lanka Printing Institute is audited by government auditors and in addition participates in the audit committees held by the Ministry once a quarter. , since the Sri Lanka Printing Institute is a small self-generating organization, appointing an internal auditor or appointing audit committees is an unnecessary cost. Accordingly, the

has decided that decision.
the current way
of working in the
Sri Lanka
Printing Institute
is very
appropriate and
cost saving and
has informed the
Secretary of the
Ministry of that
decision.

04. The balance of Rs.20,131,190 due for the courses conducted by the Sri Lanka Institute of Printing from the year 2016 to the year 2023 was not recovered in the year under review.	2023	Efforts should be made to recover the arrears of income without delay.	Not recovered.	Not recovered.
05. According to the provisions of Public Business Circular No. PED 04/2023 dated December 21, 2022 of the Department of Public Business, loss-making entities in 2022 are not entitled to bonus payments. But for the year 2022, while an operating loss of Rs.1,435,424 had been made, Rs.511,250 had	2023	Proceed as per circular provisions.	As a self-generating company, these bonuses were paid as an incentive to the employees of the company during the relevant year and these bonuses were paid from operating savings and the approval of the board of directors of the company has been received for the payment of	Not recovered.

been paid as
bonus.

these bonuses.

06. On 4 occasions for a period of 7 years from 01 November 2017 to 31 October 2024, the Retired Registrar of the Institute was appointed as Chief Executive Officer on contract basis without the approval of the Cabinet and Rs.10,210,000 for his salary and allowances for a period of 6 years and 2 months, fuel The institution had paid Rs.3,731,668 as allowance and Rs.1,200,000 as vehicle maintenance allowance, totalling Rs.15,141,668 during the relevant period.	2023	Arrangements should be made to appoint officers for the respective post with proper approval.	In this regard, it has been informed that the Secretary of the Ministry has been consulted and the arrangements have been made according to the instructions.	In this regard, it has been informed that the Secretary of the Ministry has been consulted and the arrangements have been made according to the instructions.
07. A retired officer of the institute was appointed for the post of Academic Director from March 1, 2023 to February 28, 2024	2023	Arrangements should be made to appoint officers for the respective post with proper approval.	The Board of Governors has made this appointment under the powers of Section 18 (a) of the Sri Lanka Institute of	The Board of Governors has made this appointment under the powers of Section 18 (a) of the Sri Lanka Institute of Printing Act.

on contract basis
for one year
without Cabinet
approval and the
institute had paid
Rs.1,500,000 as
salary and
allowances for 10
months.

Printing Act.

3.91 National Livestock Development Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	5,802,055,012	1,285,047,409	4,517,007,603	173,420,992	Qualified
2022	Accounts have not been submitted.				
2023	Accounts have not been submitted.				

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. As per Section 6.5.1 of Public Enterprise Circular No. PED/12 dated 02 June 2003 and Paragraph No. 6.6 of the Operations Manual submitted with Circular No. 01/2021 dated 16 November 2021, Although the financial statements and draft annual report must be submitted to the Auditor General within 60 days after the end of the accounting year, The financial statements of the year 2018 were submitted to the Auditor General on 14 December 2022 and the financial statements and draft annual reports for the years 2019, 2020,	Transaction report of the year 2020/2019/2021	The financial statements and draft annual report must be submitted to the Auditor General within 60 days of the end of the accounting year.	Financial statements for the years 2019, 2020, 2021 have been completed on the due date and approved by the Board of Directors. However, I would like to inform you that the preparation of the annual reports for the above years has been delayed as the auditor's opinion has not been submitted for the financial reports of the year 2018.	The financial statements of the years 2019, 2020, and 2021 have been submitted to the audit, and the financial statements of the years 2022 and 2023 have not been submitted to the audit so far.

2021 and 2022 were not submitted to the Auditor General.

02. As on 31 December 2020 and 31 December 2021, the outstanding balance of more than 5 years was Rs.84,714,279 and Rs.82,081,430. The recovery of these loan balances was uncertain.
- Transaction report of the year 2020/19/2021
- Quick steps should be taken to recover the debt.
- A committee including the chief financial officer of the line ministry has been appointed to take decisions regarding these debtor balances and the long outstanding debtors of the board, and work is being done to analyze and review all those debtors and take further action. At present, the staff has been informed not to sell goods and services on a credit basis without formal procedures.
- From this debtor balance, realizing that there is no possibility to collect Rs. 5,654,437.75, this amount has been written off from the books of the financial year 2024. Further debts to be recovered in the future are being looked into.
03. During the coconut auctions conducted by the Coconut Development Authority, due to the non-removal of stocks of coconuts within the prescribed period according to the rules issued by the Authority, the arrears of ground rent and fines over 5 years due from the brokers on 31 December 2021 was Rs. 18,164,830 and the No effective steps were taken to recover.
- Transaction report of the year 2020/19/2021
- The balance of ground rent and fines should be recovered from the brokers or the officials who released the coconut stock.
- Various measures have been taken to collect the debtor balance of more than 15 years. This arrears of ground rent is a ground rent that has arisen more than 10 years ago, and legal action has been taken to recover this.
- All the brokerage firms are not engaged in business activities at present, and some of the directors of those firms have died, and other directors cannot be found at their respective addresses. Therefore, in the future, it is not possible to take any action other than write off the arrears of ground

					rent in the books in accordance with the financial regulations.
04.	Since the year 2011, the amount of Rs.3,689,824 due from Plantation Human Development Trust had been taken till 31st December 2021, but it was not possible to recover it.	Transaction report of the year 2020/19/2021	Collect the amount due from Plantation Human Development Trust Should be taken	Regarding this amount, the concerned institution has been informed in writing and the said institution has informed that the related value has been informed to the line ministry at that time to be settled through the line ministry. Accordingly, we have made inquiries with the line ministry in this regard and I inform you that we will take further steps after confirming the relevant facts. Furthermore, the Attorney General's Department was advised to take legal action regarding the recovery of this money, and it was informed that since this institution is also a government institution, according to the decision of the Cabinet, it is not possible to take legal action against one government	As on 15 October 2024, this balance is still unpaid.

institution and another government institution.

Accordingly, the Secretary of the Ministry has prepared a discussion with the officials of the Ministry of Plantation and Human Resources regarding the recovery of this debt, and this is done on the recommendation of the Audit and Management Committee.

05. Insurance compensation of Rs. 19,253,926 due for dead imported cattle since 2013 had failed to be recovered till 31st December 2021.
- Transaction report of the year 2020/19/2021
- Actions should be taken to recover the insurance compensation due
- A re-investigation has been conducted in this regard as per the instructions of the Chairman. A number of inaccurate information was identified during the relevant audit observation. It has also been identified that the relevant insurance company is liable to pay insurance benefits to the Board. Accordingly, a complaint has been filed against that institution with the Insurance
- Even by 15 October 2024, these insurance compensations had not been recovered.

Commission. Based on the audit query, a value has been identified that was accounted for as a receivable but is not actually such a receivable. That amount will have to be removed from the accounts. Accordingly, further action will be taken.

06. The direct costs of the Ridiyagama Farm, which has imported cattle, including medicines, vaccinations, milking and cowshed maintenance, were Rs.714 million in 2021, and the gross loss of the project after incurring those direct costs was Rs. 16 million. Accordingly, it is observed that it has not been possible to cover even the direct costs of the farm in 2021.	Transaction report of the year 2020/19/2021	Action should be taken to make the farm profitable.	No preventive action has been taken yet.	The income received from dairy products and livestock sales at the Ridiyagama farm as of August 2024 is Rs. 373 million, while the direct expenditure is Rs. 452 million. But this year, the increment of the value of animals has been 231 million rupees. Although the entire farm was able to earn a profit of Rs. 31 million by August 2024, since the profit generated by the increment of the valuation of animals was not real profit and no actions had been taken to increase income or

minimize expenses.

07.	According to the board of survey report of 2020 and 2021 of Menikpalama farm, a deficiency of 135 engineering devices under the sprinkler system was observed	Transaction report of the year 2020/19/2021	It Should Maintain good internal control over inventory items.	The reason for the lack of item 135 is the use of equipment to construct a water pipe system to meet the water needs of Bopattalawa and Menikpalama. But this exclusion has not been formally excluded by means of exclusion notices.	The balance of engineering equipment between the two farms had not been compared and corrected.
08.	According to the Cabinet decision dated 18 June 2020 No. AMPA/20/0890/217/052 given for the Cabinet Memorandum submitted on 12 March 2020 regarding Poultry Development Company. To dissolve Sri Lanka Poultry Development (Pvt) Ltd Company, which is currently 100 percent owned by the National Livestock Development Board, to transfer all the assets and liabilities of that company to the National Livestock Development Board, and to carry out the functions of Mawatta Farm, which was the only farm owned by that company. Although the Board was	Transaction report of the year 2020/19/2021	According to the decision of the Cabinet of Ministers, Sri Lanka Poultry Development (Pvt) Ltd Company should be dissolved and all the assets and liabilities of the said company should be transferred to the National Livestock Development Board.	The Sri Lanka Poultry Development Company Limited has completed preliminary matters regarding the takeover of the National Livestock Development Board and a liquidator has been appointed. A new board of directors has been appointed to the National Livestock Development Board in November 2022 and at the same time the new board of directors of Sri Lanka Poultry Development Company has been appointed in February and	As of 15 October 2024, the work has not been completed as per the Cabinet decision dated 18 June 2020.

directed to absorb their rights into the National Livestock Development Board and to maintain Mawatta Farm as a farm belonging to the National Livestock Development Board. The dissolution of the company and the transfer of all assets and liabilities and the absorption of staff were not done until 31 December 2022.

accordingly, after adopting a board resolution to carry out further activities, the liquidator Further action will be completed shortly.

09. According to the Cabinet Decision No. 15/0940/631/018-1 dated 16 July 2015, all the resources, assets, shares and management belonging to Mahaweli Livestock Enterprise Ltd Company shall be acquired by the National Livestock Development Board subject to the relevant legal processes. Until 31 December 2021, the National Livestock Development Board had acquired only 27 percent of the company's shares, while the rest of the shares were owned by the Mahaweli Authority 45 percent, 23 percent by Netherlands Finance and 05 percent by the farmers of the Mahaweli region. The necessary legal processes to transfer these shares to
- Transaction report of the year 2020/19/2021
- According to the decision of the Cabinet, all the resources, assets, shares and management belonging to the company should be acquired by the National Livestock Development Board subject to the relevant legal processes.
- In order to implement the Cabinet decision, the Mahaweli Authority, which holds a 45 percent stake, has been requested to hand over the company's land ownership and shareholding to the National Livestock Development Board, but no response has been received so far. In this regard, the Secretary to the Line Ministry has informed the Ministry of Irrigation via a letter dated 2024.09.11 to transfer the land ownership immediately. A discussion was held at the Mahaweli
- As of 15 October 2024, the Cabinet decision dated 16 July 2015 has not been implemented.

the Livestock Development Board were not followed until 31 December 2022.

Authority regarding this on 14.10.2024 and no land transfer has taken place to date.

10. 4 farms of the Livestock Development Board have 4 machines capable of producing 3.75 tons of fodder once a day. Although they can produce 900 metric tons of cattle feed per month (3.75 * 30 days * 8 hours) and 10,800 metric tons per year, it was revealed that the machines remain idle for a period of 01 to 12 years.

Transaction report of the year 2020/19/2021	Idle fodder production machines should be put to use	A large investment in the raw materials needed to produce animal feed must be made at once. It is often advantageous to buy from large-scale food manufacturers at competitive prices. Boards have very old machines with low capacity and their efficiency is also very low. Therefore, since the existing requirement cannot be fully met and the production cost is often increased, animal feed was purchased from external agencies under open competitive prices.	Even on 15 October 2024, these machines remain idle.

11. 4 farms under National Livestock Development Board have 04 poultry feed processing machines. In addition, Mahaweli livestock Enterprise Company has 1 poultry feed grinding and mixing machine and Sri Lanka Poultry Development (Private)

Transaction report of the year 2020/19/2021	Idle poultry feed processing machines should be put to use.	A large investment in the raw materials needed to produce animal feed must be made at the same time. It is often advantageous to buy at competitive prices from large-scale food manufacturers.	Even on 15 October 2024, these machines remain idle.

Company has 2 poultry feed grinding and mixing machines. From this, there was a capacity to produce 30,960 metric tons of poultry feed per year as 2,580 metric tons per month (10.75*30 days*8 hours). But on 31 December 2021, it was revealed that those 8 machines were idle for a period of 01 to 12 years.

Boards are very old machines with low capacity and their efficiency is also very low. Therefore, since the existing requirement cannot be fully met and the cost of production often increases, animal feed was procured from external agencies at open competitive prices.

12. Senior level vacancies are 33, 12 and 38 respectively in 2019, 2020 and 2021, tertiary level vacancies were 12, 10 and 14 respectively, secondary level vacancies were 7, 22 and 7 respectively and primary level vacancies were 42, 102 and 113. Whereas in 2020 primary level employee surplus was 64 and in 2021 senior level secondary level and primary level employee surplus were 8, 2 and 61 respectively.	Transaction report of the year 2020/19/2021	Steps should be taken to fill up the vacancies and if no approval is obtained for surplus employees, they should be treated as illegal recruitment.	Actions have been taken to fill vacancies through internal promotions, and there are 50 surplus posts, and actions will be taken to approve the surplus posts in the future. According to the 2015 budget proposals, the services of daily wage check roll employees who have completed more than 180 days of service were confirmed as stated in Public Administration Circular .2014/25 Accordingly, there is a primary level surplus of employees due to the confirmation of the positions of	The board currently has 24 vacancies at senior level, 12 at tertiary level, 70 at secondary level, and 73 at primary level.

daily wage check
roll employees
recruited for the
liquid milk project
and the non-
approval of the
staffing bodies for
the liquid milk
project.

3.92 Coconut Research Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	2,879,993,494	371,542,796	2,508,450,698	499,537,818	Qualified
2022	3,115,704,953	528,021,145	2,587,683,808	824,152,395	Qualified
2023	3,021,630,044	571,601,303	2,450,028,741	828,001,451	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Since the 72,623 of coconuts worth Rs.4,484,947 which were auctioned to a private company in Colombo area on 04 occasions in the months of May, June and July 2021 and were not paid and taken away have been held for a period of 06 to 09 months until 10 February 2022 and were resold at Rs.3,011,053 after they sprouted, It had been incurred a loss of Rs.1,473,894 to the Board.	2021	Actions should be taken to improve the internal control related to the sale of coconuts and to take disciplinary action against officers who have not fulfilled their responsibilities.	Coconut buyers have been given 35 days to withdraw the coconuts.	An internal preliminary investigation has been conducted and the loss to the board had not been recovered from the coconut buyer.

02. Although circulars had been issued regarding the harvesting of coconuts in the coconut gardens owned by the board, it had not been given enough instructions on how to reduce the percentage of fallen coconuts, the amount of coconuts turn that should be plucked annually, and how to deal with immature coconuts, rotten coconuts and spoiled coconuts. Due to this, it could not be observed that the Board's coconut harvest has been beneficially and successfully managed.	2021	Proper instructions should be given through the circulars and actions should be taken to successfully manage the harvest by getting a favorable coconut harvest.	Relevant circulars have been issued. The daily coconut yield data is entered into the electronic data system on a daily basis.	Formal management of coconut harvest had not been made by following up on circulars.
03. Although the water supply systems have been established at a cost of Rs.26,425,215 to supply water to 4015 coconut trees in the area of 75 acres of Ambakele Genetic Resource Center and 8000 coconut trees in the area of 200	02 2021	Action should be taken to implement the projects based on the feasibility studies and correct the existing deficiencies in the water supply systems and implement them successfully.	At present, such projects are started only after feasibility studies. In the year 2022, some water supply projects that failed the feasibility studies were not started.	The water supply systems established in Ambakele and Pallama estates are not functioning properly also at present, and water from tanks and wells is used for cultivations.

acres of Pallama Genetic Resource Center, as there was not enough water in the 04 Tube-wells built for that purpose, water was collected in 04 tanks and a well and the field was divided and water was supplied once in 07 days and the coconut cultivation of 215 acres of land at the Pallama Genetic Resource Center was not covered by this water supply system. Therefore, it was not observed that the desired results were obtained from these water systems.

04. The inspection of 2022 coconut leaf wilting and leaf rot disease in relation to 294 Grama Niladhari domains in the southern province started in 5 phases from the year 2008 by the board and although 14 years have passed, the inspection	Actions should be taken to complete the research related to the introduction of resistant plants and the use of chemical substances, the necessary remediation for the trees affected by the Weligama coconut leaves wilting and rotting disease.	Marking and removal of diseased trees will continue in the fifth phase remaining Grama Niladhari domains within the protected zone.	Research on the use of chemicals to prevent disease in healthy trees has not been completed until now.

work in 114 Grama Niladhari domains to be tested has not been completed. Also, for disease control, "all coconut trees and seedlings showing symptoms in the diseased area are cut and removed" and only a small number of 3,193 resistant hybrid seedlings had been introduced from 2013 to 2022. Although research was being conducted regarding the use of chemicals, the relevant research had not been completed until the end of the year under review.

05. The receivable amount of Rs.45,789,992 due to breach of contracts from 08 officers who had gone abroad on study leave and one officer who less completed the mandatory service period had not been collected even at the end of	2023	The service contracts should be prepared in a formal manner and the legal proceedings to recover the receivables from the officers who breach the contracts should be conducted properly and timely.	Cases have been filed against 7 officers who violated the service contracts. Another officer will be prosecuted.	An officer who has completed less than the mandatory service period has not been prosecuted and Rs.35,934,884 to be recovered from the officers who breached the contract.

the year under review.

06. There were 17 2023 abandoned and unimplemented researches in the Coconut Research Board during the period between 2012 and 2023 and out of which, 07 researches were abandoned and, the officer who commenced the research vacated the service, went abroad, lack of financial provision and other factors had affected for that. It was observed during the audit that an amount of Rs.5.179 million spent by the board for those researches as the uneconomic expenditures.	Action should be taken to study of its capacity and capability before commencing the research and to reduce uneconomic expenditure by planning the future activities accordingly.	The information collected and materials purchased in those researches will be used for other researches.	The Board has not taken action's to reduce the uneconomic costs by identifying the causes of abandonment at the stage of research planning itself.
07. A pipe water 2023 system has been installed covering the area of 141 acres where the Kiniyama project is being implemented by paying Rs.21,001,925 to a private company	The parties who responsible for the failure of a part of the irrigation system due implementation of the irrigation system without planning after a proper study of capacity of the project should be	Based on a report given by the Water Supply Board that 200 liters of water can be obtained per minute, although this water pipe system has been	Although the aim is to provide water to all the plants, this provides water to small amounts as 5 percent of the total number of trees. Although the water supply system was built according to the report issued by the

and, the purpose of this was to supply water to all the planted seedlings covering the entire 141 acres. It was observed during the audit that, water is being supplied to 400 trees i.e. to a less amount such as 5 percent of the existing trees due to the lack of required capacity and the breakdown of a part of the pipe irrigation system and, the remaining 95 percent are being watered by bowsers.

identified and necessary formal action should be taken.

planned and Water Supply Board, constructed to action had not been obtain water taken against the from the responsible parties underground due to the water well of the capacity has been Kinyama Seed deferred.

Coconut Garden, as it was not possible to pump 200 liters of water per minute during the dry season, it has been modernized to bring water through the water pipe system to a part of the seed coconut garden and collect water to the remaining part and apply through bowsers.

08. Although 15,173 2023 of Sri Lankan Green Kundira and Sanraman seedlings has been given to the Chilaw Plantation Company for planting under the Kapruwana Seed Production Project from 2013 to 2023, it was observed that

The activities of the hybrid coconut seedlings project should be done with the proper supervision and action should be taken to make success of its objectives.

Various integrated pest management methods have been adopted to control the situation of these vacancies.

Only 1,000 seedlings have been given to the cultivators instead of 7,799 seedlings which are not in active condition.

more than 51 percent of the planted seedlings i.e. 7,799 seedlings are not in active condition due to various reasons. It was observed during the on-site inspection that, a total of 104 Kapruwana seed coconuts produced during the period from the beginning of the fecund time of the plant to the present have been planted in the Kinyama garden. Rs.47,249,489 had been spent on this project from the year 2018 to the year 2023 and the expenses incurred for this project from the year 2013 to the year 2018 were not identified separately. And 969 teak trees with wooden value in the Kinyama garden were also cut down and removed for this project.

3.93 National Transport Commission

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	901,809,912	426,194,939	475,614,973	(106,376,247)	Qualified
2022	1,158,038,242	511,162,636	646,875,606	181,260,633	Qualified
2023	1,646,743,824	806,952,782	839,791,042	492,915,436	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Although a passenger service permit given to a certain person under section 24 should not be transferable to another person, in terms of Section 28 of National Transport Commission Act, No. 37 of 1991, the right of 33 passenger permit services had been transferred during the year under review.	2022	The transfer of ownership of 33 passenger service permits outside the provisions of the Act should be investigated and necessary actions should be taken against the officers responsible for the same.	The Commission has recognized that this section needs to be amended and steps have been taken to amend this section.	Amendments are being carried out to the Commission Act.
02. Although the Public enterprises should not bear the expenses of the relevant Line Ministry in terms of Section 6.8 of Public Enterprises Circular No. PED 01 / 2021 of 16 November 2021, a total of Rs. 423,378 had been	2022	Necessary measures should be taken against the officials who have acted outside the provisions of the circular and it should be responsible to act according to the	Written and verbal approval of the Secretary, Ministry of Transport has been obtained.	Actions should be taken to reimburse expenses incurred on behalf of the Ministry of Transport.

incurred by the commission, for a workshop conducted by the Ministry for Rs. 198,250 and for security services at the Minister's Official Residence of Rs. 225,128 .

provisions of the circular in the future.

03.	Actions had not been taken up to now to prepare a regular system by the commission for issuing Passenger Service Permits to provide inter-provincial bus services and amend the National Transport Commission Act accordingly.	2022	The Commission should look into the reasons for the delay in the amendment of the Act and prompt actions should be taken to amend the Act.	The activities related to the amendment of the Act are currently being done.	Actions are being taken to amend the Act.
04.	Even though Rs. 34.5 million had been allocated to maintain Nisi Sariya services and to implement 100 new projects during the year under review, even a single new service had not been initiated by the Commission.	2022	It should properly identify needs and funding situations and allocate funds to projects and allocate funds and It should also be responsible to spend the allocations for the specific tasks.	The approval of the Board of Directors of the Commission has been received to temporary suspension of the initiation of new services for Nisi Sariya as the funds were not sufficient to increase the subsidy amount.	Nisi Sariya new projects had not been commenced.

05. Although the 2023 Passenger service The Board of Instructions in this Commission has the permits should be Directors has regard have been authority to issue issued and approved the given to the passenger service transfers should be issuance of Provincial permits for buses to carried out as per Passenger Transport between two or more the Act. Service Authorities . provinces in terms of Permits issued by the Road Passenger Transport Authority for running on interprovincial through the National Transport Commission. Section 18 National Transport Commission Act No. 37 of 1991, and also the Road Passenger Transport Authority had also issued 5 permits for inter-provincial routes, the Commission had not taken any action in this regard.
06. Even though Rs. 2023 The Project should Since the This project had 391,441 had been spent be implemented Cabinet been included by the Commission for based on a Committee on again in the Action Sri Lanka Transport feasibility study. Economic Plan 2024. Card Project which had been commenced in the Management has a problematic situation regarding the progress of this project, the Cabinet had assigned this work to the Ministry of Transport to implement it as a new project by getting solutions to all these problems. Accordingly, the relevant year 2019 according to the Cabinet Decision CMP/23/1597/608/060-1 dated 11 September 2023, the project which had been commenced without conducting a feasibility study had been stopped due to failure during the year under review.

			future activities are being carried out by the Ministry of Transport on the observation of the committee appointed by the Cabinet.	
07.	Provision for granting Passenger Service Permits under the functions of the Commission in Section 8 of the National Transport Commission Act No. 37 of 1991 and issuing permits in accordance with Section 24 of the Act had been made for the Commission. The Commission had not introduced a proper method of issuing Passenger Service Permits and Passenger Service Permits were given on the tender value of Rs.3,000, Rs.10,000 and Rs.15,000 based on the minimum technical value. Further, actions had not been taken by the Commission to amend the National Transport Commission Act even by May 2024 by making necessary provisions for the issuance of Passenger	2023	A system for issuing passenger service permits should be introduced.	Actions are being taken to issue Passenger Service Permits through the new system approved by the Cabinet of Ministers for issuing Passenger Service Permits. A committee had been appointed by the Board of Directors to review the charging of Passenger Service Permit fees, and arrangements are being made to submit the report of the committee to the Meeting of Board of Directors to be held in June.
				Legal proceedings are being done.

Service Permits.

The amendment of Act had already been forwarded to the Attorney General's Department, and it had been informed that the trilingual translation activities of it are being done .

08. Even though according to the annual action plan, Rs. 10,340,000 had been allocated for the construction of 300 new inter-provincial long-distance sign posts, only 84 sign posts had been constructed at a cost of Rs.242,000 during the year under review. Accordingly, 216 posts, which was about 72 per cent as percentage could not be constructed. Further, the estimated cost had been over calculated by 90 per cent as compared to the actual cost of constructing the sign posts.
- 2023 Actions should be taken to complete tasks according to the Action Plan
- Approval for the provision of limited sign posts from the provisions of the National Transport Commission for long distance service buses had not been received from the Ministry of Finance up to 31.12.2023.
- The provisions of Rs. 40,100,000 had been made for 1,000 sign posts according to the Action Plan 2024 .

3.94 National Transport Medical Institute

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,943,558,737	192,035,565	1,751,523,173	123,542,486	Qualified
2022	2,078,635,682	189,782,022	1,888,853,660	422,911,482	Qualified
2023	2,881,666,915	884,782,245	1,996,884,670	957,640,667	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Procurement activities envisaged at least for a period of 03 years should be listed in the Master Procurement Plan in terms of Procurement Guidelines 2006 Guideline 4.2.1 (b) and although the Master Procurement Plan should be regularly updated at intervals not exceeding six months as per the Guideline (e), the Institute had not taken actions accordingly.	2021	Action should be taken in terms of Procurement Guidelines.	The Procurement Plan had not been prepared for a period of three years and it had been prepared for a period of one year. It had been informed that actions will be taken to update the Procurement Plan every 6 months this year.	The procurement plan had not been prepared for a period of 3 years.
02. A sum of Rs. 31,437,501 had been paid as	2022	Actions should be taken in accordance with	It had been informed that actions will be	Branch offices are run in private sector buildings

building rent during the year under review for private sector buildings that were acquired on a rental basis without taking steps to use government buildings or construct permanent buildings to establish branch offices of the Institute.

the provisions of government circulars .

taken to obtain government buildings in the future..

03.	Although the approval of the Minister of Finance should be obtained by the Institute when investing money in accordance with Section 11 of the Finance Act No. 38 of 1971, without obtaining such approval, an amount of Rs.1,513,150,579 had been invested in fixed deposits and Treasury Bills.	2021, 2022	Actions should be taken in terms of the Finance Act.	This amount of Rs. 1,513,150,579 invested in fixed deposits and Treasury Bills are not new investments and investments are made on the approval of the Board of Directors.	Approval had not been received in terms of the Act.
04.	Although the drivers and riders of all types of motor vehicles, including heavy vehicles, are checked and	2023	Actions should be taken to update standards and criteria.	The standards and medical criteria required for conducting the medical examinations of the clients have been	Actions had not been taken to record the visual level in the system medical examination report

certificates of physical and mental fitness are given to those drivers and riders in terms of Section 3(b) of the National Transport Medical Institute Act No. 25 of 1997, clients with blood sugar levels above 200 had also been passed the medical examination and, actions had not been taken to record the visual level of clients in the system medical examination report at the time of examination.

identified from the beginning, and it had been informed that actions will be taken to update the standards and criteria so far have been established with the recommendations of the specialist medical colleges located in Sri Lanka in each subject area. furthermore.

05. An agreement had been entered into with a private company on 09 February 2022 to construct the first floor of the driver and security restroom building of the Nugegoda Head Office in 180 days at a value of Rs. 6,629,903 including VAT. Even though a sum of Rs.7,309,432 had been paid to the contractor by the year 2024, the construction works	2023	Actions should be taken as per contractual agreements and decisions of Board of Directors.	Arrangements have been made by the Management with this on many occasions and several Board Papers were forwarded to the Board. Also, we have to perform our duties according to the public expenditure management circulars issued by the government from time to time. Due to the above matters, it has been impossible to	It was decided to recall for bids and select a contractor based on the decision of the Board of Directors.

had not been completed.

complete this work according to the Procurement Plan related to the year 2023 .

06. The Institute had not been able to recruit 67 Doctors and 17 Administrative Officers due to the Institute had not received the approval for the Scheme of Recruitment related to the recruitment of Doctors, Administrative Officers and Data Analysts.
- 2021, 2022, 2023
- Actions should be taken to get approved the Scheme of Recruitment and fill the vacancies.
- Since the allowances paid to Medical officers by our Institute are low as compared to the salaries and allowances of government Medical Officers, Medical officers are reluctant to come to the Institute on a permanent basis. Therefore, medical personnel are hired on a contract basis and on a daily hourly basis and the service is maintained continuously so that the clients are not inconvenienced. The Scheme of Recruitment for the post of Administrative Officer has been submitted for approval.
- The position of Medical Officer is vacant.

3.95 Sri Lanka Land Development Corporation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	19,482,396,000	9,177,719,000	10,304,677,000	1,262,996,000	Qualified
2022	20,712,118,000	10,096,787,000	10,615,331,000	761,037,000	Qualified
2023	18,742,623,000	7,689,078,000	11,053,545,000	1,223,298,000	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. A plot of land approximately 2 acres located in Muthurajawela, had been granted to the corporation by the government on a Freehold Basis. According to the Cabinet Decision No. අමප/19/2832/16/11 dated 29 October 2019, the development costs incurred on the land had to be deducted, and the remaining balance should be remitted to the Consolidated Fund. Although the land was sold on 17 December 2019, for	2023 2022 2021	According to the Cabinet decision, the remaining amount should be remitted to the Consolidated Fund of the Government or to the Commissioner General of Lands.	Under Section 3 (a) of the Corporation Act, in case of the lands vested in this Corporation are disposed of under sale, the undeveloped value of such lands should be paid to the Commissioner General of Lands. Accordingly, action will be taken to settle the undeveloped value in the future.	The outstanding amount of undeveloped value has not been paid yet.

Rs.272.62 million, the remaining Rs.251.60 million, after deducting the development cost of Rs.21.02 million, which was required to be remitted to the Consolidated Fund, had not been credited as of May 2024. Moreover, this obligation had not recognized and any provisions had not been made for it in the financial statements.

02. According to the letter No. PED/A/Rev-L/1/15(ii), received from the Ministry of Finance, Economic Stabilization, and National Policies, dated 13 September 2023, it was ordered that the payment of Rs. 750 million should be made to the Consolidated Fund. However, the corporation had paid only Rs. 500 million during the year 2023 and unpaid balance of Rs. 250 million had not been recognized as a current liability in the financial statements, resulting	2023 Liabilities should be properly accounted.	Disagree with the audit observation. Paragraph no. 5.3 of the Operations Manual for Public Enterprises has recommended that 30 per cent of the net profit after tax should be paid to the Consolidated Fund. The profit after tax of the corporation is Rs.938 million, which is 30 per cent of Rs.281 million and the corporation overpaid.	The remaining money had not been paid up to now.

in an understatement of current liabilities by the same amount.

03. Rs. 195.03 million 2023
funds of corporation 2022
had been incurred 2021
on project of
constructing a linear
park and improving
drainage associated
with the
Athurigiriya
Kothalawala
Expressway
interchange which
was commenced on
the date of 15
December 2020
without obtaining
provision from the
Line Ministry. A
comprehensive
feasibility study on
the project proposal
should be carried
out in pursuance of
the
recommendations of
the National
Planning
Department as
specified in the
Cabinet decision
related to the
Cabinet
Memorandum
which had been
presented by the
Corporation to
approve Treasury
provisions. But such
a study had not been
done and
- Projects should not
be initiated without
proper prior
approval and
allocation of funds
in the annual
budget estimate.
- This project, which was implemented as discussed by the former President and the former Chairman of the Corporation, had been planned and implemented. Since the estimated cost for this project is Rs. 796 million and the scope has expanded, it has been decided to make separate provisions. It had been revealed during the progress review meetings held at the line ministry at the time that there were insufficient funds for this project.
- The value of the work carried out for this project was to be included in the financial statements as a social welfare expense, based on the approval of the board of directors. However, any action had not been taken to identify the responsible parties for the costs incurred by the corporation and to recover the losses.

Corporation had incurred approximately Rs 3.06 million for maintenance of this project up to the year 2023. Accordingly, responsible parties for the expenses incurred by corporation on these projects which were carried out under the direction of senior management had not been identified, and any actions had not been taken to recover those losses.

04.	Due to the delay in the payment of compensations related to the lands acquired by the Corporation during the period from 1981 to 2005, the compensations payable for those lands was Rs.73.02 million and the related interest was Rs.123.69 million as at 31 December 2023. Accordingly, the interest payable by the end of the year 2023 was increased by Rs.5.16 million than year 2022. And also, it was further	2023 2022 2021	The compensations for the lands should be paid in timely manner in order to minimize the interest payables and action should be taken to remove unauthorized occupants.	In order to minimize these delays as much as possible, in order to give the relevant instructions to the divisional secretaries, the management committee meetings have been convened in coordination with all the institutions under the leadership of the District secretariat and measures have been taken to minimize the delays.	This issue was also brought to the attention of the Parliamentary sectorial oversight Committee on Environment, Natural Resources, and Sustainable Development at the meeting held on 25 July 2024.

revealed that due to the long process of acquiring these lands had been in progress over a period ranging from 14 to 40 years the number of unauthorized occupants has been increased.

05. According to 2023 Section 2 (b) 1 of 2022 the Sri Lanka Land 2021 Development Corporation Act No.15 of 1968, the Corporation had given the authority to identifying the boundaries of low, Marshy barren and Muddy lands located throughout the country, and as per able to control and supervise unauthorized land fillings and those published by gazette notifications at end of the year 2023, however regions had been gazette limited to 07 province. The Corporation had failed to control the unauthorized land fillings and settlements, though the boundaries of the lands had been gazette. According to Section 8(a) of	Should comply with the provisions of the Act.	After receiving the recommendation related to the declaration of swampy, barren and marshy lands located in seven provinces, it can be forwarded to the Ministry of Lands. The maps and schedules related to the Northern Province have been received and have been directed for the translation of schedules. When obtaining the recommendations, the recommendations of the Divisional secretaries given through the Land Commissioner General and referring to the Land Ministry, a considerable time period had been	Court orders have been obtained regarding several unauthorized constructions carried out. The construction of boundary barriers was also ongoing to protect the water reserve areas.

Act, the lands acquired to fill and develop, should be developed by the Corporation for the use of construction of buildings, for industrial commercial and agricultural activities. However, it was observed that out of lands extent of 800 acres that had been acquired by the Corporation in Maturajawela and Mudun Ela area, in the year 1995 had only been developed 400 acres that was 50 Per cent out of the land even after being lapsed of 28 years notifications at end of the year 2023.

expended.

06. As per the Gazette notification No. 1662/17 issued on the date of 14 July 2010 by the Corporation, action should be taken to protect the reservation lands in canals in the Western Province, even though 13 years has been lapsed by the end of the year 2023, the aforesaid Gazette	2023 2022 2021	Action should be taken to prevent unauthorized land fillings in accordance with the powers and objectives of the Corporation.	According to the Gazette Notice 1662/17 issued on 14 July 2010, the reserve quantities to be placed corresponding to the canal surface had been published. Accordingly, all local government institutions, including the Urban Development	All local government institutions, including the Urban Development Authority, which is the authorization party for approving plans related to this regulation, had been informed.

being issued no effective measures had been taken to identify those reservation lands or remove the unauthorized occupants from the reservation lands.

Authority, had been informed with copies of the relevant gazette notification not to allow any construction on the reserved lands of the canals located in the Western Province.

07.	A cafeteria had been constructed by the Corporation at a land belonging to the Urban Development Authority (UDA) without being entered into an agreement and it had been given to a Private Company on lease basis in the year 2017. Since ownership of the land is vested with the UDA it was impossible to recover the rent amounting to Rs. 24.58 million as end of the year 2023. Moreover the cafeteria was owned by the Corporation but the ownership of the land has not transferred to the Corporation.	2023	Prompt actions should be taken to acquire the said land and recover the outstanding rent amount.	The land area where the "Api Wenuwen Api" restaurant and vehicle parking lot operated by Urban Raknalanka Security Company (Pvt) Ltd are located is a land plot owned by the Urban Development Authority. The developments have been carried out according to the instructions provided at that time under the Ministry of Defense and the Ministry of Urban Development.	Any responses have been received so far for the letters sent by the corporation to the Urban Development Authority on 09 April 2024, and 27 September 2024, and discussions are still ongoing with the relevant parties regarding this matter.

08. The Corporation 2023 The responsible parties should be identified and disciplinary investigations should be conducted and compensation should be recovered.
- According to the instructions of the Attorney General's Department, it has been stated that the above contract can be terminated under force majeure events. Accordingly, the project had been suspended on 10 April 2020. Furthermore, at the request of the contractor on 25 February 2020, the sand dredging vessel has been allocated for another project, according to the conditions mentioned in the letter regarding the period from 10 February 2020 to 25 February 2020, the corporation has no any contractual claims According to that. Accordingly, the Corporation took steps to present evidence at the arbitration that the contractor had violated the terms stated in the letter dated 25 February 2020. The contractor announced a date
- All the payments made to the contractor, as per the arbitration award, have been fully settled at this point. However, the responsible parties have not been identified in this regard.
- The Corporation had entered into a contract agreement with a foreign private company in the year 2018 to excavate and pumping 4 million cubic meters of off shore sea sand for supplying of sand for the construction industry. However, the project had been suspended on the date of 10 April 2020 by the top management as per their own willingness before the completion of the scope being agreed without a fair reason. In that occasion there had not been consider the financial losses may be occurred to the Corporation due to terminate the agreement. It was problematic to audit that corporation had not been given their consideration for the extra cost had to be paid for the project, moreover failure to provide proper instructions to the contractor regarding the tasks to be completed under the terms of

the agreement, and releasing the contractor to another project prior to the conclusion of the written contract with them. The aggrieved party sought arbitration, and as a result, the Corporation was directed to pay compensation amounting to USD 2,073,976 (Rs.753.08 million, based on the exchange rate at the time) to the foreign private company. The Corporation had recognized this amount as a payable in its 2022 financial statements. Subsequently, after adjusting for income tax payments of USD 181,484.21 (Rs.60.2 million) made to the Inland Revenue Department on behalf of the contractor, the Corporation had paid a final settlement of USD 4,035,777.18 (Rs.1,338.87 million) to the contractor in November 2023. The payment of

when the vessel would return to the Corporation for sand mining operations, a day after the contract agreement was terminated on 10 April 2020. Taking these factors into consideration, steps have been taken to terminate the contract agreement. Furthermore, despite the Corporation giving clear instructions to the contractor on 31 January 2020, the contractor himself has stopped the work. This is confirmed by the letter sent by the Corporation to the Contractor on 19 February 2020. The above matters have been submitted to arbitration. The statement of evidence submitted by the Project Engineer on behalf of the respondent Sri Lanka Land Development Corporation regarding the

such a substantial compensation had led adversely impacted the liquidity of corporation. Despite this, any measures had not been taken to identify and hold accountable the responsible parties for the breach of contractual conditions. Furthermore, as per financial regulations, the relevant authorities had not been informed the incurred losses, and any preliminary or Final investigations regarding the incurred losses had not been conducted by the end of the year 2023.

claims submitted by the contractor states, the plaintiff contractor has not made a valid reference to the claim submitted. Accordingly, the contractor has resorted to arbitration and the Arbitration Tribunal awarded the contractor only US\$ 1,742,198.00 for the original 4 claims. This is only 27.3 per cent of the total claims of the contractor. In addition, the Arbitration Tribunal awarded the contractor only US\$ 2,135,131.62 for the final bill. Thereafter, inquired from the Attorney General's Department whether this arbitration decision could be challenged, and the Attorney General's Department was of the opinion that there were no valid grounds to challenge the arbitration decision.

09. A land located in 22 2023 An agreement Based on the The Sasakawa
lane, in Kollupitiya, 2022 should be made for policy decision Department has
had been given on 2021 this land and taken by the Board informed the
lease rent basis to the Sasakawa building and due of Directors of the corporation
the Memorial Sri Lanka lease rental should Corporation through a letter
and Japan cultural be collected. considering the dated 18
center for 30 years relationship and requesting an
and that lease period cultural bond, an extension of the
had been over by building for an
the date of 30 June annual increase of additional 2 ½
2017. As per the 10 per cent has years starting from
new assessment been applied to 30 June 2024. This
report which had starting from 01 request had been
been taken from the July 2017 and forwarded to the
Chief Assessor of three out of four Board of Directors
Government on the lease installments for approval.
date of 21 July 2017 have been paid so
for the extension of far related to the
that lease 2023-2024.
- agreement, the The signing of
annual lease rent lease agreements
only for that land between the
should be recovered Corporation and
of on lease rent the Sasakawa
basis 30 years was Trust for the
Rs.12.68 million. upcoming period
But Sasakawa Trust will take place,
has submitted an after the full lease
appeal informing amount is paid.
that it was difficult Furthermore it has
to pay that lease also been
rent and accordingly announced that the
as per the decision building will be
of the Board of handed over
Directors the annual immediately.
lease rent had been
deducted up to
Rs.1.59 million and
It was observed
that, this deduction
caused to a huge
loss of rent income
to the corporation.

However, actions had not been taken to enter into any agreement for this land and building.

10.	The situation arises when lands and buildings owned by a corporation were rented out to other parties. Upon the conclusion of the rental period, these lands and buildings had been provided to the same parties again without entering into new agreements. It has been observed that tenants were granted the opportunity to utilize these properties, and actions have been taken to make postdated agreements after collecting any outstanding amounts.	2023 2022	If lands and buildings leased to external parties after the lease period expire, appropriate agreements should be entered into.	Due to requests for contract extensions without sufficient time for the following years during the annual lease agreements, delays in the collection of funds have occurred. However, measures have been taken to include a condition in the lease agreements that require a minimum of three months' notice before the expiration of any existing contracts that are subject to extension requests.	Currently, conditions have been included in lease agreements to notify requests for extensions at least three months before the end of existing agreements.
11.	Under the Interim order of Chapter 460 Section 38 (a) of the Land Acquisition Act, 4.67 perches of land from the property identified as No. 95,	2023 2022	Action should be taken to recover the compensation due to the Corporation promptly.	When the Colombo Municipal Council acquired the land required for the expansion of Kirimandala Mawatha from the	Any response had not been received for the letters sent to the Colombo Municipal Council regarding this matter up to now. Discussions were

Kirimandala Mawatha, which belongs to the corporation, was utilized by the Colombo Municipal Council in 2014 for the expansion and development of Kirimandala Mawatha located in Narahenpita. However, any action had not been taken to obtain compensation for this land by the end of the year 2023.

government, it still ongoing with acquired 0.0130 the relevant hectares (5.13 parties, and efforts perches) owned by were being made this corporation. to obtain compensation for the survey, it was the acquisition. However, during the survey, it was revealed that the Municipal Council had also used 4.67 perches in addition to the acquired land, and the Colombo Municipal Council has been informed to calculate the relevant compensation and interest for those land plots and make payments to this corporation.

12.	A difference of Rs. 47.37 million was observed between the amounts had been reported to the Court by the Corporation as receivable for construction of the Medamulana D. A. Rajapaksa Memorial Centre and the expenses included in the financial statements of the Corporation. It was observed that the said expenditure has identified as	2023 2022 2021	Before initiating projects, a thorough feasibility study should be conducted to prepare accurate estimates properly. Proper investigations must be conducted against officials who prepare flawed cost estimates, and appropriate disciplinary and legal actions should be taken.	Taking into account the unpaid value of the bill submitted for the construction of the Medamulana Memorial Center, the facts presented to the Honorable Court and the facts included in the Honorable Court's decision, the approval of the Board of Directors of the Corporation had been obtained and steps were taken to write it off	The inspected matters remained the same.

non-incurred expenses for the project and actions had been taken to write off from the books as per the Board meeting No. MRW/5404 dated 28 June 2021, without taking actions to recover that additional expenditure from responsible party by investigation further and obtaining approval from the treasury as per No - 113 of financial regulations.

Moreover, any action had not been taken to in this regard at end of the year 2023.

from the books. Steps have also been taken to inform the Department of Public Enterprises of the Treasury regarding this write-off. In addition, an independent committee had been appointed to further examine the value of the expenditure, and steps were taken to obtain the conclusions and recommendations of that committee. Regarding this write-off, on the recommendation of the said committee, as the Corporation acts when losses are incurred from other projects implemented, the loss related to this project has also been written off against profit. As per the Public Enterprises Circular PED/01/2021(1) dated 16 May 2023, the said write-off had been forwarded to the Board of Directors

of the Corporation on the recommendations of the Audit Committee and the Department of Public Enterprises was also informed in writing.

13.	The Kolonnawa Storm Water Drainage and Environment Improvement Project with an estimated cost of Rs.8,700 million, which was initially planned to implement under the World Bank aids, was subsequently planned to be implemented under the Treasury funds according to the Cabinet decision. The project, which was initiated in the year 2018, should have been completed within 05 years but the physical progress of this project was as low as 7.6 per cent by the end of the year 2023.	2023 2022 2021	Construction work should be completed promptly and its benefits should be provided to the public.	This project is implemented under Treasury funds and the Quantity of work that is limited to receive allocations.	The inspected matters remained the same.
14.	Prior to the acquisition of the proposed land for	2023 2022	The requirements should be properly identified and the	This corporation identified the proposed works,	Through the Gazette Notification No.

the Madinagoda 2021 construction and prepared its 2176/14 dated 20 housing project, an amount of Rs. 112 million had been spent on constructing a sub access road by 2018. However, due to the failure to acquire the land by June 2024, the amount spent had become an idle cost.

should be done subject to the relevant approvals.

plans and carried out the work of constructing the road. Simultaneously, the removal of unauthorized constructions in the vicinity to connect its final end to the adjacent road could not be done unexpectedly in the prevailing environmental conditions. This acquisition had been carried out under the normal procedure by the Kolonnawa Divisional Secretary. Several plots have been taken over by the government through Gazette Notification No. 2176/14 dated 20 May 2020, and the investigation of about 15 more plots had been scheduled to be completed and gazette. Acquisition has not taken place in this area for a housing project.

May 2020, several plots had been handed over to the government, and approximately 15 more plots were expected to be declared through the Gazette after completing the inspection activities.

15.	An amount of Rs. 61.58 million receivable for the Corporation for the construction of laboratory building unit A of Atomic Energy Authority had been stated in the financial statements as receivable since year 2014, but those amount had not been recovered up to the end of the year 2023. The Atomic Energy Authority had not agreed to reimburse Rs. 46.40 million which was incurred for micro piling by corporation due to erroneous on planning of the building. Nevertheless, the Corporation had not taken any disciplinary action against the responsible parties for this.	2023 2022 2021	According to the agreement, the responsible parties should be identified and legal action should be taken.	The building had been designed after conducting soil tests at two locations on the land available for construction. Weaknesses in the soil had been observed at few locations. Slight subsidence of the pillars of the building has been observed in these locations. On the assumption that it would spread further, the subsidence was reduced somewhat by driving micro piles. Such errors happen in similar projects. However this building had been constructed under the Design & Built method. There for the Corporation had taken actions to reimburse it from the Atomic Energy Authority.	The inspected matters remained the same.
16.	The land located at Kelaniya Wedamulla which had been assessed in 1995 for 50 years of lease period, was valued at Rs.35.5million. However, the lease	2023 2022	The annual lease rental for the land should be assessed accurately and in a timely manner.	As per the valuation report dated 04 December 1995 for the Kelaniya Wedamulla land given to the Edna Chocolate company, the	The inspected matters remained the same.

period has been extended to 99 years without any change to the lease rental value, with only Rs.0.25 million added to the previous rental by the Corporation and given to private company on 31 May 1998. It was observed that the leasing of this land had resulted in a financial disadvantage to the corporation and the 50 years estimated value had been applied to a 99 years period was a questionable issue in the Audit .

valuation report dated 20 October 1996 is lower than the value given in the valuation report for a period of 50 year, therefore the valuation recorded is higher with the approval of the Board of Directors. According to the valuation report a lease of 99 years has been given for an amount of Rs. 35 million.

17. The building in Muthurajawela which was constructed for the establishment of the plant and machinery division of the corporation in 2018, along with the Land Development and Reclamation Company, was initiated by the corporation at its own funds. This project had been completed in 2021 at a cost of Rs. 174.91 million incurred by the	2023 Plans should be prepared based on a needs assessment and a cost-benefit analysis.	This project had been carried out using the own funds of the Corporation and since it was not possible to spend a large amount of money at once during that period, the project could not be completed until 2020. However, the building had been completed in 2021 and is currently in use.
A part of this building was currently being used.		

corporation.

However, the
aforementioned
building remained
underutilized and
idled for a period of
three years, even up
to the end of the
year 2023 since
2021.

3.96 National Secretariat for Persons with Disabilities

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	14,873,178	339,579	14,533,599	183,179	Unqualified
2022	96,488,346	156,000	96,332,347	81,537,169	Unqualified
2023	244,076,766	158,700	243,918,066	147,747,119	Qualiqfied

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. As per Section 2 of the part 1 the Protection of Rights of Persons with Disabilities Act No.28 of 1996, a National Council for Persons with Disabilities had been established. It was unable to implement important decisions taken by the National Council in year 2023 including preparation of National Action Plan of Sri lanka on disability, preparation of Disability Management Informaion System (DMIS) and preparation of	2021 2022 2023	Action should be taken to prepare a database including information on disabled community.	That Sri Lanka's National Action Plan on Disability is to be prepared and completed in the year 2024and that the data obtained through surveys conducted with the Department of Social Services and that information is to be shared with the National Secretariat for Persons with Disabilities, that a discussion was held between the Sri Lanka Insurance Corporation and	It has not been implemented so far.

suitable insurance
mechanism for
disabled persons.

the National
Council for
Persons with
Disabilities
regarding the
provision of
insurance for
persons with
disabilities.

02. Although the amount receivable from the Supiri Wasana lottery income to the National Fund of the Persons with Disabilities was Rs. 82,597,195 as at 31 December 2022, out of that only the amount of Rs. 24,050,000 had been given during the year under review. Further, no any amount of money had been received to the National Secretariat out of the Supiri Wasana lottery income relevant to the year under review and the amount receivable for the 31 December of year under review was Rs. 225,104,617. Due to this, it could not achieve the aim of housing aid programme for disabled persons properly.
- 2021 It should be acted in maximum efficiently so as to achieve the objectives of the fund.
- 2022
- 2023 That housing aids will be provided again from the money received after the rejection of housing aids due to reasons such as death, leaving residence, constructions of houses by the Provincial Social Services Department, Housing Development Authority and voluntary organizations and rejection of receiving housing aids.
- Lottery income has not been received to the fund so far as scheduled.

3.97 Ayurvedic Medical Council

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	12,384,286	6,207,816	6,176,470	115,858	Unqualified
2022	16,124,472	6,663,839	9,460,633	3,295,163	Qualified
2023	21,003,392	7,293,926	13,709,466	6,734,838	Unqualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. In terms of the section 11(1)(e) of part III of the Ayurvedic Act No.31 of 1961, three members elected by the registered Ayurvedic Practitioners from themselves should be appointed as the members of the council, no action had been taken to appoint such three members as per said provisions in the year under review.	2023 2022 2021	The action should be taken as per Ayurvedic Act and the expeditious action should be taken to remove the practical difficulties in which such actions can't be taken.	In accordance with the gazette notification No.13564 dated 15 March 1963, an election should be conducted by Ayurveda Commissioner and since it is difficult on huge expenditure and non-periodical of the methodology, the Medical Council had decided on 07 June 2022 to amend the relevant parts of Ayurvedic Act No.31 of 1961.	No action had been taken to appoint relevant three officers or make following amendments even up to 30 September 2024.
02. In terms of the sections 18 (c) and (d) of Ayurvedic Act No.31 of 1961, number of Nurses	2023 2022 2021	The steps should be taken to fulfill the objectives of the Act and the	Though the nurses who had obtained the western nursing training had been	Even up to 30 September 2024, the same situation had existed.

and Pharmacists registered in the Council were 39 and 260 respectively as at 31 December 2023. Since a method of periodically renewal of the registration had not been followed, such numbers had not been updated. Instead of introduction of recruitment and training of nurses specialized in ayurvedic medical field, Even though 100 trained nurses under western medical method, it couldn't be fulfilled the expected objectives of the Act in an expected level.

expeditious action should be taken to remove the practical difficulties in which such action can't be taken.

engaged in the service of Ayurvedic Hospitals, they are reluctant to obtain the registration of Ayurvedic Medical Council as they had gained the registration of Sri Lanka Medical Council. A 03 months full time training had been commenced in NITM for western nurses who come to the service in Ayurveda Hospitals. A letter had been referred to Provincial Commissioners and Directors of Hospitals for collection of the information in respect of update of the information of Pharmacists and registration the Pharmacists who had not been registered in Medical Council.

03. In terms of section 19(1)(a) of 2022 Ayurveda Act 2021 No.31 of 1961, the Council shall appoint a Registrar of the Council who shall act as Secretary of the Council and Head

This process has been implementing since many previous years and no adequate progress had been shown so far. In accordance with Ayurveda Act, the speedy action

A Registrar had been appointed on the approval of the Council for the fulltime service of Ayurvedic Council. The rules related to preparation of the scheme of recruitment for the

Even though the scheme of recruitment related to the post had been prepared, no action had been taken to immediately approve it and recruit a suitable

of the staff and the recruitments had been continuously made on acting basis and contract basis without taking action to permanently appoint a Registrar for that post.

should be taken.

post of Registrar had been made and referred to the Department of Government Printing on 07.02.2024 for publication in the government gazette and accordingly, the action will be taken to prepare the scheme of recruitment for the post of Registrar of Ayurvedic Council and submit it to Department of Management Services.

person even up to 30 September 2024.

04.	In terms of section 38(1)(c) of the National Audit Act No.19 of 2018, the Chief Accounting Officer and the Accounting Officer should ensure that effective internal control system should be prepared and maintained for finance control of the Council and carry out periodic reviews to monitor the effectiveness of such systems and accordingly, make any alterations as required for such systems to be effectively carried out and as per section 38(2) of the Act, even though a	2023 2022 2021	The action should be taken as per the provisions of the Act.	The action will be taken as per the National Audit Act No.19 of 2018.	No review on internal control system had been carried out and reported even up to 30 September 2024.

copy of that should be presented to the Auditor General, no action had been taken accordingly.

05. In accordance with the Ayurvedic Medical Council rules published by extraordinary gazette notification No.1884/36 dated 15 October 2014, Even though the all practitioners registered in the Council should renew their registration once in 05 years, an adequate formal method had not been identified and implemented by Council for renewal the registration of the practitioners who had exceeded 05 years up to 31 December 2023. Accordingly, 13,016 practitioners had not renew their registration up to 31 December 2023.	2023 2022 2021	In accordance with published Ayurvedic Medical Council rules, the action should be taken. The suitable methods should be followed for encouragement of the registration and renewal of the registration.	The practitioners who do not renew their registration will not be considered as active professionals and the action will be taken to update the registration once in every 05 years. It will be made aware through printed media and Provincial Ayurvedic Commissioners and the registers of the persons who had not renewed the registration had been prepared in the district level and a program had been commenced for direction for renewal of registration through Provincial Ayurvedic Commissioners and conducting the mobile services and it had been requested from ministry in writing to include this into duty lists of Development Officers who work under Traditional Medicine Unit.	The several measures had been taken for encouragement of the registration and more than 10,000 practitioners had not renewed the registration even up to 30 September 2024.

06. The balance of 2023 cash book at the end of each month of the year under review was between Rs.7 million-Rs.12 million and the attention had not been paid to the investment of remaining money by retaining the general daily requirement.
- The steps should be taken to build the investment assets for the future stable existence of the institute.
- The necessary steps will be taken to build the investment assets by paying attention to the monthly revenue of Ayurvedic Medical Council in 2024.
- No attention had been paid to identify the investments even up to 15 October 2024.
07. On 31 December 2023, it had been reported that the number of 2022 registered practitioners of Medical Council was 27,205 and 4,024 practitioners had died. No method had been implemented to obtain the accurate information on died Traditional Ayurvedic Practitioners in an update manner. Furthermore, since the registration of the deceased practitioners had not been cancelled and no method had been implemented to notice it to the public, it was observed that there is an opportunity of misusing the
- The updated and accurate statistics should be maintained for taking suitable and accurate decisions.
- It had been informed in writing to the ministry to take necessary measures to include such fact into the duty list of Development Officers for obtaining the assistance of Development Officers served under Traditional Medicine Division of Ministry of Health for renewal of the registration and reporting the information on deceased practitioners to the Medical Council.
- Even up to 15 October 2024, no adequate steps had been taken to resolve this issue.

relevant
registration
certificates.

08.	Even though it had been estimated to collect a revenue of Rs.1, 880,280 in the year under review by renewal of the registration of 1,139 practitioners registered for the first time from 2014 to 2018, the Council had failed to collect a revenue of Rs.1, 097,280 from renewal of registration of 672 practitioners out of them.	2023	The steps should be taken to immediately collect the outstanding revenue by renewal of the registration of the practitioners who had obtained the registration from 2015 to 2018 and not renewed the registration so far.	The action will be taken to finalize the renewal of the registration of the practitioners who had obtained the registration from 2015 to 2018 submitted with the final accounts in 2023 and not renewed the registration so far within 2024 and it will be able to earn relevant revenue.	Even up to 15 October 2024, no adequate action had been taken.
09.	In terms of section 20(1) of Ayurveda Act No.31 of 1961, since Ayurvedic Medical Council is a body corporate, the finance control should be carried out in compliance with the Finance Act No.38 of 1971 and the attention of the governing body had not been paid on establishment of an accounting unit with formal supervision and the action had been taken to obtain the assistance of the Chief Accountant	2023	The attention should be paid to establish an accounting unit with formal supervision.	The service of Chief Accountant of Department of Ayurveda had been obtained for maintenance of the accounting activities of Ayurveda Medical Council in an update manner since 1997. In accordance with the council paper No.20/02/05 dated 27.11.2018, even though it had been discussed with the Department of Management Services for creation a separate post of Accountant for Ayurveda Council, a	Even up to 30 September 2024, no measures had been taken to establish an independent accounting unit.

of Department of Ayurveda for maintenance of the accounting activities of council in an update manner.

post of Accountant had not been separately approved and the further action will be taken to approve a post of Accountant.

10. The strategic plan to be prepared as per paragraph 2.3 of Guidelines on Institutional Control for Public Enterprises introduced in accordance with the paragraph 02 of Public Enterprises Circular No.01/2021 dated 16 November 2021 had not been prepared as per such provisions.	2023 2022	The action should be taken as per the Guidelines on Institutional Control for Public Enterprises for preparation of the strategic plan.	In accordance with 2.3 of Guidelines on Institutional Control for Public Enterprises, the action will be taken to prepare the strategic plan.	It had been agreed to prepare and submit the relevant plan for 2024.
11. In accordance with the Annual Action Plan, no method had been prepared to report the progress on quarterly basis and no action had been taken to establish the performance indicators for evaluation the activities such as conducting the examinations for registration of Ayurvedic Practitioners,	2023 2022 2021	Having established the performance indicators for evaluations the functions planned, those should be reviewed.	The attention of Ayurvedic Medical Council had been paid on planning of action required for establishment of performance indicators and accordingly, it had been scheduled to acknowledge the applications from applicants expected to be registered as Traditional Practitioners since 2022 from 01 March 30 June, conduct the interviews from 01	No steps had been taken to establish performance indicators even up to 30 September 2024.

	Traditional Ayurvedic Practitioners, Ayurvedic Nurses and Pharmacists, release the examination results and review the performance.			July to 31 December and conduct the written examination in February and August and those had been included into the action plan.	
12.	In terms of section 40 of the National Audit Act No.19 of 2018, even though auditee entity shall its own Internal Auditor, who is to perform an internal audit duly appointed by the governing body of such auditee entity, an Internal Auditor had not been appointed to Ayurvedic Medical Council and the assistance of Internal Auditor of Department had been obtained but no adequate internal audit had been carried out in the year under review.	2023 2022	The internal audit of the Ayurvedic Medical Council should be regularized.	The internal audit activities of Ayurvedic Medical Council is carried out by Internal Audit Division of Department of Ayurveda and the attention of Ayurvedic Medical Council had been paid on creation of a post of Internal Auditor for Ayurveda Medical Council. The action will be taken to include the activities of Ayurvedic Medical Council into the audit plan prepared by Internal Audit Division of Department of Ayurveda until it will be commenced to take action in this manner.	The situation had not changed even up to 15 October 2024.
13.	In accordance with paragraph (c) of Budget Circular No.01/2023 dated 27 January 2023, the attention of the management had	2023	The action should be taken in compliance with the provisions of circular.	The action will be taken in 2024 by paying attention of council on this.	The situation had not changed even up to 15 October 2024.

not been paid on planning and implementation of strategies on minimization of recurrent and operating expenditure of council by introducing the methods such as information communication technology usage, digitalization and providing on-line services.

14. Even though every public institution should take action as per "Agenda" 2030 of United Nations on Sustainable Development, the council had not taken action with adequate understanding on how the council implements in relation to the functions under purview that related to year under review. Accordingly, no steps had been taken to identify the sustainable developments goals, targets, milestones to be achieved such targets and indices	2023 2022 2021	The action should be taken to identify the targets and indicators in relation to achievement of Sustainable Development Goals and measure the progress.	As per Agenda 2030 of United Nations on sustainable development, the members of Ayurvedic Medical Council had been made aware related to the facts under Ayurvedic Medical Council and the action will be taken to prepare the programs to be implemented.	Even up to 30 September 2024, no sustainable development objectives, targets and indicators.

for the measurement of fulfillment of the targets in respect of the functions of institute as per Agenda 2030 of United Nations.

15. A member of 2021 Medical Council who had been accused by a preliminary inquiry report in relation to the accusations such as obtaining bribery for registration as a Traditional Ayrvedic Practitioner, falsely putting the signature of a teacher practitioner for that and misuse the member post of Medical Council had been continuously participated for the meetings of council in taking decisions of Medical Council including such matter.	The action should be taken in unbiased manner not subject to the direct or indirect influence of relevant accused when taking decisions in relation to an accused person.	A police inquiry is being performed related to this matter. The statements on this had been noted from the accused before implementing the recommendations indicated in the charge sheet prepared by Inquiry Officer. A statement had been taken and noted from member of Medical Council who acts as the Private Secretary of Ven.Malewana Sobitha thero and the Council had decided to discuss this matter subsequent to preparation and submission an inquiry report to the Council again.	The adequate attention of council had not been paid on establishment of suitable control systems for prevention of this irregularity.

3.98 Sri Lanka Ayurvedic Drugs Corporation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,871,516,591	261,572,636	1,609,943,955	(14,500,336)	Qualified
2022	1,929,546,849	301,953,207	1,627,593,642	59,122,972	Qualified
2023	2,188,731,212	491,434,842	1,697,296,370	120,690,365	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Actions had not been taken to identify and taken the Cash and cheques worth Rs. 2,445,597, which were more than a year old and had been directly received into the 03 bank accounts listed in the bank reconciliations specifically in the books.	2023	Actions should be taken to make corrections before submitting the accounts for the year 2024.	After receiving the necessary approval to recognize deposits older than a year as income and account them in the accounts, the necessary adjustments will be made to the accounts.	Actions had not been taken to make the relevant adjustments as of 15 October 2024.
02.	Owing to the failure to correct and record correctly receipts and payments on occasions where there were excessive receipts or payments of the stipulated value of a transaction, there were 71 debtor accounts with a total	2023 2022	Measures should be taken to settle before submitting the accounts for the year 2024.	The accounts Division maintains debtor ledger accounts based on source documents. There may be credit balances from those debtors' balances and the accounts division	Actions had not been taken to make the relevant adjustments as of 15 October 2024.

credit balance of Rs. 512,633 as of December 31 of the year under review and in place of taking steps to settle those accounts, they had been shown in the financial statements under current liabilities for many years.

prepares debtors' reports and forwards them to the sales division on a monthly basis.

03. Although the 2023 production cost according to the 2022 production account prepared for the year under review was Rs. 1,059,361,507, the total production cost according to the production cost reports prepared on a quarterly basis based on unit production cost was Rs. 643,931,284, resulting in a difference of Rs. 415,430,223. It was observed that there was a risky situation that the actual production cost would not be covered by the selling price, as no follow-up was conducted on these cost variations and the selling price of the medicines was determined based on the unit production cost stated in the production cost
- The actual production costs identified in the production account should be considered as being absorbed by the total number of units produced and the production cost per unit should be determined based on it. Actions should be taken to examine these cost variances and make appropriate adjustments.
- Measure will be taken to pay attention to the discrepancies in this connection and update the account information correctly.
- There is a discrepancy among the annual production plan, quarterly production reports and actual production information. Accordingly, it was observed that even as of 30 October 2024, it was not possible to make accurate management decisions by comparing planned production with actual production.

report.

04.	Although the stock ledgers had been maintained on the first-in, first-out basis in respect of the Corporation's finished stock in accordance with paragraph 25 of Sri Lanka Accounting Standards 2, the unit price and value columns in those stock ledgers had not been updated and thereby the number of units remaining in the stock ledger at the end of the year was increased by a unit production cost calculated later and the value of the remaining finished stock of medicines as at 31 December 2023 had been calculated and accounted as Rs.452,862,514, regardless of the actual unit cost.	2023 2022 2021	The unit price and value columns of the stock ledgers should be updated continuously following one of the cost formulas, first-in, first-out or weighted average method, as per the standard and the actual cost of the stocks issued and the actual cost of the remaining stocks at the end of the year should be calculated and accounted based on that. Stock ledger books should be maintained in divisions where computers are not available.	The stock ledger can be maintained with unit price and value after the new computer package is installed, quotes have been called for the introduction of a new computer package on 02.11.2023 and stocks are currently valued based on the value obtained by calculating the number of units obtained from physical stock verification at the end of the year with the relevant stock unit cost.	The recommended measures had not been implemented as of 15 October 2024.
05.	Without taking actions to review the residual value and useful life of non-current assets annually and identify the estimated errors In accordance with paragraph 51 of Sri Lanka Accounting	2023	Actions should be taken to act in accordance with Sri Lanka Accounting Standards.	These matters will be taken into account since the inventory is to be carried out in the future considering the cost of inventorying property, plant and equipment.	the relevant recommendation had not been implemented as of 15 October 2024.

Standards 16, and without taking actions to make adjustments in accordance with Sri Lanka Accounting Standards 08, actions had been taken to use 171 items of machinery, 06 items of water supply equipment, 17 items of laboratory equipment and 229 items of inventory at a fully depreciated cost of Rs. 99,484,716.

06. The Ayurveda 2023 Commissioner had requested sponsorship for the "AyurEx" 2023 International Exhibition by letter dated 28 July 2023 and for this, Rs. 5,000,000 had been paid to the People's Bank Purahala Branch Account No. 167-1001-7317-0353 of the Department of Ayurveda Head Office Welfare Association based on the Board of Directors' decision No. 14478 dated 10 August 2023. Further, actions had not been taken to disclose in the financial statements under related party transactions in accordance with Sri Lanka Accounting Standards 2023
- As this is a controversial issue, it should be dealt with in accordance with the rules and regulations and also in accordance with Sri Lanka Accounting Standards.
- Corporation has provided a sponsorship of Rs. 5,000,000 as the Platinum Sponsor of the AyurEx 2023 International Exhibition. As the pioneer institution in the Ayurveda field in the country, participating in the AyurEx 2023 International Exhibition as the main sponsor has enabled the Corporation to enhance its reputation and promote its products and services. Measures will be taken to disclose this in the future
- The prudent attention of the Board of Directors had not paid in this regard.

Standard No. 24 in respect of the amount paid as per the request made by the Ayurvedic Commissioner, who was a member of the Board of Directors of the Sri Lanka Ayurvedic Drugs Corporation,

as it has not been disclosed in the financial statements under related party transactions in accordance with Accounting Standard No. 24 since the Ayurveda Commissioner is a member of the Board of Directors of this corporation.

07. Although the Herbal Garden in extent 2.2 hectare in Medawachchiya had been transferred to the Corporation by the Medawachchiya Divisional Secretary, the necessary steps had not been taken to assess and account that land.	2023	Necessary actions should be taken to assess and account the land to ensure the reliability of the financial information.	The accounts division has not been informed that the Medawachchiya Herbal Garden has been transferred to our institution. The necessary adjustments will be made to the accounts once the valuation of this land is received	The land had not been assessed and accounted as of 15 October 2024.
08. Although the total balance of 03 Letter of Credit Margin Accounts opened in the years 2015 and 2019 was Rs. 1,951,492 according to the balance confirmation letter of the People's Bank dated 08 January	2023	This error should be corrected immediately and the oversight process in the account division should be reviewed and streamlined.	It is agreed with the audit observation that a balance of Rs. 78,919,247 of this credit account will be settled in the accounting year of 2024 and the relevant settlements for	This error had not been corrected even by 15 October 2024.

2024, it was overstated in the financial statements as Rs. 105,908,646, which was Rs. 103,957,154. Further, no steps had been taken to resolve the overstatement of the Letter of Credit Marginal Account balance of the previous year by Rs. 25,037,906.

the remaining balances should be submitted by the Supply Division. The Supply Division has been informed in writing and verbally in this regard for many years.

09.	Without being recognized the donations of Rs.3,994,341 and Rs.761,274 received from the World Health Organization and the Ayurvedic Research Institute respectively for the Corporation's laboratory activities in 2008 as income through annual amortization accounting, it had been continuously shown in the financial statements for more than 15 years as an additional capital provision under the name of external contribution.	2023	Actions should be taken to conduct a review of the financial statements and correct the deviations from previous years.	It is agreed with the audit observation. These balances have been referred to the senior management for approval to be written off from the accounts annually as depreciation and the necessary adjustments will be made to the accounts in the future after receiving the said approval.	A review of the financial statements had not been conducted as of 15 October 2024 and steps had not been taken to correct the deviations from previous years.

10. Income tax of Rs. 2023 12,673,956 allocated in respect of the assessment years 2011/2012 to 2013/2014 had been paid to the Commissioner General of Inland Revenue in the years 2015, 2016 and 2017 and in place of being debited to the Income Tax Allocation Account, those payments had been debited to a fake asset account called "Dividend Tax". Instead of taking steps to write off the balance of the relevant fictitious asset account against the income tax allocation account to correct this error, the balance of the said fake asset account had been understated by the balance of the income tax allocation account shown in the income tax reconciliation notes for each consecutive year from 2017 to the year under review.	Actions should be taken to conduct a review of the financial statements and correct accounting deficiencies of the previous years. Measures should be taken to obtain written confirmation that there is no income tax liability.	It is agreed to the audit observation and actions will be taken to obtain the services of a tax advisor and make the necessary adjustments in the future.	Actions had not been taken to correct the review of the financial statements to correct the discrepancies in previous years As of 15 October 2024 and actions had not been taken to obtain the written confirmations that there was no income tax liability.
11. Actions had not been taken to act in terms of the decisions taken at the Board of	2023 Actions should be taken to act in accordance with Financial	It is agreed upon the query and actions will be taken to prepare a	Actions had not been taken to finalize the financial

Directors meeting No. 14026 dated 01 November 2021 regarding the deficits of 8 sales centers and warehouses totaling Rs. 2,178,305 and surpluses of Rs. 1,484,545 for the year 2019 in accordance with Financial Regulations 103, 104 and 105.	Regulations.	report in this regard and submit to the Chairman and action will be taken in accordance with the Financial Regulations. Necessary action will be taken to inform the Board of Directors and the Audit Committee of the relevant actions before the end of June 2024.
12. Action had not been taken against the responsible officers in terms of Financial Regulation in respect of the shortage of raisins purchased between 2012 and 2014 in the identified warehouse No. 01/02, amounting to Rs. 2,876,893, and the shortage of labels printed in previous years but not utilized in the warehouse No. 10, amounting to Rs. 461,310 As per the Annual Board of Survey as on 31 December 2019 in terms of Financial Regulation 156 (1) (a) and (b).	2023 Actions should be taken to act in accordance with Financial Regulations.	It is agreed with the query and a committee had been appointed to obtain a report in this regard and further action would be taken promptly based on the committee's report.

13. Although officers signing cheques certifying vouchers relating to government accounts should lodge a security deposit in accordance with Financial Regulations 880 and 881, the necessary steps had not been taken to lodge a security deposit in accordance with those provisions.	2023	Actions should be taken to act in accordance with Financial Regulations.	Further actions will be taken to obtain a decision from the Board of Directors on the amount of security to be provided for officers who certify vouchers and sign cheques and act accordingly.	The necessary steps had not been taken as of 15 October 2024.
14. During the year under review, a sum of Rs. 28,507,457 for production incentives, Rs. 10,464,986 for arrival allowances, Rs. 43,480,969 for productivity allowances, totaling Rs. 82,453,412, and Rs. 676,001,624 for incentives had been paid without the approval of the General Treasury in the last 09 years contrary to the Circular No. 95 of the Department of Public Enterprises dated 14 June 1994 and the provisions of the circular.	2023	Incentives should only be paid based on a formally approved incentive scheme.	The incentive scheme currently in operation in this corporation is being implemented with the approval of the Board of Directors and a new incentive scheme has been prepared and submitted to the Department of Public Enterprises with the recommendation of the Ministry but approval has not been received so far. the old incentive scheme continues to be implemented as decided by the Board of Directors since it is	.Approval has not been received for a formal incentive scheme as of 15 October 2024 and the old informal incentive scheme continues to be implemented.

essential to implement the incentive scheme to meet the relevant targets in maintaining production activities efficiently.

