

Auditor General's Triennial Report

2021-2023

Departments

Departments

Executive Summary.....	4
01. Head - 001 Presidential Secretariat	5
02. Head - 002 Prime Minister's Office	11
03. Head - 004 Judges of the Superior Courts.....	14
04. Head - 016 Parliament	17
05. Head - 201 Department of Buddhist Affairs.....	19
06. Head - 202 Department of Muslim Religious and Cultural Affairs.....	21
07. Head - 203 Department of Christian Religious Affairs	23
08. Head - 204 Department of Hindu Religious and Cultural Affairs	25
09. Head - 205 Department of Public Trustee	26
10. Head - 206 Department of Cultural Affairs	30
11. Head - 207 Department of Archaeology	32
12. Head - 208 Department of National Museums	36
13. Head - 209 Department of National Archives	40
14. Head - 210 Department of Government Information	43
15. Head - 211 Government Printing Department.....	46
16. Head - 212 Department of Examination.....	51
17. Head - 213 Department of Education Publication	56
18. Head - 215 Department of Technical Education and Training	58
19. Head - 216 Social Services Department	60
20. Head - 217 Department of Probationary and Child Care Services	64
21. Head - 219 Department of Development Sports.....	67
22. Head - 220 Department of Ayurveda	71
23. Head - 221 Department of Labour.....	96
24. Head - 222 Sri Lanka Army.....	117
25. Head - 223 Sri Lanka Navy	136
26. Head - 224 Sri Lanka Air Force.....	160
27. Head - 225 Sri Lanka Police.....	190
28. Head - 226 Department of Immigration and Emigration.....	206
29. Head - 227 Department for Registration of Persons.....	218
30. Head - 228 Department of Courts Administration.....	229
31. Head - 229 Attorney General's Department	240
32. Head - 230 Legal Draftsmans Department	252

33.	Head - 231	Department of Debt Conciliation Board.....	254
34.	Head - 232	Department of Prison.....	259
35.	Head - 233	Government Analyst's Department.....	296
36.	Head - 234	Department of Registrar of Supreme Court.....	304
37.	Head - 235	Department of the Law Commission of Sri Lanka.....	308
38.	Head - 236	Department of Official Languages.....	312
39.	Head - 237	Department of National Planning.....	314
40.	Head - 238	Department of Fiscal Policy.....	316
41.	Head - 239	Department of External Resources.....	333
42.	Head - 240	Department of National Budget.....	342
43.	Head - 241	Department of Public Enterprises.....	345
44.	Head - 242	Department of Management Services.....	356
45.	Head - 243	Department of Development Finance.....	362
46.	Head - 244	Department of Trade and Investment Policy.....	365
47.	Head - 245	Department of Public Finance.....	368
48.	Head - 246	Inland Revenue Department.....	370
49.	Head - 247	Sri Lanka Customs.....	409
50.	Head - 248	Excise Department of Sri Lanka.....	431
51.	Head - 249	Department of Treasury Operations.....	471
52.	Head - 250	Department of State Accounts.....	480
53.	Head - 251	Valuation Department.....	488
54.	Head - 252	Department of Census and Statistics.....	491
55.	Head - 253	Department of Pension.....	499
56.	Head - 254	Registrar General's Department.....	506
57.	Head - 280	Department of Project Management and Monitoring.....	527
58.	Head - 281	Department of Agrarian Development.....	533
59.	Head - 282	Irrigation Department.....	538
60.	Head - 283	Department of Forest Conservation.....	593
61.	Head - 284	Department Wildlife Conservation.....	605
62.	Head - 285	Department of Agriculture.....	613
63.	Head - 286	Department of Land Commissioner General.....	616
64.	Head - 287	Department of Land Title Settlement.....	624
65.	Head - 288	Survey Department.....	634
66.	Head - 289	Department of Export Agriculture.....	650
67.	Head - 290	Department of Fisheries and Aquatic Resource.....	658
68.	Head - 291	Department of Coast Conservation and Coastal Resource Management.....	664

69.	Head - 292	Department of Animal Production and Health.....	669
70.	Head - 293	Department of Rubber Development	674
71.	Head - 294	Department of National Zoological Gardens	678
72.	Head - 295	Department of Commerce.....	684
73.	Head - 296	Import and Export Control Department.....	685
74.	Head - 297	Department of the Registrar of Companies	696
75.	Head - 298	Measurement Units, Standards and Services Department	698
76.	Head - 299	National Intellectual Property Office of Sri Lanka	700
77.	Head - 300	Food Commissioner's Department	703
78.	Head - 301	Department of Co-operative Development.....	711
79.	Head - 302	Co-operative Employees Commission.....	713
80.	Head - 303	Department of Textile Industries.....	715
81.	Head - 304	Department of Meteorology.....	717
82.	Head - 306	Department of Sri Lanka Railways	720
84.	Head - 308	Department of Posts.....	806
85.	Head - 309	Department of Buildings.....	808
86.	Head - 310	Department of Government Factory	815
87.	Head - 311	National Physical Planning Department	823
88.	Head - 320	Department of Civil Security.....	829
89.	Head - 322	Department of National Botanical Garden	869
90.	Head - 323	Department of Legal Affairs	873
91.	Head - 324	Department of Management Audit.....	876
92.	Head - 325	Department of Sri Lanka Coast Guard.....	877
93.	Head - 326	Department of Community Based Corrections.....	884
94.	Head - 327	Land Use Policy Planning Department.....	890
95.	Head - 328	Department of Manpower and Employment.....	892
96.	Head - 329	Department of Information Technology Management.....	903
97.	Head - 331	Department of Samurdhi Development	904
98.	Head - 332	Department of National Community Water Supply	910
99.	Head - 333	Comptroller General's Office	928
100.	Head - 334	Department of Multipurpose Development Task Force.....	934
101.	Head - 335	National Education Commission	940
102.	Head - 336	Merchant Shipping Secretariat.....	941
103.		Financial Statements of the Government.....	948

Executive Summary

This tri annual audit report is issued in accordance with Section 14 of the National Audit Act No. 19 of 2018, which concerns the Government Departments of the Democratic Socialist Republic of Sri Lanka, period from 2021 to 2023. The summary of the audit observations issued to the government departments in operation during the mentioned period and tabled in Parliament is presented in this report. The report includes a summary of the Auditor General's recommendations regarding the audit observations related to 103 government departments, including the accounts of the Democratic Socialist Republic of Sri Lanka. It also highlights the corrective actions taken by each audited department to address the deficiencies identified in the observations, as well as the current status of the actions taken.

The main audit observations had been identified during the three-year period include weaknesses in asset management, non-compliance with legal and regulatory standards, inefficiencies in financial control, ineffective use of resources, imprudent transactions, losses and damages, poor planning, weak performance, and deficiencies in staff management and administration. The tri annual report highlights that although recommendations have been made for corrective and preventive actions to address the identified deficiencies, there have been instances where the relevant accounting officers or chief accounting officers have not adequately followed through with the required actions or implemented legal measures as necessary.

Furthermore, a table has been provided for each department, presenting the assets, liabilities, and equity at the end of the years 2021, 2022, and 2023, which facilitates the examination of the changes in those values over the three years. In addition, the audit opinion related to the accounts is also included, thereby informing the users about the audit opinions regarding the accounts of each department for each year.

01. Head- 001 Presidential Secretariat

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	39,752,990	39,752,990	39,752,990	Unqualified
2022	38,790,771	38,790,771	38,790,771	Unqualified
2023	38,595,789	38,595,789	38,595,789	Unqualified

Se. No	Audit Observation	Year of the report	Recommen dation of the Auditor General	Preventive Measures taken by the Entity	Current status in that regard
01	Referenc e to Laws, Rules and Regulations				
	F.R.,315 880 and 881 No official of the Presidential Secretariat to be furnished surety had deposited the surety in the year 2023 and surety register had not been maintained.	2023	Actions should be taken to act in Compliance with Financial Regulations.	It is expected that the Guarantee Association of Public Servants or the National Savings Bank will carry out the activities related to the surety of public officials and as there is no specific mention of the value of the security to be furnished according to the positions of the officials according to the existing guidelines regarding the surety of public officials, I kindly inform that the decision has to be made to consider the responsibilities and risks of the officials.	Any officer has not deposited surety and a register has not been prepared up to the present.
02	Out of the allocation of Rs. 1,000, 000 provided for the fifth executive president under the object No. -3-001 2001-5 which was	2023	Arrangemen ts should be made to achieve the desired	I kindly inform that provision has been made for rehabilitation and improvement of capital assets under the object No.	Out of the provision for developme nt initiative

	rehabilitation and improvement of capital assets, any expenditure had not been incurred and the entire allocation had been saved and it was stated in the financial statements that the expenses did not arise as expected as reasons for savings in ACA)2II). However, from the development initiative coordination and monitoring object, the provisions of Rs.18,336, 135 had been made to the Sri Lanka Navy for repairing the quarters of the former fifth executive President and Rs.15,093, 876 and Rs.4,885,844 had been paid through bills to install an escalator in that quarter and buy a generator respectively.		objectives in utilizing the annual estimated provisions	001-1-03-5-2001. But I kindly inform that due to insufficient allocations under the object No. -001 2001-5-03-1 to carry out some essential maintenance work that arose out of necessity in relation to the provision of facilities to the fifth executive (retired) President, allocations have been made to the Sri Lanka Navy under the development initiative coordination and monitoring object. The amount of Rs.19,979, 720 spent for the purchase of the escalator and generator is the acquisition of new capital assets. Since there was not enough provision in the object -0-01-01-001 2103 at that time, I would like to kindly inform that it has been spent under the development initiative coordination and monitoring budget subject.	coordination and monitoring activities, a sum of Rs. 38,315,855 had been incurred for repairing the quarters of the former fifth executive President.
03	Even though it had been informed to the Procurement Division to auction 07 vehicles recommended for auction on 10 May 2023, actions had not been taken to complete the tasks even by the date of audit on 31 Decmber 2024.	2023	Prompt actions should be taken to complete the disposal of assets.	I kindly inform that a Valuation Committee had been appointed for the valuation of vehicles and actions have been taken to obtain a confidential report containing the valuation from the Valuation Committee. Accordingly, prompt actions are taken in future to auction these 07 vehicles.	The auction had not been done up to present.
04	The total value that cannot be recovered from insurance	2023	Prompt action	One vehicle had been directed for a service	Losses had not been

amounting to Rs.341,878 relevant to accidents occurred to 02 vehicles, had been incurred by the Presidential Secretariat. Even though it had elapsed over a year since the accident occurred, action had not been taken to recover from responsible persons.

should be taken to identify responsible parties and to recover losses. activity to the 505 Motors institute and after completing the servicing, it had been parked at the relevant institute's premises and during that period, it is kindly informed that the vehicle caught fire on 19.08.2022. Accordingly, legal activities are being carried out with the insurance company and the relevant service provider to obtain insurance coverage for the damage occurred. It is kindly informed that it is unable to obtain an estimate for repairing activities or repair the vehicle until the finalization of legal proceedings. The other vehicle had been damaged due to rebellion and violent actions on 09.07.2022 and investigation as per F.R.104(4) had been completed. Accordingly, it is kindly informed that action will be taken in future to recover the losses from the responsible persons decided by the court based on the recommendations of those reports. recovered up to present.

05	The loss incurred due to a defender accident on 25.05.2023 had been estimated as Rs.2,110,400 by the Mechanical Engineer. Even though preliminary investigations should be commenced	2023	Action should be taken as per the financial regulations regarding vehicle accidents.	The repairing activities of this vehicle are being carried out at present and is kindly informed that reminders have been sent to the relevant institute to speed up the repairing activities. Inquiry	Relevant activities had not been completed up to the present.

immediately as per F.R.104(1)(a), investigation had been done after 04 months which was on 15 September 2023. Even though as per the letter dated 21 September 2023, inquiry board should be appointed to determine the responsible persons and furnish the preliminary report within a week as per F.R.104(4), action had not been taken to submit the final report, repair that vehicle and obtain insurance claims even by the date of audit in March 2024.

activities as per F.R.104(4) could not be completed until the completion of repairing activities. It is kindly informed that expedite action will be taken to complete the repairing activities quickly and immediately after the completion of repairing, to complete the inquiry process as per F.R.104(4).

06	The documents to settle the registration ownership of 116 vehicles released to other Government Institutions and temples were handed over a year ago, but the registered ownership were not transferred up to the month of April 2023.	2022	Prompt action should be taken to discover the physical existence of vehicles.	The transfer of vehicles bearing numbers: BDN-4409, BDN-4412, DAD-1180, KB-9985 and PH-2913 has now been completed and the relevant documents for the transfer of vehicle bearing number RW-6953 has been submitted to the Department of Motor Traffic and It had been informed that the relevant agencies will be constantly informed to carry out the necessary activities to formally take over the registered ownership of other vehicles.	Transferring of registered ownership had not been completed up to present.
07	In the case of 51 vehicles belonging to the Presidential Secretariat that physical existence cannot be detected, it had been fail to verify the existence of	2022	Prompt action should be taken to dispose the assets that	The necessary activities are being carried out to discover the physical existence of these vehicles and to confirm the physical existence of 28 vehicles	Physical existence of 24 vehicles had not further been verified up

	51 vehicles up to the end of the year under review. No value could be found on these vehicles.		should be disposed.	out of the 51 vehicles, It had been informed that the Motor Traffic Department, Provincial Motor Traffic Departments, Insurance Institutions, Comptroller General's Department and the Sri Lanka Police are working in coordination.	to present.
08	According to the publication of deductions and recoveries from the book under F.R.109 submitted with the financial statements for the year ending 31 December 2022, 51 vehicle accident cases of less than Rs.25, 000 and 279 cases of vehicle accidents more than Rs.25, 000 related to the period from 2014 to 2022 have not completed and continued in the financial statements. Among the 279 vehicles involved, the total estimated loss value of 235 vehicles was Rs.54,442,331 and the loss of 44 vehicles had not been calculated so far.	2022	Actions should be taken to recover the damages and remove them from the books according to the Financial Regulations.	It had been informed that calculation of losses, investigations and inquiries are currently being carried out according to F.R.104 related to accidents.	Required measures relevant to 34 vehicle accidents had been completed and action had not been completed with regard to 245 accidents up to present.
09	Even though the property loan balance totaling Rs.259,423 recoverable from a retired officer and a Garden Labourer was brought forward over a period of 5 years, action had not been taken to recover those outstanding loan balances even by the end of the year under review.	2021	-Do-	Action will be taken to recover the said balance from pensions gratuity of the debtor according to the retirement based on abolition of office in terms of Section 2.7 of the Minutes on Pensions as notified by the Department of Pensions.	The recoverable amount of Rs.144,768 from a retired Public Management Assistant had not been recovered up to present.

10	Loan balances totaling Rs.901,198 were recoverable by 31 December 2021 from seven officers who had left the service. Even though those loan balances were brought forward for a period ranging from 01 year to 05 years, action had not been taken to recover those outstanding loan balances even by the end of the year under review.	2021	Action should be taken to recover outstanding advance balances without delay.	Action has been taken to recover outstanding loan balances totaling Rs.212,639 recoverable from four officers who had left the service, from relevant guarantors. Moreover, legal action has been taken to recover the loan balances totaling Rs.680,558 recoverable from three remaining officers.	A sum of Rs. 564,618 had not been recovered from 03 officers up to present.

02. Head - 002 Prime Minister's Office

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	20,043,516,880	20,043,516,880	20,037,827,606	Unqualified
2022	20,135,804,582	20,135,804,582	20,107,729,177	Unqualified
2023	19,953,480,471	19,953,480,471	19,943,369,205	Unqualified

Se. No	Audit Observation	Year of the report	Recommen dation of the Auditor General	Preventive Measures taken by the Entity	Current Status in that regard
01	A sub-committee was appointed for the discussion related to the restructuring of the line institutions related to the national cooperative movement held on 23 October 2023 and an action plan suitable for implementation within the next 03 years should be prepared along with the report containing the methodologies and recommendations presented by it, but the work had not been completed even by 31 December 2023.	2023	Actions should be taken to complete expeditely what was decided in meeting discussions	The sub-committee of the Cabinet of Ministers appointed in relation to the subject and the information presented later is preparing to submit an interim report to the Cabinet of Ministers based on the facts of the discussions held after that.	The interim report of the sub-committee had not been submitted to the Cabinet of Ministers up to present.
02	19 vehicles owned by other public Institutions had been used for the Prime Minister's office within a period of 1 to 8 years without formal transfer and the transfer of those vehicles to the office had not been completed till the end of the year 2023.	2023	Actions should be taken to transfer the ownership of assets formally.	05 vehicles have been taken from the Road Development Authority on loan basis and cannot be transferred, 04 vehicles have been taken over and the remaining vehicles are being formally taken over. One vehicle has been handed over to the Comptroller General for transfer to the Prime Minister's Office due to the	13 vehicles are being used further without being taken over.

				liquidation of the owned company.	
03	07 vehicles owned by the Office had been temporarily handed over to other institutions without specifying the dates of return.	2023	-Do-	The specific dates for the return of the vehicles given by the Prime Minister's Office to other offices on a temporary basis have been sent to the respective institutions.	Action had not been taken to take back 03 vehicles up to present.
04	The damage value related to 07 vehicles owned by the Office including 06 vehicles listed as major repair, had not been submitted for audit.	2023	Actions should be taken to expedite Vehicle accident assessments	The Vehicle Valuation Committee will evaluate the vehicles after completing the repairs and getting them into running condition and provide new valuation values for the vehicles concerned.	The value had not been assessed up to present.
05	03 government bungalows belonging to the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government, which had been for the affairs of the Prime Minister's Office, had remained unutilized for the Prime Minister's Office since 22 September 2022. It had not been handed over to the concerned Ministry till the end of the year 2023.	2023	Actions should be taken to utilize the government property to the maximum extent possible	Although these three government bungalows have not been used by the Prime Minister's Office since 22.07.2022, they have not been underutilized as members of the security forces have been staying in them. The transfer of custody was problematic due to the existence of arrears of rent, water and electricity bills and as per the discussion held on 27.03.2024, the provisions allocated to the Defense Forces as per the Director General of National Budget's letter No. BD/NSLE/103/13/2022 and dated 08.04.2024, the Secretary of the Ministry of Defense has informed the concerned	The outstanding bills of those bungalows have not been settled up to present and not been handed over to the Ministry of Public Administration.

security chiefs to pay the outstanding bills. After the outstanding bills are paid, transferring the custody of the two houses will be done.

06	As per F.R. 104(1), a complete report should be submitted within three months from the date of the loss, but those reports relevant to 08 vehicle accidents occurred in the year 2022 which the total damage amounted to Rs.203,181,631, had not been submitted even as at the date of audit on 17 April 2023.	2022	Prompt action should be taken to act as per the financial regulations regarding losses and damages.	Due to the change in the administrative structure caused by the political change in the year 2022, It was informed that the officers appointed for investigations under F.R 104 have been transferred and arrangements have been made to newly appoint newly officers for those committees again.	The report had not been submitted up to present.
07	In terms of paragraph 11.1 of the Public Finance Circular No. 01/2020 dated 28 August 2020, the unusable goods which are submitted under Form General 47 after the annual board of survey should have been dealt with and completed as appropriate before April 30 of each financial year. Nevertheless, activities relating to 905 unusable items of goods pertaining to the year under review had not been completed even by 30 May 2022.	2021	The unusable items should be formally dealt with promptly.	Due to the severe scarcity of fuel in the country, it was found difficult to carry out disposal activities in the prescribed periods.	Relevant actions had not been completed with regard to 88 items of goods up to present.

03. Head - 004 Judges of the Superior Courts

	Total Assets (Rs.)	Total Liabilities (Rs.)	Equity (Rs.)	Opinion
2021	611,913,114	-	611,913,114	Qualified
2022	611,558,512	-	611,558,512	Qualified
2023	613,660,859	-	613,660,859	Unqualified

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive measures taken by audited entities	Implementation status of recommendations as at the date of the report
01	In terms of the Financial Regulations, 103 (1)(b) and 104(3)(4), accidents had not been reported to the police and preliminary investigations had not been conducted regarding the accidents	2023 2021	Actions should be taken as per the referred Financial Regulations.	It was informed that the accidents should be reported to the police in the future and although the investigations were delayed due to the transfer of the Court Registrar, who had conducted the investigations in terms of F.R.103(1)(b), the investigations are being conducted by now.	At present, the police have been informed about the accidents and a report has been obtained and the investigations have been completed in terms of the Financial Regulations.
02	In terms of Paragraph 02(i) of Assets Management Circular No.02/2017 dated 21 December 2017, action had not been taken to transfer 07 vehicles provided by the Attorney General's	2021 2023	Actions should be taken as per the referred Circular.	It was informed that the necessary steps have been taken to formally register the vehicles, already provided by other institutions, in the name of the	Although requests have been made for this, the approval has not yet been received from the Ministry of Justice.

Department and the Ministry of Justice as per the circular provisions even by the date of the report.

institution.

03	As per the Paragraph No. 40 (1) of the National Audit Act No. 19 of 2018, the department should have its own internal auditor appointed by the governing body to carry out internal audit work, but no internal auditor position was included in the approved staff of Supreme Court Judges. Further, as per paragraph 03 of Management Audit Circular No. DMA/01-2019 dated 12 January 2019, an Internal Audit Division headed by a Class I officer of the Sri Lanka Accountancy Service under the direct supervision of the Chief Accounting Officer/Accounting Officer shall be established for all Special Expenditure Units but in the Superior Court Judges an internal audit unit had not been established.	2021 2022 2023	Actions should be taken as per the paragraph No. 40(1) of the National Audit Act No. 19 of 2018.	The staff related to this Expenditure Head has been 37 Judges of the Superior Courts, and only general administrative expenses were included. It was discussed with the Government Audit Division and at the Audit and Management Committee meeting that it would not be practical to appoint a Class I officer of the Sri Lanka Accounting Service as an Internal Audit Officer at a high cost for this purpose. However, it was informed that a request would be made by the Department of Management Services of the Ministry of Finance in this regard.	Although it had been recommended that there should be an Internal Auditor from the Department itself appointed by the Governing Board of that Department in terms of Section 40(1) of the National Audit Act, No. 19 of 2018 to conduct internal audit activities for Head 04 as per the recommendations stated in the Annual Detailed Management Audit Report regarding the financial statements for the year ended 31.12.2023 in terms of Section 11(2) of the National Audit Act, No. 19 of 2018, I would like to state that this post has not yet been existed as an approved service category of the Supreme Court Department. Therefore, necessary steps

have been taken to
amend the Service
Minute of the
Supreme Court
Department, and I
further inform you
that these posts
will be established
in due course.

04. Head – 016 Parliament

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	17,487,530,058	14,011,729	17,473,518,329	Unqualified
2022	17,498,973,563	6,922,108	17,492,051,455	Unqualified
2023	21,962,618,223	4,860,606	21,957,757,618	Qualified

Se. No	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive Actions taken by the Auditee Institution	Implementation Status as at the Date of Report
01	According to sub No. 06 of paragraph 11.1 of Public Finance Circular No. 01/2020 dated 28 August 2020, the board of survey should be done up-to-date and the report should be submitted to the Auditor General before 31 March of the next year, but the parliament had not submitted the board of survey reports of the previous year and the year under review to the Auditor General as at the date of this report. The board of survey report for the year 2021 was submitted for audit on 12 April 2023 after a delay of 2 years.	2023	According to the circular, the board of survey reports should be submitted on due date.	After conducting the board of survey for the year 2022 and implementing the decisions of the reports, copies have been given to the Auditor General and instructions have been given to do the board of survey for the year 2023 in a weekend day and complete within two days.	Board of survey reports have not been submitted till the date of report.
02	According to the combined Services Circular No. 02/2017 dated 04 May 2017 of the Ministry of Public Administration and Management and section 3.1 of the National Library and Documentation Services Board Circular No. 2004/ප්‍රස/(2016- Amended) dated 22 December 2016, annual surveys should be	2023	Board of surveys should be conducted as per circular.	It is planned to conduct an annual survey for the books in the library within the time frame of the end of the 9 th parliament.	Board of survey reports have not been submitted till the date of report.

conducted compulsorily on library materials including written, printed, audio-visual and electronic media acquired by libraries for the use of readers, but annual surveys were not conducted regarding the library members of the parliament.

03	According to paragraph 1.2 of the Trade and Investment policy circular No. 01/2018 dated 15 February 2018 mentioned in the paragraphs 3.4 and 3.5 of the Auditor General's summary reports for the years 2020,2021 and 2022 and letter No. TIP/SS/01/84 dated 25April 2019 issued by the Director General of the Department of trade and Investment policy to the Secretary General of parliament, formal approval was not submitted to the audit regarding the issuance of subsidized motor vehicle licenses to 03 parliamentary staff officers who has not completed six (06) years of active service in a senior level executive position (the active service period between the time period from 02 to 01 months related to the assigned position for the license) contrary to the circular provisions and instructions regarding giving motor vehicle licenses on concessional basis to the parliamentary staff.	2023	Action should be taken as per the referred circulars.	This privilege, which has been enjoyed by senior officers of the parliament for a long time, has been temporarily suspended with the observations made by the audit in the year 2019. At now, the staff of the parliament has planned to prepare a proposal with the help of a consultant or the placement according to the provisions of circular 6/2006 and forward it for the relevant approval.	It is planned to submit for the relevant approval.

05. Head - 201 Department of Buddhist Affairs

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	250,513,093	65,000	250,448,093	Qualified
2022	284,776,164	1,384,111	283,392,053	Unqualified
2023	312,767,569	2,263,498	310,504,071	Unqualified

Se. No	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive Actions taken by the Auditee Institution	Implementation status of Recommendation as at the date of Report
01	According to Financial Regulations 1647(b) and 128(f) of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka, the survey was not conducted in the year under review regarding the vehicles and related equipment owned by the department.	2023	Action should be taken as per the Financial Regulations.	A board of vehicle survey has been appointed for this purpose in the year 2024.	The vehicle survey has not been conducted until now.
02	The department had not taken action to bring the estimated budget reports of 211 shrines out of the 254 shrines controlled under section 4(1) of the Vihara Devalagam Ordinance No. 19 of 1931 and the semi-annual income and expenditure reports of 244 shrines.	2023	Arrangements should be taken to bring estimated budget reports and semi-annual income and expenditure reports according to the provisions of the Act.	It was informed that reminder letters have been sent to bring the budget reports and the head of the relevant department has been informed to get the necessary steps to bring the budget reports from the shrines by avoiding the deficiencies in this regard from	218 Estimated budget reports for the year 2024 and 181 semi-annual budget reports have been obtained from the 254 shrines and the reminder letters have been sent to shrines that have not yet provided budget reports.

				the year 2024.	
03	Although more than 11 years have passed since the willing of Rev. Welamitiyawwe Kusalahamma Nayaka Thero to be handed over to the department in the year 2012, on which the Dasa Silmatha headquarters was built in Kelaniya Eriyawetiya, was informed to the Divisional Secretary, The land acquisition process has not been completed and the legal right has not been confirmed.	2021 2022 2023	Arrangements should be taken to take over the ownership of the relevant land on which the building is constructed.	It was informed that the Kelaniya Divisional Secretary informed that the advertisement prepared under the seventh section related to land acquisition has been translated into Tamil and English languages and it has now been handed over to the government press for publication in the government gazette.	The acquisition process has not been completed yet.