15. Although the 2023 productivity of the institution could be increased by implementing an incentive calculated on the basis of increases in the relevant production units, Placing emphasis on the type of medicine produced for employees who directly contribute to production activities, instead of such a system, an amount of between Rs. 02 million and Rs. 06 million had been paid monthly as production incentives to employees in all departments of the corporation without approval, based on the monthly production cost exceeding Rs. 15 million. This incentive expenditure, which was Rs. 64,930,055 in the previous year, had increased by 26 percent to Rs.
- The evaluation based on production costs applied to employees who directly contribute to production activities is inappropriate for evaluating all sectors with different performance levels and steps should be taken to increase the productivity of the institution by introducing an incentive allowance calculated based on increases in the relevant production units only for the production sector and an incentive allowance calculated based on other performance levels for other sectors.
- Actions will be taken to pay incentives based on monthly production costs in cases where monthly production exceeds Rs. 15 million. Production increased in the year under review compared to the previous year and there is an increase in incentive payments due to the payment of incentive payments based on that production.
- Approval has not received for a formal incentive scheme as of 15 October 2024 and the old informal incentive scheme continues to be implemented.

82,453,412 in the year under review and even though the profitability of the Corporation decreased when production costs increased, the production incentive paid had to be increased.

16.	It was observed that the warehouses were not properly stocked and maximum, minimum and reorder and economic stock levels were not maintained, bin cards and stock ledgers were not used properly, there were slow-moving stocks but those items were not identified and sales promotion strategies were not used, medicines that had been withdrawn from sale due to reasons such as price increases, blurring of labels and packaging, etc. were stored together with expired medicines, and the stocks were allowed to expire without taking the necessary steps to re-label and sell them, expired and unusable medicines in sales centers and warehouses had been	2023	Actions should be taken to streamline the warehouse and stock administration.	It is very difficult to maintain bin cards at present. It has been instructed to keep the stock ledger up to date at the sales centers. It is said that there are 03 years of damaged stocks and actions will be taken to keep them up to date in the future. It has been necessary to store the damaged stocks of 2022 and 2023 in one place due to insufficient space in the warehouse. It has been decided that medicines that are withdrawn from sale due to reasons such as blurring of labels and packaging have been sent back to the manufacturing	Arrangements had not been made to formalize the warehouse administration even as of 15 October 2024.

counted as normal stocks without being removed from the stock books for a long time, there was a possibility of irregularities as expired and unusable medicines in sales centers were not transported to central warehouses, and a large amount of space in sales centers had been underutilized.

plant and made reusable and production plans will be prepared by setting maximum, minimum and reorder and economic stock levels from October 2023.

17. The Corporation had issued medicines worth Rs. 2,326,651 free of cost on 160 occasions and had declared the cost of Rs.1,537,478 as donations under Sales and Distribution Expenses. Further, Although approval had been given in respect of making donations under Board of Directors Resolution No. 13406 held on 08 July 2019 to prepare a guideline for making donations in accordance with Board of Directors Resolution No. 14192 and even though almost 05 years had passed, actions had not been taken to prepare a formal	2023 2022 2021	Actions should be taken to minimize the cost of making donations and implement the process of making donations in a more transparent manner so as to promote the sales of the Corporation. For this purpose, actions should be taken to prepare a set of guidelines and approve promptly.	The Manager (Sales) has directed for approval to make donations and the donations are currently being made as per the decision of the Board of Directors dated 2019.07.08.	Actions had not been taken to establish a transparent mechanism to facilitate the organization's marketing and promotion of donations even as of 15 October 2024.

guidelines yet.

18. The total sales estimate of the Corporation during the year under review was Rs. 1,700,000,000 and the actual sales were Rs. 1,215,283,637. Out of this, Rs. 770,881,496 or 63 percent was received from the public sector and Rs. 444,402,141 or 37 percent was received from the private sector. Failure to properly identify market needs, failure to use new advertising and sales promotion strategies and greater tendency towards the spontaneous demand of the public sector had led to the decline in sales in the private sector.	2023 Actions should be taken to increase sales revenue in the private and public sectors, make efforts to identify market needs properly and use new advertising and sales promotion strategies.	Actions will be taken to prepare the Corporation's annual total sales revenue estimate in August of the previous year and the annual estimate is prepared accordingly. There was a decrease in sales due to price increases in several cases (03 cases) regarding the coming year, Advertising and marketing activities are being carried out in the year 2024 using digital media as new advertising and sales promotion methods. Sales promotion methods include direct sales to tourist hotels and new supermarkets, Osuselas, new Ayurvedic doctors and promotion of the Corporation's products.	Attention had not been paid to introducing new marketing strategies and tactics in a planned manner, aiming to leverage private sector sales and to using adequate advertising methods.
19. The Corporation had not conducted a timely market survey	2023 A market survey should be conducted to	It is expected that a market survey will be conducted	Actions had not been taken to conduct an

to determine its market share and there was no understanding of whether the Corporation's market share had decreased or increased among competing institutions.

determine the Corporation's market share, identify market trends to grow it and satisfy new customer needs.

by an external institution (university) in the future. Adequate market research as of 15 October 2024.

20. Performance indicators had not been established to evaluate the functions of the processes in the various divisions of the Corporation, which were carrying out activities according to the production plan and marketing plan prepared by the Corporation and the performance of those functions had not been reviewed. 2023 Performance indicators should be established to evaluate the performance of each division and process of the corporation and the performance of those functions should be reviewed. Measures have been taken to prepare and implement annual plans for production and sales. A monthly review report is submitted to the Board of Directors in this regard and steps have also been taken to review them at management meetings. Performance indicators had not been established to measure and evaluate the performance of the processes in each division of the Corporation as of 15 October 2024.
21. It was observed that a deposit interest income of Rs. 2,506,031 had been lost due to the withdrawal of 03 fixed deposits worth Rs. 84,542,736 before maturity in the year under review, without taking necessary measures to manage cash flows rationally and prudently and to operate according to a proper methodology. 2023 Actions should be taken to manage cash flows rationally and prudently in conducting the day-to-day operations of the corporation. These 3 fixed deposits have been withdrawn to the Corporation's current account before maturity for the import of essential raw materials. A formal system had not been established to manage cash flows rationally or prudently.

22. Although an amount of Rs. 2,507,072 had been allocated for doubtful debts in the year under review based on 17 debtor balances of Rs. 2,510,687 which were outstanding for more than 05 years ago, formal and adequate actions had not been taken to recover the money due from those debtors. 2023 Formal and adequate measures should be taken to recover the money due from the debtor. It is agreed with the query and a provision of Rs. 2,507,072 has been made for doubtful debts. There is insufficient information as these outstanding balances have been outstanding for more than 05 years. The sales Division will take further action in this regard. Further actions had not been taken in this regard.
23. Out of the Rs. 97,000,000 received from the Treasury as capital grants in the years 2017, 2018, and 2021, Rs. 26,149,834 or 27 percent had been held in a bank account unutilized as of 30 April 2024. 2023 Only essential and priority projects that can contribute to the development of the country while fulfilling the objectives of the Corporation should be planned and only the necessary provisions should be obtained from the General Treasury for the successful implementation of those plans. The projects related to the remaining capital grants should be reviewed and necessary tasks should be completed. A sum of Rs. 31,149,834 of capital allocation received for the Rasa Drugs manufacturing plant being constructed at the new manufacturing plant in Pathiragoda and for the purchase of an electric generator had been held in a bank account. The allocation of Rs. 05 million received for the purchase of the generator has already been utilized and other allocations will be utilized in the. Although a generator has been purchased using a provision of 5 million, the remaining projects had not been completed by 15 October 2024.

expeditiously.

future.

24. A project for the construction of rasa drugs manufacturing company with an estimated cost of Rs. 45,725,759 had been commenced on 25 August 2018 on the treasury provision of Rs.37, 000,000 with an objective of fulfillment of the rasa drugs requirement of the patients and building a healthy society. Even though 30 percent of the construction had been completed at a cost of Rs. 12,144,400 up to 02 January 2020, the constructions had been halted on that date due to weaknesses in planning and monitoring. Though 05 years had elapsed up to 30 September 2023, the relevant constructions had not been commenced. Accordingly, the expenditure incurred up to that for such project had become uneconomic and the cost of contract had increased by Rs. 25,431,163 or 75.89 percent up to the cost
- Since 05 years had elapsed from the commencement of the construction, the action should be taken to immediately start the further construction of the project and complete it.
- Even though the procurement had been awarded for a construction of a new building related to manufacturing of rasa drugs in Pathiragoda new manufacturing premises of corporation and commenced its construction in 2019, its construction had been delay due to conflicting situation. The constructions had been restarted on the recommendation and mediation of State Engineering Corporation which provides the consultancy services in respect of this construction and the constructions had been halted again due to Covid – 19 pandemic and the constructions had not been started so far even though it had been discussed
- The constructions had not been restarted even up to 15 October 2024.

of Rs. 58,940,280.

again in several occasions. An estimate in relation to service parts performed after discussions under intervention of Additional Secretary (Engineering) of Ministry of Health related to this had been obtained through State Engineering Corporation and accordingly, the future action will be taken.

25. Even though an 2023, amended scheme of 2022. recruitment had been 2021 approved for corporation under 09 service categories by Department of Management Services in 2018, accordingly, no necessary action had been taken to verify the qualifications in the confirmation in the service through the third party and issue a letter with a copy to the personal file in the confirmation in the post.
- The action should be taken to verify the qualifications through the third parties in the confirmation in the service in accordance with the relevant scheme of recruitment and issue a letter with a copy to the personal file for confirmation in the service.
- It is agreed with the query and the qualifications are being verified from the Department of Examinations and higher educational institutes and the necessary action is being taken to issue the confirmation letters since 2024.
- The human resource management activities are in poor level due to making recruitments contrary to the schemes of recruitment, irregularities in interview boards and non-transparent activities.

26. The necessary action had not been taken so far to transfer 04 vehicles received from Ministry of Indigenous Medicine, Ministry of Health and Presidential Secretariat.	2023	The necessary action should be taken to transfer the vehicles which had been engaged in the running activities of corporation.	Presently, the vehicles bearing No. PA – 7155, PA – 7161, KP – 4876 and LC – 9184 had been only engaged in the running activities of corporation. The documents related to transfer of these vehicles to this corporation had been referred to the relevant institutes and the action had been taken to hand over the vehicles which are not utilized.	Even up to 15 October 2024, the situation had not changed.
27. As per the provisions of Financial Regulation 1646, even though the daily running charts of each month with the original copy of monthly summary of running should be sent to the Auditor General through the head of their department by the officer in charge of vehicles before 15 of the following month after month of submission the report, no action had been taken in relation to the vehicles belonging to	2023	The action should be taken to send the daily running charts of each month with the original copy of monthly summary to Auditor General.	It is agreed with the query and the action will be taken to implement this in June 2024.	In accordance with the Financial Regulations, the action is not taken.

corporation.

28. As per “Agenda” 2023 2030 of United Nations on Sustainable Development, even though every institution should take action, the corporation had taken steps with an understanding how the corporation implements in relation to the functions under their subject scope related to year under review. In accordance with Agenda 2030 of United Nations, no action had been taken to adequately identify the sustainable development goals, targets, milestones to be achieved such targets and indices for measurement the achievement of the targets in relation to the activities of institute.	The measures should be taken to identify the targets and indices and measure the progress with regard to achievement of sustainable development goals.	Since the subject scope of the corporation had been broadened by the extraordinary gazette notification No. 2356121 dated 01.11.2023, the action will be taken to insert the sustainable development targets by paying attention to it in preparation the plan for the future period.	No step had been taken to identify the target indices and measure the progress in relation to fulfilment of the sustainable development goals even up to 15 October 2024.
29. A formal method had not been introduced for identification the cost of dried herbal materials supplied by the herbal gardens belonging to corporation.	The action should be taken to introduce a formal method to be continuously followed for identification of the cost of raw and	The future action will be taken to account the raw materials obtained by manufacturing company from herbal gardens	A regular internal control system had not been identified for this even up to 15 October 2024.

Accordingly, 4,665 kg of dried herbal materials had been valued Rs 1 per each kg and 21,423 kg had been valued under the existing market price received from the herbal gardens within year under review.

dried herbal materials supplied by the herbal gardens.

with the guarantee price given by the corporation and the raw materials without guarantee price with a timely pricing

30. It was observed that the sales revenue had been understated by Rs. 13,666,506 in the financial statements in the year under review owing to understatement of cash sales by Rs.732, 947 and credit sales by Rs.14,004,863 and overstatement of mobile sales by Rs. 1,070,304 in comparing the sales reports of Marketing Division with the sales reports of Finance Division.
- 2022 The sales revenue should be identified on accrual basis. A suitable mechanism should be introduced for maintenance of a continuous interrelationship and reconciliation process between Marketing Division and Finance Division for supply of updated information.
- It is agreed with the query and the sales reports are maintained by Finance Division based on source documents and the sales reports are maintained by Marketing Division without source documents for their usage.
- It was observed that the faults and frauds of the shops had increased due to not taking formal steps with regard to the changes by comparing the sales reports in Marketing Division with the sales reports in Finance Division.
31. According to the annual production plan that was prepared for the year under review, the planned annual production of drugs from medicinal liquids such as Arishta, Asawa, Oil, Kwatha, Syrup etc. was 627,712 liter and
- 2022 Production plans for the coming year should be prepared by taking into account the capacity and the available resources of the previous years and sufficient performance growth should be
- Although the annual planned production in the year 2022 was Rs.683,458,641 according to the factory cost price, the actual annual production was Rs.495,531,635. Accordingly, even though a decrease
- There is a disparity between the annual production plan and quarterly production plan and the actual production details. Accordingly, it was observed that that was no possibility to take correct

the planned annual drug production of medicinal substances including Choorna, Gugul, Kalka, Lepa, Leha, Modaka, Rasa, Wati was 151,179km. However, the actual production was 389,750 liters in liquid and 70,799kg of material respectively.

Accordingly, the expected annual production by 237,962 liters of liquids i.e. by 38 percent and by 80,380 kg of material i.e. 53 percent respectively could not be achieved. Also, the reasons such as, unable to complete the 694 jobs i.e. 33 percent due to the actual number of completed jobs was 1441 although 2135 production jobs were planned for 12 products in the year under review, 88 jobs i.e. 41 percent due to the actual completed jobs were 127 although 215 production jobs were planned for 04 new products in the main production plant, 805 jobs i.e. 66 percent due to the actual completed jobs were

maintained to achieve the relevant production targets.

of Rs.187,927,006 had been shown in the annual planned production, it was possible to reach a target of 72.5 percent of the annual planned production. In view of the crisis situation in the year 2022, many limiting factors such as rising production costs, shortage of raw materials, transportation problems, working capital problems, employee arrival etc. have mainly affected this.

management decisions comparing the planned production and the actual production even by 15 October 2024.

423 although 1228 production jobs were planned for 12 new products in the new factory had been led to not reaching the desired production targets. According to the annual production plan that was prepared for the year under review, although the planned annual production of drugs from medicinal liquids such as Arishta, Asawa, Oil, Kwatha, Syrup etc. was 627,712 liters and the planned annual drug production of medicinal substances including Choorna, Gugul, Kalka, Lepa, Leha, Modaka, Rasa, Wati was 151,179kg, the actual production was 389,750 liters in liquid and 70,799kg of material respectively.

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32. According to the 2022 action plan of the year 2022, the financial allocations of Rs.1,800,000 had been allocated for the annual trip, However, the approval had been given by the Decision No.14143 of the Director Board meeting held on 10 February 2022 to spend Rs.4,500,000 for the annual trip in 2022 based on a false statement that the
- The provision made in the budget for the expenditure of a particular financial year cannot be used for prospective years. Taking into consideration the situation of experiencing operation losses, a good supervision, self-control and financial discipline should be maintained
- The provision is allocated to the Human Resource Department for the annual trip every year in the budget. The trip could not be organized in 2020 and 2021 due to the Covid 19 pandemic situation in the country. Accordingly, the trip in the year 2022 was
- An adequate attention had not been given by the Board of Directors to reveal the shortcomings stated in the paragraphs or to prevent such shortcomings in the future.
- The task of investigation and reporting on this has been assigned to the Investigation

allocations for the years 2020 and 2021 also remained. However, although a good supervision and restraint should be maintained on the control of state expenditure despite having a loss of Rs.20,152,134 and a net loss of Rs.17,728,950 from operational activities in the year 2021, proper attention had not been paid to its negative impact in spending

Rs.4,442,861 from the corporation's funds, which exceeded the allocation limit of 147 percent. Further, according to the evidence, although it was confirmed that cash and material grant was obtained from the suppliers who provide drugs, goods and services to the corporation for this purpose, written evidence was not submitted to the audit to confirm that any of those cash was spent on the trip or that there was no irregularity or fraud.

regarding the cost control. Formal investigation should be conducted and appropriate actions should be taken to ensure that cash and material grant was not taken from the suppliers and that there was no irregularity or fraud.

organized by Division of the using the Ministry by the provision Audit and allocated from the Management budget of the Committee of the previous years. Ministry of Health. No progress had been reported even as of 15 October 2024.

33. The Terms of Reference (TOR) had not been prepared in accordance with Guideline 3.3 of the Guidelines for the Selection and Employment of Consultants of the Democratic Socialist Republic of Sri Lanka in calling for quotations for the preparation of project design and estimates regarding the procurement activities related to the establishment of an international medical zone. Further, as per guideline 3.14.3, if the total cost of consultancy services does not exceed Rs.10 million, despite the possibility of awarding consultancy services to public institutions, the Chairman had awarded the contract subject to the payment of 05 percent of the total construction cost to an architect under the cover approval of the Procurement Board.
- The guidelines of the Guidance Manual for the Selection and Employment of Consultants in the Democratic Socialist Republic of Sri Lanka should be followed.
- The several discussions were held with the Urban Development Authority in the year 2021 regarding the attractive preparation of the Navinna Ayurvedic zone as an open zone for the public. A request was made from the Urban Development Authority to prepare the plan and estimates. Since the work requested by us was delayed due to the situation of the COVID 19 pandemic and the various issues faced by the institution, the contract was awarded to the said institution to formally ask the service fees from the professionally qualified institutions and individuals and prepare the plan and the estimate.
- The task of investigation and reporting on this has been assigned to the Investigation Division of the Ministry by the Audit and Management Committee of the Ministry of Health. No progress had been reported even as of 15 October 2024.
34. Although the standard documents for technical and
- 2022
- The transparency and regularity in the evaluation and
- 04 quotations were submitted to the Technical
- The task of investigation and reporting on this

financial proposals should be provided to clearly specify the conditions required for acceptance of the validity and responsiveness of any bid in the bid documents, only the notice of calling quotations had been sent to the 11 consultancy firms and the bids had been called. Accordingly, 04 consultancy firms had submitted bids and the bids had been evaluated according to 05 bid evaluation parameters decided by the Technical Assessment Committee at its own discretion without communicating reasonable parameters and methods to the potential bidders for selecting the winning bid according to the guideline 6.2 of the said guidelines. Accordingly, the transparency and regularity of the evaluation and selection process, which should be ensured by the procurement process, had not been confirmed.

selection process should be ensured by the procurement process.

Evaluation Committee after inviting service charges from 11 consultancy firms. The particulars about the project works included in the concept paper were included in the relevant notice and the organizations that inquired more information were given the opportunity to have the related information and to carry out on-site inspections

has been assigned to the Investigation Division of the Ministry by the Audit and Management Committee of the Ministry of Health. No progress had been reported even as of 15 October 2024.

35. Although Rs. 40 million from treasury allocations and Rs.60 million from the corporation were proposed to be borne out of the Rs.100 million of total project cost, the approval of the general treasury and the provision had not been given for that and money had not been allocated for the contribution of the corporation. Rs.02 million had been paid to an irregularly employed designer against the guidelines of the Guidance Manual for the Selection and Employment of Government Consultants without preparing a total cost estimate for this project, which was not ready to start work even by 30 September 2023.
- The appropriate actions should be taken against the officers responsible for incurring expenditure without approval and provision.
- Although the project report was prepared according to the project submission format to the National Planning Department and recommended by the State Ministry and forwarded to the Treasury for discussion, the relevant allocations were not received. Although a capital budget proposal for the year 2023 was submitted including the construction cost of Rs.100 million and other costs, the approval or allocation had not been given and this project has also been submitted under the capital budget proposal for the year 2024.
- The task of investigation and reporting on this has been assigned to the Investigation Division of the Ministry by the Audit and Management Committee of the Ministry of Health. No progress had been reported even as of 15 October 2024.
36. 100kg of mercury (impure) worth Rs.2,840,000 had been purchased in February of the year under review without obtaining laboratory test reports regarding the quality by
- 2022
- The proceedings should be done in accordance with Guideline 5.6.3 of the Government Procurement Guidelines.
- This Corporation purchases mercury only on the basis of the recommendations of the doctors. As laboratory testing related to mercury is a complex
- Only doctor's recommendations are considered and the laboratory test reports are not considered at the purchase of mercury even by

referring to a
recognized institution.

process, the 15 October 2024.
Corporation does
not have relevant
laboratory
facilities for it.

37. The 1500kg of honey 2022
for Rs.1,462,500,
15,036kg of Sesame
oil for Rs.3,784,500,
3,507 kg of Mee oil
for Rs.2,810,475 had
been purchased in the
months of January,
February and March
of the year under
review after getting a
recommendation from
an Ayurvedic doctor
of the corporation
after it was
determined to be out
of standard according
to the laboratory test
reports.
- The transparency
and regularity in
the evaluation and
selection process
should be ensured
by the
procurement
process.
- The suppliers
related to the
purchase of bee
honey and oils
take samples and
send the samples
to the laboratory
to get reports
while submitting
the prices and
refer to the
doctors to get the
reports of the
doctors
considering the
other matters such
as color, smell
etc. There are
cases where
laboratory reports
and doctors'
reports are not
compared in
relation to
ingredients of
liquid nature such
as bee honey and
oils. In such
cases, there are
cases where the
two parties
discuss and take
into consideration
the raw material
quality and the
existing raw
material
requirement for
production
- Although a formal
inquiry on this
matter should be
done and the
disciplinary
actions should be
taken against the
respective officers
as well as the
liquids should be
purchased based
on the independent
laboratory test
reports without
external
influences, the
proceedings had
not been done
accordingly.

activities and make the relevant purchase on the recommendation of the doctors.

38. Although only the 2021 Ayurvedic Corporation was able to directly import several herb raw materials including sesame oil for the products of the Corporation under customs duty free import on a certificate issued by Ayurveda Commissioner as per Schedule 05 of the Extraordinary Gazette No. 1702/5 dated 20 April 2011 of the Democratic Socialist Republic of Sri Lanka, without proceeding so, sesame oil had been purchased at a relatively high price from private suppliers who import and supply sesame oil. Accordingly, the Corporation had purchased sesame at a value of Rs.153,353,412 during the period from 2018 to 2021.
- The efforts should be made at every occasion to procure high quality raw materials at relatively low cost for drug production.
- The actions are being taken to directly import dry and flavored drugs and oils, a problematic situation has arisen due to foreign exchange issues and supplier payment conditions, there are also cases where purchase has to be done from the local markets at competitive prices by considering the urgent need and the special attention is paid to the import of sesame oil.
- The Board of Directors had not given a sufficient attention on this and the proceedings had not been made to identify the officers responsible for the irregularity and to take further actions.

39. Although the notes 2021 had been made that the prices were called from 20 sesame oil suppliers for the year under review, the written evidences to confirm that were not submitted for the audit. A quantity of 71,660.5 kg of sesame oil for Rs. 35,277,148 under 05 different prices from 03 suppliers on 04 occasions in the year 2020 and a quantity of 86,590.5 kg of sesame oil for Rs. 58,458,394 under 05 different prices from 02 suppliers on 03 occasions in the year 2021 had been purchased. The said purchases had been made under informal procurement methods such as non-issuance of letters of acceptance, non-receipt of performance bond and failure to enter into agreement with any supplier in contrary to the provisions of the Procurement Guidelines. Although the production was delayed and stalled on several occasions due to non-delivery of stock as agreed, delay
- The proceedings should be made in accordance with the Guidelines of the Government Procurement Guideline.
- No comment had been made.
- The Board of Directors had not given a sufficient attention on this and the proceedings had not been made to identify the officers responsible for the irregularity and to take further actions.

in stock, failure to supply and increase in price due to failure to enter into formal agreements with suppliers, the Corporation was unable to take legal actions against the concerned suppliers and tenders were re-awarded to such suppliers who should be blacklisted.

40. It was observed during the audit that there were deficiencies such as failure to appoint the Bid Opening Committee formally by the Procurement Committee, opening the tender after the scheduled time, receiving and accepting 05 tender applications after the scheduled time, failure to maintain tender opening records formally, failure to receive adequate bid securities from 04 suppliers, awarding tender for the contract value of Rs. 2,511,343 to a supplier who had submitted incomplete bid applications without providing a performance
- 2021
- The proceedings should be made in accordance with the Guidelines of the Government Procurement Guideline.
- The quotations will be formally opened, the bid opening committees will be formally appointed in the future, bid opening documents will be formally maintained, there were several occasions where the tender box were sealed on time and opened on the nearest future day as the date of tender opening was a special holiday or due to some other reasons, due to the Covid-19 epidemic situation and the economic crisis, the procurement
- Although the consent has been given to proceed in future according to the procurement guidelines, further proceedings had not been done examining about the officers related to these irregularities.

guarantee, having performance guarantees late from three suppliers, and failure to sign formal agreements with suppliers regarding tender values in relation to the procurement of Rs. 22,268,024 regarding the purchase of raw drugs related to 28 types of worksheets. Further, due to the fact that the failure to evaluate the prices by comparing the prices based on a cost estimate prepared by the subject experts and evaluating by Technical Evaluation Committee by the comparing the total price of the worksheets with the previous year without evaluating the individual prices of the drugs contained in the worksheets, the supply prices of drugs in some worksheets had increased from 25 per cent to 118 per cent was observed as compared to preceding year.

activities had to be done more flexibly, with the request of the suppliers and the approval of the Procurement Committee, the bid security and performance guarantees had to be obtained with delay or essential drug raw materials had to be purchased without obtaining those guarantees, the actions have been taken to enter into agreements whenever possible in the procurement activities with higher values, it is not practical to call quotations for drug ingredients separately, purchasing all raw materials from the same supplier is convenient for the production process and the price of drug raw materials increased due to the issues of transportation and supply.

41. It was revealed at the sample audit examinations that the shortcomings such as changing recruitment procedures and interview environment to appoint pre-specified people to the positions based on different relationships, making appointments to other positions after being recruited to certain positions, assigning responsibilities or not assigning responsibilities for the duties of respective positions without considering the hierarchy, giving grade promotions and paying increments without conducting efficiency bar examinations had existed in respect of Human Resource Management of the Corporation.
- 2023, 2022, 2021
- All appointments should be made transparently in accordance with the relevant recruitment procedures. The arrangements should be made to conduct efficiency bar examinations within prescribed periods, to give promotions only according to prescribed procedures, to assign responsibilities and powers related to the posts properly.
- There has been no recruitment of pre-specified persons for the position or alteration of interview environments, there were cases where some employees who were recruited in the primary service categories were employed in the duties related to the positions of management assistants, those employees have been employed only for the duties of the regular position and final decisions have been taken regarding the conduct of efficiency bar examinations.
- It was observed that the status was not satisfactory even as at 15 October 2024.

3.99 National Medicines Regulatory Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	3,904,362,748	789,356,922	3,059,005,826	1,125,414,862	Qualified
2022	5,402,138,719	833,453,068	4,568,685,651	1,506,907,036	Adverse
2023	7,582,842,607	1,835,076,369	5,747,766,238	2,934,279,641	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Actions had not been taken to assess and account of four storied office building, the National Medicine Quality Assurance Laboratory building and that land and 06 vehicles belonging to ministry of health which was used over eight years by the Authority and actions had not been taken to assess and account for 03 vehicles that were handed over to the Authority by president secretarial office.	2021 2022 2023	All the assets should be taken over, assessed and accounted for.	That a request has been made to the Valuation Department.	Assets were not taken over and accounted for.

02. According to the Asset Management Circular No. 01/2017 dated 28 June 2017 of Ministry of Finance and Mass Media, every government institute should submit accurate information about all assets under its institute to the Comptroller General, the authority had not acted accordingly.	2021 2022 2023	Actions should be taken in terms of Circulars.	That officials have been appointed to coordinate these activities.	Circulars were not followed.
03. Annual stock verifications were not conducted from the year when the authority was established in 2015 to 2021. Although the annual stock verification was started for the year 2022, it was not completed. An annual stock verification was not conducted for the year 2023 either.	2021 2022 2023	Actions should be taken in terms of Financial Regulations and Public Finance Circular.	That the Board of Survey will be completed soon.	The Board of survey had not been completed.
04. The authority continued to use with a zero book value 187 asset items with a cost of Rs. 7,233,052, 297 asset items with a cost of Rs.33,242,530, and 339 asset items	2021 2022 2023	Actions should be taken in terms of Sri Lanka Accounting Standards.	That assets are being identified.	The effective lifetime was not reviewed.

with a cost of Rs. 40,425,110, respectively, from 2021 to 2023.

05. The contract for automating the authority's data system was awarded to a private company for Rs.29 million for a period of 05 years and Rs.12,253,328 was paid for it. But some of the information entered into this data system had been deleted due to negligence or intentionality of the concerned private company and the service had become inactive until the end of the investigations carried out by the Criminal Investigation Department. According to the report issued by the expert committee appointed to this incident, it had confirmed that the data that had been deleted from the system could not be restored. Action had not been taken to recover the loss or take any further
- 2021
2022
2023
- An appropriate information system should be established promptly and further action should be taken against the concerned company.
- That the Criminal Investigation Department is conducting an investigation and further action will be taken after receiving its final reports.
- No further action was taken regarding the concerned company.
- That discussions are underway with the World Health Organization to develop a data system.

action against the concerned company.

06.	The contract for the revamping of the Medicine Database was awarded to a private institution; however, a formal contract agreement as per Procurement Guideline 8.9.1(a) was not reached. Although an amount of Rs.4,774,752 was paid without obtaining a certificate regarding the completion of the work as per Guideline 8.12.2, the system remained idle even as of the date of this report.	2022 2023	Procurement guidelines should be followed and system defects should be fixed and operationalized promptly.	That the minimum essential requirements for the implementation of the system have been identified and notified to the relevant institutions.	The data system remained idle.
07.	According to subsections 30(1) and 31(1) of the National Medicinal Regulatory Authority Act No. 05 of 2015, the National Advisory Committee was not established.	2023	Actions should be taken in accordance with the Provisions of the Act.	That the necessary actions will be taken in this regard in the future.	The National Advisory Committee has not yet been formed.
08.	According to subsections 72(1) and 93(1) of the Act, the authority should issue general guidelines to the	2021 2022 2023	Actions should be taken in accordance with the Provisions of the Act.	That the Medical Device Guidelines have been submitted for approval by the Medical Device	No general guidelines were issued to the evaluation committees.

evaluation committees for the evaluation of medical devices and borderline products, but such guidelines were not prepared.

Evaluation Committee.

09.	Neither the Director General of the Sri Lanka Atomic Energy Regulatory Council nor his nominee had been appointed to the Medical Device Evaluation Committee in terms of subsection 69(1)(b)(v) of the Act. The need to represent the Medical Device Evaluation Committee by the Sri Lanka Atomic Energy Regulatory Council, which has the powers to issue licenses and regulate the import and use of radioactive equipment and materials, including medical equipment, was not fulfilled.	2021 2022 2023	Actions should be taken in accordance with the Provisions of the Act.	Letters have been sent to the Sri Lanka Atomic Energy Regulatory Council.	No Atomic Energy Regulatory Council nominee had been appointed to the Medical Device Evaluation Committee.
10.	According to the Sections 58, 59, 82, 83 and 109 of National Medicines Regulatory	2021 2022 2023	Entry of uncertified medicines into the country should be minimized by issuing letters of	That letters of wavier of registration are issued only in cases of necessity	There is a risk of drugs entering the country without confirmation of quality.

Authority Act No. 05 of 2015, any medicine or medical device shall not be manufactured or imported without registering with the Authority and obtaining a license from the Authority and the Authority was given powers to issue letters of wavier of registration only in special cases such as to save a life, to prevent the spread of infectious diseases or epidemics, at national interest and national security. But the letters of exemption from registration had been issued to the State Pharmaceutical Corporation and Private Institutions during the year under review on the reasons such as cancellation of registration, lack of registered suppliers, etc., which do not fall under such circumstances.

wavier of only on the registration only in recommendation specific cases of the WOR mentioned in the Committee. Act.

11.	As per the Section 123 of the Act, an Appeal Committee had not been constituted to hear and determine the appeals submitted to the Authority	2021 2022 2023	Actions should be taken in accordance with the Provisions of the Act.	That the Ministry of Health will work to appoint in the future.	The Appeals Committee had not been established.
12.	In terms of subsections 83 (4)(b) and 102(4)(b) of the Act, Medical devices and borderline products submitted for registration had not been submitted to the National Medicines Quality Assurance Laboratory for testing.	2022 2023	Actions should be taken according to the provisions of the Act.	As it is practically difficult to check the quality of all medicines, the necessary amendments have now been referred to the Bills Amendment Committee.	The Act had not been amended.
13.	Although an application was submitted to the Sri Lanka Accreditation Board on 06 February 2020 to obtain the Certificate of Conformity Assessment regarding the quality of the National Medicines Quality Assurance Laboratory, it had failed to obtain the standard certificate as of the date of this report.	2021 2022	Every effort should be made to obtain the basic requirements to obtain this certificate.	That the obtaining of this certificate has been delayed as the laboratory does not yet have the basic requirements for obtaining the certificate.	Standard certification was not obtained.

14.	With the coming into force of the National Medicines Regulatory Authority Act, the Cosmetics, Devices and Drugs Act No. 27 of 1980, which was in force in Sri Lanka until then regarding the regulation of drugs, devices and cosmetics, was repealed. Even though 09 years have passed since this act was removed, a new act on the regulation of cosmetics has failed to be prepared and passed or the Authority Act has been amended as required.	2023	A new act on the regulation of cosmetics should be prepared and passed or the Authority Act should be amended as necessary.	That the regulation of cosmetics is carried out by using its powers in a limited manner on the approval of the cabinet.	A new Act on Regulation of Cosmetics had not been prepared and passed nor the Authority Act had been amended as required.
				Amending the Act by including cosmetics in the Authority Act is underway.	
-
15.	According to paragraph 4.1 of Chapter VIII of the Establishment Code, staff officers are not entitled to overtime allowances, but Rs.1,977,619 had been paid as overtime allowances to 26 staff officers in the year 2021 and Rs.646,694 had been paid to 36 staff officers in the year 2023.	2021 2023	Treasury/ Cabinet approval should be obtained.	It was informed that these payments were made because the authority had to carry out its work under a minimum staff and no preventive measures were taken.	Relevant approvals were not obtained.

16. Despite the Public Enterprise Circular No. PED-08/2022 dated 21 December 2022, Rs.8,129,017 had been paid as leave allowances for 2022 and 2023 years.	2023	Treasury/Cabinet approval should be obtained.	It was informed that the Board of Directors had decided to grant payment on the basis of unused vacation leave and no preventive action had been taken.	Relevant approvals were not obtained.
17. Contrary to the paragraph 02 of the National Budget Circular No. 03/2022 dated 26 April 2022, total amount of Rs.24,532,653 had been paid as special allowances and attendance allowances without the approval of the Cabinet.	2022 2023	Treasury/Cabinet approval should be obtained.	Preventive measures were not taken.	Relevant approvals were not obtained.
18. A total amount of Rs.7,224,180 had been refunded in the years 2021 and 2022, in 18 and 80 cases respectively, due to omissions of officials and various other reasons, This situation has existed for several years but not	2021 2022	Actions should be taken to minimize the instances of refund of income.	In this regard, arrangements are being made to make payments based on a committee recommendation.	Cases of refund of income had been observed.

enough steps had been taken to mitigate it.

19.	From the year 2020 to 2022, the number of approved positions in the authority was 257. The number of vacancies was 182 in the year 2020 and 135 in the years 2021 and 2022 and the number of vacancies was 98 out of the 269 approved positions in the year 2023.	2021 2022 2023	Subject to formal approval, arrangements should be made to fill up vacancies expeditiously.	As the government has suspended the recruitments, they are taking steps to get the approvals for the recruitments.	No recruitment was done.
20.	According to the provisions of Section 40 of the National Audit Act No. 19 of 2018 and paragraph 4.4 of the Guidelines for State-Owned Enterprises published in Public Enterprises circular No. 01/2021 dated 16 November 2021, an action had not been taken to appoint internal Auditor for the Authority.	2021 2022 2023	Arrangements should be taken in terms of the provisions of the Audit Act	That the activities related to recruitment are being done.	An internal auditor had not been appointed.

3.100 Wijaya Kumaratunga Memorial Hospital

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	371,859,895	185,148,769	186,711,126	7,397,213	Qualified
2022	379,708,243	221,201,905	158,506,337	(6,647,614)	Qualified
2023	374,616,302	237,997,127	136,619,175	(17,078,072)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. According to the Sections 2.1 and 2.2 to 2.6 of Chapter II of the Establishment Code of the Democratic Socialist Republic of Sri Lanka, the recruitment procedures including the qualifications, salary scale of the post, age limit and other relevant details for each service and grade of staff should be prepared. The relevant approvals for those procedures should be obtained by following procedure mentioned in the	-2021 2.2.2(b) 2022- 2.2.2(c) 2023- 2.2.2(a)	Provisions of the Establishment Code of Democratic Socialist Republic of Sri Lanka should be followed.	The recruitment procedure for the post of Hospital Director has been prepared and submitted to the Department of Management Services and that the discussions are being held with the Department of Management Services for advice on the preparation of recruitment procedures for other posts.	The recruitment procedures had not been prepared and approved upto 30 September 2024.

Establishment Code, the recruitment procedures have not been prepared and approval had not been obtained upto now.

02.	According to the Public Administration Circular No. 2009/09 dated 16 April 2009, all government institutions should use fingerprint machines to keep records of officers' arrival and departure to the office and from the office, fingerprint machines had not been used to confirm arrival and departure by the hospital.	2022-2.2.2(d) 2023-2.2.2(b)	Public Administration Circulars should be followed.	The Board of Directors has decided that the hospital does not require the use of fingerprint machines after considering the requests made by all the trade unions related to the hospital.	This situation had not been rectified upto 30 September 2024.
03.	Although it is mandatory for all bidders to register with the National Drug Regulatory Authority for procurement of drugs and medical devices as per Guidelines 2.1 and 2.2 of the Guidelines for Procurement of Pharmaceuticals & Medical Devices 2007, bids worth of Rs.5,928,038 were awarded on 09	2023-2.2.4(a)	Drugs should be procured from registered suppliers only.	It has been informed that the quotation will be called by the registered suppliers of the hospital for the continuation of emergency surgeries and operating theater services of the hospital, that it will take some time to receive the registration certificate from	This situation had not been rectified by 30 September 2024.

occasions to bidders who did not submit their registration along with their bid documents and whose registration had expired and the Technical Evaluation Committee did not pay attention to this.

the Drug Regulatory Authority and that it will be submitted as soon as the relevant registration is received and since the suppliers have supplied to the hospital in the past, the purchase was made considering only the matching of the rest of the specifications and the minimum price.

04. As per Guideline 5.2 of the the Guidelines for Procurement of Pharmaceuticals & Medical Devices 2007, although the Technical Evaluation Committee shall consist of a representative of the Ministry of Health, a representative of the State Pharmaceutical Corporation, two consultants with minimum expertise and a representative nominated by the Treasury except in cases of emergency and necessity, In 2023-2.2.4(b) Provisions of the Guidelines for Procurement of Pharmaceuticals & Medical Devices should be followed. As all surgical materials and devices are essential and emergency surgical devices and operating theater surgery services should be maintained for elective and life-saving surgeries, as a hospital controlled by hospital boards, the hospital director has appointed a technical evaluation committee consisting of a This situation had not been rectified by 30 September 2024.

cases, a Committee with such representation had not been appointed in respect of drugs and devices purchased by the hospital amounting to Rs.27,461,853.

surgeon, a pharmacist and an administrative officer to select the relevant bidders.

05. According to the 2023- Government That all This situation had guideline 2.14.1 of 2.2.4(c) Procurement purchases have not been rectified the Procurement Guidelines 2006, should be followed. been made upto 30 September 2024. although the procurement of goods and services worth more than one million rupees should be done by a Departmental Procurement Committee with the present of the Head of the Department, In 07 occasions, the procurements amounting to Rs.24,726,763 had been done by the Regional below that Procurement Committee.

3.101 National Authority on Tobacco and Alcohol

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	21,764,424	5,556,050	16,208,374	(1,523,419)	Qualified
2022	19,691,479	5,229,424	14,462,055	1,043,684	Qualified
2023	23,770,916	4,884,357	18,886,559	7,658,339	Unqualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. As per the Public Administration Circular No. 09/2019 dated April 22, 2019, the interim allowance of Rs. 2,500 approved to be paid monthly to public officers as per the 2019 Budget proposals implemented from July 01, 2019 and that could not be allowed to semi-government employees. Although Rs.690,648 had been paid as an interim allowance to 13 officers of the Authority during the 30 months period from July	2021	Payment of Rs. 690,648 as interim allowances should be recovered from the relevant officers or responsible parties.	The Board of Directors of the Authority decided to recover the allowance paid from the beneficiaries. The Board of Directors of the Authority also decided that it would be appropriate to submit the circulars to the Secretary of Health for approval when paying allowances to the employees of the Authority in the future. Accordingly, the Board of Directors of the Authority recommended that all the circulars	Under Finance Regulation '119 2B' and approval given by the Secretary of Health Ministry on 21 August 2024, steps have been taken to recover this paid allowance from the beneficiaries within 5 years from September 2024. Currently, one installment has been recovered.

2019 to December 2021.

issued by the government regarding allowances be submitted to the Secretary of Health before making payments.

Accordingly, arrangements have been made to obtain approval from the Secretary of Health when paying an allowance on behalf of the employees of the Authority.

02. During the year 2021 under review, the Authority had spent Rs. 1,380,500 on the improvement of the 1948 Counseling Service, Rs. 2,022,500 on the promotion of the service and Rs. 1,205,085 on the maintenance of the service, totaling to Rs. 4,608,085. Out of 9,025 calls received during the year under review, counseling services were provided for 2,797 calls and 1,084 calls were referred to relevant
- Follow up mechanism need to be implemented to measure the effectiveness of the service.
- At the 1948 Counseling Service, individuals who wish to quit tobacco and alcohol are given psychological counseling and asked to call back later, and counseling sessions are conducted in that manner. For telephone calls made by the client themselves, a unique method is developed with the client according to the therapeutic methods used for tobacco and alcohol prevention at that time, and they are informed that they can call them again if a problem arises, following those
- This follow-up process is being carried out under the supervision of the Chairman of the National Authority on Tobacco and Alcohol. Clients are named through a code system and progress is being recorded using four indicators to measure progress during the follow-up these indicators. They are: 01. Tobacco and alcohol use has not stopped, 02. Tobacco and alcohol use has stopped slightly, 03. Tobacco and alcohol use is very low and 04. Tobacco and

institutions such as the Sri Lanka Excise Department, the Police Narcotics Bureau and the National Dangerous Drugs Control Board. Although counseling services were provided for 2,797 calls, the Authority was unable to measure the effectiveness of the service as there was no mechanism to follow up on the service.

methods.

They are asked to call back in two weeks to discuss how to continue tobacco or alcohol cessation, and only a small percentage of the clients who call back actually call back. If the clients do not call back, our counselors will follow up after three weeks. Based on the points discussed during the follow-up, another follow-up will be conducted after another month. Thus, the counseling process will continue based on the client's progress.

alcohol use has stopped.

Accordingly, the effectiveness of the psychological counseling service received to the clients is currently being measured through the 1948.

03. Since no formal 2021 records were maintained to record the daily calls received to the 1948 Advisory Service, the actions taken in relation to them and to confirm that such information was under the supervision of a higher rank official. The accuracy of the numerical information presented in

Documentary system should be introduced and maintained systematically record and monitor the daily information of the 1948 advisory service. It should be submitted for audit when necessary.

Records are maintained by the Counseling Officers to record the information of persons who have called the 1948 Counseling Service. There are two types of records for this purpose. They are the records that include the information of clients who have called for psychological counseling to

At present 1948 in order to obtain daily information related to calls received for the psychological counseling service, notes such as date, name, code, telephone number, age, village, occupation, family details, usage and call details are taken by the psychological counseling officers and the daily taking of those notes is

relation to the calls received to the 1948 Advisory Service and the advisory services provided could not be ascertained.

prevent tobacco and alcohol use and the records that include the information of clients who have called for psychological counseling to prevent tobacco and alcohol use but not for psychological counseling to prevent tobacco and alcohol use but for other reasons such as the use of dangerous drugs, illegal alcohol, etc. Data and information on the daily calls received for the 1948 Counseling Service are collected and progress reports are prepared on the number of calls received monthly and these progress reports are certified by the Chairman.

04.	Although the final report of the Global Adult Tobacco Survey was to be released before October 31, 2021, as per an agreement reached by the Authority and the Department of Census and Statistics with the World Health	2021	Necessary steps should be taken to release the final report of the Global Adult Tobacco Survey on the stipulated day.	The World Health Organization (WHO) sent the final draft of the Global Adult Tobacco Survey to our organization and the Department of Population and Statistics via email on 28 June 2022. The e-mail also	The final report of the Global Adult Tobacco Survey is available for download as an e-file on the official website of the National Authority on Tobacco and Alcohol.

Organization, the final report of the survey had not been released as of May 24, 2022.

requested that the report be reviewed and our and the Department of Population and Statistics' observations be communicated to the World Health Organization, and that the report be forwarded to the Centers for Disease Control and Prevention (CDC) in the United States for final review. Accordingly, our institution provided our observations for the draft of the final report to the World Health Organization on

July 01. Accordingly, the final version of the final report of the Global Adult Tobacco Survey was published on May 31, 2023, in conjunction with World No Tobacco Day, with the Department of Population and Statistics, the World Health Organization, etc., involved in the survey. Accordingly, our institution provided our

observations for the draft of the final report to the World Health Organization on

July 01. Accordingly, the final version of the final report of the Global Adult Tobacco Survey was published on

May 31, 2023, in conjunction with World No Tobacco Day, with the Department of Population and Statistics, the World Health Organization etc. involved in the survey.

05. Although, as per 2022 the Inland Revenue Department letter No. CGIR/-02/2021 dated 09 April 2021, information on Value Added Tax paid by State Institutions and Government-owned Institutions to suppliers should be sent to the Inland Revenue Department in the prescribed format before 15th day of the month following the end of each quarter, the Authority had not
- Value added tax reports should be submitted in accordance with the provisions of the Inland Revenue Department letter.
- The officers were informed to take the necessary steps to provide information to the Inland Revenue Department regarding the value added tax paid by the Authority to suppliers.
- Arrangements have been made to provide information on Value Added Tax paid by the Authority to the Inland Revenue Department.

acted accordingly throughout the year under review.

06. According to the 2022 Authority's reports, the current taxation structure for tobacco products in Sri Lanka is irregular and complex, consisting of a combination of several types of taxes, and it was observed that while excise revenue on cigarettes was 7.3 percent of the total Government Revenue in 2016, it had declined to 3.1 percent by 2020. Accordingly, the Authority had introduced a new taxation formula for tobacco in 2020 and 2021 at a cost of Rs. 994,148 as World Health Organization financial grants and domestic funds. By using this new taxation formula, excise revenue on cigarettes, which was Rs. 91.6 billion in 2021, would increase to Rs. 100 billion by 2026. It was expected that the tax could be increased to 124.6
- The new tobacco taxation formula should be expeditiously enacted into law.
- The tobacco taxation module was submitted to the Hon. Minister of Health, Dr. Keheliya Rambukwella. The Cabinet Memorandum on the new taxation formula for tobacco was submitted to the Cabinet and the President was informed of the non-implementation of this taxation formula in a letter dated 27th December 2021.
- Discussions were held with experts in the field of taxation of the World Health Organization to study further taxation related to tobacco and alcohol, and further discussions were held with all parties that facilitate the taxation process, namely the Non-Communicable Diseases Unit of the Ministry of Health, the Department of Fiscal Policy, the Department of
- Discussions were held with experts in the field of taxation of the World Health Organization to further study the taxation of tobacco and alcohol. During this meeting, all parties that facilitate the taxation process, namely the Non-Communicable Disease Unit of the Ministry of Health, the Department of Fiscal Policy, the Department of Excise and the Sri Lanka Customs, were involved in further discussions on the taxation process through a working committee. After further discussions, the IMF Delegation was consulted on the taxation process and an updated module on the taxation process was presented to the committee.

billion, which would lead to a 1.1 percent decline in tobacco consumption and an annual increase in Government Revenue of about 6 percent. However, the new tobacco taxation formula had not become law as of the date of this report.

Excise and Sri Lanka Customs, through a working committee.

07. Although permission had been granted in terms of Section (2)35c of the National Authority for Tobacco and Alcohol Act, No. 27 of 2006, to display a notice of a prescribed size in a place where tobacco products or alcoholic products are kept for sale to the public. Indicating the availability of tobacco products and alcoholic products for sale at that place and indicating their prices. Regulations and approval had not been made from the Parliament in accordance with
- 2022 The regulation of advertisements displayed in places designated for the sale of tobacco products or alcoholic products to the public should be implemented promptly.
- Notifications were made to the Ministry of Health on several occasions regarding the regulation of displaying advertisements of a prescribed size indicating the prices of tobacco products or alcoholic beverages for sale to the public, and a request was made to the Ministry of Health on 12/01/2024 to consider this matter.
- Although requests had been made to the Ministry of Health to enact the relevant regulations for this purpose, the audit was informed that the Ministry of Health had not taken the necessary steps for this purpose.

the said section. Accordingly, it was observed that the authorized officers under the Act had not been able to regulate the notices displayed in places where tobacco products or alcoholic products are kept for sale to the public.

08. In terms of paragraph 10 of the Extraordinary Gazette of the Democratic Socialist Republic of Sri Lanka No. 15/1770 dated 08 August 2012 and Section 34A(5) of the National Authority for Tobacco and Alcohol Act No. 27 of 2006 as amended by the National Authority for Tobacco and Alcohol Act No. 3 of 2015, 10 health warnings were identified in 2022 to expand the pool of 08 health warnings published in the above Gazette. So that cigarette and tobacco manufacturers can change the health	Urgent action must be taken to maximize the effectiveness of changing health advisories.	After the regulation containing the new pictorial warnings sent by the Authority in 2022 was forwarded to the Ministry of Health with amendments on 04/01/2024, letters were sent to the Authority on 29/05/2024 seeking its opinion regarding the said regulation, and the Authority's opinion was submitted and forwarded to the Ministry of Health again on 01/07/2024	The Authority has taken the necessary steps to forward the regulation, including the new pictorial warnings, with the relevant amendments, to the Department of Legal Drafting through the Ministry of Health.

warnings once every six months and display them on cigarette packets, packaging or cardboard boxes, but they had not been classified. Also, the new health advisories had not been published in the Government Gazette up to the date of this report. Therefore, the Authority had failed to maximize the effectiveness of changing health advisories by using only the pool of 08 health advisories during the period of about 08 years from 2015 to the date of this report.

09. The Authority had conducted three certificate courses in psychological counseling at a cost of Rs. 1,307,282 in the years 2021 and 2022 and issued certificates to 108 individuals, out of which 83 officers had been given the opportunity to engage in the	2022	A program should be developed to strengthen the Authority's supervision of counseling conducted by the voluntary counseling service officers.	The gentlemen who provide voluntary psychological counseling in relation to the 1948 Psychological Counseling Service are regular public servants in the public service and their contribution to our authority, despite their busy schedules, is commendable and	The shift list of the gentlemen who provide voluntary psychological counseling is sent to them in advance for their awareness and if it is a difficult day for them to provide psychological counseling, the authority is informed about it and before entering

above psychological counseling service after office hours on a voluntary basis without payment of salary or allowances. Accordingly, the total number of calls that had been counseled in the year 2022 was 3,666, out of which 2,085 calls had been counseled by the voluntary psychological counseling service officers. However, the number of psychological counseling conducted in 143 days had not been reported to the Authority by the said volunteer officers. Also, only the number of calls counseled by the volunteer officers was reported and no written evidence was submitted to the audit that the Authority had evaluated the quality of the counseling service provided by them. Accordingly, the Authority's supervision of the

the total number of calls received and the number of calls for psychological counseling is recorded.

After providing psychological counseling, they are also informed to join the psychological counseling sessions again during office hours. After providing psychological counseling after office hours, the gentlemen who provide voluntary psychological counseling have been informed to inform the authority about it.

the phone numbers into the system, a reminder is made on the relevant day that those gentlemen will receive calls for psychological counseling in 1948. At the same time, reminders are made again to inform the authority about the calls received when the phone numbers are removed from the system for psychological counseling. Accordingly, the psychological counseling process carried out by them is monitored.

counseling
provided by the
voluntary
psychological
counseling service
officers were
weaken.

10.	An internal audit had not been conducted for the Authority for the year under review in accordance with paragraph 4.4 of Public Enterprises Circular No. 2021/01 dated 16th November 2021.	2022	An internal audit should be conducted.	An internal audit is conducted on behalf of the Authority through the relevant line ministry. The Internal Audit Division of the Ministry of Health has made arrangements to conduct an internal audit for the year 2024 in July 2024.	The Internal Audit Division of the Ministry of Health conducts internal audits on behalf of the Authority. Accordingly, an internal audit was conducted for the year 2024.
11.	The Authority had introduced mobile applications called "VNATA Media Violation" and "VNATA Authorized Officer's" for obtaining information from the public at a cost of Rs. 566,465 and Rs. 301,490 respectively. However, the Authority had not prepared a specific program with credit card facilities for the payment of monthly Server using charges payable through credit cards and	2023	Efforts should be made to ensure the continuous operation of mobile phone application services.	In relation to the VNATA Media Violation and VNATA Authorized Officers applications implemented by the National Authority for Tobacco and Alcoholic Beverages, the monthly Server Using Charges to be paid should be automatically charged by credit cards and maintained on the first day of the month in order to maintain the applications in an active state.	The monthly Server Using Charges for these two phone applications are US\$20. The \$20 value is paid through the Chairman's credit card to keep both applications active.

instead, payments had been made through the personal credit card of the Chairman of the Authority. Due to this, application had been deactivated for a period of time when the Chairman of the Authority had changed. Accordingly, this application had been deactivated for approximately 4 months from February to May 2023 and an additional cost of Rs. 58,000 had to be incurred to reactivate these two applications. Also, a written agreement had not been reached with the supplier for the development and maintenance of these two applications.

The Authority inquired with the company that created these applications in February 2023 regarding the monthly payment of these Server Using Charges and the company offered Rs. 48,000 for three months and accordingly, Rs. 16,000 per month for these Server Using Charges has to be applied when making payments through the same.

However, the cost incurred by the Authority when making payments through the Chairman's credit card for these Server Using Charges is between Rs. 6,000 - 8,000.

Accordingly, in order to continue this service, the Board of Directors decided to inquire from the banks about the possibility of obtaining a credit card for the Authority. Since these credit cards will have to be withdrawn when the Chairpersons of the

Authority change, discussions were held to obtain credit cards in the name of the Authority from the Bank of Ceylon, Battaramulla branch and the People's Bank, Battaramulla branches, but the banks informed that it was difficult to provide the credit card facility to the Authority. However, after the banks informed that it was not possible to issue a credit card to the Authority, the Chairman's credit card details were entered again and payments were made.

12. As of December 31, 2023, the number of vacancies in the Authority was 5, and as of April 30, 2024, the number of vacancies had increased to 6 of the above vacancies. The General Manager position was vacant from July 27, 2022 up to now and the Administrative Officer position was vacant from March 4, 2024 up	For a smooth operation of the authority steps should be taken to fill vacant positions.	A Research Officer post in the Authority fell vacant on 25th August 2023 and the selected officer assumed duties from 2024.05.09. The other Research Officer post in the Authority fell vacant on 2024.01.08 and the Authority has not received the relevant approvals to make recruitments for that post.	As of April 30, 2024, out of the 6 vacancies, by May 2024, the number of vacant posts was 04, following recruitment for a Development Officer post and a Research Officer post, but by October 2024, two driver posts also became vacant, so the number of vacant posts is now 06.

to now. Also, recruitment was made on a contract basis for the positions of counseling officers and Legal Officers, which required full-time employment.

A Development Officer post in the Authority fell vacant on 2023.11.03 and the selected officer assumed duties from 2024.05.27.

The Administrative Officer post in the Authority fell vacant on 2024.03.04 and steps have already been taken to obtain the necessary approvals for that recruitment.

Continued efforts were made to recruit for the General Manager post in the Authority and approval has not yet been given to fill that post. The final cabinet paper prepared to obtain cabinet approval for the said recruitment has been forwarded to the office of the Minister of Health for his signature on 21.05.2024.

In addition to the currently approved staff, the Department of Management Services has approved the recruitment of two

Development

Officer posts on a permanent basis on a secondment basis through the letter DMS/1767/NATA/2023 and 2024.01.23.

At present, two Development

Officers from among the officers who have fulfilled the qualifications and are currently serving in the public service have been requested to be attached to our Authority through the Ministry of Public

Administration, Home Affairs, Provincial Councils and Local Government. The said advertisement was published on the website of the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government on 13.05.2024 and although it was informed that applications should be submitted by 31.05.2024, our Authority had not received any applications.

The Authority's two posts of Psychological Counselor and Legal Officer are currently on a contract basis and the necessary arrangements will be made in the future to employ these two posts on a full-time basis.

3.102 National Youth Corps

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	3,483,010,040	3,167,727,976	315,282,064	17,031,512	Qualified
2022	3,404,468,717	3,001,177,673	403,291,045	(4,786,751)	Qualified
2023	3,425,111,652	2,974,694,667	450,416,985	(58,937,916)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	An additional provision of Rs. 90 million had been made in the year 2022 to give theoretical and practical training to the persons who stay in the Sri Lanka Labour Market in order to provide skilled youth to jobs. Out of these funds, Rs. 25.8 million had been utilized for two courses already conducted by the institution, while Rs.1.6 million had been spent on online training programs. However, the institution did not have data on the progress of the trainees. Furthermore,	2022	Additional provision should be used for the relevant purpose.	Preventive measures were not taken.	The recommendations were not implemented.

the institution had feedback data for only 723 trainees.

Out of that Vocational Training Qualification (NVQ) certificates had been issued to only 712 trainees. Thus, the training activities conducted with the aim of providing a new job based on the skill had not achieved sufficient performance.

02.	According to Paragraph 02 of Asset Management Circular No. 02/2017 dated 21 December 2017, seven (07) vehicles were not registered in the name of the Corps.	,2022 2023	Action should be taken in accordance with the circular.	The necessary procedures for transferring vehicle ownership are in progress.	Actions are being taken to implement recommendation
03.	Formal and effective action had not been taken to recover the balances of Rs. 101,968,773 and Rs. 6,639,675, which were overdue for more than 5 years and 2-3 years respectively, out of the advance balance of Rs.108,558,448 given for construction contracts as at the date of this report. Furthermore, action had not been taken to settle the rent advance	,2022 2023	Attention should be paid to recovering the remaining balance of the old advances.	Steps are being taken to settle the advance balance.	The recommendation has not been implemented.

balance of Rs.50,000, which was overdue for more than 05 years as at 31 December 2023.

04.	The balances of Rs.2,180,986 and Rs. 9,297,851, which were more than 05 years old and between 2-3 years old respectively, were accounted for as revenue instead of investigating and settling the relevant balances accordingly.	,2022 2023	The amount payable should be settled.	Actions have been taken to rectify those balances during the year 2024.	The recommendation is being implemented.
05.	Out of the 63 lands where the Division's training centres had been established as at 31 December 2023, only 28 lands had been taken over by the Crop, while the acquisition of the remaining 35 lands had not been completed.	,2022 2023	Necessary actions should be taken to legally transfer the existing lands.	The necessary actions for land transfer are being implemented.	The recommendation has not been implemented.
06.	There were 13 training centres whose construction was started in 2016 and 2017 however was abandoned due to various reasons. For this, a basic estimate of Rs. 852.63 million was approved and an expenditure of Rs.438.12 million had been incurred by the end of the year under	,2022 2023	Plans should be made to commence construction work on abandoned projects.	Construction work is being carried out.	Plans have been made to complete the construction in the coming years, and the recommendation is being implemented.

review. Due to the fact that these projects remained incomplete for more than 07 years, the expected benefits could not be achieved.

07.	The continuous vacancy of 137 positions of Centre Commander and Instructor, which are required to efficiently and effectively carry out the main functions of the Crop, namely youth development, job training and vocational education, had severely affected the achievement of the Division's objectives and the maintenance of the quality of the courses.	2023	The management of the workforce should be handled to carry out essential activities.	Recruitments have been made for the positions.	The necessary recruitments have not been made so far.

3.103 Sri Lanka Anti-Doping Agency

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	278,103,218	15,985,953	262,117,265	1,849,020	Unqualified
2022	265,732,657	15,215,890	250,516,767	2,319,003	Qualified
2023	233,240,057	7,906,581	225,333,476	5,168,343	Unqualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Sri Lanka Anti-Doping Agency possesses a chemical research laboratory equipped with modern technological equipment valued at Rs.86,746,214, which was in operational condition since 03 November 2022. However, research activities in the laboratory commence on August 2023. Furthermore, only six students from two universities were given the opportunity to engage in research	,2022 2023	Efforts should be taken to utilize the existing resources with maximum efficiency	Instructions have been provided to make a payment for research activities involving the LC-MS/MS instrument, allow students from private universities to participate in these activities, and take steps to involve other state universities. Additionally, guidance has been given to initiate actions to generate income from the laboratory usage.	The recommendation is being implemented.

activities at the laboratory.

Accordingly, no efforts have been made to identify institutions in need and to achieve the objectives of establishing the laboratory for research purposes.

02.	According to the bank statement, a minimum balance of Rs. 2 million was kept inactive in the current account at the end of each day throughout the year under review, resulting in a financial loss of Rs. 766,378 to the Agency.	2023	In maintaining bank accounts, care should be taken regarding the balance that remains in the bank accounts.	Actions are being carried out accordingly.	The recommendation is being implemented.

3.104 Sugathadasa National Sports Complex Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	5,598,195,623	238,002,647	5,360,192,977	18,323,010	Qualified
2022	5,501,762,331	284,033,591	5,217,728,742	(93,820,025)	Qualified
2023	5,429,667,516	298,129,209	5,131,538,307	(20,555,683)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Due to not taking necessary action to prevent water leakage in the water purification system established for the main swimming pool and diving pool of the Sugathadasa National Sports Complex Authority and the children's swimming pool, the water fee of the authority's indoor stadium in the year 2021 had increased by Rs.3.8 million or 71per cent	2021	Necessary measures to prevent water leakage should be taken immediately.	Arrangements have been made to take necessary actions.	Since actions have been taken to minimize water leakage, the recommendation has been implemented.
02.	Repair and improvement contract of Football Ground of the	2022 2023	The construction should be completed without delay by doing the	Actions are being taken to rectify it in the	Since the loss has not been recovered, the recommendation

	Sugathadasa National Sports Complex Authority at Rs. 32 million (tax free) was given to a private company and the playground had become unusable condition. The Authority had not taken action to correct the defects from the contractor and necessary action have not been taken to recover the loss by identifying the parties who are responsible for the failure of this project which cost at Rs.38 million.		project management properly and the expected construction properly.	future.	has not been implemented.
03.	Constructions worth Rs. 164.9 million, which had been completed and put into use out of the construction projects amounting to Rs. 202.8 million stated under the work-in-progress in the financial statements, had not been capitalized.	,2022 2023	Action should be taken to capitalize the completed constructions.	Actions are being taken to rectify it.	The recommendation has not been implemented yet.
04.	Due to the failure to submit detailed schedules, asset registers, title deeds, and stock	,2022 2023	Proper records of assets and stocks should be maintained.	Steps are being taken to correct this in the future.	The recommendation has not been implemented yet.

verification reports related to lands valued at Rs. 2,856.6 million and stocks valued at Rs. 8.8 million to the audit, it was not possible to verify the accuracy and physical existence of the values of lands and stocks stated in the financial statements.

05.	In terms of Section 11 of the Finance Act No.38 of 1971, although money in a government corporation should not be invested without the approval of the Minister of Finance, the Authority had invested Rs. 55 million in fixed deposits at the end of the year under review with the approval of the Board of Management.	2023	Provisions of the Finance Act should be adhered to.	Action is being taken to obtain the relevant approval.	Recommendation is being implemented.
06.	A strategic plan, as outlined in section 2.3, guideline 05, and section 3.1.2 of the Operational Manual on Corporate Governance for State-Owned	2022,2023	It should comply with the circular and guidelines	Actions are being taken to correct it in the future.	Recommendation has not been implemented, thus far.

Enterprises introduced by Circular No. 1/2021 dated 16 November 2021, along with the identification of key performance indicators and the scheme of recruitment for 29 positions, was neither prepared nor approved by the date of audit.

07.	There was a balance of Rs. 32.4 million due from 42 different institutions and individuals, and within this balance, Rs. 7.6 million and Rs. 12 million, which were outstanding for 3-5 years and more than 5 years respectively, had not been recovered.	,2022 2023	Actions should be taken to recover the outstanding loan balance.	Steps are being undertaken to recover the dues in the future.	The recommendation is being implemented.
08.	Although 10 capital projects were planned to be implemented in the year 2023 as per the action plan at an initial estimate of Rs. 398 million, only one project was implemented during the current year, spending Rs. 26.3 million	2023	Construction should be carried out according to the action plan.	It has been agreed to act according to the required plans in the future.	The recommendation is being implemented.

09. As at 31 December 2023, there was a balance of Rs. 46 million in a bank current account and at the end of each day of the year, an average balance of at least Rs. 18 million was kept idle without any use, therefore lost of interest income of Rs. 3million that could have been earned by the Authority at the prevailing interest rate was suffered. This money remained idle due to the failure to identify proper mechanisms to utilize the balance in this account for the main functions of the Authority or to get maximum benefit from it.	2023	A mechanism should be identified to obtain maximum benefits from current bank balances.	It has been agreed to take the required actions accepting the observation.	The recommendation has not been implemented so far.
10. Advances of Rs. 21 million were paid in 2017, 2019 and 2021 for 04 construction contracts and although the amount was to be settled in 2022, arrangements had not been made to settle it up to the date of this report.	,2022 2023 (Final Report(	Steps should be taken to recover the advances.	Arrangements are being made to take necessary measures in the future.	The recommendation has not been implemented so far.

11. When providing 2023 accommodation facilities at the sports hotel owned by the Authority, a formal fee system had not been determined for each party and a proper mechanism had not been implemented to collect fees accordingly. Also, when allocating the indoor sports complex, stadium and swimming pool, which are the main sources of income of the Authority, a revenue analysis system had not been conducted and the fees had not been determined. Due to the fact that the kitchen, bar and dining hall of the hotel were not being utilized and remained inactive, revenue collection had been irregular and opportunities to generate income had been lost.
- A systematic approach should be established to derive maximum benefits from existing resources and generate income.
- Actions are being taken to rectify this in the future.
- The recommendation has not been implemented so far.

3.105 National Water Supply and Drainage Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	784,602,499,859	287,738,572,571	496,863,927,288	(3,193,187,848)	Qualified
2022	956,570,978,895	424,705,489,122	531,865,489,773	(2,699,807,068)	Qualified
2023	987,027,797,995	421,113,341,428	565,914,456,567	5,286,525,126	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Fixed assets in eight cost centers with an aggregate value of Rs.720 million could not be verified and physically not existed as per verification report submitted to the audit. Further, the amount of Rs.999 million valued assets in Regional Support Centers could not be clearly identified and a provision of Rs.33 million had been made for depreciation of those assets during the year under review.	2023	Management should take necessary action to manage assets to avoid misuses and misplace.	Most of the times these assets are not verified as those were transferred to different locations. Sometimes verification committees didn't able to verify them even though they were physically existed. Accordingly, provision of depreciation is accurate as those assets, as those were used in the Board. For unserviceable assets, those will be disposed in the	Relevant instructions had been given to Cost accountants to correctly update all fixed asset transfers in the fixed asset register before starting physical verification of fixed assets.

			future and depreciation provided will be adjusted.	
02.	Prior year adjustments had been done for the assets and depreciation in each and every year since the year 2012 due to weakness in internal controls relating to the assets classification. As a result of that, opening retained earnings of the year 2023 had been changed by Rs. 2,584 million and profit of previous years disclosed in audited financial statements were materially changed by providing incorrect information to users of those financial statements.	2023	Introduce internal controls to minimize the prior year adjustments since those adjustments have made significant differences to the financial statements.	As per the LKAS 8 it is a regulatory requirement to correct the prior period errors. Due to the complexity of the transactions and asset base comprises of Rs.477 billion, there will be adjustments to be made after the year. Hence the Board has complied with the said requirements.
03.	It was revealed that the foreign grant balances aggregating to Rs.7,004 million in respect of 26 Projects and a sum of Rs. 334 million relating to one project had remained without being amortized over 15 years and 12 years respectively in the financial statements as at 31 December 2023, contrary to the provisions in the Sri Lanka Accounting Standard (LKAS 20). Further, Government	2023	Action should be taken to amortize foreign grants received in accordance with the provisions in respective Accounting Standards and detail schedule including grant amortization by identifying specific assets relating to that grant should be submitted to the audit.	Grants related to non-depreciated asset including lands were remained without being depreciated over the period. Also, the life period of buildings prevailed are over 50 years. The respective grants are amortized until such period. The necessary actions will be taken to amortize

grant, foreign grant and Local grant received for projects amounting to Rs. 42,267 million had remained over three years without being amortized and the Impact on non-amortization to the financial statements could not be ascertained in audit, since no details were submitted to the audit.

the relevant grants in the future.

04. Rs. 1,378 million out of the total grant received Rs.5,294 million incurred as demurrages in relation to Water for all Project had been set off against the grant received from the General Treasury for that Project in contrary to the paragraph 4.3 of notes to the financial statements. Further, it had not been properly disclosed as per the requirement of the paragraph 39 of LKAS 20.	2023	Required disclosure should be done in financial statements.	Amounts received from treasury to pay demurrages were accounted as grants. Capitalization of demurrage payments are not complying with accounting standards. To rectify these issue demurrages in relation to the Water for all Projects had been set off against the grant received from the General Treasury.	Had not been corrected.
05. The fully depreciated fixed assets in relation to 16 categories, amounting to Rs.3.67 billion were being continuously utilized by the Board, had not been reviewed	2023	Ensure that comply with requirements of Sri Lanka Accounting Standard LKAS 16.	As per the paragraph 51 of LKAS 16, it is impracticable to value the asset base of the Board as there is an immense asset	Necessary actions are being taken.

annually to revise the estimated useful lifetime as per the paragraph 51 of the Sri Lanka Accounting Standard LKAS 16.

base scattered around the country and substantial amount of assets are specific to the Board. Therefore, it is difficult to get the services of a government valuer to re-assess the useful economic life of the assets. However, the Audit and Management Committee held during year 2023 decided to revalue the entire class of Motor vehicles.

06. Leased hold assets 2023 valued at Rs.670 million had been disclosed as lease hold land under the free hold lands in notes to the financial statements without being disclosed as right of use assets as per the requirement of the para 51 of the SLFRS 16. Further, the Board had not charged the depreciation for right to use assets during the lease period and the impact on depreciation as at 31 December 2023 could not be ascertained due
- Should be complied with the accounting standard requirement.
- The necessary actions will be taken to disclose the lease hold lands as the right of use assets as per requirement of SLFRS 16- Leases in the future.
- SLFRS 16-**It has been informed that necessary measures will be taken in the future to disclose the right to use leased land as assets as per the requirement of the lease.

to lack of evidence.

07.	As per the Section 3.2.1 of accounting policies submitted with the financial statements, provision had not been made for slow moving stocks amounting to Rs.1,106 million. Further, no procedure had been developed to identify the nature of the classification of inventory at the stock verification.	2023	Should comply with the accounting policies submitted with the financial statements when preparing financial statements.	Depending on the criteria which taken for decide whether the items are nonmoving or not, it cannot say these all items have recorded as nonmoving over continuous three years period. Hence, it's not required to assess the net realizable value for those nonmoving stocks. Currently, the Board has made the provision for obsolete stocks.	Necessary adjustments will be made in the financial statements of 2024.
08.	As per note No. 3.2.1 of accounting policies submitted with the financial statements, the balance of inventory at the end of the year under review should be valued at weighted average cost method. However, audit test check revealed that the inventory balance derived from the management information system had not complied with the weighted average cost method due to abnormal price deviations between stock receipts and issues and amount	2023	Action should be taken to eliminate abnormal price deviations.	Weighted Average Cost calculation has been done in each item by taking the whole island as a whole through Inventory Management System (IMS). It is noted that island wide total price variation from the ledger and the stock verification was approximately less than 1% of	Deputy General Manager Industrial Relations has been informed to take necessary action for stock shortages and technical department has been informed to make improvements in the stock management system by minimizing the price fluctuation in future.

of Rs. 200 million of abnormal price deviations had been deducted from the stock value as stock adjustments during the year under review. Hence, accuracy of balance of inventories in the financial statements could not be verified in audit.

the total physically verified stock balance of the Board. It is expected that the price variance will be very minimum in future with the implementation of proposed IMS developments.

09. As per the information received, the cost of sixty-eight (68) completed and commissioned Projects amounting to Rs.25,697 million had remained in the work-in-progress as at 31 December 2023 without being capitalized. Therefore, the property, plant and equipment relevant for the year had been understated by similar amount. Further, depreciation on such assets had not been made during the year under review.
- Further, Balances aggregating to Rs.199 million relating to 05 Projects shown under the work-in-progress are remained unchanged over thirteen years without being investigated to identify the reasons and to make
- 2023 Expedite the capitalization process. Test for impairment if any and make provisions.
- The capitalization is normally executed part by part and at different stages valuation and approval for completion has to be obtained. Most of these said projects are still in the above process. Respective accountants were informed to capitalized if any asset are completed and in usable condition under the respective projects.
- Necessary actions are being taken.

necessary adjustments in the financial statements even this matter is reiterated from previous years. No impairment test had been carried out to identify the impairment impact.

10. Assets and liabilities amounting to Rs.150 million and Rs.51 million respectively are remain long outstanding as non-operating assets and non-operating liabilities in the financial statements. However, the action had not been taken to clear them. Further, an unidentified prior year balance of Rs.235million, stock balance of Rs.22 million, bank balances of Rs.8 million and advances given to ministry amounting to Rs.15 million were included in the above balance as non-operating assets.	2023	Actions should be taken to clear the existing balance and system needs to be introduced to prevent generation of unclear balances in future.	Due to the manual system being computerized, these balances were rolling over from the year 1999. Various actions such as formulating special committees, services from accredited Audit Firms to clear the above were initiated. The balance which is not cleared due to unavailability of the supporting documents. Liability of Rs.149 Mn will be transferred to the I&E by taking necessary approvals. Actions are ongoing to clear these balances and will be cleared in the year 2024.	Steps have been taken to deactivate the accounts and necessary steps are being taken to rectify the existing balances.

11. Four lands and two vehicles which were recorded in assets registers of cost centers had not been accounted by assessing the value of that assets and three Lands belongs to Western South region had not been accounted or included in the fixed asset register.	2023	Actions should be taken to rectify the error on recognition of receivables from Treasury.	The committee had been appointed to carryout post fixed asset verification and necessary action will be taken according to the post verification report as soon as possible.	Relevant instructions have been given to cost accountants.
12. An un-reconciled difference of Rs.1,456 million was observed between the value of metered sales, bulk sales, bowser supply and income from main operation shown in the VAT returns and the financial statements.	2023	Reconcile the balances in financial statements, commercial system and income declared in VAT returns to identify the reasons for differences and submit all details to auditors for verify the accuracy of the sales figures.	Some income categories already incorporated with Financial Statements but not included for VAT Return and timing differences were affected for these differences.	Actions are being taken to prepare the relevant reconciliations.
13. A difference of Rs.10,770 million was identified between the balance shown in the financial statements of the Board and the balance shown in the financial statements of the General Treasury in relation to the capital contribution.	2023	Reconcile the differences and adjust records accordingly.	Reconciliation has been prepared and identified differences will be cleared in 2024.	Comparisons have been made and adjustments for differences identified will be made in the year 2024.

14. Trade debtors, new connection debtors, sewerage debtors and other debtors aggregating to Rs.2,344.78 million had remained over two years without being recovered. Out of above trade debtors 66 per cent represents in Western central, Southern, Western North, and Western south regions. Even though new connection debtors are to be recovered from 3 installments within three months, Rs.32.5 million had remained more than 3 years period without being recovered.	2023	The action should be taken to recover the outstanding balances.	The outstanding arrears grew up gradually. Action has been now taken to recover the arrears.	Necessary steps are being taken to recover outstanding balances.
15. A sum of Rs.3.5 million in respect of 23 water connections given to parliament members' government quarters had remained long outstanding without being recovered as at the end of the year under review.	2023	The sufficient and necessary actions should be taken to recover due amount from relevant parties.	Necessary actions are being taken to recover.	Legal proceedings are underway.
16. Outstanding debtors (disconnected) as at 31 December 2023 was Rs.1, 886.73 million. Out of that, amounting to Rs.1,293.21 million which is equivalent to 69 percent had	2023	Actions need to be taken to expedite the recovery process.	Legal actions have been already taken to recover the outstanding arrears. 2464 cases were reported to head office to take	Necessary steps are being taken to recover outstanding balances.

remained outstanding over two years without being recovered.

legal actions. 1972 cases were also closed in the year 2023. There is a progress. Training sessions are conducting in RSCs on recoveries. The recovery process is ongoing.

17. An outstanding balance of Rs.1.76 million in respect of two illegal connections of Galle Urban Council due from 20 years and Rs.28 million in respect of Colombo Municipal Council of due more than 6 years had not been recovered even by the end of the year under review.	2023	Immediate action should be taken to recover the losses incurred due to illegal water connections.	The arrears have been collected from the account numbers of Galle Municipal Council after written notices have been served, several meetings have been held and action taken to recover the arrears. Further, decisions are to be taken by the Management Level.	A committee has been appointed to monitor.
18. Refundable Short-term deposits aggregating to Rs. 60 million deposited in external institutions had remained outstanding over three years without being recovered.	2023	The immediate actions should be taken to review the existence of deposits and advances and the recovery process should be expedited.	In order to recover this deposit, the RDA has been informed in year 2022, but no settlement has been made so far. Therefore, arrangements will be made to recover this in future payments of RDA.	This will be recovered in future payments of the Road Development Authority.

19.	The action had not been taken to clear land advance amount of Rs.47 million paid to Divisional Secretary by Regional Service Center (Central) even though the respective lands had been acquired as at 31 December 2023. Therefore, assets had been understated by similar amount.	2023	The advance Payment should be reviewed periodically.	Actions will be taken immediately to find assets forms and correct the error at the capitalization stage.	Necessary measures are in place to carry out capitalization activities.
20.	Loans and advances given to former employees –non active amounting to Rs.17 million had remained in accounts for more than eight years period without taking proper actions to recover as at 31 October 2023. However, as per test check done by audit it was observed that more than 90 percent of the above employees who have obtained loans and advances had been given retirement without recovering due amounts as per the para no.03.5 of Board Circular P 12/2011 dated 05 August 2011.	2023	Immediate actions should be taken to recover those balances and if it is unable recover, action should be taken against the employees who allow retiring the employees without recovering receivables.	The Finance Department has been informed to recover the amount due to the Board from those who have retired according to the prescribed procedures.	It has been informed that necessary steps will be taken to resolve the outstanding balances.
21.	Contrary to the provision in Paragraph 5.1 of Operational Manual for State Owned Enterprises of Department of Public Enterprises dated 17	2023	Comply with the requirement of the Operational Manual.	Productivity incentive was paid as per the increase of productivity levels. This was calculated as per	Not corrected.

November 2021, a sum of Rs.287.85 million had been paid as productivity incentive instead of Bonus for the year 2023 under the Board approval without paying profits to the consolidated fund. In addition to that amount of Rs.471.39 million had been paid to employees as monthly productivity allowance with the salary during the year under review.

a formula which includes productivity criteria such as Revenue, Collection, NRW and etc.

Bonus is paid only as per the profit earned and government circulars issued. Accordingly, bonus was not paid.

22. According to 2023 Management Services Circular No. 30 of 22 September 2006 and Section 3.2(i) of Operational Manual for State Owned Enterprises of Department of Public Enterprises dated 17 November 2021 and the letter No. DMS/E2/19/4/064 dated 23 May 2011 of Director General of DMS approval for the Scheme of Recruitment and Promotion Procedure of the Board had not been obtained from the Department of Management Services even by the end of March 2024.
- Approval for Scheme of Recruitment and promotion scheme should be obtained as soon as possible.
- Scheme of Discussions are ongoing with the Department of Management Services. prepared by an expert committee was submitted to Management Services Department returned to prepare standard format.
- Then, the Proposed Scheme of Recruitment is under review and discussions with trade unions to finalize. Accordingly, the Scheme of Recruitment will be submitted again to Management Services

Department.

23. Contrary to the 2023 Management Since the actual An advance of requirements of Public Finance circular no.01/2020 of 28 August 2020, Even the accident was happened in 12 April 2023 to vehicle allocated for the General Manager, the Board had not been reported the estimated loss of Rs.13 million on that vehicle accident to the Chief accounting officer and public finance department in General Treasury as at 31 December 2023.
- 2023 Management should responsible for non-recovering losses and taking more than one year to assess the losses and also not claimed from insurance within the eligible period.
- Since the actual loss has not been calculated yet and after clearly identifying it, the explanation will be called from the respective driver.
- An advance of 50% has been received from the insurance company and the repair is being made through the work shop of the Board. It has been informed to the Audit and Management Committee of the Ministry that the disciplinary investigation is over and the loss will be identified and recovered from the offender.
24. Two vehicles had been 2023 Comply with The vehicles are The departed assigned to the Chairman and Vice chairman in the year 2022 and 2023 instead of allocating one for each under Vehicle Policy of the Board as per the Board decision No.5/15/2022-898 without having special approval from the Secretary to the General Treasury as per Paragraph 1.2 of the circular No.01/2020 of 27 January 2020 of Public Enterprise Department Circular.
- 2023 Comply with circular requirement and need to recover additional expenses made in addition to the assigned vehicles.
- The vehicles are allocated depending on the requirement of the sections. These Vehicles were allocated to the secretariat division.
- The departed Chairman and Vice Chairman have handed over the vehicles to the Board on 29 September 2024 and only one vehicle has been allocated to the current Chairman. No action had been taken to recover the losses incurred to the board due to the mis-use of vehicles.

25. Contrary to the 2023 The provisions of Additional fuel It has been requirements of paragraph 3.2.2 of 01/2021 of Public Enterprise Department Circular, without obtaining the approval of the Board of Directors, the Board had paid Rs.7.4 million for the excess use of fuel 23,313 liters of Additional General Managers and the Deputy General Managers during the period of January 2022 to July 2023. The provisions of the circular should not be violated without having proper approval. Additional fuel used above the indicated limits in Board Circular P 19/2008, approval could be obtained through respective authority as per the circular issued. It has been informed to the Audit and Management Committee of the Ministry that the utilization will be studied and decisions will be taken through a committee consisting of a Treasury officer.
26. Contrary to the Public 2023 Enterprise Department Circular 01/2015 (ii) dated 14 January 2022, Chairman and Vice Chairman of the Board utilized the unlimited fuel with the approval of the Minister instead of 145 liters per month contrary to the circular and without having approval from the Secretary to the General Treasury since January 2021. However contrary to the paragraph 3.2 of the PED circular No 01/2015, approval had not been obtained for the excess 5,806 liters valued at Rs.2 million used by the chairman and 6,393 liters valued Losses incurred to the Board due to Non-compliance with the requirement of the circular to be recovered from the relevant responsible parties. As per the authority vested to the line minister, the respective line minister has approved it through the letter dated 25.11.2021 numbered S/25. Recovery had not been made for unauthorized use of fuel.
- The Assigned vehicle to vice chairman PK-3575 has been used by the ministry officials on several occasions. But no fuel expenditure has been incurred by the Board.

at Rs.2.3 million used by the Vice chairman during the period January 2022 to July 2023. Further, vehicle No PK 3575 assigned to Vice chairman had been used by the external party in the year 2022 and 2023 without informing to the General Manager and Governing body. During that period vehicle was run 13,698 kilometers.

27. Contrary to the Paragraph 13(b) of the agreement signed by officers proceedings on full pay study leave and section 4.7 of the chapter XV (2013) of the Establishment Code, The board had not refunded the value of expenses made for scholarship from the two employees who were unable to provide continued service to the Board after completion of the study leave. Bond's value was Rs.20,190,832.	2022	Action should be taken to recover the expenses made by the Board from the employee as per the agreement conditions.	Action is being taken to clear it.	It was informed that necessary measures to recover will be taken.
28. Cash frauds amounting to Rs.246.64 million committed at Trincomalee, Kelaniya and Ampara regions during the year 1999 to 2006 had not recovered even as at 31 December	2022	Ensure that Internal control procedures are in place to prevent from such situations in future and action should be taken to	08 cases have been filed in the Trincomalee High Court in connection with the financial fraud of the Trincomalee	Legal actions are being taken.

2021. However, in relation to Trincomalee Region Rs.24.15 million had only been recorded as other debtors out of cash fraud of Rs.171.9 million. Further, another Cash fraud amounting to Rs.272,735 committed at Bandarawela Region during the year 2001 had not recovered from responsible persons even as at 31 December 2022.

recover the all losses incurred to the Board.

office. The CID has filed a case in the Colombo High Court regarding the financial fraud of the Kelaniya office and out of these cases, the loss related to one case has been settled after paying the loss to the Board. Further, The Attorney General's Department has also inquired into the matter as required and legal actions are taking with the instructions of the Attorney General regarding the other cases.

29. Sheet piles fixed under the construction of the Nilwala Salinity Barrier to avoid the salt infusion for drinking water had been removed due to the influence of farmers at cost of Rs.8 million without having the recommendations of technical experts. Further, a report issued by a committee of the Environmental authority also highlighted that the

2023

Necessary steps should be taken to make the project cost effective.

Length of 40 feet sheet piles have been removed as per the instruction of District Secretary Matara due to Farmers protest without clear evidence of technical reasons. NWSDB have given clear objection to remove these steel sheet piles

The situation remains the same.

construction of the barrier and other reasons also impact the inundation of the Matara District. After removing piles, quality inspection reports of the Board show that the salt is included in the Water. Therefore, the cost of removing sheet piles becomes ineffective.

same time. However, other stake holders had taken decision to remove sheet piles without considering the objections of the Board.

As a result, removing of these steel sheet piles are ineffective with considering long term effect.

30. An aggregate amount of Rs.2.6 million and Rs.173 million, Rs.552 million of Obsolete, unserviceable and nonmoving respectively had been remained without being taken necessary actions to dispose as 31 December 2023 and Age analysis had not been provided by the Board to identify the stock lagging period.	2023	Necessary action should be taken to clear those items as per the instructions given in the stores management Process manual.	Post stock verification will be taken on those assets as per the stores management procedure manual and the Stock Age analysis will be provided after the proposed IMS developments.	Necessary actions are being taken.
31. The Board had not taken necessary actions to clear the stock shortage amount of Rs.30 million which is remain more than three years.	2023	Investigation should not be delayed unnecessarily and any losses occurred due to that delay should be beard by responsible officers.	Currently, the detailed investigations on stock shortages have been conducted by the Industrial Relations department.	Reminders have been sent to the Industrial Relations Department to inquire into the shortage of stock and inform the final decisions in this regard.

32. As per physical 2023 verification reports of the year 2023, it was observed that Free Hold Buildings, Structures, Infrastructure, Computer & Other Equipment, Survey equipment, Mobile Equipment etc. with an aggregate value of Rs.106 million had been damaged, removed from usage and demolished in relation to eight cost centers.
- Dispose the unserviceable assets according to the circular requirement.
- The committee had been appointed to carryout post fixed asset verification and necessary action will be taken to according to the post verification report as soon as possible.
- Instructions had been given to cost accountants to seek board approval and dispose unusable assets.
- Balance assets will be disposed with relevant approvals in the future.
- However, no proper actions had been taken to dispose or remove those items.
33. Inventory levels had not 2023 been established by the Board for consumables such as hydrated lime, Aluminum Sulphate, bleaching powder, chlorine, poly Aluminum chloride. Limitations of the MIS system such as non-identification of age of stocks, undefined stock levels is also been impacted when assessing the requirements of the consumables.
- Establish the inventory levels to avoid unnecessary cost to the Board and manage funds effectively.
- Action will be taken to solve this problem in future.
- Not been corrected further.
- Therefore, some occasion's material requirements had been assessed incorrectly in decision making.

34. The Board had paid 2022 Rs.21.45 million or 30 percent of the valuation as advance on April 2014 to one of the land owners to purchase a land to construct a wastewater treatment plant under Galle Area Wastewater Disposal Project on the recommendation of senior legal officer of the Board. Subsequently, a court case had been filed to recover the advance paid; due to dispute occurred regarding the ownership of the land. Further, it was observed that the consent of the land owner to sell the land to the Board had been given prior to purchase the land by him. In addition to that it was observed that the land had been occupied some families even by the end of the year under review. However, Board had failed to recover advance paid and penalty thereon from the land owner and take any action against the responsible officers of the Board even as at 31 July 2022.
35. A movable camera 2022 system valued at Rs.10 million remained at Pothuwil Officer in
- Ensure that ownership of Board's assets is secured and take actions against the responsible officers for recommending purchase to lands which has dispute.
- A case filed at the court to recover the advance payment and case is pending in court and warning letter had been issued for legal officer after investigation.
- Action needs to take repair the Camera and to examine the
- The action is in progress to repair it.
- Repair works have not been done.

Charge office and sent to Akkareipattu manager office on 03 July 2017. However, it had not been repaired even by the end of the December 2022 and it had not been recognized at the physical verification of the Akkareipaththu manager office as at 31 December 2022.

reason for non-verification of Camera in the Board of survey.

36. The assets amounting to Rs.43,500,242 transferred between cost centers had not been removed from the accounts of initial cost centers. Therefore, responsibilities of those assets are rest with the cost centers which are not utilized those assets.	2022	Responsibility of keeping proper records on transferring assets should be assigned to the officer in charge of those cost centers.	It is agreed with the audit query and this situation has arisen due to the non-submission of Asset Transfer Forms at the time of transferring of asset from one cost center to another. Instructions were given to the respective officers to keep proper records as corrective measures.	Had not been corrected further.
37. The Board had not revised the lease rental with Colombo municipal council for the office space of Colombo south since 10 October 2014. Further provision had not been made for rentals from October 2014 to up to	2022	Conditions of the agreement should be followed.	There is an agreement and it will be submitted to the Auditor General.	Had not been corrected further.

date.

38.	A sum of Rs.7,434,562 out of Rs.11,276,750 of Employee Security Deposit consist from the security deposit of retired employees and it had not been settled at the retirement. Further, Board Circular no.80/28 dated 07 October 1980 had not been updated to upgrade the values and only security deposits for the two positions had been obtained instead of 14 positions identified in the circular.	2022	Security deposits should be cleared when employees retired and Circular should amend to update conditions.	After the retirement of employees, it may take some time to clear all dues by getting clearance report. Hence it may take some time to settle the security deposit. The circular will be amended.	The balances are being rectified and the circular has been updated.
39.	Considerable delay in acquiring land for the projects was observed due to selection of suitable lands is not done through technical committee, non-prioritizing the requirement, non-confirming the security of the lands and delay in taking legal actions for unpermitted residence. Further, no data base system for lands had been established by the Board.	2022	Land acquisition process should be streamlined.	Lands acquired for the board are undertaken by the Land Acquisition Act, which follows a series of steps and takes several years to complete.	Data on lands is being collected.
40.	A Pipe Cutting machine with a cost of Rs.2,000,000 purchased prior to the year 2000	2022	Machine should be used before expiration of the technology and	Since it has not been issued yet it is in the inventory. It will	Further it remains the same.

remained at warehouse of Western Production Regional Support Centre as ideal inventory.

inquire from be capitalized responsible when it is being officers for idling issued. the assets for long period.

41. A sum of Rs. 1,432,839 2021 had been deprived to the Board due to charging of lower rates than the stipulated rates for official quarters occupied by 11 employees in Regional Support Centre (Western Production). Actions should be taken to recover the loss from the responsible official due to charging of lower rates than the stipulated rates for official quarters rent. Following the recommendations of the Sub-Committee and the approval of the Board of Directors for the official housing code, the rents will be implemented at all Regional Support Centers. Rates is being charged according to the circular issued under the current estimate and recovered from officers.
42. The Board had acquired 2021 a land in 1981 in Kaluthara to construct a warehouse and employee quarters and paid Rs.531,000 to the governor in Kaluthara District in 1991 for the payment of compensation to the owners and Rs.106,980 had been paid to the valuation department. However, the land had already been occupied by some families illegally due to failure of the management of the Board to get the precautionary action to secure the land. However, no any active intervention had been observed by the two legal officers already Ensure that ownership of Board's assets is secured. **Kaluthra land** External lawyer was hired by the Human Resource Division and this case is pending in court. The case is pending in the court and appears through an external lawyer.
- Dehiwala land**
- Writ of execution in progressing. Order has been given by the Mount Lavina Magistrate Court to evacuate encroachers.

employed by the Board for 41 years secure the ownership of the land. Instead of that an external lawyer to handle the matter had been hired by incurring Rs.3,472,875 at the end of the year under review. Further another land acquired for extension of reservoir at Dehiwala had also been occupied by eight illegal residents at the end of the year under review due to failure of management to take actions to secure the land upon the receipt of legal possession of the land on 1981.

43. As per the financial statements, the stocks in transit on local purchase and imported stock in transit as at 31 December 2023 was Rs.1,246 million and Rs.4,827 million respectively. Out of those stocks, Local purchase amount of Rs.642 million had remained over three months without being cleared and imported stock in transit amount of Rs. 3,070 million had remained over two years without being cleared.	2023	Actions need to be taken to investigate the long outstanding stocks in transit balances and ensure the accuracy of recognition in stock in transit in the financial statements.	These accounts are acting as control accounts to allocate the total cost to stock imported through letter of credits. Normally one letter of credit has few consignments or lots to be completed. Until all the consignments are completed balances in letter of credit control accounts cannot be cleared.	It has been informed that it will be corrected in the year 2024.

44. After the grace period 2023 Expedite the IPC payments Negotiations are for loan granted for Project activities have not been underway with the Gampaha, Attanagalla to minimize done to the China Development Bank, six loan opportunity cost. Contractor since Bank to installments amounting April 2022 due to restructure the to USD 45 million had the interim debt said loan amount and it was been paid at the end of policy of the relevant informed that the the year under review. country. corrections will be However, out of loan disburse balance made for this account after the sum of USD 52 million funds available in completion of the equivalent to ESCROW account and a negotiations. Rs.16,836.51 million or 29 percent of loan had been retained in Escrow account without being utilized for project activities by the end of the year under review. favorable solution is expected after finalization of the Government's discussions with the IMF.
45. Thirteen office quarters 2023 Actions should be Staff quarters to Has planned to in four Water Supply taken to fully be used in future use in future. Schemes constructed at utilize the after repairing as per the requirement. a cost of Rs.33 million had remained idle at the end of the year under review.
46. All the constructions 2023 Make arrangements to These are Arrangements are relating to Iginiyagala and Wadinagala and Damana Water Supply Scheme valued at Rs. Rs.5.5 million and Rs.9 million respectively had remained idled from the year 2001 and necessary actions had not been taken to utilize effectively. will be relevant equipment to the offices. Inginiyagala submersible pump has been handed over to Mahaoya WSP

those assets.

(MTN 16501).
Distribution
system has been
connected to
Paragahakele
WSS. Old intake
line from wewa is
dedicated for
optional usages.

47. In order to provide water supply for Ampara, Monaragala and Batticloa regions, Ampara Water Supply Project (Phase III) had been commenced with an estimated cost of Rs.20,825 million on November 2010 and scheduled to be completed December 2015. Under the component (ii) of the project, it had been planned to construct six elevated water tanks and award the contracts on January and March 2013 with the schedule completion date of August 2014 and March 2015. However, due to poor performance of the contractor, it had been terminated on 24 August 2020. Accordingly, partly constructed six water towers incurring Rs.30,351,710 and DI pipes and fittings worth of Rs.15,790,210 had remained idle even by the end of the February	2021 Immediate actions should be taken to utilize partially completed water towers and DI pipes and fittings order to achieve project's objectives effectively.	These six sites were noticed poor performance for long time and contractor failed to achieve their target within the given period and hence the contract had been terminated. The balance works of above water towers construction, called tenders as new contract on 10 March 2021 and waiting for awarding at MPC, due to current prevailing economic situation of the country. Further due to direct pumping, O&M facing several difficulties such as frequent bursting, high NRW, etc due to high pump pressure. Hence, the completion of	Not corrected and remains idle and as of 30 September 2024.

2022.

06 no. of water
towers is
important.

48. As per the directives 2022 given by the Cabinet Decision No. 22/1286/604/022 and dated 05 September 2022 regarding the re-strategize and acceleration of large-scale development projects and as per the letter No. PMO/DEV II/ 2/2/1 dated 28.10.2022 issued by the Secretary of Prime Minister, Seven Projects which should be completed as at 31 December 2022 had not been completed as at 31 December 2022 and Twelve Projects which should be temporarily suspended are still in the process of suspending. Further, Committee had recommended to complete ten Projects within the year 2023 and to temporarily suspend the two Projects in the year 2023. However, expected results from those Projects cannot be reached even some considerable amount had been spent on those Projects.
49. 196 of vehicles which 2022 were disposed by the Board are still
- Actions should be taken as per the directives given by the Cabinet Decision for ongoing projects.
- Action had taken to re-strategize Projects with all necessary amendments.
- Only three Projects out of the seven which should be completed in 2022 had been completed and four out of twelve Projects which should be temporarily suspended had been suspended. Ten Projects which should be completed in 2023 had not been completed.
- Need to remove the Board name from the register
- It is in the process of scrutinizing and
- No action had been taken.

registered in Department of Motor Traffic under the name of the Board and 32 vehicles registered cannot be identified.

of RMV for the disposed vehicles to avoid unnecessary obligations and find the reasons for matter of 32 vehicles.

196 vehicles have disposed by the Board time to time.

50. The Board had paid 2023 additional amount of Rs. 67 million as commitment charges through Greater Colombo water and waste water management improvement investment project's funds without having approval of the funding agency for the procurement of Water Meters to the Board. Therefore, cost of the water meter procured through those contracts had been increased by Rs.720.98 or 12.93 per cent. However, the quantity of 44,701 and 253,009 were remained in stock at the end of the year 2022 and 2023 respectively.

Approval of funding agency should be obtained for activities of out of the scope and take necessary actions to avoid uneconomic cost to the Board.

According to the situation then prevailed in the country to provide uninterrupted water supply top management has taken a decision to open up letter of Credit through the Contractors Dollar A/C of GCWWMP project since the Bank of Ceylon did not have sufficient dollar liquidity to cater the said Tender after the post Covid period and during the economic crisis.

Approval had not been obtained.

51. Procurement of the 2023 Hydrated lime 2500 metric tons had been offered with the unfavorable variance of Rs.49.37 million with the estimated price on the approval of procurement committee

A formal investigation should be conducted in this regard.

The contract was initially awarded for lowest bidder and the contractor has requested to exemption for parameter manganese content. As a

The situation remains the same.

to the contractor who was not fulfill the pre qualifications as per the requirement of attachment 12 of the bid documents under contract no. Sup&MM/chem/HL-01/2021/22.

result, the contract was cancelled and the next bidder was considered for the awarding by the Department Procurement Committee with considering the stock out situation, time taken for contract agreement, Letter of Credit opening delays, manufacturing and shipment period and special committee recommendation.

52. The amount of Rs. 2023 48.97 million had been paid for depreciating the rupee value during the period of delay in opening Letter of credit at the time of economic crisis under contract no. DGM/M&E/WM/15/2021/09 when procurement of water meters. Further, amount of Rs.167.39 million had been spent when compare to the estimated value of Rs.83.58 million for this contract due to non performing the contract by selected contractor.
- Cost should be considered when making decisions.
- According to the The situation then remains the same. The procurement was awarded at higher values compared to the estimated value in subsequent procurements also.
- The situation then remains the same. The procurement was awarded at higher values compared to the estimated value in subsequent procurements also.
- the Contractors Dollar Account of GCWWMIP project since the Bank of Ceylon did not have sufficient dollar liquidity to cater the said Tender after the post Covid period and during the

economic crisis.

53. The Procurement 2022 Committee had offered the contract for the supply and handed over of Ton 3,000 of Aluminum sulphate valued at USD 765,000 and Rs.9.9 million to the contractor who was rejected by the technical evaluation committee due to non-availability of financial capability. However, The Board had terminated the contract without claiming the liquidated damages from the contractor due to failure to supply the goods. Liquidate damages should be claimed from the contractor due to failure to supply the goods. Not replied. The situation remains the same.
54. The four pumps 2023 procured at Rs.45.93 million for Kadduwa pump house had not been working properly from the beginning. The board had spent board's funds to rectify the defects identified due to contractor was not attending to correct those defects during the defect liability period. However, action had not been taken by the Board to recover the cost incurred by the Board for corrections of defects and for breaching the contract conditions even defect liability period is lapse Cost incurred by the board and for any defects have to be covered through the retention money and performance Bond. Regarding the action taken by the Board to recover the cost incurred for corrections of defects, the retention money owed to the contractor as compensation for losses has not been paid. Further amounts due to the contractor have been withheld.

on 22 April 2022.

55. The Board had mutually terminated the Mathara stage IV on going Water Supply as per the recommendations of committee on Re strategizing and acceleration of Mega Projects without taking action against the contractor who had failed to complete the balance works. The board had paid Rs.72.7 million and USD 2.1 million as delay charges under this Project due to delay in acquisition of the Land. Further amount of Rs.1,715 million had been paid as exchange rate differences on delay the Project as results of informal decision taken. Further amount of Rs.30 million had been paid for one year period for contract employees after the termination of project contract without obtaining the approval from the Management Service department.
- 2023 Clearance of the land should have to be done before entering in to the contract agreement to avoid unnecessary delays and cost to the Board.
- Approval of mutual termination of Matara Stage IV WSP has been given by Board of Directors.
- The situation remains the same.
- Land Owner was filed court case against NWSDB and the project was delayed due to Covid 19 Pandemic and Financial crisis of the country. Operation & Maintenance work as these works are essential work which can't be carried out with existing staff.
56. Time extension for the Kandy North - Pathadumbara water supply project had not been given by the donor even the financial completion period had been over as at 28 May
- 2023 Fund should be provided to complete the Project to achieve the objectives from Project.
- The inability to conduct testing for both generators and pumps stems from the delayed completion of critical works due
- Acquisition of 34 meters of stock has been suspended due to financial crisis. It is informed that most of the valves have been

2023. Physical progress of the Project is 88 percent and outstanding contract value is Rs.12 billion. Pump house and 25 service tanks were unable to operate due to electricity connection had not been given due to nonpayment of Rs.102 million connection charges. 16 pumps and 6 generators procured at USD 8,840,917 and installed had not been used. Number of 15 bulk meters and 132 valves had been planned to install by the Project. Only 15 bulk meters had been installed.

to the contractor's non-payment. replaced by the operation and maintenance departments of the board and are used as per the requirement of the board and the project. It has been informed that after payment of electricity connection charges by the contractor, the pump house and service tanks can be operated with the availability of electricity.

57. Aluthgama, Mathugama, and Agalawaththa Integrated Water Supply Project had only achieved 95.34 percent progress even with the 08 extension from the initial completion date of 14 May 2020. Operation of the old intake had been stopped due to new pump installed by the contractor is not in a working condition on high vibration and installation defaults. As a result of failure of new pump, the Board had pumped the water from new intake at
- 2023
- Claim the 08 Nos. of unnecessary extensions have been given to the Contractor due to various uncontrollable reasons. The rectification work has been initiated at the contractor's expense.
- Presently, the Contractor is investigating the reasons for vibration and necessary remedial measures are being taken.
- from the contractor during the defect liability period.

Kolemodara to Kethhena Treatment Plant which is situated away from 15.5 km from the treatment plant. Due to this, Board had incurred additional electricity cost of Rs.106 million during inactive period in old intake.

58.	The Board had made payment on visible quality inspection report submitted by the committee appointed to check the quality of DI pipe supplied and distribute under the contract agreement at value of Rs.19 million against the General condition 08 of the contract agreement. However, audit check revealed that the acceptable level quality was not in DI pipes due to leak the water in the plunges of the 10 DI pipes out of the 95 DI pipes were exist at the physical inspection.	2023	Procedure should be developed to check the quality than visual quality inspection at the time of supply received.	The inspection of the quality of the goods supplied is carried out by the relevant water board staff. The relevant pipes will be checked, and it is not just a quantity test as mentioned in the audit query.	Quality testing with an acceptable level of quality has not yet occurred.
59.	Procurement committees had not been confirmed the funds availability at the beginning of the Water for all Projects. Therefore, only 6 or less than 6 per cent progress was achieved in 106 activities out of	2023	Procurement Committee should ensure the feasibility of Projects before utilizing the funds.	Agreed.	It has been reported that there is some level of use of existing pipes throughout the island. This program is being implemented under the capacity building and

475 planned activities as at 31 December 2023 as per the information provided by the Project information system. Further, amount of Rs.5,198.89 million valued HDPE pipe imported for this Project is remained as at 31 December 2023 in the stocks insecurely throughout the island wide due to improper management.

distribution expansion project, reducing project activities due to insufficient funds.

60. Kalu Ganga Water Supply Expansion Project (1)

The Project commenced its activities in December 2020 and scheduled to be completed by April 2025. The objective of the Project is to provide safe water and increase water supply efficiency in the southern area of the Western Province by expanding Kalu Ganga water supply facilities and restructuring water distribution networks, thereby contributing to the improvement of the living conditions of its people. The Project consists of ten contract packages for construction activities and one consultancy service package. Out of ten contracts, detailed

Actions need to be taken to expedite the project's works so as to complete the project with in contract period.

The government of Sri Lanka has adopted an interim debt policy during this period. Therefore, it prevented receipt of donor disbursement to this project. Hence, the progress of this project was halted. However, project works will commence in the year 2023.

The physical progress of the project is 8 percent and the financial progress is 1 percent, as of 31 December 2023.

designing and construction works of the five contracts in Project-1 and detailed designing works only in respect of the balance five contract packages in Project -2 are planned to be completed under the Project. However, consultancy contract had only been awarded and commenced the detailed designing and assistance in procurement process. Hence, there was no any physical progress had shown of the Project up to 31 December 2021.

61.	Anamaduwa Water Supply project	2021	Actions need to be taken to expedite the project's works so as to complete the project with in contract period in order to avoid commitment charges imposed by lending agency.	Project has been extended due to delay of finalizing the pipe material and colour of HDPE, delay of clearing the pipe shipment, change of intake location, delay of reimbursement of paid VAT, NBT, damages and Covid pandemic situation etc.	The physical progress of the project is 76 percent and the financial progress is 68 percent as of 31 December 2023. Rs. 22.08 million had been spent by the Government as obligation to funding agency as of 31 December 2023. Due to poor performance of the contractors, the contract was canceled and the bond was cashed and 4 contracts were awarded for

the balance work
on 26 May 2023.

62. Ambathale Energy
Saving Project

2021

The primary objective of this project is to replace old pumps with low efficiency and replace them with new pumps to reduce the average monthly energy cost of more than Rs.67 million in Ambathale water treatment plants and to minimize friction cost by replacing the small transmission pipe system between 70 and 100 years old by laying high-capacity pipes. The investment cost of the project is Rs.9,100 million equal to USD 70 million and the project work was initially planned to start in September 2014 and be completed in 4 ½ years by June 2019. However, due to failure of completion project by that date, the period had been extended for a period equal to the initial completion period till June 2023.

Actions need to be taken to expedite the project's works so as to complete the project with in contract period in order to achieve the project objectives.

Project delayed due to reasons such as shifting of the reservoir to Ambatale Water Treatment Plant Premises, inability to open Letter of Credit by the contractor due to shortage of foreign currency in the country, public protests, temporarily stoppage of fund disbursement, restrictions by RDA and COVID 19 pandemic.

The time had been extended again till June 2024 and the physical progress was 81 percent on 31 December 2023. The work of the project has not been completed and handed over till 30 September 2024.

**Resources Released to
Other Organisations**

63. The Board should
reimburse amount of
Rs.263.33 million

2023

Comply with the
requirements of
the operational

As per the
requests received
from line

Out of the 15
employees
released to the

including Rs.24.34 million paid for the year under review from the Line ministry for the employees who have released informal way to the Line Ministry from the year 2015.

The amount of Rs.5 million had been paid as salaries for the employee released to President office from 2020 to end of the year under review without being recovered. Further one employee had been released to Prime Minister's office without paying the salary since 22 July 2022.

Further six vehicles valued at Rs.66.47 million had been released to the line ministry and One vehicle valued at Rs.39.26 million out of them had been utilized by the coordinating secretary of the Minister of line ministry since the time of importing in 2019 without use for the Project purpose.

manual.

ministry employees were released. Every month requests are being sent to the line Ministry to reimburse the salary being paid to the released employees.

Ministry has informed they will release this amount gradually. Since the Board is not being reimbursed by line ministry, some employees were assigned back to the Board.

Action is being taken to get that vehicle back to the Board.

line ministry, 09 have reported back to the board for service by 16 October 2024.

The employee released to the President's office has also reported for the service of the board by 16 October 2024.

5 vehicles have been returned to the Board by 08 October 2024 and one vehicle (PC 5865) is still with the Ministry.

64. According to the 2023 information submitted, there were 2,625 shortages of employees and 104 excesses of
- Recruit adequate staff to the Board or amend the approved cadre of the board after
- The approval of the Management Services Department has been requested to
- Discussions are being held with the Department of Management Services regarding

employees as at 31 December 2023 and 21 designations were totally vacant. However, Board had not reviewed the carder requirement to meet the manpower requirement of the Board.

proper evaluation of the cadre requirement.

update the this. staffing plan to suit the current requirements and increase the necessary staff, but no approval has been received so far. Furthermore, as government recruitment has been stopped at present, even though there is a need for employees, it has not been possible to carry out the recruitment.

65. The board had assigned and paid for eleven employees recruited on contract basis for Mathara Stage IV Project to duties of the Board contrary to the paras 2.2.7 and 07 of the circular no 01/2016 dated 24 March 2016 and its amendments from January 2023 without obtaining approval of Management service Department.	2023	Approval should be obtained prior to commencement of the Project.	Board has applied Project staff for Operation and Maintenance activities. 11 Nos of Project Staff have been assigned to Regional Support Centre. Operation & Maintenance work as these works are essential work which can't be carried out with existing staff.	Corrections have not been made.
66. The Board had not complied with the requirements of the transfer policy and as a sample audit, 273 employees out of the	2023	Develop data base immediately for transfers of employees for the benefits of employees.	The task force has invited applications for mandatory transfer consideration,	As per letter dated 22.02.2024 DGM/SO/transfer no, applications have been invited for compulsory

591 employees of the Western south region are being working between 07 years to 38 years in the same place contrary to the 05 years requirement. Further, Human resource division had not been maintained proper data base for each and every employee.

and the program transfers of is scheduled to be employees who implemented have been soon. working in the same workplace for more than five years but have not been implemented till 30 September 2024.

67.	Only 49 complaints had been solved out of the 144 complaints received to investigation unit by employees from 2022 January to August 2023 due to shortages of the investigation officers.	2023	Need to expedite the resolution procedure to develop confidence among employees.	10 investigation officers have been appointed on 15.09.2023 assignment basis with the board approval. Accordingly, from January 2022 to August 2023, out of the complaints received till date, 137 complaints have been referred for basic proceedings. Out of those complains, 102 of them have been completed by now.	With the approval of the Board of Directors, investigation officers have been appointed on 15.09.2023 on assignment basis and investigation is going on through them.
68.	Approval for the 157 employees recruited for Water for all Projects for positions of Civil Engineer, Quantity surveyor, Engineering Assistant (civil) had not been obtained from the Management Service	2022	Approval should be obtained prior to commencement of the Project.	Even requested for approval from the Management Services Department for several times, it had not been received so far.	A large number are absorbed into the approved carder and a very limited number are further employed without approval.

Department.

69.	According to the 2022 sample audit, it was revealed that the accuracy of educational, professional and working certificate had not been confirmed as per the appointment letter at the recruitment and giving promotion for employees.	Certificate for all recruitments should be confirmed before confirmation of the service.	Certificates for G.C.E O/L and A/L for Management Assistant related positions only certified up to now and it is expected to confirm all the recruitments in the future.	The accuracy of educational, professional and service certificates have been verified.

Accountability

70.	The Chairman of the board had chaired the procurement committee in which the decision taken to offer the contract to a company which had direct connection with the Chairman of the Board for the procurement of the solar system at contact value of Rs.73 million even the Chairman had not disclosed the indirect interest regarding this contract as per the requirements of the Section 05 (04) of the National water supply & Drainage Board Law No.02 of 1974.	A formal investigation should be conducted on this transaction.	Competitive bidding procedure has been followed as per the National Procurement Guideline.	Attention had not been drawn on the audit observations.

Corporate Plan & Action Plan

- 71 As per Corporate Plan 2023 Achievable target The targeted Although the for 2020-2025 a new connection for planned goals connection target of had established to year 2023 were revised, only been established for the direct the couldn't not 71 percent of the year in combined with organization achieve due to revised goals had "water for all" concept correct way. excessive price been achieved. under the National Policy Framework and later the target had been amended to 160,000 during the year. However, 115,509 numbers of new connections were given during the year. Further, the metered sales revenue had been increased by 77 per cent as compared with the preceding year even the number of new connections had been decreased by 24.61 per cent as compared with the preceding year. Main reason for the sales growth is increasing the tariff charges on 01 September 2023. Percentage of 25.32 had been achieved against the target percentage of 23.91 established for non-revenue water for the year 2023 and non-revenue water per cent age of southern and central regional support centers is more than the 30 per cent during the year under review.

Audit Committee

72.	Even the directors should be independent as per the requirement of 4.4.1 of hand book on good governance for chairman and directors of Public Enterprises issued by National Human Resources Development council of Sri Lanka; the former General Manager of the Board had been appointed as a Member of the Governing body and as a member of Audit Committee just after the retirement from October 2023. However, it had not been disclosed in the financial statements. Retirement benefits had been given to her during the year 2023 is Rs.6.25 million.	2023	Action should be taken to maintain independency of the Board of Directors.	This member has been appointed as a member of the Audit Committee.	Actions are being taken for required disclosures in Financial Statements for 2024.

Sustainable Development Goals

73.	In line with the Sustainable Development Goal (SDG) no. 6 the Board had been developed the corporate plan to achieve the 100 per cent pipe borne water coverage by 2025. Towards the achieve this goal the board had been recognized 08 targets and 08 indicators and out of	2023	Action should be taken to achieve agreed goals.	The Corporate Plan for 2020-2025, Originally built upon the “Water for All” program, faced interruptions due to the prevailing economic crisis. Consequently, the scope of Water for All Program was down sized and Priority was	Established targets had not been achieved as expected.

these targets the board had expected to achieve 100 per cent target of empowering legal framework of water sector, increase household and non-domestic pipe water coverage by 313,217 and increase pipe sewerage coverage by 867 during the year under review and However, only 60 percent empowering legal framework of water sector , 187,339 water connections and 338 sewerage connections had been achieved as at 31 December 2023.

shifted towards the Capacity Enhancement and Distribution Expansion (CEDE) projects focusing solely on optimizing existing water supply schemes to enhance capacity and quality by 2025.

3.106 Insurance Regulatory Commission Sri Lanka

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	8,714,259,219	80,746,472	8,633,512,746	69,783,461	Unqualified
2022	9,811,476,278	115,219,827	9,696,256,451	122,869,939	Unqualified
2023	12,047,285,193	127,712,503	11,919,572,690	152,510,932	Unqualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. The insurance core principles (ICPs) are globally accepted framework of principles developed by the International Association of Insurance Supervisors (IAIS). Those principles are key to assess the quality of regulatory and supervisory function of the insurance regulators and use as a framework to introduce regulations for the insurance sector in the country. As a member of the	2021, 2022, 2023	The management should submit the requested information for the audit in timely manner.	Reviewing of ICPs are still carrying out.	ICP 1,2,9,10 where largely observed. A review of all ICPs is being carried out by a committee formed by the ministry of justice to make amendments to the insurance act. The review report still not been finalized.

IAIS, the Commission had paid Rs. 5,999,664 as a membership fee for the year 2022. The information had been requested during the audit in the year 2021 to identify the way of compliance with insurance core principles by the Commission. However, the requested information had not been submitted for the audit.

02. The board 2022, The secretary with IRCSL had called IRCSL still unable to appoint a board secretary.
- 2023 is mainly responsible for guiding the board on the discharge of its responsibilities and should ensure that all procedures are followed in compliance with statutory requirements and industry best practices and must possess the required qualifications stipulated in the guideline. Further, The secretary with IRCSL had called applications from audit firms and did not receive any proposal in response to the request. It had been informed to the Commission in any proposal in response to the request. It had been informed to the Commission to extend the calling of applications to Legal Firms, Secretarial and audit firms.

any employee already engaged in another function, should not be appointed as Board Secretary and Board Secretary shall function as the Secretary to Board sub-committees.

However, there is no qualified secretary for the Commission. At present, the Director Investigation is functioning as Secretary to the Commission and Assistant Director – Legal is the Secretary to the Audit Committee in addition to their permanent responsibilities in contrary to the guideline.

03. Although the provisions had been made for granting loans through the banks for the purchase of vehicles for executive category employees, vehicle loans amounting to Rs. 1,200,000 had been provided to an employee from	2022	The Commission should adhere to the policies of the government when deciding benefits of the employees of the Commission.	The commission follows the Commission approved Administrative Manual developed as per section 2.3 of the Operational Manual issued by the Department of Public Enterprises (PED) on 16 November 2021. The vehicle loan	This Loan continuously granted in the year 2023.

the commission funds during the year under review at the interest rate of 4.2 percent and 9 percent respectively for Rs. 600,000 each tranche.

scheme is part of the Administrative Manual.

04.	The amount of USD 945,450 (SDR. 0.67 million) had been allocated for the segregation of National Insurance Trust Fund (NITF)'s Insurance and Reinsurance Business under the supervision of the IRCSL under the financial sector modernization project (FSMP). However, this money had not been utilized for this purpose.	2021, 2022	The commission should have to had proper coordination and influential measures to get the project success.	IRCSL's responsibility in relation to the DLI arises only once NITF submits its proposal to segregate. However, NITF did not submit the proposal for segregation as per their policy decision, Therefore it is impossible to achieve this task by the IRCSL by coordination and influential measures.	Segregation of NITF's Insurance and Reinsurance Business still has not been done.
05.	The commission had not taken necessary actions to introduce self-contributory insurance scheme for their employees. Instead the commission spent funds of Rs. 6.3 million for the year 2022 (2021 – Rs. 6.2 million) for obtaining insurance cover	2021, 2022	It is recommended to introduce self-contributory insurance scheme for the employees.	No any prevention action taken by the entity	Not implemented self -contributory insurance scheme.

without any contribution from the employees. However, it was observed that in the year 2017, the National Insurance Trust Fund has extended self-contributory insurance scheme for semi-government sector employees by charging a contribution of Rs.1000 per employee per month. It was observed that the commission has spent the funds of the commission of Rs. 132,038 per employee for the year 2022 for the medical insurance cover.

06. Based on the 2022 Attorney General's opinion, the commission had decided their own carder and the salary scheme. By the Memorandum dated 31 May 2019, Director General sought the approval of the chairman to effect the salary
- The Commission shall obtain approval from the Ministry of Finance for their cadre positions and remuneration structure.
- According to the Section 10 of the Regulation of Insurance Industry Act, No. 43 of 2000 states that:
- “The Commission may appoint such officers as it considers necessary for the efficient discharge of its
- IRCSL had got another opinion from attorney general which is confirm that they can deside their own carder and the salary scheme.

adjustment, carder revision, payment of cost-of-living allowance of Rs. 7,800, Competency Allowance of 15per cent from Basic Salary and Special Living Allowance of Rs.12,500 for the commission staff with effect from 01 July 2018. Even though the commission is an entity subject to the purview of the Ministry of Finance the commission had not obtained the clearance or concurrence from the General Treasury to decide their carder and increase of salaries and allowances.

functions and the officers so appointed shall be remunerated in such manner and at such rates and shall be subject to such conditions of service as may be determined by the Commission.” In view of the statutory authority, IRCSL can be categorized as an institution listed in Annex A of PED 01/2021. Accordingly, the Commission will write to Ministry of Finance in terms of PED 01/2021.

The IRCSL officials had discussion with the MOF officials in this regard.

3.107 Sri Lanka Press Council

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	21,955,592	7,004,692	14,950,900	(3,381,172)	Qualified
2022	22,783,003	6,779,129	16,003,874	1,653,226	Qualified
2023	20,846,534	4,877,747	15,968,787	363,321	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The Council had not taken action to amend Section 25 of the Sri Lanka Press Council Law No. 05 of 1973 relating to the registration of E-Newspapers in the wake of technological advancements.	2022 2023	Action should be taken to make timely amendments to the Sri Lanka Press Council Law.	Approval has been received to establish a broadcast authority on electronic media. It has been informed that the Sri Lanka Press Council Law will be amended in accordance therewith.	Approval of the Cabinet has not been received for the Cabinet Memorandum presented at the beginning of this year seeking approval to amend the Law.
02.	According to Section 26 of the Sri Lanka Press Council Law No. 05 of 1973, the printer and publisher of every newspaper shall cause to be delivered at the office of the Commissioner a copy of such newspaper and of	2023	Provisions of the Law should be followed.	Editors of newspapers and the legal divisions have been informed verbally and in writing in various instances, but such	Editors of newspapers and the legal divisions have been informed verbally and in writing in various instances, but such publications could not be delivered on time due to

every subsequent and other varied edition or impression of such newspaper so printed or published. However, due to failure in doing so, the Council had incurred an additional expenditure of Rs. 532,900 to obtain newspapers and magazines during the period 2019-2023.

publications printing cost and could not be transportation delivered on costs. As such, time due to one copy is printing cost purchased. and However, action transportation will be taken to costs. As adhere to such, it has provisions of the been Law whenever informed that possible. one copy is purchased.

03.	Contrary to Section 30 of the Sri Lanka Press Council Law No. 05 of 1973, Rules and Regulations had not been made to take action against the newspapers released to the market without being registered.	2021 2022 2023	Rules and Regulations should be made as per the Law.	A Committee has been appointed chaired by Secretary to the Ministry following the Cabinet Decision dated 12 January 2021. It has been informed that action is being taken to amend the Law.	The Law has not been amended.

3.108 Sri Lanka Rupavahini Corporation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	2,090,904,050	1,926,738,529	164,165,521	(229,358,727)	Qualified
2022	1,506,160,557	1,857,363,101	(351,202,545)	(541,002,219)	Qualified
2023	1,284,772,704	1,852,572,047	(567,799,343)	(359,678,634)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. The net assets of the Corporation had declined to minus of Rs.567, 799, 343 in the year 2023 and in the year 2022 it had stood at minus of Rs.351,202,545. The minus balance of the cumulative fund that stood at Rs.1,111,944,969 as at 01 January 2023, had declined to a loss of Rs.343,214,422 in the year under review and with previous years adjustments carried out in the year, it had declined to a minus value of Rs.1,459,985,460 as at the end of the year 2023. The minus	2022 2023	Since the negative working capital situation can affect the going concern, Management should pay their attention towards that end.	It has been informed that the present Governing Body is paying attention towards increasing income from air time by producing quality programmes that can compete with other channels and reduce the costs of the programmes.	The going concern has been threatened due to the continuation of net assets being of minus value, continued losses and the continued prevalence of negative working capital.

working capital
amounting to
Rs.567,596,278 in the
year 2022 had further
increased to
Rs.600,839,596 in the
year under review

02. A sum of 2021 Action should be No measures The bank
Rs.22,480,822 had 2022 taken to properly have been taken. overdraft value
been paid as interest manage the has been settled
for the bank overdraft 2023 expenditure. by using the fixed
of Rs. deposits prevailed
237,068,873 existed as and the bank
at end of the year 2021 overdraft value as
in one currnt account at 29 September
and had exceeded the 2024 stood at Rs.
approved overdraft 10,580,422.
limit on 07 occations
from time to time in
the year under review.
03. The balance over 4 2021 Action should be Action has been The customer
years contained in 2022 taken forthwith to taken to send debtor balance as
the customer debtor 2023 recover the debtor letters with the at 31 August 2024
balance amounting to balances. signature of the stands at
Rs.377,267,803 as at Secrtary of the Rs.414,463,420
31 December 2021, Ministry of and the balance
stood at Mass Media to over 04 years
Rs.115,553,535 and recover the contained in the
lagal action had been money due from debtor balance
taken only regarding a the Government had increased to
sum of Rs.38,958,322 Institutions in Rs.141,230,628.
out of the said amount. the month of
a sum amounting to March 2024.
Rs.152,166,097 of the
total debtor balance
comprised 15 debtors
including 08
Government
institutions with over 5
million value of debts
each. Although legal
action had been taken
in respect of a sum of

Rs. one million due from the National Saving Bank, it was unsure whether that amount would possible to be recovered owing to non-existence of a proper agreement reached with the National Saving Bank.

04.	As per section 26(1) of the value added tax Act N0 14 of 2002, a sum of Rs.154,048,724 remained to be paid as the value added tax liability of the year 2023 which was contained in the outstanding tax value on the value added tax remained to be paid to the Department of Inland Revenue from the year 2019 to the last day of the year under review that stood at Rs.410,126,071. And upon the avoidance of paying that tax, the amount of fine to be paid by the Corporation stood at Rs.49,215,129 as per section 27 (1) of the Act..	2022 2023	Action should be taken to get the attention of the Management paid towards avoiding fines by paying taxes on the scheduled day.	The documents related to paying taxes in premiums and writing off the surcharge herein mentioned, have been referred to the Department of Inland Revenue. The relevant letters required to obtain the approval to allow making payments in premiums, have been referred through the Line Ministry	The outstanding taxes have not been paid as yet.
05.	Most of the transmitting equipment used for relaying programmes from the Piduruthalagala Transmission Center built under Japan aids (JAICA Project) is	2023	The Management should pay urgent attention towards inactive machineries.	Although it has been informed to the relevant institution to repair these equipment, it has been found difficult to	Repairing works have not been completed so far.

more than 40 years old and it was observed that if a break down occurs there could be a disruption of transmitting of programmes.

Further, a transmitter and a UPS equipment had remained inactive from 06 September 2023 and the Corporation had not paid its attention towards the need of immediate repairing of those inactive plants and machineries.

repair them since they are too old now. And discussions are being conducted in this regard with other similar companies. However, it has been included in the budget 2025 to purchase new equipment therefor.

06. When comparing the 2023 schedules related to the packages provided to the client institutions, invoice values issued by the Corporation and rate cards values related to the air time, higher discounts ranging from 51 to 97 percent had been given. Giving these types of higher discounts during most valuable air time where it is possible to earn much income, had limited the income earning potential of the Corporation. Further, different discounts had been offered on different occasions and it was observed that it had not been done
- The source of income for the Corporation should not be limited unnecessarily. The Management should pay its attention on giving discounts during air time where more income can be earned.
- In achieving the expected sales targets, it is important to face competitiveness and follow sales strategies such as giving discounts to attract the clients who are coming to the Corporation and it has been informed that approval has been granted for the system of offering of discounts by the decision No 836.08.32 dated 12 October 2018 of the
- Offering of higher discounts are still happening.

following a proper procedure. Once the discounts are thus given, commission money too should be given to the relevant agencies and Sales Executives out of the money received by the Institution and the Higher Management had not paid its attention towards the need of proper regulation of this process with a view to generating sufficient income.

board of directors of the Corporation.

3.109 Securities and Exchange Commission of Sri Lanka

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	466,399,640	466,399,640	-	(352,589,980)	Unqualified
2022	481,719,766	481,719,766	-	(331,264,461)	Unqualified
2023	350,021,474	350,021,474	-	(446,662,381)	Unqualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	In terms of the Section 20(4) of the SEC Act, the Commission shall establish a code of conduct which shall be applicable to the officers and servants of the Commission. The present regulation regarding conduct of members and employees had been used since 1997 and it had not been updated to include the above reference of the SEC Act.	2023	Need to update the exiting Code of Conduct.	The Commission is in the process of updating the Code of Conduct.	Action is being taken.
02.	It was observed that the post of Director Capital Market Development, Director	2022,2023	Need to fill the remaining key positions.	The Commission has already filled few vacancies. The	Action is being taken.

Surveillance,
Director External
Relations, three out
of nine Assistant
Directors, four out
of nine senior
managers, four out
of sixteen managers,
seven out of twenty
two senior assistant
managers and 24 out
of 49 assistant
managers, which are
under the executive
category of the
approved Cadre of
the Commission
were remained
vacant for a
considerable period
as at 10 June 2024.
Remaining vacant of
managerial positions
may have been
effected to the
effective functioning
of the Commission.

rest will be
filled in due
course based
on the needs of
the institution.

3.110 Sugarcane Research Institute

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	461,957,890	134,800,224	327,157,666	25,400,283	Qualified
2022	794,708,527	126,158,140	668,550,387	(11,259,996)	Adverse
2023	723,251,316	109,815,489	613,435,827	(49,180,086)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Even though it had been stated that the Cess receivable from receivable from Pelwatta Division as at 31 December 2021 was Rs.3,041,310 in the financial statements, thus the amount confirmed by the Division was Rs. 1,194,310, a difference of Rs. 1,847,000 was observed. Although it was observed that the reason for this was that the company had set off an amount of Rs.1,847,000 for the repair work done on a vehicle belonging to the Institute which had been given for	2021	The full amount of cess due should be recovered.	Palwatta Sugar Company has been informed in writing since the year 2016 to pay this amount of cess tax offset to the repaired vehicle to the company. Relevant steps are being taken at the ministry level.	Even on 25 September 2024, the amount of cess due has not been collected.

the use of Ceylon Sugar Company between 2013-2015 to the Cess, the amount could not be recovered.

02. The Institute had failed to recover the outstanding loan amount of Rs.1,000,000 given to Kantale Sugar Company for more than 5years.	2021	Proper action should be taken to recover.	Related activities are being carried out at the ministry level regarding the recovery of the loan amount.	As on 25 September 2024, the loan amount has not been recovered.
03. Although 37 years had passed since the establishment of the Institute, the sugar industry had not been properly established in the country as a result of the Institute had not been empowered to cultivate sugarcane commercially, carry out development activities related to the local sugar industry, regulate the local sugar industry and determine the commercial adoption of introduced sugarcane varieties by the Sugarcane Research Act No. 75 of 1981. It was observed that 91.8 per cent of the total sugar supply had	2021	The attention should be drawn to amend the Act in such a way that the Institute can get the powers it should have for the enhancement of the local sugar industry.	No action taken.	As of 25 September 2024, no amendments had been made to the Act.

been imported and a sum of Rs. 51 billion , which is 13 per cent of the food expenditure had been incurred for that because of the domestic sugar production was 61,000 metric tons and sugar import was 683,000 metric tons in the year 2020 according to the newsletter issued by the Institute in December 2021.

04. Although the Sugarcane Research Institute is the only institution established to conduct research and development of advanced commercial sugarcane varieties in local sugarcane cultivation, Deputy Director (Research and Technology Transfer) post from the year 2020, the Chief Technology Exchange Officer post and 02 Chief Research Officer posts which were the key positions contributing to its research activities from the date of creation of the post and 03 remaining	2021	Vacancies should be filled.	No action	As on 25 September 2024, the vacancies are still unfilled.

Principal Research Officer posts in between 2013 and 2021 had also been in vacant and it was observed that it had become an hindrance to the fulfillment of the purpose and functions of the Institute.

05.	Institution had implemented a medical insurance scheme using the funds released by the Treasury for recurrent expenses and the Director General of National Budget had informed in 2017 instead that the insurance should be obtained from the National Insurance Trust Fund. Without paying attention to that, Rs.10,364,935 medical allowances had been paid also during the year under review using treasury funds.	2023	Insurance should be obtained through the National Insurance Trust Fund.	No action taken.	The recommendation had not implemented till 30 September .2024
06.	A housing loan scheme was implemented for the employees using the company's funds and by the end of the year under review, Rs.4,271, 069of	2023	The loan scheme should be implemented after obtaining formal approval.	This housing loan scheme is implemented and maintained by maintaining a revolving account under employee	This property loan was also included in the new Code of Office Function (MOP) of the Sugarcane Research Institute, for which Treasury approval

housing loans from 07 employees had to be recovered. Further, the information regarding the approval obtained for the implementation of the relevant housing loan scheme was not submitted to the audit.

welfare and had not been that it is obtained. revised from time to time and approved by the Board of Governors and it will be implemented in accordance with the Code of Office Functions (MOP) of the institution.

07. Receivable loan balances from 02 years to 05 years old from 03 sugar manufacturing companies amounting to Rs.4,890, 951 had not been recovered.	2023	Amounts due from external agencies should be recovered.	That the discussions are being conducted at the ministerial level to recover the loan due from Kanthale Sugar Company and Lanka Sugar Company which are 02 government institutions.	As on 25 September 2024, the loan amount has not been recovered.
08. In 2011, 400 acres of land and 13 buildings were acquired from the land owned by the Sugar Factory in order to provide facilities for research activities of supply the necessary seed	2021 2023	The need to maintain the Kanthale sub-centre should be reconsidered and action should be made to make proper use of its assets.	That in consultation with the line ministry and get advice in writing and arrangements will be made accordingly.	That the relevant assets remain idle even as on 25 September 2024.

sugarcane and select suitable sugarcane varieties for the area with the aim of commencement of Kanthale Sugar factory. Staff of 27 persons was assigned for a period of 12 years until the year 2023 and even though the recurrent and capital expenditure of Rs. 139 million had been spent, the cost incurred had been wasted due to non-commencement of the Kanthale Sugar Factory.

09. Rs.17,527, 351 had been paid since the year 2003 to 06 officer for the study the degree program and other professional examinations. Although the course periods had been ended at the end of the year under review, it had not been confirmed to audit that the officers had completed the relevant qualifications.	2023	Formal approval should be obtained before fees for degree courses and professional examinations are incurred from government funds.	Before paying the degree courses and professional fees given to the institute officers, the relevant degree courses with all the details of the professional examinations will be approved by the Sugarcane Research Institutional Governing Board.	Only two officers have not been able to present their certificates until completion of the degree course and graduation ceremony and the governing body of the institute has been informed about others not completing the course and the governing body has only fixed the deadline for them to complete the course.

10. The institution had spent Rs.2,034,663 in the year under review for the electricity charges for the quarters which were provided without charging monthly rent for 48 officers.	2023	Rent should be charged as prescribed for the quarters. The electricity charges and water charges of quarters should be borne by the concerned officers.	No action taken.	As of 25 September 2024, the house rent and electricity expenses have not been recovered.
11. Rs.34,931, 153 estimates were prepared for 10 construction industries and the contract administration fees of Rs.1,471, 122 for preparation of estimates was paid into the personal account of a Deputy Resident Business Manager (Engineer) of the Mahaweli Authority.	2023	The cash paid to a private company should be recovered.	No action taken.	As of 25 September 2024, the relevant amount has not been recovered.
12. Although the works related to Rs.24,411, 265 estimates prepared in the year 2021 for 02 construction industries by Walawa Deputy Resident Business Manager (Engineer) using Mahaweli Authority letterheads had not been started even on 13 March 2024 which was the	2021 2023	Government fund paid into a private account without authorization should be recovered.	No action taken.	As of 25 September 2024, the relevant amount has not been recovered.

date of audit,
Rs.976, 425 was paid
as estimate
preparation charges
into the officer's
personal account.

13. Rs.621,456 had been paid as estimates preparation fees for the prepared estimates of Rs.33,704,917 from two external persons and an organization for 20 construction industries and the basis of the payment of those fees and the approval for payment of fees were not submitted to the audit.	2023	Amounts paid to outside persons and institutions without formal approval should be recovered.	No action taken.	As of 25 September 2024, the relevant amount has not been recovered.

3.111 National Post Harvest Management Institute

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	373,662,679	79,841,356	293,821,323	(2,251,968)	Qualified
2022	317,313,736	52,492,658	264,821,078	13,913,000	Qualified
2023	428,684,384	75,580,908	353,103,476	(3,173,781)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. A major objective of the National Post Harvest Management Institute is to produce and publish new products after a research process. Nevertheless, during the audit inspection conducted, only one type of machine out of the 19 types of new generators machines that have been unveiled according to the register of manufactured machines and equipment	2022	The social need should be recognized and the machines should be produced and the performance of the organization should be increased by publishing them efficiently.	Since the price of raw materials used in the production of local machines is high compared to other countries, it is difficult to socialize these machines as the replacement machines imported from abroad are sold at a very low price compared to the locally produced machines. Furthermore, many of these machines are more than 10 years old since they were introduced by	The recommendation had not been implemented.

maintained at the plant had been published during the period of 24 years from the year 2000 to 31 December 2023.

research and now more functional machines with higher technology have emerged than these machines, difficult to socialize these machines.

02. Although Rs.9,572,715 had been spent to get the patent right for the findings of the Induction of Fruit Ripening By Organic method research that was implemented from 2016 to August 2019 and to publish the results of the research at a commercial level, the project had not been at operational level as on 31 December 2023 i.e. the date of audit.	2022 2023	Formal actions should be taken to review and resolve audit observations.	This amount has been spent to purchase the necessary equipment for some essential laboratory analysis related to the process of fruit ripening, for the project called "Induction of fruit ripening by organic methods" and 03 research publications have been made in this connection. Furthermore, it is recognized that the feasibility of commercial use of the identified technologies is low. Due to lack of commercial viability, patents were not obtained.	Action had not been taken accordance to the recommendation.
03. The 500 samples had been tested at a cost of Rs.1,956,120 in	2021 2022	Formal actions should be taken to review and resolve	As per the initial design of the project, the final report was	Action had not been taken accordance to the

the year 2017 for 2023 audit observations. the project which was implemented to check whether 04 types of heavy metals are contained in 07 types of food imported under the National Food Production Program using the provisions of the Ministry of Agriculture in 2017. According to the related project report, it was confirmed that certain food items contain heavy metals such as Cadmium, Arsenic and Lead beyond the maximum safety level. Nevertheless, according to the conclusions and suggestions of the report, the institute had not conducted a further inspection of the food items containing heavy metals, and information had not been provided to all the parties who responsible in this regard to take proper

planned to be recommendation. released after testing 1000 samples, so 500 samples were analyzed in the first year. But since money was not given to analyze the next 500 samples, the report of the analyzed 500 samples has been handed over to the Ministry of Agriculture for further work. A research paper related to this research has been published in the year 2019.

action. Although the National Audit Office has drawn the attention of the Audit and Management Committee held in the Ministry in the year 2023 in this regard, the amount spent for research was becoming an idle expense.

3.112 National Council for Road Safety

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	509,535,947	232,819	509,303,128	-	Qualified
2022	578,267,380	348,946	577,918,433	-	Qualified
2023	706,785,577	344,369	706,441,208	-	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. According to the final accounts, the related comprehensive schedule and register of fixed assets were not submitted to the audit in order to ascertain the values of fixed assets valued at Rs. 4,385,243 related to 7 categories. Therefore, the value of those fixed assets and the accuracy of the corresponding depreciation values could not be ascertained during the audit.	2023	Register of fixed assets and detailed schedules should be prepared.	It had been informed that the Council does not have a fixed asset register, the values of new purchases adjusted to the opening balance were included in the final accounts 2023, all assets were revaluated to identify updated values and actions will be taken to prepare a register of fixed asset .	Register of fixed assets and detailed schedules had not been prepared.
02. Although it is necessary to	,2021	Actions should be taken to establish	The Presidential	It has not been established as a

establish a full secretariat with highly qualified and trained staff, to better manage the country's road safety, make this institution a National Commission and provide it with the necessary powers, authority and financial resources, and support the work of the Commission in accordance with Section 10.6 of the Parliamentary Publication Series No. 351 of the Parliamentary Special Committee dated 12 December 2014, due to the fact that this institution has not been established as a commission according to above the provisions, a formal legal authority to perform the functions of this Council had not been received.	,2022 2023	the National Road Safety Commission.	Secretariat informed that the work should be temporarily stopped after presenting the final draft of the bill required to make it a commission . Actions have been taken to submit the bill again to the legislators in the year 2024. Furthermore, the Department of Management Services has approved the staff of 05 Development Officers, a Director, an Assistant Director and an Accountant for the National Council for Road Safety.	Commission.
03. The Management had not prepared an internal control system to confirm the accuracy of the insurance income of Rs. 74,206,951 remitted by 14 insurance companies	,2021 ,2022 2023	An internal control system in a manner to verify the accuracy of the money remitted by the relevant insurance institutions should	It had been informed that since the Sri Lanka Insurance Regulatory Commission and the Insurance	A System had not been established .

in accordance with the extraordinary gazette No. 2245/31 dated 17 September 2021 .

be prepared by the Management.

Company do not have information related to the insurance contribution, upon the agreement of those organizations, actions will be taken to obtain the form given to the insurance companies by the Council on a monthly basis with the consent from the Chief Internal Auditor or the Chief Financial Officer of the respective company.

04. Due to the non-completion of the procurement activities related to the implementation of the programs to reduce road accidents caused by high speed from the year 2021 according to the Directive given by the Committee on Public Accounts dated 10 February 2021, even though three years had elapsed, the

,2021
,2022
2023

Actions should be taken to implement the Directive of the Committee on Public Accounts.

With the No action expectation of whatsoever had cancelling the been taken to Directive of implement it. Committee on Public Accounts, actions have been taken to remove from the project to provide speedometers and technical equipment to the Sri Lanka Police, which

relevant Directive
had not been
implemented.

had been
included in the
action plans of
2021, 2022,
2023 and
allocated a
provision of
Rs. 150 million
from the
revised Action
Plan 2023 .

05. Even though the institution had planned to implement 31 activities valued at Rs. 120 million in the Annual Procurement Plan prepared with the Annual Action Plan in terms of Section 01/2014 (4) (d) of State Finance Circular No. 01/2014 dated 17 February 2014 issued by the Ministry of Finance and Planning, no performance whatsoever had been reported in 20 procurement activities valued at Rs.52 million, and thus it was observed another 11 procurement activities did not meet their expected target objectives as planned, with an average of only 10
- ,2021
,2022
2023
- The procurement plan should be realistic and actions should be taken to achieve the desired objectives of the organization through it.
- Due to the change of the Chairmanship three times in the year 2023, the Action Plan, Procurement Plan and the Budget 2023 has been revised and after receiving the approval of the Secretary of the Ministry, although the work was started, the work could not be completed as expected, therefore, Action Plan, Procurement Plan and the Budget 2024 were prepared by adding new amendments. It had been informed that
- Although it has been included in the Action Plan 2024, the progress was at a minimum level.

per cent of their financial performance, actions had not been taken in order to achieve the desired objectives by implementing the Procurement Plan prepared by the institution for the year 2023 efficiently

actions are being taken to achieve the expected performance in the year 2024.

06. Although 35 tasks had been identified and planned in relation to 22 projects valued at Rs. 110 million to be implemented under 05 Pillars of the Action Plan prepared by the Council, 21 of the tasks valued at Rs. 55 million, that is, 50 per cent had not been fully completed. Further, 14 tasks related to 09 projects with an estimated value of Rs.55 million mentioned in the Action Plan were commenced and although Rs.25 million had been spent in the year under review, the performance of those projects had remained below 50 per cent.
- 2023 The Action Plan should be realistic and actions should be taken to perform the tasks therein as planned.
- The position of the Chairman of the Council had changed from time to time and the Action Plan, Procurement Plan and Budget 2023 of the Council were amended in the National Council Meeting held on 16.06.2023, and although the work was initiated after receiving the approval of the Secretary of the Ministry, since the work could not be completed as expected, the Action Plan and Procurement Plan 2024 have been prepared
- Actions had not been taken to achieve its performance at its maximum.

adding those
amendments

07.	It had been planned from the year 2017 to maintain a library on the subject of road safety as mentioned in 2(b) of the Extraordinary Gazette No. 1387/4 dated 04 April 2005 to refer books and other information related to road safety. Also, it had been completed in the year 2021 as an e-library with a cost of Rs.570,000. Even though a sum of Rs. 700,000 has been allocated and included in the Action Plan for the year 2023, for the activities necessary to update it and make aware the public about it, it had been removed from the Revised Action Plan 2023. As a result, the expected objectives of the e-library Project had not been achieved.	2023	The further works of the proposal should be implemented in a systematic manner.	Even though the project to update the e-library of the Council established in 2021, and to educate the public about it, was included in the Action Plan 2023, the error that occurred due to its non-inclusion in the Revised Action Plan 2023 was identified and included in the Action Plan 2024 and it had been informed that the actions will be taken to update the e-library in 2024 to fulfill its objectives and to adequately inform the public about it.	The e-library had not been implemented..
08.	A research for "minimizing motorcycle accidents" which was implemented under pillar 01 of the	2023	Actions should be taken in accordance with the contract regarding breach of contract and	Two phases of the research activity have been completed and the reports have been	The research has not been completed and actions had not been taken regarding the

Action Plan of the year 2022 was carried out under 4 phases and completed in the year 2022 and assigned to an external party to receive the reports according to an agreement. Although only 2 phases were completed and a report had been given to the Council in the year 2023, a situation has arisen at present where it is impossible to implement the remaining 2 phases of the research and the amount of Rs. 700,000 that had been incurred so far had been useless. Further, the Council had not taken the necessary steps regarding the uncertainty of moving forward with the project and the breaching of the conditions of the agreement.

necessary steps should be taken to complete the research.

received by the National Council for Road Safety and the relevant party has submitted one of the remaining two reports to the Council in 2024. Inquiries had been made from the Secretary of the Ministry of Transport and Highways regarding the measures to be taken in this regard.

3.113 Sri Lanka Hadabima Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	113,175,891	49,073,403	64,102,488	18,878,424	Qualified
2022	142,602,309	46,855,825	95,746,484	15,279,737	Qualified
2023	242,938,613	50,527,233	192,411,380	57,991,050	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	According to the recommendation report of the formal disciplinary investigation regarding the fact that the suppliers had been fraudulently paid twice for the goods supplied to the sales department of the Sri Lanka Hadabima Authority in 2014 and 2015, the amount to be collected from the officials was Rs.2,116,410. Out of which Rs.844,251 had been recovered during the year under review and an amount of Rs.1,272,159 was still to be recovered.	2021	Steps should be taken to recover the arrears	That the necessary action has been taken.	The amount to be recovered further is Rs.1,112,240.

02. According to the Paragraph 5.3(ii) of the Procedure for the Recruitment of Management Assistant (Technical) Officers of Sri Lanka Hadabima Authority, the candidates should be selected and appointed in the order of merit, among those who scored the highest marks in the structured interview conducted as per the prescribed procedure, the four candidates who scored the highest marks in the structured interview and were prioritized from 1 st priority to 4th priority will not be given appointment but the 4 candidates who got priority 7, 14 and 18 (there are two candidates at 18.) were given appointments. Thus, appointments were given without considering the order of merit presented by the interview panel.	2021	Recruitment should be done as per recruitment procedure.	No answers provided.	Recruitment was not done as per recruitment procedure.
03. Paragraph 4.3.3(1) of the procedure for the recruitment of zonal officers of the Sri Lanka Hadabima Authority The candidates who have obtained the highest	2021	Recruitment should be done as per recruitment procedure.	No answers provided.	Recruitment was not done as per recruitment procedure.

marks in the structured interview conducted as per the prescribed procedure shall be selected and appointed according to the order of merit. The zonal officer appointment was given to the 6th priority applicant instead of the first priority applicant. Thus, appointments were given without considering the order of merit presented by the interview panel.

04.	Kothmale farm land with 05 acres had not been taken over by the Authority.	2021 2022 2023	Actions should be taken to acquire the farm land.	That the Minister of Agriculture has been informed in this regard.	Arrangement had not been made to takeover until 30 September 2024.
05.	Pallekele Farm Reservoir Renovation Project was assigned to contractor for Rs.5,751,630 and an undated contract was signed. An agreement was reached with the contractor on behalf of the Authority using the name of an external engineer who did not belong to the Authority. Rs. 1,770,641 was overpaid for 1727 cubic meters of soil removal at the construction site and	2023	It should be formally agreed in the fulfillment of contracts and the future activities should be carried out as mentioned in the agreement. Necessary action should be taken against the officers who have made payments for unexecuted work.	That the relevant cheques have been retained as they were required to be inspected by an engineer.	Only Rs.2,617,122 was paid after pointing out from the audit. Late fees of Rs.213,230 have been charged. Also 10% retention has also been done. In the amount paid, Rs.786,832 was overpaid for 1557.25 cubic meters to remove soil.

Rs.22,943 was overpaid for coiled steel wire in the construction of canal and drain. According to the agreement, although the project should be completed on 30 December 2023, the work was not completed by 28 February 2024 and therefore late penalty of Rs.171,145 for 61 days and Rs.1,920,026 due to Rs.1,025 paid instead of Rs.520 per cubic meter for removing soil from the canal and tank bottom had been overpaid.