06. Head - 202 Department of Muslim Religious and Cultural Affairs

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	363,840,943	18,462,916	345,378,027	Unqualified
2022	365,997,757	18,696,341	347,301,416	Qualified
2023	367,334,927	172,000	367,162,927	Qualified

Se. No	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive Actions taken by the Auditee Institution	Implementation status of Recommendation as at the date of Report
01	According to Financial Regulations 128(1) (e) and 1647 (b) of the Democratic Socialist Republic of Sri Lanka, verification was not done regarding the vehicles owned by the department.	2022 2023	Action should be taken as per Financial Regulations.	As indicated by the audit, it is expected to carry out a verification regarding the vehicles owned by the department in future.	Verification had not been done until 30 September 2024 regarding the vehicles owned by the department.
02	The Hajj fund maintained by the department was not legally established by an Parliament Act and considering the need to maintain the fund according to Financial Regulations 876 (3) of the Democratic Socialist Republic of Sri Lanka, arrangements had not been made to obtain legal situation.	2021 2022 2023	Action should be taken as per Financial Regulations.	Actions to establish the Hajj fund through a legal Act are currently being carried out together with the ministry.	Attention has been paid to the preparation of the bill related to the legalization of the Hajj fund.
03	According to section 45 of the Wakfs Act No. 33 of 1982 relating to the Wakfs fund operating under the department, only Rs. 161,500 was spent in the year 2023 for the	2022 2023	It should be done according to the provisions of the Act.	According to the Wakfs Act, the attention of the Wakfs council will be focused on the implementatio	The following project proposals were prepared and submitted to the Wakfs council for approval on 01 August 2024 for the

implementation of only one programme related to one task out of the 5 tasks to be performed for the betterment of Muslims and Islam religion and the amount spent on salaries and allowances of the fund was Rs. 2,518,027 or 93 percent of the total expenditure. The amount of money owned by the fund was Rs. 79,538,421 as at 31 December 2023 due to non-implementation of the objectives of the fund.

n of programs advancement of for the Islam Religion. betterment of 1. Infrastructure development of areas such as mosques education and the remaining According to 45(A) sectors will of Wakfs Act, 25 also be mosques located in 25 districts are focused in selected and given to fulfill the 5 Rs. 500,000 for each tasks that can mosque. be accomplished 2. Providing a bath tub tool of for the mortuary according betterment of to 45(b) and e) of Muslims and the Wakfs Act to the religion of provide Rs. 200,000 for 10 difficult Islam. mosques located in Monaragala, Badulla, Hambanthota and Anuradhapura districts. 3. Developing Arab Schools According to 45(c) of the Wakfs Act to improve education and provide infrastructure in Arab schools in the island.

07. Head - 203 Department of Christian Religious Affairs

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	34,772,613	4,600	34,768,013	Unqualified
2022	35.884,054	5,025	35,879,029	Unqualified
2023	34,781.41	4,000	34,777,406	Unqualified

Se. No	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive Actions taken by the Auditee Institution	Implementation status of Recommendation as at the date of Report
01.	Although the worship house of Maradamadu church was expected to be completed in the year 2017, Rs. 2.5 million were spent in the year 2017 and 06 years had passed since only the base and pillars of the building were built, but the construction work had not been completed.	2021 2022 2023	Attention should be given to completing projects as planned.	Rs. 5 million provision has been released by the 2024 budget and procurement activities in relation to that are currently being carried out by the Mannar District Secretariat.	The provision has been released to the District Secretary, Mannar on 21.02.2024 and about 90% of the development work has been completed yet .Estimates related to the year 2025 have been called from the District Secretary of Mannar for the remaining work in future.
02.	Action had not been taken also in the year 2023 to get the ownership of the land of the Thalawila circuit, which was assigned to the Department of Christian Religious Affairs in the year 2006 by the Kalpitiya Divisional Secretariat.	2022 2023	Immediate action should be taken to take over the ownership of the relevant land.	The Kalpitiya Divisional Secretary has recommended the handover of the relevant land to the Department to the Commissioner General of Land and the necessary arrangements for the transfer will be carried out in future.	The Divisional Secretary had made the recommendation for transfer of the land.

03.	Although registration is considered in giving favors like allowances, uniforms etc. to Dhamma school teachers, there is not a formal system of registration for existing Catholic and Christian churches and religious centers and the drafted Act in that regard for the registration of the churches and religious centers had not been approved.	if 2023	Action should be taken to approve the Act immediately.	There is not a system to register Christian churches and religious centers and due to the problematic conditions to approve the drafted bill, a system of registration is being prepared through an expert committee by the ministry. The necessary applications and conditions have been prepared and submitted to the ministry and the registrations will begin immediately after getting approval.	Registration of Catholic churches has severely been completed and new registrations are being done according to the previous procedure. Since the ministry has received approval for the registration of Christian churches, it is planned to begin the registration process from 01 October 2024.

08. Head - 204 Department of Hindu Religious and Cultural Affairs

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	176,523,683	1,041,122	175,482,561	Unqualified
2022	175,613,432	2,081,436	173,531,996	Qualified
2023	175,141,189	446,811	174,694,378	qualified

Se. No	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive Actions taken by the Auditee Institution	Implementation status of Recommendation as at the date of Report
01	According to sub-sections 4.2.5, 4.4, 4.5, 4.6 and 6.3 of Chapter XXIV of the Establishment Code of the Democratic Socialist Republic of Sri Lanka, proper actions were not taken to recover the disaster loan balance of Rs. 220,300 to be charged since one year from an officer who left the service and the loan balance of Rs. 46,462 to be charged since 29 years from three transferred officers.	2021 2022 2023	Action should be taken to recover the outstanding loan balances immediately.	They have agreed to pay the disaster loan balance of Rs. 220,300 as installments to be recovered from retired officer and requested to cut off the loan balance of Rs. 46,462.	The loan balance has not been recovered till now.
02	Out of the expenditure of Rs. 4,310,630 related to the competitions of Dhamma school level, regional level, district level and national level of the national design competition for the year 2022(2023), that was conducted between the period from January to December 2023 and results were released, but the related certificates and prizes had not been awarded till 30 September 2024.	2023	Awards of certificates and prizes related to the competition should be given immediately.	Certificates and prize giving will be held in August 2024.	The certificates and prize giving had not been carried out till 30 September 2024.

09. Head- 205 Department of Public Trustee

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	45,114,216	-	45,114,216	Unqualified
2022	46,625,411	-	46,625,411	Qualified
2023	65,636,246	-	65,636,246	Qualified

Se. No	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive Actions taken by the Auditee Institution	Implementatio n status of Recommendati on as at the date of Report
01	Although it is the duty of the department to direct and supervise the affairs of the Associated Newspapers of Ceylon Ltd. on behalf of the government, that work was not carried out by the department and it was not identified as a performance indicator.	2021 2023	Performance indicators should be identified by duty.	It will be included in the performance indicators in future.	The performance indicators were also not included until 30 September 2024.
02	Although the amount of foreign compensation to be paid dependents/ legal heirs of 144 deceased persons as at 31 December 2023 was Rs. 122,303,680, a formal system for identifying compensation recipients was not identified.	2023	The relevant compensation should be paid to the legal heirs without delay.	Attempts have been made to identify the lists of foreign compensation recipients who cannot be identified by publishing newspaper advertisements and the one person was identified in that and said that further work has been done on the release of the said compensation money and that	The compensation recipients had not been identified until 30 September 2024.

				the work is being done to get information about other compensation money through the Divisional Secretary.	
03	Action had not been taken to identify the date of birth of 404 of the fixed deposits worth Rs. 271,744,562 till 31 December 2022 in relation to 507 minor dependents deposited in fixed deposits until the age of 18 years and make payments of the total of Rs. 687,012 of foreign compensation for 21 minors above 18 years whose date of birth can be identified.	2023	Action should be taken to pay the relevant compensation to the legal heirs without delay.	Those who have reached the age of 18 after checking the deposits of minors are informed in writing and the necessary arrangements are being made to release the fixed deposits of those whose fixed deposits have not been released.	The relevant compensation had not been paid until 30 September 2024.
04	An amount of Rs. 2,196,364 which was recognized as unpaid foreign compensation from 1998 to 2004 was credited to the government revenue and the compensation amounting to Rs. 539,090 could not be paid in the year 2004 due to non-submission of the details of the legal heirs, but the related information was not brought and related files and information were not properly maintained.	2023	Files and information should be regularly maintained up-to-date and action should be taken immediately to pay the foreign compensation to legal heirs.	The Consular division of the Ministry of Foreign Affairs has inquired about this in writing and that further work will be done and advice had been given to update the files.	The files had not been updated and compensation had not been paid until 30 September 2024.
05	The Public Trustee was named on behalf of the government when the Lakehouse institute was	2023	Should be act as per instruction of the treasury.	It is disclosed in trusts/estates accounts.	The relevant ownership and dividends earned had not

taken over to the government by the Associated Newspapers of Ceylon Ltd. (Special Provisions) Act No. 28 of 1973 and the Public Trustee had acquired 3,050,379 ordinary shares or 87.5 percent ownership on behalf of the government. However, arrangements were not made to include the trusts/estates accounts of the department in relation of that and the dividends earned thereon.

been entered into the trusts/estates accounts of the department.

06	Due to the lack of regular maintenance and repairs in due time of the Richmand Castle building located in Kalutara Palathota, which is under the Department of Public trustee and has an ancient value, water had leaked from the roof and the walls had been damaged and it was observed that some places had been repaired as not match with the antiquity. Accordingly, although a quality report was obtained from the National Building Research Organization in August 2023 to carry out repairs again, repairs could not be carried out and the building was further damaged due to the inability to provide funds.	2022 2023	Repairs should be carried out as soon as possible to preserve the antiquity of the mansion.	The relevant estimate could not be obtained due to non-availability of funds. However, the attention is given for the relevant repairs and it is expected that the basic renovation work will be carried out as that does not harm the antiquity in next few years under the supervision of the archaeological authorities using the labour contribution of the Sri Lanka Army.	Repair work had not been initiated or undertaken until 30 September 2024.	
07	It was observed that about 13.5 acres of rubber cultivated land in the land called Ankuduwa in	2022	Considering possibility obtaining government	the of	The old rubber plantation of 13.5 acres of land called Ankuduwa	Legal action had not been taken against the unauthorized

Suduwelipotha estate belonging to Harry Hapugoda estate needs to be replanted. The department has not taken proper action regarding the unauthorized construction in this estate. Furthermore, it was observed that the estate bungalow located in the above mentioned estate needs immediate repair.

subsidies for belonging to construction replanting and Harry Hapugoda until 30 surveying the estate has been September 2024. estates of sold at the prices of the year. As the financial situation is bad, there is a problem of funding for the replanting activities and that the land will be developed or leased out in future.

08	A shop and land in the Galle Elpitiya area belonging to the D.J.D.J. Abeysekara estate had been leased without contracts for more than 20 years and although it was calculated that the rental should be charged as Rs. 227,380 for this assessed shop as Rs. 1,100,000 till May 2018 and Rs. 143,400 for the land from the year 2005 to 2015, necessary steps were not taken to recover the rental.	2022	Formal lease agreements should be entered to ensure the security of the property and the receiving of a reasonable income from it when giving real estate to outside parties on a lease basis and take necessary legal action to recover the tax defaulted property.	The land belonging to estate with an assessed value of Rs. 2,300,000 has been sold yet now and the letter of demand has been sent for non-payment of rental in the shop with a value of Rs. 1,100,000. That requests have been made within 1 ½ in response to that and proceedings have been initiated to take legal advice in that regard.	Action had not been taken to collect the rental or taken back the properties

10. Head - 206 Department of Cultural Affairs

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	1,399,485,573	14,785,786	1,384,699,787	Qualified
2022	1,455,982,029	14,230,074	1,441,751,955	Qualified
2023	1,457,232,320	16,620,759	1,440,611,561	Qualified

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Prevention measures obtained by the audited entity	Implementation status of recommendation as on date of report
01	In terms of the Establishment Code of Democratic Socialist Republic of Sri Lanka Sub-Sections 4.2, 4.5, 4.6 and 6.3 of Chapter XXIV Proper measures had not been taken to recover the outstanding debt balances amounted to Rs. 846,073 due from 54 officers of deceased, vacated of posts, interdicted, and transferred out for more than 05 years.	2021 2022 2023	Action should be taken in accordance with the provisions of the Establishments Code.	It was informed that measures had been taken to recover the outstanding debt balances during the year 2023 as well as up to the date.	Action had not been taken as per the recommendations of the Auditor General even currently.
02	As per the Section 40(1) of the National Audit Act action had not been taken to establish Internal Audit Section appointing an Internal Auditor till the year under review.	2021 2022 2023	Action should be taken as per the provisions of the National Audit Act.	That requests have been made in several occasions to get completed the vacancies of the post of Internal Auditor and the Accountant in the approved cadre of the Department.	Action had not been taken as per the provisions of the National Audit Act up to now.
03	Although the building had been handed over completing the	2021 2022 2023	Prompt action should be taken to recover the	Matters regarding this forwarded to the	The money had not been recovered as per the

refurbishment activities with a delay of 3 years that is on the date of 24 November 2018 by the Contractor related to the development of refurbishing phase 1 of the Jhon De Silva Theater, the amount of Rs.38,658,734 of liquidated damages charged had been repaid to the contractor without proper approval and reasonable confirming of matters and it was informed on the date of 10 May 2021 to the contractor to repay that amount, that amount had not been recovered even up to the year under review.

money.

department of recommendations
Attorney of the Auditor
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was informed
that calling both
parties for the
Sri Lanka
National
Arbitration
Center in the
future.

11. Head - 207 Department of Archaeology

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit opinion
2021	1,218,913,630	72,698,078	1,146,215,552	Qualified
2022	1,239,275,064	73,043,253	1,166,231,811	Qualified
2023	1,246,197,676	55,620,907	1,190,576,769	Qualified

Se. No	Audit Observation	Year of Report	Recommendatio n of The Auditor General	Preventive Measures taken by the Auditee Entity	Current Position of Recommendation as on Date of Report
01	Rs. 911,500,000 of land and Rs. 138,320,748 of buildings which included in the financial statements of the department were not revaluated and the correct value had not been accounted as per the instructions of Asset Management Circular No. 04/2018 dated 31 December 2018. Furthermore, the acquisition of the property where the head office of the department is located was not completed.	2023	Asset Management Circular No. 04/2018 dated 31 December 2018, should be followed.	It was recognized that the valuation department has not done the valuations as per the Asset Management Circular No.04/2018 regarding land and buildings and further work will be carry out as per the provisions of the said circular.	The acquisition of the property had been completed. Valuation Department was informed for valuation of assets.
02	Instead of annual archaeological recommendation for mineral and rock extraction was given from 01 June 2018 as per Circular No. 02/2018 dated 01 June 2019 of the Director General of Archaeology, long-term recommendations were given as per Cabinet decision dated 05 March 2020. Since that Antiquities	2023	Follow-up is essential in providing archaeological recommendations for mineral and rock extraction and the relevant internal circulars should be revised in time and necessary conditions should	Long-term licenses granting for mineral and rock extraction was done on the basis of a cabinet decision. It was informed that due to having to incur more costs than the	It was informed that the draft is to be submitted to the new Cabinet to amend the Cabinet Memorandum with the aim of preventing damage due to the lack of disclosure of information about the ancient factors due to

	may be damaged due to non-disclosure of information about ancient factors and also due to lack of staff and transport facilities, re-inspections were neglected.		be included.	income to give long-term recommendations annually, attention was not paid to the preparation of a system for issuing licenses annually.	
03	The stupa mounds at the identified archaeological sites of Nagathambaran, Vavunikulam, Sivapuram Srimale Temple, had already been completely flattened to the ground by now and other religious places were built on top of the stupa mounds of those places and also at the archaeological sites of Nedunkeni Shiva Nagar, Kulamurippu, Koddiamalai.	2023	Antiquities should be protected in accordance with the provisions of the Antiquities Ordinance No. 09 of 1940 as amended by the Antiquities Amendment Act No. 24 of 1998, and arrangements should be made to obtain the support of the Ministry of Defense where necessary.	The Director General of Archeology's letter No. ARCH/ACC/NA/09/12/2023 and dated May 17, 2024 has requested the support of the Ministry of Defense for exploration, excavation, conservation and maintenance work related to the archaeological sites in the Northern and Eastern Provinces.	Defense Secretary's letter No. - MOD/MLO/Tmp/04 (103) and dated June 05, 2024 has asked for details of the areas / tasks etc. for which the support of the Ministry of Defense is sought. Accordingly, it was informed that the letter containing the details of the necessary support is to be forwarded to the Ministry of Defense.
04	Vedickinarimalai Archaeological Site in Northern Province, Nelukkulama, Monuments in Kimbulagala Nandimithragama Archaeological Site, Nedunkeni Shivanagar Archaeological Site, Samalankulam Archaeological Site in Samalankulam Divisional	2023	The boundaries should be identified and gazetted as an archaeological reserves or monuments and further archaeological work should be carried out without delay.	No comments were made.	Vedickinarimalai and Samalankulam are currently in the process of being designated as protected areas. Kimbulagala exploration is currently underway. It was informed that

Secretariat Area, Mathota Port Town and the Thonigala archaeological site, which has been declared as a protected monuments by Gazette No. 1553 dated 06 June 2008, the relevant boundaries have not been identified and gazetted as an archaeological reserves or monuments until now.

methods have been set up to get information from one regional office about 20 places and about 02 reserves per month and to gazette it quickly.

05	Although requests had been made from the relevant government agencies since November 2020 to prepare the measurement plans of 229-acre land where the ruins of the Kurudumale (Kurindi) archaeological site were widely scattered, these tasks had not been completed till the date of 30 September 2024.	2023	Surveying should be done by contacting the relevant government agencies and declared as an archaeological reserve	No comments were made.	On several occasions, requests for survey orders have been made from the Maritimé pattu Divisional Secretary of Mullaitivu District, but no response has been received so far, therefore further work has been hampered. It was informed that the task will be completed quickly through sending reminders again and coordination.
06	Although a fine of Rs.46,500 was imposed on the driver of the vehicle, who was the accused, in connection with the accident that occurred in the double cab belonging to the Central Regional Archeology Office on 09 October 2018, the loss to the vehicle of Rs.5,882,769 was not recovered as per	2021 2022 2023	Losses should be dealt with in accordance with Financial regulations	The driver of the PG 4006 double cab attached to Central Regional Archeology Office was the accused for the accident and has now been dismissed. An	The case in the Kandy Magistrate's Court has been concluded and the government has been advised to prosecute due to the loss. This accident happened in the year 2018 and

Financial Regulation 104 and the cab was not repaired for over 5 years.

inspection board has been appointed for the investigation as per F.R. 104(4) and after its recommendation, further work will be done. It was informed that the repair estimates of this car is being called and the work is being done for that.

estimated cost of 58 lakh rupees was being compared to the current market where the problematic situations arise. It was informed that the feasibility of repairing this vehicle is being considered.

07 It was observed that an amount of Rs. 2,105,152 is being held still in the general deposit account from 14 February 2017 to obtain archaeological damage assessment survey reports of the Yanoya Irrigation Reservoir Project.

2021
2023

Regarding the money deposited by the project proponents to the department for obtaining archaeological damage assessment survey reports should be dealt with in accordance with the provisions of the Act.

No comments were made.

It was informed that it has been proposed to use this money to build a museum or to build the Dighavapi Museum in accordance with the financial allocations received.

12. Head - 208 Department of National Museums

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	10,946,243,284	16,897,654	10,929,345,630	Qualified
2022	11,407,731,006	13,375,063	11,394,355,943	Qualified
2023	15,237,272,908	43,846,708	15,193,426,200	Qualified

Se. No	Audit Observation	Year of Report	Recommendation of the Auditor General	Preventive Measures taken by the Auditee Entity	Current Position of Recommendation as on Date of Report
01	Land and buildings worth Rs. 10,800,000,000 were not revaluated and the correct values were not accounted in accordance with the guidelines of Asset Management Circular No. 04/2018 dated 31 December 2018 for assessing the value of non financial assets of the government.	2021 2022 2023	Circular instructions should be followed in preparing accounts.	A new valuation report has been requested from the valuation department from letter dated 07 September 2023. Accounting will be done according to the revised value after receiving the report.	It was informed that the necessary activities are being carried out in accordance with the Asset Management Circular No. 04/2018.
02	According to the preliminary investigation reports submitted on 31 May 2023 regarding financial irregularities in the banking of ticket revenue from January 2014 to August 2022 of the Galle Maritime Museum, the total revenue lost to the department was Rs.1,652,605. The officer in charge who responsible for the irregularity had done the balancing of daily revenue records of the	2023	Internal control should be arranged and updated in such a way that errors and frauds do not occur and should be dealt with according to Financial regulations.	In order to recover the amount of Rs. 1,652,605 which is the loss of financial irregularity that has occurred in banking of ticket revenue of the Galle Maritime Museum, a complaint has been filed with the Galle Police Station and	Officer in charge responsible for the irregularity was remanded On 27 June 2024 and granted bail on 22 August 2024. the next date of hearing is on 22 May 2025.

	tickets sold and money banking. Further, Money was not banked on a daily basis in terms of Financial Regulation 177(1). However, in this regard, the full report which should be submitted within three months from the date of the loss after the investigation in terms of Financial Regulation 104 (4) and to deal with the loss in terms of Financial Regulation 103 (1) (e) and 110, was not done.		formal disciplinary investigations have been initiated and also the activities are being carried out according to the Financial Regulations 104.
03	The work on the project, which was started on 01 January 2021 at a estimated cost of Rs.98,550,000 to establish a fire protection system for Colombo National Museum Library was to be completed on 31 March 2022. However, the work had not been completed by April 2024 and its financial cost was Rs. 43,153,409 as at 31 December 2023.	2021 2022 2023	The installation of the fire protection system should be completed immediately. Due to the poor performance of the contractor who was awarded the contract to install the fire protection system in the library of National Museum of Colombo, the contract was canceled and the bond was collected. The contract has been awarded again on 18 December 2023 to Thudawe Engineering Service after inviting new quotations for the remaining works. The work is scheduled to be completed by 15 June 2024. Due to the insecurity around the Red Sea while bringing the raw materials required to complete the contractual works, requests were made to extend the contract period until 31 October 2024 and inquiries were made from the consulting firm to get the necessary recommendations for the same.

04	Although 11 years have passed as at 31 December 2023 since the theft of 221 artifacts with an estimated value of Rs.4,440,140 from the Colombo National Museum on 16 March 2012, the legal functions required to give the final decision and its total loss had not been identified and had not been dealt with according to the Financial regulations 104 (3) and 104 (4)	2023	Efforts should be made to expedite the completion of related legal proceedings.	The relevant committee had reported to the Ministry Secretary that they could not perform the legal functions according to the financial regulations, as they could not be exposed until the legal proceedings were over.	A five-member committee was appointed by the Ministry Secretary on 02 September 2022 to identify the loss caused by theft of artifacts and deal with it in terms of Finance Regulations 104(3) and 104(4). The said committee decided that the seals of the goods sealed by the Criminal Investigation Department should not be removed as there is ongoing legal proceeding.
05	272 gemstones in the Department's Geology Division had been deposited in the Metropolitan Branch of the Bank of Ceylon since 18 September 1964, and after the physical inspection conducted in 1993, one of the gemstones was found to be an artificial stone, and the stone was deposited in the Geology Division. The value of these remaining 271 gems had not been assessed with the help of a gemologist from the National Gems and Jewellery Authority.	2022 2023	The current financial value should be assessed.	It has been informed that the examination and valuation of gemstones cannot be done in the relevant bank premises and they should be sent to the laboratories of the Gems and Jewellery Authority. Also, this matter was discussed in the departmental audit and management committee meeting and Treasury representative was stated that it	It was proposed to take the help of a Valuation Officer of the National Gems and Jewellery Authority to value them, obtain weights and measurements and prepare a catalog with photographs, by the mobile of the National Gems and Jewellery Authority was brought to the Metropolitan Premises of the Bank of Ceylon and the photographer of the National Museum Department took photographs of the

is not appropriate to hand over these materials to an external agency for valuation. It is expected to get the approval of the Ministry Secretary and carry out further work In this regard. gemstones. but the work was not done.

13. Head - 209 Department of National Archives

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	264,935,514	25,380,472	239,555,042	Qualified
2022	264,451,021	29,901,471	234,549,549	Qualified
2023	270,416,277	33,341,218	237,075,059	Qualified

Se. No	Audit Observation	Year of Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Current Position of Recommendation as on Date of Report
01	According to Asset Management Circular No. 05/2021 dated 09 December 2021 non financial assets should be assessed every 05 years. However, without assessing the value, the value of the vehicles owned by the department was stated as Rs. 17,484,320 in the final financial statements.	2023	Circular instructions should be followed.	It was informed that they will work to include the assessed value of the vehicles in financial statement in the coming year (2024).	It was informed that in the next year (2024) necessary activities are being carried out to include the assessed value of the vehicles in the financial statement.
02	The mobile racking system planned to be completed in 2023 at an estimated cost of Rs.50,000,000 for the safe storage of documents in the department head office Building. The physical progress is only 05 per cent as at 31 December 2023 and no financial progress	2023	Work should be done to achieve the goals according to the plan.	At present, bids have been opened to get bids from a suitable supplier and a cabinet paper has been submitted for further work. Further work will be done according to the Cabinet decision.	According to the decision of the procurement committee appointed by the Cabinet, the bidding has been re-invited. It was informed that the bids are scheduled to be opened on 03 October 2024.
03	According to the Cabinet	2022	The work of the	Line Ministry	It was informed

	approval given on 05 April 2021 to establish a digital repository of 500 terabytes under cost of Rs.120,208,320 with in 5 years, an allocation of Rs.78,300,000 was given as at 31 December 2023, but the project was not implemented.	2023	project to establish the digital repository should be completed promptly.	Secretary's letter bearing number MBRCA/03/P RO/02/SOFT WARE and dated 14 March 2024 has appointed the Ministry Procurement Committee and Technical Evaluation Committee for the selection of consultants, and accordingly discussions are underway for further work.	that approval has been granted to obtain the approval of the National Planning Department again since the estimated amount for the establishment of a digital repository has changed as per the decision of the Departmental Procurement Committee dated 28 August 2024, and to obtain Cabinet approval to directly provide installation and maintenance of Atom and Archivematica to a foreign professional company, Artifactual Systems Inc. Further, It was informed that after the approval of the Cabinet, formal bid documents were prepared and prices were formally called and procurement was approved under national competitive bidding to get server computers and capacity.
04	The main office building which was planned to be completed in between January 2019 and May	2021 2022 2023	The main office building should be completed as soon as possible.	A Cabinet paper has been submitted to extend the	Construction work has resumed from June 2024.

2021 with an estimated amount of Rs. 992,230,065 had exceeded a period of 02 years as at 31 December 2023, but the construction work had been abandoned without completion. The financial progress of the project which had been paid Rs. 470,780,777 was 47 per cent and the physical progress was 53 per cent.

revised estimate and contract period. The project is planned to resume from June 2024 after receiving the Cabinet decision.