3.114 Homoeopathic Medical Council

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	13,466,377	2,966,726	10,499,651	(312,581)	Qualified
2022	15,100,524	3,700,094	11,400,430	900,779	Qualified
2023	-	-	-	-	-

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Although Register of Homeopathic Pharmacists should be maintained for the registration of homeopathic pharmacists in terms of subsection (1)31 of the Homeopathy Act, No. 10 of 2016, action had not been taken to maintain the said register as of 31 October .2022	a 1.5-2021)b)(iv) 2021.-6)a)(ii)	Action should be taken in accordance with the provisions of the Homeopathy Act.	The Homeopathy Regulations are currently being prepared and the registration of pharmacists can be done as soon as the gazettelement is completed.	This situation had not been corrected as of 30 September .2024
02.	Although the Head of the Institution is required to ensure that examinations for confirmation, promotion and	)1.5-2021c)(i) 2022-1.6)c)(i)	Actions should be taken in accordance with the provisions of the Establishments	The Medical Council has authorized the Department of Ayurveda to conduct the efficiency bar	This situation had not been corrected as of 30 September .2024

promotion from efficiency bars are held on the scheduled dates in accordance with Section 16.1 of Chapter II of the Establishments Code, arrangements had not been made to hold efficiency bar examinations for 32 officers in respect of 04 posts recruited from the year 2014 to the year 2021 as of 31 October 2022, which was the date of the audit. Due to this, these officers could not be made permanent in service and action had not been taken to extend their probationary period.

Code.

examination, and the Department of Ayurveda has informed that this will be done promptly, and that the Medical Council will take actions to extend the probationary period of the officers until then.

03.	In accordance with the provisions of the Homeopathy Act No. 10 of 2016, a building was constructed in 2008 to establish a Homeopathic Medical College and furniture and other necessary equipment worth Rs.1,199,254 were	3-2021.2 20223-.2	Immediate actions should be taken to utilize the constructed building and purchased equipment for the relevant purpose.	It is stated that many resources are required to start a medical college, such as a teaching hospital, qualified teachers and professors for each subject with academic qualification,	This situation had not been corrected as of 30 September .2024

procured for it in .2009 Due to the lack of preparation of the relevant legal framework to commence academic activities there, it was not possible to commence academic activities as of 31 October .2022 Accordingly, the fixed assets that had been purchased had remained idle for over 13years and the building had been used to run the office of the Homeopathic Medical Council, away from its intended purpose.

etc. Since none of these resources are currently available in Sri Lanka, the four-room building that has been constructed will be developed on the verbal instructions of the Secretary to the Ministry and temporarily used as the Medical Council office to prevent its destruction.

04.	As per sub-sections (d) and (e) of Section 15 of the Homeopathy Act No. 10 of 2016, the Homeopathic Medical Council had not established a Homeopathic Institute and had not taken actions to prepare minimum standards, rules and regulations to regulate	) 1.5-2021b) (i) 20221.-6) a) (i)	Action should be taken in accordance with the provisions of the Homeopathy Act.	That the Medical Council does not have the financial resources to establish a homeopathic institution, as the capital expenditure allocated to the Council was not provided for this year, the establishment of the	This situation had not been corrected as of September 30, .2024

Homeopathic institutions providing treatment in the Homeopathic system of medicine, other than the Government Homeopathic Teaching Hospital, and therefore the task of regulating those institutions had not been fulfilled.

institution has been temporarily postponed until the economic situation in the country stabilizes, and that regulations are currently being prepared to determine the minimum standards for regulation.

3.115 Sri Lanka Foundation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	922,787,363	379,889,978	542,897,384	24,437,646	Qualified
2022	913,626,527	360,415,822	553,210,705	53,397,480	Qualified
2023	919,986,832	89,227,164	830,759,668	8,806,726	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. The Sri Lanka Foundation had conducted 130 Higher National Diploma, Diploma and Certificate courses and various workshops during the year under review. There were 11 permanent lecturers in the institution and they were paid Rs. 15,633,473 as annual salary and other allowances and Rs. 17,078,356 as salary for external lecturers. In a sample check, out of 94 courses and workshops, 67 were entirely staffed by external lecturers	2021	Efforts should be made to obtain maximum service from lecturers currently holding permanent positions.	Since the existing lecturers conduct courses covering various subject areas, it is financially and administratively more profitable and effective to employ external resource providers for those courses only for the required time, rather than recruiting lecturers internally and delivering lectures in the course.	As per the decisions taken at the meetings of the Ministry and the Corporate Audit and Management Committees, arrangements are made to utilize external resource persons as per the requirements of the courses.

and in 27 courses, the resource contribution of external lecturers exceeded 75 percent. Although there was a course coordination unit in the institution, the permanent lecturers of the foundation had only carried out coordination activities in these courses.

02. The Sri Lanka Foundation had conducted 103 Higher National Diploma, National Diploma, Certificate courses and various workshops during the year under review and paid Rs. 15,633,473 as lecturer fees to 10 permanent lecturers and Rs. 17,078,356 to external lecturers. In a sample check, only external lecturers were employed for 29 out of 45 courses and workshops and in 06 courses, the resource contribution of external lecturers had exceeded 75 percent. While there was a Course Coordination Unit	2022	Efforts should be made to obtain maximum service from lecturers currently holding permanent positions.	Since the existing lecturers conduct courses covering various subject areas, it is financially and administratively more profitable and effective to employ external resource providers for those courses only for the required time, rather than recruiting lecturers internally and delivering lectures in the course.	As per the decisions taken at the meetings of the Ministry and the Corporate Audit and Management Committees, arrangements are made to utilize external resource persons as per the requirements of the courses.

in the institution, the permanent lecturers of the Foundation had only carried out the coordination activities of these courses.

03.	Action had not been taken to recover Rs. 15,144,408 due from various institutions for educational programs and workshops conducted by the Sri Lanka Foundation from 2010 to 2023 and Rs. 2,093,692 due for services provided to external parties by the Business Development Division from 2014 to 2023.	2023	Action should be taken to recover the arrears of revenue without delay.	All recoverable balances have now been recovered. The relevant institutions have been informed in writing once again to recover the remaining balances, and action has been taken through reply letters and telephone calls from those institutions.	As of September 30, 2024, Rs. 11,998,707 is still outstanding.
04.	Although in accordance with Section 14.3.3 of Chapter XII of the Institutions Code, the request for academic leave with full pay must be submitted to the Director of the Institution and approval obtained, two lecturers employed by the Institution were granted academic	2023	In accordance with the provisions of the Establishments Code, the approval of the Director of the Institution must be obtained for academic leave with full pay.	Since the Board of Management has been empowered to approve leave, the Director of Studies has assured that these two lecturers will cover all their assigned duties on the days they come to the institution. Therefore, the then Board of Management has	It has been stated that in the future, action will be taken in accordance with the Establishments Code, relevant circular provisions and decisions of the Board of Management.

leave with full pay for a period of 2 years and 6 months and paid Rs. 8,030,919.

approved the granting of two years of paid academic leave of 03days per week on .2020.12.22

05. According to the action plan for the year 2023, the Sri Lanka Foundation had planned to generate an income of Rs. 124,328,000 by conducting 82 courses and workshops, but due to the failure to conduct 65 (79 percent) of those courses and workshops during the year 2023, an expected income of Rs. 95,618,000 (77 percent) was lost.
- 2023 Plans should be prepared considering practical situations and the functions of the plan should be fulfilled.
- Taking practical circumstances into account, work will be done to prepare an action plan for the year 2024to achieve a targeted income.
- The action plan for the year 2024has been prepared to achieve the targeted income.

3.116 Civil Aviation Authority of Sri Lanka

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	6,655,936,753	2,067,640,650	4,588,296,103	420,599,958	Unqualified
2022	9,572,530,005	3,077,610,096	6,494,919,909	3,387,758,673	Qualified
2023	10,887,604,954	3,979,365,634	6,908,239,320	4,557,199,326	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	In terms of Section 7(c) of the Civil Aviation Authority of Sri Lanka Act, No. 34 of 2002, the Authority had not obtained Cabinet approval for the Aviation Development Plan for Sri Lanka.	2021, 2022 and 2023	The Authority should act in accordance with the Civil Aviation Authority of Sri Lanka Act, No. 34 of 2002.	The first draft of the National Aviation Development Plan has been submitted to the Minister of Shipping and Civil Aviation and has been published on the Authority's website for stakeholder comments.	Cabinet approval had not been obtained for the National Civil Aviation Master Plan.
02.	According to Section 9 of the Sri Lanka Civil Aviation Authority Act No. 34 of 2002, action had not been taken by the Authority to publish an order of assets vesting 14 aerodromes mentioned in the Second Schedule and 08 aeronautical	2022 and 2023	The authority should follow the Civil Aviation Authority of Sri Lanka Act No.34 of 2002.	The administrative work required to re-gazette the boundaries and acquire the property as a state grant is ongoing, and this will take a long time as it requires the intervention of various government organizations and a series of necessary	Action had not been taken to publish 10 airports in the gazettes.

facilities and the land pertaining thereto mentioned in the Third Schedule of the Act in the gazette by the year 2016. Even though, 21 years had passed from the date of the Act, no action had been taken to gazette the 10 airports mentioned in the Act.

actions.

03.	The aircraft facilities and land specified in the Third Schedule to the Civil Aviation Authority of Sri Lanka Act, No. 34 of 2002 had been provided to the Airports and Aviation Services (Sri Lanka) (Private) Company Limited without a formal lease agreement or rental fee.	2022 and 2023	The Authority should enter into a lease agreement with the Airports and Aviation Services (Sri Lanka) (Private) Company and charge rental fees for it.	A lease agreement has been prepared for the Batticaloa Airport and sent to AASL for review, and the same procedure will be followed for other airports and aeronautical facilities.	No lease agreement or legal agreement had been implemented.
04.	According to Section 09 of the Extraordinary Gazette of the Democratic Socialist Republic of Sri Lanka No. 2050/38 dated 21st December 2017, and as per the approval granted at the Cabinet meeting on 2nd April 2019 for No. CP/19/2008/105/009 -1, the Jaffna Airport	2023	The authority should follow the Civil Aviation Authority of Sri Lanka Act No.34 of 2002.	No answer was received.	No steps have been taken to re-gazette the lands, including their boundaries.

was transferred to the Civil Aviation Authority and commenced operations as an international airport on 17th October 2019. However, the authority had not completed the process of identifying the boundaries of 349 acres lands of the Jaffna airport and published them through a gazette up to the date of this report.

05. Equipment valued at Rs.2 million had not been used for the operations of the Authority from the date of acquisition and had idle in the stores and the health unit. However, The Authority had fully depreciated those assets and revalued them in the year 2022 and accounted accordingly. Also, two vehicles valued at Rs.9 million had remained idle on the premises of the Authority.

2023 Authority should maintain a comprehensive database of all assets, including their location, condition, and usage history.

The below actions have been taken.

Item	Value (Rs)	Action taken
Breath Analyzer tester for alcohol	1,705,677	This is a Donation from Japan. Action will be taken to finalise this matter.
KI-8168 Rexton Jeep	7,650,000	Action will be taken to finalise this matter
YM - 4182 Three-Wheeler	1,000,000	
Total	10,355,677	

No steps had been taken to dispose or repair the equipment and the two vehicles.

06. In terms of Sections 07 and 08 of the Gazette of the

2022 and

Action should be taken to fulfill the requirements of

The 2nd Cabinet Decision dated 19/02/2024 had

The OSS revenue collected by the Authority from

Democratic Socialist Republic of Sri Lanka (Extraordinary) No. 1550/7 dated 22nd May 2008 and Cabinet Decision No. 23/1937/628/094 dated 28th November 2023, Overseas Sales Surcharge (OSS) collected as directed by the Gazette should be credited to the Consolidated Fund. However, the Authority had been recognized OSS as Authority income from the inception of the Gazette notification without being credited to the Consolidated Fund. Further the Department of Treasury Operation had instructed to the Authority to remit the retained earnings to the Consolidated Fund. However, the Authority had not remitted the retained earning even as at the date of this report.

07. Although the Authority had mentioned in the cabinet memorandum that the authority has 2023 The Authority should ensure the accuracy and reliability of information reported to the With the Cabinet decision dated February 19, 2024, the profit for the years 2020, 2021 and 2022 has not Due to the incorrect information provided for the bonus payment, no explanation

earned a net profit for the year 2022 according to Cabinet Decision No. CP/23/2271/604/221 dated 05 December 2023, the Authority had calculated the above net profit, by taking the Overseas Sales Surcharge (OSS), which should be collected and credited to the Consolidated Fund, as Authority income. Accordingly, despite a loss of Rs. 33 million in the base year 2022, a bonus of Rs. 09 million had been paid.

Cabinet.

changed. The Rs. has been given 4,600 million profit regarding this for 2023 was matter. reduced by only Rs. 360 million.

08. According to Public Enterprises Circular No. PED 04/2023 dated 11 December 2023, even though the above bonus cannot be paid to institutions that pay any incentives based on attendance, performance or other forms of incentive, the Authority had paid a sum of Rs. 63 million as allowances in addition to the above bonus.	2023	Authority should comply with the Circular instructions.	In accordance with PED Circular No. PED/04/2023, if CAASL has paid without special Cabinet approval, the bonus amount will vary only by the amount specified in the circular.	Since an allowance is paid on the basis of incentive, special approval had not been obtained for the bonus.
09. According to Section 2 (c) of the Social Security	2023	Requisition should be made in writing to the	The Authority has appealed against the assessments, and the	The social security contribution levy

	Contribution Act, No. 25 of 2022, with effect from October 01, 2022 the Social Security Contribution Tax relating to the service fee income of the embarkation tax of Rs. 11 million identified for the determination of income tax for the previous year and the year under review, had not been paid.		Inland Revenue Department regarding the final decision and adjustments should be made in the financial statements accordingly.	Inland Revenue Department (IRD) has not yet issued a final decision. Furthermore, the Department of National Treasury has confirmed that the default tax is a government tax	related to the service fee income of the embarkation levy had not been paid.
10.	According to Section (j) of the First Schedule to the Value Added Tax Act, No. 14 of 2002, for the year under review, a value added tax of Rs. 55 million had not been paid on service fee income on the embarkation levy of Rs. 364 million and a value added tax of Rs. 113 million on income from the second quarter of 2016 to 31 December 2022.	2021, 2022 and 2023	Information should be called from the Inland Revenue Department regarding the appeal and their decision and adjustments should be made in the financial statements accordingly.	CAASL has appealed against the assessments.	The value added tax related to the service fee income of the embarkation levy had not been paid.
11.	According to the Gazette of the Democratic Socialist Republic of Sri Lanka (Extra Ordinary) No. 2314/16 dated 11 January 2023, as	2023	Authority should obtain a bank guarantee or a sum of money as security for the money to be collected as Embarkation Levy	The list of airlines mentioned included those that were not actively operating, had cash deposits for the guarantee, and had more than a month to expire.	Arrangements had not been made to obtain guarantees from all airlines.

determined by the Director General. Seven (7) airlines had not furnished a bank guarantee or cash guarantee as security for the amount should be collected as embarkation levy of 3,776 million.

12. Although an amount of Rs. 1 million had been retained from Embarkation Levy remittance to Sri Lanka Tourism Development Authority for the development of the Jaffna International Airport for operation of regional commercial flights as per cabinet decision taken on 11th October 2019, development work of the airport had not yet commenced.	2021	The necessity of retaining the deposit should be analyzed and utilized effectively.	Alliance Air has submitted the plans for commencing operations in the winter schedule 2022.	Although more than 5 years have been passed, the development activities have not been commenced.

13. According to 2023 Proper mechanism Airlines did not Late interest had
Paragraph 09 of should be apply the exchange not been charged..
Direction No. introduced to rate relating to the
EL/01/2023, airlines recover the flight date for
that fail to remit Embarkation calculating the
payment within the Levy. embarkation levy
stipulated timeframe except for a few
as outlined in incidents in which
Paragraph 6 of the they did due to an
aforementioned oversight, but all
direction are required these were rectified
to pay interest for subsequently.
each day of delay in
addition to the total
amount due. As of
December 31, 2023,
the Authority had not
recovered the delay
interest amounting
to Rs 1 million on
the outstanding
Embarkation Levy
from six airlines until
the date of this
report.
14. The Authority had 2023 Advance should A request had been The advance had
provided advances be settled within forwarded to the not been paid
totaling Rs. the specified time Line Ministry to
216 million to period or relevant appoint committees
AASL for the programme is to complete the
construction of a over. advance settlements.
temporary Continuous
passenger terminal, discussions are
fire building, and going on in this
peripheral road at regard.
Jaffna airport.
- Although the
construction of
Jaffna International
Airport was
completed on
August 11, 2020,
the settlement of

these advances
remains unsettled as
of August 31, 2023

15. Authority should initiate an investigation on aircraft accidents that occurred within the territory of Sri Lanka and as per Section 56 of the Civil Aviation Act No.14 of 2010 and Section 7 (h) of Sri Lanka Civil Aviation Act No. 34 of 2002 by appointing an Aircraft Investigation Board. Approval has been given to establish an Aircraft Accident Investigation Bureau of Sri Lanka, to appoint a chairman with staff to the Bureau and at the same time to allocate a provision of Rs.50 million from the budget from the line Ministry or the Authority and amend the Civil Aviation Act No.14 of 2010 through Cabinet Decision No. CP/16/375/709/063 dated 26 July 2016. However, the Authority had not taken any action to implement the direction of the	2023	Authority should follow the Civil Aviation Authority of Sri Lanka Act No.34 of 2002..	This Authority has taken all necessary steps, since 2016 to enact the said legislation in consultation with the Legal Draftsman. It is now at the final stage. Furthermore, there is a provision to have a fund of fifty million rupees annually, from the vote of the Ministry of the Minister assigned the subject of Civil Aviation. There is a provision in the draft AAIB Act to cancel the relevant sections of the CA Act no 14 of 2010.	The Sri Lanka Aircraft Accident Investigation Bureau had not been established.

Cabinet Decision.

16.	In accordance with Section 47 of the Employee Provident Fund (EPF) Act No. 15 of 1958, Section 44 of the Employee Trust Fund (ETF) Act No. 16 of 1980 and Public Enterprises and Circular No. 02/2013 dated 11 September 2013, Contrary to the earnings defined in the EPF and ETF Acts, the Authority had included 7 different types of allowances when calculating the contribution to the EPF and the ETF. Due to this erroneous calculation a sum of Rs.125 million had been over-credited to the Employees' Provident Fund and a sum of Rs.15 million over credited to the Employees' Trust Fund for the sample audit period of 2020-2023.	2023	EPF and ETF Calculation should be done as per the definition included in the Act	CAASL is awaiting clarification from the Labor Department and had taken steps to calculate EPF and ETF as per the provisions of the Act.	No further action had been taken regarding the overpaid contributions up to April 2024.
17.	Although Authority should not incur any expenditure related to the ceremonial activities as per the Direction 2.8 of Public Enterprises Circular No; 04/2022	2023	Authority should comply with the Circular instructions.	CAASL had to spend on the main key celebrations like the January 1 st event, Sinhala and Tamil New Year event etc. mainly as a motivational factor	Special approval had not been obtained for expenses incurred relating to the ceremonial activities, contrary to circular

and dated 08 August 2022, the Authority had spent a sum Rs.1 million for the ceremonial activities during the year under review.

for staff members of instructions. the CAASL.

18.	Part of the Weerawila circuit bungalow had been damaged by a fire on 18 May 2022, and the service provider of the management and maintenance of the circuit bungalow had not acted as instructed by the Authority, and also the Authority had not taken action as per the financial regulations 101,103 and 104.	2023	Authority should act as per the F.R .101-104.	The 83rd Audit and Management Committee of the CAASL recommended executing the bond of Dumindu caters amounting to Rs, 252,000/- and repair immediately. The procurement process is underway to start the repair work.	Investigations had not been initiated in accordance with financial regulations.
19.	The Civil Aviation Authority of Sri Lanka (Authority) had spent Rs. 24 million for the renovation of Weerawila circuit bungalow, exceeding the total budget allocation of Rs. 8 million. Although the Authority had selected the only contractor who had submitted bids contrary to government procurement guidelines, a formal	2023	It is required to comply with requirements of procurement manual and guideline.	According to the Government Procurement Guidelines 7.12.2, when quotations are called under National Competitive Bidding (NCB), even if only one bid is received, the procurement process can still proceed under certain conditions. The bidder is registered with the Construction Industry Development	Further action had not been taken regarding the failure to carry out the procurement process properly.

contract agreement had not been signed by the two parties. The contractor has completed the work worth Rs. 02 million without requesting additional work 10 months after the award of the contract on 18 May 2022, and the BOQ, TEC and PC for the additional work had not been approved. After awarding the contract on 18 May 2022, the bidder had commenced the work on 13 March 2023, at the same bid price, even though material cost has tripled after 10 months later. Without requesting additional work amounting to Rs. 2 million had been completed by the contractor, and the TEC and PC had not approved this BOQ for the additional work. A Certificate of Completion had not been issued in terms of the Government Procurement Guidelines 8.12.2. Further, the contract registration certificate was not obtained as per

Authority (CIDA) at the C7 level. The extension had been granted as a variation to the original project scope to complete the construction of wall tile work in 12 bathrooms. Installing new, high-quality fixtures was deemed necessary to restore hygiene standards, functionality, and visual appeal, ensuring the bungalow remained in good condition for its occupants and the image of CAASL

Section 11(1) of the Public Contracts Act No. 03 of 1987, and the performance guarantee given by the contractor had expired before completion of the work. Without requirements of supply and fixing of sanitary ware, a sum of Rs. 2 million had been paid to the replacement of sanitary ware.

20.	The Authority had paid Rs. 06 million since 2016 without renewing the management and maintenance contract of the Weerawila Tourist Bungalow and without a valid agreement. In addition, Rs. 01 million was paid to the service provider during the renovation period.	2023	Action should be taken to get the value for money by introducing the proper mechanism.	During the period under review, a smaller number of reservations were made as the renovation work commenced in May 2024. Hence, during this period no reservations were made, except providing staff accommodation for official duties.	Currently this service had been granted to another service provider.
21	As per the letter dated 09.April 2015 no. DMS/1748, issued by the Secretary's to the Ministry of Finance Technical Allowance should be paid only for the officers who have valid licenses or	2023	Validity of licenses or certificates should be confirmed before paying allowances.	Special technical allowance is paid as per the provisions mentioned in letter issued by the Ministry of Finance and on the recommendation of the Assessment Panel for payment of special technical	The validity of the licenses related to the payment of the allowances had not been confirmed.

certificates,
However, the
Authority had paid
a technical
allowance of Rs.32
million to 27
officers without
confirming the
validity of licenses
or certificates.

allowance and on the
approval of the Staff
Committee.

22.	As per the Section 14.5.1 and 14.8.2.(IV) of the Manual of Staff and Administrative Rules, the interest rate on property loans and vehicle loans should be 7 percent, the Authority had been charged only 4.2 percent at the inception of the Manual. As a result, in sample audit revealed that loan interest income amounting to Rs.2 million and Rs.2 million had been lost to the Authority in year 2022 and 2023, respectively.	2022 and 2023	As per the Section 1.10 of the Manual, approval of the Ministry of Finance and Planning is required prior to implementation of the amendments.	. The Board of Directors approved increasing the interest rate to 7% for vehicle and property loans at its 193 rd meeting held on 11 October 2023.	Necessary actions had not been taken to collect the 7 percent interest that should have been charged from the beginning of the manual until October 11, 2023.
23.	According to the Section 124 of the Civil Aviation Act No.14 of 2010, the Authority had not identified the service providers for carriage of cargo and mail by the	2023	Authority should follow the Civil Aviation Act No.14 of 2010.	The primary objective of licensing air ticket agencies is to ensure safe air transportation for passengers by guaranteeing the proper issuance of	Regulations regarding passengers, cargo and mail had not been updated and issued.

aircrafts and action had not been taken to commence the process of issuing licenses to above two services. Therefore, the Authority had lost its revenue generating from this two services.

air tickets. The Civil Aviation Authority does not aim to generate substantial financial returns from this process.

24.	Eventhough, 947 out of 1458 service providers in group A and 164 out of 183 providers in group B had not renewed the license as at 31 December 2023, Authority had not taken further actions as per the section 97 of the Civil Aviation Act No. 14 of 2010	2023	Authority should follow the Civil Aviation Act No.14 of 2010.	. For businesses that fail to renew their licenses, the following actions had been taken (i) From 922 institutions, 877 number of agents removed from the list. These were categorized as non-performing. (ii) Agencies with non-updated licenses are advised to disconnect their systems.	No further action had been taken regarding Businesses that operating without an updated license.
25.	Although the license holder should have enough office space to continue the business as per the Guidelines issued by the Authority for the Air Transport Service License, 505 licenses issued during the year 2023 the Authority had not confirmed	2023	Authority should follow the Civil Aviation Act No.14 of 2010..	On-site inspections are impractical due to the wide spread of agencies and the authority lacks manpower and resources to conduct such inspections. However, the authority will attempt to address unlicensed establishments as much as possible.	The regulations had not been updated and issued.

whether license holders had fulfilled this condition.

26.	As part of efforts to enhance domestic air transportation, plans were made in the 2016 Budget proposals to establish three new domestic airports at Digana, Badulla, and Puttalam through Public-Private Partnership (PPP) arrangements. The Authority had incurred Rs. 2 million as at December 31, 2022 and currently, construction of these three airports had been on hold.	2022 and 2023	Progress of the development should be reviewed.	Payments have been settled of Badulla airport. Survey and CEA admin charges were made for Puttalam airport development, but the project stopped as per the Cabinet decision. In terms of developing an airport in Digana, only the committee for conducting a feasibility study was initiated	The expenses incurred had been uneconomical.
27.	As per Section 1.4 of the Manual of Staff and Administrative Rules of the Authority consist of three main parts, such as staff and administrative rules, corporate rules, and financial rules. Although the financial rules should be issued separately as per the manual, financial rules had not been issued up to the date of this report.	2022 and 2023	Authority should act as per Section 1.4 of the Manual of Staff and Administrative Rules of the Authority.	The board decided to review the Financial Procedure Manual and submit their amendments thereon. This manual will be completed by the end of the year 2024	The financial manual had not been issued.

3.117 National Crafts Council

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	291,712,924	178,241,995	113,470,929	10,260,755	Qualified
2022	373,929,366	168,299,459	205,629,907	7,877,209	Qualified
2023	442,122,937	169,039,940	273,082,997	11,019,195	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The equipment valued at Rs. 1,136,076 purchased in 2021 for the proposed raw material banks at the Waragoda, Molagoda, Polgolla, and Bulathsinhala training centers remained underutilized.	2021 2022 2023	Government funds should be invested with maximum efficiency.	It has been informed through the letter dated 29.02.2024 to utilize the office equipment available in the raw material stores for the use of provincial offices.	The relevant actions are currently in progress.
02.	Since 2013, a land extent of 1.6187 hectares was obtained on a long-term lease basis from the Tissamaharama Divisional Secretary for the construction of the	2021 2022 2023	Steps should be taken to utilize the Kawantissapura village investment productively.	Although a private investor had expressed interest in commencing banana fiber-related production	In the event of the banana fiber-related project being unsuccessful, steps are being taken to hand over the village back to the

Kawantissapura village. Although Rs. 3,360,000 was spent as lease rent, along with Rs. 18,432,042 as financial assistance from the Government of India and Rs. 8,744,211 by the Council for the construction, the land and buildings remained idle even as at the audit date.

activities within this village, it has been informed that due to personal reasons, starting these production activities within this timeframe is not possible. Tissamaharama Divisional Secretary.

03. Although Rs. 3,850,740 was paid to the Industrial Development Board in 2022 for the production of three cane machines, the relevant machinery had not been received by the Council even as at 31 December 2023.
- 2022
2023
- Government funds should be invested with maximum efficiency. Immediate action should be taken to obtain the machinery without delay.
- Requests have been made to the Industrial Development Board through letters dated 02.02.2024 and 21.02.2024 to provide the relevant machinery as soon as possible.
- The relevant machinery has not yet been received.

3.118 Industrial Technology Institute

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	2,936,677,216	1,359,223,837	1,577,453,379	47,679,836	Qualified
2022	2,973,131,874	1,420,011,859	1,553,120,015	27,510,988	Qualified
2023	2,880,997,961	1,243,510,746	1,637,487,115	92,240,946	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. With the aim of achieving 04 key objectives, a modern drugs laboratory had been maintained in the institution since 2019 at an expenditure of Rs. 99.42 million. However, the National Medicines Regulatory Authority had not obtained services of that laboratory in supplying and distributing all the western medicines including the hospitals of the country, hence, the laboratory had not been used in accordance with the key objective of the laboratory- to be a third party	2021, 2022, 2023	Action should be taken to use the laboratory as a third party laboratory through the National Medicines Regulatory Authority thus achieving the key objectives of establishing the laboratory.	Action is being taken to enter into policy agreements with the National Medicines Regulatory Authority in order for independent tests of a third party on the quality of drugs to be mandatory.	Recommendations of the Auditor General had not been implemented.

laboratory
accredited for the
development of
drugs in the
country.

02.	A petroleum oil and lubricants laboratory had been established by incurring an expenditure of Rs. 117.7 million for the acquisition and installation of equipment to conduct tests on petroleum products in accordance with directives of the Public Utilities Commission following the Cabinet Decision dated 31 August 2016. However, due to lack of a methodology for the laboratory to receive samples of petroleum oil, the main objective of establishing the laboratory could not be achieved.	2021,2022,2023	In coordination with the relevant institutions, the laboratory should function as a third party entity to conduct tests on petroleum oils.	Under the dedication of the Ministry of Power and Energy and Public Utilities Commission, action is taken to implement the Cabinet Decision as soon as possible, given the national level importance thereof.	Recommendations of the Auditor General had not been implemented.
03.	The miscellaneous debtors' balance of Rs. 78,130,236 continued to exist over 02-17 years in the receivable balances, had not been recovered	2022,2023	The receivable balances should be recovered as soon as possible.	Action is being taken to write off the balances older than 10 years, in the ensuing years.	Such balances have not been recovered.

even in the year under review. The sum of Rs. 16,561,557 receivable from 19 officers who had violated agreements of foreign scholarships, was not recovered even by 31 December 2023.

04.	Action had not been taken either to utilize or invest the sum of Rs. 2,443,512 existed in 03 bank accounts that had remained dormant over 06 years as at 31 December of the year under review.	2022, 2023	Action should be taken either to utilize or invest the balances in dormant accounts.	The said sum belonging to the project, will be taken over by the institution in due course.	Recommendations of the Auditor General had not been implemented.
05.	The institution possessed 486 technologies by the end of the year under review, but those technologies had not been conserved by registering , as soft copies, or securing in a safe location. Some of those technologies had been recognized as being owned by researchers or	2022, 2023	Technological inventions should be properly conserved, and such technologies should be assigned to the relevant parties in view of the betterment of the country.	When exchanging technologies , a report containing the steps of technology is issued to the buyers, and those reports are safely stored in the relevant divisions. Data on technologies to be exchanged,	Necessary measures have not been taken to implement the recommendations of Auditor General .

research groups, and there existed a risk for the Institute to lose such technologies in the events of the said researchers reigniting from the Institute, being retired or deceased, being employed in a different institution, or proceeding abroad. Although the technologies were intangible assets of the Institute, sufficient information had not been maintained to recognize the value of new inventions. Due to those reasons, it was observed that the general public had been deprived of the results of those researches conducted using public funds and grants, and the technologies so invented could not be used in economic development.

remains safe in the journals of the officers. When those officers retire or resign, those journals should be handed over to the head of the division. Furthermore, action is being taken to maintain a technology bank in order to store specifications of technical data.

06. Advances should 2023
be settled by 31

Advances should Those
be settled at the advances

Recommendations
of the Auditor

December of the relevant year in terms of Financial Regulation 371(5) and Public Finance Circular, No. 01/2020 dated 28 August 2020. However, the unsettled balance of advances totaling Rs. 25,496,730 granted for local purchases, had been brought forward since 2018 up to 2023, but action had not been taken to settle those balances.

end of the relevant year.

included the General had not amounts paid been for implemented. purchasing a computer system, but that computer system has not yet been installed. Furthermore, the advances given on work in progress were also included therein. However, the works for which those advances had been paid, are in progress.

07. Four machines 2023 worth Rs. 2,202,614 installed in Malabe Herbal Technology vital for conducting tests on drugs, remained non-functional. However, those machines had not been either repaired or recognized for disposal even by 31 May 2024.

Action should be taken to repair those machines, if repairing is not possible, disposal should be done appropriately.

The Procurement Division is conducting repairs on a part of the Pilot Freeze Dryer and GR Microwave System. Action will be taken to eliminate all other assets from the register of assets. Action is being taken to repair and dispose.

08. Out of 59 2023 researches conducted on provision from Treasury amounting to Rs. 85,738,759 during the period 2018-2022, a number of 56 technologies relating to 18 researches worth Rs. 28,625,249 had been developed. However, only 06 assignments of technologies pertaining to 04 of those researches, had been done. Fifty technologies developed strenuously over 01-03 years relating to 14 researches conducted by groups of 02-07 researchers incurring a sum of Rs. 27,039,217, had not been assigned even up to the date of audit. As such, those technologies had expired, and hence, the country had been deprived of economic benefits that would have been gained using those	The technological inventions of the researches should be properly developed, and action should be taken to assign the technologies in order to use them for the betterment of the country.	The ITI continuously invents new technologies required for industrial development of the country using local and foreign funds. The ITI Business Center has been recently established in view of increasing the number of technology exchanges by further strengthening the technology exchange process.	Taking measures successfully to make use of new technologies for the betterment of the country, remained weak.

technologies. As the solutions found through researches had not been used to rectify the issues in the areas of food, health, and environment, the relevant technologies had not been in use even minimally, and no coordination with relevant divisions had been done in the Institute.

09. Research 2023

allowances totaling Rs. 59,915,608 had been paid in the years 2020, 2021, and 2022 for the teams of researchers. However, it was observed that contributing to areas under the key objective of establishing the Institute, such as, improving the quality of products and technical processes used in industries for the betterment of technology used in Sri Lanka, and conducting

Research allowances should be paid after evaluating the success and productivity of technological inventions relating to the success of objectives in conducting researches.

The inventions should be made in accordance with requirements of each industry, thus taking measures for improvement of the relevant industry.

Payment of research allowances without paying attention on key objectives of establishing the Institute, is done even at present.

researches to
invent new
processes and
strategies to be
used in industries,
had been
neglected; and ,
there was no
approach towards
the key objective
mentioned in the
Act for
establishing the
Institute.

3.119 National Research Council

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	695,443,958	8,593,798	686,850,160	(960,252)	Qualified
2022	530,342,348	10,586,830	519,755,518	(172,111)	Qualified
2023	412,784,638	7,843,450	404,941,188	3,998,779	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Target based multi subject specific researches, should be completed within 05 years, and 04 of the 05 researches commenced in the year 2014 had been concluded. The research for improving multi adicity antidote for snake bites, had not been concluded even after 07 years.	2021	Plans should be prepared in a manner that projects can be completed and then projects should be implemented. It is necessary to ensure that projects are concluded within the timeframes.	Having examined as to whether all the projects in progress are within the timeframes, justifications have been obtained from chief researches of the projects deviating from timeframes. They have also been informed that their projects be concluded soon.	Researches of the projects had not been completed and reports had not been furnished even by 10 October 2024.
02.	A new species of larvae had been invented to control carriers of dengue	2021	Projects should be planned and supervised so that productive use of	Action has been taken to closely monitor the projects	A supervision had not been done as to whether a plan for controlling

through the TO-14-04 research project. However, the National Research Council had not drawn attention to supervise as to whether a plan was underway to control dengue by spreading those larvae in Sri Lanka and take follow up action in that regard. As such, the results expected from that research could not be achieved.

results of the research should ensure benefits for the country.

dengue was underway even by 10 October 2024.

03. Having spent a sum of Rs. 47,001,209, a study had been conducted in the year 2024 on the chronic kidney disease under TO-14-045 research project. It was found as the result of the research that the disease had been caused by the existence of Fluoride, Calcium and Magnesium in the drinking water. However, due to failure in coordinating the institutions responsible for preventing those elements getting into drinking water, using the result of the research for a
- 2021 Projects should be planned and supervised so that productive use of results of the research should ensure benefits for the country.
- Action has been taken to closely monitor the projects granted.
- Attention had not been drawn even by 10 October 2024 on the use of results of the research for national requirements.

national level requirement remained weak or neglected. The National Research Council had not drawn attention on taking follow up action thereon.

04.	The research for self-sustaining Sri Lanka with milk production conducted under Research Project No. TO-14-10 at an expenditure of Rs. 41,723,915, had been concluded in the year 2020, but the Institute had not taken follow up action, nor supervised the progress of practical use of the technology invented in the research. At present, the objective of making Sri Lanka to self-sustain with milk production, has not materialized as well.	2021	Projects should be planned and supervised so that productive use of results of the research should ensure benefits for the country.	They have been informed to expedite the completion of researches so that results of the researches would be productively used.	A methodology had not been put in place even by 10 October 2024 to supervise and take follow up action on the progress of practical use of the technology identified through the researches.
05.	The Council had expended Government funds amounting to Rs. 34,536,475 on 11 public-private partnership projects conducted during 2016-2021. Assets relating to 08 of	2022	Action should be taken to reap benefits through researches.	Structure of this programme had been modified in view of reaping benefits through projects, in order to collect income of those projects,	Recommendations of the Auditor General had not been implemented even by 10 October 2024.

those projects valued at Rs. 4,634,712 had been handed over to research institutions, but no benefit whatsoever such as, royalties that would have been obtained by the Council through commercialization of those project, had been obtained.

strategies had been prepared and included in the Guidelines for research grants.

06.	Committees had been appointed for evaluating research projects. However, without looking into the issues such as, matters to be taken into consideration by those Committees in selecting projects, post research use of the assets purchased for the researches, and recovery of royalties through commercialization of results of the researches, allowances totaling Rs. 4,580,453 had been paid for the Committees in the years 2021 and 2022.	2022	Matters to be considered in evaluating research projects, should be properly taken into account, thus evaluating the projects.	New research grants are given only if the plans for using results of the researches and the project plan are practical. Applications for new research proposals have been improved.	How to commercialize and recover the royalty, had not been determined.
07.	Having concluded 38 ID and TO projects during the year under review, instruments worth Rs. 129,549,528 had been returned to the	2022	Benefits should be obtained through the projects.	Applications for new research proposals have been improved in order to optimally gain the benefits	A proper methodology has not been put in place to optimally gain benefits from the projects.

institutions that conducted the researches. However, taking over of benefits by the Council in that connection, had not taken place (patent rights, rights to technical assignments, rights to royalties, etc.)

from projects.

08.	A new species of larvae had been invented to control carriers of dengue through the research project, TO-14-04 at an expenditure of Rs. 46,087,658. The result of the project would have been used to completely prevent dengue in the country by spreading the said larvae , but no supervision had been done in that connection , nor follow up action had been taken.	2022	The projects should be planned and supervised in a manner that the country would gain benefits through productive use of results of the researches.	Action has been taken to closely monitor the projects. The research grant guidelines have been strengthened to formalize this process.	Recommendations of the Auditor General had not been implemented
09.	Prior to implementing a project, a pre-feasibility study should be conducted to identify the possibility of implementing the project. However, due to failure in	2023	In order to ensure productive utilization of Treasury grants for researches, feasibility studies should be conducted properly, and the project should be	When calling for research proposals in the future, projects that could be implemented within the project timeframe will be identified,	Feasibility studies had not been conducted on projects properly.

doing so, 03 researches commenced on Treasury grants amounting to Rs. 11,241,250 had been suspended without being implemented.

implemented on and a pre-time thus feasibility study providing benefits will be for the country. conducted

thereon, thus identifying the projects in due course.

10. The Ministry had 2023 granted a sum of Rs. 12,256,290 for 05 projects scheduled to be commenced in the year 2022 and completed in the year 2023. However, only a sum of Rs. 6,928,581 had been spent on those projects by the end of the year under review. As the projects had not been completed as scheduled, a sum of Rs. 5,327,709 remained underutilized.

Projects should be implemented under proper methodology to ensure maximum productivity from the funds received for research projects.

Having examined as to whether all the projects in progress are within the timeframes, justifications have been obtained from chief researches of the projects deviating from timeframes. They have also been informed that their projects be concluded soon.

A formal control had not been put in place in a manner that reports of researches could be obtained on time.

3.120 Arthur C. Clarke Institute for Modern Technologies

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	349,425,380	64,473,583	284,951,797	7,705,317	Qualified
2022	353,848,286	72,507,900	281,340,386	31,554,058	Qualified
2023	350,422,546	80,477,926	269,944,620	23,433,105	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The project for establishing a national center for collecting and distributing observatory data on earth had not executed its tasks as planned. As such, the land at Thalagala in extent of 12 acres selected for this project, remained underutilized since 2019, and this project which had been planned since 2013, could not be implemented even by 2022. In order to construct a fence around the 10 acre land in Homagama, Pitipana selected	2021, 2022, 2023	The activities should be executed as planned, and assets allocated for projects should be properly utilized. Feasibility studies should be conducted properly before implementing projects. The Procurement Procedure should be followed correctly and the payments made for construction of the fence should be recovered.	With sponsorship of the embassy in Beijing, China a discussion had been held with AIR-CAS in the year 2022 under aegis of the Ministry. For a preliminary assessment of data, the AIR-CAS had provided us with some sets of data collected through satellites such as GF-1, GF-2 and GF-3 orbiting earth in April 2022. A report had been furnished by scientists of the institution after	Recommendations of the Auditor General had not been implemented even by 10 October 2024

without a proper feasibility study at the commencement of the project before obtaining the said land in Thalagala, the Urban

Development

Authority had been selected without following the Procurement

Procedure. Despite the possibility of giving a mobilization

advance, the total contract value of Rs. 3,543,744 had been paid to the said institution without a performance surety. Although this land had again been taken over by the Urban

Development

Authority, the monies paid for construction of the fence had not been recovered.

analysis of that data

02. With the objective of obtaining photocopies relating to archaeological explorations and mining on behalf of the Department of Archaeology, an unmanned aircraft

2021,
2022,
2023

Necessary measures should be taken, and the aircraft should be made use of.

As the Civil Aviation Authority of Sri Lanka had limited the flying altitude of the UAV, it could not be used for the intended purpose. As the communication

As the UAV had been purchased without a feasibility study with respect to altitude for flying, the expected objectives could not be achieved with the project

valued at Rs. 10,564,677 had been purchased in August 2016. Before the purchase, 02 officers had been provided with foreign training on piloting the plane at an expenditure of Rs. 110,322. However, the aircraft had not been made use of even by the date of audit on 25 May 2022.

division of the institution has become unsuccessful. gained more skills on operations of the UAV, the aircraft had been handed over to them in July 2020. It is expected that the UAV would be used for projects of the defense sector and training the officers on flying the UAVs.

03.	Although an expenditure of Rs. 13,171,672 had been incurred for manufacturing the Tea Color Sorting machine, it could not be introduced and sold in the market due to non-availability of Field Programmable Gate technology. As such, the amount so incurred, had become fruitless.	2023	The projects should be implemented within the period specified, and expected objectives should be achieved.	Achievement of expected objectives remain unlikely.	Recommendations of the Auditor General had not been implemented even up to 09 October 2024. The project remains unsuccessful.
04.	Two devices purchased for library automation system at an expenditure of Rs. 1,375,400 remained idle without being installed since 2018, and the light	2023	Necessary measures should be taken to ensure productive utilization of those equipment.	Instructions have been given to make use of those equipment productively.	The said equipment remained unused even by 09 October 2024.

measurement
system installed in
2015 at the value of
Rs. 17,348,222
remained idle since
2022.

3.121 National Engineering Research and Development Center of Sri Lanka

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	650,039,683	170,023,646	480,016,037	19,164,239	Unqualified
2022	619,582,526	183,376,873	436,205,653	18,644,297	Unqualified
2023	588,933,584	209,545,967	379,387,617	(12,166,999)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. A sum of Rs. 4,522,370 had been incurred on purchasing computers for the year 2021. Although there are 143 officers at the Center except for the primary level employees, there were 240 computers at the Center (Desktop, Laptops, Notebooks, Tablets). Accordingly, 97 computers had been purchased in excess of the officers.	2021	Resources should be obtained only for the requirements, thus spending funds economically.	Limiting the purchase of new computers in the year 2023.	By the year 2024, forty five computers had been disposed, and 20 computers will be disposed in this year as well.

02. The CNC Milling machine worth Rs. 26,488,211 with a capacity of 2,500 KG and obtained under credits from the Asian Development Bank in July 2001, had been repaired using spare parts costing Rs. 10,441,338 in the years 2014 and 2015. However, another Milling machine having a low capacity of 2,200 Kg had also been supplied in the year 2017 at a value of Rs. 26,150,497. As there were no activities to be done with the first machine, the sum spent on another machine had become fruitless.
- 2022 The machines owned by the Center should be used on the intended purpose efficiently and productively.
- In collaboration with the inventors' commission in the year 2017, the technical incubator division had been established in order to provide technical assistance for the inventors. To provide services, the inventors commission had granted a CNC Milling machine to the incubator division by considering the 20 year old CNC Milling machine of the incubator division facing glitches oftentimes.
- The 20 year old CNC Milling machine at the incubator division, remains non-functional at present. The CNC Milling machine given by the inventors commission to the incubator division remains functional at present.
03. The Director (Human Resources) of the Center had been transferred to the industrial park with no duty assignments from 07 February 2022. A preliminary report of investigation had
- 2022 Human resources should be managed ensuring maximum benefits for the Center.
- Having completed the investigation, the said officer had been issued a charge sheet. Following instructions of the Board of Directors, the said charge sheet had been forwarded to
- The formal disciplinary inquiry has reached the final stage.

been presented on 17 October 2022, but the sum of Rs. 3,047,473 paid as salaries up to 06 April 2023 without a charge sheet, had become a fruitless cost on labor.

the Director (Human Resources) on 27 April 2023.

04.	The expenditure estimated for 09 projects amounted to Rs. 15,594,000 but the actual expenditure amounted to Rs. 8,754,145. Due to failure in conducting pre-feasibility studies prior to commencing the project on economy of projects, staffing, and sources of funding, the balance of the funds could not be obtained thus abandoning the projects halfway.	2022	Projects should be selected by properly conducting feasibility studies.	As additional funds and approval had not been received on the modification of mechanical process, the projects could not be continued.	Those projects could not be continued.
05.	Without conducting a pre-feasibility study before implementing the projects with respect to economy of projects, staffing, and sources of	2022	Projects should be selected by properly conducting feasibility studies.	It was decided that an investigation should be conducted , and the goods purchased for this project should be inventoried and provided for	The electronic devices used for this project had been given to the megatronic division whereas the other items had been given to the other divisions to be used for research and

funding, a project with an estimated cost of Rs. 2,900,000 had been implemented in November 2020 and a sum of Rs. 615,683 had been incurred. When the project became inactive and without examining the future functionality of the project, another project with the same objective had been commenced in February 2022 at an estimated value of Rs. 4,000,000 thus incurring expenses amounting to Rs. 538,579. However, this project too had become inactive.

suitable divisions. development activities.

3.122 National Innovation Agency

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	-	-	-	-	-
2022	7,035,040	436,700	6,598,340	6,598,340	Unqualified
2023	6,729,389	874,190	5,855,199	(1,347,843)	Unqualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	According to Section 4(f) of the National Innovation Agency Act No. 22 of 2019, commercialization of the innovation should be done in coordination with relevant Ministries, Departments and institutions of innovation. However, it had not been so done.	2023	Plans should be prepared in a manner that objectives mentioned in the Act can be achieved efficiently and productively, and action should be taken accordingly.	The NIA will coordinate with state and private sector covering social, science and technology, defense and environment services in the year 2023.	Commercialization of innovations is being done.
02.	It is a duty of the Agency to assist the strategic objectives of national innovation enterprises by facilitating higher technical enterprises through research and technical exchange. However, only two	2023	Efficiency should be ensured in view of achieving institutional objectives.	Only two technical assignments had been completed "successfully" though, the number of technical assignments that we facilitated, was more than	Several discussions had been held on assignments by drawing attention of the relevant parties with respect to 05 large scale technical assignments.

technical assignments could be successfully completed in the year 2023. In order to achieve the objectives of the Act, the Agency had spent a sum of Rs. 665,890 to create a website, but innovation-related data of only 02 institutions had been included therein.

that. The Agency developed the B2P platform for long term use, and data entry to that system should be done by research institutions, universities, private innovators, and researchers. Awareness programs, workshops, as well as meetings and discussions were held to request all the research institutions, universities, innovators and researchers that innovations waiting to be commercialized, be sent to the said B2P platform.

3.123 National Science and Technology Commission

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	3,573,630	14,865,121	(11,291,491)	(3,711,160)	Qualified
2022	22,868,956	6,344,467	16,524,489	8,531,246	Qualified
2023	18,759,664	9,829,763	8,929,901	(7,239,466)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. According to Section 5(c) of the Science And Technology Development Act No. 11 of 1994, progress of science and technological institutions should be reviewed with emphasis on objectives of the Commission. However, only 22 of the 66 institutions under scope of science and technology had been reviewed and reports had been presented (during the period 2010-	2021	A methodology suitable for achieving objectives of the Act should be prepared and followed.	According to the Act, the NASTEC has been authorized to review progress of the science and technology institutions. The relevant institution and the Ministry in charge had been authorized to implement the recommendations. Accordingly, action had been taken to conduct workshops to solve issues and implement the recommendations through coordination of institutions and the	The review process is being updated in coordination with science and technology institutions, and solutions are provided by studying the existing issues.

2020). According to guidelines relating to the process of evaluation, the relevant institution and Commission should be responsible on the measures taken to implement the recommendations in those reports. However, reports had not been prepared by examining as to whether such recommendations had been implemented, accepted, or benefits had been reaped.

Ministry in charge.

02.	The Commission had not devised a process to follow up as to whether the recommendations included in the final reports issued by the Commission and the policy and review reports had been effectively implemented by the relevant institutions.	2021	An appropriate follow-up methodology should be prepared and put in use.	By collecting the relevant external reports with the reviewed institutions, action had been taken to conduct workshops for solving issues arisen in implementing the recommendations and review the progress of implementing the recommendations.	The review process is being updated in coordination with science and technology institutions. Solutions are provided for the existing issues, and comments from such institutions are obtained.

03.	Provision amounting to Rs. 20 million had been made on 06 activities planned for the year as per the annual Action Plan prepared by the National Science and Technology Commission for the year 2023. However, only a sum of Rs. 04 million had actually been spent by the end of the year under review, and that value indicated only 20 per cent of the total allocation. Although a sum of Rs. 1.2 million had been allocated for training the staff, only 30 per cent thereof had been spent by the date of audit. Interest of the institution in human resources remained low.	2023	Action should be taken in accordance with annual Action Plan.	The said financial activities had been conducted in accordance with budget Circulars relating to the control of Government expenditure. Although financial provision had been requested on activities for this year, funds had been received in April. Nevertheless, activities of BICOST had been done under the contribution of sponsors. Section 06 of the National Budget Circular No. 01/2023 issued on 27.01.2023 by the Ministry of Finance, Economic Stabilization and National Policies requires that training opportunities should be given to the employees only in accordance with Scheme of Recruitment, and provisions of Circulars.	Activities are executed in accordance with annual Action Plan at present.

3.124 National Gem and Jewellery Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	3,462,499,909	1,710,915,811	1,751,584,098	242,023,008	Qualified
2022	4,710,180,370	2,149,702,577	2,560,477,793	425,747,708	Qualified
2023	6,062,630,885	3,038,425,340	3,024,205,545	995,430,030	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01	The lease agreement relating to shops in the World Trade Center had been terminated on 31 October 2021, but the security deposit of Rs. 16,368,300 had not been recovered even by 28 February 2024.	2021	Action should be taken to promptly recover the security deposit.	As the shop number 36 had not been handed over by uninterrupted possession, legal action has been taken against that institution. Although the court ordered that the shop be handed over and the dues be settled, owner of the shop has not complied with the court order.	The security deposit has not yet been recovered.
02.	As the building where the Authority had been maintained was damaged due to a private construction done by a private company near the	2021	The Procurement Process should be followed with transparency, and the expenses incurred by the Authority should be recovered from the relevant	The Case No. DPS 228/2022 had been filed in order to recover the loss sustained by the building of the Authority located at Gallface Terrace that had caved in. As the	The –loss sustained by the Authority, has not yet been recovered.

		building, the building had been evacuated. As such, a private building had been obtained on lease without following the Procurement Process for a short period and the Authority had been maintained therein with effect from 03 September 2021. Having followed the Procurement Process later, the building in which the Authority is maintained at present, had been selected from the highest bidder. An expenditure of Rs. 53,244,339 had been incurred as at 22 April 2022 for shifting the Authority to the new building.	parties without delay.	building of the lowest bidder had technical inefficiencies and not matched with the objectives of the Authority, the building at No. 12, Macksons Tower, Alfred House Garden, Colombo 03 had been approved by the Procurement Committee as being suitable to be obtained on lease for the Authority under recommendation of the Technical Evaluation Committee. Accordingly, the Board of Directors had been informed and approval had been obtained, thus operations are carried out at present without cancelling the agreement.	
03.	Based on an invoice prepared by the owner on 27 October 2021, the Rough Sapphire Cluster weighing 510 Kg, had been assessed to the value of US \$ 10,000,000 equivalent to Rs. 2,030,600,997, and sent to Gablin	2022	A proper methodology should be put in place for assessing the gems.	Action had been taken to publish all the fees charged by the Authority, through the Gazette Notification No. 2324/33 dated 22 March 2023, and the staff had been informed to charge fees in accordance therewith.	Furthermore, based on the maximum bid for this gem at the international market, the gem was assessed to the value of US \$ 10,700 on 26 January 2023, thus taking action to re-export by recovering a

laboratory of Switzerland to obtain a certificate. When the cluster had been brought back to the country after 443 days, 01 per cent of the shipping value of the invoice, equivalent to US \$ 10,000,000*1 % = US \$ 100,000 or Rs. 37,100,000(US \$ 01=Rs. 371 as at 13 January 2023) had not been recovered from the licensee contrary to Paragraph 13.6 of the Gazette Extraordinary dated 02 March 2020.

Action had been taken on 09 September 2022 to inform in writing that the sum equivalent to 1 per cent of the invoice value of the gem be paid. However, considering the reasons such as, the gem could not be sold, heavy costs had been incurred to transport the gem to foreign countries, no income whatsoever had been earned, and taking into account the request of the businessman, approval of the Board of Directors had been obtained not to recover that sum as it was also the responsibility of the Authority to save the businessmen.

04. The withholding tax collected by every sub-representative, should be remitted to the Commissioner General of Inland Revenue within 15 days after the end of each calendar month. However, the withholding tax of Rs. 690,476,013 collected by the

2023
Action should be taken in terms of the Inland Revenue Act to remit the withholding tax.

The Director (Finance) has been instructed to remit the collected withholding tax to the Department of Inland Revenue within the specified period.

Action will be taken to make the payments within the relevant period in due course.

Authority up to 30 November 2023, had not been remitted by the end of the year under review.

05.	Due to improper management, 02 FTIR machines worth Rs. 9,724,501 used in heat treating gems, had become unusable.	2023	Proper functionality of assets should be ensured in using for operations.	Instructions have been given to the Director (Assessment/Gemology) that necessary action be taken expeditiously to restore operations of the FTIR machines.	A preliminary inquiry had been held to determine the loss and parties responsible for the misplacement of parts of the machine in the divisional office of Ratnapura.
06.	Release of surety should be requested by restoring the land after mining of gems. However, mining pits abandoned dangerously and detrimental to the environment without doing so, should be closed by the Authority after 02 months from the date of cancellation of the license. Nevertheless, 19 pits were found in the sample audit that had not been closed in that manner.	2023	The gem mines should be closed thus restoring the ground properly.	Instructions had been given to the Director (Enforcement & Regional Development) to expeditiously close the open pits of gem mines.	Not yet restored thus far. The land division has been referenced to close the pits and take further action.

07. The land costing 2023 Rs. 889,000 and the building costing Rs. 5,358,507 in Belideniya, remained unused for over 12 years.
- It is necessary to ensure that assets are not underutilized.
- Approval of the Board of Directors shall be obtained to hand over the building to the Divisional Secretariat in order to avoid underutilization.
- In accordance with the Board Paper No. 2430 presented with respect to alienation of the land and building, the Gem and Jewellery Research and Training Institute had not done the relevant acquisition.
- In order for this land to be alienated again to the Divisional Secretary, instructions have been given by the audit committee that a Board Paper be presented again.

3.125 Sri Lanka Standards Institution

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	2,671,747,970	375,850,755	2,295,897,215	56,623,886	Qualified
2022	2,913,648,319	404,181,877	2,509,466,442	184,081,575	Qualified
2023	3,358,653,286	399,760,251	2,958,893,035	445,059,698	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	During the examination of stock verification reports including the reports stocks and physical stocks of the institution, it was found that stocks valued at Rs. 694,140 had not been recorded in books and there was a shortage of items of stocks worth Rs. 758,442.	2021	Internal systems of control should be implemented for stocks.	Employees of stores have been informed to correctly maintain the physical stock values and the ones in books.	Action has been taken to record in books the non-recorded items. Necessary action is being taken on shortage of stocks.
02.	There were 21 vacancies in primary category. However, by exceeding the approved cadre, recruitments had been made for the office assistants service from a private institution without	2021	In case of the need for additional employees, the Scheme of Recruitment should be amended, and recruitments should be made formally by	Service of the office assistants was vital for the efficient functioning of laboratories and other divisions. As	Scheme of Recruitment is being amended, approval has not been obtained.

proper approval. A sum totaling Rs. 8,284,029 had been paid to 40-50 employees so recruited in the year under review.

obtaining necessary approvals.

the such, tenders had been called annually and the service of 27 employees is obtained at present through a contractor under approval of the Governing Council until recruitments are made in due course to the primary category.

03. According to the 2022 Guideline 1.1.4 of the guidelines for examining imports, the imported stock shall be allowed to be released to the importer's warehouse based on the past performance of importer and manufacturer and a personal letter of guarantee from the importer, in the event of practical difficulties for sampling in the premises of the harbor and report of the test can not be obtained within a

Action should be taken in accordance with the Guideline.

Considering the analysis report of the laboratory, and satisfactory past performance of the sugar manufacturer, stocks of sugar are released for sale, and samples are tested randomly.

Action is being taken in accordance with the Guideline.

short period.
However, without obtaining personal quarantine letters of the importer and before receiving the reports of tests, stocks of sugar weighing 10,986,250 Kg had been released to the warehouse of the importer in 58 instances.

04.	Adjustments had not been made in the relevant accounts relating to the income of Rs. 14,226,329 received in the year 2023 with respect to the years 2022 and 2024, instead, that sum had been adjusted in the statement of financial performance.	2023	A strong system of internal control should be used so that income for the year can be computed correctly.	The correct adjustments will be made in the year 2024.	Action is being taken to correctly compute the income of the year.
05.	Action had not been taken to recognize and account for the total value of Rs. 9,923,267 not recognized during a period of 01-04 years in accordance with the bank reconciliation statement by the end of the year under review.	2023	A suitable coding method or a method of control should be introduced to recognize all the income and other receipts received into the bank account of the Institution; and the annual income should be recognized accordingly.	In order to recognize the unidentified deposits out of the deposits directly received in the bank account, necessary action is taken for identification with assistance of the relevant	Action has been taken to account for the new deposits through a new numbering system.

			divisions.	
06.	Contrary to special approvals received from the Department of Public Enterprises in terms of Financial Regulation 780 of the Democratic Socialist Republic of Sri Lanka and Paragraph 4.1 of the Public Enterprises Circular, No. 01/2015 dated 25 May 2015, a sum totaling Rs. 5,021,100 had been paid to the private sector in 12 instances for transporting officers of the middle level management during May and June 2023.	2023	Provisions of Circulars and special approvals can not be neglected. However, in case of such a requirement, action should be taken to obtain the necessary approvals.	Some of the vehicles of the Institution had been fully repaired whilst the other vehicles received normal repairs, and a considerable time had been spent thereon. As such, the period of agreement authorized by the Department of Public Enterprises for obtaining vehicles externally on group transports, had been extended up to 2023.07.31.
07.	Once the use of SLS Logo is permitted, samples of the product should be obtained from the open market and tested for compliance with specifications to verify the conditions	2023	Market surveys should be conducted adequately.	Availability of some of the products in the market was limited due to Covid-19 pandemic and economic
				Market surveys had not been conducted sufficiently.

of the permit are adhered to. Nevertheless, 924 products had obtained the Logo as at 31 December 2023, but the market survey had been conducted only on 183 items in the year 2023 representing only 20 per cent.

crisis in the country, hence collecting samples from the market during the period 2020-2023 was restricted. Nevertheless, 183 samples had been collected from the market and 298 samples had also been collected for import tests before being released to the market during the year ended 2023.12.31. Accordingly, 481 samples had been collected for follow up action on SLS certification, and the tests had been completed. It was planned to collect 350 samples from the market for the year 2024 and conduct

tests.

Conducting
tests on
samples from
the market is
successfully
done.

3.126 National Science Foundation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	2,202,224,621	108,525,996	2,093,698,625	(12,722,038)	Qualified
2022	2,170,111,143	103,923,506	2,066,187,637	(38,548,294)	Qualified
2023	2,150,197,319	92,222,383	2,057,974,936	(20,842,306)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Grants had been made since 2017 on 05 research projects valued at Rs. 61,783,085 titled "Climate changes and national disasters", but issues such as, non-achievement of objectives of those research projects, overestimation on expenses, delay or non-presentation of progress and financial reports, failure to execute project activities as planned, delay of the evaluation	2021	The researchers should be requested to conduct their researches on realistic and suitable subjects so that results of the researches will contribute to the development of the country. Such researches should be closely monitored in view of achieving the expected objectives.	This research programme had been commenced in the year 2012, and 05 research grants had been given on 05 areas relating to climate changes affecting the development of country. Using vital information such as, policy on climate changes prepared by the Ministry of Mahaweli Development and Environment, National Climate Change Adaptation Strategy for Sri	At present, those projects have reached final stages. Final reports are being presented and evaluations are done.

committees to evaluate the progress reports, and failure in evaluations, were observed in audit.

Lanka and the Action Plan, and national adaptation plan, those projects had been implemented upon recommendations of a committee of experts.

02. The National Science Foundation had provided grants to achieve 03 objectives under technical grants and competitive research grants, but, of the 31 technical grants relating to 2017-2021, results of 16 researches valued at Rs. 40,468,833 had not been commercialized. Furthermore, a cost of Rs. 110,120,240 had been incurred on 31 researches, but none of them had received patents.
- The objectives expected through the researches conducted using Government funds, should be achieved.
- In order to commercialize and promote the technologies invented through such researches, the National Science Foundation introduced the “Lab to Market” concept.
- The “Lab to Market” concept was introduced since 2024 in order to commercialize and promote the technologies on production process invented through such researches.

3.127 Sri Lanka Inventors Commission

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	129,674,181	111,458,217	18,215,964	(3,433,824)	Qualified
2022	129,655,233	105,329,427	24,325,806	4,992,449	Qualified
2023	120,279,857	94,384,040	25,895,817	(10,586)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Despite being expected to provide financial and technical assistance for 40 patents as per the Action Plan, only 04 inventors had referred to the Commission in the year.	2022	Awareness programs and workshops should be conducted on applicants for patents thus taking action to achieve the targets in Action Plan.	Due to issues beyond scope of the Commission such as, crisis in the country and shortage of fuel, the relevant targets could not be achieved, but the Action Plan is being adhered to as the country has become normal.	Awareness programs had been conducted to provide technical assistance for patents.
02. The debtors' balance of Rs. 14,372,609 comprising Rs. 12,632,009 older than 05 years and Rs. 1,740,600 older than 03 years, could not be	2023.	Action should be taken without delay to recover the dues.	Rather than the loans provided directly to innovators by the institution, a financing system for the commercialization of innovations has been introduced	Recovery remained regular up to certain extent, but a loan balance of Rs. 4,709,568 remained to be further receivable at the end of the

recovered.

through year 2023.
commercial
lending
institutions using
the same funds.

The Commission
will take legal
action in case of
further defaulting
on the settlement
of loans.

03. Without a proper feasibility study and a plan, a database had been created in the year 2018 at an expenditure of Rs. 4,600,000 for processing applications received by the inventions processing system of Sri Lanka. However, as only 39 applications had been received thus far since the year of establishment, the database remained inactive even by the year under review.
- 2023 Efficiency and productivity should be ensured in incurring Government expenses.
- Using funds of the mechanism for expediting the inventions, a financing system has been introduced to commercialize the inventions through commercial lending institutions.
- The programme to fund for expediting the inventions and the database do not function at present.
04. The sum of Rs. 500,000 payable to the Divisional Secretariat, Dompe for
- 2023 Funds should be credited to the relevant account of the
- A sum of Rs. 500,000 had been allocated for auditorium fees, electricity, water,
- The act of crediting funds to an unofficial bank account without giving to the

expenses of the educational trade exhibition, had been credited to an account named cultural and religious committee that had not belonged to the official bank account of the Divisional Secretariat, Dompe.

Government.

and tables and chairs, under the letter head of the Divisional Secretariat, Dompe. A stall in the size of 100*20 feet had been constructed at a commercially potential area for the inventors. Once relevant account had been verified with the People's Bank, action has been taken to make payments by way of a cheque. Divisional Secretariat, has not been corrected even at present.

3.128 National Gem and Jewellery Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	3,462,499,909	1,710,915,811	1,751,584,098	242,023,008	Qualified
2022	4,710,180,370	2,149,702,577	2,560,477,793	425,747,708	Qualified
2023	6,062,630,885	3,038,425,340	3,024,205,545	995,430,030	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The lease agreement relating to shops in the World Trade Center had been terminated on 31 October 2021, but the security deposit of Rs. 16,368,300 had not been recovered even by 28 February 2024.	2021	Action should be taken to promptly recover the security deposit.	As the shop number 36 had not been handed over by uninterrupted possession, legal action has been taken against that institution. Although the court ordered that the shop be handed over and the dues be settled, owner of the shop has not complied with the court order.	The security deposit has not yet been recovered.
02.	As the building where the Authority had been maintained was damaged	2021	The Procurement Process should be followed with transparency, and the expenses incurred by the	The Case No. DPS 228/2022 had been filed in order to recover the loss sustained by the building of the Authority located at	The –loss sustained by the Authority, has not yet been recovered.

due to a private construction done by a private company near the building, the building had been evacuated. As such, a private building had been obtained on lease without following the Procurement Process for a short period and the Authority had been maintained therein with effect from 03 September 2021. Having followed the Procurement Process later, the building in which the Authority is maintained at present, had been selected from the highest bidder. An expenditure of Rs. 53,244,339 had been incurred as at 22 April 2022

Authority should be recovered from the relevant parties without delay.

Gallface Terrace that had caved in. As the building of the lowest bidder had technical inefficiencies and not matched with the objectives of the Authority, the building at No. 12, Macksons Tower, Alfred House Garden, Colombo 03 had been approved by the Procurement Committee as being suitable to be obtained on lease for the Authority under recommendation of the Technical Evaluation Committee.

Accordingly, the Board of Directors had been informed and approval had been obtained, thus operations are carried out at present without cancelling the agreement.

for shifting the Authority to the new building.

03. Based on an 2022 invoice prepared by the owner on 27 October 2021, the Rough Sapphire Cluster weighing 510 Kg, had been assessed to the value of US \$ 10,000,000 equivalent to Rs. 2,030,600,997, and sent to Gablin laboratory of Switzerland to obtain a certificate. When the cluster had been brought back to the country after 443 days, 01 per cent of the shipping value of the invoice, equivalent to US \$ 10,000,000*1 % = US \$ 100,000 or Rs. 37,100,000(US \$ 01=Rs. 371 as at 13
- A proper methodology should be put in place for assessing the gems.
- Action had been taken to publish all the fees charged by the Authority, through the Gazette Notification No. 2324/33 dated 22 March 2023, and the staff had been informed to charge fees in accordance therewith.
- Action had been taken on 09 September 2022 to inform in writing that the sum equivalent to 1 per cent of the invoice value of the gem be paid. However, considering the reasons such as, the gem could not be sold, heavy costs had been incurred to transport the gem to foreign countries, no income whatsoever had been earned, and taking into account the request of the businessman, approval of the Board of Directors had been obtained not to recover that sum as it was also the responsibility of the Authority to save the businessmen.
- Furthermore, based on the maximum bid for this gem at the international market, the gem was assessed to the value of US \$ 10,700 on 26 January 2023, thus taking action to re-export by recovering a service charge of 1 per cent which was applicable on the export of raw gems for which no value addition could be made in the country for gems other than Gevuda.

January 2023)
had not been
recovered
from the
licensee
contrary to
Paragraph 13.6
of the Gazette
Extraordinary
dated 02
March 2020.

04.	The withholding tax collected by every sub-representative, should be remitted to the Commissioner General of Inland Revenue within 15 days after the end of each calendar month. However, the withholding tax of Rs. 690,476,013 collected by the Authority up to 30 November 2023, had not been remitted by the end of the year under review.	2023	Action should be taken in terms of the Inland Revenue Act to remit the withholding tax.	The Director (Finance) has been instructed to remit the collected withholding tax to the Department of Inland Revenue within the specified period.	Action will be taken to make the payments within the relevant period in due course.
05.	Due to improper management, 02 FTIR	2023	Proper functionality of assets should be ensured in using	Instructions have been given to the Director (Assessment/Gemology) that necessary action be	A preliminary inquiry had been held to determine the loss and

	machines worth Rs. 9,724,501 used in heat treating gems, had become unusable.	for operations.	taken expeditiously to restore operations of the FTIR machines.	parties responsible for the misplacement of parts of the machine in the divisional office of Ratnapura.
06.	Release of 2023 surety should be requested by restoring the land after mining of gems. However, mining pits abandoned dangerously and detrimental to the environment without doing so, should be closed by the Authority after 02 months from the date of cancellation of the license. Nevertheless, 19 pits were found in the sample audit that had not been closed in that manner.	The gem mines should be closed thus restoring the ground properly.	Instructions had been given to the Director (Enforcement & Regional Development) to expeditiously close the open pits of gem mines.	Not yet restored thus far. The land division has been referenced to close the pits and take further action.
07.	The land costing Rs. 889,000 and the building costing Rs. 5,358,507 in	2023 It is necessary to ensure that assets are not underutilized.	Approval of the Board of Directors shall be obtained to hand over the building to the Divisional Secretariat in order to avoid	In order for this land to be alienated again to the Divisional Secretary, instructions have

Belideniya,
remained
unused for
over 12 years.

underutilization.

In accordance with the
Board Paper No. 2430
presented with respect
to alienation of the land
and building, the Gem
and Jewellery Research
and Training Institute
had not done the
relevant acquisition.

been given by the
audit committee
that a Board Paper
be presented
again.

3.129 National Design Centre

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	179,198,279	40,937,395	138,260,884	4,902,973	Qualified
2022	214,257,165	35,653,077	178,604,088	3,323,435	Qualified
2023	205,256,096	35,892,389	169,363,707	(11,739,450)	Unqualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Although a treatment system costing Rs. 2,991,720 was installed on 16 December 2021, with the aim of teaching batik production and providing common facilities to craftsmen in the industry, the expected objectives had not been achieved even by 2023, and the treatment system remained non-operational.	2023	According to Financial Regulation 780, government funds should be invested efficiently, economically, and productively.	A formal mechanism has been established under a fee-charging system for batik craftsmen to access the services of the Naththarampotha Batik Training Center and the Batik Wastewater Treatment System. Additionally, the batik craftsmen in the area have been informed of the availability of a common facility center where they can	The batik producers in the area have been made aware of the system, and so far, 15 entrepreneurs have utilized the wastewater treatment facility.

obtain
wastewater
treatment
services.

02. Under the project 2023 aimed at providing knowledge on new innovations and technologies, Rs. 8.5 million was allocated to conduct 29 programmes islandwide to deliver quality training tailored to the needs of craftsmen. However, only 17 training programs were conducted. Although it was planned to introduce 450 new designs to craftsmen through these programmes, only 216 designs were introduced.
- More efficient new design training programmes should be implemented in accordance with the plans.
- In the year 2023, targets were set based on the approved staff, and considering the vacancies in the design division, development targets for the year 2024 were established.
- Fourteen new design training programmes have been targeted for 2024, of which 10 have been completed so far. Additionally, 110 new designs have been targeted for introduction, and 93 of them have already been introduced through various handcraft techniques.

3.130 Sri Lanka Accreditation Board for Conformity Assessment

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	75,020,771	14,233,785	60,786,986	14,524,699	Qualified
2022	109,971,147	24,376,786	85,594,361	41,895,359	Qualified
2023	185,596,776	13,610,137	171,986,639	85,375,506	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. The annual Action Plan prepared by the Board for the year 2022 comprised 167 activities, but financial targets had been set only for 30 of them. Ten activities for which financial targets totalling Rs. 823,000 had been set, and 45 activities with unknown financial values, had not achieved the expected progress.	2022	The action plan should be prepared with specific goals and expected costs so that progress can be measured.	Steps were taken to set financial targets with respect to information provided in the action plan.	Financial targets have been presented for activities from 2024.

3.131 National Institute of Co-operative Development

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	899,160,444	104,515,757	794,644,687	(941,564)	Qualified
2022	857,322,780	64,342,537	792,980,243	(5,547,435)	Qualified
2023	851,320,248	64,815,712	786,504,536	3,003,434	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The total of payable balances on 31 December of the year under review was Rs.10,032,374 and out of which Rs.108, 451 related to the period between 01 and 05 years and Rs.9,923, 923 more than 05 years were not settled.	2021 2022 2023	Payable balances should be settled.	That the necessary arrangements are being made for settlement	That the balance has not been settled even now.
02.	The total of the receivable balances as on 31 December of the year under review was Rs.3,014,533 and out of which Rs.790, 462 for more than 05 years had not been	2021 2022 2023	Receivable balances should be recovered	That there is a problem in recovering the balance of Rs.145,340 and legal actions have been taken to recover	The balance has not been settled yet.

recovered.

Rs.645,.122

03. According to the management board decision dated 31 July 2020, although an internal lecturer should conduct lectures for a minimum of 60 hours per month, due to insufficient number of courses being planned and conducted, 09 lecturers were employed for lectures for less than 60 hours per month during the period from January to June of the year under review and three lecturers were not assigned at least to a single lecture in 03 months. Also, the hours of lecturing of 03 lecturers in 02 months and 04 lecturers in one month were not submitted to the audit.	2022 2023	The staff should be employed effectively and efficiently	On the advice of the Secretary to the Ministry, the number of lecture hours has been decided as 40 hours and co-curricular activities as 20 hours by now and it has been advised to coordinate the courses in the relevant fields and intervene in their studies to solve this shortcoming in the future.	Not resolved so far.

04. During the 2023 Underutilized Although the Assets were not inspection regarding the utilization of 09 assets should be training fully utilized till hostels with 120 utilized and activities are 30 September rooms, the rooms in generate revenue conducted 2024. the online system due to fuel crisis, power cut and the economic crisis in the country and the conducting external institute programs are reduced, the level of utilization has reached a high value since July 2023. The 02hostels with 38rooms in that were not used in the month of April and 02hostels with 06 rooms were used only for one day in the month of January.
05. A part of the ground 2021 Assets should be Although the Procurement for floor of the multi- 2022 properly utilized actions have leasing is in purpose building 2023 consisting of 3564 implemented to utilize the premises of the multi-purpose building, approval was not received from the Ministry, and A 13and A 12 rooms will be used to hold lectures via online. that section was also not used for generation of income. It was also observed that A 13 and A12roomsin the old office building were underutilized.

3.132 Industrial Development Board of Ceylon

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	2,118,261,217	483,188,439	1,635,072,778	59,318,302	Qualified
2022	2,271,906,719	511,948,779	1,759,957,940	126,732,525	Qualified
2023	2,513,141,543	607,318,582	1,905,822,961	16,596,485	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The 16 industrial parks owned by the Industrial Development Board are consisted with 733 plots of land (excluding the industrial park in Elpitiya), and 53 of those plots had not been distributed among the industrialists, thus remaining unused over several years. Twenty six factories remained closed as at 31 December 2023, and action had not been taken to provide them for other industrialists. Furthermore, 23 plots of lands in 05 industrial parks of the Board, had been	2023	Action should be taken to distribute the plots of lands to the industrialists and to upgrade industries.	Although infrastructure had been properly developed at the unassigned plots of lands, investors were not interested in establishing industries in those areas, hence the lands remain unused. Action is being taken to find new investors. The relevant district offices are taking action to vest the	Action is being taken to find new investors for the unassigned and closed factories and industrialize the lands taken for personal use.

taken for personal
residence

closed down
industries to
new
investors, and
due to
inadequacy of
documents to
evict the
encroachers
legally,
attempts are
made to
absorb them
into the
industries
again.

02. An order had been placed to the workshop in Matara owned by the Industrial Development Board of Ceylon in the year 2021 by the National Crafts Council to create 03 machines valued at Rs. 3,850,740. However, except for the machine worth Rs. 351,000 used to pull common rattan from the forests, the other two machines had not been completed and handed over to the National Crafts Council even by the end of April 2024.	2023	The accepted orders should be completed on time.	Action is being taken to complete the said order as soon as possible.	Necessary action is being taken to complete the order.
03. With the objectives such as, improvement of	2023	Productive utilization of the machine should be	The relevant company had been	The machine is under repairs.

quality of rubber-related products, minimizing waste, increasing the efficiency of the production process whilst decreasing the production cost, and introducing & encouraging the use for small and medium scale industries, a rubber injection molding machine had been purchased at the value of Rs. 9,318,026 in the year 2016 to be used by the rubber development and service center in Peliyagoda. Since the date of purchase, only 328 trainees had been provided with training, and the said machine remained non-functional since 2020 up to the date of audit in the year 2024.

ensured.

informed on errors of the machine, and although the machine was under repairs, the machine could not be restored thus far.

04. There existed 64 2023 rubber related machinery at the rubber development and service center in Peliyagoda, and 26 machines therefrom remained non-functional over a period ranging from one year to 39 years whereas the

The unused machines should be made use of , and the non-functional machines should be disposed.

A Committee had been appointed by the Head Office in order to dispose the machinery remaining non-functional at present, and Action is being taken to dispose the non-functional machinery and spare parts.

Compressor remained in the packing at the stores without being used since 2017. Furthermore, 17 types of raw materials and 284 items of spare parts remained unused over periods ranging from 01 year to 17 years.

the finance division has been requested for approval thereon. The newly purchased compressor is used when the old machine undergoes repairs. The unused raw materials in the stores are not made use of in the production process at present, and should be disposed. The spare parts in the stores had been received at the time of purchasing the machines, and machines compatible with some of the spare parts, had been withdrawn from use. It is proposed to obtain approval to dispose them.

05. A sum of Rs. 51 million had been spent on renovation of buildings, salaries and wages relating to the center of excellence for Robotics established at NawaBima Business Incubation Center Technical devises for Robot technology valued at Rs. 35 million had been installed in the years 2018 and 2019, but the required staff had not been recruited and the functions had not been commenced. A sum of Rs. 5,164,149 had been incurred in the year 2023 on this project with respect to, an IRB 2600 Welding Power Source, reproving of 45 existing Robtot Cell, providing training for 02 engineers to use the machine for 04 days, and other expenses. Nevertheless, that project remained non-functional even by 31 December 2023.
- 2023
- Action should be taken to recommence the project thus using the assets productively.
- Although we tried to establish the Center of excellence for Robotics in a most appropriate manner, the Center remained under miscellaneous Ministries, and this Center is not owned by the Board at present. However, we are taking further action to repair the Robots.
- This project had not been commenced even up to September 2024.
06. The Unido institution had granted 12 equipment worth US \$ 101,130 and goods
- 2023
- Action should be taken to achieve the objectives of the project, use
- That building could not be renovated thus far. Due
- Once the Board receives provision in due course, the building will be

	worth US \$ 1167.44 to the Board in 2020, and having installed them at the Laksala building, the training center for bamboo had been temporarily established. As the building of this training center had been handed over to the National Crafts Council in September 2022, the machinery had been removed and stored at a building in Nawabima premises, Katubedda. As such, those items remained unused and idle even by May 2024.		the assets productively, and open the training center without delay.	to lack of funds with the Board to renovate the building, the renovation could not be done expeditiously. Once funds are received, the building will be renovated and training programs will be conducted in due course.	renovated and training programs will be conducted.
07.	Although a sum of Rs. 3,754,298 had been paid in the year 2022 to purchase scrap copper removed from Wimalasurendra power plant, the Board had not received the items due to lack of scrap copper. Action had not been taken either to recover the sum or obtain the items.	2023	The Board should take action either to recover the dues or obtain the items.	The relevant stores had been separately informed in writing to recover the scraps or the relevant value.	The scraps or the sum had not been recovered thus far.
08.	In terms of management services Circular No. 05/2017 of the Ministry of Finance and Mass Media dated 25	2023	Action should be taken in accordance with provisions of Circulars.	The Board of Directors has been referenced in that connection.	Approval of the Treasury has not yet been obtained.

October 2017, approval had been given to pay a monthly allowance of Rs. 15,000 to officers of the Sri Lanka Engineering Service with effect from 01 January 2012. In case of allowances being paid to institutions not entitled to the payments as per the said Circular, approval of the Ministry of Finance should have been obtained through the Secretary to the Ministry. However, without such an approval, the Industrial Development Board had paid this allowance to 12 officers on approval of the Board of Directors since 2018, and the sum overpaid up to the end of the year under review amounted to Rs. 7,717,590.

09. Contrary to 2023 provisions in Paragraph 2.4 of the National Budget Circular No. 04/2022 of the Ministry of Finance dated 08 August 2022, a number of 106	Action should be taken in accordance with provisions of Circulars.	It was the objective (as per the decision taken on recruitments at the progress review	Approval of the Treasury had not been obtained on those recruitments.

officers had been recruited on contract basis in the year 2023 and the service of 61 of them had been made permanent.

meeting of the Ministry of Industries held on 05 June 2023 and the decision of the top level management,) to promote the qualified permanent officers and provide an opportunity for employees on contract basis. ()

3.133 Ceylon Ceramic Corporation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	294,190,271	640,506,587	(346,316,316)	5,054,619	Qualified
2022	299,908,449	642,457,197	(342,548,748)	5,778,945	Qualified
2023	270,854,446	643,196,444	(372,341,998)	(40,289,658)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Of the loan balance amounting to Rs. 5,946,973 receivable from trade and other debtors, the balance of Rs. 5,848,709 had continued to exist over a period of 03 years. However, a policy on doubtful debts had not been put in place and no provision had been made thereon.	2023	A policy on bad and doubtful debts should be devised and adjustments should be made correctly.	The percentage on doubtful debts determined by the Board of Directors, will be used in the accounts in due course.	A Board Paper is being prepared to devise a policy in due course.
02.	The issues such as, an area of 3.5 acres in the land where Eragama factory had been established, was encroached by a private party, the land of the factory in Mahiyangana had been encroached by 125 families since	2023	Action should be taken to prevent external parties from encroaching properties of the Corporation.	Having informed the Attorney General's Department in this connection, the Case No. L-168 has been filed.	The case is being heard and reaching conclusion.

days prior to 2015, a part of the land in Elayapattuwa had been encroached by private parties, had not been solved.

03.	In view of increased production, it was expected through the Action Plan of the year 2023 to reach an annual production target of 6,125,000 units with respect to the factories in Mahiyangana and Eragama. However, the actual production of those factories in the year 2023 was only 1,118,844 units thus indicating a performance as low as 18 per cent.	2023	The expected targets for production should be set by taking into consideration the factors affecting the production process. Action should be taken to achieve those targets.	As fuels prices had increased times, and prices of raw materials had considerably increased, the expected production targets could not be achieved.	04	The production process will be expedited in due course.
04.	Despite being expected to increase sales by 25 per cent as against the preceding year, the sales income of the year 2022 amounting to Rs. 90,774,254 had dropped to Rs. 65,297,488 in the year 2023 by Rs. 25,476,766 showing a decline of 28 per cent.	2023	Attention should be drawn on factors affecting sales before setting targets for sales, and action should be taken to reach those targets.	Inflation in the country has caused the demand for productions to drop.	Sales are improving at present.	
05.	An organizational structure together with an approved cadre should exist for every public	2023	Action should be taken in terms of Circulars to obtain approval on cadre, and prepare an	As the Corporation had been restructured in the year	Cadre has not been approved.	

enterprise. However, approval on the staff had not been obtained by the Corporation, nor had an organizational structure been prepared as well.

organizational structure.

2012, approval on the staff could not be obtained.

3.134 Sri Lanka Handicrafts Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,519,590,062	1,071,150,478	448,439,584	(58,546,847)	Qualified
2022	1,404,970,130	1,054,429,223	350,540,907	(99,040,670)	Qualified
2023	1,353,985,121	1,043,890,389	310,094,732	57,120,290	Qualified Opinion

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. A sum of Rs. 107,548,197 was due from the Department of Museums in respect of the expenditure incurred by the Sri Lanka Handicrafts Board for the construction of the sales exhibition hall, which was sealed by the Department of National Museums on 01 January 2023.	2023	Steps should be taken to reimburse the incurred expenses.	According to the Cabinet decision numbered CP/23/1491/620/09-1 dated 28 August 2023, the Sri Lanka Handicrafts Board handed over the Lak Sala Exhibition Hall and cafeteria, which it had been operating in the premises of the National Museum, to the Department of National Museums on 31 December 2023. Accordingly, the Department of National Museums has stated that a sum of Rs. 7,548,197 is still remained payable to this Board.	A sum of Rs. 107,548,197 is still due to be received.

02. Although a sum of Rs. 15,248,575 was paid by the Board on 12 December 2012 as the purchase consideration for 1 acre and 30 perches of land and buildings located in Unawatuna, Galle, belonging to the Salusala institution and transferred to the Board by Cabinet Decision No. 12/1523/553/020 dated 11 October 2012, legal ownership and the right to utilize the property were not obtained even during the year under review. However, the Lanka Salusala Institution transferred this land to the Industrial Development Board on 22 September 2023 for a sum of Rs. 25,000,000. Despite this, the amount owed to Lanka Salusala Institution had
- 2022
2023
- The purchase consideration paid and the amount to be received for that period should be promptly recovered.
- Written requests have been continuously made to legally transfer the relevant land to the Sri Lanka Handicrafts Board - Salusala, in order to prevent any prejudice to the Board.
- According to the instructions of the Secretary to the Ministry of Industries, the sum of Rs. 15,248,575 should have been promptly provided to the Board, whereas it has not yet been given.

not yet been recovered even by 25 September 2024.

03. As per the 2022 decision made at the Board of Directors meeting held on 19 November 2015 in accordance with the sections 21 and 23 of Volume II, Chapter XLVIII of the Establishments Code, two officers had been interdicted. However, disciplinary orders had not yet been issued by the Board's disciplinary authority as of the audit date, 20 May 2023.
- 2023
- Action should be taken in accordance with Chapter XLVIII of the Establishments Code
- The above situation has been continuously reported to the Board of Directors meetings of this Board, and actions have been taken in accordance with the instructions given by the Board of Directors.
- No decision has been made by the Board of Directors regarding the final disciplinary investigation report provided by the disciplinary officer. According to the judgment in the case filed by S. R. M. Perera at the Wattala Labour Court, the case was settled, and under the approval of the Board of Directors, a sum of Rs. 6,294,099 was paid to the complainant.
04. Between 2015 and 2018, five lawsuits were filed against the Board by external parties, and these cases have remained ongoing for a period of 5 to 9 years and legal fees amounting to
- 2023
- It is essential to consult with the relevant parties regarding the lawsuits and take necessary actions to obtain favorable judgments for the Board.
- Since the Board does not have a legal officer, it has been necessary to obtain external legal services, with the approval of the Board of Directors, to represent the Board in lawsuits filed against it and to seek legal advice
- Steps are being taken to finalize the above cases with the assistance of external lawyers so that the Board is not prejudiced by preventing payments.

Rs. 5,853,303 have been paid from 2015 to 2023 in relation to these cases. Furthermore, it was observed that if any of these five cases result in an unfavorable judgment, the Board may be required to pay a sum of Rs. 48,858,665.

when required in court. Accordingly, legal expenses have been incurred in this regard.

05. The machinery, equipment, and buildings valued at Rs. 4,921,120 belonging to the Keselwatta Project, which has been closed since 2009, remain underutilized without being utilized for any operational activity. Furthermore, the annual security expense of Rs. 1,041,600 incurred for this purpose has been observed as an unproductive expenditure.	2023 It should be invested in a productive activity.	With the objective of effective utilization of the Keselwatta Project premises, proposals for Expressions of Interest (EOIs) were invited, and an agreement has been entered into to allocate a portion of the premises to a project. Additionally, as the premises are an asset of this board, it is necessary to bear the security and electricity expenses, even though it remains underutilized.	No action has been taken to utilize it productively.

3.135 Sri Lanka Cement Corporation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,583,518,923	590,936,723	992,582,200	44,642,491	Qualified
2022	1,644,455,837	589,110,048	1,055,345,789	60,802,048	Qualified
2023	1,657,219,226	598,517,021	1,058,702,205	141,147,874	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The Corporation had invested a sum of Rs. 1,083,618,910 in Lanka Cement Company indicating 62.45 per cent of the share capital of the Lanka Cement Company. As the Company had not presented financial statements, the consolidated financial statements had not been prepared from the year 2016 up to the year under review. The market value of the said investments had not been assessed annually and shown in the financial statements.	2023	Action should be taken to prepare the consolidated financial statements. Market value of investments should be assessed annually and shown in the financial statements.	The market value of investment made in Lanka Cement Company could be measured based on data of the share market. However, value of the share price index of the share market had not been mentioned as the Company had not presented reports. Value of the year 2016 has been shown in the	The recommendation has not been implemented.

			accounts.	
02.	Three lands in 2023 extent of 6,340 acres and stock of lime stones of 25,750 cubic meters disclosed through notes to the financial statements, had not been assessed and brought to accounts.	Fair value of the assets should be shown in the financial statements.	Attempts had been made several times to assess and account for the lands, but the assessment had delayed due to higher costs. Due to commercial value of the stock of lime stones mined, a Technical Evaluation Committee had been appointed in the year 2020 to assess and sell the stock of lime stones.	Recommendations of the Audit had not been implemented.
03.	Having been 2023 established in terms of State Industrial Corporations Act No. 49 of 1957, it is the vision of the Sri Lanka Cement Corporation to provide guidance and leadership to help develop the cement industry in Sri Lanka, and the mission of the Corporation is to ensure a sufficient supply of quality cement and cement- based products to	Action should be taken in a manner that key objectives of establishing the Corporation are fulfilled and maximum benefits are obtained from natural resources of the Corporation.	The staff is limited only to 14 employees at present due to voluntary retirement scheme implemented in the year 2016. The Sri Lanka Cement Corporation halted its manufacturing process since 1993 due to reasons such as, the cement factory in	As the initial step to establish a cement factory in Kankasanturai, tenders have been called for clearing the area, and the land clearance is taking place at present.

meet the country's needs. However, the Corporation does not manufacture cement or any cement related product at present. The main sources of income for the Corporation in the year 2023 were the sum of Rs. 132,603,156 earned through the lease of lime stone mine in Aruwakkalu to implement a project to extract mineral sands, and the lease rent of Rs. 5,896,572 received by leasing the land in Kollupitiya for maintaining a vehicle park.

Kankasanturai had become non-functional, and the other factories including the ones in Puttalam and Galle had been peopalized.

04. Two oil tanks and pipe systems in Kankasanturai, belonging to the Corporation that had been assessed to the value of Rs. 218,040,000 by the Department of Valuation in the year 2015, had been used by the Ceylon Petroleum Storage Terminals Limited up to the year under review without entering into a

2023
Action should be taken to enter into a written agreement relating to the use of assets.

Those oil tanks had been used by the Ceylon Petroleum Storage Terminals Limited without our knowledge during the days of war. Action had been taken continuously to recover that sum. At the discussion last

The sum has not been recovered, nor had an agreement entered into.

formal agreement.

held on 08 July 2024 under the aegis of Deputy Secretary of the Treasury with Chairman of the Company and other officers, the Chairman of Ceylon Petroleum Storage Terminals Limited had given consent to pay the sum under approval of the Board of Directors.

05. According to the 2023 Cabinet Memorandum No. CP/21/0175/320/004 dated 16 February 2021, it was stated that action should be taken to remove the unusable iron and metal scraps at the premises of cement factory in Kankasanturai, and the premises should be cleaned under direct supervision of the Ministry. However, except for publishing a newspaper

Measures should be taken expeditiously for cleaning as per the Cabinet Memorandum.

In order to select a suitable contractor to clean the factory premises by removing the unusable items scattered around the premises of cement factory in Kankasanturai, the Procurement Process is followed after calling for The premises had been handed over to the contractor on 26 July 2024 under approval of the Cabinet by completing the tender process, but even after 2 1/2 years, recommendations of the Auditor General had not been implemented.

advertisement up to the year under review, no other action whatsoever had been taken in that connection.

bids.

06. A loan balance of Rs. 38,700,000 remained payable as at 31 December 2024 out of the loan obtained by pawning the land of the Corporation valued at Rs. 735 million in extent of 89.07 perches in Kollupitiya to the Bank of Ceylon in the year 2008. Although an interest of Rs. 10,477,085 had been paid on that loan in the year 2023, the lease rent earned during the year by giving that land on lease amounted to Rs. 5,896,572 only. The Corporation had been unable to make use of this land with a higher commercial value for a productive investment.	2023	Properties of the Corporation should be used for productive investments.	The vehicle park is temporarily maintained on the land until a suitable investment is found. Action is being taken to construct a 32 storied building.	The temporary vehicle park being maintained at the land, is still functional.
07. Four projects had been planned in the Action Plan prepared for the year 2023 viz. production of low	2023	The activities planned in the Action Plan, should be executed.	A project proposal had been received from an external company for	Quotations have been called to purchase the materials required for renovation using labor from

cost and low weight bricks, renovation of holiday bungalow in Kankasanturai, re-establishment of the cement factory in Kankasanturai in partnership with local or foreign investors, and conducting researches on the possibility of manufacturing Dolomite fertilizer. However, those projects had not been implemented.

production of the Navy. low cost and low weight bricks. Once approval of the Board of Directors is received, the proposal will be forwarded to the Line Ministry. Action has been taken to inform the Line Ministry after preparing the initial plans and estimates for renovating the holiday bungalow in Kankasanturai.

3.136 Public Utilities Commission of Sri Lanka

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	905,056,300	63,475,375	841,580,925	109,578,047	Unmodified
2022	1,191,586,326	62,438,213	1,129,148,113	293,050,725	Qualified
2023	63,508,424	1,152,084,651	22,356,238	1,215,593,075	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01	In terms of the paragraph 5.5 of Sri Lanka Financial Reporting Standard No. 09, necessary adjustments after a formal assessment of the recoverability should be made with regards to the long outstanding balances. However, it had not been done so in relation to the annual regulatory levy of Rs.82.17 million remained outstanding more than two years as at 31 December 2023. Further, The annual regulatory fee due from the Ceylon Electricity Board for the period from	2021-1.5 2022-1.5 (b) 2023-1.5.1 (b) and 1.6	Should comply with Sri Lanka Financial Reporting Standards and take appropriate action regarding long outstanding balances. Further, differences with regards to the receivable balances should be settled after reaching agreements with the relevant institutions	Out of the balance due from Ceylon Electricity Board amounting to Rs.81.8 million, a sum of Rs.62.7 million had been received by 05.04. 2020. As a measure to correct this issue, the Commission has taken steps to send a letter to the CEB on 22-4-2024 seeking an explanation in this regard. It is expected to take further	Out of this Rs.81.8 million, a sum of Rs.67.2 million had been received up to now and discussions are going on with regard to the balance Rs.14.6 million.

2014 to 2019 was Rs. 81.87 million. However, as per the balance confirmations received directly from the board, the balance was Rs. 62.77 million and hence a difference of Rs. 19.11 million was observed.

action according to that answer and if necessary it is expected to write it off from the books during this year after further discussions.

As per our understanding, the incomplete settlement of regulatory levy by CEB was due to two main factors.

02	In terms of the Paragraphs 16 & 17 of Public Utilities Commission of Sri Lanka Act No.35 of 2002, Even though the infrastructure industries in Sri Lanka such as Electricity, Petroleum, fuel and water related industries should be regulated, the relevant acts to monitor Petroleum Corporation and National Water Supply & Drainage Board had not been amended. As such it had been failed to regulate the industries such as	2021- 1.6 (e) 2022- 1.6 (a) 2023 1.7 (a)	Action should be taken to prepare the relevant legal framework for regulating Petroleum and water.	Even though petroleum and water industries could not be regulated for more than 21 years due relevant acts were not amended to monitor Petroleum Corporation and National Water Supply & Drainage Board, our organization has rendered a big role including preparing the necessary rules	The commission has given full support to prepare and finalize the bills related to the regulation of water services and petroleum. It is the responsibility of the relevant line ministries to get the approval of the Cabinet of Ministers and parliament for the bills.

Petroleum and Water
for more than 21
years.

by getting the
services of the
necessary
consultants for
that.

- 03 Although the 2023- Action should be Steps will be For this, activities
. Commission has 1.7(b) taken to pay tax taken to find has been started
earned taxable on taxable out about the after obtaining
investment income income. appropriatenes .necessary
in terms of the s of paying instructions from
paragraph 7 of income tax for the Department
chapter (ii) of investment of Inland
the first part of the income. Revenue.
Inland Revenue Act
No. 24 of 2017 ,
action had not been
taken to submit tax
returns in terms of
paragraph 126 (i) of
the said Act and pay
tax in terms of
paragraph 145 of the
said Act.

04 **Financial**
. Regulations of
Democratic
Socialist Republic
of Sri Lanka

- (i) Contrary to the Financial Regulation 103(1),104(3),104 (4) , The commission had failed to recover the value and the cost of Rs.32,000 incurred for bringing the vehicle to Colombo from the responsible parties even by 05 2023- 1.7 (c) (i) Actions should be taken to recover the respective loss from the responsible parties by acting accordance with the Financial Regulations. Investigation officers had been appointed in order to investigate whether there has been any violation disciplinary rules and after receiving its report, action will be taken to recover the loss The disciplinary inquiry is in its final stages. Currently, the defendant has 14 days to present his explanations and the final report will be given within 7 days of completion that. The driver has already paid Rs.

March 2024, as the insurance company had refused to reimburse the loss of Rs.2.18 million incurred due to an accident met on 11 December 2023 to the motor vehicle worth of Rs.5.5 million attached to the Chairman of the Commission on 23 June 2023.

accordingly. 10000. However, a letter has already been sent to the driver to recover the expense of 32,000.00 incurred for bringing the vehicle to Colombo.

(ii) Contrary to the Financial Regulation 371, Ad hoc sub imprest aggregating to Rs.5.16 million had been given in 142 instances to 11 non-executive officers during the year 2023 and even when ad hoc sub-imprest aggregating to Rs.2.31 million had been issued to the same officers again and again even when sub-imprest had not been settled within the stipulated time.	2021 - 3.1 (ii) 2022- 1.6 (b) (ii) 2023- 1.7 (c) (ii)	Should act in accordance with the Financial Regulations..	Since after August 2023, no advances were made without any advance settlement, steps have been taken to prevent such things from happening in future .	(iii) Contrary to the Financial Regulation 371, Ad hoc sub imprest aggregating to Rs.5.16 million had been given in 142 instances to 11 non-executive officers during the year 2023 and even when ad hoc sub-imprest aggregating to Rs.2.31 million had been issued to the same officers again and again even when sub-imprest had not been settled within the stipulated time.

- 05 In terms of the Management Services Circular No. 30 of 22 September 2006 and directive No.09 of the Committee on Public Enterprises held on 06 September 2023, approval of the Department of Management Services for the Scheme of Recruitment and Promotion of the Commission had not been obtained.
- 2022-1.6 (f)
- 2023-1.7 (d)
- Should act in accordance with the Management Services Circulars and directions of Committee On Public Enterprises.
- The advice of Attorney General has been sought on 10-11-2023 to resolve the conflict of opinions of the Auditor General and the Commission and it is expected to be received soon.
- 06 Contrary to the paragraphs I and II of the Management Services Circular No.03/2018 dated 18 July 2018,
- (i) Allowances aggregating to Rs.48.4 million had been paid during the year 2023 to the staff of the institution without obtaining the prior approval of the General Treasury and the recommendation s of the National Salaries and Cadre Commission
- 2021-1.6 (b) (i)
- 2022-1.6 (c) (i)
- 2023-1.7(e) (i)
- Should act in accordance with the provisions of management service circulars when paying staff allowances.
- The advice of Attorney General has been sought on 10-11-2023 to resolve the conflict of opinions of the Auditor General and the Commission and it is expected to be received soon.
- (ii) A sum of
- 2021- Approval of the
- The advice of Attorney

Rs.6.44 million had been reimbursed as interest during the year 2023 for housing and property loans aggregating to Rs.98.09 million obtained by 19 officers under the scheme of housing and property loans which had been implemented for the permanent employees of the commission without approval of the General Treasury.	1.6 (b) (iv)	treasury should be obtained for the housing and property loan scheme and the Commission should reimburse the interest in accordance with the Public Administration circulars.	the Attorney General's advice has been sought on 10-11-2023 to resolve the conflict of opinions of the Auditor General and the Commission and it is expected to be received soon.	General's advice is awaited.
(iii) A sum of Rs.240,762 had been reimbursed as interest during the year under review for vehicle loans aggregating to Rs.3 million obtained by an officer under the scheme of vehicle loans which had been implemented for the permanent employees of the commission without approval of the General Treasury.	2021-1.6 (b) (iii)	Approval of the treasury should be obtained for the vehicle loan scheme and the Commission should reimburse the interest in accordance with the Public Administration circulars.	Legal advice has been sought from the Attorney General's Department regarding these matters, including whether it needs to obtain the prior approval of the Treasury.	Attorney General's advice is awaited.

- 07 Contrary to the 2022- Should adhere Legal advice Attorney
. paragraph 3.3 of the 1.6 (e) with the has been General's advice
Public Enterprise provisions of the sought from is awaited.
Circular No. 1/2015 the Attorney
dated 25 May 2015 2023- Circulars when General's
and paragraph 2 of 1.7(f) implementing Department
the Public Enterprise provisions of the regarding
Circular No.1/2015 act. these matters,
(i) dated 27 October including
2016, A sum of whether it
Rs.2.41 million had needs to obtain
been paid more the prior
during the year 2023 approval of the
to 24 officers of the Treasury.
commission
exceeding the
approved monthly
official vehicle
allowance of
Rs.10,000 each as
mentioned in the
circular. Apart from
that, a sum
aggregating
Rs.2.07 million had
been paid as
monthly driving
allowance of
Rs.20,000 to 11
officers who are
receiving vehicle
allowances.
- 08 Contrary to the 2021- Should comply Legal advice Attorney
. Public Enterprise 1.6 (c) with the has been General's advice
Circular No.1/2015 provisions of the sought from is awaited.
(ii) dated 14 January the Attorney
2022, a sum of 2022- Circulars when General's
Rs.1.4 million 1.6 (d) implementing the Department
approximately for provisions of the regarding
3972 liters of fuel Act. these matters,
had been paid 2023- including
during the year 1.7(h) whether it
under review to 12 needs to obtain
officers of the the prior

Commission bearing the posts of Director General, Deputy Director General and Director in excess of the approved monthly fuel allowance to be paid to officers entitled to official vehicles as per the circular

approval of the Treasury.

- 09 The Commission 2022-3.1 (i) had awarded 09 contracts for the development and improvement of 2023-3.1 (i) computer systems to 04 institutions in the years 2021 and 2022 without entering into an agreement and all the systems were to be completed by the end of the year 2022. It had been failed to complete and utilize 5 systems even by March 2024, for which Rs. 3.5 million had been incurred at the end of the year 2022.

Close monitoring should be done to avoid contract delays.

There were delays due to both controllable and uncontrollable causes related to the completion of the nine projects on the scheduled date. Although the project completion dates were calculated from the date of purchase order, there were delays in starting certain projects at the date of purchase order. None of these projects have been abandoned and they are all

Out of these 5 projects, one project had been completed so far. Further, 80% of the work of other 3 projects had been completed. Only one project is progressing at 40%.

ongoing. There are only delays in the completion of certain projects.

- 10 Ceylon Electricity Board had purchased electricity on short term basis by extending the initial electricity purchase agreements without having licenses from the Public Utilities Commission of Sri Lanka in accordance with section 13 of the Sri Lanka Electricity Act No. 30 of 2009 from the year 2016 to 2022 from Ace Power Embilipitiya (Private) Company, Ace Power Generation Matara (Private) Company and Asia Power (Private) Company whose power purchased agreements had expired. However, the Public Utilities Commission of Sri Lanka had not taken legal action against those companies as per Section 7 of the said Act.
- 2023-3.1 (i)
- Necessary action should be taken in accordance with the provisions of the Sri Lanka Electricity Act regarding the purchase of electricity from institutions whose electricity purchase agreements had expired.
- In this regard, a case has been filed against the Electricity Board for not providing information. Further, relevant steps have been taken to stop the imposition of unapproved costs on the consumer. Furthermore, steps will be taken to act on the advice of the Attorney General in the future regarding similar matters that happened in 2023.
- Attorney General's advice has been sought in this regard.

3.137 Galle Heritage Foundation

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,353,926,218	2,962,640	1,350,963,578	(584,118)	Unqualified
2022	1,384,492,978	15,000,462	1,369,492,516	1,411,764	Unqualified
2023	1,396,562,446	15,766,443	1,380,796,003	(4,290,716)	Unqualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. The need of amending the Galle Heritage Foundation Act No. 07 of 1994 had been identified with the objectives of gaining more powers to the Galle Heritage Foundation and to increase the income generation for the foundation, a Cabinet Memorandum was prepared for that purpose in the year 2015. However, an amendment had not been made to the said Act even by 31 December of the year under review.	2021	Action should be taken to amend the Act.	In the year 2018, the former government had started the preliminary work to prepare a new bill for the Galle Heritage Foundation. There was no expectation of amending the existing Act and arrangements were made to prepare the new Act as "Southern Forts Authority	This is currently being worked on

Act" under the leadership of the Ministry of Southern Development.

It was decided at the committee meeting of the Board of Management held on 21 February 2022 that the new Board of Management will amend the same Act and to prepare new proposals for that and the proposals will be forwarded to the Ministry and action will be taken to amend the Act.

02. Under the 2023 supervision and coordination of the Department of Archeology, the strategic city development project, which was preserved and completed with World Bank assistance, was contractually handed over on 20 August	Necessary actions should be taken to display the stalls as to attract tourists.	To start the exhibition stalls for tourism promotion and public exhibition, staff should be employed as exhibition gallery managers. The existing	No formal action was taken

2022 to use the Galle Heritage for tourism promotion activities. The 06 exhibition stalls with exhibits and models handed over to the Galle Heritage Foundation for tourism promotion had been closed for a long time as of 09 February 2024, which was the audited date. The exhibition stalls were being destroyed due to being closed for a long time without maintenance.

staff is not enough for that.

3.138 National Dangerous Drugs Control Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	572,740,261	80,275,293	492,464,968	15,018,049	Qualified
2022	638,596,727	84,580,450	554,016,277	(48,359,337)	Qualified
2023	630,781,264	53,807,088	576,974,176	(2,248,627)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Although the relevant asset class should be re-valued at once when the assets belonging to one class are revalued as per the paragraph 49 of Sri Lanka Public Sector Accounting Standard No. 07, the revaluation had been carried out in parts contrary to the above requirement. Accordingly, even though the building account balance was Rs. 217,592,705 as at 31 December 2023, it had been shown as building cost of Rs. 44,929,705 and the building revaluation	2023	The Sri Lanka Public Sector Accounting Standards should be followed.	A request has been made to the Government's Valuation Department and the steps will be taken to carry out the revaluation activities in the future according to the arrival of the officials.	The steps had not been taken to carry out the revaluation activities so far.

amount of Rs.
172,663,000 in the
financial statements.

02. The head office 2023	land, which had been acquired on a 99-year lease basis in the year 1992, was re-valued at an amount of Rs.365,000,000 in the year 2018 and had been shown in the financial statements of the current year. Also, even if the value of the leased property should be shown separately, it had been accounted under the value of the lands. Though the lease value of this land was Rs 4,350,000 and its annual amortization value was Rs 1,318,182, that value had not been taken to the account.	The correct values should be included in the financial statements.	This is a land obtained on lease basis (Financial) in the year 1992 and in accordance with the paragraph 84 of "Sri Lanka Public Sector Accounting Standard No. 12- Leases", the amortization policy is not mandatory for the contracts starting before 01 January 2018.	Rectifications had not been done yet.
03. Within the gratuity 2023	allocation value of Rs. 42,856,163 in the year under review, the gratuity allocations amounting to Rs. 1,973,454 had also been made for the four officers who are not in	The correct values should be included in the financial statements.	The errors in the value of Rs.1,973,454.00 included in "List of employees to provide gratuity" for the 4 officers who are not in service in the will be corrected in the year 2024.	The arrangements are being made to correct with the financial statements of the year 2024.

service. Therefore, the value of non-current liabilities in the statement of financial position had been overstated by Rs.1,973,454.

04. Ledger Accounts and Journal Entries as evidences for the capital reserves of Rs. 65,503,711 were not received to the audit.	2023	Actions should be taken to identify the balance and the evidence and need to be submitted to the audit.	The capital reserve balance has remained with no change from 31.12.2016. It is difficult to clearly find from the books how this balance has been generated previously.	Actions had not been taken to identify the balance.
05. The written information about the necessary steps to recover the debit balance of Rs.1,434,534 prevailed in the advance account which has not been charged for more than 20 years and the said details were not submitted to the audit.	2023	The arrangements should be made to verify the accuracy of the advance balance.	As per the Public Finance Circular No. 01/2020, the instructions have been received to refer the related damages to the authorized officer and make arrangements to write off those balances. Accordingly, a letter has been forwarded on 06.06.2024 for the approval of the Secretary to the Ministry of Public Security.	It was said that the actions are being taken to write off the balance.
06. Subject to the provisions of the Conventions against	2023	The proceedings should be done as per the Act.	The matters had not arisen as adequate to take	The proceedings are not being made as per the Act.

Illicit Traffic in Narcotic Drugs and Psychotropic Substance Act No.1 of the Governing Board of the Authority had met only once in the year 2023 and the Governing Board of the Precursor Control Authority had not even held the minimum number of meetings in order to review its functions by the members of the Governing Board of the Precursor Authority in accordance with the paragraph 10 of the regulations.

policy decision during this period, and since any board papers were not presented, the day-to day activities of the institution continued smoothly. Therefore, there was no need of meeting the committee, and the meetings have been held and the necessary decisions have been taken at every occasion of such requirements.

07. Although this center includes a building worth of Rs.12,800,000 built with the personal donation of a monk and a building worth Rs.7,844,963 that had been built on the aids of an international organization as these building are being equipped with all the furniture and equipment enabling to be used for emergency and rehabilitation	2023	The buildings and furniture received as donations should be used for intended purpose.	The vacancies could not be filled as the recruitment was temporarily stopped according to the National Budget Circular of the Finance Ministry. As per the approval of the Prime Minister's Staff Review Committee and the approval received in the board meeting	The arrangements are not being made to use for the rehabilitation activities up to now.

purposes, the said building remained idle without being used for the rehabilitation of the drug addicted persons in the year 2023. Eventhough these buildings had been constructed and handed over to the Board in year 2021, these buiding were not utilized for the intended purpose, due to lack of infrastructure facilities and the staff shortage.

held on 22.09.2023, the activities required to fill the vacancies are being carried out.

08. When assets in a class are revalued, the entire class of assets should be revalued in terms of Section 49 of the Sri Lanka Public Sector Accounting Standard 07. However, revaluation had been done partly. Accordingly, buildings costing Rs. 130,951,185 had been shown to its cost whereas the buildings costing Rs. 21,920,729 had been shown to its revalued amount in the financial statements as at 31 December 2022.
- The actions should be taken in accordance with Sri Lanka Public Sector Accounting Standards.
- It is kindly informed that the revaluation will be done in future according to the arrival of the officials of the Valuation Department.
- The actions had not been taken in accordance with Sri Lanka Public Sector Accounting Standards.

09. Due to failure in 2022 reviewing the remaining value and useful life of assets at least at the end of every annual reporting period as per Paragraph 65 of Sri Lanka Public Sector Accounting Standard 07, motor vehicles costing Rs. 43,265,362 (noncurrent assets) were still in use despite being fully depreciated. Action had not been taken to revise the estimated error in terms of Sri Lanka Public Sector Accounting Standard No. 03.	- DO -	The action will be taken to make the revisions expeditiously according to the Sri Lanka Public Sector Accounting Standard No. 03 and adjust in the financial statements as pointed out in the audit observation. Revaluation has been done at once and the steps have been taken to account in the year 2024.
10. Estimated cost of 2022 the “Nawa Digantha” treatment and rehabilitation center being constructed on donations contrary to Paragraph 42 of the Sri Lanka Public Sector Accounting Standard 07, amounted to Rs. 5,816,589. The amount spent on constructions was Rs. 3,598,600, but the revalued amount of Rs. 4,500,000 had been shown under work in progress	- DO -	As the present market value of the works in progress should be computed, the Government Valuation Department had given an assessment value of Rs. 4,500,000. Accordingly, the actions were taken to record the said value in the final accounts. The proceedings are not being made as per the Standard so far.

instead of showing
the construction cost
of the building.

11. Though the receipt of materials and financial donations for construction of the "Nawa Digantha" building and the UNODC building had been recorded, the Board had not taken actions to ascertain the revenue on fair value as at the date of acquisition in terms of Paragraph 97 of the Sri Lanka Public Sector Accounting Standard 11 and disclose that value in the financial statements as per Paragraph 106.	2022	- DO -	As this building had not been completed and handed over properly even as at the date of the balance sheet, the said value had been shown under work in progress. As the building has been formally handed over at present, the actions will be taken to update the accounts.	The proceedings are not being made as per the Standard so far.
12. Although the liabilities for settlement of future employee benefits should be measured on a discounted basis in terms of Paragraph 59 of the Sri Lanka Public Sector Accounting Standard 19, the Board had not considered the present value / discounted method in computing the	2022	- Do -	The actions will be taken in the subsequent financial year as per the Accounting Standards.	The accountings are currently done considering the present value of money / discounted method.

allocations for employees' gratuity.

13.	The accounting policy being followed on leased lands had been disclosed in the financial statements with respect only to the leased land of the Janatha Estate Development Board pertaining to the "Nawa Digantha" rehabilitation center. As such, the accounting policy that the Board had followed with respect to the leased lands, was not disclosed.	2022	Lease and disclosures should be made in the financial statements.	The accounting policy followed with respect to all the leased lands of the Board will be disclosed in the financial statements in due course.	The action had not been taken to disclosures in the financial statements.
14.	The gratuity of Rs.6,193,135 payable to 09 officers had been brought to accounts under current liabilities and non-current liabilities as allocations for gratuity. Consequently, the deficit and non-current liabilities of the year under review had been overstated by Rs. 6,193,135.	2022	The actions should be taken to correctly account for the gratuity payable.	The respective officers were instructed to correctly account in future.	The arrangements are being made to correct with the financial statements of the year 2024.
15.	A balance of Rs.185, 685 in the Suspense Account	2022	The actions should be taken to identify and settle	It is informed that every possible effort	It remains further.

- remained for a period of 09 years. the balance of the Suspense Account as soon as possible. will be taken to identify and settle the balance.
16. Revenue from 2022 Coconuts had been recorded as a sum of Rs. 1,734, 826 in the Revenue reports. The revenue reports should be maintained in an up-to date manner. The actions will be taken in due course to maintain a register of reconciliation in a manner that revenue from coconuts will be reconciled. The said register has not been formally maintained to date.
17. The debit balance of Rs. 1,087,009 in the advance account as at 31 December 2022 remained nonmoving over a period of 20 years. There were no information to confirm those balances. The actions should be taken to furnish information to confirm the accuracy of the advance balance. The Board does not possess sufficient information to confirm those balances. The relevant documents are being scrutinized by the staff. The actions had not been taken to confirm the accuracy of the advance balance.
18. Although the Authority should appoint a Secretary, other officers and employees required to discharge and execute duties and functions of the Authority as per the Paragraph of Directive No 05 of the Extraordinary Gazette No. 1653/07 dated 10 May 2010 made in pursuance 2022 The actions should be taken in accordance with provisions of the Act. According to the instructions on filling vacancies given in the letter sent by the Prime Minister's Secretariat, the necessary matters were forwarded to the Line Ministry again through the Letter No. NDDCB/HR/01/02-1 dated 23 The proceedings had not been made as per the Act so far.

of Section 18 of the Conventions against Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, No. 01 of 2008 and Section (2) of Article 44 of the Constitution, the necessary staff had not been appointed even up to the end of the year 2022 and only 02 officers had been attached.

May 2023.

19. Although the Authority should conduct meetings in accordance with provisions given in the Directive 08 and Directive 10 of the Conventions against Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, No. 01 of 2008, and members of the Authority should review on the duties thereof as per Paragraph 10 of the said Act, so it had not been done.	2022	-do -	As pointed out in the audit observation, instructions and approval to take further actions had been given at the meeting of the senior staff members held on 23 May 2023.	The proceedings had not been made as per the Act so far.
20. As per the Gazette No. 1653/19-2010 issued on 10 May 2010 incidental to the Drug Dependent Persons (Treatment and Rehabilitation)	2022	The actions should be taken in accordance with Directives made in pursuance of provisions of the Ac	The private treatment centers were again investigated by April 2023, and licenses of 08 treatment centers	The required arrangement for the renewal had not been made.

Act, No. 54 of 2007, the validity periods of the licenses issued to 26 private treatment centers had expired as of 2022. Although a grace period had been given to further improve the minimum standards to be followed in renewing the licenses of treatment centers, license of any center whatsoever had not been renewed in the year 2022. Only 08 licenses related to the year 2023 had been issued as at the date of this report.

the minimum standards of which had been improved, were renewed.

Necessary measures have been taken to renew the licenses of other private treatment centers scheduled to renew their licenses in July.

21. The 1927 Hotline service unit had been established at the premises of the Head Office of the National Dangerous Drugs Control Board in March 2020 with the objectives of providing consultancy services for drug addicts and their family members, making initial involvements, referring them to relevant treatments (treatment centers / psychological	2022	The necessary facilities for the proper functioning of 1927 Hotline service should be provided.	There was a decrease in the number of calls received during the said period due to the limited number of officers. Considering the scarcity of staff at present, it has been planned to continue the services with University undergraduates being attached as interns or on voluntary basis by providing	The arrangements had not been made to deploy to provide services

clinics and other services), and disseminating information. As the progress of this Hotline had decreased by 38 per cent in the year 2022 as against the year 2021 owing to the limited number of officers, it was observed that expected objectives could not be achieved in a productive manner.

them with necessary technical training.

22. A donation of Rs. 5,000,000 had been received in 2021 from a private company for the construction of "Nawa Digantha Treatment and Rehabilitation Centre building belonging to Board. An estimate of Rs. 8,948,612 had been prepared for the construction activities of the building and an amount of Rs. 3,132,014 had been deducted for carrying out the constructions from the labor contribution of Sri Lanka Navy and a cost estimate of
- 2022
- The action should be taken to economically and effectively utilize the money received as donations.
- It is expected some remaining or shortages when carrying out activities in a site. The Board had decided to provide it to UNODC building which is under construction on the similar donations to effectively utilize the building.
- The action had not been taken to economically and effectively utilize the money received as donations.

Rs.5,816,589 had been prepared. Even though an amount of Rs.3, 598,600 had been incurred for purchase of required materials for construction, the construction activities had been temporarily halted. As per the inspection report physically carried out on 25 March 2022, the materials worth of Rs. Rs.1, 310,475 had been remained in the site. Accordingly, it was observed that the money received as donations had not been utilized economically and effectively.

Furthermore, since the construction of this building had been halted, the approval of Board had been granted to provide 100 cement bags received as the material donation to the building which is being constructed on UNODC aids.

23. The Board had failed to complete the amendments related to the Act as per the cabinet	2022	The action should be expeditiously taken to make the amendments to Act.	The Legal Draftsman had prepared the final amended	Although it had been submitted to Legal Draftsman's Department ,amendments had

memorandum

අමතර/21/2279/303/

176 at the cabinet meeting held on 24 January 2022 for amendment of Drug Dependents Persons (Treatment and Rehabilitation) Act No.54 of 2007.

draft and the not been made so draft with far.

English translation had been referred to Ministry of Justice and Legal Draftsman's Department on 02 May 2023.

24. In terms of the section 7 of Drug Dependents Persons (Treatment and Rehabilitation) Act No.54 of 2007, the Minister had not appointed Assessments Panels consisting of not more than ten persons from amongst persons who have gained eminence or experience in the field of law or persons having experience or knowledge in the field of physiological or social problems connected with drug dependence. 2022
- The action should be taken as per the provisions of the Act.
- Since it is practically problematic to appoint and implement an assessment panel and it had been included the way of appointment of a valuation committee instead of Assessment panel in the preparation of amended draft.
- The action had not been taken as per the provisions of the Act.
25. In terms of section 4(02) and (03) of Drugs Dependents Persons (Treatment and Rehabilitation) Act No.54 of 2007, even though 2022
- The action should be taken as per the provisions of the Act.
- At the meeting held on 22 May 2023 in this regard for senior staff, it had been proposed to observe the
- The all centers had been inspected.

Director or any person authorized to act on his behalf may enter any treatment center designated or licensed under this Act at all reasonable times and make such examinations as considered necessary thereon, only 16 centers out of 26 had been inspected in 2022 and the information on the success of the treatment center had not been paid attention of the board through specified periodical reports.

centers with the assistance of the officers of Prevention, Education and Training Division and Outreach Unit and until the necessary decisions will be taken to fill the vacancies in the future, it had been planned to monitor private rehabilitation treatment centers by using this alternative method.

26. Since the expected task to be used the land located in Homagama, Pitipana obtained on 30 years lease at a lease value of Rs. 4,085,018 on 30 April 2014 had not been exactly informed to Urban Development Authority even lapse of 08 years, it had been idle without utilization for effective purpose.	2022	The action should be taken to utilized for effective purposes.	It had been planned to engage outreach officers and consultants after construction of a temporary building once the government provision or public donations are received. The necessary requests had been made to obtain the deed of lease by board presently, and the further action is being taken in
			It had been further idle.

this regard.

27. Even though a staff consisting with 374 had been approved for implementation of the powers of National Dangerous Drugs Control Board Act No.11 of 1984, the actual staff was 225 as at 31 December 2022. Therefore, the number of vacancies was 149 on that date. Due to this reason, the expected performance couldn't be achieved in implementation of the objectives, powers and functions.	2022	Having carried out a proper study, the approved cadre should be amended in a suitable manner.	Since the cabinet decision and National Budget Circular No.03/2022 of Ministry of Finance are in operation presently, it can't be filled the vacancies of these posts. The staff requirement had been forecasted by the letter No. NDDCB/HR/0/0 2/-01 dated 23 May 2023 for filling the vacancies of essential posts of board and the letters had been sent to the line ministry.	The steps are being taken to revise.
28. The physical progress of only 03 divisions out of 07 located in National Dangerous Drugs Control Board for action plan approved by board had been submitted for audit. The physical progress of 03 programs out of 06 proposed programs in research division	2022	The action should be taken to fulfill the planned activities as expected.	The measures are being promptly taken to submit these reports to audit.	Presently, the physical progress is in satisfactory level.

was approximately
50 percent.

29.	In accordance with the action plan of National Narcotics Laboratory for effective empowerment of law against manufacturing, transportation, trafficking, sale and usage of illegal drugs, there were 08 proposed programs which had not achieved any progress in 2022 and 03 proposed programs which had not achieved more than 10 percent progress as per the data submitted on physical progress.	2022	Do	The progress couldn't be achieved due to non-maintenance of documents properly, inability to coordinate the institute, non-availability of adequate scientific officers in narcotics laboratory	The action had not been taken to fulfill the planned activities as expectedly.
30.	As per paragraph 49 of Sri Lanka Public Sector Accounting Standards No.07, even though the all assets belonging to one class should be completely revalued, only land and buildings worth of Rs. 10,447,264 out of total cost of Rs.73,583,056 as at 31 December 2017 had been revalued. Due to that reason, the land and	2021	As per Sri Lanka Public Sector Accounting Standards, the steps should be taken.	The revaluation activities had been completed in Nawadiganthaya treatment Centre. The revaluation activities of Galle and Thalangama treatment centers are in the final stage now. The action will be taken to adjust the revaluation amounts of all	The steps had not been taken to carry out the all revaluation activities so far.

buildings at a cost of Rs. 63,135,792 had been disclosed in the financial statements to its cost and land and buildings worth of Rs.10,447,264 had been disclosed at its revaluation amount as at 31 December 2021.

assets in the financial statements 2022.

31. In accordance with paragraph 65 of Sri Lanka Public Sector Accounting Standard No.07, no action had been taken to revise an estimated fault on the useful life time of the assets of Rs.195,730,952 which are being further used but had been fully depreciated owing to non-review of the useful lifetime of the non-current assets annually as per Sri Lanka Public Sector Accounting Standards and show the accurate carrying amount in the financial statements.

The estimate Revaluation has activities of been done at once residual value and the steps have and useful been taken to lifetime of non- account in the year current assets 2024. had been already commenced and the action will be taken in the future as per Sri Lanka Public Sector Accounting Standards.

32. As per paragraph 59 of Sri Lanka Public Sector Accounting Standards No.19,

The financial statements 2022 will be prepared after taking The pension benefit responsibility is valued on discount method.

- the pension benefit responsibility had not been valued on discount method and such responsibility had been disclosed as Rs. 58,433,472 in the financial statements.
33. The balance of Rs. 2021 480,900 in suspense account had existed since 08 years.
- The balance of suspense account should be immediately identified settled.
- The action is being taken to identify the reasons for the balance of suspense account by inspecting all the source documents.
- It remains further.
34. The debit balance of Rs. 2021 1,782,060 existed in advance account as at 31 December 2021 had not been moved since more than 20 years, the adequate information for verification of such balance had not been submitted to the audit.
- The adequate information for verification the accuracy of the advance account should be submitted for the audit.
- The Finance Division of board is being taken action to identify these balances
- The actions had not been taken to confirm the accuracy of advance balance.
35. As per section 04 of Drugs Dependents Persons (Treatment and Rehabilitation) Act No.54 of 2007, the Director had not submitted the periodic reports to NDDCB which shall
- 2021
- The action should be taken as per the provisions of Act.
- The action will be taken to provide reports in relation to progress of centers to board.
- The proceedings had not been made as per the Act so far.

contain information regarding the work of the treatment centers in relation to the number of persons being treated at such centers and the efficiency of such centers at providing treatment and rehabilitation facilities to drugs dependent persons since 19 September 2019.

36. An amount of Rs.330, 000 had been paid as rent for the building in the year under review in which non-governmental organization for Sri Lanka Federation of Non-Governmental Organization against Drug Abuse (SLFONGOADA) had been established.	2021	Treasury grants should be only utilized for incurring the expenses of board.	Sri Lanka Federation of Non-Governmental Organization against Drug Abuse (FONGODA) Had been established as a subcommittee in 1986 under National Dangerous Drugs Control Board Act No.11 of 1984 and it had been paid with the approval of board.	It had been utilized for incurring the non expenses of board.
37. The library consisting with 2,689 books related to drugs, important documents and magazines	2021	The library should be properly and immediately established and opened for the users.	Presently, the action is being taken to establish the library.	The library had been established again.

maintained in in the head office of board for the reference of the scholars including the university students had been shifted to Thalangama Centre in August 2021 from head office premises. Even though one year had elapsed up to August 2022, the valuable books worth of Rs. 1,484,156 had been piled in Thalangama center without usage. The librarian and library assistant had been attached to the duties in Procurement Division.

38. CCTV camera systems had been purchased at a cost of Rs. 612,000 for Kandy, Nawadiganthaya, and Galle treatment and rehabilitation centers were not in operational level and since the action had not been taken to repair those or install new systems, the security of such centers had been severely affected. In October 2019, a	2021	The action should be taken to expeditiously carry out essential equipment procurements.	The procurement process for implementation of CCTV camera systems had been commenced in 2022 and the procurement activities had been halted until the provision will be received from the treasury for that due to prevailed financial difficulties.	CCTV camera system is not in operation.

client had committed suicide inside Nawadiganthaya treatment center. It couldn't be obtained the evidences on that matter due to non-availability of cameras.

39. Rs.7.731 million or 47 percent out of Rs.16.473 million of treasury imprest amount received for the capital expenditure of board in the year under review had been utilized. 2021 The imprest amount received to board should be utilized in maximum level for essential capital expenses such as CCTV cameras. The closure of CCTV cameras had institute due to not been installed Covid 19 so far. pandemic situation, reporting to duty on duty roasters and minimization of expenditure had caused to the delay of capital expenditure process.
40. The board had not given the facts in relation to the proposals for increase of heroin, cocaine and Morphine quantity from 02 grams to 05 grams for enforcement of the death penalty or lifetime imprisonment specified in amended Poisons, Opium and Dangerous Drugs Ordinance. 2021 The recommendation of board should be provided in the amendment of Acts related to board. Since it was a policy decision taken by ministry, it is no suitable to send the recommendation s of board. The approval had been granted to increase from 2 to 5 by the Act (Amendment) No.41 of 2022.

41. An amount of 2021 Rs. 435,000 and Rs.87, 000 out of Rs.1, 740,000 received as consultancy certificate course fee conducted by Board in the year under review had been given to welfare society and Buddhist association respectively.
- The all revenue belonging to Board should be accounted taking into account as revenue of board.
- The action had been taken as per the decisions taken at the board meeting held on 26 February 2109.
- It had not accounted all revenue belonging to Board.
42. Even though a land 2021 in extent of 40 perches located in Homagama had been purchased at a cost of Rs.4, 027,518 on 30 April 2014 on 30 years lease basis, such land had been idle without utilization for an effective purpose even up to 30 August 2022. The contract had been awarded at a cost of Rs.241,380 to the bidder. It was observed that the maintenance cost of the machine submitted by the selected bidder was very higher than the maintenance cost submitted by the other bidders.
- The action should be immediately taken to fulfill the expected objectives.
- As per the recommendation of the Secretary of Ministry of Defense, the Board had decided that the action should be taken to obtain a land from a suitable area having handed over this land to Urban Development Authority again or consider the possibility of reimbursement of the remaining amount after providing a specific lease amount for 06 years already used.
- The action had not been taken to fulfill the expected objectives.

3.139 National Youth Services Council

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	3,591,849	677,836	2,914,013	(249,189)	Qualified
2022	3,506,670	752,559	2,754,111	(255,710)	Qualified
2023	3,456,670	626,881	2,829,251	(68,272)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. The value of 03 lands, extent of 03 acres and 92 perches, to which the council had legal ownership, had not been assessed and accounted for.	2021 2022 2023	The value of assets to which the council has legal ownership should be included in the financial statements.	I would like to inform you that the relevant values will be recorded after receiving the relevant valuation reports from the Valuation Department.	Action is being taken as per the recommendations.
02. Although the Council's Statement of Financial Position showed a sum of Rs.1.18 million as the balance payable to the subsidiary, the balance confirmed by the subsidiary was amounted to Rs. 110.94 million, thus a difference of Rs.109.76 million had been occurred between the balances.	2021 2023	The balance of the loan payable to Sri Lanka Youth Services Private Company Limited should be checked and corrected with the company's information.	I would like to inform you that a decision will be made after discussing with the company in the future.	Action had not been taken as per the recommendations.

03. Although a sum of Rs.1,402,810 had been spent as of 20 December 2021 for 4 sub-programs under the Sri Lanka Youth Start-up Challenge program that were planned to be implemented, that amount had become an idle expense due to the non-implementation of those programs.	2021	Plans should be prepared and implemented under proper supervision to achieve the objectives of initiating projects, and special attention should be paid to the economical use of government funds.	I would like to inform you that after the chairman who implemented this program left the council, the new chairman has not taken steps to continue the program.	No action had been taken as per the recommendations.
04. A sum of Rs.11,519,609 had been spent on conducting a blood donation program as a function outside the objectives of the National Youth Service Council. It was observed that the expenditure was a wasteful expenditure as 01 dormitory was prepared on the premises of the institution at a cost of Rs.2,004,600 for 24 days at a rate of Rs.83,525 per day without using the Council's buildings and equipment.	2021	Measures should be taken to use minimum state funds in conducting programs.	I would like to inform you that this happened because the programs were started without a plan.	Action had not been taken as per the recommendations.
05. A total of Rs.4,563,066 had been paid to two suppliers of building materials for four construction projects at the Eraminiyaya Swiss Training Center that	2021	A formal investigation should be conducted and further action should be taken in accordance with financial regulations.	A preliminary investigation has been initiated and is underway. The officer has been suspended.	Action is being taken as per the recommendations.

had commenced in 2020, but 54percent of those materials, or a total of Rs. 2,459, 188 worth of materials, had been misappropriated by officials by preparing false documents stating that they had been received at the construction site.

06.	Contrary to Public Administration Circular No.25/2014 dated 12 November 2014, a sum of Rs.11,547,501 had been paid as allowances for 15 unskilled clerks and 03 unskilled workers who had been recruited from the year 2021 to 2023 and attached to various departments and training centers at the head office.	2021 2023	Vacancies should be filled as per the recruitment procedure.	No further action had been reported to the audit.	Action had not been taken as per the recommendations.
07.	Action had not been taken in accordance with Financial Regulation 156 of the Democratic Socialist Republic of Sri Lanka and Part II of the Establishments Code, regarding the loss of approximately Rs. 4.6 million that had occurred due to exceeding the approved limits of the Procurement Board and acting negligently without comparing the	2022	Action should be taken as per the circular.	I will investigate and take disciplinary action regarding the negligence in the procurement process of purchasing chicken feed.	Action is being taken as per the recommendations.

prices quoted in other farms during the procurement process for the purchase of chicken feed costing Rs. 10.9 million.

08.	The Council had not taken steps to formally transfer or take over 02 vehicles that had been acquired from other government institutions from the year 2015 to December 2022.	2022 2023	Action should be taken to take over the vehicles in a proper manner.	I would like to inform you that information has been submitted to the Ministry for the takeover of 02 vehicles.	Action is being taken as per the recommendations.
09.	Of the 24 acres, 03 roods and 53 perches of land granted by the Hali Ela Divisional Secretary for the Levwegoda Training Center, 13 acres, 03 roods and 50 perches were not physically available as per the plan, and the extent of those land plots had not been surveyed and their extent had not been cleared.	2022	The land plots should be surveyed and their extent should be cleared.	I would like to inform you that the Secretary to the Line Ministry is taking steps to acquire the land.	Action is being taken as per the recommendations.
10.	Although 200 acres had been allocated for the Nilaveli farm in accordance with a decision of the Cabinet in 2017, without starting training courses there steps had been taken to maintain a farm of only 29.5 acres, which was not the purpose of the Act. In 03 years without	2022	The system should be prepared so that it can be used effectively.	I would like to inform you that development work is being carried out on the land and legal proceedings are being taken regarding its acquisition.	Action had not been taken as per the recommendations.

cultivating or earning income, a sum of Rs.15.5 million had been spent on security and maintenance expenses, Rs.22.9 million on construction, and Rs.652,500 on legal activities to obtain legal ownership. In addition, Rs.5.2 million had been spent on animal husbandry.

11.	Although the land measuring 01 acre, 03 roods, 30 perches and the building situated thereon, in the Haldalamulla Divisional Secretariat Division of the Balangoda Police Division, which has been assigned to the Council under the Emergency Law provisions of the Property Acquisition Act No. 01 of 1990, was valued at Rs.7.6 million on 25 February 2021, it is currently idle and the building on the land is at risk of destruction due to lack of proper maintenance.	2022	Idle properties should be maintained and utilized.	I would like to inform you that the maintenance work will be carried out by the youth of the Youth Association Regional Conference.	Action had not been taken as per the recommendations.
12.	The balance of the savings account of Rs.11.61 million, the current account balance of Rs.20,000 and the fixed deposit balance of Rs.16.25	2022 2023	The assets, liabilities, income and expenses of the sports club, which is a division of the council, should be included in the council's financial	It was advised to include them in the financial statements of the National Youth Services Council when preparing	Action had not been taken as per the recommendations.

million at the end of the year under review which were operating by the sports clubs utilizing the physical and human resources of the council by opening savings, current and fixed deposits without formal approval, had not been taken to the financial statements, and a statement of income of Rs. 8.15 million and expenses of Rs. 7.93 million had not been prepared during the year. Furthermore, bank reconciliation statements had not been prepared for the bank current accounts. Therefore, it was not possible to judge the accuracy of the income collected by this sports club and the expenses incurred thereon and the balances of the accounts at the end of the year, and this also made it impossible to rule out the possibility of financial irregularities.

statements.

the 2024
financial
statements.

13. Two officers were released to other ministries without any approval, contrary to Section 3.5 of the Operations Manual introduced by Public	2023	The officers should be released as per the circular.	The officers have returned to duty at the council.	Action had been taken as per the recommendations.

Enterprises Circular
No. 1/2021 dated 16
November 2021.

14.	As per Public Enterprises Circular No. 01/2015(2) dated 14th January 2022, the Director General of the Council and two Directors had utilized fuel amounting to Rs.2.48 million in excess of the fuel allowance entitled to as per the circular.	2023	Officers entitled to fuel allowance should obtain additional fuel after obtaining approval from the council in accordance with the circular.	I inform you that approval will be obtained from the Secretary to the Ministry.	Action had not been taken as per the recommendations.
15.	Fingerprint machines had not been installed in the Provincial Offices, District Offices, Training Centers and Farms of the Council as per Public Administration Circular 09/2009 dated 16th April 2009.	2023	Action should be taken in accordance with the circular and the installation of fingerprint machines should be expedited.	A committee has been appointed and I inform you that further action will be taken based on the recommendations of that committee.	Action had not been taken as per the recommendations.
16.	For a foreign trip costing Rs. 39.40 million on 12 September 2023, the Director General was provided with a business class ticket costing Rs.2.77 million instead of using an economy class ticket as per Section 11.1 of Chapter XV of the Establishment Code of the Democratic Socialist Republic of Sri Lanka.	2023	Action should be taken as per the circular.	I would like to inform you that since the trip had to be taken at the last minute, there were no economy class tickets left at the time of departure, so I had to purchase the tickets in that way.	Action had not been taken as per the recommendations.

17.	Contrary to Recommendation No. 10 of the recommendations issued by the committee appointed by the Ministry regarding employee issues and irregularities, a Youth Services Officer had been given 03 posts including Assistant Director (Cover-up).	2023	Action should be taken as per the recommendations of the Ministry.	It is expected to remove the cover-up posts after obtaining the approval of the Board of Directors.	Action had not been taken as per the recommendations.
18.	Although the objective was to establish farms to orient young people towards the agricultural sector in accordance with Sections 4 (e), 5(2)(g) and 5(2)(h) of the National Youth Services Council Act No. 69 of 1979, arrangements had not been made to conduct training courses at the 9 farms existing in the Council.	2023	Courses should be initiated in connection with farms to orient young people towards the agricultural sector.	Courses related to the agricultural sector are currently being implemented on 05 farms owned by the council, and it is expected that courses related to the agricultural sector will be implemented on 04 more farms by January 2025.	Action is being taken as per the recommendations.
19.	Rs.1.19 million was spent without the approval of the board of directors on an online program held at a private hotel titled "Climate Change Mitigation", which was unrelated to the objectives of the council.	2023	Programs should be implemented according to the objectives of the council.	A workshop on climate change mitigation was held on 05 November 2023, as directed by the Chairman/ Director General of Youth Services.	Action had not been taken as per the recommendations.
20.	Although there was no approval from the	2023	In implementing the decisions of the	I inform you that the Board of	Action had not been taken as per

	Board of Directors to provide the Council's buildings free of charge or at a discount to officers and various external institutions at the discretion of the Chairman, the Council had lost a rental income of Rs. 3.80 million in the year under review due to the provision of buildings free of charge and at a discount to private institutions.		council, decisions that are not unfavorable should be implemented with the approval of the Board of Directors.	Directors has not been approved for the provision of buildings at discounted prices and free of charge.	the recommendations.
21.	Although one of the objectives of the council was to launch new creations with the participation of young people in youth clubs, contrary to this, a teledrama was produced involving actors and actresses and Rs.4.83 million was spent for it, and the teledrama work had not been completed to date.	2022 2023	Plans should be prepared and implemented under proper supervision to achieve the objectives of the project, and special attention should be paid to the economical use of government funds.	I would like to inform you that I will take immediate action to recover the money for this tele-production and provide it to a television channel, and I will not resort to such unprofitable activities in the future.	Action is being taken as per the recommendations.
22.	The purchase of food, water bottles and T-shirts worth Rs.9,696,450 for the 34 th National Youth Games held from 16 to 19 November 2023 was done by a price committee without calling for competitive bidding. As a result, the government had	2023	The procurement methodology should be followed for the approved works as per the action plan.	I inform you that no irregular payment has been made as the company has not submitted a price of Rs. 30.00 at any time.	Action had not been taken as per the recommendations.

incurred a loss of Rs.0.82 million by purchasing 20,600 nos. drinking water bottles of 500 ml at Rs.70 each, despite the opportunity to purchase them at Rs.30 each, based on the prevailing wholesale price in the market.

23. Although the council had spent Rs. 10.29 million on the musical program held at the Nelum Kulunna premises on 31 December 2023 without the approval of the Board of Directors, the council had not taken steps to obtain the ticket revenue of Rs. 6.86 million generated from holding that program.	2023	More care should be taken in implementing the council's programs.	The future actions to be taken had not been reported to the audit.	Action had not been taken as per the recommendations.
24. Although the council had purchased fingerprint machines at a cost of Rs. 4.7 million in recent years, they remained underutilized due to their lack of proper operation.	2023	The arrival and departure of the staff must be confirmed by the fingerprint machine.	A committee has been appointed and further work will be carried out based on the recommendations of that committee.	Action had not been taken as per the recommendations.
25. The internal control system of the Council had been weakened due to the fact that an officer of the Sri Lanka Accountancy Service, who was released by the Line Ministry to	2023	When appointing to key positions in the council, internal control should be considered.	I would like to inform you that the situation has now been corrected.	Action had been taken as per the recommendations.

serve as the Accountant of Youth Services (Private) Limited, a subsidiary of the Council, was also appointed to the position of Director (Finance) while serving as the Chief Internal Auditor of the Council.

26.	Although the offices of the Sri Lanka National Youth Service Cooperative Societies Association had been established at the Council's head office and district offices, no arrangements had been made to collect any rent for them.	2023	Action should be taken to recover the revenue due to the council.	It was noted that a methodology will be developed to recover rent in the future.	Action had not been taken as per the recommendations.
27.	No work had been implemented during the year under review in the Agri-Entrepreneurship Program and the Youth Agro-Production Company Establishment Program, which were prepared to be implemented during the years 2022-2025 with a provision of Rs.250 million with the aim of quickly adapting young people to new agricultural technology.	2023	The Agri-Entrepreneurship Program and the Youth Agri-Production Company Establishment Program should be established urgently.	Although it was not possible to implement the Agri-Companies as scheduled in the year under review, 21 Agri-Companies have already been established throughout Sri Lanka.	Action is being taken as per the recommendations.

28.	37 types of items valued at Rs. 3.5 million held in the main warehouse of the council had been given to various individuals and institutions on a temporary basis, and no action had been taken to return them to the main warehouse or to recover the value from the responsible officers.	2021 2022 2023	The system should be streamlined by collecting the charges from the responsible officials.	It is expected to take action as stated in Chapter No. 6.9 of the Operations Manual for Public Enterprises dated 16.11.2021.	Action is being taken as per the recommendations.
29.	341 students who did not register for courses at the Dehiwala Training Centre by paying fees were awarded National Vocational Qualification (NVQ) certificates by the Tertiary and Vocational Education Commission in the years 2020, 2021 and 2022. Furthermore, although the training center does not have the authority to issue certificates, the training center had issued 791 certificates that were not verified by the Council's Examination and Evaluation Division.	2023	Transparency should be maintained in issuing certificates.	The information on the certificates issued has been scanned and entered into the Examination Evaluation Division's data system and secured. The 791 certificates mentioned have also been issued by the Examination Division.	Action had not been taken as per the recommendations.
30.	Only the Director General of the Council, the Director (Industrial and Vocational Training) and another woman had	2023	Management should utilize the allocated funds according to the action plan for those tasks.	The further actions to be taken had not been reported to the audit.	Action had not been taken as per the recommendations.

participated in foreign trips utilizing the provisions of Rs. 4.89 million allocated for the participation of young people in regional international youth conferences and workshops.

31. A sum of Rs. 4.65 million, Rs. 1.93 million and Rs. 5 million were received to the Youth Club Federation during the year under review as grants, allowances and loans respectively, and no follow-up had been carried out on the utilization of the funds provided. Also, Rs.1.4 million, which was left over from the money provided by the National Sports Fund for a program of the council, had been given to the Polonnaruwa District Youth Club without being returned.	2023	The treasury provisions of the Council should be used according to the programs requested for that purpose.	The future actions to be taken had not been reported to the audit.	Action is being taken as per the recommendations.
32. 768 T-shirts worth Rs.0.73 million purchased for the 34th National Youth Games were released from the store on several occasions after the event ended, out of these, 337 T-shirts worth Rs.0.32 million were released from the store without	2023	The treasury provisions of the Council should be used according to the programs requested for that purpose.	The future actions to be taken had not been reported to the audit.	Action had not been taken as per the recommendations.

specifying who had obtained them, but were released as the Director General's Office. Furthermore, 100 footballs worth Rs.0.80 million purchased for distribution at school and youth club levels were released in the name of the Director General's Office

33.	A surcharge of Rs. 0.21 million had to be paid during the year under review due to non-remittance of contributions to the Employees' Provident Fund as scheduled.	2023	Management should take steps to prevent losses.	I would like to inform you that this amount has been paid as per court orders due to the filing of a case in the Magistrate's Court by the Gamipaha Labour Office.	Action had not been taken as per the recommendations.
34.	Since it was failed to start the course, the equipment worth Rs.17.42 million purchased by the Western Provincial Director for the purpose of starting the Robotics Training Course at the Sapugaskanda Training Center without a decision of the Board of Directors in the year 2021 and 31 awards, chairs and air conditioning equipment worth Rs.7.7 million purchased in the year	2023	Efforts should be made to utilize idle resources.	It is planned to start new courses from 2024.10.01 under new instructors.	Action is being taking as per the recommendations.
				I would like to inform you that it is possible to award prizes to the winners of the Youth Awards competition next year (2024).	

under review without properly forecasting the need have remained idle until now.

35.	Although Sri Lanka Youth Services (Private) Limited was established in 1981 with a 98 percent shareholding in the National Youth Services Council, the consolidated financial statements had not been prepared, and the company had not prepared and submitted financial statements for audit since 2020.	2021 2022 2023	Action should be taken to submit consolidated financial statements.	I would like to inform you that instructions have been given to prepare consolidated financial statements in the year 2024.	Action had not been taken as per the recommendations.
36.	The receivable balance amounted to Rs. 144.55 million, of which a sum of Rs.18.75 million had been outstanding for more than 5 years, but no action had been taken to recover it.	2023	Action should be taken to recover the receivable balances.	Action will be taken to recover the receivable balances in 2024.	Action is being taken as per the recommendations.
37.	04 decommissioned vehicles were parked at the council and training centers without being disposed of or repaired and reused during the period from 2014 to the beginning of 2023. Furthermore, 10 more vehicles remained idle throughout the year without being driven.	2023	Assets should be accounted for and vehicles should be disposed of or repair.	I would like to inform you that the vehicles that are out of service will be auctioned and the parked vehicles will be used.	Action is being taken as per the recommendations.

38. In order to provide relief to those who faced various problems due to political reasons during the period from 1994 to 2014, a committee of retired officers was not appointed as per the Cabinet decision No. 40317/0186/734/005 dated 02 February 2017, and contrary to that relief was provided to 40 officers by obtaining recommendations from the appointed committees.
- 2023 The promotions, salary increments, and arrears of salaries of the 40 officers who were recommended should be reconsidered. I would like to inform you that action will be taken in this regard in the future. The recommendations are being implemented.
39. For many years, appointments had been made on a secondary and contract basis for the three main staff positions of the Council, namely Director (Finance), Director (Development) and Director (Training), without making permanent appointments. In this regard, although the Board of Directors had approved the recruitment of officers on a permanent basis based on qualifications as per the decision of 19 August 2023, it had not been done so far.
- 2023 Action should be taken to recruit officers on a permanent basis based on qualifications as decided by the Board of Directors. Steps are being taken to recruit qualified officers on a permanent basis for the 3 main staff positions of the Council: Director (Finance)/ Director (Development)/ Director (Training). Recommendations are being implemented.