14. Head - 210 Department of Government Information

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	1,857,701,856	8,162,818	1,849,539,038	Qualified
2022	1,872,306,707	7,811,426	1,864,495,281	Qualified
2023	1,979,767,600	268,112	1,979,499,488	Qualified

Se. No	Audit Observation	Year of Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Current Position of Recommendation as on Date of Report
01.	Even though a lady officer in the Transport Division had been temporarily released to Sri Lanka Telecommunication Regulatory Commission by the letter dated 23 November 2021 of Director General of Government Information subject to conducting a preliminary investigation in relation to the irregularities occurred in the vehicle repairs and maintenance of vehicle files at the time when she had discharged the duties in transport division, such investigation had not been carried out up to 03 March 2022. Similarly, Director (Administration) who approves the vehicle repairs and services had been transferred to another department on 26 October 2021.	2021	The action should be taken in compliance with the provisions of the Establishments Code.	It had been requested from Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government to carry out a preliminary investigation on this officer.	Such activities had not been commenced even up to 30 September 2024.
02.	Without exactly verifying the payment, 02 cheques worth of Rs. 2,251,226	2023	The action should be taken to write the cheques having	No preventive measures had been taken.	These 02 interim payments payable to Department of

	payable to Department of Government Factory for the construction activities had been deposited into General Deposit Account in 2020 and removed from General Deposit Account up to 31 December 2023 by requisition forms and written cheques and retained in the hand.	exactly verified the payment.	Government Factory had been temporarily retained until the optimum solutions will be provided for the defects prevailed in the current modernization activity.
03.	When the construction of new buildings had been suspended as per paragraph 2.3 (a) 1 of National Budget Circular No.01/2021 dated 28 July 2021, the action had been taken to construct a squat toilet system at a cost of Rs.3, 799,932. At that incident, the specified procurement processes had not been adhered for the selection of the consultancy firm and the contract company. Due to the shortcomings in the preparation of the pans of constructions, bills of quantities and payment reports of the consultancy firm, the obtaining of service of such consultancy firm had been suspended and it had been decided to perform the remaining construction activities at a cost of Rs. 2,084,081 from an another institute. Similarly, it was observed the deficiencies in the contract company also and even though an amount of Rs.1, 649,401 had been paid, up to 30 April 2024, no	2023 The action should be taken as per the Government Procurement Guideline.	The action is being taken to perform the relevant further activities in association with Technical Officer of Maharagama Divisional Secretariat, Technical Engineer and Technical Officer of Sri Jayawardenapura Kotte Municipal Council in order to obtain the necessary technical assistance for carrying out the remaining works. It had been informed that the procurement documents required for calling new quotations will be prepared for remaining works of this building having terminated the contract of this contractor subsequent to receipt of relevant technical recommendations in relation to this construction.

construction activities had been completed.

04. In accordance with the agreement entered into with Debri Institute and Department of Government Information on 10 December 1999 with an objective of producing the quality films, when the laboratory machineries set established in 2003 at amount of French Franc 9,150,000 (Euro 1,442,601) equal to Rs.102.2 million under loan aids had been brought, a proper feasibility study had not been performed and it had been idle up to 30 April 2024. Due to utilization of a building in a huge land area of department for establishment of this set of machinery, such building had also become an underutilized asset. Furthermore, 85 asset items which had not been utilized long-term in this laboratory building had been idle.	2023	The responsible officers should take action to utilize the assets without keeping those idle.	It had been verbally informed in relation to obtaining this equipment from University of Kelaniya and the inspection of said machinery had been carried out visiting the department premises. After informing in writing in relation to obtaining such equipment to university, it had been mentioned that the approval of the cabinet of ministers will be sought.	Even up to 30 September 2024, these assets had been idle.

15. Head - 211 Government Printing Department

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	1,552,579,207	301,619,268	1,250,959,939	Qualified
2022	1,597,786,532	104,799,939	1,492,986,593	Qualified
2023	3,862,376,557	88,913,442	3,773,463,115	Qualified

Se. No	Audit Observation	Year of Report	Recommendatio n of the Auditor General	Preventive Measures Taken by the Auditee Entity	Current Position of Recommendation as on Date of Report
01.	According to the letter of the State Finance Director No. PED/RED/WO/2021/30 dated September 21, 2021, the outstanding income balance of Rs.81,019,843 in the year 2009 and the previous years should be followed up and recovered, but no amount was recovered in the year under review.	2021/20 22/2023	An arrangement should be made to recover these arrears promptly.	Accepting print orders with advance payment.	The amount mentioned in the observation has not been recovered.
02.	As per the Cabinet decision mentioned in Cabinet Paper No. 97/5232/17/035 dated 16th December 1997, the three conditions for the payment of commercial printing allowance, namely, introducing a cost accounting system, improving production efficiency in printing activities and establishing a project with identified provisions or alternatively establishing	2021/20 22/2023	The conditions set out in the Cabinet decision to be met when paying the commercial printing allowance must be met promptly.	No preventive measures have been taken.	Recommendations have not been implemented.

an advance account, had not been met since the year 1998, and Rs. 17,429,244 had been paid as commercial printing allowances for the year 2023.

03.	The Department had paid Rs. 298,375,331 on a piece-rate basis without proper approval from the Miscellaneous Supplies Expenditure Subject 211-1-2-0-1205.	2023	Expenditures should be managed within the limits of the expenditure items. If the provisions for that expenditure item are not sufficient, provisions should be made within the legal framework for that purpose under proper approval. The necessary approval for this amount should be obtained promptly.	No preventive measures have been taken.	Recommendations have not been implemented.
04.	The Ministry of Finance, Economic Stabilization and National Policies had insisted that the provisions for overtime and holiday salaries and other allowances should also be reduced by at least 6 percent as per (02)(c)iii of Budget Circular No. 01/2023 issued on 27 January 2023. However, in addition to the provisions provided by the budget, the Department had spent Rs. 95,000,000 approved	2023	Action should be taken in accordance with the relevant circular provisions and internal control systems should be established as necessary to prevent such situations from occurring in the future.	No preventive measures have been taken.	Recommendations have not been implemented.

under M.R. 66, an amount of Rs. 298,375,331 without proper approvals and an amount of Rs. 92,353,696 paid in January and February 2024 for the month of December without being included in the liabilities register as of 31 December 2023, a total of Rs. 1,509,819,572 as overtime and other allowances. However, a budget allocation of Rs. 992,000,000 had been approved for overtime and other allowances in the year 2023. Therefore, the department had spent 52.2 percent more on total overtime and other allowance payments than the approved allocation, in violation of the provisions of Budget Circular No. 01/2023.

05.	In accordance with the letter of the Director General of Institutions No. B/8/3/706/969/21 dated 02 December 2008, the Director of Institutions has approved the piecework allowances of the Department only for the year 2018 and thereafter the Department has received piecework allowances without obtaining the approval of the Director of Institutions and in the years 2021 and 2023, an amount of Rs. 557,421,503 and Rs.	2021/2023	From the year 2018 to the year 2023, the institution has received donations without the approval of the Director General. The approval of the Director General of the institution should be obtained for the relevant donations. Furthermore, it should be ensured that	No preventive measures have been taken.	Recommendations have not been implemented.

	814,476,871 respectively had been received as piecework allowances without any approval.		donations are not paid without the approval of the Director General of the institution in the future.		
06.	An amount of Rs. 2,504,000 had been paid to the Sri Lanka Printing Institute for employee training courses on 27th and 28th December of the year under review through the approved expenditure items 211-1-1-0-2401 and 211-1-1-0-2401 for staff training in the year under review. However, this payment was made with the sole intention of completing the provision by the end of the year as no training courses had been conducted for any employees of the Printing Department during the financial year 2023.	2023	Provisions allocated for specific tasks should be utilized for those tasks. Furthermore, internal control systems should be established as necessary to prevent such situations from occurring in the future.	No preventive measures have been taken.	Recommendations have not been implemented.
07.	As stated in the condition of Chapter 2 of the Treasury Secretary's Budget Circular No. 02/2023 dated 02 February 2023, 'Instructions have been received by the Cabinet Decision No. 23/0201/604/018 dated 30.01.2023 to release cash only for the uninterrupted operation of essential public services until the expected revenue targets are achieved through the recent tax revisions.	2023	Action should be taken in accordance with the provisions of the circular.	No preventive measures have been taken.	Recommendations have not been implemented.

Accordingly, the Treasury will take steps to release cash only for salaries, pensions, welfare expenses, medical supplies, debt servicing and essential expenses prioritized by the above budget circulars, after considering the liquidity available in the official bank account of the Deputy Secretary to the Treasury. Although it is stated that officers should not enter into any commitment contrary to these conditions and that officers who violate such conditions shall be personally liable for the same, the revenue due from public and private institutions for the performance of printing works on credit basis in the year 2023 as on 31st December 2023 was Rs. 210,048,234.

16. Head - 212 Department of Examination

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	3,682,151,293	62,717,256	3,619,434,037	Qualified
2022	3,689,449,880	18,625,851	3,670,824,029	Qualified
2023	3,779,664,005	302,817,886	3,476,846,119	Qualified

Se. No	Audit Observation	Year of Report	Recommen dation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Current Position of Recommendation as on Date of Report
01	Construction of the a six-storied multi-purpose building was planned to start in the year 2017 and to be completed on 02 February 2019, for a contract amount of Rs.564,320,835 and had been handed over to the Engineering Corporation. Despite a delay of almost 05 years, the progress as on 31 December 2023 of the construction was only 92 percent. But a total sum of Rs.451,285,486 including Rs.81,729,560 to the Central Engineering Consultancy Bureau for engineering work and Rs.369,555,925 to the State Engineering Corporation had been paid as on this date for this construction.	2021 2022 2023	Constructio n works should be completed on time as planned.	That the construction was delayed due to the Easter attack in April 2019, bad weather conditions, the Covid-19 epidemic situation, and the economic crisis in the country.	The construction work had not been fully completed.

02	A web digital printer worth Rs.546,264,452 had been purchased in the year 2018, but the department had failed to utilize the maximum capacity of the machine. Only 10 percent and 17 percent of the total question papers printed in the years 2022 and 2023 respectively could be printed using the relevant machine.	2021 2022 2023	The requirement should be identified and the assets should be procured and the procured machines should be utilized with maximum capacity.	Due to some technical faults, the printing work could not be done at the maximum capacity of the machine and the problems were solved until 28.08.2023 and the 26.59 percent of the number of the question papers of the G.C.E (A/L) examination of 2023 (2024) have been printed.	Trying to resolve technical issues.
03	To protect the confidentiality of the question papers the Wrapping Solution part of the web digital printer worth of Rs.8,428,637 was procured in the year 2018. But due to the non-compatibility of the part with the currently used confidential document packaging process, that part of the machine remained idle until July 2024.	2021 2022 2023	Action should be taken to recover the loss incurred to the government from all the responsible parties involved in the process from application to purchase for the procurement of the relevant part of the machine.	This part had not been used as it was not matched with the requirement of the Secret School Examination Branch. It has been informed that there is no requirement for any other branch and the action to be taken is being discussed with the relevant agency.	The part of the machine has already been removed from use.

04	The legal rights of the 1.356 hectares land in Battaramulla, where the department's head office is located, valued at Rs.630,000,000 included in the statement of non-financial assets, has not yet been acquired.	2021 2022 2023	Action should be taken to acquire the land.	A new cabinet paper was submitted to the Secretary of the Education dated 06 March 2024 to take over the land without payment of fees according to the decision of the audit and management committee meeting.	The land has not been acquired even by 30 September 2024.
05	The department had installed a 250 kilowatt solar energy system at a cost of Rs.28,500,000 in the year 2018. The bid documents stated that essential maintenance should be provided for a period of seven years from the date of installation of the system and the supplier should sign an agreement for providing maintenance services before releasing the 10 percent retention. But by July 12, 2018, although all the money related to this project had been paid, no maintenance agreement had been reached with the service provider until now. Due to this, the maintenance work of the solar energy system was not done properly	2022 2023	Agreement should be signed and necessary actions should be taken to utilize the capacity to the maximum extent by discussing with the maintenance agencies and carrying out the service activities promptly.	Ginso has been informed to submit a new service agreement and once it is received it will be entered into.	Action had not been taken to enter to the service agreement until 31 August 2024.

06	The Stitch Master Gathering and wire Stitching machine purchased in the year 2005 had kept away of using from the time it was first procured to the end of the year under review due to papers going out during operation. Also, the files related to the procurement of the machine were not submitted to the audit.	2022 2023	The performance of the machine on acceptance should have been checked and return the machine when it does not meet the departmental requirement and all parties responsible for not returning the machine should be identified and the government should take necessary actions to recover the loss.	Action is being taken to contact the relevant company and activate according to the necessity of the machine.	The machine was not ready for use until 31 August 2024.
07	Started in 2018, The project, which was started in the year 2018 to create a software that can scan and keep the exam result documents from the years before 1990 as that it is easy to issue them to the public in the necessary cases was not completed by 31 December 2023.	2022 2023	Procedures for preservation of old and new documents should be established properly without delay Procedures for preservation of old and new	Due to the sample of 5000 documents handed over to the private company as an initial stage in the year 2018 had not met the expected technical specifications, the order letter issued to the relevant company has	Even on 30 August 2024, the procurement process was not completed even on 30 August 2024.

			documents should be re-established properly without delay	been canceled. That re-procurement activities have been initiated for this project.
			Procedures for preservation of old and new documents should be established properly without delay	
08	Although the service agreement related to the official website and e-services of the department had expired on 30 November 2021, the website and e-services had become unsafe due to the inability to update the website.	2023	Action should be taken to maintain the website and electronic services safely.	That procurement activities have been started to select a new institute for maintenance and services. The service agreement has not been updated or another institution has not been selected until 31 August 2024.

17. Head - 213 Department of Education Publication

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	6,994,446,131	2,366,280	6,992,079,851	Qualified Opinion
2022	6,895,821,531	1,761,553	6,894,059,978	Qualified Opinion
2023	6,699,726,395	36,852,583	6,662,873,812	Qualified Opinion

Se. No	Audit Observation	Year of Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Current Position of Recommendation as on Date of Report
01	The legal ownership of the land which the text book stores complex in Homagama, Pitipana, worth Rs.92.14 million included in the statement of non-financial assets had not been confirmed.	2023	Actions should be made to obtain the legal ownership of the land to the department.	The Homagama Divisional Secretary has informed that a legal proceedings related to the land is pending in the Homagama District Court and that the transfer work can be done after its decision.	The ownership of the land had not been transferred to the department
02	The department was unable to recover the amount of Rs.7,431,012 due from National Paper Company Limited since 2009 during the year under review.	2022 2023	Necessary actions should be taken to recover the amount receivables immediately and necessary actions should be taken against the officials who had not taken action to recover the amount due on time.	Action is being taken to cut-off the relevant loans with the Ministry of Industries.	It had not been recovered.

03	The books valued at Rs. 312,831,071 disposed of according to two Cabinet decisions received in the year 2008 had been eliminated from the financial statements in 2017 and the Department had again identified Rs. 93,420,366 as the unusable books as at 31 December 2022.	2022	The quantity of books to be printed should be determined by correctly identifying the annual requirement for the text books.	The requirement of the text books for the year 2024 has been assessed by computing the stores balance and the reusable percentage.	Adequate programs were not introduced to change the attitudes of children with encouraging re-use of textbooks and reducing government expenditure.
04	15,000 copies of Resource Book on Reproductive Health (16+) were printed using Rs.7,678,441 project funds in the year 2022. Out of that, 1765 books were left in the stores without delivery as on 30 April 2024.	2023	Distribution of printed books should be done as planned.	Answers were not given.	1,765 books are remained in the warehouse as at 27 September 2024.

18. Head - 215 Department of Technical Education and Training

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs	Audit Opinion
2021	8,602,688,105	108,713,953	8,493,974,152	Qualified Opinion
2022	8,619,559,967	105,696,993	8,513,862,974	Unqualified Opinion
2023	9,287,085,081	56,373,813	9,230,711,268	Qualified Opinion

Se. No	Audit Observation	Year of Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Current Position of Recommendation as on Date of Report
01.	Out of Rs.48,036,824 remained in the “Temporary Retention Account for Statutory Payments” the balance of Rs.27,177,140 as on 31 December 2023 had not been remitted to the Treasury and other institutions or taken as revenue during the relevant period.	2021 2023	The remaining balances retained in the temporary withholding account for statutory payments should be remitted to the Treasury and other institutions within the relevant period.	The money collected from the students has been used for student welfare and the remaining money has been retained to purchase training equipment for the academic needs of students.	A balance of Rs. 5,175,547.18 remained to be settled.
02.	Out of 06 loss and damage balances worth of Rs.2,104,197 included in the financial statements, 03 balances were more than 05 years old and 03 balances were more than 10 years old and no action had been taken in accordance with Financial Regulation 109 in this regard.	2021 2022 2023	Action should be taken without delay in accordance with financial regulations regarding losses.	The officials responsible for recovering the losses have been informed in writing and actions are being taken to recover the losses incurred by the government by filing court cases regarding	Action had not been taken regarding damages and losses as per Financial Regulations 109.

some of the losses.

03.	The balance due from 63 officers who had been transferred from the Department to other Ministries, Departments and Provincial Council local government Institutes or died, retired, were suspended, terminated and left the service was Rs.5,119,650. Out of that there was a balance of Rs.2,378,403 coming from more than 03 years due from 28 officers.	2021 2022 2023	Action should be taken to promptly recover outstanding loan balances.	Appropriate actions will be taken to recover the outstanding loans of remaining for settlement of 63 officers as at 31 December 2023.	Action had not been taken to recover the balance to be charged from the officers.
04.	Out of 39 technical/technological colleges, 15 colleges under the department had not been transferred the ownership of the lands to the respective college or the department.	2021 2023	Prompt action should be taken to acquire the ownership of the lands.	Action had not been taken to taken over yet due to various reasons and it is a problem of policy decision since the Divisional Secretariats are not performing a constructive duty in this regard.	The ownership of the land had not been taken over to the relevant colleges or the department.

19. Head - 216 Social Services Department

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs	Audit Opinion
2021	544,414,417	544,414,417	-	Qualified Opinion
2022	665,096,809	665,096,809	-	Qualified Opinion
2023	1,165,363,019	1,165,363,019	-	Qualified Opinion

Se. No	Audit Observation	Year of Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Current Position of Recommendation as on Date of Report
01	Although the Paragraph 4.1 of Public Finance Circular No.02/2020 dated 28 August 2020 has instructed the approved officials to reimburse telephone bills subject to a maximum of Rs.1000 per month, an amount of Rs.1000 was paid as a monthly telephone allowance to the department Social Service Officers and Development Officers who are working as attached to District Secretariats, Divisional Secretariats and Vocational Training Centers from September 2020 at the discretion of the Director contrary to this. Accordingly, a formal authority had not been received for the payment of telephone allowances totaling Rs.8,086,403 for 872 social service officers during the period from September 2020 to December 2022.	2021 2022	It should be acted to obtain formal authority.	The approval of Secretary of Ministry of Women, Child Affairs and Social Security has been received for the payment of telephone allowance. The Secretary of the Ministry of Health has approved to give the relevant allowance only to the Development Officers who are attached to District Secretariats and Regional Secretariats and Hospitals. The request made to the Social Service Department Head Office, Vocational Training Institutes, Child Guidance Centers, Rehabilitation Institutes for drug-addicts, Social Service Officers and	Currently, only social service officers are paid telephone allowances. Prepaid phone allowances are not reimbursed.

Development

Officers to get the allowance has also been forwarded to the Ministry Secretary and, for that, approval has been given to give the relevant allowance on 16 March 2021 and to pay it to the salary. As per the request of the Union of Social Service Officers, the Ministry Secretary has approved the payment of telephone allowance. The Secretary of the Ministry of Health has approved giving the relevant allowance to the Development Officers attached to District Secretariats, Regional Secretariats and Hospitals. Also, the Ministry Secretary has approved the request made to the other officers to receive the allowance by informing them that they are paying a telephone allowance of Rs.1,000 for the development

officers who are attached to the district secretariats, regional secretariats and hospitals and has given approval to pay it to the salary.

02	The legal rights of the lands where 07 vocational training institutes were established had not been assigned to the department and the value was not assessed and the cost of buildings constructed in the past 11 years was not recognized and accounted for under non-financial assets as buildings and constructions.	2021 2022 2023	Reviews and changes necessary for the effective implementation of internal control systems should be made and reports should be submitted to the Auditor General.	That the effectiveness of the system will be reviewed from time to time, necessary changes will be made to run the system effectively and steps will be taken to inform about these changes in the future.	The relevant work has not been done and reports have not been submitted so far.
03	Although the vehicle should be used after the vehicle has been disposed and the registration canceled as per the Motor Vehicle Ordinance if a government vehicle is used as a learning aid, 05 vehicles with chassy numbers in Wattagama Vocational Training Institute had been utilized a learning aids. Also, though 19 motorcycles from Wattagama Vocational Training Institute were taken to Katawala Vocational Training Institute, the motorcycles were stored in that institute with number plates.	2022 2023	It should be disposed by cancelling vehicle registration.	That the Department of Motor Traffic has been informed in writing to take the necessary steps to cancel the registration.	The actions related to 5 vehicles and 19 motorcycles has not been completed till now.

04	The Management had not taken actions to maintain a database including statistics on the nature, size and geographical distribution of marginalized and disadvantaged communities in Sri Lanka as of the year under review, estimated data on annual additions, detailed statistics, data and information about the empowered community are provided annually by the department and other agencies.	2022 2023	Actions should be taken promptly to maintain a data system containing detailed statistics, data and information.	That preliminary work is being done together with the Child Fund Institute to prepare a data system that includes the information of persons with disabilities.	Information is being entered and updated at the divisional secretariat level and at the district level.
05	Although has been lapsed more than 11 years since the donation of 06 lands with the extent of nearly 29 acres to the Department for the establishment of vocational training institutes, rehabilitation centers and guidance centers, the value of those lands and the buildings constructed there have not been assessed and accounted for as land and buildings.	2021 2022 2023	The value of land and buildings should be assessed and accounted for.	That the valuation report of the untransferred land and buildings will be obtained after the completion of the transfer.	Actions have not been done to taken over and accounted for after further assessing 06 lands shown.

20. Head - 217 Department of Probationary and Child Care Services

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	117,069,018	282,714	116,786,304	Unqualified Opinion
2022	115,968,879	81,300	115,897,579	Qualified Opinion
2023	111,242,562	36,657	111,205,905	Qualified Opinion

Se. No	Audit Observation	Year of Report	Recommend ation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Current Position of Recommendatio n as on Date of Report
01	Although the Mission of the Department was to ensure the rights of all children and providing them equal opportunities in line with National Policies and International Standards with specific attention to orphaned, abandoned and destitute children and children in conflict with law and also 65 years had elapsed since the Department started in 1956, the formulation of a National Policy in order to protect the rights of children in accordance with the Universal Charter and the formulation of related legislation had not been accomplished so far. Although the Cabinet approval had been obtained on 06 March 2019 for an alternative care policy, the said policy had not been materially implemented even by the date of audit 25 March 2022.	2021	The National Policy should be implemented to be functioned in accordance with the Mission.	08 Provincial Action Plans were prepared for the implementation of alternative care policy. The Sabaragamuwa Provincial Action Plan was further improved by collaborating all Child Rights Promotion Officers and Probation Officers in the districts and it is proposed to prepare Action Plans in other provinces in future and there were restrictions on conducting programmes within the movement barriers during the Covid-19 epidemic situation was also a reason for this.	A national policy in according to the Universal Charter has not yet been formulated.

02	The UNCRC data system assigned to the department in the year 2018 for the requirement of submit timely and accurate reports in the implementation of the United Nations Charter on Children's Rights at a cost of Rs.2,350,000 including consulting fees was not shown under non-financial assets. This data system was not activated and remained idle.	2022	Technical software systems should be identified as assets and ensure that the data system is operational.	If this system should be identified as an asset that will find out whether it had been identified as such and entered in the assets register of the ministry and if it has not been included in our assets register that will take the necessary actions and report it.	A committee has now been appointed to study the practical and technical issues and make recommendations and solutions regarding the data system.
03	The post of legal officer of the department has been vacant since August 2014 and the post of probation officer has been vacant since 2017.	2021 2022 2023	Action should be taken to fill the vacant posts which are essential to fulfill the main objectives of the department..	Interviews were conducted for recruitment to the post of Legal Officer, but as there were not eligible applicants, recruitment could not be carried out. As per the National Budget Circular 03/2022 issued by the Ministry of Finance, it has not been possible to carry out the recruitment activities.	The recruitment gazette notice, application and scoring procedure for this post has been drafted and forwarded on 03.07.2024 for approval of the Public Service Commission.
04	32 Sri Lankan children were given for adoption to foreign countries in the period from 2019 to 2023, but no continuous follow-up reports were obtained till 10 years on the children given for adoption according to Section 10 C of the Foreign Adoption Ordinance.	2023	Foreign Adoption Ordinance should be followed and actions should be taken to ensure the safety of dependent children.	Progress reports under section 10C are available only for children adopted by applicants who do not have Sri Lankan citizenship and not domiciled in Sri Lanka. However, a formal system has now been established to receive progress reports properly.	It has been mentioned that 14 children who were given under foreign adoptions have not kept progress reports considering them as local adoptions.

05	Although the Ordinance Act No. 38 of 1939 on Children and Youth had been amended for several years, the amendments of the Ordinance Act had not been completed even by the end of the year under review. Furthermore, the Adoption of Children Ordinance No. 24 of 1941 was not amended to suitable to the periodically requirements.	2023	Action should be taken to amend the Laws including Ordinances suitable to requirements.	The Ministry of Justice has appointed 2 committees to amend the Act and the relevant amendments are being made by actively contributing to those committees.	A committee has been appointed by the Ministry of Justice to revise the Child Adoption Ordinance as necessary.
06	The Paraththa Children's Training and Counseling Services National Center for socialization through providing training to abused children and two National Training and Research Centers were acquired back on 06 June 2023. But the physical resources and surrounding environment were not normalized and were utilized to provide training and counseling services.	2021, 2022, 2023	Actions should be taken to carry out urgent repairs to restore the Children's Training and Counseling Service Center.	Necessary actions are being made to provide funds from ADB and UNICEF for the renovation of the building in order to restore the center.	Arrangements are being made to provide the necessary funds from ADB and UNICEF.
07	The two air-conditioned lecture halls with all facilities which could be trained about 60 officers of the National Training and Research Center belonging to the department were remained idle.	2023	The repair works should be carried out immediately and action should be taken to use the center.	The currently planned repairs will be carried out and action will be resumed at the said center.	Necessary action is being done to carry out the repair works.

21. Head - 219 Department of Development Sports

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	3,826,921,994	198,372,237	3,628,549,757	Qualified
2022	3,985,836,741	143,637,644	3,842,199,097	Qualified
2023	4,006,151,141	104,467,138	3,901,684,003	Qualified

Se. No	Audit Observation	Year of Report	Recommendatio n of the Auditor General	Preventive Measures Taken by the Auditee Entity	Current Position of Recommendatio n as on Date of Report
01	The assessed value of Rs. 4,496.50 million of the constructions carried out so far on the lands belonging to 07 Provincial Councils and Local Government including the Torrington and Polonnaruwa district sports complexes owned by the department, whose ownership has not been transferred to the Department and the assessed value of Rs. 27,713.82 million of the lands related thereto had not been included in the financial statements. In addition to that, the values of the 04 sports complexes in Ampara, Puttalam, Mannar, Galle districts and the Sabaragamuwa Provincial Sports Complexes which were constructed without transferring the legal ownership of the lands had also not been assessed and accounted for.	2021 2022 2023	The relevant land and buildings should be assessed and accounted for without delay.	A committee consisting of departmental officers has carried out a rough assessment of the land constructed in the respective stadiums and further action will be taken to account for the valuation values.	The recommendation was not implemented. (Values related to land and district sports complexes were not assessed and accounted for.)

02	Eight (08) projects with a total estimated value of Rs. 1,604 million commenced between 2013 and 2020 were abandoned without completion, and the amount spent on those projects as at 31 December 2023 was Rs. 586 million.	2021 2022 2023	The initiated projects should be constructed as planned and completed successfully.	Temporarily suspended due to lack of adequate provisions.	The recommendation was not implemented.
03	Out of the Rs. 47.5 million released by the Department of Sports Development to the District Secretariat, Matale for the completion of the remaining works at the Bernard Aluvihare Stadium in Matale, an amount Rs. 1.14 million had been paid to the Central Engineering Consultancy Bureau (CECB) for other works that had not been completed. In addition to that, a sum of Rs. 1.31 million had been paid to the contractor for the removal of 506.12 cubic meters of soil in the area where the running tracks were constructed and inside the stadium. However, only 273.58 cubic meters of soil were removed. Therefore, an amount of Rs. 602,279 had been paid to the contractor for the excessively removed 232.54 cubic meters of soil. In the meantime, an additional payment of Rs. 639,485 had been also made to the contractor for the backfilling of the excessively removed soil.	2023	Since this project is implemented on the Departmental funds, it is necessary to identify the responsible parties for the losses that have occurred and take action to recover those losses by paying attention to the observations presented.	District Secretary of Matale has been given full authority to implement this project.	The recommendation was not implemented. (Those responsible for the losses were not identified and action was taken to recover the losses.)
04	The Department had not	2023	Procurement of	Although	The

taken measures to introduce a proper time-bound system for granting approvals to participants for the World Netball Championship held in South Africa in the year 2023.

Furthermore, although an amount of Rs. 8.78 million was paid during the year under review for the purchase of air tickets for the participants of this tournament, it was observed that the process of purchasing these tickets was not in a transparent manner as the purchasing company had submitted higher prices in the first quotation and the lowest prices in the second quotation on several occasions.

air ticket should be carried out in transparent manner following with the procurement guidelines.

inquiries have been made from Acron Travels (Pvt) Ltd regarding the unusual price of approximately Rs. 1,010,600 for a ticket priced at Rs. 567,260, it is informed that we are working to inquire further in writing about the reasons.

recommendation is being implemented. (The Department had failed to obtain acceptable reasons from the supplier.)

- 05 The Department incurred a loss of Rs. 13.81 million due to the inability to purchase air tickets and visas in a timely, economically, and effective manner due to a lack of proper planning, unprepared estimates, and no transparency in the procurement of air tickets for the 2023 Commonwealth Youth Games. Further, due to the above reasons, the Department had also lost Rs. 7.03 million that should have been collected as air tickets fair from the National Olympic Committee. Furthermore, due to the inability of the athletes and officials to be

2023 It should be identified responsible officers and the reasons for the stated loss, and steps should be taken to correct them in the future.

As it is very necessary and important for Sri Lanka to participate in the Commonwealth Youth Games as per the instructions of the Ho. Minister of Sports, all the necessary steps were taken to make the selected Sri Lankan teams participate in the Games. However, they had to change their flight tickets several times due to not getting the required VISA on

The recommendation was not implemented. (The losses have not yet been recovered.)

stationed on time for this Games, Sri Lanka had not been able to achieve the desired victories.

time. Due to favorable response to the letter submitted by the Minister of Sports to the US Ambassador at the last minute, the relevant Sri Lankan team was able to participate in the tournament and the athletes won two medals and gave honor to the whole country. In addition to this, I would like to inform that all relevant officials have been informed so that this does not happen in the future.

22. Head - 220 Department of Ayurveda

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	5,119,755,842	768,768	5,111,987,074	Qualified
2022	5,123,926,361	5,502,175	5,118,423,485	Qualified
2023	5,134,533,334	8,460,203	5,126,073,131	Qualified

Se. No	Audit Observation	Year of Report	Recommendati on of the Auditor General	Preventive Measures Taken by the Auditee Entity	Current Position of Recommendati on as on Date of Report
01	A sum of Rs. 2,318,020,000, the value of 12 lands that had not been legally transferred to the department even by the end of the year under review had been stated under non-financial assets in the financial statements, and the value of 07 lands that had been legally transferred to the department had not been recognized and accounted.	2023	Measures should be taken expeditiously to transfer the ownership of the lands and relevant adjustments should be made in the accounts and arrangements should be made to indicate the transferred lands in the accounts.	After the settlement of lands owned by the Department, the values and accurate data of each land will be presented in the account, and all the Divisions have been informed to assess their lands and buildings through the Valuation Department and to report the same as per the instructions of the Secretary of the Ministry of Health, and the land and buildings of the Ampara Sirimavo Bandaranaike Memorial Ayurvedic Research Hospital have been assessed at Rs. 137.1 million and action has been taken to account from the summary of the account for the month of April 2024.	Steps had not been taken to correct the accounting entries except for the revision made in April 2024.

02	There were 27 plots of land used for the activities of the Department, but 19 plots of land where the Head Office premises of the Department, hospitals including Borella Teaching Hospital, herbal gardens, regional offices of community health and circuit bungalows were located, had not been transferred to the Department even by the end of the year under review.	2023	The transfer of the relevant lands should be expedited.	Management activities are being carried out with the relevant institutions to take over these lands on the basis of currently enjoyed by the Department of Ayurveda from the institutions with the relevant ownership and it has been noted down to record that matter as soon as it is completed.	Even though the relevant lands have been identified as 06 lands with ownership and accounted, 07 lands without ownership but accounted, 04 lands with ownership but not accounted, 03 lands without ownership and not accounted and 07 lands that should be handed over to external parties, expeditious steps had not been taken to settle them.
03	The value of the buildings reported by the Department to the Comptroller General as at 31 December 2023, had been Rs.635,961,733 and the value accounted had been Rs.1,161,120,186. As a result, there had been a net change of Rs.525,158,453.	2023	All assets owned by the department should be reported to the Comptroller General and they should be properly accounted.	It has been scheduled to report all the assets owned by the Department under the online non-financial asset management system that has been introduced as per the Asset Management Circular No. 06/2023 issued by the Comptroller General's Department.	It has been agreed to make corrections in the accounts for the year 2024.
04	The total expenditure incurred on construction from the year 2018 to the year under review had been indicated under work in progress without capitalizing the cost of completed buildings and structures. Accordingly, the	2023 2022 2021	Arrangements should be made to capitalize the cost of completed buildings and structures.	Corrections will be made in the CIGAS computer system.	It has been agreed to make corrections in the accounts for the year 2024.

balance of the work in progress account had increased to Rs. 1,035,539,978 as at 31 December of the year under review.

05	The Security Register had not been updated in terms of Financial Regulation 891 (1).	2023	Action should be taken as per the Financial Regulations.	Efforts are being made to resolve the problematic situation regarding the officers who are required to give security and steps will be taken to update the documents on security deposits as soon as those matters are completed.	Had not been updated.
06	Even though it was reported in the financial statements that the department has vehicles worth Rs. 93,944,999, it was not possible to confirm that the value of all the vehicles owned by the department was reflected in the financial statements as detailed information about each vehicle had not been mentioned in the CIGAS computer system.	2023	Action should be taken to indicate detailed information about each vehicle in the CIGAS computer system and to maintain sufficient records.	Since the information related to vehicles entered into the CIGAS system is insufficient, these corrections have been further delayed. It has been noted down to correct the data system by coordinating with the Transport and Accounting Divisions and with the assistance of the Public Accounts Department, and to report in this regard in the future.	It has been agreed to make corrections in the accounts for the year 2024.
07	According to the provisions mentioned in Section 38 of the National Audit Act No. 19 of 2018, even though the Chief Accounting Officer and the Accounting Officer must ensure that an effective internal control system for the financial	2023	Action should be taken in terms of the provisions mentioned in Section 38 of the National Audit Act, No. 19 of 2018.	It is hereby informed that the Internal Audit Division of the Department has conducted the necessary examinations to maintain an effective internal control	A written review of the effectiveness of the internal control system had not been conducted even by 15 October 2024 and a copy

control exists in each such entity 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 those reviews should have been done in writing and a copy of it should have been submitted to the Auditor General, statements that such reviews had been made were not submitted to the audit.

system and has thereof had not informed the relevant been submitted officers to rectify the to the Auditor deficiencies and has General. also followed up on it. An annual review will be provided to the Government Audit Division from the year 2024 and Audit Management Committee meetings will be held.

08	As per paragraph 2 (iv) of the Public Administration Circular No. 09/2009 dated 16 April 2009, a sum of Rs. 53,325,525 had been paid as overtime and holiday wages during the year under review based on the attendance documents only without confirming the arrival and departure by fingerprint machines.	2023 2022 2021	Action should be taken as per the provisions of the Public Administration Circular.	Due to the non-use of fingerprint machines to maintain patient care services without disruption, overtime and holiday pay have been paid based on the attendance registers.	It had not been possible even by 15 October 2024 to establish control systems to confirm attendance and departure using fingerprint machines.
09	It was observed that the initial expenditure estimate had been prepared without proper study, without any understanding and irrationally as the provision of 16 capital and recurrent expenditure objects of the initial expenditure estimate had been revised by increasing the provision in a range of 19 percent to 2,000 percent and the provision of 05 other objects had been revised by decreasing the provision in a range of 54 percent to 83 percent.	2023	Arrangements should be made to utilize the provision as planned.	Although the initial expenditure estimate was planned in August 2022, due to the inflationary situation in the country, the prices of all goods and services have increased unexpectedly. Therefore, only essential expenses (i.e. water, electricity, telephone, food and medicines) have been incurred to continue patient care services.	The Commissioner of Ayurveda has stated that the future estimates will be prepared with proper study, understanding and rationally and that the provisions will be utilized as planned.

10	Allocation of 2023 Rs.15,630,895, out of the allocation of Rs.53,083,332 provided to the Department of Ayurveda from 02 other ministries and departments for 05 requirements, had been saved at the end of the year under review. The said saved provision had been in the range of 08 percent to 31 percent of the total provision.	The allocation provided by other ministries and departments should be utilized effectively as much as possible.	Although the salaries of the Multi-Purpose Development Assistants recruited with the approval of the Cabinet of Ministers in the year 2023 were separated from the Department of Multi-Purpose Development Task Force, it is informed that the provision of the Object 334-1-1-0-1003-11 has been saved since it was possible to manage it through the provision of this Department. It is also informed that the provision has been saved since all the programmes planned under other Objects could be completed at a cost lower than the estimated cost.	The Commissioner of Ayurveda has stated that arrangements will be made to utilize the provision of the year 2024 as planned.
11	Even though it was confirmed according to the accounts of the Company that a sum of Rs.1,265,768 should have been paid as at 31 December of the year under review for the pharmaceuticals obtained from the Sri Lanka Ayurvedic Drugs Corporation in the previous years, the said liability had not been included in the statement of liabilities and commitments of the department.	All liabilities should be correctly identified and stated in the statement of liabilities and commitments.	Vouchers for payment to the Corporation as at 31 December 2022 for medicines purchased from the Pharmaceutical Corporation prior to the year 2022 have not been submitted and a letter has been sent to the Ayurvedic Corporation to provide a detailed report in this regard. Necessary actions will be taken and reported after receiving the information.	It was reported to the Audit and Management Committee that the necessary information will be obtained to resolve the issues related to arrears bills by arriving at the Sales Division of the Ayurvedic Drugs Corporation and letters had been sent to the relevant institutions to obtain the

relevant written documents, and further actions are scheduled to be taken after receiving the responses from those institutions.

12	Although it is essential to finalize the disciplinary inquiries conducted in relation to the interdicted officers as soon as possible according to Section 21.3 of Chapter XLVIII of the Establishments Code, the Department had failed to recover a sum of Rs. 177,985 from 02 officers who had been interdicted for 3 to 10 years, and a sum of Rs.127,060 from 05 officers who had been interdicted exceeded a period of 20 years.	2023 2022	Debt recovery should be expedited through follow-up and adequate monitoring. Action should be taken in terms of the Financial Regulation 104 (2) "b" to recover this amount from the officers who have not fulfilled the responsibility of acting according to the provisions indicated in the Establishments Code.	It was stated that necessary steps will be taken to recover loans amounting to Rs. 177,985, which should be recovered from 02 officers who had been interdicted for a period of 3 to 10 years, from their guarantors and that it had become quite difficult to uncover the information as over 20 years had passed since the loans amounting to Rs. 127,060 had been settled by 05 officers. However, the activities of recovering loans are being carried out continuously.	Sufficient progress had not been reported.
13	when an officer is scheduled to be retired, details of all the debts to be recovered from him shall be submitted to the Director of Pensions in accordance with the provisions of Section 4.2.4 of Chapter XXIV of the Establishments Code, and recovered from the commuted pension of the officer or gratuity in accordance with Section 4.2.5. However, action had	2023 2022	Disciplinary action should be taken against the officers, who had not submitted to the Director of Pensions the details of all the debts to be recovered from an officer when he was scheduled to be	The audit observations are accepted and activities for recovering money are being carried out. It has become quite difficult to uncover information regarding the three retired officers, who had retired for more than 20 years, out of the officers retired.	Sufficient progress had not been reported.

	not been taken to recover an amount of Rs. 619,110 from 11 officers who had retired for more than 02 years as at 31 December 2023.		retired and who had acted negligently.	However, necessary steps will be taken in the future to uncover information regarding these debt balances and to settle them.	
14	Necessary action had not been taken to recover a sum of Rs. 701,686 from 09 officers who had exceeded a period of 01 year and 03 years as at 31 December 2023 after vacating the post, and a sum of Rs. 306,950 from 02 officers who had exceeded a period of 05 years to 10 years, and a sum of Rs. 883,610 from 21 officers who had exceeded 20 years.	2023 2022	Necessary steps should be taken to recover the loan amount promptly.	The officers have been informed to pay the outstanding loan amount. It has been noted down to recover the loans from the guarantors if the payment is not made by 30.06.2024 and to report in that regard. Furthermore, one officer has started making payments in instalments.	Sufficient progress had not been reported.
15	Although action should be taken to settle loan balances of deceased officers in accordance with Section 4.5, 4.6 and 6.3 of Chapter XXIV of the Establishments Code and Section 03 (b) of Public Finance Circular No. 05/2019 dated 27 June 2019, Section 04 of State Accounts Circular No. 262/2017 dated 29 December 2017, the total loan balance to be collected from 08 deceased officers, and which had exceeded more than 06 months had been Rs. 642,644 and action had not been taken to recover the said loan.	2023 2022	Action should be taken as per the Establishments Code and the relevant Financial Circular.	The officer with a loan balance of Rs. 49,300.00 had died 20 years ago. Necessary action will be taken to recover the total amount of Rs. 121,250 at the time of payment of death gratuity related to 02 officers and the necessary steps will be taken to settle the loan balance of Rs. 119,550 as soon as the death gratuity and widow's pension are paid. Confirmation of the assets has been received from the Divisional Secretariat, Elpitiya, to which this officer with a debt balance of Rs. 178,910.00	Sufficient progress had not been reported.

belonged, and it has been confirmed that the widow's pension is being paid. Accordingly, further action will be taken and reported after ascertaining the information from the Department of Pensions as to whether the loan has been settled during the payment of the death gratuity. Since the death gratuities related to 03 officers totaling to 173,634 have not yet been paid, steps will be taken to recover them at the time of payment.

16	Although an action plan had been prepared for the year under review, action had not been taken accordingly. Necessary measures had not been taken to revise the action plan accordingly in changing the objectives and policies.	2023	Efforts should be made to prepare the action plan with necessary periodic revisions to make maximum use of the resources.	Three key performance indicators have been identified in this regard. Noted down to report the progress.	Performance indicators had not been established and progress had not been reported even by 15 October 2024.
17	Although the Ayurveda Community Health Promotion Programme had to be implemented as a pilot project in Anuradhapura district from the year 2001 and should be expanded to other districts from the year 2005, it was implemented only in the Anuradhapura district until the year under review and Rs.877.2 million had been spent for the project from the year 2005	2023 2022 2021	If the project is not implemented after the end of the project period, necessary policy approvals should be obtained to use physical and human resources to achieve the objectives of the department or to	The necessary steps are being taken to finalize this project and to formally hand over the human and physical resources under the project to the Ayurvedic Community Health Service operated at the North Central Provincial Council level.	Action had not been taken to expand the services to other districts even by 15 October 2024 as per the Cabinet Paper.

to the year 2021. Separate provision had not been allocated for the project from the year 2022 and a total of Rs. 292.9 million comprised of Rs. 287.4 million as salaries and allowances for 218 officers by allocating provision only for the recurrent expenditure under the Patient Care Services Project of the Development Programme and Rs. 5.5 million for other expenses had been incurred. However, action had been taken to continue the administrative expenses related to this project, which had not been implemented successfully enough to be extended to other districts, by covering them by the Objects of the patient treatment services of the Department.

use it for the Ayurvedic community health service operating at the level of the North Central Provincial Council, and accordingly, action should be taken to limit the expenses incurred for the maintenance of the project office and the staff.

18	Fourteen (14) machines and equipment were purchased to the Bandaranaike Ayurveda Research Institute on 16 March 2015 without properly identifying the need and without conducting a feasibility study, and 8 machines worth Rs. 21 million had not been installed even by 10 April 2024. A committee appointed on 05 October 2020 had identified that 06 machines with a total cost of Rs.14,591,311 were not required for the production plant. Since this contract had been executed without entering into a proper	2023 2022 2021	Necessary steps should be taken against all the officials who contributed to this purchase without properly identifying the need and without conducting a proper feasibility study.	Steps have been taken to transfer the relevant machinery and equipment to the Ayurvedic Drugs Corporation with the approval of the Ministry of Finance.	Attention had been focused on this matter at the meeting of the Committee on Public Accounts on 23 July 2024 and a report has been called from the Chief Accounting Officer and the Accounting Officer.

contract agreement and agreements for service and repairs, the installed machinery and equipment remained unusable by the year under review. Accordingly, the amount spent on this project, which had been Rs. 28,342,712, had been an uneconomical expenditure.

19	Even though provision of Rs. 25 million each had been made in the year 2021 as well as in the year 2022 to set up a Management Information System (MIS) to include the entire institutional system including the Department of Ayurveda and its affiliated institutions, hospitals, medical centres, the task had not been completed even in the year under review.	2023 2022 2021	A management data system which can coordinate the activities of all the departments such as head office premises of the Department, hospitals, herbal gardens, community health regional offices, etc., should be established.	Provision has not been made for this in the year 2023.	A formal management information system had not been established even by 15 October 2024.
20	Performance indicators had not been established to evaluate the progress of the activities related to the entire institutional system including the department and its affiliated institutions, hospitals, medical centres and herbal gardens, and the progress of the activities had not been reviewed.	2023 2022 2021	Performance indicators should be established promptly and the progress of activities should be reviewed.	Three (03) key performance indicators have been identified in this regard. Noted down to record the progress.	Performance indicators had not been established and progress had not been reported even by 15 October 2024,
21	Although more than 03 years had passed since completion of construction of the new building of Ayurveda National Hospital, Borella, which	2023 2022	A plan should be made to fully utilize the building and accordingly, action should be	The provision indicated in your query is required to complete the deficiencies pointed out in this ward	The island-wide bidding had not been held even by 15 October 2024.

	had been built at a cost of Rs.1,164.13 million, the works such as the main water tank, sewage system and the main electrical connection, which are required to use the building at full capacity, had not been completed. Although it was observed that a total cost estimate of Rs.715,267,800 had been prepared for that on 10 February 2023, sufficient measures had not been taken to fulfil it.		taken expeditiously.	complex. Accordingly, an amount of Rs. 450 million has been allocated according to the 2024 budget provision and it has been planned to complete the relevant parts to obtain the certificate of conformity for the relevant buildings and it has been planned to conclude the island-wide bidding for it in April 2024. Although patients have been admitted to 03 floors at present, the basic requirements for proper patient care services have not been completed.	
22	Although patient care services were implemented in 05 normal wards with 183 beds on 04 floors including the ground floor of the new building with 08 floors constructed under the phase 02 of the development of Ayurveda National Hospital in Borella into a teaching hospital, necessary measures had not been taken to obtain a compliance certificate in terms of Section 127 of the Municipal Council Ordinance No. 16 of 1947.	2023	The compliance certificate should be obtained as soon as possible as patient care services will be implemented in 05 normal wards on 04 floors of the new building.	Estimates were prepared and provision were also allocated in the year 2020 to complete the relevant deficiencies. However, the work could not be completed as Covid-19 patients were admitted to the adjacent building. The reason for this situation was not the inefficiency of the Department but the difficulty in making provision.	The relevant building is being used partially without a certificate of conformity.
23	Drugs such as 1,980 bottles of sesame oil, 22 bottles of Mee Oil, 400 bottles of bee honey and 200 bottles of	2023	Action should be taken to submit samples of raw materials	A system for checking quality assurance certificates/obtaining	It has been stated that a system for checking quality

	castor oil had been purchased in the fourth quarter of the year under review without obtaining laboratory test reports related to the Standard by referring to a recognized institution as per guideline 5.6.3 of the government procurement guidelines.		to an approved institution to get the laboratory test reports regarding the standard according to the guideline 5.6.3 of the Government Procurement Guidelines pertaining to the raw materials purchased for the production of medicines.	laboratory test reports regarding standards has not been generally implemented in the hospital. In cases where the Drug Committee identifies that such testing is required for a particular drug, there is a system for directing such drugs to the University of Colombo or the Nawinna Bandaranaike Memorial Research Institute and obtaining reports.	assurance certificates or obtaining laboratory test reports regarding standards has not been implemented in Ayurvedic hospitals.
24	It was also observed that 120 or 42 percent, of the 288 beds of a normal ward in the new eight-storeyed building of Borella Ayurveda National Hospital, and 76 or 28 percent, out of 274 beds in the old general wards of the hospital, had been underutilized, and it was also observed that all the paying wards with a capacity of 88 beds equipped with modern room facilities in the new building and 08, out of 32 old paying wards, had been underutilized.	2023	Necessary staff should be recruited as soon as possible and underutilized general wards, all new paying wards equipped with modern room facilities and old paying wards should be utilized for patient care services.	It has been informed that these wards could not be maintained due to shortage of nursing staff and that these wards can be maintained as soon as staffs are recruited.	Progress had not been reported even by 15 October 2024.
25	Public Health inspectors of the Colombo Municipal Council had inspected a stock of coriander in the warehouse of the National Ayurvedic Teaching Hospital in Sri Lanka, Borella and had informed	2023	According to Financial Regulation 104 (1), the parties responsible for the same should be determined and action	Action will be taken to recover the relevant loss from the Colombo Municipal Council and noted down to record the progress.	Attention had not been paid to take action against the officials responsible in this regard.

that it was unfit for consumption, and the stock had been sealed in a room of the pharmaceuticals manufacturing plant for more than one year. Due to not taking further action although more than one year had passed, 1130 kg of coriander costed at Rs. 327,700 was destroyed. However, action had not been taken to determine the responsible parties and to recover the loss of the stock as per the Financial Regulation 104 (1).

should be taken to recover the loss of that stock from them.

26	The Department had paid a sum of Rs.548,376 as salary to an Ayurvedic doctor who worked at Manchanthoduwai Ayurveda Hospital and transferred to Wennappuwa Pradeshiya Sabha within 15 months from July 2012 to September 2013. In this regard, only Rs.519,600 had been recovered by 05 April 2024 along with a surcharge of 25 percent without conducting inquiries in this regard and without taking any action against the responsible officers. However, action had not been taken to recover the remaining amount and to take legal action against the relevant responsible officers or to levy a surcharge from the responsible officers as per Financial Regulation 104 (2) “b” even though more than 10 years have passed for this incident.	2023 2022 2021	Action should be taken to recover the amount due further, and to surcharge from the responsible officers in terms of Financial Regulation 104 (2) “b”.	The relevant medical officer has been informed to recover the amount of Rs. 185,870 that should be recovered from him and Rs. 20,000 has been paid on 03.04.2024 and the Investigation Division has been informed to take legal action regarding the recovery of the remaining amount.	Attention had not been paid to take action against the officials responsible in this regard.

27	The Department has 08 herbal gardens and a quantity of 629.17 kg of 35 types of medicinal ingredients had been obtained only from 05 herbal gardens in the year under review, and 552 kg had been provided to the National Ayurvedic Hospital, and 18 kg had been provided to the Bandaranaike Memorial Ayurvedic Research Institute and 59.5 kg to the Ayurvedic Drugs Corporation. Any type of medicines had not been supplied from the herbal gardens in Navinna, Kanneliya and Mihintale during the previous year as well as in the year under review.	2023	A formal mechanism should be established to utilize the produce from herbal gardens for the production of medicines in Ayurvedic hospitals and to maintain adequate records on that.	The Nawinna Herbal Garden is used only for research and extension services and it is considered as the garden of the research institute. Mihintale has not yet been operated as a herbal garden and it is considered as the land where the research hospital is located. Large-scale medicinal cultivation is not being carried out in the Kanneliya Herbal Garden either and it is used only for research and extension services and at present, the role and objectives of the herbal gardens have been changed by the amended Act and large-scale production activities of drugs have been started.	Even though it is possible to reduce the cost by properly managing the herbal gardens and using their harvest for the medicinal needs of the hospitals, appropriate action had not been taken to establish such an objective.
28	It was observed that there had been no satisfactory situation regarding the vehicle administration and safety of vehicles in the Department due to the reasons such as the log books and running charts related to these vehicles had not been regularly updated although the Department had 57 vehicles, fuel checks had not been carried out periodically, some officers had used the vehicles without proper approval, not taking disciplinary action against the officers	2023	Since it was not observed that the control procedures have been carried out properly as per the comments of the Accounting Officer, more attention should be paid to the matters mentioned in the paragraph and necessary steps should be taken.	The log books are being updated. It is not possible to regularly check the daily running charts since only the transport officer is present for all the duties of the transport department. The relevant officers have been informed about the matters pointed out by you and vehicles are deployed for duties in every case as per the recommendation	Disciplinary action had not been initiated against the officers who had misused the vehicles.

and drivers who had mis-used the vehicles, fueling of vehicles had not been carried out under the supervision of a staff officer, some officers had used vehicles without proper approval and disciplinary measures had not been taken against the officers and drivers who had misused the vehicles, checks on vehicle operating permits had not been carried out properly and adequate control measures had not been adopted to prevent irregularities of drivers.

and approval of the staff officer in the driving permit and in some cases, when the staff officers are not present in the office, vehicles have been used for the relevant duties as per the verbal approval of the staff officer depending on the nature of the duty. However, steps have been taken to control this situation.