40. At the discretion of the Chairman, a person was recruited for a voluntary position not available in the Council's staff, and by providing him with accommodation in the Council's hostel and by allocating the vehicle to the Director General, and by providing fuel for it, state resources were allowed to be used irregularly.
- 2023 Care should be taken in the use of state resources.
- I assure you that such a situation will not occur again.
- Action had not been taken as per the recommendations.

3.140 Institute of Geology Sri Lanka

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	5,709,397	123,001	5,586,396	1,155,435	Un-Qualified
2022	5,757,162	40,000	5,717,162	144,266	Un-Qualified
2023	6,977,375	69,000	6,908,375	1,327,238	Un-Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. According to Section 11(1) of the Sri Lanka Geological Institute Act No. 3 of 2014 although the annual report should be submitted to the Secretary of the Ministry of Environment and to the Registrar of Voluntary Social Service Organizations appointed under the Voluntary Social Service Organizations (Registration and Supervision) Act No. 31 of 1980, the annual reports for the years 2021 and 2022 had not been	2022 2023	Provisions in the Act should be followed.	That the annual report of the year 2023 along with the previous annual reports will be submitted to the Secretary of the Ministry of the Minister in charge of Environment and to the Registrar of Voluntary Social Service Organizations.	It has not yet been submitted

submitted until 31
March 2024.

02. According to Paragraph 2 of Special Gazette dated 21 March 2016 although the requirement of establishment of a registered office, control and purpose of maintain of the institute have been mentioned, the Sri Lanka Institute of Geology had not an office with a fixed address from its inception till the year under review.	2023	Provisions in the Act should be followed	Initial discussions had been conducted in this regard and necessary arrangements will be made in the future.	Even now there is no office with a fixed address

3.141 National Institute of Business Management

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	3,060,307,320	983,854,302	2,076,453,018	201,818,410	Unqualified
2022	3,269,857,504	1,186,797,580	2,083,059,923	167,022,296	Unqualified
2023	3,628,169,613	1,579,789,518	2,048,380,095	211,684,932	Unqualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. The amount of Rs.800 million was invested by the National Institute of Business Management in the National School of Business Management but had not received any benefit since the year 2017.	2022	Efforts should be made to get an adequate return on capital investment.	The Vice-Chancellor of the National School of Business Management has informed us with a copy to the Secretary of the Line Ministry by letter dated 14.03.2022 that in the Solvency Test of the National School of Business Management, the institution is not at a level where it can pay dividends.	According to cabinet Decision No 24/0958/607/058-1, dated 04 June 2024, the National School of Business Management was converted into a company limited by guarantee under section 32 of the Companies Act No.07 of 2007 with effect from 15 July 2024 upon agreement to pay a total of Rs. 1,881,434,234 for the invested amount of Rs.800,000,010 and interest thereon of

Rs.1,081,434,224.

02. In the Committee on Public Enterprises held on 02 December 2021, the committee gave an order to the Chief Accounting Officer to appoint an expert panel to monitor the behavior and structure of these two institutions and come for a final decision regarding the non-payment of dividends by the National School of Business Management but had not been dealt with.	2022	The orders of the Committee on Public Enterprises should be followed.	The expert panel has recommended that NSBM as an affiliated institution of NIBM should collectively achieve its group objectives to develop a sustainable higher education system as per the government policies.	The recommendations of expert panel were not implemented
03. Although the institute had paid a sum of Rs. 50 million in the year 2017 for land located in Colombo where the buildings were built and the courses were conducted, the ownership of those land had not been taken over even until 15 August 2024.	2022	Prompt action should be taken to acquire ownership.	Regarding the land where the head office of Colombo is located, it will be taken over in coordination with the Divisional Secretary of Thibirigasyaya.	The ownership of the land had not been acquired till now.

04. Although the 2022, The The income The acceptable
Committee on 2023 recommendations used in the method for
Public Enterprises given by the calculation of incentive payment
held on 02 Committee on income tax by had not been
December 2021 Public Enterprises the Inland Prepared.
reviewed the should be Revenue
Auditor General's followed. Department has
observations and been considered
advised that in the
jointly prepare an calculation of
acceptable method incentives and
for calculating the incentives
incentives with the have been
department of calculated
management according to the
services, the methodology
activities had not approved by the
been completed Department of
even until was not Management
completed even Services on the
until 31 August recommendation
2024. of the Public
Enterprises
Department.

3.142 National Institute of Education

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	7,684,794,739	499,104,306	7,185,690,433	(72,631,933)	Qualified
2022	8,091,069,866	274,250,252	819,614,7816	572,939,994	Qualified
2023	7,976,860,154	314,038,799	7,662,821,355	(150,995,694)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. An agreement was entered into with the "Salacine" television station on 24 December 2021 to inform the people about the new education reforms and according to the agreement, an expenditure of Rs.15,412,150 was incurred to produce 05 television programs. Although the related campaign programs should be completed before 29 December 2021,	2022	Contractual works should be completed on the scheduled dates.	That the starting date of the relevant plan and campaign project will be decided after the recommendation of the Cabinet sub-committee appointed by the Honourable President to consider the education reforms.	The 05 programs created in the year 2022 have not been advertised yet.

the related programs had not been announced by the end of the year under review.

02.	Although a year has passed since the management of the institute accepted all the deficiencies pointed out by the audit regarding two officers holding the position of Deputy Director General who did not meet the qualifications according to the approved recruitment procedure of the National Institute of Education, the relevant promotions should not be rectified.	2022 2023	Recruitments and promotions should be done as per approved recruitment procedure and wrongly given promotions should be rectified.	A three-member committee was appointed and the recommendations were obtained and the Attorney General opinion has been consulted on 24 June 2024 and it will be rectified in the future.	No rectification has been done so far.

3.143 National Apprentice and Industrial Training Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	2,954,570,810	450,775,029	2,504,065,781	(57,777,077)	Qualified
2022	3,034,813,032	485,363,321	2,549,449,711	6,715,737	Qualified
2023	4,248,235,309	486,028,328	3,762,206,981	(81,595,957)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. As per the Paragraph 6.1 of Public Administration Circular No. 02/2018 dated 24 January 2018, A human resource development plan should be prepared covering at least 12 hours of training for each officer to meet the specific targets for all categories of staff. Accordingly, instead of preparing and implementing a training policy, a sum of Rs. 1,338,537 had	2021	A suitable training policy should be prepared and implemented for each category of officers.	A format for collecting information for a Human Resource Development Plan has already been provided to all district offices and other departments.	A training policy was not prepared and implemented appropriately for each category of officers.

been reimbursed to 10 officers for postgraduate and other courses for the period from the year 2020 to the year 2022 on the approval of the Director, as was personal to each officer. But no evidence had been obtained for the proof of completion of those courses.

02.	450 and 500 tabs had been received from a telephone services company in the years 2018 and 2021 respectively and those SIM cards were distributed along with the tabs to the officials holding various positions in the authority without any approval or policy. Further, the tabs which had been issued to 35 officers who had left the service had not been returned back until 31 December 2022.	2021	The service requirement should be taken into consideration in distributing the tabs and arrangements should be made to get back the tabs given to the officers on leaving the service.	If some officer had not given accordingly, the distribution of tab machines has been done under the written approval given by the Chairman, Vice Chairman and Director General of the Authority. The instructions have been given by now to recover the said machines.	The tab machines given to the officers who were left from the service had not been taken back.

03. The surcharge payments made in relation to the outstanding Employee Provident Fund and Employee Trust Fund amounting to Rs.82,437,195 and a sum of Rs.58,908,280 which amount to be recovered from the employee were accounted as an expense of the previous year instead of being recovered from the responsible officials.	2021	Payment of Employee Provident Funds and Employee Trust Funds should be made without delay.	Due to not including the employees' living expenses allowance in the calculation of the Employee Provident Fund and Employee Trust Fund of this Authority from the year 2007 to the year 2017, there is not a possibility to recover that amount from them because the responsible officers for the payment of the arrears of employee contribution of Rs. 58,908,280.00 and Rs. 82,437,195.00 as the surcharge have now retired from the service of the Authority.	Action was not taken against the responsible officers for the payment of this surcharge.
04. Contrary to the recruitment procedure, an officer had been recruited to a post	2021	Recruitment should be done in accordance with the approved recruitment	An officer has been recruited on a contract basis with the approval of	Any action had not been taken against this unauthorized recruitment and

		of Director on contract basis, which was not in the approved cadre of the authority, with the approval of the Board of Directors and was performing duties non relevant to the objectives of the authority and a total sum of Rs. 2,106,740 had been paid as salaries and allowances from July 2021 to August 2022	procedure.	the governing board as per the instructions of the then Chairman for a Director position which is not a position included in the staff approved by the Department of Management Services of the Authority. But his service has been terminated from September 2022.	the unauthorized payments given to the said person as at the audited date.
05.	According to an agreement made with the Department of Multipurpose Development Task Force, for the project of training 100,000 job seekers started in the year 2020, only 35 percent of the expected job seekers i.e. 34,660 people had completed the training as of	2021,2022	Action should be taken to improve the performance of the projects.	Although it is targeted to train 100,000 job seekers under this project, certificates have been issued for 34,660 job seekers who successfully completed the first phase of training until 31.08.2023.	Software were not developed as the information system could retrieve the information about the employment of the job seekers.

31 December 2022 at a cost of Rs.100,835,305. Although an information database was established at a cost of Rs. 4,650,800 for this project in the year 2021, it was not possible to obtain information about the employment of the jobseekers.

06. A donation of 84 items worth Rs.10,099,202 was received from the Chinese Embassy on 19 November 2021 for the installation of a laboratory for the Higher Diploma in Digital Technician course under the Industry Cooperation Apprenticeship Training Centre. Arrangements had not been made to commence the relevant diploma course and establish the computer lab even by the end of the year under	2022	Benefits receiving for the improvement of performance should be efficiently utilized.	The necessary laboratory facilities for commencing the Higher Diploma in Digital Technical course had already been arranged on 22.04.2022. The course will be started in future based on the decisions of the Board of Directors.	The Higher Diploma in Digital Technical course has not been started till now.

review.

07. The recommendations related to the investigation regarding the irregularities that had occurred in the “Nipunatha Abisheka” program held in Matara district in the year 2015 for the distribution of 5000 certificates for the evaluation of Recognition of Prior Learning (RPL) had not been implemented even by the year 2023.	2022	Implementation of the recommendations of the investigation report should be expedited.	Although Rs. 101.9 million were spent in 2015 to the project, only Rs. 66.41 million was reimbursed and the remaining Rs. 35.5 million was identified as a receivable balance. Rs. 5.5 million received from Holcim company. Accordingly, the remaining Rs. 29.9 million reflected in the final accounts.	This balance had been removed from the final accounts and the recommendations of the inquiry report had not been implemented.
08. Although the National Apprenticeship and Industrial Training Authority established a company named NAITA Foreign Employment (Private) Limited in the year 2022 to send people to foreign employments deviating the	2022	Special attention should be paid to implement the purpose of establishing the Authority. Also, action should be taken to recover the money paid for renewing the license of the inactive agency from the responsible officials.	Currently, the company is completely inactive. The company has earned Rs. 1.2 million, but any person has not traveled abroad. There are insufficient transactions for the year 2022 and that	The company is completely inactive now and action has not been taken against the responsible officers for the act out of purpose.

purpose of establishing the National Apprenticeship and Training Authority and received an amount of Rs. 1.2 million from outsiders, no individual has been sent for foreign employments even by 15 October 2023. The income and expenditure of this company were made through a control account through the main bank account of the authority and the balance of this control account as of 31 December 2022 was Rs.608,385. Even though this company is in completely inactive condition, a sum of Rs.224,000 had been paid to the Foreign Employment Bureau for the renewal of the license of the foreign employment

all expenses and income are accounted through a control account.

agency for the year 2023.

09. The training equipment worth of Rs.73,804,932 included in the project value to enhance the technological training activities of the Katunayake Institute of Engineering Technology had not been received by the Katunayake Institute of Engineering Technology even by 16 August 2024. Furthermore, training equipment worth of Rs.87,588,591 had not been effectively utilized for over 02 years due to the fact that it was not installed in a usable manner and the other equipment required to use it was not available.	2023	The equipment that has not been received by the institution should be checked and action should be taken to promptly bring the relevant equipment.	A document about the non-received training equipment has been sent to the Supervising Officers appointed by the ministry and the KIP institute, but proper action has not been taken yet.	Arrangements had not been made to bring the relevant equipment until the audited date.
10. Equipment worth of Rs.661,111,008 had received in 2021 for the	2023	The Authority should take actions to maximize the use of these assets by	Due to less jobs in the field, there was a decrease in	The authority had not act to maximize the use of these assets.

Mechanical General Engineering course, which had enrolled 70 students in the year 2020. But, due to lack of planning to utilize the equipment effectively the number of students enrolled in the years 2022 and 2023 was 31 and 25 respectively. Accordingly, student enrollment in 2023 decreased by 64 percent compared to 2020.

increasing the number of students enrolled as planned in the civil engineering and mechanical engineering fields. obtain of the approval for the project.

3.144 National Library and Documentation Service Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	47,042,583	17,214,283	29,828,300	(3,003,852)	Adverse
2022	-	-	-	-	No accounts submitted
2023	-	-	-	-	No accounts submitted

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The Ministry of Education had awarded a tax-free contract valued for Rs. 211,937,795 to a contract company to complete the renovation of the main building within a period of 09 months starting from 24 January .2018 An amount of Rs.252,463,612 had been paid by the end of the year under review and, even though the contract period had been extended in 03 occasions, the contract had been abandoned in March .2021	2021	Arrangements should be made to complete the contract work as scheduled.	That it is recommended that the remaining renovation works of the building be selected through a competitive bidding process to select a suitable contractor.	None of the identified deficiencies had been completed and the rest of the modernization work had not started.

Even though incomplete works and works which were not done as specified had been identified from the ground floor to the fourth floor in the Chairman's letter No.

07-02-15dated 05 January 2021, those deficiencies had not been completed .

3.145 National Institution of Fundamental Studies

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	815,020,146	426,633,037	388,387,109	(102,650,637)	Qualified Opinion
2022	1,122,200,895	296,294,091	825,906,804	82,707,333	Qualified Opinion
2023	1,205,248,123	322,825,301	882,422,822	4,242,947	Qualified Opinion

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Agreement files and other documents for research projects totaling Rs. 100,040,521 had not been submitted for audit	2023	All relevant information should be submitted for audit.	The relevant files will be submitted for audit	Agreement files and other documents for research projects totaling Rs.100,040,521 had not been submitted for audit
02.	As per Section 9.12 of the Public Enterprises Circular No. PED/12 dated 02 June 2003, Without the approval of the Department of Public Enterprises and the Treasury, a sum of Rs.6,582,112 had been paid as the institution's contribution to the Employees' Aggrahara Insurance Fund from 2019 to 31 December 2023,	2023	Action should be taken in accordance with instructions given in circulars.	Approval from the Public Enterprises Department and the Treasury was not separately obtained and that the amount was included in the budget for the year.	Necessary actions are being carried out to obtain the approvals of the Department of Public Enterprises and the Treasury.

and an amount of Rs.4,300,820 was paid as refreshments expenses of the employee for the year under review.

03.	As per Section 3.2 of the Public Enterprises Circular No. PE 01/2021 dated 16 November 2021 Although the annual report, including performance for the previous year, should be submitted to Parliament in all the three languages within 150 days after the end of the financial year along with the audited report, the annual reports for the years 2020, 2021, and 2022 have not yet been submitted to Parliament.	2023	Action should be taken in accordance with instructions given in circulars.	The relevant amendments have been made and the reports have now been sent to the Ministry.	The annual reports for the years 2021 and 2022 had not been tabled in Parliament until September 30, 2024
04.	After the sale of the patent, there had not been obligation in the agreement that the company should bear the expenses for the same, during the period from 2014 to the end of the reviewed year, an amount of Rs. 138,931,059 had been spent for the	2022	The agreement should be followed.	After the year 2014, money has been spent to observe how the findings of this project can be used for other crops and to observe the possibility of completely	Annual expenses are being incurred for this project.

research activities of the Biofilm Bio Fertilizer project. However, the company that sold the patent had received Rs.7,380,146 as Royalty Payment from the year 2014 to the end of the reviewed year without verifying the accuracy of the income of the company by referring to the audit financial account.

stopping the use of urea fertilizers and using only compost fertilizer for paddy cultivation.

05. Although the 2023 Funds should be Due to the Had not been
matured investments of Rs. 201,880,632 invested in a rise in corrected until
of Rs. 201,880,632 manner that interest rates September 30,
related to 20 fixed ensures efficiency amidst 2024
deposit accounts and maximizes prevailing
belonging to the returns economic
Employees' crises, and
Provident Fund of because it
the institution should would take
have been reinvested time to
by calling for bids conduct a
during the year under formal
review, without bidding
doing so, it had been process, the
reinvested with the institution has
same bank verbally
inquired
about rates
and made the
best possible
investment
option.

06. The scientist who was in charge of the research project titled "Quantum Physics and Applied Electronic" implemented at a cost of Rs. 47,485,576 by 31 December of the year under review had resigned from the Institute on 02 September 2020, that research project had been abandoned.	2021	Research should be continued so as to achieve the expected objectives.	That the scientist of this research project resigned in September 2020 and that the future work of the research was not handed over to another scientist.	The resigned scientist had been Recruited on a voluntary basis and started the project.
07. The Waste water Treatment at Service Station research project that had been implemented at a cost of Rs. 6,500, 000 and 03other research projects which had not been identified the values, at the end of the year under review.	2022	Research activities should be completed in such a way that the desired objectives can be achieved.	Institute was unable to continue these research projects due to lack of funds and research assistants.	Due to the lack of research assistants and related staff, the institute had lost the research grant.
08. Outside the approved procurement plan for the year under review and without authorization, 07 procurement activities totaling Rs. 14,350,305 had been carried out during the year under review.	2023	Actions should be taken in accordance with the approved procurement plan.	As instructions had been given to expedite the completion of 7 projects in the Dambulla Trees Garden under the provisions of the Ministry of	Had not been corrected until September 30, 2024

				Environmen, these projects were not included in the procurement plan.	
09.	Since the inception of the institute, 06 patents related to 06 research projects had been received up to date. Nevertheless, no action had been taken to either commercialize or utilize them in any other manner even by the end of the year under review.	2023	Patents should be utilized in an optimal manner.	The procurement activities have commenced for the patents that are currently active.	Had not been commercialized until September 30, 2024
10.	Funds amounting to Rs. 1,333,984 allocated for 09 research projects during the year under review remained idle and unutilized within the year.	2023	Funds should be utilized effectively for the relevant activities.	Funds for 03 projects have been utilized during the year 2024, and the remaining funds are to be credited to the research fund.	The funds of 06 research grants had not been utilized until September 30, 2024

3.146 National Child Protection Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	139,624,913	66,959,124	72, 665,788	(826,262)	Unqualified
2022	230,061,731	73,818,083	156,243,647	(10,255,583)	Qualified
2023	219,305,324	85,183,032	134,122,292	(11,341,231)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Although the national policy on child protection was approved on 29 October 2019, after 20 years of the establishment of the Authority, it had failed to get the cabinet approval for the five-years action plan for the implementation of this policy by the end of the year 2023. The functions of giving recommendations for legal, administrative or other	2021	Urgent steps should be taken to implement the Child Protection Policy.	The National Child Protection Authority will get further action after receiving the recommendations of the National Planning Department.	The five-year action plan related to the implementation of the national policy on child protection has been forwarded to the line ministry on 13.09.2024 to carry out the necessary coordination activities to get the cabinet approval.

amendments necessary for the effective implementation of the national policy, advising the government about actions to be taken to prevent child abuse and related activities were also not fulfilled.

02.	A building belonged to the Mullaitivu District Secretariat, which was verbally assigned to be used by the National Child Protection Authority from the year 2014, had not been used for any purpose till the date of this report and remained idle. Further, a sum of Rs.1,084,684 had been spent for the supply of security service during the year under review.	2022, 2023	Action should be taken to utilize the building effectively.	The ministry had informed that this building should be formally handed over to the ministry by sending a letter to this authority and the work is being done accordingly.	The building has not been formally handed over to the ministry and it has not been taken to any use.
03.	A land adjoining to the National Child Protection Authority which was acquired on	2021, 2022, 2023	Action should be taken to utilize the idle land.	Although the land was taken on lease for a planned construction	It is remained idle without being used for any purpose.

lease term of 30 years in the year 2016 for a value of Rs.18,317,757 had not been utilize for any work and remained idle till the date of the report.

with the aim of expanding the services and limited space available in the National Child Protection Authority premises, negotiations were made continuously to obtain money for suggested constructions from the provisions of the Ministry of Finance, but it has not been possible to carry out further work due to allocation of provisions has not been made.

3.147 Tertiary and Vocational Education Commission

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	125,473,605	43,192,746	82,280,859	(3,548,803)	Qualified
2022	234,588,648	47,440,614	187,148,034	23,722,454	Qualified
2023	251,206,574	39,715,742	211,490,832	11,065,996	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Among the institutions registered in the Tertiary and Vocational Education Commission as of 20 April 2023, 20 institutions which registration had expired for more than 20 years and 1763 institutions which registration had expired between 01 to 20 years had not taken any action to renew their registration.	2022	Institutions which the registration has expired should either renew their registration or cancel their registration.	They have been informed to apply for renewal of registration 3 months prior to the expiry of registration.	No formal arrangement was made for renewal of registration.
02.	Although 371 institutions had requested for renewal of registration from the year 2017 to the year 2023, the registration of those institutions had not	2022	According to the provisions of the Act, the registration should be renewed or the registration should be cancelled or immediate action	After receiving the applications for renewal, an evaluation will be done at that institution. That the registration of institutions that	No formal arrangements were made for renewal of registration. As of 30 September 2024, 62 establishments

	been renewed even by the date of audit.		should be taken if the institutions are engaged in illegal activities after an inspection.	do not meet the relevant criteria in that evaluation will not be renewed.	whose registrations had expired and applied for renewal of registration in the years 2022 and 2023 had not been renewed or cancelled.
03.	Due to a proper mechanism has not been prepared to renew the registration of institutions which registration has expired or to systematically check that those institutions continue vocational training activities without renewing their registration, the regulation to be fulfilled by the commission regarding vocational training institutions has not been done properly.	2023	The regulation to be fulfilled by the commission regarding the vocational training institutes should be done properly.	It has been observed that most of the institutes which had not renewed their registration had closed. The commission will publish counter advertisements in contrast to the advertisements posted on face book by the unregistered organization.	The commission has informed that since the relevant court has not been designated to take judicial action in this regard in the act, it is no longer possible to proceed legally against such institutions.
04.	According to the Circular No. MSDVT/SSDP/2016-1 of the Ministry of Skill Development and Vocational Training dated 26 February 2016, in order to implement the services provided by vocational training institutes in a higher level and quality, it had been a	2023	As a regulatory agency, the Commission should function in a manner that fulfills its responsibilities.	During the recent economic downturn in the country, many institutions were unable to carry out quality management. However, instructions were given to maintain the quality system of	In the year 2024, programs had been arranged to educate the institutions in this regard. However, according to the Commission's data system, quality management systems had not been established

mandatorily
requirement for
vocational training
institutes to establish
the quality
management system
introduced by the
Tertiary and
Vocational Education
Commission or the
getting ISO
9001:2008/2015
quality management
system of the Sri
Lanka Standards
Institute.

Nevertheless, the
Commission had not
taken any action after
the year 2019 to
inform the relevant
institutions and act
accordingly.

existing
institutions.

after the year
2019.

05. The activities of amending the Tertiary and Vocational Education Commission Act have not been completed as recommended by the Sub-Committee on Public Enterprises held on 01 September 2023.
- 2023 More attention should be focused to creating the necessary legal environment to operate in order to fulfill the regulatory function expected by registering the institutions.
- Instructions have been received to include provisions for prosecution under the Tertiary and Vocational Education Act against the institutes which are being run without the approval of the Tertiary and Vocational Education Commission and are proceeding accordingly.
- Even by September 2024, the work of amending the Act had not been completed.

3.148 University College of Batangala

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	94,204,102	8,123,605	86,080,497	19,597,628	Unqualified
2022	82,453,864	8,331,814	74,122,050	9,145,926	Unqualified
2023	77,747,105	8,825,923	68,921,182	5,283,353	Unqualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	According to the Public Enterprises Department Circular No. 95 dated 14 June 1994, the approval of the Council of Ministers, the Ministry of Public Administration or the Treasury should be obtained for the payment of allowances and other financial assistance to the officers, but contrary to this, the Institute paid Rs.793,175 were paid for preparation and standardizing of question papers, examination duties and marking of answer papers etc.	2021	Should comply with the circular provisions.	A request has been made for allowances for NVQ 05 and NVQ 06 to pay for external lecturers and internal examinations in university colleges and the request has not yet been responded to.	A request has been made for allowances for NVQ 05 and NVQ 06 to pay for external lecturers and internal examinations in university colleges and the request has not yet been responded to.

Although this situation had been pointed out from the beginning of the institute, no steps had been taken to rectify the situation till the year under review.

02.	Batangala University College has been established since 18 October 2016 in a 5-acre land belongs to the Batangala Agriculture Department in Panawala but the acquisition works of the land has not been completed even by 28 January 2022, the date of audit	2021 2022	The activities of acquisition of the land to the university should be expedited.	The land where the Batangala University College is located acquisition works have been started since 2016, and arrangements are being made through the Dehiowita Divisional Secretariat for the takeover.	The handover of the land where the Batangala University College is located has not yet been completed.
03.	In the sample test conducted on number of lecture hours completed compared to the planned hours by external lecturers, it was revealed that the number of hours completed was 27 percent to 53 percent less than the planned number of hours for the external lecturers. As such,	2023	Necessary actions should be taken to cover the whole lecture hours planned for the external lecturers.	External lecturers prefer to conduct the external lectures through online for certain modules due to reasons such as the inconvenience and expense to be incurred	This situation has been observed in the lectures of external lecturers conducted online and currently the lectures conducted online are conducted at a minimum level. This situation has been observed in the lectures of external lecturers conducted online

the audit was not satisfactory regarding the adequacy and quality of the subject knowledge received by the students.

by the and currently the external lectures conducted lecturers in online are travelling to conducted at a the area minimum level where the institutes are located and the insufficient of hourly rate for conducting lectures.

3.149 University College of Matara

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	214,443,169	11,298,512	203,144,658	(27,561,656)	Unqualified
2022	188,260,975	12,306,242	175,954,733	(27,189,925)	Unqualified
2023	177,022,708	14,509,165	162,513,544	(13,314,589)	Unqualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Out of 1,991 approved lecture hours scheduled in 21 instances related to course modules, 1,500 hours had not been covered. Accordingly, the coverage of the scheduled lecture hours remained poor, and it was not possible to satisfy during the audit that the students sufficiently received the necessary knowledge	2023	Steps should be taken to cover the planned course hours to ensure that students can acquire the knowledge sufficiently	The reasons for not covering the specified hours in the modules include some visiting lecturers leaving the country, withdrawing for personal reasons, and a reduction in payment per hour. However, the content of the modules has been covered as required.	This issue has not been resolved so far.
02.	By the end of the year under review, 24 out of 35	2023	The management should take	Since the beginning of 2019, 2020,	Actions had been taken to conduct career guidance

students enrolled in the cosmetology course in 2015, 2017, and 2018, and 95 out of 824 students enrolled in 9 courses from 2019 to 2021 had left the courses. The management had not focused on identifying the reasons for these students leaving and on taking necessary measures to retain them.

necessary steps to retain the students enrolled.

and 2021, programs by issues such as appointing two COVID-19 and career guidance the economic crisis have officers. prevailed, and due to the trend of students going abroad, there is a tendency for students to leave courses. All lecturers inform the students about the importance of obtaining the NVQ qualification, both locally and internationally, and the demand for it.

03. The Vehicle Hoist and wheel Alignment machine purchased at a cost of Rs.1,250,000 in 2014 for practical activities of the students remained idle without being utilized even by 31 December of the year under review

2023

Purchases should be made following a proper feasibility study, and the purchased equipment should be used for its intended purpose.

There is not enough land available within the institution for the installation of this equipment. Requests have been made to UNIVOTEC and the Ministry to provide an alternative space, but no land has been provided yet.

The machine remains inoperative at this time.

3.150 National Human Resource Development Council

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	30,832,125	4,777,124	26,055,000	1,193,977	Qualified
2022	55,968,617	5,309,706	50,658,910	(550,915)	Qualified
2023	59,762,072	5,429,301	54,332,771	(1,370,102)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	According to Section 14(1) of the Human Resource Development Act No. 18 of 1997, the council should prepare a national human resource development policy and review it periodically and should advise the Minister and the government on human resource development. Even though 25 years had been passed since the establishment of the council, the council had failed to achieve these basic objectives of the establishment	2021 2022	The objectives of establishment of the council should be achieved by taking effective measures to fulfill the main objective.	The Cabinet of Ministers has approved the revised Human Resource Development Policy in the year 2017 and this policy is planned to be revised to conform to current requirements.	The existing human resources and employment policy is planned to be forwarded to the next Governing Board for approval.

of the National Council even by 31 December 2022

02.	According to the Human Resource Development Act No. 18 of 1997, To establish and maintain liaison with international agencies and other organizations outside Sri Lanka discharging functions similar to those discharged by the Council. These duties had not been completed even by 31 December 2022, and the related activities required for this had not been included or planned in the action plan prepared for the year 2022.	2022	Attention should be focused on executing of functions specified in the Act.	The Regional Human Resource Development Plan was forwarded to the BIMSTEC Permanent Secretariat in Dhaka on 02.08.2023, and the plan has been forwarded to the member countries for comments and suggestions presently.	A conference is scheduled to be held in early next year under the sponsorship of Sri Lanka for the representation of member countries to discuss the human resource development plan.
03.	As per the Terms of Sections and 16 (2) e of the Act, To establish and maintain an information data bank on human resources development and related fields in Sri Lanka which helps to fulfil the basic objective of the Council.	2021 2022 2023	Attention mainly should be focused on maintaining a data bank to fulfill the primary objective of the Council.	A report was compiled and handed over to the Prime Minister's Office based on the collected data. Although it was proposed to compile a digital data system as the second phase	The report compiled based on the collected data was sent to the line ministries for further action.

Although it was informed that necessary activities are being done to get the services of a consultant to create the data bank in the year 2021, the data bank had not been maintained even by 31 December 2022.

of this, the implementation of this idea was hampered due to the existing difficulties in obtaining provisions.

3.151 University College of Rathmalana

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	201,578,599	13,081,675	188,496,924	(29,237,093)	Unqualified
2022	193,557,471	13,271,625	180,285,845	(30,291,210)	Unqualified
2023	159,548,380	14,797,081	144,751,299	(35,500,266)	Unqualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	According to the paragraph 6.5.3 of Public Enterprises Circular No. PED/12 dated 02 June 2003, annual performance report should be submitted to the parliament for tabling before 150 days after the end of the financial year, the annual report was not submitted to the parliament from the year 2015 when the University College was established until the year under review.	2021	According to the circular provisions, arrangements should be made to table the relevant reports in the Parliament.	The annual report will be prepared and submitted to the audit in the future.	It has been informed that it will be corrected from this year
02.	No action had been taken since the	2021	Land acquisition activities should	Requests have been submitted	The land has been transferred in the

	establishment of the College in the year 2014 up to the end of the year under review to acquire the land of 0.427 hectare in extent in which the University College is situated.		be carried out expeditiously.	to the ministry to take over the land and no action has been taken so far..	name of the institution but not accounted for.
03.	Although 3,186 lecture hours were planned to cover by the external lecturers for 39 subjects (Modules) during the period from year 2020 to year 2022, only 1,230 lecture hours were actually conducted. Hours not completed compared to the planned hours ranged from 13 percent to 70 percent.	2022	Arrangements should be made to conduct lectures according to the prescribed number of hours to cover the syllabus.	The prescribed number of hours related to each module in the relevant syllabus were not covered due to factors such as the covid epidemic, economic crisis and power failure prevailed in the country.	A system has been established under the supervision of the head of academic departments to ensure that only a certain number of hours are planned for the subjects and that the number of hours is completed.
04.	Automatic Water Distiller machine worth of Rs. 147,400 in the Food Technology Laboratory remained idle without use from the year 2015 to the year under review and the warranty period of the machine had also expired.	2022	Action should be taken to use resources efficiently and effectively.	This equipment was sent by the Ministry and the Food Technology Laboratory of our institution is not properly prepared to operate it. The current market value of this device is much higher than	This equipment is currently sent for repair.

when it was purchased. Therefore, this equipment will be kept safely in our institution until the work of the laboratory is completed.

05. A sum of Rs. 5.8 million received Under Skill Sector Development (SSDP) program in the year 2021 for performing of 03 activities was remained unutilized even till the date of audit of 08 February 2023.	2022	Action should be taken to make maximum use of the provisions provided by loan facilities.	Two modules introduced for the travel and tourism course could not be implemented due to practical issues and the development and implementation of the student learning management system could not be completed due to the failure of the supplier to provide the system expected by the institution.	This building has been allocated for smart classroom and career guidance section and the work has started there.
06. Although there were 19 functions to be performed according to the manual of the university, 08 years have passed, the attention of the	2023	Necessary actions should be taken to execute all the tasks to be performed by the university.	Due to the shortage of staff at present, very difficult to focus the attention on those activities, but it has been	Vacancies are currently being filled and arrangements are being made for future tasks.

management had not been focused to the performance of 7 tasks from the year 2016 when the university was established to the year under review.

planned to commence some related activities from this year.

07. Due to the lack of facilities and space available to conduct courses in the food technology laboratory, laboratory equipment with a total value of Rs.2,937,996 in that laboratory were remained idle from the year 2015 until the date of audit of 06 February 2024. Also, in the years 2021 and 2022, Rs.13,000,000 had been allocated for the renovation of this laboratory, but due to non-renovation, the cost estimate had increased to Rs.41,454,958 by the time of the review year, but the related renovation work had not been started.
- 2023 Necessary facilities should be completed and action should be taken to use the idle equipment.
- Although attempts were made on several occasions to carry out related procurement activities for the modernization of the laboratory of the Food Technology course, due to the fact that a suitable applicant did not come forward and the lack of adequate provision in each case, those occasions could not be successful.
- In the year 2024, the relevant procurement activities have been started and the construction is underway.
08. Although there should be at least
- 2023 Necessary actions should be taken to
- The Ministry has been related
- The activities to

two lecturers for each course of the National Vocational Qualification (NVQ Level) 05 and 06 level conducted by the university, only one lecturer was employed for 05 courses from the period of previous year to the year under review.

Further, for the electrical technology course not even one lecturer was employed.

fill up the vacancies in the essential posts.

informed about recruitment for 3 lecturer vacancies in the existing vacancies and a letter has been approved by the sent through Department of the Ministry to Management Services have the Department Services already been of Management done. Services in January 2024 to get the approval regarding the filling of the existing vacancies, but the approval has not been received.

3.152 University College – Kuliypitiya

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	215,498,558	10,984,249	204,514,309	(515,696)	Unqualified
2022	184,650,399	9,823,604	174,826,795	(1,164,355)	Unqualified
2023	161,616,485	10,256,493	151,359,993	(23,653,706)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Financial Regulation 880 Although officers who are administratively responsible for, or who under delegation are entrusted with, the receipt or custody of public money, revenue stamps or stores, or the disbursement of public money or the issue of stamps or stores and those who certify vouchers or sign cheques on Government Account will be required to give security in accordance with the Public Officers Security Ordinance Cap. 612 for the faithful discharge of their duties, had not	2022	Action should be taken in terms of Financial Regulations.	In terms of Financial Regulation 880, arrangements will be made to deposit the security in the future in accordance with the Security Ordinance.	No arrangement had been made to deposit the security deposit

been done so.

02.	More than 09 years have passed since the establishment of the institute as of the last day of the year under review. Although buildings and infrastructure facilities worth of Rs.150,033,529 have been constructed at the cost of the institute by the end of the year under review in the area of 5.41 hectares use by the institute, action had not been taken to acquire the land to the university college. Also, the relevant responsible officials had not taken any action to obtain a certificate of enjoyment for the land.	2021 2022 2023	Action should be taken to acquire the land to the university college.	Further, letters have been submitted to the relevant higher officials regarding this and despite inquiries were made to the Divisional Secretariat, that there is no procedure for issuing enjoyment certificates.	Relevant land had nor been taken over by the college

3.153 University of Vocational Technology

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,665,152,040	203,683,975	1,461,468,065	(13,654,128)	Unqualified
2022	2,402,750,479	218,679,409	2,184,071,070	(57,072,162)	Unqualified
2023	2,409,982,534	248,054,136	2,161,928,398	(60,583,175)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. The contract for the renovation of the faculty building of the university was awarded to a private contractor for Rs. 14,506,548 on 10 September 2016 and an advance of Rs. 2,901,285 had been paid on 12 September 2019. Although the contract should have been completed by 22 November 2019, the related works had not been started by the end of the year under review. As such, the government's money had been held by an external party for more than 2 years. Also, the validity period of the	2020 2021	Action should be taken either to implement the contract or to recover the advance given.	Although this contract should have been completed within a period of 60 days, the contractor was unable to deliver the entire work area on the scheduled dates due to the issues in allocating other places to the academic staff in the relevant faculty building. Also, the	Since there is no response from the contractor, arrangements have been made to refer the relevant file for approval to the procurement committee.

performance security bond obtained for this contract had expired on 19 June 2021 and no arrangements have been made to extend it.

university was completely closed for several months due to the ongoing Covid epidemic situation.

02. Although it was decided in the meeting held on 18 May 2010 to obtain accreditation for the Engineering degree courses conduct by the university, more than 10 years have passed since the inception of the university as on 31 December of the year under review, but it was unable to obtain the accreditation due to the inability to ensure the quality of the degree courses to the desired level.
- 2021 Necessary action for accreditation of degree courses should be done promptly.
- 2023 A new accreditation manual was issued by the Sri Lanka Institute of Engineering in the middle of 2022 and according to the manual, the minimum number of permanent staff to be employed in at least one academic department has been specified as 08. Due to this requirement has not been fulfilled by the university, the accreditation process has been suspended
- A discussion with the Chairman of the Engineering Council of Sri Lanka was held on 27.09.2024 to find solutions and further action will be taken based on the recommendations received.

and discussions are being held with the officials of the Sri Lanka Institute of Engineering in this regard.

03. As per the Cabinet Decision dated 03 January 2017, the approval had been granted for the construction of a workshop, a hostel for 600 students and a cafeteria with 300 seats at an estimated cost of Rs.927.34 million for the university. Although a total sum of Rs. 281.36 million has been allocated for this project in the years of 2018, 2019 and 2020, only a sum of Rs. 22.5 million had been spent as consultancy fees. Due to action had not been taken by the higher management to commence the construction works on time, the estimated expenditure had increased up to Rs. 3,046.8 million or 300 percent at the end of the year under review.
- 2023 Efforts should be made to use public funds with maximum efficiency and effectiveness.
- During the meeting held on August 25, 2023 with the director general of National Budget Department and Vice-chancellor of University of Vocational Technology, it was started that there has been no change in the government's decision to refrain from allocating funds for building construction. Consequently, it was further clarified that funds cannot be allocated for this purpose in upcoming financial year.
- According to the government's decision, the construction work has been stopped.

04. The approval of the Cabinet of Ministers had granted on 27 April 2011 and No 403/11/2152/539/017-1 to construction of a building with a multi-purpose studio complex and a lecture hall complex in the University of Vocational Technology and an amount of Rs 434.4 million was allocated by the Treasury and Sectoral Skill Development Project. Although a sum of Rs.304.5 million had been spent as at 31 December 2020, the building could not be utilized. According to the meeting report dated June 26, 2023, the essential contract works (Major & Minor repairs & Constructions Works) to be completed and The absence of formal service and maintenance contracts for the Central AC 2630700 System related to the multipurpose studio and lecture hall complex was also discussed, but no further action was taken until the end of the year under review.
- 2021 Budgetary allocations should be taken to complete the balance works of the project without delay.
- The deficiencies in this building and the deficiencies in the air conditioning system of the studio have been almost completed and after the air conditioning system is formally handed over to this university, a service and maintenance agreement will be entered with the relevant institution.
- The studio's external noise isolation system is not complete, and it has been said that no funds are available for this purpose.

3.154 Sri Lanka Institute of Advanced Technological Education

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	5,756,729,366	549,561,225	5,207,198,141	132,500,160	Qualified
2022	5,489,357,242	504,049,696	4,985,307,546	115,032,758	Qualified
2023	6,356,047,023	749,716,780	5,606,330,243	97,086,919	Unqualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	An advance payment of Rs.36,989,498 in 2016 and an interim payment of Rs.13,941,163 in 2017 had been paid for a four-storied building proposed to be constructed by the Jaffna Institute of Advanced Technology without formally confirming the ownership of the land. Accordingly, the expenditure incurred due to suspend the construction due to the lack of legal ownership of the land had become a	2021, 2022, 2023	After verifying the ownership, the requirement for the building should be identified promptly and construction should be started.	Construction works were started as per the confirmation given by the Divisional Secretary regarding the ownership of the land and at that time a questionable matter was raised in the court. The case pending in the Colombo Court of Appeal in this regard has now been concluded and further actions are being taken on the case	Due to the ongoing litigation regarding the land ,the construction work could not be stated even by September 2024.

idle expenditure. The performance security of Rs.8,330,743 and the advance security of Rs.33,322,972 related to this contract had expired on 21 October 2019 due to non-extension of the period. Although the litigation in this regard had been completed in October 2023, the management had not focused attention to commencing construction work even by September 2024.

pending in the Jaffna District Court.

02. An initial deposit of Rs.1,000,000 was paid to the Urban Development Authority on 30 December 2016 for the land in Ratnapura worth of Rs.18,305,976 belonging to the Urban Development Authority for the construction of an official residence and a playground. However, due to the lack of financial provisions to pay	2022, 2023	Actions should be taken to recover the amount paid for the land.	It was decided at the Governing Council meeting that it was unnecessary to acquire this land and to look into whether it was possible to handover the land back to the Urban Development Authority and recover the paid sum of	It was proposed to handover the land back to the Urban Development Authority but no arrangements were made to recover the amount of Rs.1,000,000 paid.

the balance amount,
no action had been
taken to recover the
amount paid.

Rs.1,000,000.
Accordingly,
the relevant
work is being
carried out
expeditiously.

03. Although a sum of Rs.1,013,315 was spent on installing the KOHA computer system to maintain library activities with new technology, the expenditure incurred had become an idle expenditure due to the system not being put into operational level.	2022, 2023	The system should be put into operation level and put into use as soon as possible.	Another training workshop was scheduled to be held on the implementation of the system, but due to the Covid-19 pandemic and government expenditure restrictions, the workshop could not be completed and preliminary arrangements for holding the relevant training workshop are being made.	The workshop could not be completed and the preliminary work of conducting the related training workshop was being organized.

3.155 Vocational Training Authority of Sri Lanka

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	7,985,269,351	831,905,916	7,153,363,434	(60,618,509)	Qualified
2022	7,997,217,620	870,841,898	7,126,375,721	(544,059,934)	Qualified
2023	7,478,253,523	911,226,039	6,567,027,484	(677908,091.)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Due to the cost of living allowance had not been taken for the calculation of the Employees' Trust Fund contribution from the year 2006 to May 2015, a surcharge of Rs. 7,898,073 had been paid in the year 2019, but action had not been taken to recover from the responsible officers.	2021	The surcharge was done due to the negligence. As such, relevant responsible officers should be identified and Recovered from them.	The situation was not caused by negligence and the situation arose out of a misinterpretation of the as an interim allowance. The relevant information was submitted to the Board of Directors and approval was taken and this payment was made accordingly.	That money was not recovered from the officers
02. Although a sum of Rs.1,212, 570	2022	Activities should be planned to receive a benefit	As the allocations given by the SSDP project in each	Although the SSDP project had been completed yet now,

		was paid to the consultancy company in the year 2014 for the modernization of 03 vocational training centers on the financial allocation of the Sectoral Development Project (SSDP), the modernization works had not been commenced until 31 July 2023, as such, the expenditure incurred was an uneconomic transaction.	for commensurate with the expenditure incurred.	year were limited, the construction of the 3 centers could not be started. But the submitted plans and estimates (Bills of Quantities) are available for future use. The instructions from the Board of Directors has been received in this regard and it will be submitted to the Audit and Management Committee.	the construction of the 3 centers had not started.
03.	Although Ahangama Hotel School was renovated as a hotel in 2019 at a cost of Rs. 148.92 million with the objective of providing better training for students and provide further training for the students who follows courses of Vocational Training	2022	It should be acted in accordance with the objectives set out in the Vocational Training Authority Act.	The instructions and approval had been given to legally lease the hotel to a private or public sector entity for a long-term following the procurement methods and select investors for the same through procurement methods. Further, the lessee should be informed that it should be	An Memorandum of Understanding was signed with S Net Chamber (Pvt) Ltd. And progress was not reported till 30 September 2024.

Authority, no any apprentice had been provide practical training from this tourist hotel from that year to 30June 2023.

mentioned in the lease agreements that our apprentices should be recruited for further training.

04. A company registered under Companies Act No. 07 of 2007 under the name of VTA Holdings Ltd with the full (100percent) share ownership of the Sri Lanka Vocational Training Authority from the Authority's fund on 18 December 2013 without the Cabinet approval and the documents required to liquidate the company had been handed over to the Department of the Registrar of Companies on 20June .2022
- 2022
- A report on the company's bank accounts and operations should be submitted as per the instructions of the Ministry Secretary.
- A committee has already been appointed to give a preliminary report on this company as it was not managed by officers of this authority. That the report of this committee will be submitted to the Ministry Audit and Management Committee and the Institutional Audit and Management Committee in the future.
- A committee report has not been submitted yet now. A request was made to the Registrar of Companies on 02 September 2024 requesting to remove the name of this company from the register of companies.
- Although the

Secretary of the Ministry had given instructions to prepare a report on the company's bank accounts and operations, the report was not prepared even by 20 July .2023

05. 19types of equipment with a total value of Rs.28,078, 556 ordered in the years 2019and 2022for the implementation of the -13year continuing education project have not been supplied to the authority by the suppliers even by 31 December .2022
Furthermore, out of the equipment ordered and received by the authority in the year 2019and 2022, 07types of items worth Rs.4,589, 944 were rejected
- 2022 The management should focus special attention to get the necessary equipment for the -13year continuous education project.
- The relevant supply agencies have informed the authority in writing that they have not been able to supply these training equipment items due to import restrictions. Also, due to some equipment supplied by some suppliers was not match with the specifications of the final technical evaluation, the items were not accepted and those suppliers were informed to supply the goods according to the correct specifications, but due to the dollar crisis in the country, they informed that the
- Out of the rejected provisions of Rs. 28 million by the year 2024 due to delays and discrepancies in specifications, training equipment worth Rs. 10.4 million has been purchased yet now. The re-procurement process has been initiated for the purchase of the remaining equipment which was rejected due to non-conformance of the specifications of the supplied goods.

due to non-compliance with the specifications and those items also were not re-supplied even by 31 December 2022.

equipment could not be supplied due to the import restrictions.

06.	A sum of Rs.19,053, 095 spent for the construction of workshop building at the Hambantota Mirijjawila National Vocational Training Center, started in 2017, was shown in the work in progress account from the year 2017 and the constructed parts of the building were decaying due to the contractor abandoned the construction midway.	2022	Immediate action should be taken to complete the construction work which has been stopped in the middle and make it ready for use and necessary action should be taken against the contractor.	The project was suspended on 05.01.2015 as the construction work could not be completed due to poor performance of the contractor. Although the procurement work was carried out to complete the balance works of the project, but since the previous project was not formally completed (due to the non-receipt of the decision of the Procurement Committee), it has not been possible to resume the construction work so far.	It was informed that after the final inspection report of the structural stability of the building is received by NBRO, it is expected to resume construction on it. The progress had not been reported until 30 September 2024.
07.	A student hostel, which can accommodate to nearly 100	2022	Necessary arrangements should be made to provide hostel facilities to the	A monthly allowance has been charged and provided residential	The necessary arrangements to provide hostel facilities for students had not

students with all facilities, was built for the Sri Lanka National Vocational Training institute in Orugodawatta in the year 2020 with aids of the Korean government. But the necessary arrangements to provide hostel facilities for students who are studying full-time courses had not been made until the audited date of 30 June 2023.

students as that provide aids to the students and increase the orientation of the students towards vocational education.

facilities for the consultants of the institute by now. been completed until 30 September 2024.

08. Outside the objectives of the authority, 22rooms had been constructed at a cost of Rs.91,026, 186 to provide to the tourists in hotel schools premises at Pothuvil of Ampara district and Karainagar of Jaffna district, were remained	2022	It should be acted in accordance with the objective set out in the Vocational Training Authority Act.	Pothuvil and Kareninagar hotel schools are also to be formally leased.	In the Ministry and Audit Management Committee meeting held on September 09,2024,instructions were given to submit a detailed report on the measures taken regarding these hotel schools and their benefits to the Auditor General and the Ministry's Internal Audit Division within a fortnight.but the

				underutilized even by 30 July 2023	reports were not provided.
09.	The amount of Rs. 38,998, 981 given to the Authority by the Ministry and other institutions for various activities from 2019 to 2022 had been kept idle in a bank current account without being used for the relevant activities even by the date of this report.	2023	The money received for a specific purpose should be utilized for the relevant purpose within the same year.	That the main reason for the saving of Rs. 27 million from the allocation made for the purchase of motor mechanic training equipment had been the Covid-2019 epidemic situation and limitation of import of goods.	Only equipment worth Rs. 9 million had been received by the authority until July 2024.
10.	The vehicle repair unit, which was maintained by the authority since 2011 with the aim of providing on the job training for the students studying vocational training courses and for the repair of vehicles owned by the authority had been contributed effectively to	2023	Administrative problems should be solved and the assets should be utilized effectively.	That the maintenance unit had been temporarily closed as there had no participation of an appropriate panel of officers to maintain its administrative and supervisory activities with formal internal administration.	Any action had not been taken.

the
performance of
the institution.
But it had been
closed from 31
December
2018 without
formal
approval and
the equipment
of this unit was
stored in the
automobile
industrial
sector without
being used.

11. The land of 02 roods and 33.5 perches located in Henakaduwa Welewatta, Hambantota District which was procured at a cost of Rs.5,823, 000 in 2010 and the land of 01 acres at Panadura Modaravila, which was acquired on a long term lease basis in 2017 at a cost of Rs.34,030, 346 for vocational training remained without effective use even by the	2023	Action should be taken to utilize the assets effectively.	The Vocational Training Center has been used effectively for external activities and daily activities of apprentices. That although relevant plans were prepared for the construction of a new center in Panadura Modaravila and funds were allocated under the Sectoral Skills Development Project, the contract was not awarded due to the delay due to the epidemic situation in 2020	It had not been effectively used for vocational training.

year 2023.

12. Although a two storied hostel building with 12 fully equipped rooms which can accommodate 52 apprentices of the Kuchchaveli Hotel School was constructed without obtaining a feasibility study report before starting the construction at a cost of Rs. 140.21 million in the year .2017 But due to the inability to get a permanent water supply from that year until now, it had not been possible to use it as hostels for apprentices.	2023	Actions should be taken to obtain permanent water supply and use it as hostels for apprentices.	That the center was started on the agreement that Bowser would provide the necessary water facilities to the center until a permanent water supply was provided by the Water Supply and Water Transport Board	That building could not longer to be used as hostels for apprentices.

3.156 Ocean University of Sri Lanka

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	718,115,199	149,952,382	568,162,817	(573,779)	Qualified
2022	2,333,173,590	159,136,066	2,174,037,524	(44,713,970)	Qualified
2023	2,324,879,231	169,153,575	2,155,725,656	3,733,753	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Total receivable balances amounting to Rs. 11,907,417 related to 06 items that were overdue for 5 years shown in the receivables of Rs. 25,997,939 as on 31 December of the year December 2023 was unable to recover during the year under review.	2022 2023	Action should be taken to collect the receivables.	Necessary approval has been received for write-off Rs. 3,740,167 from the advance account from these balances and the necessary approval for removing the losses from the books under F.R. 109 in relation to the receivable course fees of Rs. 5,913,500 has been sent to the Ministry on 10.10.2024. Necessary legal steps are being taken to recover the hostel deposit	Action had not been taken regarding the remaining Rs. 7,563,500.

of Rs. 1,650,000.

02. Paragraph 5 of the circular letter No. BD/HRD/126/214/19/2023 dated 18 January 2023 addressed to the Secretary to the Ministry of Education by the Secretary of the Treasury, action had not been taken to remit to the Treasury the amount of Rs. 2,876,769 recovered from two lecturers whose bonds had been breached in the year under review.	2023	Action should be taken to send the relevant funds to the Treasury in accordance with the circular letter of the Secretary to the Treasury.	A paper with the recommendations of the finance committee to be used for the future activities of the university will be submitted to the governing council of the university and the line ministry will forward it to the treasury for approval for the contents of circulars No. 737 and No. 805 issued by the University Grants Commission regarding this money according to the powers vested under section (q) of the Ocean University of Sri Lanka Act No. 31 of 2014.	The money had not been sent to the treasury.

3.157 Sri Lanka Transport Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	13,541,473,680	23,331,565,771	(9,790,092,091)	(3,054,542,680)	Disclaim
2022	36,488,007,215	25,255,849,458	11,232,157,757	484,219,604	Disclaim
2023	55,291,220,571	17,734,234,792	37,556,985,779	2,188,818,588	Adverse

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. As a result of an arbitration case filed by a supplier company against non-payment of contractual payments for spare parts purchases, the supplier had to pay an overpayment of Rs. 462.89 million as the value of the rupee depreciates, due to the failure to settle the dollar value of the amount and interest payable to the supplier in accordance with the order dated 09 May 2019 announcing the arbitration award and because of the	2023	Exchange losses should be accurately accounted for as per Accounting Standards.	As all the payments related to the settlement have not been completed until now, it is difficult to determine the total amount to be paid in Sri Lanka Rupees. Therefore, actions will be taken to reconcile these relevant adjustments to the financial statements after these payments are settled	It had been informed that exchange losses will be accounted for accurately in the next year as per Accounting Standards.

delayed payment of that money until 2023 .

02. Although the asset should have the potential to generate future economic benefits within the entity in order to recognize the cost of property, plant and equipment as an asset according to Paragraph 07 of Sri Lanka Accounting Standard No. 16 (LKAS 16), the amount of Rs.1,367,754,792 for the buses which have been unusable as condemned, and other vehicles valued at Rs.1,041,195 were also unusable and condemned had been accounted as property, plant and equipment, and schedules in this regard had not been submitted for audit.
- 2023 Assets should be accurately classified and accounted for as per the accounting standard and accurate asset schedules should be submitted for audit.
- Sri Lanka Transport Board has been established by merging all workplaces and companies under the Sri Lanka Transport Board Act No. 27 of 2005 dated 19.10.2005. Accordingly, the balances indicated in the query are the long-outstanding asset balances shown in the consolidated accounts prepared on 18.10.2005.
- Classifying assets are according to accounting standards and preparing asset schedules have not been done and submitted accurately.
03. Due to the overdraft balances that should be maintained in the current accounts maintained at Badulla, Mahiyanganaya,
- 2023 It should look into the overdraft balance and actions should be taken against those responsible.
- It is acknowledged that the Badulla Depot has made this mistake. It is acknowledged that this mistake
- Actions had not been taken against those responsible for having overdrafts.

Keppetipola, Muthur and Kattankudy depots as per the cash account were understated in the final accounts, the total overdraft balance shown in the final accounts as at 31 December of the year under review had been understated by Rs. 14,789,142 .

has been committed by the Mahiyanganaya Depot, Keppetipola Depot, and Kattankudy Depot.

04. A sum of Rs. 5,500 from the daily revenue of the buses purchased under the Indian loan grant had been transferred daily to a Head Office account through Regional Offices and a fund had been established and approval from the Treasury or the Board of Directors for this had not been obtained. Accordingly, the Fund had grown by Rs. 443,065,080, as at 31 December of the year under review and this had not been separately disclosed in the
- 2023 Funding should be established in a systematic manner and , approval from the Cabinet of Ministers and the Treasury should be obtained.
- Five hundred buses were provided to Sri Lanka Railways under Indian Credit Line in the year 2023. Payments for this will be made through the Treasury and this fund has been raised as per the instructions given during a discussion regarding the Collective Declaration of Intent with the Treasury.
- Formal approval had not been obtained to raise funds.

final accounts.

05.	Due to the use of the buses of the Board from 2020 to 2021 for the transportation of hospital staff in 09 regions during the Covid period, even though 2 years had elapsed since the relevant service was provided, the amount of Rs. 151.50 million that should have been recovered had not been recovered, the Board had failed to recover.	2023	Actions should be taken to promptly recover staff transportation costs.	Officers of the Ministry of Health have been informed in writing to recover revenue further to be received for buses provided by the SLTB to Central Government Hospitals and Provincial Council Hospitals.	Actions had not been taken to promptly recover staff transportation costs.
06.	Within the balance of Rs.6,168,805 which was accounted as the balance of conductor arrears, there is an amount of Rs.4,753,550 which has been outstanding for many years, and in that amount, an amount of Rs.328,242 which could not be recovered from the retired and expatriate persons there was a balance of Rs.6,363 whose details could not be found at Ratmalana Depot.	2023	Actions should be taken to check and recover outstanding balances.	It is acknowledged that the relevant balances continue to be reflected in the financial statements. Since most of the conductors related to the money mentioned here have left the service, died, and gone abroad without informing, this money could not be recovered.	Actions had not been to recover outstanding balances.

07.	Within the balance payable of Rs.2,712,682,543 entered under current liabilities in the accounts of the year under review, less than Rs.109,516,143 payable to 05 institutions including third parties, societies and financial institutions and to 27 accounts of creditor balance amounting Rs.2,603,166,400 that has exceeded more than two years had remained , and as it is observed that it is an erroneous accounting record, it has not been credited to the income, and of these balances of Rs.1,078,029,266 were credit balances that have exceeded more than 10 years.	2023	Actions should be taken to take as income if there is an accounting error, by obtaining balance confirmation to verify whether these balances are truly due and payable.	These balances are balances that have been carried forward from the past in the financial records. Due to the financial crisis that existed in Sri Lanka from 2005 to 2017, payments have been made by bringing relevant vouchers to the head office to maintain the continuity of the supply chain in cases where payment to suppliers is not possible at the depot level.	Actions had not been taken to verify whether the balances are actually payable and to record the accounting error as income.
08.	Although the maximum amount that can be recovered and the amount to be recovered should be determined in relation to damages in accordance with	2021 / 2022 / 2023	Immediate actions should be taken to recover damages.	The loss figure of Rs. 12,136,724 indicated by the audit is accurate. This loss could not be recovered to date because the investigation into the matter has	Actions had not been taken to recover damages.

Financial
Regulation 105, the
cost of damaged
motor vehicles
valued at
Rs.1,041,195 had
not been dealt with
according to the
actual financial
regulations, and
actions had not
been taken in
accordance with
Financial
Regulation
regarding the
buses damaged in
the riot that
occurred on 09
May 2022
aggregated to
Rs.12,136,724
which was the
value of the
distructed buses
and vehicles.

not yet been
completed.

09. Without obtaining the prior approval of the Competent Accounting Officer, the allocations earmarked through the Annual Appropriation Act should have been used only for the purpose concerned in accordance with Financial Regulation 208 (d), the sum of Rs.34,740,000 provided for the rehabilitation of buses in the year under review had used for other purposes without formal approval. 2023 It should be ensured that government funds are used only for the relevant purpose. As indicated in the audit inquiry, the amount of Rs. 8,981,180 provided from the National Budget as compensation for shareholders was not used for any other purpose. Government provisions had not been used only for the relevant task.
10. The Paying officer should always check that his bank balance is sufficient for all payments made by cheques in terms of Financial Regulation 387 and although overdrafts are prohibited from any the Board maintained an overdraft of Rs. 548,969,542 as at 31 December 2023, an amount of Rs. 907,131 had been paid as overdraft interest during the / 2022 2023 Finances should be managed so that the need for an overdraft facility does not arise. As indicated in the audit inquiry, the amount of Rs. 548,969,542/- as at 31.12.2023 is overdraft according to the cash book. The reasons for such an overdraft to arise are the value of the cheque paid for a bowser is close to Rs. 2.5 million, and obtaining of fuel with the expectation of covering the value of the cheque with No attempt had been made to prevent overdrafts.

year under review.

the next day's
income.

11. Every institution having a bank account should prepare bank reconciliation statements before the 15th of the following month regarding the transaction status at the end of each month in terms of Financial Regulation 395 (c), but in 08 current accounts with a debit balance of Rs. 13,392,009 and a current account with an overdraft balance of Rs.9,794,929 Bank reconciliation statements had not been submitted for audit	/ 2022 2023	Bank reconciliations should be prepared up-to-date and submitted for audit.	Two of the Bank accounts mentioned in the list are savings accounts and there is no need to prepare bank reconciliation statements for those accounts.
12. According to the bank reconciliation statements prepared in December 2023 the details of cheques issued but not presented for the payments of 05 depots and two fuel filling stations related to a sum of Rs.19,247,645 had not been submitted to the audit in	/ 2022 2023	Details about unrealized cheques should be submitted to audit.	Two of the Bank accounts mentioned in the list are savings accounts and there is no need to prepare bank reconciliation statements for those accounts.

terms of Financial
Regulation 395 (d)

- .
13. It was observed that the two cheques, No. 144266 and No. 144253 with the value of Rs. 1,511,560 provided by the Expressway Transport (Private) Company for the supply of fuel through the Thalangama depot during the year 2023 were returned in terms of Financial Regulation 486, and actions had not been made according to the Financial Regulations in this regard. 2023 Actions should be taken regarding returned cheques in terms of Financial Regulations. Since the SLTB should bear financial commitments and liabilities subject to the decision of the Cabinet of Ministers, this recovery has been assigned to the SLTB itself accordingly. However, explanations have been called from the Assistant Manager Finance regarding the misappropriation of Rs. 1,511,560/- as indicated in the audit inquiry. Actions had not been taken in accordance with the Financial Regulations regarding returned cheques.
 14. According to the provisions of the Gratuity Act No. 12 of 1983, although the gratuity payable to the employees who left the service should be paid within one month from the date of resignation, due to the failure to pay the gratuity to the employees of Meethotamulla 2023 Gratuity surcharges should be collected from responsible individuals. This employee has retired on 21.10.2017 and he was paid gratuity in two installments on 09.07.2018 and 17.01.2019. Due to a severe financial crisis, it has not been possible to pay the gratuity within a month. Actions should be taken to recover surcharges from responsible persons.

depot within one month from the date of resignation, an amount of Rs.459,729 had been paid as gratuity surcharge as at the audited date of 11 September 2023 .

15.	Although an amount of Rs.5,000,000 was credited to Ruhuna Regional Office by Tangalle Depot on 01 December 2022 as advance for the purchase of a new bus to run on the expressway, the new bus or the amount received return to the depot had not been arranged by the Regional Office until 31 December 2023 .	2023	Actions should be taken to buy a new bus or pay the advance payment.	With the awareness of the government to take actions to retire all those who have completed 60 years of age in 2022, actions have been taken to provide the amount received to get a bus to the Tangalle Depot to be given to the Ruhuna Regional Office to pay their gratuity money.	The money given to purchase new buses had not been repaid.
16.	A contract was signed with a private company in 2018 to install GPS units and CCTV camera systems on 125 super luxury buses belonging to the Board and a sum of Rs. 33 million had been paid from 2018 to 2020 for this. Since the project has so	2021/ 2023	Actions should be taken to properly identify needs through a preliminary feasibility study and conduct accurate procurement activities through regular studies and arrangements should be made to reimburse the	According to the agreement signed by SLTB with the relevant institution, payments were made for these devices and payments have been made to the supplier for these equipment based on the certification provided that the	There had been no efforts to properly identify needs and conduct procurement activities through regular studies and actions had not been taken to recover the loss as well.

far failed completely due to issues such as not providing super luxury buses to install these systems, not installing a computer operating system, not providing internet facilities, etc. the entire amount paid by the Board had been lost and the equipment had also been misplaced.

loss incurred.

the Deputy General Manager (Running) has ensured that the relevant equipment has been properly installed and is in working condition, when paying for this supplier. In addition to that, the final installment payment related to these payments has been made after obtaining separate approval of the Board of Directors.

17. A sum of Rs. 7.16 million had been overpaid for the purchase of 364,400 ticket rolls by 24 depots at a price of Rs. 19.64 above the market price without inviting bids from bidders and despite bids have been invited for the purchase of ticket rolls, a total of Rs. 42.86 million had been overpaid as Rs. 35.70 million for the purchase of 603,180 ticket rolls at a price of Rs. 59.19 (Rs. 108.84-	2023	Purchases should be made in accordance with Procurement Guidelines and actions should be taken to prevent such actions that are contrary to Procurement Guidelines and to recover losses incurred.	Regionals have been informed regarding the ticket roll quantities distributed by the Deputy General Manager (Running) for all the Regions. It is informed that actions will be taken to investigate and take necessary disciplinary actions if ticket rolls have been purchased from unapproved suppliers as indicated by the	Purchases were not made in accordance with procurement guidelines and actions had not been taken to prevent such actions and recover losses incurred.

Rs. 49.65) higher than the prices of the bidder who responded substantially. Also, the width, roll diameter and quality weight of the ticket roll paper provided by the original supplier varied, and the tickets were not clearly printed due to insufficient carbon coating surface of the ticket paper.

audit.

18. The Procurement Committee had postponed the approval of the tender subject to consideration of the facts and factors that should have been considered before inviting bids without approving the recommendations of the Technical Evaluation Committee in the purchase of 8,840 retreaded tyres and 34,856 pre-mounted tyres. A sum of Rs. 356 million had been overpaid due to the purchase of tyres at	2023	Procurement activities should be planned accurately and with prior study and the bidders should be selected and tenders should be awarded to them in a manner that brings maximum benefits to the institution. Similarly, actions should be taken against the Tender Board that delayed tenders and benefited previous suppliers.	The approval has been received to purchase SLTB tyre retreading and pre-mounting services from current suppliers until the new procurement process is completed as per the decision of the meeting held on 11.11.2019, in accordance with Cabinet Paper No. 19/ 3139/ 123/ 084 - I. The Technical Evaluation Committee report submitted by the Technical Evaluation Committee in this	Actions had not been taken to select suppliers and award the tender to them in a manner that brings maximum benefits to the organization and the Tender Board had not taken actions to the benefit of suppliers.

the same prices they were being purchased without calling for new tenders since 2017 and without considering the increase in prices in 2022 higher than the prices offered by the selected suppliers calling tenders for the prices for purchasing tyres until 2022 and without awarding the tender to the substantial bidders and making the purchase.

regard, was forwarded to the Cabinet Standing Procurement Committee held on 06.07.2022, and the Committee did not grant approval for it and informed the Secretary of the Ministry of Transport to commence new procurement activities.

19. The fuel cost for buses was Rs.40,415.45 million during the year under review. Apart from the 500 newly added buses to the SLTB bus fleet, all other buses are more than 05 years old, and due to the weakness of the fuel pumps in these buses, it was observed that the fuel consumption was high. According to a physical sample	2023	Prompt actions should be taken to repair and put into operation the fuel pumps of buses, thereby reducing fuel costs.	It is acknowledged that fuel efficiency can be improved, by repairing and installing fuel pumps on buses with low fuel efficiency and fuel pump repairs are being carried out at maximum capacity at the regional workshop at present.	Actions had not been taken to repair fuel pumps on buses and thereby reduce fuel costs

test conducted in this regard, the mileage of a repaired fuel pump was in the range of 3.8 to 4.0 km and since every depot belonging to the Board balances the fuel of buses in the range of 2.5 to 3.1 km per litre, while maintaining the fuel balance at 3.8 kilometres per litter, the amount of kilometre's driven per litter of fuel should increase by 0.7 per cent that is 18 per cent and the annual fuel cost could be reduced by Rs.7,274.78 million and the management had not drawn attention on this regard.

20. It had been agreed to first place a deposit of Rs.500,000 and to issues fuel up to 80 per cent of that deposit according to a memorandum of understanding with the Manager, Talangama Depot and the Highway Transport (Private) Company regarding	2023	Actions should be taken as per the contractual terms.	The 02 cheques bearing numbers 144266 and 144253 valued at Rs. 1,511,560 issued after the Decesion of Cabinet of Minisrters to liquidate the Express Transport Company had returned.Subseque ntly, the supply of	Actions have not been taken yet regarding officers who issued fuel on credit basis, exceeding agreements and limits.

the issues of fuel. According to the terms of the Memorandum of Understanding, the credit limit that could be given was Rs.400,000, exceeding that credit limit, fuel valued at Rs.1,978,010 had been given to the said company by the depot management on credit basis, and it had been impossible to recover the amount of Rs. 2,378,010 that the depot should have received for the issuance of fuel.

diesel to the relevant buses was suspended.

21. Due to the driver's negligence, a sum of Rs. 3,965,000 had been paid as compensation in the year 2023 according to the decision and proceeding notes of the case bearing NWP/HCCA/KUR /106/2019/F, which had been resolved from the road accident compensation cases, and the driver had pleaded	2023	Actions should be taken against those responsible for not taking steps to compensate.	The amount of Rs. 3,965,000.00 awarded in the judgment of the case No. NWP/HCCA/KUR/106/2019/F was paid to the complainant on 23.08.2023. Similarly, evidence that the plaintiff in Wellawaya District Court Case No. 1135/M has suffered a permanent disability as a result of the car	Actions had not been taken against individuals who had not taken steps to reimburse the compensation.

guilty in the case number 1135/M held in the Wellawaya District Court, a compensation of Rs.2,125,000 had been paid. Accordingly, the total amount of compensation paid by the Board is Rs.6,090,000 and since the Board did not insure the two buses that were the subject of this case, the loss could not be covered from the insurance.

accident has been submitted in the court.

Accordingly, the fact that he has suffered a permanent disability has been based for determining a higher amount of compensation.

22.	Forty one long-distance services and 124 shortdistance services to be run by depots controlled by Ruhuna Regional Office were stopped for a long time, therefore the daily loss of running kilometres is 43,245 and, due to not adding these 165 turns to the running. The income lost by the Board during the year 2023 was Rs. 2,430,801,450 .	2023	When purchasing and operating buses, the running activities should be planned so that the Board does not incur losses and provides maximum service to the public.	Out of short distance services operated by depots in Ruhuna Regional,the need for buses that operate based on passenger demand has been identified and added to the bus service.	Activities had not been planned to in the manner that the Board does not incur losses in purchasing and operating buses.
23.	It was observed that many non-	2023	The procurement process should be	A full report on this incident has	The procurement procedure was not

essential spare parts valued at Rs.1,942 million, purchased continuously for 4 years since 2012, were lying idle in the warehouse. Similarly, due to the delay in payment for those spare parts, due to non-payment of Rs. 664 million to the supplier as per the arbitration decision in the arbitration case filed by the supplier companies, the supplier had filed a arbitration case again. Due to the payment of Rs. 1,126 million as per the settlement decision of it in 2023, the Board had incurred an exchange loss of Rs. 462 million.

implemented within the approved limits of the Procurement Guidelines and payments should be made after confirming that the purchased goods are technically suitable. Similarly, actions should be taken against officers who violated procurement procedures.

been attached as an expenditure.

implemented within the approved limits of the Procurement Guidelines and payments had been made for technically unsuitable goods and actions had not been taken against officers who violated procurement procedures.

24. Even though 2023 The procurement process should be implemented within the approved limits of the Procurement Guidelines and payment should be made after confirming that the purchased goods are
- The Cabinet of Ministers has approved the proposal to purchase buses on 01.01.2020 amending the decision of Cabinet Ministers dated
- The procurement process was not implemented within the approved limits of the Procurement Guidelines and the purchased goods had not been verified as technically suitable. Actions

According to the decision of the Cabinet of Ministers in the year 2023, a number of 500 new Ashok Leyland Lynx buses with 32 seats were purchased from Ashok Leyland Limited India for USD 13,311,250 or Rs. 5,513 million at USD 26,662.50 per bus. Accordingly, the value of each bus was Rs. 11.02 million and due to the fact that the procurement activities were not carried out and buses were not purchased during the year 2018, as per the estimated value of Rs. 5 million for a 32-35 seater bus, a sum of Rs. 3,010 million had been overpaid as Rs. 6.02 million more than the estimated value in the year 2023 .

technically suitable. Similarly, actions should be taken against officers who violated procurement procedures. When purchasing buses, a bus service should be introduced that allows passengers to travel comfortably by properly identifying basic needs and making decisions that will enable the public needs to be met efficiently and comfortably, based on financial viability.

05.06.2018.

It has been informed that technical defects will be rectified by Ashok Leyland during the warranty period.

had not been taken against officers who violated procurement procedures.

25. According to the settlement order dated 09 May 2019, the stock items related to 20 receipt orders

2023

Actions should be taken to assess the value of stock items and take them into stock, and to provide or

The relevant arbitration proceedings have now been

Actions should be taken to assess and take inventory of stock items and to release unused stock to depots or

		valued at Rs.75,384,696 paid to Steel Impex and Industries against unpaid bills were taken into the warehouse books, and as the old buses of Tata type and Leyland type that use those spare parts were currently out of service, they had remained in idle and actions had not been taken to dispose.	dispose of unused stock to the necessary depots.	completed and the relevant stocks have been taken into the SLTB Stock. If the items in the stocks so obtained can be used for the SLTB fleet, they will be identified and provided to the depots and if those stocks cannot be used, actions will be taken to implement the related disposals in the future .	dispose of it.
26.	According to the Board of Survey report conducted at the end of the year 2023 in the Ekala main warehouse of the Board, although a number of 10,039 spare parts with a value of Rs. 7,186,995 in relation to 50 types of spare parts were reported to be currently unusable goods, actions had not been taken to dispose .	2023	Actions should be taken to assess the value of stock items and take them into stock, and to provide or dispose of unused stock to the necessary depots.	Based on the report, the SLTB has informed all depots that if the depots have the spare parts needed from the items contained in those documents, arrangements can be made to provide those spare parts to the relevant depots.	Actions had not been taken to assess and take inventory of stock items and to release unused stock to depots or dispose of it.
27.	An order for 2,660 new tyres was placed before the tender was awarded to a	2023	When making purchases, actions should be taken according to Government	When inviting bids for the purchase of tyres , although the Technical	Actions should be taken according to Government Procurement Guidelines when

selected supplier, who was determined by the Technical Evaluation Committee to be non-compliant with the technical specifications for the purchase of new tyres for buses, on the instructions of the Chairman in the year 2023. Accordingly, the said tender was awarded to the relevant supplier even though the imported tyres did not comply with the technical specifications and the company had issued 516 tyres out of 5,842 new tyres valued at Rs. 355.73 million to the Gampaha Regional Office and the Board had not taken actions to recover the losses or obtain new tyres as per the contract for 43 tyres that failed prematurely out of those tyres.