29	Salaries of Rs.453,475 had been over paid to 44 officers working at Borella National Ayurvedic Hospital due to not considering leave taken without proper approval and the days of leave taken beyond the approved limit as unpaid leave.	2023	Since it was not observed that the control procedures have been carried out properly as per the comments of the Accounting Officer, more attention should be paid to the matters mentioned in the paragraph and necessary steps should be taken.	It is kindly pointed out that the approved staff of the State Health Management Assistant Officer is 12 and only 04 officers were in service at that time. Due to this shortage of officers, it was necessary to fulfill this from a limited number of officers. It was not possible to notify within the stipulated time the leave taken by the employees without proper approval and information. Necessary steps have been taken to rectify this situation in the future.	Disciplinary action had not been initiated against the relevant officers.
30	Even though the Postgraduate Institute of Indigenous Medicine, functions under the purview of the University of	2023 2022	Arrangements should be made to enter into a memorandum of understanding	We do not have any document that indicates that a formal MoU has been signed	It was not possible to recover even the electricity cost amounting to

Colombo had been established on the 05th floor of the Borella Ayurvedic National Hospital from 02 June 2017, formal agreement had not been entered into and monthly rent had not been collected. Furthermore, it was not possible even by the end of the year under review to recover the outstanding electricity consumption fee amounting to Rs.7,571,445 calculated by the Department for the electricity used by the institution concerned from 2018 to November 2023.

with the Postgraduate Institute of Indigenous Medicine and a valuation report should be obtained from the Department of Valuation and take necessary steps to collect a monthly rent by entering into a formal agreement to collect fees. regarding the establishment of the Postgraduate Institute of Indigenous Medicine on the 5th floor of the Borella Ayurveda Hospital. We agree to discuss and take further action. We are in the process of obtaining a formal assessment report from the Valuation Department and discussing regarding charging fees. The relevant work has been completed and noted down to report to the audit. The relevant institution had been informed regarding the recovery of outstanding water consumption charges and outstanding electricity charges and out of that, Rs. 22,200 has been paid as water consumption charges up to December 2023. more than Rs. 8 million even for 20 years.

31	According to the observations presented on 14 March 2020 by a committee appointed to inspect and evaluate the stalls maintained at the National Ayurvedic Teaching Hospital of Borella, it was revealed that the Canteen of the Hospital had been transferred by the Welfare Association to an external person at a monthly rent of Rs. 41,600 and the	2023, 2022	Action should be taken to collect the relevant money from the welfare Association and to credit the amount to the Government Revenue.	As stated in my letter No. 03/01/05-2-ii dated 26.03.2021 by addressing the Secretary of the Employees' Welfare Association of the Ayurveda National Hospital, it has been planned to recover the amount of Rs. 400,000, calculated as monthly rent arrears, from the	Any amount has not been recovered even by 15 October 2024 and disciplinary action has not been taken against the relevant officers.

relevant rent had been obtained by the Welfare Association. Even though the Welfare Association had been informed by the letter of the Commissioner of Ayurveda bearing No. 02/03 valuation/2020 dated 24 June 2020, to credit the rent money collected up to June 2020 to the Government Revenue, action had not been taken to credit the said money to the Government Revenue.

salaries of the then committee members of the Welfare Association. The relevant charges will be recovered from the salaries from April 2024 and noted down or report the progress of it to you.

32	According to the Public Officers' Security Ordinance (Cap.612), Financial Regulations 880 and 881 and Paragraph 09 of the Public Financial Circular No. 01/2020 dated 28 August 2020, 18 officers, who are required to give security in the Department of Ayurveda and its affiliated institutions, had not taken action to give security even by 31 March 2024 in terms of the said provisions.	2023 2022	In terms of the Financial Regulations 880 and 881 and Paragraph 09 of the Public Financial Circular No. 01/2020 dated 28 August 2020, the officers, who have to give security, should take action to give security.	Action is being taken to resolve the problematic situation regarding the officers, who are required to give security.	It was stated that starting from the year 2024, a revised report of officers who are required to give security in accordance with Financial Regulation 892 will be sent once in every three years.
33	According to Sections 3.6, 3.9, 11 and 11.2 of the Sustainable Development Act, No. 19 of 2017, resources must be efficiently managed to achieve the objectives of the organization and the goals to be achieved by the organization in order to achieve the sustainable development goals and the existing gaps to achieve those goals, and appropriate indicators to measure the progress should have also	2023 2022 2021	Action should be taken to identify targets and indicators and to measure progress in relation to achieving the sustainable development goals.	Action has been taken to seek the assistance of the Sri Lanka Institute of Development Administration in preparing the Sustainable Development Goals and plans have been made to accomplish the relevant work by 30.06.2024.	The targets to be achieved by the Institute in order to achieve the Sustainable Development Goals, the gaps in achieving those targets, and appropriate indicators to measure progress had not been identified even by 15 October 2024.

been identified. However, the Department had not identified such indicators and the extent and deviations from the objectives as well as various areas, for which attention should be paid.

34	Although 18 posts of research officer and 12 posts of research assistant had been approved for each discipline for the Bandaranaike Memorial Research Institute, action had not been taken to recruit any of them, and a research staff had not been approved for the Chamal Rajapaksa Ayurvedic Research Hospital. Thus, the expected performance had been adversely affected by the establishment of the Ayurvedic Research Hospitals.	2023 2022	Recruitment should be made for the posts of Research Officer and Research Assistant in relation to each discipline for achieving the desired performance by establishing Ayurvedic Research Hospitals.	It is scheduled to consider in the future the recruitment of the approved posts of Research Officer and Research Assistant to the Bandaranaike Memorial Ayurveda Research Institute, Nawinna.	Organizations and systems had not been established to achieve the performance expected from the establishment of Ayurveda Research Hospitals.
35	Action had not been taken to appoint permanent officers to the Head Office, Ayurvedic Hospitals and 09 Divisions, and appointments had been made for the post of Commissioner General of Ayurveda on the basis of full time acting, and for the post of Deputy Ayurvedic Commissioner and Director of the National Institute of Indigenous Medicine on the basis of full time attending to duties and for Assistant Commissioner - Technical, Assistant Director (Educational Technician), 08 posts of Hospital Director and 02 posts of	2023	Expedite steps should be taken to fill up the relevant vacancies from the qualified officers.	The Public Service Commission has approved the appointment of a Grade III officer to perform the duties in the post of Deputy Commissioner of Ayurveda on full-time basis as there are no Grade I officers in the Sri Lanka Administrative Service. A Grade II officer has been appointed to perform the duties of the Director of the National Institute of Indigenous Medicine on full-time basis as	There had been no change even by 15 October 2024.

Deputy Director on the basis of covering duties.

there are no Grade 1 officers in the Sri Lanka Administrative Service. The posts of Director of Ayurveda Hospitals, Borella, Gampaha, Manchanthoduvai, Koneshpuri, Ampara, Medawachchiya and Hambantota are Grade I posts of the Sri Lanka Ayurvedic Medical Administration, and medical officers have been appointed to cover the duties of the posts of Assistant Commissioner (Technical), Assistant Director (Educational Technical) of the National Institute of Indigenous Medicine and Deputy Director, Nawinna Hospital, which are Grade II posts.

36	Although Parliament approval should be obtained before the introduction of a new charge by public institutions as per paragraph 5.5 of Public Finance Circular No. 01/2020 dated 28 August 2020, miscellaneous charges of Rs. 21,564,057 collected during the year under review from the clients of the Department without making provisions in the Ayurvedic Act or other similar written law had been credited to the Government revenue under the Revenue Code 20.03.99.00, Sales	2022	Action should be taken in accordance with the provisions in the Public Finance Circulars.	A committee has been appointed in the year 2023 to prepare the legal background in a manner that it would enable all income of the Ayurveda Department to be credited to the government revenue under an approved revenue code of the Treasury and for the Ayurveda Commissioner to act as the revenue accounting officer. It has been planned to	A committee was appointed in the year 2023 to prepare the legal framework in a manner that it would enable the Ayurveda Commissioner to act as the revenue accounting officer and the Commissioner of Ayurveda has stated that the proposals prepared in accordance with

and Charges, in which the Director General of the Treasury Operations functions in the capacity of the Revenue Accounting Officer.

act in accordance with the decisions of that committee in the future and accordingly, action will be taken to revise the fees and introduce new fees in the future. the decisions of that committee have been submitted to the Attorney General after obtaining the approval of the General Treasury.

- 37 For the implementation of the Phase II of the Preservation of Traditional Medicinal Knowledge Project costing Rs.350 million for a period of 04 years from the year 2020, the relevant Cabinet approval had been obtained on 03 April 2019. Nevertheless, the project had not been implemented during the year 2020. During the year under review, 04 activities had been included in the Action Plan after making provisions of Rs. 1,500,000. Among these, only one activity, the evaluation of traditional medical practitioners, had been implemented at a cost of Rs.697,408. 2023, 2022 Action should be taken to obtain necessary policy approval to restructure the project to suit to the current economic situation after reviewing the objectives of the project according to the economic condition prevailing in the country and the issues cropped up in the implementation of the project. Although a certain amount of provision had been allocated for this project with the approval of the Cabinet of Ministers as per the economic stability prevailed in the country at that time, funds should be received according to the approved plan in order to implement the project as planned, and each planned activity will be carried out by managing the provision allocated accordingly. The Ayurveda Commissioner has stated that a provision of Rs. one million has been approved to complete the remaining work in the year 2024 and an activity plan has been prepared for that purpose.
- 38 Guidelines 1.2.1 (e), 2.12, 4.2.2, 4.2.3 and 4.3 had not been followed in connection with the contract worth Rs.74,759,059 related to the supply of security services for the Department of Ayurveda and 18 affiliated institutions from June to December of the year under review. Furthermore, information was not revealed that a supervising 2022 Procurements should be handled in accordance with Procurement Guidelines. Follow ups should be conducted to ensure compliance with the terms of the contract The procurement activities will be carried out in a systematic and updated manner in the future in accordance with the procurement plan. It has been agreed that action will be taken in a systematic manner in accordance with the procurement guidelines.

officer had been duly appointed to confirm the deployment of officers to all service point so as to cover the 24 hours daily in accordance with the terms of the contract agreement, and carried out internal inspections such as obtaining daily attendance, examining log entries, and inspecting service points from time to time.

agreements and action should be taken without delay with regard to the violation of terms of the agreements. Suitable control methods should be followed. Documentary evidence should be maintained to confirm that the procurement guidelines were correctly followed and action was taken ensuring the transparency.

39	Action had not been taken in compliance with the Guidelines 2.4.3, 2.5.1 (b), 2.6.1(b)(i) and 4.2.2 of the Government Procurement Guidelines in connection with the contract worth Rs. 1,947,258 relating to the supply of cleaning service for the premises belonging to the Department of Ayurveda for the period from July to December of the year under review. Accordingly, the members of the procurement committees and the technical evaluation committees had not given priority for the relevant committees, and a procurement time table had not been prepared since the technical evaluation committee had not given its recommendations regarding	2022	Procurements should be handled in accordance with Procurement Guidelines. Follow ups should be conducted to ensure compliance with the terms of the contract agreements and action should be taken without delay with regard to the violation of terms of the agreements. Suitable control methods should be followed. Documentary evidence should	The meeting of the procurement committee was delayed due to the Covid pandemic situation and the imposition of the curfew owing to the situation of struggle prevailed. A report containing the names, signatures and addresses of the employees has been brought in as per the contract agreement. The contracting institution has been informed to provide the employees with official uniforms and identity cards. A report regarding reporting to work and leaving from work is being maintained by	- Do -

the procurement time table. Furthermore, in accordance with the terms of the relevant contract agreement, the contractor had not submitted a report containing the names, signatures and addresses of the employees, a formal quality certificate for the ingredients of the cleaning chemicals and suitability for use to the Department, and had not provided the employees with uniforms and identification cards to wear. Further, no action had been taken to timely provide the information such as arrival and departure of the employees and the monthly salary paid to the employees, and the remittance made to the Employees Provident Fund and the Employees Trust Fund.

be maintained to confirm that the procurement guidelines were correctly followed and action was taken ensuring the transparency.

the Establishments Division. The service provider has been informed to ensure that the cleaning service providers pay their employees proper salaries and allowances and remit contributions to the Employees' Provident Fund and the Employees' Trust Fund this year, and that the relevant officers have been instructed to verify the relevant facts before making payments in the year 2023 and act as per the agreement.

40	In terms of Asset Management Circular No. 01/2017 28 dated June 2017, updated and accurate information on the purchase and disposal of assets had not been reported to the Comptroller General.	2022	Action should be taken to provide relevant records within the prescribed timeline in accordance with the circulars.	The report related to lands and buildings has been reported on the due date and steps are being taken to prepare and submit reports regarding other assets and it has been noted down to report the progress in the future.	Action had not been taken to provide accurate and updated reports even by 15 October 2024.
41	Although the pharmaceutical production division of Borella Ayurveda Teaching Hospital had planned to produce 13,500 bottles of 23 types of oils and 790 kg of 08 types of guggul during the year under review, due to	2021	Plans should be prepared as resources can be utilized to the maximum extent according to the comments of the Accounting Officer.	The relevant Heads of divisions were informed to prepare estimates taking into account the capacities of the physical and human resources available in the Department when	A significant progress has not been reported even by 15 October 2024. The Pharmaceutical Production Division of the

	lack of staff and insufficient supply of herbal ingredients, only 2,977 bottles of 09 types of oil and 268 kg of 07 types of guggul were produced.			future production activities are planned.	Borella Ayurvedic Teaching Hospital is not producing adequate medicines due to the shortage in staff and insufficient supply of herbal ingredients,
42	1,239 units of office furniture belonging to 23 items with a total cost of Rs.20,799,715 and 312 units of hospital furniture with a total of Rs.6,987,850 were purchased from a supplier in Matale during the year under review. It was observed the deficiencies of the procurement was planned at the end of the year under review, no subject matter expert was appointed to the technical appraisal committee appointed in respect of office furniture, preparation of specifications and inadequate attention has been given in obtaining the equipment in accordance with the specifications, payments have been made without formally confirming that all equipment has been received in accordance with the specifications, payment for equipment supplied in excess of the ordered quantity, receiving and paying for equipment different from the ordered equipment, not charged late fees and payment of	2021	Procurement should be conducted by maintaining written evidence to confirm that procurement guidelines were correctly followed and conducted in a transparent manner.	It was stated that documents on requirements were prepared based on the written requests received from each division, a subject matter expert had been appointed to the technical evaluation committee for the purchase of hospital furniture, all the items of equipment had been physically inspected to ensure that they were complied with the specifications and payments had been made, late fees had not been charged for the delay in the supply of goods considering the COVID-19 pandemic situation and the shortage of raw materials prevailing in the country at that time, and the relevant officials have been informed not to commit such shortcomings in the future.	This matter was brought to the attention of the Committee on Public Accounts at its meeting held on 23 July 2024 and a report was called from the Chief Accounting Officer and the Accounting Officer.

Rs.11,809,305 under an non-provisioned expenditure subject in the procurement process.

43	Cabinet approval was obtained for a project to distribute 60 lakhs of suwadharani medicine manjusa costing Rs.1,000 per unit to control the Covid-19 epidemic through indigenous medicines. In the beginning, a supplementary provision of Rs. 250,000,000 was allocated to supply 250,000 manjusas to the Western Province and Rs.142,562,809 was spent. Suppliers were selected as 07 suppliers for the production of medicines and porridge, one supplier for printing packages, one supplier for printing cardboard boxes and leaflets and 07 suppliers to pack medicines and porridge in order to be able to give all the functions of medicine manjusa preparation to one supplier without paying attention to the time taken by calling the prices, the quality of the products and reducing the cost etc. Also, it was observed that there were deficiencies in this procurement process such as selection of suppliers subject to completion of various defects in bid evaluation, disregarding technical committee recommendations, failure to complete all procurements on time, extension of time	2021	Project proposals should be implemented only to achieve essential and priority objectives using government funds sparingly and procurement activities should be conducted following the procurement guidelines correctly and ensuring transparency.	Action has been taken to rectify the shortcomings in the bid evaluation before making the payment, steps have been taken in problematic situations such as storage, distribution and printed expiry dates, monitoring and follow-up activities have been carried out, priority was given to Gampaha District due to the Covid situation and other districts have also been covered to a large extent, and the objectives of the project could not be achieved 100 percent.	This matter was brought to the attention of the Committee on Public Accounts at its meeting held on 23 July 2024 and a report was called from the Chief Accounting Officer and the Accounting Officer.

without approval of the procurement board, non-imposition of late fees, payment beyond the prices of the price committee. Although it was observed deficiencies in this procurement such as to be considered some medicines as expired and removed due to non-safe storage of medicines in manjusa, irregular distribution, expiry date printed on the packages before the medicine is filled and beneficiaries did not get enough time to use the medicines before the expiry date, lack of monitoring and follow-up on the delivery and use of the medicines to the target beneficiaries, 183,776 out of 250,000 manjusa planned to be distributed in the Western Province were distributed only in Gampaha district, although the cabinet approved to follow emergency procurement methods to distribute 60 lakhs of manjusa all over the island within 60 days, even though 122 days have passed by 31 December 2021, not even 05 percent of the project has been completed.

23. Head - 221 Department of Labour

	Total Assets (Rs.)	Total Liabilities (Rs.)	Equity (Rs.)	Audit Opinion
2021	17,798,856,135	767,737,985	17,201,018,694	Qualified Opinion
2022	17,968,756,679	710,278,354	17,088,577,781	Qualified Opinion
2023	18,098,111,763	962,656,533	17,135,455,231	Qualified Opinion

Se. No	Audit Observation	Year of Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Current Position of Recommendation as on Date of Report
01	In terms of F.R.208, the Department of Labour had arranged to pay the total amount to the Building Department before the commencement of the contract due to that fact Rs.397,410,290 had been accounted as expenses without being spent.	2021	Management should be followed the Financial regulations.	Funds have been released for construction improvement works based on procurement decisions, building department's request and Engineer (Civil)'s recommendation.	Construction worth Rs.127,687,802 has not been reported to have been completed as at 30 September 2024. Discussions have been held to transfer the money to other projects and take over the remaining money.
02	In accordance with Government Procurement Guidelines No. 4.3.1 (a) of 2006, Although the total cost estimate was to be prepared by the entity, the relevant estimate was prepared by the building department itself, which is the contractor.	2021	Should be Compliance with procurement guidelines.	The preparation of the estimate from the building department in relation to the construction works is done only as a consulting work, and the building department calls for bids and selects the contractors.	The handover of construction contracts to the Department of Buildings has been stopped from the year 2023.

03	As at 31 December 2021, the number of institutions running private Employees' Provident Funds approved under Section 27 of the Employees' Provident Fund Act No. 15 of 1958 was 117. On that day, the total balance of funds of 30 institutions was Rs.106,794,071,789. By failing to properly regulate the funds, not correctly identifying the number of registered institutions, exposing cases of non-payment of contributions and non-implementation of surcharges, Fraudulent receipt of money by the officials of those institutions, non-presentation of constitutions of employer institutions, non-action to investigate complaints, and number of members of the fund, non-active institutions/funds, balance of funds as on 31 December 2021 and non-recognition of arrears; Due to the non-presentation of formal information about the inspection of institutions, the lack of sufficient staff in the private employees' provident	The sections of the Act on Private Employees' Provident Fund should be amended and regular procedures should be established to regulate and supervise its activities.	Due to the covid-19 pandemic, it was not possible to carry out the inspection activities regarding the institutions belonging to the Private Employees' Provident Fund. However, the related inspection activities and reports are being updated under the limited task force that performs the duties of this department and the lack of support from external organizations in providing the necessary information has also hindered the proper performance of these activities.	Sections of the Act have not been updated.

fund sector and the non-updation of the sections of the Act, various crises had arisen and the work of this sector had become inoperative.

04	According to the agreement reached on 03 October 2013 with the private construction company that built the 'Mehewara Piyasa' building, it was agreed to complete the construction work in 36 months, but by the decision of the Cabinet No. CP/19/0761/101/046 dated on 27 March 2019, Arrangements were made to extend the time subject to the payment of late fees till 30 April 2019. However, as at 31 December 2021, late fees were not charged as per the agreement. As stated in the 2020 audit report, Rs.21,772,797 as late fees for 13 Interim Payment Certificates (IPC) had been paid to the respective private construction company in the year 2020, but no late fees had been collected from the company regarding the delay of the contract.	2021	According to the relevant cabinet decision, arrangements should be made to charge late fees.	According to the Cabinet Memorandum issued by the Ministry of Labour and Trade Union Relations bearing Serial No. 15/2018 dated on 12 June 2018, as per the contractual terms of the project, late fees have not been collected from the construction contractor.	No late fees are charged. The final payment has not been made.
				The amount of Rs.21,772,797 paid as late charges for 13 Interim payment Certificates has been paid due to delay in release of money related to Interim payment Certificates. Payment of late charges has been made as per CBM/Adm1/14/2017/8 of Civil Engineer and in	

terms of Cl.57
paragraph of the
contract
agreement dated
on 07 July 2021.

05	Although one of the main functions of the Department is to provide benefits to the owners of the Employees' Provident Fund, part of the provident funds that should be credited to the employees' contribution accounts have not been credited to those accounts for a long time due to various reasons. This had been credited to the general deposit account of the Department of Labour and the Commissioner account maintained by the Central Bank of Sri Lanka. As at 31 December 2021, the balance of the Central Bank of Sri Lanka's Labour Commissioner's Account was Rs.9,933,449,163 and by September 2021, the old balance between 5-25 years that was not settled in the Labour Commissioner's Contribution Account was Rs.4,583,817,783.	2021 2022 2023	Should take proper actions to settle the outstanding contributions.	Due to the spread of the Covid-19 pandemic in the year 2021, there were delays in bringing relevant information from the district offices. The settlement of the Labour Commissioner's account is a tripartite cooperation between the Labour Department, the Central Bank of Sri Lanka and the employer's side, but would like to inform that the lack of sufficient support from the employer's side affects the delay in the settlement. Also, the fact that the "C" reports sent to the Central Bank of Sri Lanka have not been settled till now is also a reason for the large balance in the "Labour	No quick, formal arrangement has been made and the outstanding balance as at 31 December 2023 is Rs.355,633,777.

Commissioner"
account.

- 06 As at 31 December 2021, there were 5,151 inactive cases with a financial value of Rs.3,108,693,249 and 2,822 open warrant cases with a financial value of Rs.879,249,210. These cases remained inactive for a period of 1 to 30 years from cases assigned for non-receipt of claim benefits of private sector and semi-public sector employees.
- The legal actions taken to get the benefits of the rights should be expedited and the rights of the employees should be provided
- As at 31 December 2021, the revised total number of inactive cases is 4,393 and its financial value is Rs.2,162,338,383 and as at 31 December 2021, the revised total number of open warrant cases is 2,325 and its financial value is Rs.914,663,606. And according to the revised data, as at 31 March 2022, the total number of inactive cases is 4,596 and its financial value is Rs.1,738,630,576 and the total number of open warrants is 2,958 and its financial value is Rs. 642,956,437.
- There were 5923 inactive cases and 2655 open warrant cases as at 31 December 2023.
- 07 The Ratnapura District Labour Office was established in a rented building due to the threat of landslides and was repaired by the Building Department at an estimated cost of
- During the construction/renovation of buildings in dangerous places, the recommendations should be implemented subject to the relevant laws and
- A certificate confirming that there is no danger has not been obtained by the Building Research Organization before starting the repair work
- The labour office has moved out of the rented building and moved to its old location. Repairs have been carried out without implementing the short-term recommendations

	Rs.11,177,000. The no-risk certificate obtained by the Building Research Organization prior to the commencement of repairs and the implementation of short-term recommendations were not submitted to the audit.	quality reports should be obtained.	Meanwhile, it has been informed that the building department does not have the knowledge for short-term recommendations in the survey report, and that expert knowledge should be obtained from the building research organization.	of the Building Research Organisation.
08	Due to non-monitoring of the Common Evidence register maintained by the labour offices of the department, during the internal audit investigations, there had been huge time delays in sending notices, filing cases, taking action on petitions.	2021 The management should pay attention to the matters pointed out by the internal audit and take formal actions.	During the relevant period (2020 – 2021) due to the covid-19 situation in the country, all the staff was not called at the same time. Also, due to the movement restrictions that continued during the relevant period, it was practically difficult to summon the department employees to perform their duties as well as the employees who needed to handle the complaints at the same time. Also, the postal	Common evidence registers are not updated even at present.

work for
prosecution was
also blocked
due to the above
facts

09	In accordance with Section 34 (6) of Factories Ordinance Act No. 45 of 1942, A steam boiler should be inspected every 14 months by subordinate personnel, and after major repairs an authorized officer should be inspected and tested. The Department's Office of Factory Inspecting Engineers had not developed a suitable program to be satisfied on this requirement was met in relation to each boiler.	2022	Boiler inspections should be done properly as per the Act	Copies of the reports examined and submitted by the authorized officers are submitted by the factory owners and authorized officers to the offices of the District Inspector of Factories and accordingly the statistics of the department are already maintained.	There is no proper formal program.
10	In accordance with Section 92 of Factories Ordinance Act No. 45 of 1942, Although the details related to accidents and industrial diseases occurring in the factory should be mentioned in the general register and copies thereof should be sent to the district factory inspector engineer office, there was no system of obtaining such information data in the factory inspector	2022	Action should be taken to maintain formal records of accidents and industrial diseases in factories.	As per the proposed digitization plan of the department, it is expected to take steps to do these activities properly.	No formal program has been established.

engineer office.

11	In accordance with the Gazette No. 2142/90 on 27 September 2019 as per the provisions of the Gazette notification, arrangements should be made for registration of steam boilers and other pressure vessels, but no provision was made for inspection of other pressure vessels during factory inspection.	2022	It should be done as per the orders of the gazette notification.	These Regulations do not impose provisions for the registration of other pressure vessels.	Measures have not done as per the Gazette notification.
12	In accordance with the Gazette No. 2142/90 on 27 September 2019, Although it should be ensured that there are mechanisms to protect workers from excessive noise and that there is adequate lighting in the factory, the observation lists used during factory inspections have not been updated to comply with the directives of the new gazette as required to record those inspections.	2022	It should be done as per the orders of the gazette notification.	The measurement of environmental data such as light and sound are carried out by the inspection officers of the Occupational Safety Division of the Department and according to the number of equipment and human resources available for the measurement of the Department, relevant recommendations are obtained from the Occupational Safety Division when necessary.	Measures have not done as per the Gazette notification.

13	The procurement of Rs. 11,177,000 was handed over to the Department of Buildings without following procurement methods as per Chapter 3 of the Procurement Guidelines Code of the Democratic Socialist Republic of Sri Lanka with the aim of promptly completing the repair work of the building of the Ratnapura District Labour Office belonging to the Labour Department. The building department had sub-contracted this contract to a private contractor for a value of Rs.9,590,303. The management fee in the estimated value was Rs.449,960. But the repair work of the building was not properly supervised and the defects pointed out from time to time were not rectified by the contractor.	2022	Procurement guidelines should be followed.	Although the entire estimated amount related to the project is released to the Building Department, the Building Department will return the remaining funds to the Labour Department after the completion of the construction work. If there are unfinished parts in the repair of the building, the building department has been informed to get those parts done by the relevant contractor or if not, to use the retention money related to this repair to carry out the work. If the retention money is insufficient, the building department has also been informed to pay attention to it while paying the final bill of the concerned contractor.	During the physical inspection, the deficiencies in the roof repair of the office were not done properly.
14	In order to be a factory owner or	2022	Registration of factories should be	It has become very difficult to	Identification and registration of

resident, registration is required according to the provisions of the Special Gazette No. 2142/90 dated on 27 September 2019, but by the end of 2022, the number of files maintained in the District Factory Engineering Office was 32,948, but the number registered according to the new rules was 3,153. Considering the minimum registration fee of Rs.1,000, the department had lost at least Rs.29,795,000 in registration fee for unregistered factories

done in accordance with the provisions of the Gazette.

visit the factories is not finalized as per the gazette notification. factories and do the registration process as the number of engineers are not enough. Also, I would like to inform you that problems such as the covid pandemic, economic problems and fuel crisis faced in the past years also had an impact on this. However, the department has taken steps to increase these activities.

- 15 According to Section 27(2)(a) of the Act, although the contributions of a certain month should be paid by the last day of the following month, due to not formally crediting the contributions for the private employee provident fund maintained by one company, the surcharge of Rs.108,218,673 related to the period of 2019-2021 had defaulted.

Proper action should be taken to recover the money as per the provisions of the Act.

I would like to kindly mention that group investigations will be conducted regarding that company and other organizations that do not pay the dues on the due date and accordingly the necessary actions will be taken to calculate the arrears of dues and surcharges and to take necessary steps to collect the said money.

The surcharge has been calculated and sent to the concerned company. Regarding the Payments were not checked by 30 September 2024.

16	Trade Unions 2022 Ordinance act No. 14 of 1935, Ordinance No. 03 of 1946, Ordinance act No. 15 of 1948, Ordinance act No. 18 of 1958, Ordinance act No. 24 of 1970 for registration, control and operation of trade unions. And it was observed during reference that these ordinances have not been revised to suit the present. Although there had been discussions since 2019 to revise some of the areas identified in this regard, no progress was observed in this regard. According to the Gazette of the Democratic Socialist Republic of Sri Lanka dated on 22 July 2022 No. 2289/43, registration of trade unions as functions and tasks under the Ministry of Labour and Foreign Employment, introduction of positive actions to use the activities of trade unions in all public and private sectors for the development of the country should be implemented. No action was observed.	Actions should be taken to carry out purposeful tasks as per ordinance act.	That you have paid attention to the matters you have observed and that the amendments related to the Trade Union Ordinance Act have been continuously discussed since the year 2019 and reports have been duly submitted to the relevant authorities regarding the related amendments. I would like to kindly inform you that by now, further work is being done regarding the amendment of the Act, which has been brought to the attention of the Honorable Minister.	The process of amending the Act is not completed.

17	The women's hostel established in the Biyagama Investment Promotion Zone was closed for repair work since on 15 June 2018, and the repair work was not done by the year 2023. By renovating the hostel, the opportunity to provide accommodation to the persons working in the investment zone has been lost, and for the security of this hostel, an amount of Rs. 4,245,678 was spent to a private company from the year 2018 to December 2022.	2022	Assets should be managed efficiently and effectively.	As the provisions set aside for the maintenance of the hostels are not sufficient, without carrying out the renovation work, the provision available for the renovation of Koggala and Katunayake hostels is Rs. 4,000,000 was decided to be used.	Currently the hostel is abandoned without repair.
18	Assets worth Rs.22,462,587 purchased under the Information System Empowerment Project of the Employees' Provident Fund Division were recorded as asset purchases of the department in the year 2023, and were also reported as assets in the financial statements of the Employees' Provident Fund in the year 2023.	2023	Arrangements should be made to settle the asset balances.	Steps will be taken to provide answers as soon as possible as instructions have been sought from the Department of State Accounts in this regard.	No final decision has been reached on this regard.
19	In accordance with FR 770 (4) ,A special survey board was appointed to identify	2023	It should be acted in accordance with financial regulations.	According to the provisions of Asset Management	The process is not completed.

dilapidated and unusable vehicles in government institutions and vehicles that are in running condition but are not economically productive or should be recognized the vehicles that are to be disposed due to some other special reasons, but this had not been done.

Circular 05/2020 and State Finance Circular 01/2020, a committee of five persons has been appointed on 30.05.2024 to deal with the vehicles that have been taken out of service in the Department of Labour, and further work will be carried out regarding the disposal of vehicles.

20	In accordance with the 8.9.3 of the Code of Procurement Guidelines Although formal contract agreements should be entered into during the awarding of contracts, in 09 cases the Department of Labour had paid money for the contracts amounting to Rs.480,719,000 which was the pre-estimated amount of the Building Department. Department of Building had transferred these works to the sub-contractors to the amount of Rs.272,689,000. This difference in cost was attributed to obtaining of service activities,	2023	It should be done in accordance with Procurement guideline.	No money or provision will be made to the Department of Buildings as the consulting services firms and contractors are selected by the Department of Labour following procurement guidelines.	There has been no tracking and monitoring of cost variation by the Department of Labour.

but there was no proper supervision by the Department of Labour.

21	In accordance with the chapter 3 of code of Procurement Guidelines 22 contracts worth Rs.346,651,027 were directly awarded to the Department of Building on 22 occasions without following the procurement guidelines for carrying out the necessary construction work in the Department of Labour and Regional Offices.	2023	It should be done in accordance with Procurement guideline.	From the year 2023, the Department of Labour has stopped directly awarding construction works as before by giving money or allocation to the Department of Buildings and to obtain only the consultancy service from the Department of Building and to pay the consultancy fees for the same to that department and the Department of Labour has made efforts to select contractors through the procurement system.	Awarding contracts directly to the building department has been stopped from the year 2023.
22	Special Gazette No. 2142/90 dated on 27 September 2019, As per the provisions of the gazette, the process of factory registration and steam boiler registration was minimal.	2023	The boiler registration process should be done properly.	Already done satisfactorily, registration documents are being maintained at District Factory Inspector Engineer office level and reminders are being sent	The role is not finished.

through e-mail and post to increase registration. And also preliminary study is being done to include other data including boiler registration of District factory inspector engineer office as one module of the Department of Labour data system.

23	An amount of Rs.72,000,000 had been paid to the Department of Building on 30 December 2021 for the interior construction of the 04th floor cafeteria in Mehewara piyasa., this work had not been done by 31 December 2023, and out of this amount, Rs. 67,957,507 had been transferred back to the Department of Labour. The expected tasks of the project have not been fulfilled so far.	2023	Expected task should be fulfilled through the project.	Rs.72,000,000 has been given to prepare the internal structure of the canteen on the 04th floor of the Mehewara Piyasa building, and out of that amount Rs.3,968,000 has been used to set up partitions in the main operating room of the Mehewara Piyasa Building. The remaining amount has been returned by the Department of Building on 31.12.2023.	The expected role of the canteen setup has not been fulfilled.
24	Although Rs.31,000,000 was	2023	Arrangements should be made to	This work was stopped midway	The role is not finished.

paid on 17 February 2022 based on the estimate presented by the Department of Building to improve the service facilities of the Kegalle District Labour Office, the said work has not been completed so far.

finish the provisions provided tasks.

due to the Covid pandemic situation and economic crisis in the country. Then due to the increase in the price of goods and raw materials in the market, the estimates will be revised only for the essential works to be done and the service facilities on the ground floor of the building will be improved. With the rest of the allocation, the necessary procurement work is being done to prepare a public waiting area and after the completion of the work, the remaining money will be handed over to the Department of Labour.

25	Out of 06 construction contracts worth Rs.127,687,802 assigned to the Department of Building in the year 2021, 4 works worth Rs.48,663,802 were not completed. The task of interior design of the 4th floor canteen, which was	2023	The works assigned to the Department of Building should be completed.	That the ongoing works will be completed by the end of this year.	The role is not finished.

offered on a cost estimate of Rs.72,000,000, was not completed, and from that allocation, an allocation of Rs.3,968,000 was made for the partitioning of the main operating room of the building.

26	In order to fulfill the printing functions of the department, a printing machine was purchased in December 2007 at a cost of Rs.21,884,083 and in addition to that there were a working computer, a laptop computer, a binding machine and a paper cutter. Due to the lack of permanent staff and raw materials to perform the duties of the printing department of this press, the said resources remained underutilized from the year 2018.	2023	Actions should be taken to use the resources of the department with maximum efficiency.	Since the Department of Labour did not have qualified officers to operate the equipment mentioned here, A request was submitted to the Department of Management Services to approve new positions and it was informed that it would be considered during the staff review and no positive response was received.	Not being utilized at maximum efficiency due to new staff is not being recruited.
27	Although the Hambantota District Labour Office and Tourist Bungalow had been repaired at a cost of Rs.7,855,576, the Tourist Bungalow remained unused due to non-procurement of necessary wooden furniture and equipment.	2023	The resources of the department should be used efficiently and effectively.	As per the National Budget Circular 03/2022, the purchase of goods has been temporarily suspended, so procurement activities have not been done to buy wooden furniture and	The tourist bungalow is not in use.

equipment for Hambantota District Labour Office and Tourist Bungalow. Also, since instructions have been received to provide the office buildings that are not currently being used for the establishment of other offices, further work will be done accordingly.

28	Although an allocation of Rs.11,727,646 was released to the Gampaha District Secretary on 27 December 2023, with an estimated cost of Rs.4,000,000 for the preparation of partitioning and networking system in the new Gampaha District Labour Office. That task was not completed until May 2024.	2023	Actions should be taken to complete the Provisions provided task.	The remaining amount of Rs.7,559,023 related to this work was given to the Gampaha District Secretary in the year 2024. As mentioned earlier, this work is being carried out in connection with the consultancy firm as a variation related to the construction of the Gampaha District Secretariat building. By 25.06.2024, the progress is about 40%.	The role is not finished.
29	In the year 2023, Rs.6,000,000 had	2023	Allocation and utilization	As per the National Budget	The role has not been fulfilled so

been allocated for the repairs of the toilet system in the Koggala hostel, but the said tasks were not completed.

provisions should be done properly.

Circular 03/2022 only essential works should be done, the essential works to be done in the Koggala hostel were done by the building maintenance department at a cost of Rs.90,140. Regarding the repair works to be done in the offices belonging to the Department of Labour, the defects in the Katunayake dormitory were not urgent repairs, so the repair work was not done in the year 2023. However, after studying all the repair works to be done in that building, all the work will be considered as one project and will be done in the year 2024.

30 Although there is an approved allocation of Rs.55,000,000 for the purpose of providing facilities such as public facilities and waste management, name boards, visitor ID

2023 Arrangements should be made to carry out the provision provided tasks properly.

As the functioning of public facilities such as canteen on 04th floor, 31st floor of the mission building under the partnership of

The role is not finished.

cards, it was revealed that the preparation of estimates and negotiations are still in the stages of quotations.

public and private sectors, is changing. And since the floors of the General Secretariat of Labour are to be given to other institutions, the proposed plan for waste management should be revised by now as the number of staff will increase.

That the work of preparing name boards is currently being done.

That no organization has submitted the price even though the price has been invited several times for the purpose of setting up the visitor ID card system.

31	As per Annexure 01 of Public Administration Circular No. 02/2018 dated 24 January 2018, the role of signing annual performance agreements for all staff was not completed.	2023	Should proceed as per circular provisions.	The services provided by the Planning Research Training and Publication Division are monitored by the progress operational tests conducted annually in each office and the monthly reports	The role is not finished.

obtained from
the Employee
Provident Fund
Data System.

And that a
committee has
been appointed
and work is
being done to
prepare a
specific system
of performance
evaluation and
progress
appreciation for
staff officers
and regional
labour offices.

24. Head - 222 Sri Lanka Army

	Total Assets Rs.	Total Liability Rs.	Equity Rs.	Audit Opinion
2021	90,838,550,016	226,458,963	90,612,091,053	Qualified
2022	110,053,805,444	128,223,632	109,925,581,812	Qualified
2023	138,582,947,190	97,353,826	138,485,593,364	Qualified

Se. No	Audit Observation	Year of Report	Recommendatio n of the Auditor General	Preventive Measures Taken by the Auditee Entity	Current Position of Recommendation as on Date of Report
01	Even though provision totaling Rs.1.24 billion had been made for 03 projects / programs such as construction of three-storied central armory building in the Pangoda Army Camp with a view to improving communication systems and, security and prevention of terrorism project (Sri Lanka -India), the said entire provision had been saved at the end of the year.	2021	Estimates should be prepared accurately as long as possible.	Practical issued arisen due to the Global Covid pandemic had attributed to these savings.	Actions had not yet been taken to implement.
02.	Five hundred ninety five vehicles acquired during the war period had been utilized and parked in the Army premises by the Army, without the proper transfer of the legal ownership.	2021	Remedial actions should be taken with regarding these vehicle	Requests have been made from the Department of Motor Traffic on several occasions for transfer of the said vehicles.	Actions had not yet been taken.
03.	The Toyota Corolla motor car bearing No. KA – 5972 (යුආ 16024) belonging to the Army, had been released to third party	2021	Assets of the Government should not be released to third parties without	The motor car has been provided for the use of a close relative	Actions had not been taken.

	without obtaining formal approval.		obtaining proper approval.	of Major General Anuruddha Ratwatte since the year 2005	
04.	The guarantee period of 66 electrical items including 29 washing machines, 16 digital scales, television sets, television sets and stabilizers purchased during the period from the year 2010 to the year 2021 by incurring an expenditure of Rs.2.44 million without identifying the requirement properly, had expired and those goods had remained idle without being made use of.	2021	Purchases should be made properly identifying the requirement and issuance.	These electrical items have been obtained for Corona and Quarantine Centres and they are stored safely as predicting of spreading the pandemic cannot be forecasted.	Actions had not been taken.
05.	Sixty five items of electronic and electrical equipment including 34 digital scales of 50 kg, 08 deep freezers of 20 cubic feet and 03 refrigerators of 08 cubic feet purchased by incurring a sum of Rs.3.9 million with a guarantee period of only one year, had remained idle in the Ragama and Weyangoda stores of the Army during a period from 05 to 12 months after purchasing.	2021	Purchases should be made by properly identifying the requirement and issuance.	Scales and refrigerators will be issued according to requirement.	Actions had not been taken.
06.	Departmental fees of 25 per cent relating to coupon irregularities amounting to Rs.4,47 million occurred in the Army, had not been recovered so far.	2021	Relevant Departmental fees should be recovered.	Necessary action is being taken to recover Departmental fees by revising the Conclusion of Commander of the Army.	Actions had not yet been taken to collect the charges.
07.	Two hundred cover outers purchased by spending a	2021	Purchase should be made with	The vehicles using these	41 cover outers are still in stores.

sum of Rs.3.4 million, had been kept in the Ragama stores complex for nearly a period from 01 to 05 years without issuing. As such, their efficiency had been affected.

proper assessment of requirement and issuing. cover outers have been removed from running and as such, this situation has arisen and they are issued according to quantities requested.

08. As per the instructions of the Hon. President in the year 2018, some of the works such as, renovation of bunds, bathing spots, breakwater, access roads, main agricultural canals, removal of silt, construction of spillways and spill gates relating to 11 tanks in Anuradhapura district, and making name boards, had been assigned to the Army by the Presidential Secretariat thereby allocating provision amounting to Rs. 100 million. The following observations are made in that connection, Progress in the completion of renovating the tanks of Dunumadalawa, Nabadagasdigiliya, Galahitiyawa, and Helamba, remained 70 – 90 per cent. As some of the essential renovation works had not been done with respect to those tanks, construction materials like huge stones had been dumped in the tanks thus inconveniencing the rural masses using the tanks, Having spent a sum of Rs. 28.01 million under	2022	Estimated renovations should be implemented, and should be considered the difficulties to the public and actions should be taken to make the project success by using the allocated resources sparingly.	The renovation works of those tanks had been suspended due to non-approval of provision, and machines/vehicles used for this project has to be repaired. 393 bags of cement had to be used for supporting construction works of the project whereas 218 bags of cement had to be destroyed as they were unusable due to delay of the project.	Implementation had not yet been made.

approval of the Presidential Secretariat following a request made by the Army, 10 tractors, 05 motorcycles, 05 desktop computers, a photocopier, 05 LED TVs, 03 grass cutters, and 03 chainsaws, had been purchased. However, it could not be revealed as to whether those office equipment and machinery had been used for the intended project. Furthermore, a sum of Rs. 1.84 million had been spent on inauguration ceremonies that had not been mentioned in the estimates for construction of tanks. A sum of Rs. 3.8 million had been spent for repairing heavy vehicles and machinery of the Army by stating that they had been required for renovating the tanks.

09.	A number of 1,888 items of 216 spare parts and vehicles valued at Rs. 4.33 million and purchased during 1998-2017, and 838 items of 37 spare parts the value of which had not been disclosed, remained at the electrical and engineering workshop at Slave Island without being used even by the end of the year under review.	2022	Purchase should be made with proper assessment of requirement and issuing.	Action had been taken to release those spare parts for repairs done at the main workshop.	Has not been utilized sufficient stock so far.
10.	As 218 cover outers, 80 vehicle batteries, and miscellaneous office and electric items worth Rs.5.39 million purchased for stores of the camps in	2022	Purchases should be made after properly identifying the requirements.	Items of usable stocks should be issued, and the other stocks to be disposed.	Sufficient actions had not yet been taken.

Diyathalawa, Panagoda and Anuradhapura, had become unusable due to not being used within the period of warranty, and needed to be disposed of.

11.	Although a net income of Rs. 170.16 million had been generated by the end of the third quarter of the year under review through 10 Army farms and other income-generating projects in various parts of the country, utilizing Army personnel and resources, including government land and buildings, these earnings were not disclosed in the financial statements.	2023	The aforementioned revenue should be properly disclosed through the financial statements..	The regulation of these revenues is carried out by the Treasury..	Had not yet been corrected.
12.	The Army had not disclosed a total of 106 land parcels, covering 4,439 acres, located in various parts of the country, in the financial statements by the end of the year under review.	2023	The land owned by the Army, which has been in use for a long period, should be assessed and accounted for.	Steps will be taken to assess and taking into account in future.	Had not yet been corrected.
13.	The procurement of capital items for the Agricultural, Industrial, and Animal Husbandry Project during the year under review, including repair costs of capital nature amounting to Rs. 54.73 million related to the repair of eight vehicles comprising the creation of a vehicle for transporting horses, as well as capital items and equipment worth Rs. 119.51 million received as donations/assistance to the Army, had not been	2023	These items should be capitalized and accounted in accordance with Sri Lanka Public Sector Accounting Standard 07.	Actions will be taken to correct in the future.	Had not yet been corrected.

capitalized and accounted for.

14.	According to the statement of non-financial assets (ACE-6), although the balance of actual work-in-progress at the end of the year under review had been stated as Rs. 9.05 billion, capital assets worth Rs. 7.59 billion, which were completed over the past several years, were still presented under the value of work-in-progress without being capitalized.	2023	The capital assets should be identified and capitalized in the year of work completion, and accounted for in accordance with Sri Lanka Public Sector Accounting Standard 07.	Actions will be taken to correct in future.	Had not yet been corrected.
15.	Although sums totaling Rs. 42.06 billion of 28 types of assets related to 5 asset categories had been mentioned as additions to the opening balance in the statement of non-financial assets (ACA-6), specific information in relation to this was not revealed.	2023	Precise details of the related figures should be disclosed.	Steps will be taken to check this matter with the State Accounts Department and provide a reply accordingly.	Had not yet been corrected.
16.	Sub-impressts totaling Rs. 155.56 million had been provided to private institutions on 199 occasions.	2023	Actions should be taken in accordance with the State Accounts Circular No.250/2016(i) dated 03 August 2016.	The situation has emerged as a result of having to make advance payments for some domestic and foreign purchases.	Had not yet been corrected.
17.	A total of Rs. 4.17 billion from the estimated provisions for 12 recurrent Objects had not been deducted.	2023	Actions should be taken in accordance with Budget Circular No. 01/2023 dated 27 January 2023.	This is a situation occurred due to the higher liabilities in the previous year and non-receiving of liquid funds	Had not been implemented.

during the year
under review.

18.	As revealed by the audit test checks, liabilities of Rs. 1.79 billion under recurrent Objects had not been disclosed in the financial statements.	2023	This should be disclosed through the financial statements.	This amount of liabilities is included in the statement of commitments.	Had not been implemented.
19.	Distress loan, festival advance and special advance loan balances totaling Rs. 33.31 million, owed by 938 military officers and 436 civil officers who left service during a period exceeding one year up to 32 years, had not been recovered in accordance with the provisions of Section 4.3 of Chapter XXIV of the Establishments Code. Out of these loan balances, a sum of Rs. 11.94 million had remained outstanding for over 10 years.	2023	These loan balances should be recovered promptly.	Action will be taken to recover the dues in future.	Action has not yet been taken to recover.
20.	Non-compliance of Sections 7.1,7.4, 37.1, 37.2 in Chapters V and XLVIII of Establishments Code, and rules 214, 215,216 and 220 of Procedural Rules had been resulted in vacating of the Post Notices for 56 employees who had served in the Civil Administration Directorate had been delayed by periods ranging from 02 months to 10 years and 6 months. As a result, these officers were deprived of the opportunity to file appeals. Further a total of 126 officers who served in the	2023	Actions must be taken in accordance with the provisions of the Establishments Code.	The delay was caused by the excessive expansion of offices.	Action has not yet been taken.

Civil Administrative Directorate and vacated their posts from 1993 to 2022 had been given the opportunity to return to service after a period exceeding three months following their departure. Additionally, employees who had left service on multiple occasions were also reinstated in this manner.

21.	The actual number of employees in the Civil Administration Directorate was 8,252 at the end of the year and the absence of an updated data system for employees had led to various administrative weaknesses, including issues with employee retirements, preparation of salary increments, and leave management.	2023	A systematic data system should be established immediately.	Implementation s are already being made to establish a suitable data system.	Action has not yet been taken.
22.	The attendance and departure of the total workforce of 8,325 at the Civil Administrative Directorate were not recorded using fingerprint machines and a total of Rs. 5.47 billion was paid to this staff in the form of salaries, allowances, and overtime during the year under review, without complying the Public Administration Circular numbers 19/89 dated 23 March 1989, 03/2017 dated 19 April 2017, 09/2009 dated 16 April 2009, and 09/2009 (i) dated 17 June 2009.	2023	Actions should be taken in accordance with government circular provisions.	Steps will be taken in the future to implement the use of fingerprint machines.	Implementation has not yet been made.

23.	There was a delay of 02 months to 07 years in completing the personal files of 277 employees who had retired in the past 7 years while serving at the Civil Administrative non-compliance with Circular No. 14/2005 dated 18 August 2005.	2023	Actions should be taken in accordance with government circular provisions.	Actions will be taken in future to minimize delays.	Implementation has not yet been made.
24.	The armed forces had used 4,243 vehicles without performing proper fuel consumption test as per the Section 3.1 of Circular No. 30/2016 dated 29 December 2016.	2024	Actions should be taken in accordance with government circular provisions..	Steps will be taken to expedite the conduct of relevant test in the year 2024.	Implementation has not yet been made.
25.	When repairing vehicles and purchasing spare parts at an amount totaling Rs.8.15 million on 11 occasions during the year under review, agreements had not been entered into with the suppliers as per the 8.9.1(b) of procurement guideline.	2023	Actions should be taken in accordance with government circular provisions.	Steps will be taken to enter into agreements with the suppliers in the future.	Corrective measures have not been made.
26.	In repairing 663 vehicles at a total cost of Rs. 848.65 million during the year under review, the Army had not taken approval from the Secretary of the line ministry as per Procurement Guideline 9.3.1(b) and amended on 21 April 2021.	2023	Actions should be taken in accordance with government circular provisions.	Approval has not been obtained.	Corrective measures have not been made.
27.	During the period between January and August 31 of the review year, the Sri Lanka Army retained a sum ranging from USD 58,626 to USD 2,332,588, earned in foreign currency	2023	Actions should be taken in accordance with the instructions of the Treasury.	Steps will be taken to credit the funds to the Consolidated Fund by getting verification from	Corrective measures have not been made.

	(US dollars) for engaging military personnel in overseas peacekeeping duties, without remitting it to the Treasury on the scheduled date as per Treasury Operations Department instructions Letters No.TO/BE2/UNINCOME/ ARMY dated 21 March 2019, and No.TO/BE2/4/UNINCOME/ARMY dated 28 October 2020			Permanent Mission of the United Nations.	
28.	Due to delays in transporting vehicles/equipment and spare parts as agreed upon in the Memorandum of Understanding, and the equipment and vehicles being unfit for operation, a revenue of USD 3.33 million, which could have been earned from United Nations peacekeeping operations between 2019 and 2022, had been lost.	2023	Action should be taken in accordance with the aforementioned Memorandum of Understanding.	These situations were due to unavoidable circumstances including delays in naval operations.	Implementation has not yet been made.
29.	A master procurement plan had not been prepared in respect of expected procurement activities for a period of three years, and the number of units of goods or	2023	Plans should be prepared in accordance with procurement guidelines.	The procurement plans will be properly prepared starting from the year 2024.	Implementation has not yet been made.
30.	As revealed in the audit, the procurement of Rs. 1580.17 million carried out during the review year according to the limited/controlled national competitive bidding method, the national competitive bidding method, and the shopping	2023	Actions should be taken in accordance with Procurement Guidelines in Sections 2.6.1(a)(I), (II), (III) and 5.3.1(e).	It has been recorded that steps will be taken to comply with the applicable procurement guidelines from the year 2024.	Implementation has not yet been made.

method faced obstacles in adhering to procurement guidelines due to the failure to appoint Technical Evaluation Committees up to the stage of bid opening.

31. Disregarding the criteria outlined in Section 3.3 of the Procurement Guidelines, the limited/controlled national competitive bidding method had been used for procurements amounting to Rs. 1298.81 million and due to the absence of a procurement table as required by Section 4.2.2(a) of the Procurement Guidelines, the procurement process took a significant amount of time. Furthermore, due to non-compliance with the guidelines specified in Sections 7.4 and 7.5 of the Procurement Manual, the time taken from the date of bid opening to the submission of the technical committee report ranged from 96 to 368 days. Additionally, the time from the date of order issuance to the receipt of the relevant goods in the warehouse ranged from 42 to 884 days.	2023	Actions should be taken in accordance with the procurement guidelines, and to minimize delays, these activities should be properly planned.	Actions will be taken in accordance with these guidelines in the future.	Implementation has not yet been made.
32. In the purchase of the Oracle - 19c software license for Rs. 101.14 million, bid evaluations had been carried out based on factors not specifically mentioned in the specification document.	2023	Procurement activities should be carried out following the procurement guidelines in a manner ensure that the	Although not explicitly specified in the specification document, bid evaluations were conducted based on	Implementation has not yet been made.