Procurement Guidelines and purchased tyres should be tested for technical suitability and released for use.

Evaluation Committee had recommended the purchase of tyres from Ferentino Tyre based on written information and the extent to which the specifications presented in the bid document matched the specifications provided by the selected bidder, only tyres that meet specifications are accepted after a physical inspection according to the procedures of the Board.

making purchases and arrangements had not been made to check the purchased tyres for technical suitability and release them for use.

28. Despite the order of the Cabinet of Ministers in November 2022 to expedite the

2023

Actions should be taken to stop irregular purchases by expediting the

Although it had been stipulated to submit the Technical Evaluation

Actions had not been taken to expedite purchases in accordance with

procurement of fuel and lubricants for buses, the procurement process, which began in October 2022, was to be awarded the tender and completed in May 2023. However, having to pay Rs. 1049 million to purchase those materials under the price reference system, which could have been purchased for Rs. 682 million due to award of the tender in December 2023, A sum of Rs.367 million had to be paid in excess.

purchase within the stipulated time frame and following the Procurement Guidelines.

Committee report before 10.04.2023 as per the Procurement Time Schedule (PTS), it was only possible to provide on 25.08.2023. After that, the recommendations of the Technical Evaluation Committee were approved at the Standard Cabinet Appointed Procurement Committee (SCAPC) Meeting held on 09.10.2023 and according to the decision of the Cabinet of Ministers held on 11.12.2023, the tender has been awarded to the 02 relevant institutions on 2023.12.22 .

Procurement Guidelines and stop irregular purchases.

29. The procurement of Ashok Leyland chassis spare parts for the bus fleet of the Board for the year 2023 should have been done by the Cabinet Appointed Procurement Committee and it should have been started on 14

2023

Procurement guidelines should be followed, and the relevant procurements should be completed within the stipulated time, the shortage of spare parts should be eliminated, and the necessary

Although the Technical Evaluation Committee report was scheduled to be submitted on 10.04.2023, it has been submitted to the Ministry on .2023.05.08It was decided at the SCAPC Committee

Procurement Guidelines had not been not followed and the necessary works had not been done to complete procurements within the stipulated time and avoid the shortage of spare parts and put

October 2022 and the contract should have been awarded on 03 May 2023. The procurement of Ashok Leyland engine and gearbox spare parts had to be started on 12 October 2022 through the Ministry Procurement Committee and the contract was to be awarded on 02 April 2023. Although the Cabinet of Ministers had given a policy decision on 14 November 2022 to expedite these purchases, the tender had been awarded for the purchase of Ashok Leyland chassis spare parts with a delay of 03 months and 16 days, and the tender for the purchase of Ashok Leyland engines and gearboxes was delayed by 08 months and 03 days. The Tender Board had decided that 07 selected bidders for the bids received for 533

assistance should be provided to ensure that the buses are put into operation as scheduled.

meeting held on 16.05.2023, to award the procurement to 05 institutions that submitted the lowest substantive bids recommended by TEC. Accordingly, offer letters have been issued to the 05 institutions on 15.09.2023. It was decided at the Ministerial Procurement Committee (MPC) Meeting held on 06.09.2023, to award the procurement to 06 institutions that submitted the lowest substantive bids recommended by the TEC. It has been received by the Chairman of the SLTB on 05.12.2023 and accordingly, offer letters have been issued to those 06 institutions on 14.12.2023 .

items of Ashok Leyland engine and gearbox spare parts and 168 items out of which to be procure and that the remaining 365 items should be purchased in accordance with the Procurement Guidelines 2006 without re-bidding. The annual requirement of 240 Ashok Leyland chassis spare parts was 74,256, and according to the bids submitted for 24,752 items, which was the requirement for 04 months of the quantity decided to be purchased the tender for 180 spare parts had been awarded to 05 bidders for Rs. 88.01 million and since there was no offering for the remaining 60 items, the Tender Board had informed that the said items should be procured in accordance with the order dated 25 March 2020 issued as Supplement 35 to Section 2.14.1 of

the Procurement Guidelines 2006. However, no spare parts were received through the award of these two tenders during the year 2023, and a sum of Rs. 2,032.62 million had been spent on purchasing spare parts under the shopping system by the depots and regional offices under control account number W-5.

30.	Excluding the overtime expenses of drivers and conductors, the overtime expenses of offices and other workplaces in the year under reviewed was Rs.896 million and as compared to the overtime expenses of Rs.671 million in the year 2022, the overtime expenses increased by Rs. 225 million equivalent to 33 per cent. Failure of giving duty lists to the respective employees about the work to be performed during normal duty hours,	2023	Necessary actions should be taken to make arrangements to control overtime through self-management methods and monitoring overtime.	The overtime increase in 2023 is approximately 33% higher than in 2022.SLTB provides overtime in two parts, documented and undocumented. Here, especially, documented overtime cannot be controlled.	Necessary arrangements had not been made to control overtime and monitor overtime.

confirming arrival and departure through fingerprint machines and not calculating overtime accordingly, and engaging in overtime duties for more than two consecutive days with day and night without control had been the reasons for abnormal growth of overtime.

31.	According to the 2030 Agenda for Sustainable Development of the United Nations, the Board had not identified the objective relevant to the implementation of that agenda and secured the necessary resources and capacities for that, and the performance indicators used by the Board to check the achievement of the sustainable development goals (KPIs) had not been identified.	/ 2022 2023	According to the United Nations 2030 Agenda for Sustainable Development, the Key Performance Indicators (KPIs) identified by the Board should be prepared and the approval for that should be obtained.	According to the United Nations 2030 Agenda for Sustainable Development, the Key Performance Indicators (KPIs) identified by the Board had not been prepared and approval for that should be obtained.	According to the United Nations 2030 Agenda for Sustainable Development, the Key Performance Indicators (KPIs) identified by the Board had not been prepared and approval for that had not been obtained.
32.	In the Police warrant balance of	2022	Actions should be taken to recover	The amount receivable for all	Actions had not been taken to

Rs.1,549,623,472 that was shown as other receivable income on 31 December 2022, although there were Rs.44,957,258 exceeded 10 years, a balance of Rs.91,395,964 between 05 and 10 years and a balance of Rs.120,493,842 between 02 and 05 years, formal procedures had not been taken to recover those balances.

outstanding balances in the police warrents receivable for more than two years.

police warrant vouchers related to the financial year has not been received and as a result, it has been impossible to maintain accurate accounting records at the depot. Similarly, since the money received from the Police Headquarters to the Head Office is not distributed as the amount payable to each depot, it has been observed that errors are occurring in accounting activities.

recover uncollected balances in the police warrant balance receivable.

33. Fingerprint machines shall be used and officers to verify the arrival and departure of officers reporting for duty in terms of Public Administration Circular No. 09/2009 dated 16 April 2009 and the officers who report to the office for specific duties such as on-call duties in addition to their regular duties, shall also have their

2022 Arrival and departure should be recorded using fingerprint machines and fingerprint machines should be used to verify times when make payments.

The wiring systems were completely inactive and an estimate of Rs. 369,600 was submitted to repair the wiring system. Procurement activities have already been commenced for the purchase of 250 new machines for the Sri Lanka Transport Board .It is also

Arrival and departure should be recorded using fingerprint machines and Fingerprint machines had not been used to verify hours when paying overtime.

attendance verified by fingerprint machines. But since the year 2019, fingerprint machines had not been used to record the arrival and departure in the Head Office, Regional Offices and Depots. Due to this, the accuracy of payment of overtime and holiday pay was not satisfied during the audit. It was also observed that although an amount of Rs. 369,600 has been spent in the year 2022 for the repair of the fingerprint machines in the Head Office, they have not been made operational.

acknowledged that there have been issues with employee attendance and the ability to accurately calculate time for overtime payments.

34. As per clause 4 of the Public Enterprise Circular No. PED 1/2015 table included in clause 3.1 of the said circular, although any other officer holding a post approved by the said department in the category of HM 1-1 or above as per Management Services	2022	Actions should have been taken to recover the costs related to the excess fuel obtained from the relevant parties.	After receiving a formal report by looking into the amount of fuel obtained by officers for official travel, the manner in which they traveled, and whether the fuel obtained was used for official purposes, it is informed that the actions will be	Actions had not been taken to recover the costs related to the excess fuel obtained from the relevant parties.

Department
Circular No. MSD
30 issued in the
year 2006 is
entitled to use
official vehicles
with the fuel
capacity of 115
liters, , the
vehicles used by
the officials
including the depot
superintendents
had obtained fuel
beyond that limit in
the year 2022 and
the amount spent
for it was
Rs.2,747,405.

taken if fuel has
been purchased
for purposes other
than official
duties, to be
charged it.

35. The Board had / 2021 Actions should be The reason why a Actions had not
received the 2022 taken to trace the feasibility report been taken to
relevant equipment sets for the individuals who was not required recover damages
construction of 09 took steps to make for this project from or take
Air Emission these emission centers decision of disciplinary action
centers at the inoperative and Cabinet of against persons
provincial level on recover the losses Ministers dated who took steps to
26 April 2018 from from them and to 09.03.2016. make air
the Air Emission take disciplinary actions against the reason for not to emission stations
Trust Fund of the individuals involved. proceed this project was the inoperative.
Motor Transport Department, and for that purpose a misconception
sum of Rs. 22 that the legal
million had been action taken by
spent. A sum of Rs. two parties of
27.96 million out suppliers would
of estimated Rs. be a factor in
89.84 million had moving this
been spent as at 31 project forward.
December 2022 for
the construction of
civil works related
to these emission

centers. Although an agreement had been entered into between the MagaNeguma Road Construction Machinery Company and the Transport Board On 16 August 2018, for Rs. 49.9 million, to carpet the ground of these 09 air emission centers with asphalt the expenses incurred for it were not submitted for audit. Currently, these emission centers are not functioning, and it was observed that equipment valued at Rs. 22 million provided by the Emissions Trust Fund was decaying. Further, the buildings constructed for these emission centers had been used for other purposes, and the computers provided with the equipment sets had been used for other purposes. Accordingly spent amount of Rs.49.96 million and other

expenses which were not submitted had been idle expenditure.

36.	A luxury bus valued at Rs.10,800,000 belonging to the Katubedda luxury tourist transport service had experienced an accident on the highway and was removed from running without being repaired. Although a full insurance had been obtained for that purpose, the Insurance Corporation had refused to cover the damages due to the failure of the Depot Superintendent to repair the bus within the time given by the Insurance Corporation.	2022	Actions should be taken to recover from the relevant responsible persons or to take disciplinary action against them.	The management at that time did not take actions to compensate for the relevant accident loss through insurance compensation. Steps have been taken to initiate a re-investigation to uncover the true information regarding this matter.	No steps had been taken to recover losses from the responsible individuals or to take disciplinary actions against them.
37.	A sum of Rs. 50 million had been allocated by the year 2022 for the modernization of the tire retreading factory with modern machinery and equipment with increased	2022	Purchases that are made at high costs by increasing factory capacity and increasing production should be stopped.	A sum of Rs. 50 million had been allocated for this in 2022 and a newspaper advertisement was published at national competitive prices and the relevant	Actions had not been taken to stop purchases made with a huge cost by increasing factory capacity and increasing production.

capacity with the aim of cost control through upgrading the facilities and condition, and the estimated cost had been Rs. 69.4 million. Through that, even though it had been planned to double the capacity of the existing factory capacity to 15,000 units, due to the fact that the task was not completed, it was observed that only 06 regionals of the Board had purchased 53,706 pre-manufactured tyres valued at Rs. 786,866,930 during the year under review. Further, although there-tread of tyres could be done by utilizing the factory's production capacity to the maximum extent, the required tyres for re-tread were not sent to the factory from the respective Regionals and Depots.

bids were invited. Nevertheless, the Technical Evaluation Committee, which was appointed to select a company from among the companies that submitted bids in that procurement exercise, has recommended that it is suitable to conduct a new procurement exercise for this purpose. The reason given by them is that the relevant institutions cannot provide the relevant machines for physical inspection before purchasing them and that the machines presented can be imported and provided.

38. It had been decided, as per the 2022 When transferring lands owned by Although it has belonged to SLTB When transferring lands owned by

Cabinet approval dated 07 June 2016, to invest the land valued at Rs. 10,250,500,000 belonging to the Sri Lanka Transport Board, which had been transferred to Provident Property Lanka LTD, in the Employees Provident Fund and provide the money to the SLTB, the company had not paid for it. Actions had not been taken to acquire the land which was handed over to the company by SLTB. Among those plots of land, it was observed that there are 12.1566 hectares belonging to Kesbewa, Homagama, Maharagama, Moratuwa and Katubedda depots and also 0.3306 hectares belonging to Piliyandala bus stand. According to the information obtained from the company registrar, it was already confirmed that this company is a defunct company.

the Board to other parties, accurate land titles and values of those lands should be obtained, properly accounted for, and transfers or sales should be made.

as a solution to settle the amount payable to the Employees' Provident Fund before the year 2015, the Cabinet of Ministers approved the transfer of the lands to the institutions that were using them at that time and the proceeds from the transfer will be used to settle the shortfall in provident funds.

Accordingly, the Cabinet has approved the valuation of 13 plots of land held by the SLTB based on their undeveloped assessed value and transferring them to Provident Property Lanka through free grant papers and disbursing the relevant amount.

From the amount of Rs. 5,054 million received for the Werahera land acquired for the Kotelawala Defence University, the

the Board to other parties, the correct title deeds and values of those lands had not been obtained, and they had not been properly accounted for and transferred or sold.

In spite of this, due to the decision taken by the Cabinet of Ministers on 23 January 2023, the land assigned to the company was transferred to the requesting parties and the value of the land was paid to the SLTB, there had been an uncertainty regarding the acquiring of those plots of land to SLTB.

Sri Lankan Civil Service Commission (SLSC) has paid off the Employees Provident Fund.

39. When issuing the required fuel to the buses, the amount of fuel required should be recorded in the log sheets submitted by the driver along with the relevant destination and the officer issuing the fuel should record the amount of fuel applied to the bus and the bus number on the ER-08 sheet according to the amount mentioned in the relevant log sheet. But 27,318 liters of fuel with a value of Rs.11,752,880,	2022	A proper internal control should be maintained regarding the release of fuel, and a direct supervision should be carried out in this regard.	According to the 8th report, there were 9,916 liters of diesel at the Maharagama depot and 17,402 liters of diesel at the Gampaha depot, and the numbers of the buses were not mentioned, the amount of fuel released was not mentioned in the logbook are a breach of Board procedures. Actions will be taken to conduct a special investigation into the audit	There was no formal internal control over the release of fuel, and direct supervision had not been carried out.

which was not recorded in the log notes in Maharagama and Gampaha depots in the month of August 2022, was recorded in the ER-08 paper and accounted for as released to the buses.

observation and submit a report within three months. However, it is informed that if any irregularity is revealed during the special investigation disciplinary actions will be taken against those responsible.

40.	The amount of fuel stock to be maintained at the Maharagama Depot on the last day of August 2022 was 326,772 liters. But the actual fuel stock in the tanks on that day was recorded as 48,598 liters. Accordingly, a shortage of 278,174 liters of fuel valued at Rs. 119,614,820 was observed, and the reasons for that shortage were not submitted to the audit. The Board had also made a provision of Rs. 36,799,884 in the accounts of the year under review for the fuel stock shortage. Also, the daily collection was deposited in	2022	The shortage should be recovered and disciplinary actions should be taken against those responsible.	Agree with the audit observation and here, prompt actions will be taken to conduct a formal investigation into non-compliance with Board procedures	Disciplinary action had not been taken against those responsible by recovering the shortage.

the safe at Maharagama depot on 28 February 2023, and during the cash verification conducted on 01 March 2023, a shortage of Rs.63,510 was revealed in the money kept in the safe.

41. Although an estimate of Rs. 180 million was submitted in the year under review for the repair of 2040 old starter motors, 1200 old alternators, 1080 old fuel pumps and 3000 old fuel injectors with the aim of repairing and putting old buses into service according to the action plan 2022, only 14 starter motors, 409 fuel pumps and 1760 fuel injectors had been produced in the year 2022 at a cost of Rs. 10.36 million and despite the Board has the ability to repair and use these spare parts, they had
- 2022 Actions should be taken to plan work so that the resources and labor available within the Board and at the depots can be utilized to the maximum extent and deployed for bus operations, and to increase production accordingly and minimize the cost of external procurement and when making annual provisions, appropriations should be made through a formal study.
- It has been planned to carry out the repairs of starter motors, alternators, fuel pumps and fuel injectors required for the maintenance of buses operating in the SLTB fleet through regional workshops and depot garages. However, the SLTB Chairman has given approval for the same work to be carried out by external institutions again in 2022 and accordingly, repairs carried out by local workshops have decreased due to the repair of sub-
- Actions had not been taken to plan work by utilizing the resources and labor available within the Board and in the depots to the maximum extent possible, and to increase production accordingly and minimize the cost of purchasing from outside.

been purchased from outside without doing any repair work. The amount spent by only 04 regionals of the Board during the year under review for this purpose was Rs.1,205,210 .

parts by external agencies.

42. The Board had entered into an agreement in March 2018, with a contract company for the construction of Orugodawatta Petrol Station within 03 months valued at Rs.61,014,316. Even though Rs. 32,118,352 had been paid to the contractor, by 31 December 2022, as the construction had not been completed, the gas station had not been put into use. Accordingly, although the Central Engineering Bureau (CECB) has been asked to prepare an assessment report on the work done and an estimate for / 2021 2022
- More than 5 years had elapsed to operate the Orugodawatte petrol station and as a result, the Board has lost revenue that it could have earned and as the gas station is decaying and falling into disrepair the Board has lost revenue that it could have earned from that and arrangements should be made to take immediate actions and open the fuel station.
- Actions have been taken to credit the performance bond valued at Rs. 3,051,000 lodged by Laugh Engineering Pvt. Ltd. regarding the failure of completion of the Orugodawatte petrol station in time to the account number 0001168517 of the Bank of Ceylon branch maintained by the Sri Lanka Bank on 11.06.2020. It is accepted that the roof of the building that was constructed is not completely rotten but is decayed in several places. Similarly, it is also accepted that the 07 fuel pumps and other
- The Board had lost the income which was to be earned due to more than 5 years had elapsed to operate the Orugodawatte Petrol Station. Similarly, the Filling Station was decaying and falling into ruin.

the future works, this assessment report and estimate had not been provided up to now. Further, during the on-site inspection due to recommending and making payments for work done without regard to the quality of the work done and not in accordance with the plans, including the deterioration of the roof of the petrol station the Board had incurred a loss of Rs. 8,978,845 by now. Also, 07 diesel and petrol pumps and a generator which had been paid Rs. 11,565,320 as at 31 December 2022, were stored insecurely, and the warranty period of the generator had also expired.

equipment purchased from Supreme Trading Company for the fuel station have not yet been put to proper use. Instructions were given to open a gas station during the fuel crisis and As a result, the identified and initially required repair works were carried out by civil engineering site workers, who provided the necessary materials. The amount spent on this is approximately Rs. 704,958.74 .

43.	Although 04 soft wares such as for Document Exchange Information system ,Issuance of Share Certificates, Human Resource Management System (New) had been developed by	2022	The necessary arrangements should be made to find out the reasons for the malfunctioning systems and software, to compensate for the losses incurred, and to	The systems had been caused to fail due to the administrative decisions of SLTB and the failure of software development officers to update old systems to suit the present,	Necessary actions had not been taken to find out the reasons for the malfunctioned systems and software, to compensate for the losses incurred, and to install a new

the Board by paying monthly salaries of Rs.75,000 for each of two Information Analysts, Information System for entering board papers, and with the leaving of those officers from the Board, the information systems and software have also become inactive and it was observed that the expenses incurred for the same had also become useless.

install a new centralized system to replace all systems.

insecure of centralized system systems, to replace all problematic systems. situation of obtaining reports and lack professional officers to serve in the Board.

44. The Board has 10,575 ticket machines valued at Rs. 226,417,397 and out of these, 4,250 machines wvalued at Rs. 107,070,821, equivalent 40 per cent, had been inoperative. However, the Board had not repaired these machines and made them ready for use. Although 493 of these machines had been sent for repair, the repair works had not been completed
- 2021 When purchasing the relevant ticket machines, services and maintenance should be carried out as per contracts during lifetime.
- Since more than 50 per cent of the machines are more than 5 years old frequently face disasters. The ticket machine requirement has not been updated due to not purchasing ticket machines after 2019.
- When purchasing the relevant ticket machines, services and maintenance had not been performed properly as per the agreements during lifetime.
- Disciplinary actions have been taken regarding misplaced ticket machines and charges have been made against the conductor for

promptly, and 23 machines valued at Rs. 432,305 had misplaced.

certain misplaced machines.

Although it was sent for repair, since some ticket machines are expensive to repair, it is advisable to purchase a new ticket machine when considering the cost of repairs.

3.158 Sri Lanka Ports Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	492,621,205,733	122,487,728,519	370,133,477,214	25,601,331,063	Disclaimer
2022	731,689,857,861	178,079,845,524	553,610,012,337	57,025,790,184	Qualified
2023	739,506,223,402	157,499,931,261	582,006,292,141	40,359,243,118	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01 Lands totalled to Rs. 1,679.5 million including the land in extent 02 acres given to the Customs Department for the construction of a building valued at Rs. 947.5 million for which the Ports Authority has no future economic benefits and no ownership, the land acquired for the construction of the Lotus Tower 2 acres 3 roods and 9.61 perches in extent valued at Rs. 628.5 million, the land acquired	2021 2022 2023	It should be accounted for in terms of the Standard and actions should be taken to resolve existing issues with other institutions promptly.	When taking actions with the transfer of land belonging to the Sri Lanka Ports Authority for the construction of the Head Office of the Department of Customs, A problematic situation has arisen between the two parties regarding the amount to be recovered and other lands that were previously exchanged. It is expected to resolve the issue through negotiations and the transaction will be finalized as soon as possible. The Ministry has been informed in this regard and a letter	Activities relating to these lands had not yet been resolved.

to the Urban Development Authority 01 acre 02 roods and 14.9 perches in extent valued at Rs. 83.7 million and the Kimbulawala land 04 acres 3 roods 3.2 perches in extent valued at Rs. 19.8 million had been brought to accounts as assets in contrary to Paragraphs 4.3 to 4.6 of Chapter 4 of the Conceptual Framework for the Presentation of Financial Statements and Paragraph 7(a) of Sri Lanka Accounting Standard No. 16 .

has been submitted to the Director General of Customs. The land on which the Lotus Tower is located, D.R. Wijewardena Mawatha, Colombo 10, has been taken over by the Urban Development Authority.

Nevertheless, the decision of the compensation investigation has not yet been given. Although the land in extent 01 acre, 02 roods and 14.9 perches has also been taken over by the Urban Development Authority, the legal exchange process has not been completed. Actions will be taken to remove from books as soon as the ongoing litigation regarding compensation for the land in Kimbulawala is concluded.

02	The value of ground rental income receivable for full containers for the year 2023 amounted to Rs. 1,672 million and the value of ground rental income receivable for partial containers (vehicles)	2021 2022 2023	It should be recognized an income receivable until the imported containers/vehicles that have not been cleared are cleared.	As per the decision of the Audit Committee held on 13.02.2024, only a disclosure of this income was made in the accounts of 2023. A policy will be formulated and accordingly, steps will be taken to act in the year .2024	Only disclosure has been made in the 2023 accounts and the relevant adjustments had not been made to the accounts even by now.

amounted to Rs. 1,102 million had not been adjustment in the financial statements 2023 in accordance with Section 27 of Sri Lanka Accounting Standard No. 01 .

03 .	An amount of Rs. 4.39 million for field works and clearing of lands for the Hambantota Port Project in 2014 and an amount of Rs. 108.77 million in 2015 and 2016 for compensation to those who lost their lands had been paid and although the report on relevant compensation payments had been received to the Authority, the amount of Rs. 113.16 million spent had not been capitalized as lands.	2021 2022 2023	Actions should be taken to obtain the relevant approvals promptly and transfer ownership of the lands to the Authority.	Even though compensation is being paid to landowners since the ownership of the lands has not yet been transferred to the Ports Authority through the relevant deeds, this amount cannot be capitalized. The activities are currently being carried out by the Office of the Hambantota Divisional Secretary and Land Commissioner General to prepare the relevant land deeds and obtain approval.	The ownership of lands have not yet been taken over to the Sri Lanka Ports Authority.
04 .	It had been agreed that the shares of that company worth 141.63 million would be transferred to the Authority to exchange the value	2021 2022 2023	Actions should be taken to obtain the ownership to the Authority for the value of the cranes as per the	The Legal Division has also been informed to take necessary further actions by carrying out negotiations with SAGT to obtain the shareholding to be received to the Ports	This amount or ownership of shares had not been received even by now.

			of three cranes provided by the Authority when SAGT was established in 2010 and this amount or ownership of the shares had not been transferred to the Authority even by the end of 2023 .	agreement, after discussing with the relevant company.	Authority.
05	The balance of Shipping Agent Account No. 423 as at 31 December 2023 had been furnished with a difference of Rs. 1,609,428,559 .	2023	The reasons for the relevant differences should be checked and those differences should be corrected.	The reasons for this discrepancy between the financial statements and balance sheet for the year 2023 are already being identified and relevant adjustments are being made and if a difference is observed in 2024 actions will be taken to check the reasons for the difference and make adjustments.	Although the reasons for that difference have been identified, the relevant adjustments had not been made in the financial statements.
06	The total unsettled auction revenue, including other receivables relating to previous years as at 31 December 2023 was Rs. 189.42 million. Within that balance, the receipts of auction sales that were over 2 years old and to be recognized as the	2021 2022 2023	Actions should be taken to resolve existing issues and recover receivables as soon as possible.	Actions have been taken to settle the payables to Sri Lanka Customs and private terminals for items carried by successful bidders directly to those institutions and to recover fees to be received to the Sri Lanka Ports Authority and monies to be remitted to the Treasury, by the Board after tender number 450 held in the year 2022 .	Actions had not been taken even by now to settle this amount of sales.

Authority's income after payments to other entities and institutions had been Rs. 83.86 million.

07	The value of shipping agent debts under litigation for the balance receivable from debtors as at 31 December 2023 was Rs.439 million and out of that, although the Finance Division had listed 13 debtors (including the Marshal of Admiralty High Court) for the balance of Rs. 406 million related to the Colombo Port, the Legal Division had not confirmed that cases had been filed against 6 debtors valued at Rs. 65 million and the shipping agent debt balance of the authority over 5 years as at 31 December 2023 was Rs. 369 million and out of that, although a sum of Rs. 358 million was the debtors who were under legal proceedings, the	2021 2022 2023	The Legal Division should assess the possibility of filing lawsuits against debtors who have not paid for a long time.	Arrangements are being made according to new Standard Operating Procedure (SOP) on shipping agent debtors.	Since the Legal Division has further informed that it is not possible to file a case against MC Shipping Agencies (Co) Ltd and Uni Marine Shipping Agency (Pvt.) Ltd, the approval of the Audit Committee has been obtained to write off that amount as per the recommendations given by the AR (Account Receivable Committee) and it is stipulated to be forwarded to the Board of Directors. Legal proceedings had not been initiated for other debtors.

legal proceedings had not been commenced for Rs. 12 million.

08	Although the orders in proceedings filed by the Authority against two shipping agent debtors whose money had not been recovered for a long time valued at Rs. 42.25 million as at 31 December 2023 had been made in favor of the Authority, and also a long period of time had elapsed since the date of the order, those judgements had not been implemented.	2021 2022 2023	The Management should take actions to check the reasons for not implementing court judgments for a long time and implement them.	The order in this case was decided in favor of the institution on .24.11.2017The defendant has filed an appeal against this decision in the Civil Appeal Court. Actions are being taken to obtain an accurate address of the defendant for the execution of the judgment stated in the appeal file by this defendant for that appeal.	Actions had not been taken to enforce court judgment and to recover money.
09	The Authority had filed a case in the Colombo High Court for the amount receivable for the services provided to the MV Jammi ship and an amount of Rs. 197.09 million (US\$ 1,945,712) should have been received by the Authority from the relevant vessel as per the	2022 2023	Actions should be taken to discuss with relevant institutions furthermore and to receive the amount to be received to the Authority as soon as possible .	As per the judgment of the Colombo High Court under HC Rem 11/2005 in respect of the dues to be collected by the Sri Lanka Ports Authority for the MV Jammi vessel, the Legal Division has informed that the claimants will receive an amount of US\$ 692,080.00 and since there is no specific date for its receipt, it is impossible to proceed	This amount has not been received yet.

judgement made there and the money received from the auction of the respective ship had been deposited in court and the petitioner Sri Lanka Shipping Company Limited and the Authority had entered into an agreement to share equally the remaining amount of US\$ 692,080 after releasing the relevant amounts to the various entitled parties. The High Court Registrar states that according to the files related to this case, the money had not been deposited related to this vessel and there was an uncertainty about receiving money for the debtor balances.

with the writing-off.

10	The remaining balance as at 31 December 2023 was Rs. 913.49 million after settling the advance payments previously made by the shipping agents and of which, although a	2023	Actions should be taken to settle lapsed and non-moving balances considering the detailed schedules and age analysis of the advance	Actions are being taken as per the new Standard Operating Procedure (SOP) in respect of shipping agent debtors.	The balance as at 30.09.2024 was Rs. 224 million after settling the advances paid by shipping agents in relation to the Colombo Port. The

sum Rs. 232.50 million had exceeded for more than 06 months to 05 years, actions had not been taken to settle it. Further, the shipping agents had paid Rs. 2,407 million in excess of the invoice value and had shown it as Shipping Agent Credit Balances in the financial statements. A sum of Rs. 388 million had not been settled for a period of 6 months to 5 years as at 31 December 2023 .

money paid to the Authority for the provision of services and the remaining advances and overpayments after the relevant service is provided.

outstanding balance for 06 months to 05 years as at 30.09.2024 was Rs. 164.2 million. The credit balance of shipping agents pertaining to Colombo Port as at 30.09.2024 was Rs. 339.3 million and the credit balance outstanding from 06 months to 05 years as at 30.09.2024 was Rs. 237 million. The balance of the advance account of the Galle Port as at 30.09.2024, was Rs. 84,270.84 and the credit balance was Rs. 615,364.24.

The balance of the Advance Account of the Trincomalee Port as at 30.09.2024 was Rs.

29.32million,
the outstanding
balance was
Rs. 5.62
million and the
credit balance
was Rs.
794,597.71 .

11	It was not possible to identify the goods/materials contained in 08 containers that were kept in the port premises for a period ranging from 2825 to 6922 days, exceeding the duty-free period, contrary to the provisions of Section 39 and Section 40 of the Sri Lanka Ports Authority Act, No. 51 of 1979 and although a long time had elapsed, the Authority had not taken actions in accordance with Section 39 of the Act regarding those containers.	2021 2022 2023	Actions should be taken for sale at public auction without contrary to the provisions of Section 39 and Section 40 of the Authority's Act.	A report on abandoned cargo (containers) maintained by the Sales Division is prepared in a Google Sheet. The report can be viewed by the Sales Division Officers and the General Manager (Services) and Director (Services) and it can be viewed in relation to the containers that have exceeded 21days that have been given to the Sales Division from the SAGT, CICT and JCT yards .	These containers have been still remaining inside the port premises. .
12	Although immediate steps should be taken to appoint a permanent officer according to Section 3.3 of Chapter IV of the Establishments	2022 2023	The vacancies of the Authority should be recruited and completed as per the proper Scheme of Recruitment .	Steps have been taken to appoint permanent officers to all relevant vacant positions at present and due to elections, future activities related to recruiting of 100 people through external	Recruitments had not been made by carrying out further activities regarding recruitment for vacant

Code, there were 16 vacant positions for which even an officer on acting basis had not been appointed as at 31 December 2023.

applications for the positions. position of Security Guard only have been temporarily suspended.

- 13 The Guidelines for Corporate Governance for Public Enterprises issued with the Public Enterprises Circular No. PED/01/2021 dated 16 November 2021

i. A subsidiary company policy had not been prepared for the subsidiary companies owned by the Authority in accordance with Section No. 2.2.5 and Sections 2 and 3 of Public Enterprises Circular No. 01/2021 (ii) dated 27 September 2023	2021 2022 2023	A subsidiary company policy should be formulated.	An internal committee has been appointed to prepare a subsidiary policy .	A subsidiary company policy for subsidiaries had not been prepared even by now.
ii. The Risk Committee, which was appointed on	2021 2022	The committee should duly convened and necessary risk	It is stipulated to discuss with management and take further steps after the	Even though a risk committee has been appointed, it

3.7 of the Operations Manual issued with the Public Enterprises Circular No. PED 01/2021 dated 16 November 2021, Section 1.1 of Circular No. PED 01/2020 dated 27 January 2020 and Circular No. PED 2/2015 dated 25 May 2015.

15	A sum of Rs. 22.5 million receivable to the Authority for 06 seized containers had not been recovered in terms of Section 38 (1) (a) and (b) of Part (v) of the Sri Lanka Ports Authority Act, No. 51 of 1979 .	2022	Action should be taken to recover all fees payable to the Port in accordance with the Ports Act.	Sri Lanka Customs has been informed about the collection of relevant fees and actions are being taken with Sri Lanka Customs to prepare a reminder letter and establish a proper reporting programme.	All the fees payable to the Authority had not yet been recovered .
16	Public Enterprises Circular No. PED/01/2021 dated 16 November 2021				
i.	Even though the Authority had prepared Draft Scheme of Recruitment and Promotion in accordance with	2021 2022 2023	Actions should be taken to prepare a recruitment procedure as per the circular provisions and obtain formal approvals.	The Scheme of Recruitment has been drafted and has been forwarded by the Line Ministry for approval from the Department of Management Services and it is expected that future activities will be	Even though draft Scheme of Recruitment and Promotion have been prepared, actions had not been taken to obtain

Paragraph 3.3.2 (i) and the letter issued by the Department of Management Services No. DMS/F1/3/3-1 dated 23 January 2013, the approval had not been obtained from the Department of Management Services for that.		carried out based on the approval from guidelines, the Department recommendations and of opinions provided by Management the Department of Services for Management Services. this.
ii. Although recruitments should not be made without obtaining proper job evaluation or study as per Section 3.4, there was an excess of 187 employees in 07 Divisions of the Authority.	2022 Proper job evaluations should be conducted and New Staff and Scheme of Recruitment should be quickly prepared.	The excess in those positions is gradually decreasing as excess employees retire or are promoted to other positions. There is an excess of employees in this manner even when approving the number of employees after a field inspection by the Department of Management Services in 2023 and that excess had been approved as personal to them.
iii. Actions had not been taken to fill the relevant	2022 Immediate actions should be taken to fill these vacancies	There was no opportunity to fill the vacancies arising from retirements on vacancies in

vacancies even by 31 December 2022 for 13 posts whose term of appointment exceeded one year contrary to Sub-section ix of Section 3.4 of Chapter 3 .

in a proper manner.

instructions not to fill the vacancies until the Scheme of Recruitment were prepared and the approval of the Department of Management Services was obtained. However, due to the necessity of the duties of those posts, employees have been employed on acting basis.

vacant positions even by now.

17 According to Sections I and II of Paragraph 07 of Circular No. 2021/02 dated 30 January 2021 of the Sri Lanka Ports Authority

i.	All 399 officers who have been residing in the same official residence for more than 5 years new applications/contract renewal applications had not been submitted for occupancy of the relevant houses as at 31 December	2021 2022 2023	If it is needed to reclaim official residence, actions should be taken in accordance with the relevant circulars.	A new circular No. 27/2023 dated 22.04.2024 has been issued in this regard at present. There are 376 officers who have been staying in the same official residence for more than 05 years and all of these officers have been allocated houses on an essential basis.	Although the circulars were issued it was observed that it is not being done accordingly and that they are still staying in the same official residence for more than 5 years.

2022 .

ii.	The period of residence for official residences provided to officers of the Authority is limited to a maximum of 5 years from the date of first provision of the residence and even though the officer who resides for another 6 months after the completion of that period should pay double the rent payable for the official residence, As of December 31, 2022, the number of officers who had stayed in their respective official residences for a period ranging for more than 5 years and 6 months and up	2021 2022 2023	If it is needed to stay in the official residences for long, payments should be made and actions should be taken in accordance with the relevant circular.	As above.	Although the circulars were issued, it was observed that it is not done accordingly and still staying in the same official residence for more than 5 years.

to 28 years
had been 399.

18	The project, which was initiated under a provision of Rs. 600 million to install CCTV cameras at the Port entrances to ensure security at the port premises, has reached 60 per cent progress and a number of 226 out of 587 security cameras had not been installed yet.	2021 2022 2023	The installation of CCTV cameras at the port entrances should be completed promptly.	CCTV camera systems were installed at the gates using the financial provisions allocated in the Annual Budget. CCTV camera systems have been installed at gates 4, 4A, 5 and 8 and works are being completed at gate 7.	There were several entrances where the installation of CCTV camera systems had not yet been completed.
19	Magampura Port Management Services (Private) Company [MPMCS], a subsidiary of the Authority, which had ceased operations since November 2017, had obtained a loan of USD 24 million from a private bank in the year 2014. Even though the bank had filed two cases against the subsidiary and the Authority in the Colombo District Court in 2020 to recover these loans, the case had not been concluded even by	2021 2022 2023	Actions should be taken to negotiate with the financial institution for the necessary actions to resolve this case expeditiously or to expedite legal actions.	The order in the case No. DDR/1349/2019 filed by the bank against the Authority was given on 10.09.2024 against the Authority and the notice of appeal has been filed in the District Court on 12.09.2024 as per the instructions given by the Attorney General's Department. The request for the liquidation of the Company bearing HC/Civil/97/2021/CO is currently being heard before the Colombo Commercial High Court and it is to be reconvened on 22.12.2024 .	Actions should be taken to recover this loan amount even by now.

the end of 2023

20 Audit on Lands

- i. The balance receivable as at 31 December 2023 for the transfer of the land near the construction site of the communication tower on Wijewardena Mawatha, Colombo 10, to the Telecommunications Regulatory Commission of Sri Lanka was Rs. 37.9 million and the Authority had failed to recover this money and had not entered into a lease agreement with the Telecommunications Regulatory Commission of Sri Lanka.
- 2021 Tax collection should be done by entering into a tax agreement and determine the tax amount based on the assessment of the government Chief Valuer .
- 2022 The relevant premises were handed over to the Telecommunications Regulatory Commission concurrence with a set of temporary conditions subject to a nominal monthly rent of Rs. 50,000/- until the valuation of the Government Chief Valuer is obtained considering the relevant request as an urgent matter and arrangements have been made to pay the relevant rent continuously. Further, these two institutions have not entered into a tax agreement.
- 2023 Lease agreement had not been entered into yet.

- ii. Although it 2022 Actions should The lands located at These

was expected to be leased or used for other productive purposes by the Authority, 05 plots of land in extent 29 acres 03 roods 9.39 perches valued at Rs. 2,997 million had remained without being used to the desired goal so far.

2023 be taken to use 05 plots of land for other productive purposes.

D.R. Wijewardene Mawatha, Colombo 10 have to be developed jointly with the Urban Development Authority as per the Colombo City Development Plan. The land on Kew Road in Company Street, Colombo and the land on Morgan Road in Company Street, Colombo 02 are to be leased for a suitable investment. The approval of the Cabinet of Ministers has been received for the land located in Mahara Galwala for a mixed development project.

iii. There were 14 plots of land in extent 214 acres, 8 roods, 148.25 perches and 15,620 square meters which had been leased out without obtaining an assessed value from the Valuation Department by the Authority by 31 December 2023. As a result, there had been a

2023 It should enter into a tax agreement and taxes should be collected by determining the tax amount based on the assessment of the Government Valuer.

Serial No.	Name of the Institution	Reasons	A lease agreement has not been entered into yet.
01	CICT	These institutions have been leased out on a long-term basis by calling tenders and making an initial payment, and the rent of these institutions has been increased every 3 or 5 years at a specific rate. Delays in obtaining assessment reports can be minimized	
02	PVQ Repository Warehouse Land Melstagama Pvt Ltd		
03	Tokyo Cement Company PVQ Warehouse 01		
04	Tokyo Cement - Samudra		
05	NFCL Penna Port Storages Pvt Ltd - PVQ Area		
06	Insee Cement		
07	Holcim Cement -		

decrease in the lease income that the Authority could have received.

	Kappalthuri	through such measures.
08	SAGT – QEQ Area	Given by a Cabinet decision
09	W.A.Tucke & Co.ltd	This premises has been notified to be handed over again.
10	Dialog Axiata PLC.	A fee determined by the management will be charged for an antenna mounted horizontally on a wall at the port pilot station and will be increased by 5% annually.
11	Ministry of Port & Shipping.	The rent is being properly paid and a lease agreement is to be entered into.
12/13	Ocean Pick Pvt Ltd.	The rent for this premises, which is leased under a lease agreement based on the government's assessed value, is increased by 5% annually

iv. The number of cases filed against unauthorized occupants	2023	Removal of encroachers from Trincomalee Port premises	Out of the 24 cases filed from 12.01.2022 to 23.05.2022, orders had been issued to remove 23 respondents	The case has not yet been heard.

of lands of Trincomalee Port from 2017 to 2022 was 147 as at 10 July 2023 and the number of residents who left during the period was 110. Further, despite court orders were received to evacuate, there were 36 people who did not leave. Further, 04 large plots of land in extent 1,871 hectares belonging to the Trincomalee Port had remained economically unused.

or settlements on those lands should be made.

and the cases have been filed against 14 people out of the 46 unauthorized residents who were proposed to file the cases and orders have been received to remove these 04 people so far.

v.

21	The Management should take steps to maintain accurate/up-to-date records of assets and the Register of Fixed Assets	2023	Actions should be taken to remove the relevant assets from the Register of	Documents required to update the Register of Fixed Assets should be provided by the relevant divisions and sections. The Register of Fixed Assets will	Actions have not been taken to update the Register of Fixed Assets.

had not been updated by including transferred fixed assets, sold or disposed of and newly purchased fixed assets properly.

Fixed Assets

be updated as soon as receipt of those documents by the Finance Division.

22

Even though a number of 914 employees had been deployed in excess of the approved staff for 86 posts as per the staff details submitted by the 25 Divisions of the Authority as at 31 December 2022, there were 726 vacancies in the divisions directly related to the operations of the Authority and the Authority had paid a total of Rs. 11,968 million for overtime allowance, including Rs. 924 million as overtime allowances in the year under review for employees of 10 divisions not directly involved in the operational activities of the

2021
2022
2023

The Management should take actions to deploy employees productively to reduce overtime expenses and arrangements should be made to approve overtime in advance and maintain records of work done.

Since the employees who were in the then posts of various assistants, health workers, photocopy machine operators, kitchen assistants and equipment operators, which are not included in the approved cadre have the same post titles, they appear as an excess.

Since the employees under the job titles of works assistant, labourer, toolmaker, miscellaneous assistant, health worker, photocopy machine operator, and kitchen assistant perform the tasks performed by work assistants, they appear as an excess, they also have to be occupied in overtime depending on the service requirement.

A number of 102 Ship Operations Controller

Even though 919 employees were employed in excess of the approved staff for 196 posts as per the staff details submitted by the 35 divisions of the Authority as at 31 August 2024, it was observed that 206 employees are vacant in the section directly related to the Container Operations of the Authority. Similarly, there was a surplus of 116 employees in 8 divisions not directly related to the operational activities of the Authority. The total overtime

Authority.

posts were created by allowance of merging the two posts Rs. 5,303 of Planning Clerk and million had Tally Clerk since they been paid for perform the duties of the year the position of Ship including Operations Controller overtime under the same title, allowances of they are occupying to Rs. 1,982 work on overtime. Due million paid to the creation of new employees in positions by merging divisions with several positions, some excess positions being employees considered as being during the year abolished and 2024 . employees not being recruited for those positions, the total number of employees as at 31.08.2024 is 7764.

23	The Authority has 635 official residences and a total of 604 official quarters had been utilized, including 399 official quarters that have been occupied for more than 5 years (before 2018) as at 31 December 2022 and 205 official quarters that were provided within 5 years (2018-2022) and 31 official residences had remained vacant.	2022	The relevant official residences should be utilized in accordance with the circular.	The number of unusable houses has increased by now.	The number of unusable houses had increased by now.

- 24 Even though the surcharge was Rs. 1,196.94 million when calculated on the Authority's taxable income of Rs. 4,787.77 million for the year 2020/21 as per Section 2 (1) (a) of the Surcharge Act, No. 14 of 2022, the Authority had paid Rs. 1,952.2 million as surcharge. Further, actions had not been taken to recover the amount of Rs. 755.33 million paid so in excess, in terms of Section 5 (1) of the Surcharge Act, No. 14 of 2022 .
- 2022
2023
- Actions should be taken to quickly recover excess surcharge taxes paid or offset it against income taxes payable.
- This excess surcharge tax amount was incurred due to the revision of the 2021/2020 income tax return. This revision as well as the requests for recovery have been made to the Inland Revenue Department, and the Income Tax Officers are currently carrying out the activities of revising the 2021/2020 tax return first. Once this is completed, the excess surcharge tax payment can be recovered.
- 25 It had been contracted to obtain a loan of USD 45.27 million by Government of Sri Lanka with Exim Bank of India to renovate Kankesanthurai Port. However, although it had been predicted that the loan amount will not be enough and the Cabinet of Ministers has approved an
- 2021
2022
2023
- Because non-financial costs such as bond fees and price fluctuations have to be borne due to not making realistic plans and not implementing projects as planned, plans should be as realistic as possible.
- According to the loan agreement signed between the Government of Sri Lanka and the EXIM Bank of India on 10 January 2018, the borrower, the Government of Sri Lanka, should pay the commitment fee and interest charges to EXIM Bank of India. When the Department of External Resources recommends and submits this payment to the Sri Lanka Ports
- Actions had not been taken to re-recover the surcharge tax amount so far.
- Actions had not been taken to commence this project so far.

additional USD 16.23 million to increase the loan amount to USD 61.5 million, the Indian government had not approved it. Therefore, the construction works on the Port had not yet been commenced.

Similarly, only USD 0.905 million (USD 905,194.38) of the loan had been disbursed and the commitment charges for the undrawn loan amounted to USD 32,048.73 (Rs.9.2 million) and interest on the loan amounted to USD 37,042.48 (Rs.11.14 million) had become an uneconomic expenditure .

Authority, it is compulsory to Sri Lanka Ports Authority to pay the commitment and interest charges and it is outside the control of the Sri Lanka Ports Authority.

26	Even though it was mentioned that the supply of motor vehicles should be done under National Competitive Bidding (NCB) system in procuring the vehicles with 2000 cc -3000 cc capacity as stated	2023	Actions should be taken as per the Procurement Guidelines.	Arrangements have been made to provide suitable vehicles to the offices of the Chairman, Vice Chairman and Managing Director in accordance with the approval of the Board of Directors No. PA/HD/25 .	When selecting suppliers for motor vehicle rental procurements, the National Competitive Bidding System had not been followed.

in 3.1 of the decision of Board of Directors No. PAM/195/2023 dated 29 August 2023. National Competitive Bidding system had not been followed for suppliers registration in the procurement of 03 vehicles with annual rent of Rs. 20 million for the year 2023 .

3.159 Ceylon Shipping Corporation Ltd

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	12,471,081,730	20,385,307,920	7,914,226,190	4,567,786,074	Qualified
2022	13,136,693,198	22,346,787,526	9,210,094,328	433,605,111	Qualified
2023	11,032,441,459	19,390,642,311	8,358,200,852	1,174,795,701	-

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	The loss for the year under review was Rs.1,857,129,766 as per the financial statements as at 31 March 2023 and the cumulative loss was Rs.10,855,139,608. Further, the value of the net assets of the Company was a negative value of Rs.9,210,094,328 as at 31 March 2023. The loss for the year had decreased by 67.79 per cent as compared to the previous year and the negative balance of the net assets of the Company had increased by 16.37 per cent compared to the previous year. The Company had obtained a term loan of USD 70	2021/2022 2022/2023	The Management should take actions to take financial loss mitigation measures taken at Extraordinary General Meetings to protect the going concern of the Company.	The proposals presented in the Extraordinary General Meetings are as follows. 1. Make a floating marine fuel depot. 2. To promote the registration at the Sri Lankan Flag. 3. Construction of a boat for passenger and cargo transportation in Norochhole. 4. Operation of passenger and	The proposals mentioned here had not been in the implemented level at present.

million in 2014, for the purchase of two ships and USD 5.44 million as an interest capitalized loan to pay the interest on that loan from the People's Bank and incurring an exchange loss of Rs.2,811,891,329 in converting the US Dollar loan balance to Sri Lanka Rupees as of 31 March 2023 due to be paid term loans, interest capitalized loans and related interest amounting to Rs.2,828,293,385 during the year ended 31 March 2023 to the Peoples Bank by the Company had caused to the total loss of the Company. Accordingly, it was observed that there was a clear indication of uncertainty regarding the going concern of the Company. Even though the Company had proposed measures in the Extraordinary General Meeting (EGM) held on 30 July 2021 to avoid this situation the Company had failed to implement measures to reduce the exchange loss and 06 new business projects had further been proposed for that at the

marine cargo vessel between Kankesanthurai and designated Indian Ports/ a port.

5. Construction of 05 self-propeller barge to transport coal from Norochchole Dockyard to Jetty.

6. Operation of container feeder service between Sri Lanka and Bangladesh.

7. Access to new business opportunities under service diversification of the newly established new business promotion unit within the Shipping Corporation.

8. New business opportunities made by us in relation to Logistics Services.

i. Carrying

Extraordinary General
Meeting held on 24
March 2023.

out
clearance
activities of
uniforms
brought to
the
Ministry of
Education.

ii. Carrying
out
clearance
activities of
in stocks of
paper
imported to
State
Printing
Corporatio
n.

iii. Carrying
out
transportati
on and
clearance
activities of
rice stocks
imported
by the
Department
of
Cooperativ
e
Developme
nt.

iv. Carrying
out cargo
transportati
on by sea
and air for
Sri Lankan
Catering
Company,
Anti-Leco

Metering
and other
private
companies.

v. Distributio
n of bulk
dry rations
received to
the
Ministry of
Education
through the
World
Bank to
schools
island
wide.

vi. Carrying
out
transportati
on and
clearance
activities of
coated
paper
boards and
container
plate to the
Ministry of
Education.

02. The value of trade receivables to be received to Ceylon Shipping Corporation Limited as at 31 March 2023 according to the statement of financial position, is Rs.2,070,761,878. Out of which, an amount of Rs.1,034,044,153	2021/2022 2022/2023	The Management should take actions to adopt a proper internal control system for collection of money from debtors.	A committee was formed mainly to recover long-term debts as decided by the Senior Management held on 19 August 2022. Also, monthly meetings were held under the chairmanship	Actions had not been taken to recover the total debt amount receivable to the Company and the domestic government trade debtor value is Rs.230,468,193 and the foreign

cannot be recovered for more than 4 years and an amount of Rs.257,530,960 is irrecoverable from 1 to 4 years and the value of trade receivables incurred during the year 2022/2023 was Rs.779,186,765. Out of the above trade debtors, the amount receivable to the Company from local government and semi government institutions is Rs.1,525,359,729 and from that also, it was revealed that a sum of Rs.618,045,453 were the debtors for more than 03 years and the balance receivable from foreign and other trade debtors amounting to Rs.163,752,420 was for more than 03 years as at 31 March 2023.

of the General Manager, including the heads of each relevant department and committee members as per the instructions of the General Manager. trade debtor value to be received is Rs.361,367,994 as at 30 September 2024.

03. Although the Company shall submit the Draft Annual Report along with the financial statements to the Auditor General within 60 days of the end of the accounting year as per the Section 16.2 of the National Audit Act No. 19 of 2018 and Section 6.6 Operational Manual of Public Enterprises Circular No. 01/2021 dated 16 November 2021, the	2021/2022 2022/2023	Actions should be taken by the Company to submit financial statements during the relevant period after the end of the accounting year as per the instructions of National Audit Act and Public Enterprises Circular.	Arrangements have been made to submit the financial statements for the year 2024/25 on the due date. A quarterly progress review meeting will be held with the officers of the Finance Division for this under the chairmanship of the Acting General Manager	The financial statements for the year 2023/24 were submitted for the audit on 02 August 2024 and the financial statements had not been submitted for the audit by the due date as per the circular.

financial statements
Company were
submitted to the audit
on 02 August 2024,
with a delay of more
than two months .

and the
difficulties
identified there
are taken forward
by applying
remedies to the
obstacles.
Similarly, a new
computer based
accounting
system is being
installed for the
Finance Division
and it will be able
to prepare
financial
statements
monthly once it is
installed.

04. All government agencies should import goods through Ceylon Shipping Corporation Limited according to the Cabinet Decision No. CMP 16/0035/737/003 dated 21 January 2016 and the provisions of Public Finance Circular No. 415 dated 06 May 2005 and there, Company should give priority to government institution. In examining the number of establishments and number of cases of importation of public sector goods during the 4 years from 01 April 2019 to 31 March 2023, it was observed that the number of institutions
- 2021/2022
2022/2023
- The Management should take relevant actions to make freight through Shipping Corporation in case of importation of goods through ships by government agencies.
- A request has been made to contribute to the efforts made by the Shipping Corporation in relation to the letter No. MPS/P&D/02/04/08/Vol-02 of the Secretary of the Ministry of Ports, Shipping and Aviation dated 29 November 2022 addressed to all the Secretaries of the Ministries and all Local Government Secretaries. Accordingly, the physical performance was 1052 Twenty-foot
- There is no significant progress has been achieved compared to previous years.

and opportunities for importing goods through Ceylon Shipping Corporation Limited is relatively decreasing. Details are as follows.

Year	2019/20	2020/21	2021/22	2022/23
No. of Institution	28	22	23	27
No. of Imports	2,357	1,925	1,300	821

Equivalent Units in the financial year 2023/24 (from 01 April 2023 to 31 March 2024) and the number of terms of importation/exportation of goods were was 1073.

The physical performance was approximately 573 Twenty-foot Equivalent Units from 01 April to 30 September 2024 and the number of terms of importation/exportation of goods were 450

05. Ceylon Shipping Corporation shall issue a Notice of Waiver only in the event that the Company fails to import goods in the most favorable manner to the Government as per the provisions of Public Finance Circular No. 415. When the shipping charges incurred by the Company are higher than the shipping charges agreed upon by the supplier, although the importer should be notified by a Waiver Notice, the Waiver
- 2021/2022
2022/2023
- The Management should take relevant actions to make freight through Shipping Corporation in case of importation of goods through ships by government institutions.
- Out of the total number of Waiver notices issued by the Company, a very large number is issued under this category and institutions related to the health sector have been identified as the main institutions related to that. This has affected the various policies and measures followed due to
- Actions had not been taken to reduce the Waiver Notices by revising the shipping charges.

Notices had been issued apart from the terms of the circular, as 319 in 2019/20, 298 in 2020/21, 185 in 2021/22, and 118 in 2022/23 by the Company due to request of Post-shipment Waiver Notices, offering procurement on CIF prices due to emergency purchase and other reasons.

the structure of those institutions as well as the number of the imported goods.

However, if inquiries are made to us by the relevant agencies for normal freight prior to shipping, it may be possible for the Shipping Company to perform the related freight activities and there was also a possibility of reducing the amount of foreign exchange outflows and saving some amount of foreign exchange in the country. It can be done only if the relevant procurement agencies take care of this during the procurement process such as preparation of bid documents.

06. As a fully state-owned Company, although the Company is responsible for developing the Company's profitability through public sector	2021/2022 2022/2023	It should follow a proper price determination methodology to receive freight to the Company	The need to act according to the Public Finance Circular 415 was pointed out during the	Actions had not been taken to reduce the No. of Waiver Notices by revising the shipping charges.

import freight, as well as transferring the state imports carried out by foreign shipping companies to the Company on a competitive shipping rate system, due to freight charges of the Company increase over shipping charges of suppliers involved in importation, these Waiver Notices 174, 163, 150 and 67 of had been issued within 4 years from the year 2019/20 to 2022/23 respectively.

under the highly competitive atmosphere in the marine industry.

discussions held in December 2023 and January 2024 between the officials of the Chartering and Agency Officers Department and the staff of the Logistics Divisions of various government institutions and drew their attention regarding the logging of issuance of Waiver Notices only in cases essential.

07. The handling, packing, freight and disposal of import and export luggage belonging to diplomatic officials related to the Ministry of Foreign Affairs is carried out by Ceylon Shipping Corporation Limited and although the decision on the relevant prices should be made by Ceylon Shipping Corporation Limited which provides the service, it was revealed that the prices are determined as per letter No. FA/OAM&D/HD/CSC/GEN dated 25 January 2023 of the Director
- 2021/2022
2022/2023
- The Management should take actions in collaboration with the Ministry of External Affairs and revise the relevant fees as indicated in the reply.
- Although requests were made in writing on 31.05.2022, 05.07.2022 and 20.10.2022 in addition to the discussions held between the two parties to increase the fees for our services in a way that suits the unexpected changes in the economy, they stated that they were unable to pay the price in full requested by the Company
- Further actions had not been taken on requests related to the price revision from the Ministry of Foreign Affairs.

General of the Ministry
of External Affairs.

due to the
financial
instability that
was already
present in the
country in
addition to the
existing
estimates,
budgets and
other practical
matters of the
Ministry of
Foreign Affairs
and the approval
has been given to
increase the fare
by
approximately
25% agreeing to
consider our
demands also in
the future.

- 08 It had been entered into a contract of USD 102,800 to implement a Computer Based Ship Management System for the company's ships on 10 November 2020 by the Ceylon Shipping Corporation Limited with TERO MARINE ASIA PACIFIC PTE LTD. for a period of 6 years. It had been planned to implement this system in 03 phases in the first year and even though 3 years had passed since the system was established for 02 ships by spending Rs. 4,466,295 Rs.2,903,208
- 2021/2022
2022/2023
- A review whether this computer system will be used or not for the future operations of the Company should be carried out by Management and a formal decision should be taken.
- The relevant computer-based operating system is currently in operation and only the procurement system is to be reviewed as to whether it will be purchased or not in the future. An amount of 15,400 dollars is to be paid to the relevant institution in the future and actions are being taken for that.
- The procurement system of computer-based ship management system is currently not operational.

(USD 15,400) for its advances and Rs.1,563,087 (USD 7,700) for system design acceptance, this computer system was not operational and due to actions were not taken by the Management to conduct a review on whether it will be utilized for the future operations of the Company or not, the related expense had become a futile expense.

09. Awarding of the contract had not been recommended due to the matters such as non-submission of a valid Seaworthiness Certificate Classification Society or Certificate obtained from a member society of the Federation of International Classification Societies, failure to respond significantly in the technical evaluation according to the Technical Evaluation Committee Report for 02 boat services selected after calling for bids to provide various services to ships freight coal to Puttalam Lakwijaya Power Plant.
- 2022/2023
- In addition to newspaper advertisements, formal actions should be taken by the Management to inform the people of the respective area and to get further bids and to minimize the existing deficiencies in the service.
- New procurement is being done to provide the required boat service and newspaper advertisements have been published on 26 September 2024 and in addition to this and in addition to newspaper advertisements to inform the local community, Kalpitiya Pradeshiya-Sabha, Director of Fisheries in Kalpitiya and Department of Aquatic Resources in
- Only new procurement activities are being carried out to provide the required boat service and the old boat service is still operating.

Similarly, it was confirmed during physical inspection of boats carried out by Designated Person Ashore-DPA that these two bidders did not meet the criteria mentioned in the bid invitation and, there is a situation where only these two boat suppliers are submitting bids from the year 2014/15 up to now and this procurement was awarded on 21 September, 2022 at the prices submitted by the two applicants considering the service requirement based solely on the existing service reliability of these suppliers. The procurement was awarded to both these suppliers for this service in the year 2023/24 as well and it was observed that there is a problem with the safety of the officers traveling there and, there is a risk of getting insurance benefits in the event of an accident because of those deficiencies due to non-fulfillment of tender criteria relating to boats.

Norochchole
have been
informed.

3.160 Anuradhapura University College

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	223,894,642	9,602,428	214,292,214	54545,	Unqualified
2022	199,345,340	11,088,537	188,256,802	(26,243,336)	Unqualified
2023	196,724,147	11,343,360	185,380,787	(17,949,496)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	About 600 students study annually in the buildings constructed in 01 acres of land in the Anuradhapura University College premises extent of 02 acres, 03 perches, and 17 perches. Action had not been made to complete the process of obtaining ownership of the land and also utilizing remaining, more than 01 acres of land for the development of the institute as at the end of the year under review.	2022	The ownership of the land should be taken and the entire land should be developed for the educational purposes of the students.	The Vocational Technology University and the Line Ministry had already been informed to hand over the ownership of the relevant land to the university.	Due to not being able to get the ownership of the land, it has not been possible to use it for the educational activities of the students.

3.161 University College of Jaffna

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	266,953,701.97	10,140,612.97	256,813,089.00	(3,578,609.90)	Qualified
2022	504,749,669.86	11,722,513.30	493,027,156.56	216,483.32	Qualified
2023	527,440,944.61	12,252,033.86	515,188,910.75	(38,245,345.38)	Unqualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Out of 678 students studied in the College during the last 3 years period, 125 students had dropped out without being completed the relevant courses.	2023	Action Should be taken to minimize the drop-out rate of students.	Dropout has been an issue for the University College due to COVID-19, the economic crisis in Sri Lanka, and other opportunities.	Out of 264 students who studied in the last batch of 2022, only 17 students dropped out.

3.162 Sri Lanka Foreign Employment Bureau

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	17,556,649,045	6,014,150,907	11,542,498,138	632,791,840	Qualified
2022	27,030,548,313	9,393,173,006	17,637,375,307	7,790,334,318	Qualified
2023	27,904,084,795	9,006,870,655	18,897,214,140	7,783,933,513	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. Contrary to the Public Administration Circular No. 2008/30 dated 31 December 2008 and Department of Public Enterprises letters dated 14 October 2021 and 10 February 2022 According to the decision of the Board of Directors taken in the year 2002 to pay 12 times of the gross salary as distress loan, contrary to the circular, a total	2021 2022	The Bureau had been informed that loans cannot be provided beyond the limit mentioned in the circular by the Public Enterprises Department, so it should be followed accordingly.	As per the powers vested under Sub Sections 16(2) (e) and (f) of the Act, with the approval of the Board of Directors, the distress loan has been granted to the staff since 01.05.1995. A letter has been sent to the Ministry of Public Administration seeking clarification on whether Public Administration Circular No. 30/2008, issued on 31.12.2008 applies to the State Corporation	A letter has been sent to the Ministry of Public Administration to clarify whether the circular applies to State Corporation. Meanwhile, the Bureau continues to process distress loan payments as usual.

sum of Rs. 67,673,231 had been paid as distress loan for 525 officers exceeding the circular limits during the year under review. Also, a total sum of Rs.3,826,900 had been paid as quick loan to 107 officers at an interest rate of 4.2 percent, equivalent to one month salary of an officer as of 31 December of the year under review.

and Statutory Boards.

02.	Although nine years had passed since the irregularity of money amounting to Rs. 1,149,258 by a staff member of the Labor Welfare Section of the Abu Dhabi Embassy and the misuse of money amounting to Rs.3,638,368 by a manager of the Bureau, action had not	2021 2022	Disciplinary investigations should be expedited as preliminary disciplinary inquiry and formal disciplinary inquiry regarding financial irregularities are at a very weak level.	An indictment has been prepared against the officer of the Abu Dhabi Embassy and the case file has been submitted to the Colombo Magistrate's Court. Following a formal disciplinary inquiry, the manager of the Bureau has been dismissed from the service. The matter of recovering the	Legal action is currently being pursued in this regard.

been taken to recover the amounts even by the end of the year under review.

outstanding amount of Rs. 3,638,368 has been referred to the Attorney General's Department for legal action.

03.	Although a total sum of Rs.47,719,684 was spent, a sum of Rs.46,000,000 as an advance and a sum of Rs.1,719,680 as other expenses to acquire land in Homagama and Kahagolla on lease basis, other institutes were trying to reacquire the said land due to the land was idle, But the Bureau had not taken any action to recover the advance amount paid.	2021 2022	Arrangements should be made to take over the Land to the Bureau or recover the advance amount paid.	The advance payment made for the Kahagolla land is to be refunded in full before the transfer of the land, while the Urban Development Authority is in the process of allocating a portion of the Homagama land to the Ceylon Electricity Board. In return, arrangements are being made to provide alternative land to the Bureau.	The advance payment made for the Kahagolla land has not yet been recovered and the Homagama land remains unused to date.
04.	The period of the Memorandum of Understanding signed with the intervention of that government regarding the sending of Sri	2021 2022	The reasons for the delay in updating the agreement related to this employment program between two states should be investigated and the necessary	As per the recommendation of the Cabinet the updated Memorandum of Understanding was submitted to the Attorney General's Department by	The Ministry of Labour and Foreign Employment has submitted the revised agreement to the Ministry of Foreign Affairs to obtain the consent of the Korean

Lankan workers to South Korea under the Employment Permit System had expired on 29 September 2019. According to the agreement, if the renewal is delayed without a reasonable cause even after 06 months after the expiration of the agreement period, there will be a possibility of cancellation or suspension of the agreement. However, the agreement had not been renewed even by 27 June 2023. 20,667 workers had been sent for employment by the Bureau under this agreement during the last 6 years.

measures should be taken to complete the work as soon as possible.

the Ministry of Labour and Foreign Employment. As the Attorney General's recommendations have now been received, the Ministry of Labour and Foreign Employment has incorporated these recommendations into the agreement. The revised agreement has been submitted to the Ministry of Foreign Affairs to obtain the consent of the Korean authorities.

05. In the 2021 Committee on 2022 Public Enterprises 2023 meeting held on 18 January 2023, although it was
- The deficiencies in the approved recruitment procedure for the foreign missions should be rectified and
- The recruitment process required for recruiting staff for foreign diplomatic missions has been
- A formal procedure for selecting officers for foreign diplomatic missions is

recommended to prepare a formal procedure according to the instructions of the Department of Management Services regarding the method of selecting officers for foreign missions, the procedure approved on 17 January 2023 was rejected by the Bureau citing deficiencies.

Contrary to the provisions of the circular, 07 officers of the Bureau who were previously engaged in mission service were recruited for mission service in the year 2023, and two of them were officers who had completed their mission service for the 3rd and 4th time. Furthermore, an officer who had not completed 3 years of service at the Bureau after completing

recruitment of officers should be done.

approved by the Department of Management Services and communicated to the Bureau. However, due to the emergence of employee protests, letters have been sent to the Department of Management Services through the line ministry on several occasions to resolve the issue.

his mission service had also been recruited.

06.	The balance confirmation letter related to the receivable balance of Rs.869,955,802 due from the Ministry of Foreign Affairs was not submitted for audit.	2022 2023	Actions should be taken to formal provide balance confirmations to the audit.	According to the letter directed by the Additional Director General of the Department of Public Enterprises, a letter has been sent to the Ministry of Foreign Affairs through the Ministry of Foreign Employment on 09.05.2024 bearing the signature of the General Manager.	Those confirmations have not yet been received.
07.	A sum of Rs. 47,995,092 received from Sri Lanka Insurance Corporation as death compensation to 157 expatriate workers who died from the year 2016 to year 2022 were not paid to them but shown as payable in the welfare fund. Furthermore,	2021 2022	A proper mechanism should be prepared to pay the recovered money to the respective complainants soon after the relevant complaints are resolved, and proceed accordingly.	No comments have been provided.	Actions are being taken to clarify.

due to the lack of coordination between the Accounts Division and the Welfare Division, the Welfare Division did not have information related to Rs. 22,539,765 for 81 claims received by the Accounts Division for the period from 2018 to 2022 and there was no information in the Accounts Division related to Rs. 4,282,435 for 9 death compensations received by the Welfare Division.

08. A sum of Rs.1,564,546 had been deposited in the Bureau by a brother of a worker who met with an accident on 08 October 2019 to repatriate a employed in the fisheries sector in South Korea.	2022 2023	An investigation should be conducted to verify whether the funds deposited of the worker's bank account in that country were used and whether the airline ticket was purchased using the personal credit	This payment was made after confirming that the amount to be paid back to the worker from the money deposited by his relatives at the Bureau was Rs. 98,786, as per the accounting documents sent by the Korean	Only Rs. 98,786 of the amount deposited at the Bureau has been reimbursed.

An officer of the workers welfare section has used money deposited in his bank account in that country to send him back to Sri Lanka and pay his hospital bill. Furthermore, the air ticket had been purchased using the credit card of an official of the Labour Welfare Department and without checking the expenses incurred, only the remaining amount of Rs.98,786 of the money deposited by the brother was paid to him in August 2023.

card of an officer of the worker's welfare section.

Embassy.

09. As per the decisions of the Cabinet dated 24th January 2013, the Bureau had signed a Memorandum of Understanding (MoU) for 05 years to	2022 2023	It should be verified whether this money has been used for the project as per the Memorandum of Understanding, and actions should be taken to recover the relevant deposit.	It has been reported that a Cabinet paper has been prepared and submitted to the Cabinet to recover this amount from the Department of Samurdhi Development.	A Cabinet paper has been submitted to recover this amount.

implement a
Rataviruvo
Housing Loan
Program in
collaboration
with the Sri
Lanka
Samurdhi
Authority.
Accordingly, an
amount of
Rs.100,000,000
has been
deposited in a
fixed deposit in
the name of the
Samurdhi
Authority on
08th March
2013. Although
the term of the
Memorandum
of
Understanding
expired on 07
March 2018.
But actions
were not taken
to settle that
amount

3.163 Sri Lanka Sustainable Eneergy Authority

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,371,207,666	66,623,913	1,304,583,753	181,807,729	Qualified
2022	1,635,084,577	101,150,311	1,533,934,266	105,543,329	Qualified
2023	2,511,044,875	398,052,811	2,112,992,064	88,078,983	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. An amount of Rs. 7.8 million had been paid to a private company by the Authority for manufacturing of 03 model of electric vehicles in 2007-2009. According to the order of the Committee on Public Enterprises held on 07 December 2012, it had been decided at the committee meeting held on 04 January 2013 headed by the Auditor General to take disciplinary actions against the officers connected to this task and inform the actual situation in relation to this matter to the	2021 2022 2023	Should be act according to the Committee orders and the related activities should be done without making losses to the government.	The Board of Directors had decided on 2022.11.21 to solve this problem by obtaining one vehicle model. Further, it was decided to conduct an internal investigation and necessary actions should be taken against the responsible officers by the Ministry Audit and Management Committee	The vehicle model haven't been received as agreed. Not disciplinary action had been taken against the responsible officers.

committee on Public Enterprises through Chief Accounting Officer. However, no disciplinary action had been taken against the relevant officers even by the end of the year under review. Further, instead of taking legal actions against the concerned private company, the authority had entered into an arbitration process as per condition 19 of the expired agreement. It was decided to get only one model instead of 3 models if electric vehicles and the settlement process was completed. However even one model of electric vehicle had not been received by the authority at the end of the year under review.

was held on 02 July 2024.

02.	According to Section 19 (1) of the Act, during the period of validity of the license issued, the developers shall be bound to pay annually a royalty fee to the Authority for the renewable energy used during that period as	2021 2023	As per the provisions of the Act, the measures for recovery of the royalty should be carried out expeditiously.	The authority has discussed with almost every minister appointed since 2007 about the recovery of this royalty. The authority has also tried	As per the provisions of the Act, actions had not been taken to collect the royalty from renewable energy projects.

determined by the Minister in consultation with the Minister of Finance. However, the authority was not able to collect the relevant royalty due to the fact that the method to collect the relevant royalty had not been decided so far.

to get the consent of the Minister of Finance for these charges on many number of occasions.

Cabinet papers have also been prepared and forwarded to the ministry to get the necessary cabinet approval.

03.	Although a Cess tax which is calculated according to such proportions as may be determined from time to time by a rule published in the Gazette by the Minister with the concurrence of the Minister in charge of Finance as per Section 45(1) of the Act should be imposed, charges and paid on all imported fossil fuel products. However it was not possible to collect the relevant fees due to the lack of preparation of mechanism for that.	2021 2023	As per the provisions of the Act, the necessary measures to collect the Cess should be carried out promptly.	The authority has discussed the collection of this Cess tax with almost every minister approved since 2007. The authority has also tried to get the consent of the Minister of Finance for these charges on many number of occasions. Further Cabinet papers have also been prepared and forwarded to	As per the provisions of the Act, Cess tax was not imposed on imported fossil fuel products.

				the ministry to get the necessary cabinet approval.	
04.	The authority should encourage and promote off-grid renewable energy projects in accordance with Section 5(c) of the Act as a solution to the problem of insufficient available grid capacity in the central grid of the Ceylon Electricity Board. However the authority had not taken necessary actions in this regard. Due to this, as per Section 25 (a) of the Act, no energy licenses have been issued for any off-grid renewable energy projects even by July 2024.	2021 2023	According to the provisions of the Act, off-grid renewable energy projects should be encouraged and promoted,	Since the percentage extended to the national grid has grown to 98 percent by 2021, the Authority has taken necessary steps to provide electricity to the 2 percent that cannot be provided outside the national grid, depending on the location and condition of the land.	Energy licenses had not been issued for off-grid projects so far.
05.	Even though an amount of Rs.35 million should be charged as the requisition fee for a project of 700 MW according to the regulations of Extra Ordinary Gazette No 1705/22 dated 10 May 2011 by the Ministry of Power and Energy under the Section 67 of the	2021	The charges should be recovered according to the approved regulations.	Temporary approval was granted on the basis of collecting the remaining amount later through the letter dated 2022.03.22 signed by the state minister.	Application fee had not been collected as per the provisions of the gazette of the Minister in charge,

Sustainable Energy Authority Act No 35 of 2007. However contrary to that, temporary approval had been given for a project on the basis of charging a fee of Rs, 5 million and recovering the remaining amount later.