	Additionally, a lower bid of Rs. 26.30 million, submitted by a registered supplier, was excluded, citing that the supplier was unregistered. Furthermore, as the agreement with the supplier did not specify the training required for the purchased software, no formal training was received. As a result, despite more than two years having passed since the purchase, the software remains inactive.		government receives economic benefits.	specifications determined by the Army.	
33.	In the purchase of buildings and construction materials for Rs. 159.36 million, agreements were not secured with performance guarantees. Moreover, suppliers defaulted on the supply of building materials worth Rs. 25.21 million.	2023	Actions should be taken in accordance with the Procurement Guidelines.	Measures will be taken to enter into agreements during future procurements	Action has not been taken
34.	In the purchase of drugs and wound dressing items at a cost of Rs. 202.27 million for the Army's requirements during the year under review, specifications for consumable drugs and medical equipment were not prepared in accordance with guideline 2.4.11 of the Procurement Guidelines and the regulations of the National Medicines Regulatory Authority (NMRA). Since the guidelines 2.3.1, 2.3.2, and 2.3.3, the instructions of the Ministry of Health, and procurement guidelines 4.1.1(a), 4.2.2,	2023	Procurement Guidelines, the regulations of the National Medicines Regulatory Authority (NMRA), and the guidelines of the Ministry of Health	This situation arose due to the urgency of procurement, considering the import timelines, and due to some pharmaceutical companies expressed their unwillingness to supply drugs to the Army	Action has not been taken

and 4.2.3 were not followed, a significant amount of time was taken for bid evaluation. As a result, 68 types of drugs and 33% to 99% of 95 categories of drugs and wound dressing items could not be procured by March 2024, leading patients to purchase those medications from outside sources. Furthermore, the certification from the National Medicines Regulatory Authority was not secured for the Rs. 43.49 million worth of drugs that were purchased.

35. In the purchase of 35,000 jerseys at a cost of Rs.27.32 million for the privates in the Nation Building Project and the implementation of the future strategies of the Army during the 2020-2021 period, only a portion of the agreed quantity was supplied, and the remaining portion was purchased at a price of Rs. 1.91 million higher than the agreed price. As this stock received in 2022 was not released even by April of the year under review, it resulted in discoloration of the stock and incurred various storage-related expenses. Due to this situation, it was decided to distribute a considerable amount of the stock to regular personnel deviating from the intended purpose.	2023	The requirements should be properly identified, and the purchase should be made under conditions more favorable to the government.	Due to the prevailing situations in the country, issues arose regarding recruitment, and the relevant stock has now been distributed to other military personnel.	This stock has not yet been utilised.

36. The necessary goods, armed and unarmed vehicles, and equipment for 685 military personnel scheduled to be stationed in Mali for peacekeeping operations had been purchased in 2016 and 2017. However, since only one unit was deployed for these duties, vehicles and equipment worth a total of USD 4.57 million from the purchase were idly stored in various locations in the country.	2023	These purchased vehicles and equipment should be utilized in a manner that provides maximum benefit to the government.	Measures will be taken to provide the relevant goods, equipment, and armed vehicles to the military units scheduled to be deployed in the near future.	Not yet been utilized.
37. A land containing 14-hectare in extent in the Kundasale Divisional Secretariat Division of the Kandy District had been handed over to the Sri Lanka Army by the Kundasale Divisional Secretary in 2007. However, during surveying activities in 2016, the Army discovered that unauthorized settlers had forcibly occupied the land due to its idle state. Despite this discovery, the actions taken to settle the land progressed at a slow pace.	2023	Action should be taken to clear and secure the assets belonging to the Army.	Based on the advice of the Attorney General's Department, the process of settling the land, with the coordination of the Divisional Secretariat and the Land Commissioner's Department, is in its final stage	Action has not yet been taken to settle.
38. With a view to securing accommodation, office, and storage facilities across various regions of the country, the Army has leased 25 buildings, spending Rs. 132.76 million annually. Among these are some buildings that have been rented for over 30 years. No attention	2023	Action should be taken to bring down the Army's rental expenses and to complete the planned constructions.	Fifteen out of the 40 buildings that were being used on a rental basis have been released at present. Action should be taken to reduce the	25 buildings are still in rent basis.

was paid to providing government buildings in place of these rented ones, and had the planned housing and buildings, with an estimated cost of Rs. 460 million, been constructed as designed from 2018 to 2023, it would have been possible to minimize this expenditure.

Army's rental expenses and to complete the planned construction projects.

39.	Without formal transfer, the Army is currently utilizing 17 tractors, 10 double-cab vehicles, 14 jeeps, 9 motorcycles, 8 ambulances, 7 trailers, 6 mini-pelters, 5 buses, 5 trucks, 4 single-cab vehicles, 4 water/fuel tankers, and 1 van from other government ministries, departments, and institutions. Twenty four of these vehicles were not in proper operating condition during the period from 2014 to the year under review and have therefore been parked in Army premises.	2023	Actions should be taken to properly transfer the relevant assets or release them to the respective institutions.	Actions are underway to hand over the 24 vehicles that are unsuitable for operation to the respective institutions, while arrangements are being made to transfer the remaining vehicles under the name of the Army Commander.	Action has not yet been taken these vehicles to be transferred in or transferred out.
40.	Due to the failure to recruit the anticipated 11,307 privates for the Nation Building Project and the implementation of the future strategies of the Army in 2020 and 2021, 47 types of textiles and garments purchased at a total cost of Rs. 270.96 million remained undistributed as of the date of audit. Of these textiles and garments 11 types of garments, valued at	2023	Purchases should be made by identifying the existing stock conditions and requirements.	Actions will be taken to purchase textiles and garments with a warranty period in the future.	Stock has not yet been utilized.

Rs. 30.96 million, had exceeded their warranty period, with a lapse of between 3 and 14 months by the end of February 2024. Moreover, 81,253 units of textiles and garments related to 30 categories, previously purchased by the Army for this purpose and with undisclosed value, have now exceeded their warranty period.

41.	One of the five ambulances at the Panagoda Army Hospital was damaged by fire in 2022, and it has not yet been repaired. Additionally, three other ambulances, which have been in use for an extended period, have repeatedly experienced mechanical failures.	2023	Attention should be focused on the maintenance of assets.	A considerable amount of time has elapsed for legal activities and tender procedures.	Action has not yet been taken.
42.	From 2019 to 2022, a stock of various textiles, shoes, and clothing materials, along with official insignia, valued at Rs. 88.19 million, consisting of 366,635 units of 29 different items, remained undistributed in the warehouse. Despite this, 16,000 official insignia in the types of Badges of Rank Star Gold, Silver, and Black, had been purchased at accost of Rs. 16.90 million during the year under review and these items have also remained undistributed. Additionally, 24,614	2023	Purchases should be made by identifying the needs.	Actions will be taken to issue the relevant inventory appropriately.	Action has not yet been taken.

jerseys valued at Rs. 16.53 million purchased in 2022 remained in the warehouse by April of the year under review, causing damage to their required standards. A stock of 653,692 units of textiles and garments related to 35 types and valued at Rs. 963.54 million, remained as slow-moving stocks

43.	Insurance coverage for 1,343 vehicles owned by the Army and 47 vehicles received from other institutions had not been obtained even in the year under review.	2023	Insurance coverage should be promptly obtained for the vehicles that need to be insured.	Actions will be taken in the future to obtain insurance coverage.	Insurance coverage has not yet been taken.
44.	Out of the damage and losses caused from incidents involving ration and fuel irregularities, vehicle accidents, terrorist attacks, and non-terrorist activities, there were losses of Rs. 282.48 million from 90 incidents lasting over 10 years, Rs. 12,861.24 million from 109 incidents lasting between 5 and 10 years, and Rs. 336.16 million from 204 incidents lasting less than 5 years. This includes 159 road accidents that occurred between 1990 and 2016. The process for recovering or writing off these losses remained sluggish.	2023	The process for appropriately writing off or recovering these losses should be expedited.	Legal measures have been undertaken for certain loss incidents, and steps will be taken to settle other losses.	Action has not yet been taken.
45.	The disposal of 65,564 empty cartridges of different types used by the Army had not been carried out.		It is required to ensure secure disposal to increase government	Arrangements will be made for both disposal and for keeping	Action has not yet been taken.

		revenue.	them as display items in the future.	
46.	The position of Director of Civil Administration has been vacant for over three years, and no action had been taken to appoint a permanent officer for this position even up to the date of audit.	2023	The relevant vacancy should be filled urgently	Requests have been made to the Ministry of Defence to fill the vacancy Action has not yet been taken.
47.	Based on a decision by the Audit and Management Committee in 2017, 18 conclusions and recommendations were made in 2019 by the University of Moratuwa regarding the areas to be developed in the Army's payroll and allowances system. Additionally, due to the failure on the part of the Army to rectify 72 errors identified in the system since 2004, both underpayments and overpayments of salaries and allowances, as well as various irregular payments, have occurred. Due to this, there was a substantial risk concerning the annual salary and allowance payments, which amounted to more than Rs. 140 billion. Moreover, no efforts had been made to improve the system to regulate the financial and non-financial benefits currently being provided to Army personnel.	2023	Efforts should be made to minimize the risks related to payroll and allowances by focusing on the recommendations and suggestions outlined in the audit observations regarding weaknesses, as well as the proposals made by software consultancy institutions.	Since the development of a new Payroll and Records Information Management System (P&RIMS) has been initiated, paying closer attention to all audit observations while also utilizing online mechanisms as needed, measures are being taken to address all relevant observations. Action has not yet been taken.
48.	The pharmaceutical storage building located at	2023	The building should be	Construction has been Not being able to complete the

the Werahera Army Hospital had not been prepared according to the standards of the Ministry of Health, the National Medicines Regulatory Authority, or international standards. Although plans were made in 2019 to construct a 14,450 square foot storage facility for medicine, this requirement has not yet been fulfilled.

constructed as commenced building so far. planned, and and is expected necessary to complete the facilities must be works based on provided to the receiving of ensure the safe provisions. storage of pharmaceuticals.

49. The accomplishment of goals such as export-oriented crop cultivation, organic fertilizer production, enhancing healthcare services to an optimal level, meeting the ambulance requirement for providing quality medical services, conducting IT training for war heroes family members, constructing security posts at the Agunakolapelessa warehouse complex, building officer quarters at the Gajasinhapura warehouse complex, and organizing lectures on vehicle accident awareness for army personnel, was less than 50% during the review year.	2023	Action should be taken to achieve sustainable development goals.	Some projects are in the final stage to achieve goals, while others are experiencing delays during implementation .	Still in failure to achieve the objectives Failure to achieve objectives so far

25. Head - 223 Sri Lanka Navy

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	57,243,920,423	335,839,854	56,908,080,569	Qualified Opinion
2022	59,522,277,596	312,138,654	59,210,138,942	Qualified Opinion
2023	62,002,957,695	532,734,936	61,470,222,759	Qualified Opinion

Se. No	Audit Observation	Year of Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Current Position of Recommendation as on Date of Report
01	In comparing the total of summaries of individual balances classification with the balance of the Control Account, a difference of Rs.21,625,626 was observed and it was proposed to write off on the recommendations of the board of inquiry. Nevertheless, further action necessary thereon had not been carried out.	2021	Measures for writing off should be expedited.	At present, while recording the correct values of the Advances to Public Officers "B" Account in the books and ledgers, the accounts are prepared on the due date. Based on the recommendations of the investigation committee appointed regarding the balance classified as a non-recoverable debt for a long period, it was decided to gradually eliminate discrepancies. Accordingly, actions have been initiated	After the write-off of that debt balance, in the second phase, it has been informed that the remaining balance of Rs. 21,625,626, which is the difference between the control account and the individual debt balance, is expected to be submitted to the Treasury for write-off.

for the required write-offs for the amount of Rs. 16,848,699.61 out of the outstanding balance of Rs. 18,251,726.34, of which a write-off of Rs. 2,509,087.87 has been carried out with the approval of the Ministry of Defense. It has been informed that the details have been submitted to the Treasury for write-off of the remaining debt balance of Rs. 14,339,611.74.

02	It had been recommended to take appropriate action relating to repairs of 07 vehicles belonging to the Wayamba Naval Command identified as economically unproductive. However, further action thereon had not been taken.	2021	Action should be taken to expedite necessary further measures for assets of which repairs are economically unproductive.	It has been communicated through Naval Public Signal 071951 of February 2023 that the relevant vehicles have been withdrawn from use within the Navy.	It has been informed that measures have been taken to withdraw the relevant vehicles from use.
03	The investigations initiated regarding the financial discrepancy of Rs. 8,314,236 that occurred five years ago within the ammunition depot have not yet been	2021	Necessary actions should be taken to expedite and conclude the investigations.	It has been informed that an inquiry was made through the letter of the Commander of the Navy, dated	Although an inquiry was made regarding the current status of the investigation report, it has been informed that no

	concluded.			05 September 2024, bearing the reference DNA/INCI/NH Q/GEN/2024, to the Criminal Investigation Department regarding the current progress of the investigation report with reference DNA/INCI/W1 712LD/5862/1 7(NHQ)	report has been submitted in this regard so far.
04.	The failure to settle the electricity bills received within the stipulated time period resulted in surcharge payment of Rs. 685,792.	2021	The prescribed fees must be paid within the stipulated time period in such a way as to avoid the payment of surcharge.	The file, No. NHQ/ADM/B OI/SC/2808/U N-3074/22, which contains the investigation board report for the above electricity bills, has been presented to the Director General of Administration for further action, following the recommendations of the department heads.	According to the Master Invoice issued on 08 October 2024 (Invoice Number 24100884), there is an outstanding balance of Rs. 82,807.20 in account number 2470101573 and an outstanding balance of Rs. 16,130.21 in account number 2470101565.
05	Despite obtaining approval from the Departmental Procurement Committee for the purchase of required medicines for the Navy through the Medical Supplies Division, these medicines had been	2021	Efforts should be made to obtain the required facilities from the Medical Supplies Division whenever possible.	The recommendations of the study committee report prepared for taking the necessary actions have	The investigation committee report prepared for taking necessary actions has been revised and submitted to the department heads

	purchased from local suppliers at higher prices and it resulted in an excess payment of Rs. 33,400,776.			been submitted for obtaining for the approval of the Navy Commander.	for obtaining approval for its recommendations.
06	In terms of Section 04(6) of the National Budget Circular No. 03/2021 dated 21December 2021 and Section 94(1) of the Finance Regulations, although no expenses or liabilities should be incurred in the expectation that the necessary authority or additional funds will be received by the time the money is due, Rs. 15,358,654 for a recurrent Object in excess of the allocation in the year under review and for a capital Object of Rs.82,126,924 had been entered in to liabilities.	2022	Commitments and liabilities exceeding the allocated funds for a particular Object should not be incurred.	It is kindly informed that action has been taken in accordance with the provisions outlined in Financial Regulations 94(2) and 94(3) due to the necessity of incurring commitments exceeding the remaining allocation limits of the items of expenditure highlighted in this audit query. Due to the emergency situations arising from the economic crisis in the country (including political instability, public unrest, and fuel shortages), it became necessary to allocate funds exceeding the anticipated level of expenditure to	It is kindly informed that if the Treasury has the capacity to allocate the full estimated provisions submitted accurately under the annual budget proposals by the Navy in the future, steps will be taken to ensure that no fund transfers are made under FR 66 except in unforeseen emergencies.

systematically carry out naval operational duties. As a result, commitments exceeding the allocations of items of expenditure 1202 and 2104 have been incurred. However, it is confirmed by the Treasury printouts as of 31 December 2022 that no payments were made during the year 2022 for the items of expenditure for which such commitments were incurred.

07 The Public Administration Circular No. 13/2008 dated 29 December 2021, issued by the Secretary to the Ministry of Public Services, Provincial Councils, and Local Government. 2022

09 Although public servants with official vehicle entitlement using petrol/diesel vehicles are allocated 135 liters per month, three civil servants serving in the Sri Lanka Navy were allocated 365 liters per month for official travel, and of these, two civil servants

Action should be taken to obtain approval from the Ministry of Public Administration.

Civil servants serving in the Sri Lanka Navy have been provided with official vehicles in accordance with Navy Order 325. In accordance

In accordance with the instructions received by the Navy, it is planned to provide official vehicles to civilian officers who will be serving in the Navy in the future.

were allocated 125 liters per month for personal travel

with the letter No. PA/PD/1/65/8 dated 27 September 2023, from the Honorable Minister of Public Administration, Provincial Councils, and Local Government, a committee has been appointed to review the regulations regarding the use of official vehicles and fuel under public expenditure management. Based on the recommendations of the committee and the instructions received by the Sri Lanka Navy, it is expected that in the future, official vehicles will be provided to civil servants serving in the Navy in accordance with the prescribed procedures.

10	By Article 47 of Naval Order No. 0325 of the Commander of the Navy	2022	Actions must be taken to obtain approval from the	Through the letter from the Secretary to the	Under paragraph 2.b of the report, it is recommended

and Internal Circular No. "Navy Order 05" dated 13 February 2020, the duty fuel limit for 583 officers holding positions of Commander and above has been increased from 305 to 365 liters and for 101 officers holding the position of Commodore and above, 125 liters of fuel has been approved for personal purposes in addition to the duty fuel, but for that, the approval of the Ministry of Defense and the Secretary of the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government had not been obtained.

Ministry of Public Administration for the monthly fuel quantity in liters.

Ministry of Defence bearing No. MOD/DEF/ADM/CP/OBS dated 10 October 2023, for the Sri Lanka Navy has been requested to use and above present its rank, 2,576 km for observations on Captain and 2,415 km for recommendations of the committee appointed as per the letter from the Honorable Minister of Provincial Councils and Local Government, dated 27 September 2023, bearing No. PA/PD/1/65/8 under the Public Expenditure Management to review the regulations concerning the use of official vehicles and fuel. In response to this, a report has been submitted through the letter from the Commander of the Navy, dated 18 October

that it is appropriate for the Sri Lanka Navy to maintain fuel allocation distances of 2,898 km for the Sri Lanka Commodore, 966 km for personal use and above rank, 2,576 km for Captain and 2,415 km for Commander based on the current fuel distribution policy specific to the Navy.

2023, with reference No. NHQ/ENG/DAE/VEHI/ADT/23/A/2022.

11	Section 02 of the Assets Management Circular No. 07/2017 dated 21 December 2017 issued by the Deputy Secretary to the Treasury.	2022			
12	Actions had not been taken to acquire the registered ownership of 59 vehicles owned by the Navy, as per the circular.		Action should be taken in accordance with the circular.	It was suggested that the vehicles acquired during the previous war be disposed of as scrap material, and suitable recommendations regarding this matter have been submitted to the Ministry of Defence for necessary action.	Some of these vehicles have been taken over, while the necessary actions are being carried out to take over the remaining vehicles.
13	The Navy personnel had been engaged in the construction of a building for a private institution since December 2019, but actions had not been taken to enter into an agreement with the institution for this purpose.	2022	An agreement should be made before starting the work.	At the time of granting approval for the project, the relevant institution did not inform that it was a private institution, nor was there any document indicating that it was a private institution. Therefore, the construction work was	Agreements are being made for the projects currently being carried out by the Navy.

commenced and carried out in the same manner as religious sites and renovations, which are carried out alongside the national development efforts by the Navy.

14	The Secretary of the Ministry of Defence had granted approval for the deployment of 25 Navy personnel for a period of 6 months to construct a building for a private institution. However, without obtaining further approval from the Ministry of Defence for the deployment of Navy personnel for an additional 9-month period for the same project, 17 Navy personnel were deployed.	2022	Approval from the Ministry of Defence should be obtained for the deployment of Navy personnel for the additional time period as well.	Regarding this matter, the approval from the Ministry of Defence was requested through the letters of the Commander of the Navy, bearing the references DGCE/DIR/W EST/111 dated 07 January 2020, and DGCE/GEN/25 6 dated 02 May 2020.	Approval from the Ministry of Defence is also obtained in the same manner for new project proposals.
15	During the period of 06 months approved by the Ministry of Defense, 1505 training man-days and 109 supervisory man-days were deployed for the work of this project which was started in December 2019 and the gross salary cost for that was Rs.4,842,000. Also, for the additional period of 28 months for the project, 639 supervisor naval man-	2022	Since it is a construction activity for a private institution, the salary expenses or labor costs should be reimbursed.	The Navy also provides labor contributions for the construction of other religious sites, but in these cases, salary expenses are not reimbursed for the labor provided.	Since this project was also considered a religious site and the construction was carried out accordingly, no salary charges were applied.

days, 9201 trained naval man-days and 61 marine engineering technician man-days were employed without the approval of the Ministry of Defense and the gross salary expense calculated for that was Rs. 23,486,800. Accordingly, the gross salary expenditure for 11,515 man-days for the construction of private institutions is Rs. 28,328,800 had been incurred, but had not been reimbursed.

15	As on the date of the audit, the Navy had a transport fleet of 3415 motor vehicles of various models, of which 3231 vehicles were used for the purposes of the Navy. Three vehicles were taken out of service and 172 vehicles were handed over for repair. The remaining 09 vehicles were used for the Ministry of Defense and the institutions under it.	2022	Vehicles should be used efficiently and effectively.	Out of the 172 vehicles sent for repairs, 47 vehicles have been restored to operational condition. Three vehicles that were removed from service have been planned for disposal and sale. Regarding the 9 vehicles released to external parties, the matter has been further communicated through the letter of the Commander of the Navy bearing references NHQ/ENG/DA E/VEHI/ADT/ 23/A/2022	Steps have been taken to utilize the Navy's vehicles efficiently and effectively.

dated 19 April 2023, and NHQ/ENG/DAE/VEHI/ADT/23/A/2022 dated 23 May 2023. Furthermore, according to paragraph 04.01 of the letter from the Secretary of the Ministry of Defence bearing reference MOD/IAD/04/01/02/07/2023(A) dated 23 June 2023, regarding vehicles owned by the Navy and obtained on a lease basis, when releasing these vehicles to external parties, a concept report should be prepared and followed, which includes the rationale for the policy, the basis for approval, whether the action was taken based on the prevailing situation in the country, and how the vehicles are being used. It

was also instructed to maintain documentation regarding these vehicles and to establish a common procedure for this purpose, as relevant to the Navy, by the Ministry of Defence's Audit and Management Committee.

14. As emphasized in the preamble of the detailed budget estimates for the year 2023 according to Section 02 of the Budget Circular No. 09/2022 dated 27 December 2022, it is the responsibility of the Chief Accounting Officers, Accounting Officers, and the Officers in Charge of the Subject to manage expenditures within the allocation limits provided by the annual budget estimates for the year. Despite the net provision of Rs. 31,975,880,000 for 21 Objects during the year under review, a total of Rs. 9,671,616,659 in liabilities had been incurred, exceeding their total expenditure during the year under review.
- 2023
- In the process of incurring liabilities, actions must be taken in a manner that does not exceed the allocated provision limits.
- The estimate has been prepared and presented as accurately as possible. Due to the economic crisis prevailing in the country, the full amount of provisions requested by the Navy through the estimate was not received by the Navy. Due to the essential nature of the responsibilities assigned to the Navy, maintaining uninterrupted and systematic operations and administrative tasks is crucial for national security.
- In instances where it was necessary to incur commitments exceeding the limits of provisions, actions were taken in accordance with the provisions of Financial Regulations 94 (2) and 94 (3).