06.	When constructing an energy efficient building for the head office, the Authority had not prepared a total cost estimate in accordance with the Government Procurement Guidelines 4.3 and obtained the approval of a Procurement Committee with the authority for that purpose. An amount of 23.3 million had been incurred for the design plans of the building up to 2020. Further, the approval of the cabinet of ministers had not been granted for the construction of this building up to January 2023 and the construction activates couldn't ve commenced due to that reason. Accordingly, the	2021 2022	In terms of the Government Procurement Guidelines, the procurement activities should not be commenced without a formal approval and the responsible persons in relation to incurring uneconomic expenses should be identified. The action should be taken to amend the conditions of the lease agreement to avoid disadvantages to the Authority.	The project has been postponed on the advice of the secretary of Ministry due to Covid pandemic and the economic crisis. Steps have been taken to submit a Board paper to amend the conditions of the lease agreement.	Necessary measures had not been taken regarding the irregular procurement activities and incurring uneconomical expenses. The existing lease agreement with the Urban Development Authority had not been amended as required.

above-mentioned expenditure had become an uneconomic transaction. A land had been obtained from Urban development Authority on 30 years lease basis in Battaramulla area in 2015 by incurring Rs.41 million for this purpose. As per the condition No 1.8 of the lease agreement, the construction activities had not been commenced within 03 months from the date of the agreement and failed to complete the construction within 2 years, Therefore it was observed that the risk of transfer of the ownership of the lease property to the Urban Development Authority.

07. Although 90 electric vehicle battery charging stations were to be developed as per the 2025-2021 Corporate Plan, non of the stations had been constructed by the end of the year under review. Furthermore , no work was done in 3 tasks related to the	2023	According to the Corporate Plan, the planned task should be completed promptly.	This is expected to be implemented in the future.	Preliminary work had begun to prepare guidelines for electric vehicle battery charging stations. No other work had been done.

development of the renewable energy projects included in the Action Plan of the year under review, and the progress of other 24 project activities in the year under review has a low value from 10 percent to 54 percent.

08.	It had been granted approval by Cabinet Decision No CP 008/301/0380/22/ dated 15 March 2022 to award the construction of 500 MW renewable energy power plants in Mannar and Punarin to a foreign private investor. The Authority had requested USD 747,733 equivalent to Rs.261.7 million from the project developer for expenses incurred for the preliminary development activities of the above project by letter without reference number dated 08 November 2022.	2023	Details of A document was submitted to the audit to reduce fees had not been submitted to the audit by November 2024.

However, the receivable amount of USD 425,381 equivalent to Rs

112.5 million from the project developer in the financial statements of the year under review was disclosed in the notes to the financial statements by understating USD 322,352. The agreements reached with the project developer for those reductions were not submitted to the audit,

09.	Although the Authority had started the acquisition of 14.13 hectares under the Government Land Acquisition Act No. 08 of 1979 for 15 small hydropower projects as per Section 30 of the Act, the said land had not been formally acquired by the end of the year under review. Therefore, according to Section 32 of the Act, the authority had failed to lease or hand over the ownership of the land and collect the annual lease. Further, leases and late fees of Rs.1.3 million that should be recovered from 2021 to March 2024 for other land	2022 2023	The land acquisition should be completed promptly and the lease should be collected by leasing out land.	Out of the 45 plots of land taken over by authority, 16 plots of land have been leased correctly and it is informed that the remaining 29 plots of land will be charged with due leases along with arrears after completing the title investigations under Section 9 of the Act and registering them in the Registrar's office.	No land had been leased after completing the land acquisitions. The outstanding lease had not been collected.
- The

had not been collected.

Authority has informed the relevant project proponents to pay the outstanding lease,

10. According to 2023 Sections (1)47 and 67 of the Act, the regulations to be prepared by the Minister for the implementation of the activities of the sustainable Energy Guarantee Fund, which was established with the aim of providing necessary guarantees for investors applying for loans for projects for energy efficiency , had not been not obtain approval of the parliament.	Action should be taken as per the provisions of the Act.	Only a draft of the regulation has been prepared.	The draft regulation and Cabinet approval have not been obtained nor submitted for parliamentary approval.

3.164 Sri Lanka Atomic Energy Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	2,790,735,560	158,414,233	2,632,321,327	129,499,010	Qualified
2022	2,692,952,693	166,909,006	2,526,043,688	(19,477,555)	Qualified

2023	2,844,689,177	164,937,145	2,679,752,032	74,589,846	Financial statements of the year 2023 have been submitted on 2024.08.02 and the audit work had been completed. Reporting is in progress.

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	Courses regarding Non-destructive Tests and Providing Test Services to outside parties had been conducted by some divisions of National Center for the Non-destructive Tests (NCBNDT, Training Unit and Inspection Body).However legal provisions had not been drafted within Sri Lanka to enact International Standards use for	2021	An independent body should be established to regulate the actions regarding Non-destructive Test and necessary provisions should be made for the validity of International Standards.	There is no practical method to regulate and the validity of the reports depends on the qualifications of the respective inspection officers.	An independent regulatory body had not been established and standards had not been set in Sri Lanka in line with the international standards.

those matters.

02.	The approved 2021 contract value of the National Non Destructive Testing Center building completed in the year 2014 was Rs.308.6 million. Even though the construction had been completed with a contact variation of Rs.120.9 million or 39 percent, the necessary Cabinet approval for the contract variations had not been obtained according to the section 8.13.4 of the Procurement Guidelines and the Public Finance Circular No 02/2012 dated 07 August 2012 as at 28 October 2022. Rs.90.8 million had been spent on purchasing the land exceeding the Cabinet approved amount of Rs.84 million and the land assessment of Rs.85 million.	Actions should be taken to minimize contract variations and approval should be obtained.	Approvals for contract variations have been requested and a review is being conducted by the Ministry.	Relevant approvals had not been obtained.
03.	As per the Section 4 (i) of the Sri Lanka Atomic Energy Act No 40 of 2014, the Board shall explore the availability of radioactive mineral resources within Sri	2022 According to the provisions of the Act, necessary research should be conducted to develop the methodologies that can maximize	A study on natural radioactive sources had been carried out in collaboration with the	A methodology had not been developed to effectively utilize radioactive minerals.

Lanka, and as per Section 4(a), the radioactive minerals should be utilized for national development.

However, the Board had not prepared a system that could use radioactive minerals for national development.

benefits to the Geological national economy Survey and by adding value to Mines the radioactive Bureau. minerals.

04. The land obtained by the Board from Urban Development Authority on lease basis in Orugodawatta, where the head office was located, had been acquired for the construction project of the new Kelani bridge.
- 2021
2022
- Actions should be taken to transfer the relevant land to the Board as soon as possible.
- A joint ministerial paper had been prepared to transfer the ownership of the land.
- The land had not been formally acquired with the approval of the Cabinet of Ministers.
- Later, a new head office building had been constructed through the project in another nearby land, which was belonged to the National Apprentice and Industrial Training Authority of Sri Lanka.
- However. The actions had not been taken to legally transfer the relevant land to the Board, even by June 2023.

05.	The Cobalt 60 element which is required for the operations of the Gamma Center should be replaced once in every four years and Government grants of Rs.358 million had been provided for this purpose from the year 2013 to 2021. It was observed that the securing funds may be challengeable in the future due to non-implementation of a fund management programme investment that could support the replenishment of depreciating elements with the use of revenue generated by the Gamma Center, without burdening to the General Treasury.	2022	Measures should be taken to replenish the elements with self-generating income without obtaining funds from the General Treasury.	Actions had not been taken.	Have to face severe difficulties in obtaining funds to acquire elements.
06	In making the payment for the land in Malambe selected for the construction of the head office building of the Board, the payment should have included a deduction of the future lease rental of Rs. 7.66 million paid to the Urban Development Authority in respect of the land in	2021 2022	1. Action should be taken in accordance with the Cabinet decisions and payments should be made only upon the Government valuation. 2.Action should be taken to recover the receivables to the Board.	Several discussions had been held with the relevant parties.	The overpaid amount had not been recovered.

Orugodawatta with the old building, in which the board was maintained according to the Cabinet Decision No 002/526/0277/14 dated 24 February 2014. Nevertheless, payment had been made without deducting that amount.

Further, a sum of Rs. 181 million had been paid to the Urban Development Authority for the land in Malambe, irrespective to the Rs.116 million market value of the Malambe land and the government's assessment of Rs.75.5 million for 30 years lease value.

3.165 Atomic Energy Regulatory Council

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	84,056,739	32,528,954	51,527,785	9,412,059	Qualified
2022	119,391,565	32,606,417	86,785,147	8,912,531	Qualified
2023	162,017,060	33,734,037	128,283,023	29,673,881	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	In terms of Section 18 of the Sri Lanka Atomic Energy Act No 40 of 2014, the Council is responsible for licensing and regulating all practices related to ionizing radiation carried out by all persons, including the Atomic Energy Board. Accordingly in terms of the powers of Section I) of 12 Act, though the Council is required to establish procedures and mechanism for monitoring and regulating services	2021 2022 2023	Necessary mechanism should be prepared promptly so that all activities related ionizing radiation can be regulated according to the sections of the Act	The procedures and mechanism are being drafted upon approval of the Board of Directors	The procedures and mechanisms had not been developed

such as measurement of radioactivity levels provided by the Board, radiation measurement equipment calibration service, personal monitoring service and site monitoring services, the Council has not prepared such procedures and mechanism

02.	Thought a national strategy should be developed for promptly gaining or regaining control n over orpha radioactive sources in terms of the Section 46 of the Sri Lanka Atomic Energy Act No 40 of such national , 2014 strategy was not .formulated	2022 2023	Action should be taken as per the provisions .of the Act	The strategy is being developed upon approval of the Board of .Directors	A national strategy had not been .developed
03.	Though the Council should inspect any articles or commodities imported into Sri Lanka and available locally, take samples for the purpose of testing of radioactivity and Council where the deems it necessary and appropriate, to publish the results of	2022 2023	Necessary measures should be taken urgntly to fulill the resposibilities of the council as per the Act,to identify food items with harmful radioactive substances that inappropriate	Atomic Energy Board has conducted random tests in this regard. As a result, materials that exceed radiation levels have not yet been identified.No public complaints .have been received	Only sample tests of milk powder are .carried cot

such tests for the information of the general public and all relevant authorities as per the Section 12(n) of the Act. However random checks had not been conducted to identify imported consumer products that may contain radioactive materials

man for hu
.consumption

04.	The requirements and procedures to be adopted by the Council for the grant of an approval for import or export of radioactive materials should be based on internationally reconginzed guidelines specified by rules made in that behalf in terms of (2) 48 the Section a) of the said) Act.Nevertheless, the Council had not prepared rules based on international guidelines thus failing to obtain approval of Parliament. As such , it was observed that the Council had granted approvals on their own discretion ts and for impor .exports	2022 2023	Action should be taken as per the provisions .of the Act	A review is to be done under 48(2) a) of the Act.A) draft system related to import and export have been prepared and studied.Future actions will be taken with the ce of the assistan .legal officer	Only the draft rules have been prepared and necessary actions had not been taken to get approval of the .parliament

05.	In terms of Section of the (1) 69 Act, establish requirenments for the protection of workers, the public e environment and th that are required to be complied with all individuals carrying out activites related to mining and processing operations which generate radioactive material shall be imposed as rules mad by the Council. However no such rules had at least .drafted been	2022 2023	Action should be taken as per the provisions .of the Act	A committee consisting of two Deputy Directors has been appointed and preperation of the preliminary draft has been commenced.It is expected to get comments and suggestions from the Geological Survey and Mines Bureau after finalazing the draft and the rule is expected to be finalized and .enforced	Even an initial draft had not been prepared and .finalized
06.	In terms of Regulation 4(1) of the Atomic Energy Safety Regulations o 1 of 1999 on N Ionizing Radiation Protection , the Council should granted licenses on mining for radioactive materials, milling and processing.Neverthel ess, a state company and a private company involved in such activities, had not been regulated ing by provid .licenses	2022	Licenses should be issued in accordance with the Regulations. As per the Gazzette notification, licenses should be issued in case that at least one of the activity concentration or total activity exempt level and regulating .the process	Since the activity concentration of radioactive isotopes in all mineral sands tested and given recommendations e are less than th relevant values, no recommendations .are required However it is very clear that the total activity of the sand containers (stock) containing the approved mineral sand samples is .exceeded	Licenses had not yet been issued for the activities by the carried out .relevant companies

Furthermore, the total activity concentration of activity should not exempt in accordance with Gazette No 1924/27 dated 21 July 2015, but despite the total activity exceeding the level)Th 232/U 238 - 10, Becquerel) 000 regulation of the export of radioactive mineral sands done by the said companies had been exempted by the Council as per Section 19 of the Atomic Energy Act

07.	A vessel carrying highly radioactive materials had been entered into the Hambanthota port on 20 April 2021 without a licence issued by the Council. Offences had been committed under the Sections 18 and 48 (I) of the Sri Lanka Atomic Energy Act No 40 of 2014, the Council had not taken legal action against the respective local agent of the ship.	2022	Violation of Section 18 of the Act shall entail a fine not exceeding Rs.03 million or an imprisonment for a period not more than 07 years, or both the fine and imprisonment. Hence, legal action should have been taken on such offences.	As soon as the Council became aware of the fact, instructions were given to send away the ship out of the port. The incident was investigated by a committee chaired by the Director General.	No court case had been filed against the shipping company.
				The shipping company's local agent was suspended from issuing licenses prohibiting the transportation of radioactive materials through	

.Sri Lankan ports

08. The highly 2022 The Atomic A suitable safety Unused Cobolt
radioactive Cobolt
category 01) used) 60
in Government
hospitals to treat
cancers, should be
temporarily stored in
Central Disused
Source Store of the
Atomic Energy
Board until the
radioactivity
depletes (to category
and such (03
s should be material
sent to the
manufacturing
country at once, thus
incurring a low cost
by the Government
rather than exporting
from time to
time. The
Government may
not incur expenses
export if-on re
such materials are
used for other
services, and an
al revenue additon
would be earned.
Due to failure in
doing so, those
radioactive materials
remained at the
hospital premises
.unprotcted
09. In terms of 2023 A safe and ray machines -X A safe and proper
Regulation 4(1) (a)
on Ionizing
Radiation Protection
of the Atomic
erly ord
procedure
should be
developed for
- ray machines -X
which are contained
or stored with
packaging will not
be licensed by the
- ray -l of Xdisposa
equipment

Energy Safety Regulations No 01 of 1991, Although the Council should grant licenses for the possession of radioactive s, necessary material licenses were not provided for the -possession of 50 X ray equipment imported to Sri Lanka by the police headquarters in 2019 for 50 equipment until 31 December for 35 ,2020 equipment until for ,23-2-years 2021 equipment in 34 nd a 2026-years 2024 ray -for 16 X equipment imported by a private company in 2019 -until years 2019 Therefore , .2021 Rs. 1.38 million which should be recovered as license fees had not been collected. The decommissioning and disposal of radiation equipment with should be made the permission of Council.However licenses for the possession had not been granted for license closed files ray -of 27 X

the disposal of ray -X equipment where license files were .closed

Regulatory Council. License is granted after the f the installatio o machine and a radiological inspection of the facility after confirming .radiation safety

up -A follow mechanism will be introduced in future for machines which license files .have been closed

equipment in
Colombo and
Gampaha districts
until receiving the
application for
disposal as per the
regulation

10.	Though the approval had been granted by the Cabinet Decision No 18/0522/727/013 dated 03 April 2018 to implement the model additional protocol in Sri Lanka subject to conditions until the statutory issues are fulfilled to formal effect the additional protocol under the convention signed by Sri Lanka to prevent proliferation of nuclear weapons in terms of Section e) , 59(2) and 60)12 of the Atomic Energy Act No 40 of the Council ,2014 had not fulfilled the necessary statutory requirements up to the end of the year under review. Further, to ensure productive and efficient exercising of responsibilities in Article 39 of the said Convention, Sri Lanka should have prepared the	2023	Prompt action should be taken to ensure effective and productive exercising of responsibilities with respect to international agreements signed by Sri Lanka	Actions have been initiated for the necessary amendments to the Act	A new Act is being drafted

affiliated provisions
in detail. However
not the Council had
involved in that
connection after the
.year 2019

3.166 Palmyrah Development Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	239,388,465	76,338,541	163,049,924	(33,538,883)	Disclaimer
2022	247,743,085	96,348,976	151,394,109	(24,786,100)	Qualified
2023	262,412,451	94,471,689	167,940,762	(11,954,969)	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01.	A land in Karainagar which is belonging to the Board and registered at the Registrar's General Department on 24 November 2017 had not been valued and brought to the financial statements, as a result, the value of the non – current assets had been understated in the financial statements.	2021	All assets belonging to the Board should be valued and accounted.	We will get valuation from the Department of Valuation and posted to the year 2022 account.	Valuation of land had not been done till November 2024.
02.	A land which is belonging to the Board and registered at the Registrar's General Department on 24 November 2017 had not been valued and brought to the financial	2022	All assets belonging to the Board should be valued and accounted.	Actions are going on through the respective District Coordinators.	Valuation of land had not been done and ownership of the land is not transferred till November 2024.

statements, as a result, the value of the non-current assets had been understated in the financial statements. Further, action had not been taken by the board to transfer the ownership of 8 lands which are being used of long period.

03. Action had not been taken to recover the 08 Sundry debtor balances included under trade receivables aggregating to Rs.4,338,434 remained outstanding for over 06 years as at 31 December 2023.	2023	Remedial actions should be taken to recover dues on time.	This matter will be submitted to the Board of Directors, and necessary actions will be taken based on their suggestions.	Immediate action had not been taken to recover the amount.
04. Action had not been taken to settle 05 trade creditor balances totalling Rs. 306,875 and 08 sundry creditor balances totalling Rs. 2,967,592, which remained outstanding for over 2 to 5 years as at 31 December 2023.	2023	Appropriate actions should be taken to settle the creditor balances on time.	Due to a lack of financial allocations, the remaining settlements will be made in parts with the approval of the Board of Directors in the near future.	Immediate action had not been taken to settle the amount.
05. It was observed that one Pasteurizer plant valued at Rs.805,000 and one Autoclave plant purchased before 2018 had been	2023	Action Should be taken to utilize assets effectively.	The pasteurizer plant and autoclave have already been	The assets had not been utilized.

idled over five years.

corrected and
Management
has taken the
necessary
steps to
incorporate
them into the
production
procedures.

3.167 Mahaweli Authority of Sri Lanka

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	120,689,222,000	41,292,025,000	79,397,197,000	667,166,000	Qualified
2022	117,579,210,000	41,229,259,000	76,349,951,000	(1,494,044,000)	Adverse
2023	404,007,295,000	1,850,206,000	402,157,089,000	(6,201,567,000)	Qualified

Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
01. It was planned to provide about 540 acres of land from the Muthuwella Welikanda area for the implementation of agricultural crop production projects under the Mahaweli B System Agriculture Development Program in the year 2020. The contract of Rs.2,619,000 for evaluating the environmental impacts of these investment projects was awarded to the University of Colombo and Rs.2,093,200 had been paid by the date of audit. Although a period of 03 years	2022 2023	The project should be completed without delay and the expected benefits should be achieved to avoid uneconomic expenses by the feasibility study.	Along with the commencement of the field programs of environmental studies of the Muthuwella project, the spread of the corona virus, the problems of encroachers, the delay in the study of water sources and preparing plans for the development of infrastructure affected the study activities to be delayed than the planned time.	Lands have not been disposed for Investment Projects.

and 05 months had passed from the planned year to the audited date of 10 May 2024, any investment project had not been implemented.

02. In 2018, The Cabinet approval had given to reorganize the Mahaweli Livestock and Agribusiness (Pvt) Company, which was established using the authority's resources, as a Public Private Partnership with a selected external investor. According to the timeline of the tasks expected to be carried out for the reorganization, although the project reports of the investors should be checked and the appropriate projects should be selected by 22 April 2024, the tasks have not been completed until now.
- 2021
2022
2023
- A Public Private Partnership should be started according to the Cabinet decision.
- The project committee evaluated the technical project reports and submitted the project committee report to the Cabinet Appointed Negotiation Consensus committee (CANC) on 06.05.2024. The approval for financial project evaluation was given there. The meeting and evaluation work has been completed by 13.08.2024. Although it was tried to get the recommendations of the technical evaluation committee officers to the report prepared accordingly, it has not been able to complete the
- It has not been reorganized as a public-private partnership.

work due to the busyness of the officers due to the election activities.

03. The land of 0.2139 hectare and building premises located on Baseline Road, Dematagoda belonging to the Authority are currently being abandoned and destroyed and it was observed during physical inspection that, the buildings within the land have been almost completely broken and destroyed in such a way that they cannot be used again and any action had not been taken in this regard.
- 2022
2023
- F.R should be followed regarding damaged misplaced Property.
- This land has been handed over to the Mahaweli Security Division to protect this buildings and furniture and equipment. Furthermore, by Board Resolution 352 dated 04.08.2023, approval has been granted to invite for the construction of a warehouse and vehicle yard in the 0.2139 hectare of land and building located at Baseline Road, Dematagoda.
- Measurements have not been taken to re-use the building.
04. As of December 31, 2023, Although 157,843 hectares of land had been disposed as 315,529 plots as high land, water and rain sustained under the Land Development Ordinance, 110,902 plots had failed to be given grant papers, it was a percentage of
- 2023
- Arrangements should be made to give the grant papers.
- Under the Land Development Ordinance, a percentage of 35 percent has been mentioned to provide grants for lands disposed of. Grants have been unable to be given and remained due to
- Action has not been taken to improve the efficiency of the land allocation mechanism.

35 percent. And also, although 18,766 hectares of land had been disposed of in 24,735 plots by 31 December 2023 related to commercial, housing, investment projects, temples and government institutions under the State Land Ordinance Act, the Mahaweli Authority had failed to provide long-term grant papers and free grant papers for 19,657 plots. It had taken a percentage of 79 percent.

various problems. Informal alienation, lack of development, legal issues, family disputes, and land ownership issues are the reasons for this. Work is underway from the last quarter of 2023 to issue a grant paper. Accordingly, the said grant papers should be given for all Mahaweli land plots. For long-term leasing under the government land ordinance, the lessees have paid the taxes without any deficit, the relevant land plots are measured, preparing plan after the boundary stones are laid, and once the line drawings are obtained by the surveying department after obtaining the valuation values from the valuation department, the providing leasing

is done. A considerable time is taken in this work.

05. According to the 2023 consolidated financial statements, the amount of tax to be recovered from investment projects as at 31 December 2023 was Rs.165,524,701, of which Rs.2,993,596 could not be recovered for more than 05 years. Actions should be taken to recover the tax arrears. An analysis of this will be made and action will be taken to recover it in the future. Tax arrears have not been recovered.
06. Although 219 people 2022 who was on 137.175 2023 acres of Mahaweli Lake Reserves area in Mahaweli C Zone for a maximum period of up to 40 years, and 237 people who was on 23 acres of Reservoir Reserves area in Victoria Zone for a maximum period of up to 30 years and 1042 people who was on 645 acres of Walawa Lake and Reservoir Reserves area for a maximum period of 45 years have been enjoying by cultivating permanent crops and crops, constructing permanent buildings without permission, Sensitive areas owned by the Authority should be protected. Major Dams and Reservoir Operations Division is being taken legal action in relation to the eviction of encroachers in the reservoir reserves, It is mentioned that, proceedings have been initiated to evict 13 encroachers since 20 May 2024.

the process of removing these encroachers had been implemented in a slow manner within the Authority.

07. A restaurant is run by a private party on an area of about 01 acres, 01 rude and 36 perches in the island located in the middle of the Mahaweli river in the Gatambe Grama Niladhari domain of Kadawatsatara Divisional Secretariat of Kandy District. The private restaurant located within the Varatenna Hakkinda Environmental Protection Zone, where the island is situated, had not been removed from the Reserve until 22 March 2024, which is the date of audit.
- 2023 Sensitive zones and areas owned by the authority should be protected.
- Since this restaurant is a business place that has been running before the announcement of the environmental protection area by the Central Environmental Authority, it has been recommended that it is appropriate to lease the land for running the restaurant without the approval of the committee based on the legal provisions of the Mahaweli Authority.
- The private restaurant located in the environment protection zone have not been removed.
- The Board of Directors has given approval to provide the restaurant on lease basis by imposing technical recommendations and conditions

				for running the restaurant.	
08.	An area of 20.2343 hectares in Mayurapura block of Walawa zone was disposed of to a private company in 2016 for soil excavating project. Although this agency has paid the royalty to Geological Survey and Mines Bureau for excavating 66,012 soil cube of soil between 20 December 2016 and 19 December 2017, The land use fees payable to the authority amounting to Rs.51,533,440 had not been recovered as at 19 March 2024 which was the date of audit. Also, the relevant land rehabilitation work had not been done as agreed.	2023	Legal Action should be taken to recover the outstanding land use fees.	The concerned institution has been informed by The Resident Project Manager (Walawa) to pay the arrears of land use charges. Nevertheless, the payment of the money has been defaulted so far, so the related legal work is being done.	Outstanding land usage fees remain uncollected.
09.	Due to the facts that not following a formal system of issuing a new license after calculating and recovering the arrears of the previous year in cases where mining licenses are extended and not collecting the relevant arrears of	2022 2023	Disciplinary action should be taken against the officials who have defaulted on their responsibilities and the loss to the government should be recovered.	The answer is not match.	No mechanism has been implemented to recover outstanding fees or issue new licenses, nor have any disciplinary actions been taken.

land use fees up-to-date by the responsible officials, the amount of outstanding land use fees to be received to the authority was Rs.1,898,907,760 by the end of the year 2019.

10.	The opportunity had been given to written off 75 percent of the outstanding land use fees to be collected from granite businessmen and recover the rest in 36 instalments as per the decision of the Cabinet No. අම/20/1852/317/012 dated 14 December 2020. Accordingly, it was further observed that the amount of Rs.1,424,180,320 which was written off from C, H, L and Walawa Systems was a revenue that could have been collected by the authority and that the authority had lost this money due to the weak and inefficient performance of the authority's revenue collection officers and supervisory officers.	2022 2023	Disciplinary action should be taken against the officials who have defaulted on their responsibilities and action should be taken to recover the losses of the government.	Due to the approval given by the Cabinet to collect 25 percent of the arrears of the industrialists in 36 monthly installments within 03 years, the arrears of land use fees mentioned in the query could not be recovered. The arrears of land use fees calculated at 25 per cent as per Cabinet decision are being collected.	Disciplinary actions have not been taken.
11.	The concession period given to the	2022 2023	Legal action should be taken	Investors have been informed at	Outstanding amounts have not

miners to pay the arrears had ended on 31 December 2023, nevertheless an amount of Rs.298,362,829 had not been recovered from 65 miners even 20 May 2024. During the further investigation, amount to be recovered of Rs.69,423,300 has not been recovered from 27 miners and only a small amount had been paid out of the amount to be paid using the above concession and resumed mining by 38 miners. An amount of Rs.228,939,529 should have been recovered from the amount of Rs.373,612,647 that the miners were to pay as of the date of audit. It was 61 percent of the amount due from them. Even after giving concessions such as, according to the above Cabinet decision, 75 percent of the land use fees to be received to the government was written off, the remaining amount was paid in 36 instalments and not

against the miners and the fees and related legal interest should be recovered.

the regional level been collected. in writing to pay the land use fees and the Letters of Demand have also been sent to enter the legal action. Although so directed, taking further action for the investors who did not pay the fees despite, the complaints related to the prosecution under the Act regarding the offenses committed in the subject of public property No.12 of 1982 have been arranged to forward the complaints to the police station of the area located in stone-pits.

charging any interest for the arrears, legal action has not been taken to recover the arrears from the businessmen who did not pay the arrears even by the date of audit. It was advised to file a case under the Public Property Act against the investors who do not pay properly in the Committee on Public Enterprises held on 10 August 2023, nevertheless action has not been taken to file the cases accordingly.

12.	It was agreed to mark 60 meters reserve boundaries on both sides of the Mahaweli River to reduce the environmental damage of sand mining in the meeting of the Committee on Public Affairs held on 21 February 2019 and although Rs.1,000,000 in the year 2018 and Rs.612,300 in the year 2019 as a total of Rs.1,612,300 had been paid to the Sri Lanka Survey Department for that, the survey work or the marking of reserve boundaries	2022 2023	Necessary measures should be taken to complete the work of demarcation of reserve boundaries as soon as possible	Although the preliminary survey work was started by the Survey Department in 2019 in relation to marking the boundaries of the 60 meter reserved area on both sides of the Mahaweli River, after that, existed transportation difficulties due to the covid epidemic situation and the fact that it is an area with a lot of wild elephants and the loss of	The marking of the reserve boundaries has not been completed.

had not been done until the date of audit on 10 May 2024.

life in the area during that time, it has not been possible to complete the survey work due to regarding the security situation. According to the constant requests made in this regard, the measurement work has been started again on 2024.06.24.

13. Although the 2022 Authority had spent 2023 Rs. 1,297,533 from 2011 to 2013 on selecting investors and identifying 20 suitable locations for the construction of small-scale hydropower plants, 10 of these projects could not be completed by the date of audit on 28 April 2024.	It should be implemented after conducting Project Feasibility Studies and identifying the Investors and suitable locations.	Progress has been presented as at 30.09.2024 among the 20 locations selected in 2011.	The projects have not been completed.
14. In addition to the 2022, above-mentioned 2023 power plants, formal agreements had not been entered into to collect watershed management fees from 65 small-scale hydropower plants engaged in electricity generation within the Mahaweli Special Administrative	Appropriate methods should be introduced to collect watershed management fees in hydropower plants .	Although the areas where these small-scale hydropower plants have been constructed are located within the Mahaweli Gazetted Areas, those areas are administered under the relevant	Watershed management fees have not been charged, and formal agreements have not been entered.

Region, although they are not regulated by the Authority.

Divisional Secretariats or Land Reform Commissions. Accordingly, approval has been obtained from the said offices when obtaining approval to commence the projects. An Environmental Protection Permit has been issued for these power plants for a period of 15 years and when the said permit is renewed, the Mahaweli Authority will be able to intervene again in these projects, so it is necessary to take action on this in the future. And it is expected to enter into contract as appropriate.

15. The Authority had identified suitable sites for the construction of land-based and floating solar power plants and had allocated 692.6 hectares of land for lease to 33	2023	Objectives of land allocation, development Follow-up and Undeveloped lands should be reclaimed and used for appropriate	The competent authority for these projects is the Sri Lanka Sustainable Energy Authority. When starting a solar energy project, it	Lands that were not developed as agreed upon have not been reclaimed.

investors as at 28 April 2024, the date of audit, for the establishment of solar energy investment projects. However, as at 28 April 2024, only 08 investors were engaged in electricity generation. It has not been taken action to provide lands for which projects had not been initiated to other investors.

purposes.

is mandatory to first obtain preliminary approval from the Sri Lanka Sustainable Energy Authority and then obtain the relevant environmental approval. Furthermore, the Ceylon Electricity Board must agree to purchase the electricity generated and accordingly, agreements must be signed to purchase electricity. This work took time due to the lack of investors in the face of the Covid pandemic and the subsequent economic downturn, but significant progress has been made so far.

16. 85.42 hectares of land set aside for investment projects in Zone C had been illegally alienated.

2023

Action should be taken to void illegal investment projects in terms of the provisions of the Government Lands Ordinance.

The process of cancelling investment projects that have been illegally alienated without the consent of the Mahaweli Authority is

The land annulment has not been carried out.

being implemented in accordance with the provisions of the Government Lands Ordinance.

17.	Although 206 acres of land that had been set aside for investment projects in the Walawa region had been set aside for between 2 and 11 years by the date of audit on 10 May 2024, no development had been carried out and no steps had been taken to cancel the lease agreements.	2022 2023	Completely undeveloped projects should be canceled and the lands should be reclaimed for that purpose.	Steps are being taken to cancel the lease approvals of investors who were not carried out development activities and take over the underutilized lands from the Mahaweli Authority. In addition, although new investment lands were distributed in the Chandrikawewa Division in 2022, the investors who accepted the lands have not carried out development activities on those lands, and therefore, a written notice has been issued to pay the lease and carry out development activities and steps will be taken to cancel	The annulment of undeveloped project lands has not been carried out.

the lease approval of these individuals in the future.

18. The lessee had not cultivated the 10 acres of land provided for guava cultivation and had later illegally sold it to a private company for Rs. 30 lakhs. In addition to those 10 acres, that company had also used another 8 acres of land for its cultivation.	2023	Lease rights of investors have been cancelled and the outstanding lease should be recovered.	In addition to the 10 acres of land provided for guava cultivation, another 8 acres have been illegally used for additional cultivation. As these people have not vacated the land after handing it over to the Mahaweli Authority, further legal action is being taken under the Repossession of Possession Act.	The revocation of tax rights and collection of outstanding tax payments has not been carried out.
19. Two/three acres of land on the eastern boundary of this reserve was being illegally occupied by a certain person, and long-term cultivations such as mango and coconut had been carried out there. The Thambuththegama Block Manager had informed the Residential Project Manager about this, but no necessary steps had been taken to remove the		Sensitive areas and zones under the authority should be protected.	Two or three acres of land on the eastern border of this reserve are being illegally occupied by a certain person, it has long-term cultivation of mangoes and coconuts and the necessary steps to remove that intruder will be taken.	The protection of sensitive areas under the authority's jurisdiction has not been carried out.

unauthorized

cultivator until the date of audit on 25 March 2024.

20. The land holdings of Lot No. 03 and 05 of the land of Plots no 3 and 5 of land bearing Lot No. M.P. maha 4971, which had been allocated to a private company on 17 July 1995, had been illegally alienated by that company to a biscuit company and had also defaulted on the payment of lease. Due to this, the Director General had cancelled the said selection on 06 November 2019. Although the said company had developed the land to more than 75 percent, that is, to a fully developed state, and had generated income by 31 December 2023, the Authority had lost the income due to not taking steps to obtain the valuation of the land and collect leases.
- 2023 Steps should be taken to enter into new lease agreements, assess the land and collect outstanding lease.
- The Residential Project Manager requested approval to conduct an investigation to formalize the leasehold in the name of the current occupant who is occupying it illegally, but since the disposal of the new land has been suspended by the letter dated 11.11.2022 from the Presidential Secretariat, approval has not been granted to conduct an investigation to formalize the leasehold in the name of the current occupant. I will report that once the Presidential Secretariat lifts the restriction imposed by the above letter, further steps can be taken to formalize the leasehold in the name of the
- Actions have not been taken to enter into new lease agreements or to collect outstanding tax payments.

current occupant.

21. A 0.226 hectare land in the Kadadora inhabitation in Kotmale was handed over to a private company on 05 January 2021, to establish a processing center for vanilla, pepper, cinnamon and ginger-related products. However, no valuation had been obtained for the land or buildings and the revenue due to the Authority had not been collected.	2023	Steps should be taken to enter into lease agreements, assess the land and collect outstanding lease.	This investor has been given the ownership of the land to establish an export crop processing factory. However, no formal government valuation or formal approval has been received to collect lease. However, since these people are using the land and the government is not charging any fees, a committee has been appointed to obtain a rough valuation and further work is being done.	Lease agreements have not been entered into.
22. The Digana Village Resort, which belonged to the Authority, was handed over to a private company on 1 June 1993, through a Memorandum of Understanding, with a land area of 07 acres and the premises including the main hall building, swimming pool,	2023	This premises should be taken over and re-leased. Adequate security should be provided for this premises and the parties responsible for the loss should be identified. The outstanding rent should be recovered.	The plaintiff's case has been dismissed, accepting the initial objection of the Mahaweli Authority. According to that decision, since it is not possible to obtain possession of the premises, the unauthorized persons who	Security and the identification of responsible parties for losses have not been carried out.

sports rooms and accommodation rooms, including all furniture and equipment.

In addition to the amount legally granted, the investor had also taken actions to occupy an additional area of about 03 acres. In 2005, when the Authority took actions to divide the land occupied by the company in excess, the above company had taken legal action, and although according to the judgment dated 21 November 2022, the premises should have been handed over to the Authority as scheduled on or before 26 February 2023, the property had been vacated without being formally returned. As of 22 March 2024, the date of the audit, one year had passed since the operations of the relevant premises had stopped, the premises had become overgrown with jungle that is impossible to enter the premises, and adequate

were present in the premises at that time were identified and expressed their willingness to hand over the official residence to the Authority. At that time, a committee appointed for the purpose took over the possession of the abandoned official residences to our Authority. In accordance with the provisions of the State Lands (Recovery of Possession) Act for official residences and holiday resorts that were not handed over as such, on 28.01.2023, cases were filed in the Teldeniya Magistrate's Court and the possession of 03 cases has been taken over by our Authority, and orders in cases 78086 and 78087 are scheduled to be given on 18.10.2024.

arrangements had not been made to protect the premises and other properties.

Although the agreed returns from the investment had not been received, the investor had provided this premises to outside individuals and institutions for various functions and residential facilities for a period of 20 years since 1993 and had generated income without paying any amount to the Authority, the outstanding rent amount calculated as receivable was Rs.4,500,000.

Since a proposal to establish an art studio in this premises has been submitted to the Presidential Secretariat, it has been informed that it should not be disposed of without prior approval from the Presidential Secretariat.

Thereafter, the Presidential Secretariat has been informed on 03.11.2023 to submit recommendations regarding the granting of a 30-year lease to the company from the unauthorized party, but all necessary actions are being taken to take over the premises formally by the Authority. Since this premises has not been formally handed over to our Authority by the relevant court decision by the investment party, our institution's officials have not been able to legally enter this

premises.

Therefore, it is not possible to open the place and assess the damage caused. Furthermore, the Assistant Director (Mahaweli Security Corps) has deployed security guards for the security of this place. Security has been provided at this time.

23. Although the land about 1.311 hectare with buildings including the authority's official residence in the Kotmale area, a building in the Kotmale campsite and the Doragala Estate Bungalow had been given to the Sri Lanka Broadcasting Corporation on several occasions, a formal lease agreement had not been obtained and the government valuation had not been obtained for the buildings. At the time of handover of the buildings, no inventory records related to the goods in 2023
- A rental agreement should be entered into and the buildings should be rented out based on government valuations, and inventory records should be prepared. Rent arrears should be included in the financial statements.
- There is a Lease agreements have not been entered into when the leasing the property. conditional handover of land with the signature of a Residential Project Manager without a formal lease agreement. Although the details of the buildings have been obtained at the time of handover of these buildings, it is acknowledged that there is no inventory list and accordingly, I will take actions to inventory the items in these buildings in the future.

them had been updated and included in the file. Out of all these buildings, only the official residence at 57 B was collecting a monthly rent of Rs.3,000, and no rent had been collected by the Authority from any other building up to the date of audit, 22 March 2024. The necessary actions had not been taken to recognize these properties as investment properties in the financial statements and the rental receivables as arrears of income.

Agreements have been prepared to charge Rs.3,000 per month for the official residence No. 57 B and Rs.10,000 per month for the old estate bungalow.

24.	Although the construction of the Bakamuna Bus Stand was scheduled to be completed by 4 April 2022 as per the contract agreement, it was not completed until 28 April 2024, and the construction had been abandoned.	2022 2023	Action should be taken to complete the planned task.	Due to the rapid increase in the prices of construction materials and the lack of financial resources in the face of the economic crisis in the country, the agreement was canceled on 12.05.2023 by mutual agreement of both parties. The relevant estimate is currently being prepared for the future works, and if the required	Construction has not been started.

financial allocations can be obtained in 2025, it is expected that the remaining work under this contract will be completed.

25. Although the Office of the Resident Project Manager - Rambakan Oya had provided an advance of Rs. 11 million to the Ampara Irrigation Director on 05 occasions during the period 2013-2014 for the construction of roads in Mahaweli Village in the Galwala Yaya area and rough leveling of paddy lands, Rs. 2.88 million of that advance had not yet been settled as of 28th April 2024.	2022 2023	The advance payments should be settled promptly.	Written notices have been sent to the Irrigation Department from time to time regarding outstanding advances. Accordingly, it is informed that payments can be made after obtaining information regarding Yaya 01 and Maha Yaya 05, which were rough-graded during that period.	Advance has not been settled.
26. An amount of over Rs. 20.8 million paid for the construction of 2 electric fences in the L system remained in the accounts as an unsettled balance for over 8 years. It was informed that an amount of Rs. 11,074,476 remained with the Department	2022 2023	Necessary actions should be taken to settle the advances.	The contractor has met all the qualifications (eligibility) checked for the contract. Accordingly, the selection of this contractor was made in accordance with the procurement guidelines. The	Advance has not been settled.

of Wildlife Conservation, but no action had been taken to recover or settle the advance.

contractor had nominated a common person as the contract manager for both these contracts, and since the relevant contract manager was not a person who should be in the field, the proposal was accepted by the Technical Evaluation Committee and the Procurement Committee, and with the agreement of the contractor, the contracts were awarded with a 30 percent reduction in the amount payable for the contract management service.

27.	Rs. 390,085,714 had been paid in 2018 for the construction of the road from Welioya Gajabapura to Nedunkerni Junction, and upon completion of the relevant construction and settlement of payments, no action had been taken to recover the	2022 2023	The advances must be settled.	The cost of the road renovation from Welioya Gajabapura to Nedunkerni Junction is Rs. 346,721,805 and the remaining cost of Rs. 43,363,909 has been spent on carpeting and developing a	Advance has not been settled.

overpayment of Rs.43,363,909 from the Road Development Authority until the date of audit on 18 April 2024.

1.95 km stretch of the road from Welioya Sampathnuwara to Gajabapura, but it has stopped halfway. The remaining amount to be paid to the Mahaweli Authority has not been received yet.

28. The flood protection dam in Kantale, Suriyapura, had been eroded due to the sand deposits that had been deposited, posing a threat to the protection dam on the Mahaweli River. The project to renovate the flood protection dam was initiated on August 6, 2019, using the profits generated by excavating and selling the sand deposits deposited on the opposite bank of the dam. According to the agreement, the removal of 103,128 cubic meters of deposited sand and the concurrent restoration of the flood protection dam were agreed to be completed within 6 months, and
- 2023 Necessary steps should be taken to complete the relevant tasks as per the agreement. A report should be obtained for the statistical variance.
- According to the relevant agreement, it was agreed to remove 103,128 cubic meters of sand and construct 3 dam protection wall within a period of 6 months. However, as of July 19, 2022, the contract period has been extended on several occasions. The company has stated that the COVID-19 pandemic and fuel crisis in 2020 and 2021 prevented it from achieving its expected targets.
- The construction has not been completed.

subsequently, this contract was extended several times until July 19, 2022. Although this project, which was initiated in 2019 as a priority task, has taken 4 years and 7 months to complete, it had not been completed by the date of audit on 07 May 2024.

29. The Mahaweli 2022 Authority and the Sri 2023 Lanka New Inventors Commission jointly constructed hanging electric fences to minimize conflicts between wild elephants and humans in the Mahaweli zones. Initially, these were constructed between Aralaganwila, Kandakadu, and Sinhapura in Zone B and around the Mahaweli Training Center in Zone C. For this purpose, advances of Rs.4,844,272, Rs.9,234,319, and Rs.8,000,000 were provided, but the awarding of the contract and the payments made to a single institution were	According to the Memorandum of Understanding, those supervision activities should be carried out and those constructions should be completed.	In order to rapid construct electric elephant fences around farms, the “Sri Lanka Inventors Commission”, a state institution with extensive knowledge and experience in the field, was awarded the contract for this construction to the Inventors Commission under Section 3.7.1 of the Sri Lanka Mahaweli Authority Procurement Guidelines under the Direct Contracting Method, under approvals No. 2021/04, 2021/04-16 and	The construction has not been completed.

not approved by a Cabinet decision. Contrary to the provisions of the Procurement

Guidelines, the contract was awarded and payments were made as advances before the completion of the work, as described above. The failure to confirm by the Authority's technical division or any other party that the elephant fences were properly constructed, along with the failure to submit proper invoices, resulted in the inability to settle the advances. Furthermore, the audit also observed that the elephant fences had been destroyed at the locations physically inspected.

2021.04.23 and the relevant advance payment was made.

30.	The vehicle bearing number WP-JF 3105, assigned to the Office of the Residential Project Manager under the Sri Lanka Mahaweli Authority, was provided to an external party without approval during the 2004-2005 period, as indicated in recent	2022 2023	Proper approval must be obtained when disposing of vehicles to outside parties.	The Secretary of the Ministry was informed to take action regarding the displacement of this vehicle in accordance with Financial Regulation 104, and the Secretary has appointed a committee to	The vehicle has not been handed over to the authority.

audit reports, but no action has been taken regarding this matter as of April 28, 2024.

conduct an investigation in relation to this matter under financial regulation 104, and the relevant investigation is being carried out. According to the preliminary investigation report, this cab was handed over to the ministerial staff base on the request made to the director general by Mr. S.B.

Wijekon, who is the private secretary to the Minister of Mahaweli and River Basin Development and Rajarata Development. It has been stated that Mr. K.G. Sugathadasa, who was then serving as the Transport Officer of the Walawa Zone, submitted a letter to the Deputy Residential Project Manager (Technical Services) on 11.05.2005,

stating that he had taken the cab as per the verbal instructions of the Residential Project Manager and had formally handed it over to the Security Controller, Mr. W.P. Ediriweera Jayawarna, on the decision of the Director (Transport and Maintenance) as per the instructions of the Private Secretary to the Hon. Minister. It has been confirmed that the cab has been provided to the staff of the Hon. Minister Maitripala Sirisena as per the letter dated 08.03.2011 addressed by the Residential Project Manager (Walawa) to the Chief Transport Officer.

31. The crane used for maintenance work at the Kotmale Dam, which had been inactive since 2014, was repaired on	2023	Machines should be repaired and put to use.	The 1985 crane was brought to the Kotmale work site and a major repair work was carried	The maintenance has not been carried out.

December 29, 2017, and an amount of Rs. 9.8 million was paid to the company that carried out the repairs. However, after this repair, the machine was left idle for more than 10 years, unable to perform its intended functions due to a burst pipe in the machine's hydraulic hose system.

out on its engine on December 29, 2017 at a cost of Rs. 9.8 million. After that repair, it was necessary to carry out repairs to its hydraulic system while operating the machine. This is because the machine is over 32 years old. At present, it has been observed that not only the hydraulic system of the machine but also all the tires are severely damaged. According to a letter from the Project Engineer dated on 11.10.2024, it is estimated that approximately Rs. 10 million will be required to address these damages. Although repairs were carried out, due to the machine's old condition, further repairs continue to arise during operation, and the difficulty in sourcing the

necessary parts
from the market
makes the repairs
ineffective.

3.168 Ceylon Electricity Board

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs. (000)	Rs. (000)	Rs. (000)	Rs. (000)	
2021	1,005,382,478	740,579,579	264,802,901	(21,450,369)	Qualified
2022	1,062,343,693	707,916,871	354,426,825	(261,868,690)	Qualified
2023	1,204,373,803	706,075,933	498,297,870	61,235,680	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
(a)	Six vehicles worth of Rs.124.30 million purchased for the Puttalam Coal Power Project (Phase ii) had not been capitalized even after the completion of the Project in 2014, and instead, that amount had been included in work in progress accounts. Further, no proper action had been taken to take over and	2021 -1.5.2(h) 2022-1.5.2.(f) 2023-1.5.2 (f)	Immediate action should be taken to take over and keep the custody of these vehicles and capitalize them.	Currently, CEB is in the process of filing litigation. Chief Legal Officer submitted the necessary documents to the Attorney General's Department on 03rd October 2024 to initiate legal action regarding the matter and awaiting further direction from the Attorney General's Department.	Continued follow up action will be taken by the chief legal officer in order to obtain further direction from the Attorney General's Department.

keep the custody of these six vehicles and another 11 vehicles of Puttalam Coal Power Project (Phase i) to the Board even though cost of these vehicles had already been included in the cost of respective Projects.

(b)	Dam Works valued at Rs.34,386.77 million had been shown under the civil works of Property Plant and Equipment of Mahaweli Complex. However, the accuracy of the said amount and ownership of the respective assets to the Board could not be verified in the Audit.	2021-3.2 (i) 2022- 1.5.2 (o) 2023.1.5.2 (j)	Action should be taken to ascertain the accuracy of value and right of Dam Works, in the financial statements of the Board.	We had a meeting with MASL officials on 24.06.2024 to discuss this matter in which it was revealed that the cost of dams has been taken to their account in year 2023. Hence, the committee decided to take appropriate actions subject to the approval of the higher management of both organizations.	Segregation of Dams and related asset components among Mahaweli Authority and CEB was finalized based on who maintained the asset during the meeting on 14.10.2024. It was concluded to prepare a joint statement in order to present to Board of Directors of CEB and Mahaweli Authority within the second week of February 2025.
(c)	Cabinet Memorandum No. 07/1955/332/04 5 dated 31 October 2007	2021-1.5.4 (a) 2022 – 1.6 (a) 2023-1.6 (a) (i),(ii),(iii),(iv)			

submitted by the Minister of Power and Energy on "Payment of Allowances to Employees of the Ceylon Electricity Board" was considered along with the Report of the National Salaries and Cadres Commission dated 31 March 2008 by the Cabinet of Ministers on 09 April 2008 and approval was granted to implement the recommendations of the Committee appointed for the purpose, subject to the conditions stipulated by the National Salaries and Cadres Commission in its report dated 31 March 2008. The following observations are made in this regard.

(i) Without

Should comply Committee was Committee report

obtaining the approval of Salaries and Cadres Commission and the Department of Management Services, a sum of Rs. 507.47 million had been paid as 11 types of allowances not included in the list of allowances approved by the Cabinet of Ministers on 09 April 2008 during the first nine months of the year under review.

with the Cabinet decision and the recommendations of National Salaries and Cadre Commission in payment of allowances to the staff.

appointed in this regard and their report was forwarded to the ministry for suitable action.

was forwarded to the ministry for suitable action. Follow up action will be taken to obtain the directions from the Ministry.

(ii) The exodus allowance should not be paid to the officers who are entitled to the professional allowance. However, contrary to that a sum

Should comply with the Cabinet decision and the recommendations of National Salaries and Cadre Commission in payment of allowances to the staff.

Committee was appointed in this regard and their report was forwarded to the ministry for suitable action.

Follow up action will be taken to obtain the directions from the Ministry.

of Rs.99.85 million had been paid as exodus allowance for 517 officers during the first 10 months of the year under review.

(iii) As per the random test check carried out, it was observed that officers appointed to a post are also paid allowances for performing the duties of that post.	Should comply with the Cabinet decision and the recommendations of National Salaries and Cadre Commission in payment of allowances to the staff.	General Manager has requested from the Secretary, Ministry of Power & Energy by his letter dated 24.06.2024 to obtain the necessary approvals for the Allowances which were approved by the Board of CEB after year 2008 as instructed by the Committee on Public Enterprises (COPE).	Approval had not been obtained so far.
(iv) Contrary to above Cabinet decision, no performance based incentive scheme had been	Should comply with the Cabinet decision with regard to introduction of performance based incentive scheme.	Increments are recommended to all employees, including those recruited after the specified date, based on a comprehensive performance	No such incentive scheme had been introduced so far.

introduced
for officers
recruited
after 01
April 2008
even at the
end of the
year under
review.

evaluation
process conducted
annually.

(d) Without the approval of the General Treasury, the board had reimbursed 2/3 of the interest charged on property loans taken by employees under the subsidized housing loan scheme. The interest amount reimbursed from the year 2013 to 2023 was Rs.16,789.5 million.	2023-1.6 (b)	Approval of the General Treasury should be obtained for the subsidized property loan scheme.	The Board under powers vested to it under Sections No. 12, (k), (m), and (n) of the Ceylon Electricity Board Act No. 17 of 1969, commenced scheme to grant relief to CEB personnel who obtained housing loans in the year 1983. Board has continued to maintain this benefit to employees up to now to motivate them towards working for the betterment of the organization and the country.	Action will be taken to request from the Secretary, Ministry of Energy to take necessary action to obtain the approval of the General Treasury.
(e) Trade debtor balance as at 31 December 2023 was Rs. 70,019.1 million. Out of that, a sum of Rs.6,181	2021-1.6.1(a) 2022-1.7.1(a) 2023-1.7 (a)	Necessary action should be taken to recover due amount from the debtors without delay.	Distribution Division 01 Continues recovery actions are being taken to recover outstanding dues	<u>DD 01</u> Continues recovery actions are being taken to recover outstanding dues. <u>DD-02</u>

million had remained outstanding over 6 months as at 31 December 2023. Out of the above total debtor balance, a sum of Rs.2,773.3 million had been categorized and transferred to finalized debtors balance (inactive debtors) due to not recovering outstanding for long period and out of which, Rs.1,106.6 million was related to the distribution division 01.

from finalized Bulk supply debtors and actions debtor balance have been taken to Over 05 Years as send the letter of at 31.12.2024 was demand to Rs.241 million. particular In the aforesaid customers and outstanding follow up as per balance, major procedure. dues are from "Valachchenei

Distribution Division 02

Out of the total finalized debtors, almost Rs.940 million has been recovered during the period of 05 months ended in the year 2024.

Distribution Division 03

Actions such as recovering the balances in the finalized accounts from security deposit, sending reminders, transferring the balances in defaulted finalized consumer's accounts to the active accounts have been taken to clear the finalized debtor balances.

Distribution Division 04

paper corporation' and 'Kantale sugar corporation' which is Rs. 115 million and Rs. 76 million respectively. A Board approval has been received to write off Rs. 44.80 million after recovering Rs. 31.5 million from Kantale sugar Corporation.

DD 03

Recovery actions are being taken.

DD 04

Continuous efforts are in place to improve the position as per available circulars.

					Recovery action will be carried as per the circular instructions.	
(f)	A sum of Rs.435.52 million had remained outstanding from 98 government institutions for the supply of lifts, air conditioners and power generators by the asset management Division of the Board as at 31 December 2023. Out of that, a sum of Rs.153.03 million and a sum of Rs.83.41 million had remained outstanding for over one year and five years respectively without being recovered. Further, a sum of Rs.110.5 million had only been made as provision for impairment at the end of the year under review.	2021-1.6.1 (b) 2022-1.7.1.(b) (ii) 2023-1.7 (b) (iv)	Action should be taken to expedite the recovery process for outstanding from government institutions.	Follow-up actions have been taken to recover the outstanding amount relating to government institutions for the supply of lifts, air conditioners and power generators.	Follow-up actions have been taken to expedite and recover the outstanding amounts. Consequent to the continuous recovery efforts, during the year 2024, Rs. 26,703,537.63 was collected from Prime Minister's office for past dues. Further, debt collection efforts have been successful for current year and past years having collected major portion of invoiced values.	

(g) Contrary to the Section 7(1) and 43(1) of Sri Lanka Electricity Act, No. 20 of 2009 as amended, without obtaining the authorization from the regulator, 27.31 Gwh of energy valued at Rs. 2,957.3 million had been purchased during the year under review from two retired Independent Power Producers whose generation license was expired.	2021 - 1.7.(a) 2022-1.8 (a) (i) 2023-1.8 (a)	Should comply with the Provisions of Sri Lanka Electricity Act.	Due to releasing of water from Samanalawewa reservoir for the purpose of irrigation requirements, the approval of the Cabinet of Ministers was granted on 07th August 2023 for an island wide uninterrupted power supply by procuring necessary supplementary power from available power plants in the Southern Region by 15th August 2023. Accordingly, CEB entered in to Power Purchase Agreements with Ace Power Generation Matara (Pvt) Ltd for 94,500,000 kWh of MGEA and with Ace Power Embilipitiya (Pvt) Ltd for 325,872,000 kWh of MGEA for a period of 06 months. The effective plant capacity of above both plants were	Generation Licenses of above retired independent power producers had not been renewed by the PUCSL.

				97.31MW. The whole procurement was carried out as a tender in order to comply with Cabinet Decisions for an island wide uninterrupted power supply during the declared emergency situation in the country.	
(h)	Contrary to the Section 3.5 of the Operational Manual for State Owned Enterprises of Department of Public Enterprises dated 17 November 2021, CEB had released 29 employees to the line Ministry, therefore the Ministry of Power and Energy should reimburse an amount of Rs.288.66 million to the Board for the employees released from the year 2020 to 2023. Apart from that, a sum	2021 - 1.7.(c) 2022 -1.8 (c) (i) 2023-1.8 (b) (i)	Ensure strict compliance with Guidelines of Department of Public Enterprises.	A letter has been sent by the General Manager, CEB to the Ministry of Power, requesting to reimburse the expenses incurred by CEB with regard to the salaries & other benefits of employees released to the Ministry. Reimbursement for the salary for the General Manager of Srilanka Energies (Pvt) Ltd is being settled by that company.	Ministry has released 10 Nos. of employees back to CEB. Accordingly, 18 No. of employees are working at Ministry of Energy as at present. Out of those employees, 14 are providing Security Service to Ministry Office. Sri Lanka Energies is a 100 percent owned subsidiary of CEB, and its GM is an employee of CEB whose salary is paid by CEB and it is being reimbursed by Sri Lanka Energies (Pvt) Ltd.

of Rs.24 million had been incurred by the Board as salaries and allowances of an officer released from the Board from the year 2014 to 2023 who is performing duties as General Manager of Sri Lanka Energies (Pvt) Ltd.

(i)	Contrary to the Section 7.7 of the Operational Manual for State Owned Enterprises of Department of Public Enterprises dated 17 November 2021, A Subsidiary Reviewing Policy had not been established by the Board of Directors even at the end of April 2024 even though Board of Directors (Parent) has a fiduciary duty to discuss the performance of the subsidiaries	2022-1.8(c) (iii)	2023-1.8 (b) (ii)	Ensure strict compliance with reforms of Electricity Act will be enacted to deal with all aspects of the electricity sector. Hence, after discussion, the Board decided that formulating a Subsidiary Policy as mentioned above may not be required at this juncture as CEB is in the process of an organizational transformation.	A Subsidiary Reviewing Policy had not been established.

at least
quarterly.

- (j) The contract for the piling works of Proposed Headquarters Building Complex was initially awarded on 22 October 2012 for the contract sum of Rs.304.6 million. The contract for the construction and remedying defects of the construction of it was awarded again on 02 August 2021 for the contract sum of Rs.4,774.6 million (excluding VAT) and Commencement date was 16 August 2021. However, on 14 February 2023, the Board had decided to terminate the contract based on instructions from the Minister of Power. As of 31 July 2024, the contract had not
- 2021- 3.1
2022- 3.2 (i)
2023-3.2 (i)
- Action should be taken to get a proper decision with the approval of the Board to restart and complete the construction activities in such a way to utilize the building economically.
- During the construction was in progress, the Contractor faced several difficulties due to effect of Covid-19 Pandemic, shortage of labours and material, high price increase of local & imported construction materials, fuel shortage etc. Accordingly, the Contractor reduced the rate of progress of works by his own decision. Meanwhile instructions were given at a meeting with the Hon. Minister of Power on 07 December 2022 to hold the on-going construction works of the building as appropriate in order to control public expenditure during the challenging period. At such time, the progress of works at ground floor and the first floor were 80 percent and 25 percent
- Contractor had not completed all the rectifications and a new contract to complete the balance part had not been awarded yet.

been terminated, despite the contractor suspended the works in August 2023. A substantial completion certificate was issued for a reduced scope of work on 16 October 2023, while the project's physical progress stood at only 13.2 per cent. Consequently, Rs. 1,484.9 million spent on the project became idle.

respectively. The Board at its meeting held on 14 February 2023 decided to terminate the construction works after completion of necessary protection works and to follow the contractual procedure to terminate the project. Accordingly, the Contractor was informed regarding the employer's decision. The project consultant issued the reduced scope, which was to be completed by the contractor by 15 August 2023. The progress as per the original scope was only 13.2 percent. The Contractor was so far failed to successfully complete the construction defects to the satisfaction of the consultant, despite several rectification methods followed. The termination of the construction

contract was delayed due to delay of rectification work. However, the Contractor was advised to complete all the rectification and hand over the project by 08 February 2025.

(k) According to Section 24(1)(c) of the Sri Lanka Electricity Act, No. 20 of 2009, as amended, the Board must ensure that there is sufficient capacity from generation plants to meet reasonable forecasted electricity demand. In line with the Least Cost Long Term Generation Expansion Plan for 2018–2037, 2,032 MW of new generation capacity was planned for implementation between 2018 and 2021. However, only	2021 - 3.2 (a) 2022- 3.4 (a) 2023-3.4 (a)	The Long Term Generation Expansion Plan should be implemented as planned.	Reasons such as termination of procurement (Furnace oil fired power plants with 320 MW) based on Cabinet Decisions, Sanctions imposed to Iran by USA for the Uma Oya Hydro Power Plant, Stringent financial status of the country and CEB, retendering process, legal disputes, public protests, difficulties in securing finance, delays in granting cabinet approval to award the contract had been given for the slow progress in Least Cost Long Term Generation Expansion Plan.	The implementation of the new generation plans was significantly below target, and the goal of providing a least-cost power supply was not achieved.

661.6 MW of power plants were commissioned during that period. The Least Cost Long Term Generation Expansion Plan for 2022–2041 included plants for 544 MW of renewable energy capacity additions in 2022, but only 211 MW of new renewable energy power plants were commissioned in that year. Additionally, the approved Least Cost Long Term Generation Expansion Plan for 2023–2042 aimed to commission power plants with a total capacity of 607 MW in 2023. However, only 185.6 MW had been commissioned by 31 December 2023. Consequently,

the implementation of the new generation plans was significantly below target, and the goal of providing a least-cost power supply was not achieved. As a result, 27.31 GWh of energy, valued at Rs. 2,957.3 million, had to be purchased as additional power during the year under review, with an average cost per unit of Rs. 108.29. In comparison, the overall average cost per unit and the average cost of power purchased from the West Coast Power Plant were Rs. 40.92 and Rs. 68.29, respectively.

(l)	As per the report of the Chief Internal Auditor of the board, it was observed that the Board had to incur an	2022- 3.4 (k) 2023-3.4 (d)	Immediate action should be taken to implement recommendation of the Committee as appropriate and recover the loss from responsible	General Manager has informed all the Heads of Divisions, the Chief Legal Officer, Chief Internal Auditor to implement	GM CEB sent a reminder on January 2025 regarding the implementation of the recommendations of the

approximate loss of Rs.262.6 million to purchase additional private electricity as a result of releasing water in Randenigala & Rantambe reservoirs without generating electricity due to trade union action in 2022. However, no action had been taken to recover the loss from the responsible officers even at the end of the year under review. Further, it was observed that a committee had been appointed by the board of directors on 25 July 2022 and the report had been submitted on 16 November 2022 and on 08 December 2022. However, the board of directors had rejected the report and	officers.	recommendation of the Committee as appropriate.	Independent committee and requesting progress update on the same.

appointed a new committee on 22 February 2023. Although, the committee had submitted their report to the board of directors on 22 November 2023, the recommendations made by the committee had not been implemented even by the end of May 2024. A sum of Rs.1.23 million had been paid by the Board for the members of the above two committees.

(m) The eighteen (18) lands had been purchased at a cost of Rs.188.38 million for project activities, for the construction of regional engineer offices, consumer service centers and Grid Substations during the period from	2022- 3.7 2023-3.6 (a)	Board paper regarding matters of land utilization should be forwarded to Board of Directors to get a proper decision and then action should be taken to utilize the idling lands for expected objectives and expedite the process of land acquisition.	These lands had not been utilized for the expected purposes due to following reasons. With suspension of all constructions through Public Enterprises Circular No 04/2022 on 08.08.2022, the construction work was unable to be continued. • Inability to resolve the issues related to access road. • Objections from SLLDC • Suspension of constructio

2000. Those lands had not been utilized for the expected purposes even at the end of the year 2023. Out of those lands, four (4) lands valued at Rs.36.48 million had not been recorded in the fixed asset registers of the distribution divisions. Further, as per the random audit test check, it was observed that the Board had failed to complete the acquisition activities of ten lands acquired for the various construction activities even though over 6 years had been passed after publishing the relevant Gazette Notifications.

ns through Public Enterprises Circular No.04/2022

- Changes made to the Long Term Transmission Development Plan etc.

(n) The Generations constraints and Transmission	2022- 3.4 (m) 2023 – 3.7 (a)	Action should be taken to expedite the completion of the construction	Construction of Polpitiya – Hambantota 220kV, 150km	Construction of Polpitiya – Hambantota 220kV, 150km

Network constraints of the Southern Grid had been highlighted by the Board since 2016, when requesting the approval from the PUCSL for procuring emergency power.

However, Polpitiya – Hambanthota 220 kV, 150km Transmission Line which was proposed to strengthen the Southern Grid had been energized on 22 August 2023 with a delay 2 years and 7 months. Also, Horana – Padukka 132kV, 25 km Transmission Line which was expected to be completed on 20 April 2022 and Kotmale – New Polpitiya, 220kv Transmission Line which was expected to be completed on 01 April 2021

of Transmission Lines which was proposed to strengthen the Southern Grid.

Transmission Line

With the land issue of Carney Estate, Siripagama it was dragged until August 11, 2023, to resolve this matter at the PUCSL. Further, progress of the project was seriously affected by the Easter bomb attack, COVID19 pandemic and the negative economic situation of the country during this period.

Construction of Horana – Padukka 132kV, 25km Transmission Line

The progress of the project was seriously affected by the Easter bomb attack, COVID-19 pandemic, and the negative economic situation of the country during this period. Under the new scope, the project was

Transmission Line

Transmission Line which was proposed to strengthen the Southern Grid had been energized on 22 August 2023.

Construction of Horana – Padukka 132kV, 25km Transmission Line

Under the new scope, the project was completed by January 19, 2024. The balance works of the project will be carried out by CEB.

Kotmale – New Polpitiya, 220kv Transmission Line

Contractor has served the Termination of the Contract .

to strengthen the Southern Grid had not been completed even at the end of the year under review. The physical progress of these projects as at 31 December 2023 was only 51.15 percent and 59 percent respectively. Further, the contract of Kotmale – New Polpitiya project had been terminated.

completed by January 19, 2024. The balance works of the project will be carried out by CEB.

Kotmale – New Polpitiya, 220kv Transmission Line

Due to the default condition of the country leading to the suspension of funds disbursement by JICA to the National Transmission and Distribution Network Development & Efficiency Improvement Project from April 2022 onwards. Hence, Contractor has served the Termination of the Contract by his letter no. KKJV/NTDND&EIP/HO/W0353/895 dated February 02, 2023 pursuant to Sub Clause 16.2(c) of the General Conditions of the Contract.

- (o) Procurement procedure should be followed for Non-Conventional Renewable Energy (NCRE) projects after 6 August 2013 as per the Sri Lanka Electricity Act, No. 20 of 2009 as amended. However, only 7 procurements for NCRE projects with aggregating capacity of 390 MW had been initiated up to 31 December 2021 by following procurement procedure and out of the said capacity, power plants with aggregating capacity of 102 MW had only been commissioned up to 31 December 2023.
- 2021- 3.4 (c)
2022 -3.9 (b)
2023-3.9 (a)
- Action should be taken to expedite the progress of uncompleted NCRE projects which had been initiated up to 31 December 2021.
- Commonly, the progress of all above projects was hampered due Covid -19 travel restrictions and the financial crisis in the country from year 2022 onwards. Therefore, Project Companies faced difficulties in implementing the projects for the tariff rates quoted at the bidding stage of these tenders and requested for a solution. The matter was taken up by the Cabinet of Ministers and considering the Cabinet decisions and terms & conditions of PPAs, CEB has taken action to cancel and extend projects.
- Even though, CEB requested the approval of Ministry of Power & Energy to initiate bids, (by appointing the PC and CANC), for total capacity of 190 MW on 25th August 2020, approval had not been granted to initiate the bids up to 31.12.2021. The matter was taken up by the Cabinet of Ministers and considering the Cabinet decisions and terms & conditions of PPAs, CEB has taken action to cancel and extend projects.

3.169 Ceylon German Technical Training Institute

	Total Assets	Total Liabilities	Equity	Before Tax Profit/ (Loss)	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	2,789,031,648	332,353,864	2,456,677,784	(25,569,761)	Qualified
2022	2,499,731,629	244,383,227	2,255,348,402	(7,058,382)	Unqualified
2023	3,631,145,934	270,640,187	3,360,505,747	5,008,330	Qualified

	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation as at the Date of the Report
1	Ceylon German Technical Training Institute for setting up the work floor of the vehicle repair division over and above the estimate prepared by the engineer of the institute Rs.1,218,922 had been paid to the private company, and due to the fact that the contract was awarded to the company that submitted the second lowest price without including the relevant documents in the	2021	The loss suffered by the organization should be recovered from the responsible parties.	The Technical Evaluation Committee had not recommended the bid of the contractor who submitted the lowest price due to the fact that the bid document contained materials that were not suitable for the relevant work.	Action had not been taken as per the recommendations.

file to confirm the factors that caused the company that had submitted the lowest price for the contract to be rejected, the company had been awarded Rs.1,196,022 was observed to had incurred a loss.

2	The institution had not worked to prepare a charter of citizenship in order to create an obligation to fulfil the public needs promptly, qualitatively and continuously as per Circular No. 05/2008 dated 06 February 2008.	2022	Must comply with the circular.	The draft is under further discussion and efforts are being made to finalize it expeditiously.	Action is being taken as per the recommendations.
3	An order had been placed on 24 December 2021 to purchase goods from a Government Agency at a cost of Rs.64 million including tax under two procurements by providing allocation of Rs.65 million over the Rs.50 million limit approved by the Cabinet	2022	Circulars should be adhered and remain sound internal control.	I would like to inform you that this has occurred because the suppliers have delivered the goods in parts.	Action had not been taken as per the recommendations.

considering the purchase of household equipment for the Attidiya student hostel as an emergency purchase, without calling competitive bids. However, the goods had been received to the institution on 16 December 2022 after a delay of one year.

4	The construction works of the 03 storied hostel building in Sri Lanka German Training Institute (SLGTI) located in Kilinochchi which was commenced in 2020 and planned to be completed by 31 August 2021, was not completed at the end of the year under review and the institution had not acquired ownership of those buildings.	2022	Projects should be implemented as fulfil the desired objectives	I would like to inform you that the work of the hostel built for the students of this Institution had been completed by now and the building has not been taken over.	Action is being taken as per the recommendations.
5	The decisions taken in the Committee on Public Enterprise meeting held on	2022	The decisions taken in the meeting of the Committee on Public Enterprise	The committee appointed by the Ministry to resolve the salary issues of	Action had not been taken as per the recommendations.

23 May 2019 to prepare salary scales equal to educational qualifications in relation to the five main vacant positions in the Institution and negotiate with the Treasury to fill those vacancies and resolve the problematic situations regarding salary increments during the restructuring of employee positions by negotiating with the Treasury was not implemented. Further, the said posts remained vacant from the year 2013 till the year under review.

should be implemented.

be the academic staff of the Technical Training Institutes under the Line Ministry has summoned and discussed the existing problems.

- 6 Actions had not been taken as per Financial Regulation 396 of Democratic Socialist Republic of Sri Lanka, in respect of 07 cheques issued but not presented for payment for more than 06 months valued at Rs.5,757,024.

2023

Should be complied with financial regulations.

be Payments by cheque have been stopped pending a court ruling.

Action had not been taken as per the recommendations.

7	The Institute had paid an amount of Rs.17,558,037 as attendance allowances, production incentives, additional allowances, incentives, awareness programme allowances without obtaining approval as per the Management Services Circular No. 03/2018 dated 18 July 2018. Further, the payment of production incentives had been made	2022 2023	Actions should be taken in terms of the Circular.	It has been submitted to the Treasury to obtain approval for production incentives by the Ministry.	Recommendations are being implemented.
8	The relevant Minister should appoint an advisory council of the Institute consisting of 06 Members, with the consent of the Board of Directors in accordance with Section 16 of the Ceylon German Technical Training Institute Act No. 15 of 2017 and even though it had been stated that	2022 2023	The Management should make arrangements to achieve the tasks specified in the Act.	The Secretary to the Ministry will be informed to take steps to establish an advisory council.	Action had not been taken as per the recommendations.

the Advisory Council should give recommendations to the Board of Directors and the respective Minister on all matters related to the performance of the tasks mentioned in Section 04 of the Act, such an advisory body had not been appointed up to the year under review.

Therefore, the functions of the Institute had not been properly implemented on the advice of an expert advisory body.

9	Even though it had been stated that conducting research on vocational training, establishing regional centres and publishing journals and periodicals on vocational and technical training were the functions of the Institute under Section 4	2023	The Management should make arrangements to achieve the tasks specified in the Act.	A Research & Development and Innovation Division has been established for this purpose and the cadre estimate required for that Division has been submitted to the Department of Management Services for	Recommendations are being implemented.

(c) (h) and (o) of the Ceylon German Technical Training Institute Act No. 15 of 2017, those tasks had not been fulfilled up to the year under review.

approval.

10	Although it was stated that the total amount of 29 acres and 0.35 hectares of land use by the Institute is possessed by the Ceylon Transport Board and the Sri Lanka Railway Department, actions had not been taken to identify and take over their legal ownership.	2021 2022 2023	A legal ownership of these lands should be recognized and acquired.	The Additional Secretary (Vocational Training) of the Ministry has addressed a letter dated 24.01.2024 to the Secretary, Ministry of Transport and Highways to carry out the necessary arrangements to formally transfer the ownership of these lands.	Action had not been taken as per the recommendations.
11	Although the information should be maintained from the time of registration of the students until the placement for jobs (follow-up) after completion of the training period, due to the fact that the Institute had not maintained a proper information	2023	An accurate student information system must be maintained.	I would like to inform you that a data system has currently been implemented.	Recommendations are being implemented.

system for it, it was impossible to measure the overall performance of the Institute.

12	Although it was observed that the official quarters of the Director /Principal owned by the Institute had not been used by any officer or for any use since the beginning of 2020, a sum of Rs.3,180,610 had been spent useless from the year 2020 to the year 2023 as security fees for this official quarters.	2021 2022 2023	Actions should be taken as required in future by adjusting idle assets to accounts promptly.	It is scheduled to be renovated and put into use by the current Director Principal.	Action had not been taken as per the recommendations.
13	An officer had attended the courses without obtaining approved leave to follow a course at the Sri Lanka University of Technology in contrary to the human resource development and training policies of the Ceylon German Technical Training Institute. Similarly,	2023	Arrangements should be made in accordance with human resource development and training policies.	The attendance notes of the officials who are currently on local study leave have been obtained from the institution where they are receiving training from the relevant date up to now and actions will be taken to pay salaries after receiving attendance	Action is being taken as per the recommendations.

although the leave with pay granted for attending training/study courses is subject to a maximum of 03 years, 05 years leave with pay had been approved to an officer of the academic staff. Further, although academic staff members should enter into an agreement and bond when taking domestic study leave with pay, bonds to be entered into for three officers valued at Rs 5,293,317 had not been not signed.

notes on the due date.