				Therefore, it has become necessary to incur commitments exceeding the approved provision limits in certain areas due to incurring expenses beyond the expected level.	
15.	Due to the transfer of Rs. 5,294,900,000 in provisions from 05 recurrent Objects and 13 capital Objects of the Navy to the Sri Lanka Army, the liabilities related to those Objects had increased by Rs. 9,264,105,756 for the year under review.	2023	In the process of incurring liabilities, actions must be taken in a manner that does not exceed the allocated provision limits.	In accordance with the Cabinet decision made on 28 November 2023, an unexpected transfer of Rs. 5.29 billion from the Navy's provisions to the Army had to be carried out.	Since the Navy had already placed orders and entered into contracts with local and foreign suppliers, those items had been supplied to the Navy in that year. As a result, the provision limits for those expenditure items were insufficient to settle the related bills and it resulted in the increase in liabilities and making it difficult to manage expenses.
16.	Due to the transfer of Rs. 152,890,000 allocated for the acquisition of machinery and equipment under the capital Objects, along with Rs. 190,027,000 designated for infrastructure development from the Sri Lanka Navy to the Sri Lanka Army, it has been observed that the	2023	In the future, greater attention should be focused towards the development of capital assets.	It is agreed with the fact that the transfer of provisions allocated under the capital Objects of the Sri Lanka Navy to cover the Army's food, beverages, and uniform	Although it is agreed, according to the Cabinet decision made on 28 November 2023, the anticipated savings through the existing expenditure units under the Ministry of Defence were

- development of capital assets in the Navy may be hindered and potentially weaken the efficiency and effectiveness of future operational activities.
- expenses may hinder the development of capital assets in the Navy. restricted. Under this, arrangements were made to restrict provision amounting to Rs. 5.29 billion allocated to the Navy.
17. According to the individual balance classification summary of the Advance B Account as at the year ending 31 December 2023, a total of Rs. 15,671,072, which should have been recovered from 266 naval personnel since the year 2001, remained uncollected even by the end of the under review. In order to write off Rs. 13,754,080, for which there is confirmation on having sufficient documents regarding the collection from 230 naval personnel with balances exceeding Rs. 25,000, the matter was submitted to the Public Finance Department. Information regarding the collections related to Rs. 1,916,992 due from the remaining 36 naval personnel had not been able to be confirmed by the relevant Divisional Secretariats and the Department of Pensions.
- 2023 Sufficient measures should be taken to recover the outstanding advance balances. In order to write off Rs. 13,754,080 due from 230 naval personnel with balances exceeding Rs. 25,000, out of the loan balance of Rs. 15,671,072, that remained recoverable since the year 2001 in the Advance B Account of the Sri Lanka Navy, the matter has been submitted to the Public Finance Department. It is kindly informed you that necessary arrangements are underway to further locate and confirm the necessary files for the collection of the remaining balance of Rs. 1,916,992.00.
18. The balance in the Departmental Control Account of Advances to Public Officers' B Account stood at Rs. 523,138,367, but the balance according to the summary of
- 2023 Actions must be taken to recognize and rectify the discrepancy. As per the recommendations of the investigation committee appointed to address the A sum of Rs. 2,509,087.87 in loan balances have already been written off with the approval of the Ministry of

	individual balance classification was Rs. 501,512,741, resulting in a difference of Rs.21,625,626 between these balances as of the end of the year under review. According to the report of the committee appointed by the Ministry of Defense regarding this discrepancy, which has existed since the year 2001, it was recommended that, due to the lack of books and account summaries available with the Navy to examine this discrepancy, appropriate actions should be taken in coordination with the Public Finance Department of the Treasury and with the involvement of the Navy's legal division. However, the difference in the Loan and Advance Control Account remained unchanged as at the end of the year under review.			discrepancy of Rs. 21,625,626 between the balances as at the end of the year under review, and the balance of Rs. 18,251,726.34 classified as other long-standing unrecoverable loans, it was decided to write off these discrepancies. Accordingly, the necessary actions have been initiated to write off Rs. 16,848,699.61 from the unrecoverable balance of Rs. 18,251,726.34.	Defense.
19.	Sections 3 and 6 of the National Audit Act No. 19 of 2018 Although all income, expenses, and accounts of the Consolidated Fund should be audited, accounts and documents related to the income and expenses of the Navy's Malima Hospitality Services, Malima Enterprises, fuel station, agricultural projects,	2023	All income, expenses, and account reports related to fund projects should be presented for audit.	Welfare projects, established with initial capital from non-governmental financing, are intended to provide initial support and are maintained with the objective of	Discussions have been initiated with the Tri-Forces, Ministry of Defense, and the Treasury on this matter. However, since the final conclusions have not yet been reached, actions will be taken in accordance with the instructions

	whale monitoring projects, holiday resorts, and other funds were not presented for audit.			improving the well-being of serving naval personnel, retired naval personnel, wounded and missing naval personnel from the war, and their close relatives, with the aim not being to generate profit but to serve welfare purposes.	provided by the Ministry of Defense in the future.
20	Section 6(3) of the National Audit Act No. 19 of 2018 Although the appointment of a qualified auditor for the examination of accounts related to the entities should be made with the consent of the Minister assigned the subject of finance and in consultation with the Auditor General, the auditor appointed for the Navy's fund audit was not appointed according to these provisions.	2023	Actions should be taken in accordance with the provisions of the Act.	In response to the directive No.09 of the Committee on Public Accounts conducted in 2016, the Navy is currently providing accounts to a recognized audit firm for the audit of its non-governmental assets.	It is kindly informed that in appointing auditors for the upcoming financial year, action will be taken to inform the Auditor General in compliance with Section 6(3) of the National Audit Act No. 19 of 2018.
21.	Financial Regulations of the Democratic Socialist Republic of Sri Lanka. F.R. 101 According to the investigation board report regarding a loss of Rs. 7,721,406 that occurred during the period from 21 July 2010 to 21 August	2023	Adequate measures must be taken to recover this loss.	Two naval personnel involved in this loss remain in active service, while another	The legal division of the Navy is taking steps to file lawsuits in the civil courts for the recovery of losses

	2011 at the Sri Lanka Naval 'Parakumba' institution's food store, both during the supply of food by suppliers and the distribution of food from the food store to the mess, 11 individuals were identified as responsible for the loss in 2015. Of these, the loss pertaining to 04 individuals was recovered from the Sailor's Welfare Prize Fund, but actions have not been taken to recover the remaining loss pertaining to the other 07 naval personnel.		individual has been interdicted. Additionally, the other three naval personnel involved in this incident had left the Navy before completing 22 years of service, and one individual retired after completing 22 years of service. Furthermore, it appears that no recovery actions have been taken through their service gratuity. No steps have been taken to suspend the pension of the individual entitled to a retirement pension.	from these individuals. Additionally, the Criminal Investigation Department has initiated a case in the Mootur Court and is working on this matter as well.	
22.	According to F.R.104 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, although an investigation should have been conducted immediately upon the occurrence of a loss or damage, an amount of Rs. 2,329,345 was paid to suppliers as value-added tax (VAT) on goods that were exempt from VAT	2023	Immediate action should be taken to conclude the investigation	A Naval Investigation Board was appointed on 23 November 2023. However, since the recommendations in the report presented by the board regarding the loss did not specify the	As it appears that the investigation report needs to be revised, the report has been sent back to the investigation board for revision.

	under the foreign procurement section. Nevertheless, no necessary actions had been taken by concluding the investigation into this matter.			responsible individuals, matters presented by the Inland Revenue Department have been considered.	
23.	According to F.R.177 (1) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, the government funds collected should be remitted to the Treasury. Nevertheless, an income of Rs. 19,880,407 generated by the Sri Lanka Navy from 04 luxury buses and 02 vans used for welfare activities for naval officers and personnel during the years 2022 and 2023 was credited to the Navy Welfare Fund. During the same period, the Navy incurred a total expenditure of Rs. 21,599,676 for these vehicles, which included Rs. 17,113,256 for fuel and Rs. 4,486,420 for vehicle repairs.	2023	Immediate action must be taken to collect the revenue receivable to the Consolidated Fund	As a welfare initiative for serving, retired, deceased, and disabled naval personnel and their immediate relatives, buses and vans will be provided at concessional rates, subject to approval by the Naval Commander's message and in accordance with proper procedures. Therefore, the funds collected from these vehicles will be used for repairs during their operation.	Discussions in this regard have already been initiated with the tri-forces, the Ministry of Defense, and the Treasury, but no final conclusions have been reached yet. Hence, further actions will be taken according to instructions from the Ministry of Defense.
24.	According to the Guideline 7.9.6 (a) of the Government Procurement Guidelines . although a preference margin of 20% should be granted based on domestic priority when the labor, raw materials, and components provided in Sri Lanka constitute 30% of the ex-works price, and at least when bids are	2023	Actions should be taken in accordance with the Procurement Guidelines, and a formal investigation should be conducted regarding any deviations.	A request to appoint a member of the Ministry of Defense to establish an inquiry board regarding the relevant incident was submitted to the Accountant	It is further noted that future actions will be carried out based on the recommendations of the relevant inquiry board.

	submitted for such production / assembly from the submission of bids, a violation of this requirement resulted in an overpayment of Rs. 2,236,500 during the purchase of 3,000 pairs of safety boots. Furthermore, it was observed that these boots were heavier and of unsatisfactory quality compared to the other evaluated boots.			(Revenue and Asset Management) through a letter from the Naval Commander on 01 May 2024.	
25.	Despite having 57,014 meters of fabric, including Material Digital Camouflage, Material Olive Green, Black Drill, and Material Cloth Trouser Inner, in Navy warehouse as of the end of 2019, a total of 164,520 meters of fabric was purchased in 2020 and 2021 without assessing the annual requirement. During the four-year period from 2020 to 31 December 2023, only 96,175 meters of these types of fabric were issued. Accordingly, by the end of the year under review, a stock of approximately 125,359 meters of fabric, including the stock from 2019, remained in the warehouse. It was also observed that the quality of the fabric had deteriorated.	2023	Government funds should thriftily be used solely for the purchase of essential items.	Although the Director of Naval Personnel has submitted a plan to recruit approximately 4,169 naval personnel for the year 2024, only about 383 have been recruited	If the remaining number is not recruited within this year, the ordered quantity of official uniforms may remain undistributed.
26.	A total of 18,145 meters of material, including Material Woollen Polyester dark blue 6 (A),	2023	Government funds must be used exclusively for acquiring essential	Currently, the fabric warehouse contains a	Steps have been taken to appoint an internal study board in the Navy

	Material Polyester Reefer Suit, and Material Woollen Mess Jacket, valued at Rs. 24,949,100, had been purchased in 2012 and only 12,378 meters had been issued from 2012 to 2023, leaving a remaining stock of 5,767 meters in the warehouse by the end of the year under review. After purchasing a large stock of fabric, a decision was made in 2014 to cease the production of official uniforms from that material. As a result, the fabric stock had accumulated in the warehouse for over 11 years, and its quality had deteriorated.	items, and the available fabric stock should be utilized for productive activities.	stock of 2,997.30 meters of Material Woollen Polyester Dark Blue 6(A), 1,750.85 meters of Material Woollen Polyester Reefer Suit, and 1,019.00 meters of Material Woollen Mess Jacket. This fabric was purchased in 2012, and as recommended by the study report numbered WAS/01/2014 dated 10 December 2014, the production of these three types of official uniforms has been discontinued.	to obtain recommendations for appropriate actions regarding this matter.
27.	According to the report of the verification of inventory conducted on 31 October 2023, after the assignment of a new staff to the Central Uniform Warehouse, there was an excess of 9,401 units for 269 stock items and a deficit of 8,635 units for 227 stock items. However, necessary measures had	2023 Appropriate measures should be taken by completing investigations promptly.	A formal inspection regarding the excess and deficiencies of stock items in the Central Uniform Warehouse is currently underway.	The recommendations of the Board of Inquiry report have been approved by the Commander of the Navy and have been directed for implementation.

	not been taken by completing the investigations regarding this issue.				
28.	From the income generated from services supplied to external parties, it had been agreed to credit Rs. 337.5 million to the Consolidated Fund. Nonetheless, by the end of the year under review, 40 per cent of this amount, amounting to Rs. 135 million, remained uncredited to the Consolidated Fund.	2023	Actions should be taken in accordance with the directives of the Committee on Public Accounts.	During the year 2016, an amount of Rs. 147.4 million had been provided on the reimbursement basis under the approval of the Commander of the Navy to meet the needs of naval personnel participating in foreign training courses under the Naval Director General's Training Unit. As of now, these funds have not been reimbursed.	It is informed that arrangements are will be made to credit Rs. 135 million, which represents 40 per cent of the Rs. 337.5 million to be credited to the Consolidated Fund after the reimbursement of those funds, to the Consolidated Fund.
29.	The Sri Lanka Navy had not submitted a report to the Committee on Public Accounts by the end of the year under review regarding the approval obtained from the Treasury to act in accordance with the prevailing financial regulations related to all income-generating business activities conducted by the Navy, after discussions with the Treasury.	2023	Actions should be taken in accordance with the directives of the Committee on Public Accounts.	It is noted that actions will be taken in the future in accordance with the instructions provided by the Ministry of Defense, following the decisions made during the meeting held at the Ministry of Finance on 14 May 2024, regarding	It is informed that future actions will be taken in accordance with the instructions provided by the Ministry of Defense.

income-generating business activities such as Malima Hospitality Services, Malima Enterprises, fuel station, agricultural projects, whales monitoring projects, holiday resorts.

30.	Due to instructions provided by the medical supplies division to cease further use on various reasons, 49 types of medicines purchased for Rs. 1,860,619 from the Government medical supplies division remained in the central medical stores even by the end of the year under review.	2023	A suitable arrangement should be made to recover the costs or to obtain alternative medicines for these medicines.	Some of the medicines for which instructions were given have already expired.	Although the medical supplies division was periodically informed through letters to obtain new medicines in place of these items or to provide other medicines of equal value, a definitive response has not yet been received. It is informed that further actions will be taken based on the responses provided by the medical supplies division.
31.	During the five-year period from 2019 to 2023, a total of 537 officers and 9,011 sailors were recruited, while the number of those who retired and left the service was 580 officers and 17,734 sailors, respectively. As a result,	2023	Appropriate measures should be taken to minimize employee resignations, and efforts must be made to expedite recruitments.	A large number of individuals retiring within a short period, expressing their unwillingness to return to service for future employment,	It has been informed that programmes to raise awareness through the Navy's website and social media, as well as through divisional secretariats and schools, have been

the recruitment rate in relation to those leaving the Navy was at a low level of 52 per cent.

and legally implemented to resigning or promote leaving the recruitment and service to highlight the importance of the engage in other Navy service. jobs or move abroad prior to the approved service period, coupled with the decline in new recruitments due to the COVID-19 pandemic from 2019 to 2022, and the government's decision to suspend new recruitments to public institutions in 2022, had a significant impact on this issue.

32. Since 2012 to January 2024, there have been long-standing vacancies for 68 engineering officers, including 3,896 naval personnel related to construction and industrial sectors, along with 90 skilled officers and 4,103 naval personnel in the fields of physical training, law, information technology, instrumentalist, engineering, civil engineering, regular navy, and special recruitment schemes.
- 2023 Staffing needs should be identified accurately and in a timely manner to fill vacancies, or if not required, the approved number of staff should be revised accordingly.
- The recruitment has been limited due to the reasons such as the government's approval being granted to recruit only a limited number of naval personnel, the inadequacy of facilities to conduct training activities for a large group at once, and the
- Efforts are made to avoid this situation by recruiting the approved number of recruitments as percentages among each department.

considerable
amount of time
required for
such training.

26. Head - 224 Sri Lanka Air Force

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	116,727,748,169	95,095,343	116,632,652,826	Qualified opinion
2022	117,014,063,684	84,091,084	116,929,972,600	Qualified opinion
2023	123,705,252,774	84,413,240	123,620,839,534	Qualified opinion

Se. No	Audit Observation	Year of Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Current Position of Recommendation as on Date of Report
01.	According to section 231 (1) of financial Regulation of the Democratic Socialist Republic of Sri Lanka, all the details should be included in the payment voucher so that mistakes can be found without looking at any other document as far as possible, deviating from those terms, the total amount of Rs. 4,566,882 paid in 21 instances in the year under review for refreshment expenses, had been paid to the Officers' Mess through the expenditure head	2021	All the details to be included in the payment voucher as per the Financial Regulations should be included.	This situation existed due to reasons such as security and confidentiality in the providing refreshments for the Sri Lanka Air Force. Arrangements have been made to correct this situation from August 2021. .	It was observed the same condition in 2023. Recommendations are not implemented.

02.	A sum of 2021 Rs.5,256,425 had been paid from the SLAF Command Welfare Fund for providing hotel accommodation to the relevant local/foreign officials who participated in the 70th anniversary of the Sri Lanka Air Force and then reimbursed from the expenditure head of the Air Force. This had been done without following the tender procedure.	Procurement activities should be done in accordance with the procedures specified in the Procurement Guidelines.	Due to the reasons such as the confirmation of the arrival of foreign representatives to the 70th anniversary of the Sri Lanka Air Force a few days ago, failure to comply with the procurement process due to the Covid epidemic, unable to get hotels with credit facilities, taking care of the interests of the visitors in providing accommodation facilities, the procurement procedure could not be followed.	It was observed the same condition in 2023. Recommendations are not implemented.
03.	Thirty seven 2021 officers' quarters in relation to Katunayake Air Force base camp remained in a dilapidated and unusable condition for a period from 02 months to 11 years. By not repairing the houses and providing them for occupancy, the amount of Rs. 5,718,900 that could have been	Arrangements should be made to repair the assets that need to be repaired and renovated through an efficient method of the institute.	Proposals have been submitted to get the necessary funds for the repair of officer's houses, but the approvals for the proposals have not been received.	It was observed the same condition in 2023. Recommendations are not implemented.

recovered by the government as the building rental income was lost.

04. According to 2021 section 128 1 (b) of financial Regulation, The Accounting Officer should take action to determine the receivable amount accurately and recover the fully amount due to the government. Apart of those terms, a part of the contracted value was credited as government revenue and the remaining amount was credited to non-public funds according to the instructions of the Administrative director of the Sri lanka Air force when handing over 15 government buildings at katunayake Air force base camp and Colombo Air force camp to external parties. Therefore, the total amount of Rs.11,596,650
- The Accounting Officers should take action to determine the receivable amount accurately and recover the fully amount due to the government as per the Financial Regulations.
- Sri lanka Air force has been credited to the government fund by providing income on lease basis to external parties. The relevant parties have been informed to act according to the valuation report issued by the valuation department.
- It was observed the same condition in 2023. Recommendations are not implemented.

had been lost to the government during the period from January to November 2021.

05.	In terms of Paragraph 5 th of Air Force Order No. 852 dated 30 th November 2011, internal funds had been established at the Sri Lanka Air Force Headquarters, various camps and units. The physical and human resources of the Sri Lanka Air Force had been used for the operational activities of these funds and for the profit-making projects operated by the funds. It was further observed that as these internal funds had not been established as statutory funds in terms of Financial Regulation 154, the affairs of those funds were not subject to the control of the Treasury and the Parliament of Sri Lanka.	2021	According to the provisions of the Constitution of the Democratic Socialist Republic of Sri Lanka and as per the directives of the meeting of the Committee on Public Accounts held on 24 th June 2016, it is necessary to set up a mechanism to streamline parliamentary supervision of the operations of profit generating projects.	No replies were given.	It was observed the same condition in 2023. Recommendations are not implemented.
06.	When comparing the physical	2021	In dealing with a computer system, all	As the fuel for aircrafts and the	Recommendations are not

balance of 04 fuel stock items of the fuel section of the Katunayaka Air Force Base Camp as at 06th of December 2021 with the balance in the computer software system (EPASS) as at that date it was observed that the fuel stocks issued on credit had not been included in the computer software system and as such, the stock balance in the computer system had been infavourably overstated by 222,944 liters of fuel totaling Rs. 29,451,200 or from 48 per cent to 1137 per cent.	data should be included and updated in the computer system.	motor vehicles is not daily issued through this computer software system, this difference exists.

07	As per Format ACA 6, Non-financial assets – 9152, values relevant to debits and credits of transport equipment and machinery, were not reconciled with debit and credit balances of the Treasury trial balance by Rs.54,396,990 and Rs.87,423,189	2022	As debits and credits relating to accounting in Departmental books are reported to the Treasury through accounts summaries, there should be no difference between the trial balance of the Department and the trial balance of the treasury.	The report on non-financial assets uploaded to the CIGAS web application is included in Format ACA 6. Decreases and increases of non-financial assets during the year are included therein. However, only the financial transactions and journal values of the year are included in the debit and credit	It had not been corrected in 2023.

	respectively.		balances of the Treasury trial balance.	
08	In writing off damages to 03 aircrafts under F.R.109, a sum of Rs.85,255,268 had been written off in less of the approved value and in writing off damages of another aircraft under losses, it had been written off in excess of the approved value by Rs.14,772,702.	2022	Damages and losses should be accurately identified and obtained approval before writing off.	It has been forwarded to the responsible parties to write off losses from books in terms of F.R. 109 after obtaining necessary approval from the Ministry of Defence to write off from books once the losses relating to the 4 incidents are separately computed by a court of inquiry. It had not been corrected in 2023.
09.	The revenue deprived of to the Government from the revenue of Rs.21,303,078 earned in the year 2022 in the Air Force Museum in the Ratmalana Air Force Base was Rs.18,912,131.	2022	The revenue earned from utilizing Government assets, should be fully credited to the Government.	The Air Force has planned to take action relating to internal funds as per instructions received from the Ministry of Finance. It had not been corrected in 2023.
10	It has been informed that all Government institutions should thoroughly follow the measures in terms of paragraph 02 of National Budget Circular	2022	Expenditure should be controlled in terms of the Circular as well as and considering the timely requirement of well-tightening of public expenditure due to the economic crisis that prevailed in the country.	An expenditure of Rs.8,342,042 had been incurred for foreign tours once prior approval of the Ministry of Defence is obtained under 224-1-1-0-1102 during the period from May 2022. It was observed the cases of non-compliance with the circular regulations in 2023.

No.3/2022 of 26th April 2022 of the Secretary to the Treasury of the Ministry of Finance for control of public expenditure, a sum of Rs.8,342,043 had been spent for foreign study tours and trainings under Expenditure Head 224-1-1-1102. Moreover, a sum of Rs.31,246,205 had been spent from May to August of the year under review for foreign tours and trainings.

to December 2022 after issuing the relevant circular.

11.	The Accounting Officer should take adequate steps to ensure that rates and charges or taxes, fees, etc., are reviewed and that due action is taken to revise them from time to time, where necessary, having regard to changes in economic and other circumstances. However, contrary to that, only a sum of Rs.161,200 of the	2022	Accounting Officer should take adequate steps to ensure that rates and charges or taxes, fees, etc., are reviewed and that due action is taken to revise them from time to time, where necessary, having regard to changes in economic and other circumstances and the said revenue should be credited to the Government revenue.	The action will be taken to give necessary instructions to responsible parties. Institute Fund is utilized for the welfare of camp service personnel.	It had not been corrected in 2023.

total rental
revenue of
Rs.1,511,000
recovered for
renting out 04
buildings in the
Ratmalana Base
had been credited
to the
Government and
building rental
revenue totalling
Rs.1,349,200 had
been deprived of
to the
Government.

12. According to 2022 Financial Regulation 128(2) (e), it is the responsibility of the Accounting Officer to ensure that adequate and proper arrangements are made for the safe custody and preservation of assets belonging to the Government. However, contrary to that, as per Format ACA-6, of 110 aircrafts valued at a total of Rs.53,846,539,763, sixty six aircrafts had been out of operations from a long period from 1 year to 23 years.
- That adequate and proper arrangement is made for the safe custody and preservation of assets belonging to the Government.
- Related to 27 types of 66 aircrafts had been inoperative for a long period.
- It had not been corrected in 2023.

13.	A Land Rover Defender jeep had been purchased on payment of Rs.41.9 million on 01 st April 2022 to be sent to the UN Mission. However, the said jeep had not been sent to the UN Mission even by 19 May 2023.	2022	That assets obtained to the Government by incurring a high expenditure should be utilized for relevant objectives without keeping them idle.	The necessary arrangements for purchase of this vehicle have been commenced in the year 2020 and there were two operations when the vehicle was requested, only one operation remains at present. This vehicle is kept under the Air Force Executive Vehicle Fleet at present without sending to the UN Mission.	This vehicle is kept under the Air Force Executive Vehicle Fleet in 2023.
14.	One of the 06 primary training aircrafts purchased from China by paying Rs.946.32 million on 17 th October 2018 for empowering the training aircraft wing belonging to the Sri Lanka Air Force had been completely destroyed after being subjected to an accident on 15 th December 2018. The 05 remaining aircrafts purchased, had not been used for training purposes over a period of 2 years due to the delay in engine overhaul.	2022	When the number of flying hours of the aircraft engines are over, engines used therefor, should be kept ready.	The flying hours engines of PT-6 aircrafts are 600 hours. However, all engines are out of utilization by now. This situation has arisen due to the delay in the overhaul of these engines.	Uneconomic expenditures had also incurred in 2023

Accordingly, the total expenditure incurred, had been uneconomic.

15.	A sum of 2022 Rs.36,572,648 had been credited from the Ministry of Defence to the Central Welfare and Rehabilitation Fund of the Air Force which is outside the Government account, for payment of benefits to the “Meth Sevana” and “Api Wenuwen Api” housing projects and subsequently made payments to the relevant beneficiaries.	Public money should not be used for making payments through non-Government accounts outside Government accounts as that expenditure is outside Government accounts, it is not subjected to audit and moreover, spending of public money should be carried out in terms of Financial Regulations.	All funds will be transferred to the accounts of the respective recipients through the Sri Lanka Air force CW&RF welfare fund and this fund is an account used for welfare purposes.	It had not been corrected in 2023.
16.	A compensation of 2022 US\$ 2,875,136.55 should have been reimbursed for the contribution made by the Sri Lanka Air Force for suppressing the threat of the “X Press Pearl” ship from 21 st May to 19 th August 2021. Moreover, further evidence required for obtaining the risk allowance of US\$ 1,149,500	A large amount of money is lost to the Government due to failure in giving proper evidence for claiming the risk allowance relating to granting of compensation. As such, the Sri Lanka Air Force should give proper evidence.	The relevant shipping insurance company has expressed their reluctance to pay the risk allowance requested by the Air Force. Matters are being complied to take legal action.	It had not been corrected in 2023.

included therein, had not been given by the Air Force. As the parties paying compensation had refused to make the payment, the said total sum had been lost to the Government.

17.	The approved 2022 cadre of authorized officers of the Air Force as at the end of the year under review was 2,557 while 464 of them remained vacant. The approved cadre of unauthorized officers (other posts) was 34,381 while 5,324 of them remained vacant. Out of the approved cadre of 3,057 of the civil staff (senior/tertiary/secondary/primary) , 769 vacancies remained by 31 st December 2022.	Action should be taken to fill vacancies or to review the approved cadre to adjust to the actual cadre.	Necessary measures will be taken to fill these vacancies once approval of the General Treasury is obtained.	The vacancies are due to the decision of government to restrict the recruitment.
18.	During the year 2022, the 77,000 liters of jet fuel given to the Sri Lanka Air force by the Australian government with a value of Rs.28,727,120 had been	The stock of fuel received as foreign grants in the preceding year, should be accounted for as an expenditure of that year.	The amount of 202,000 liters of jet fuel given by the Government of Australia during 2022-2023 for the B-200 aircraft of the Sri Lanka Air Force and it	Fuel received in the year 2022 has been accounted for in the year 2023.

accounted under the Item of Expenditure 224-1-1-1202-3 in the year under review.

Accordingly, expenditure on fuel for the current year had been overstated by Rs. 28,727,120.

was accounted as a foreign grant in the year 2023.

19.	Accounting for 2023 04 ambulances, 14 fire engines, 03 radar vehicles, a jeep, a truck and a GPU vehicle had been omitted in the ACA6- statement of non-financial assets as at the end of the year under review.	Value of non- financial assets of the year should be brought to accounts.	Those vehicles were received as donations, and assessment thereof is in progress.	Assessment thereof is in progress.
20.	According to 2023 Sections 1 and 2 of Chapter V of the Establishments Code, An officer receiving salaries from the Government shall be released to a different post in the Government service, but such an officer should not be employed in external or non- governmental institutions. Nevertheless, 04 airmen of the Sri	Officers should be deployed legally. .	The 04 airmen have now returned to the Head Office of the Air Force. It was informed that airmen had been deployed on special duties assigned to the Air Force and social welfare activities.	The four airmen have reported to Air force Headquarters.

Lanka Air Force had been released to a private institution and salaries totaling Rs. 2,360,680 had been paid by the Government for the period from 01st March 2023 to 30th September 2023. Furthermore, 31 airmen of the Air Force base in Katunayaka had been deployed in external institutions for periods ranging from 01 day to 03 months.

21. According to 2023 Financial Regulation 128 (2) (e), special provisions should be made by the Revenue Accounting Officer for expeditious recovery of due revenue to the Government. However, aircraft lease rents totaling Rs. 12,674,073 remained due from 10 public institutions and 02 private institutions over a period of 05-20 years by the end of the year under	Substantial measures should be taken by the Revenue Accounting Officer for prompt recovery of dues to the Government.	It has been decided to present Cabinet Memorandums requesting approval for writing off those due revenues.	It has been decided to present Cabinet Memorandums requesting approval for writing off those due revenues.

review.

22. According to the 2023 Section no 128 (2) (i) of Financial Regulation, the Revenue Accounting Officer of the Government should review rates and charges or taxes, fees, etc., and due action should be taken to revise them from time to time, where necessary, having regard to changes in economic and other circumstances. However, no action had been taken after the year 2016 to revise the aircraft landing charges. As such, the aircraft landing charges remained as low as Rs. 120.75 whilst the revenue received with respect to 2009 landings totaled Rs. 236,221.
- The Revenue Accounting Officer of the Government should review rates and charges or taxes, fees, etc., and due action should be taken to revise them from time to time, where necessary, having regard to changes in economic and other circumstances in terms of the Financial Regulations.
- (i) The Ministry of Transport and Civil Aviation is responsible for revising those charges.
- (ii) It has been informed that the Ministry of Defence has requested the Treasury for approval to revise the charges.
- Ministry of Defence has requested the Treasury for approval to revise the charges.
23. Having failed to 2023 comply to the section no 128(2) (i) of Financial Regulation, ten agreements had been entered into with respect to 05 Earnings from the utilization of Government buildings should be credited to the Government revenue.
- The lease rent received by the Government is credited to the Government account whereas the lease rent received by the
- These conditions continue to be observed. Recommendations are not implemented.

buildings in the Air Force Camp in Ekala. One agreement for Government revenue and another agreement for crediting the income to a non-statutory fund. As such, the Government had lost a lease rent income from the buildings totaling Rs. 2,037,400.

service institutions fund is spent on welfare and maintenance works of the buildings.

24.	According to the section no 2 (1) (c) of the Financial Regulation, All of the revenue and receipts to the Government should be credited to the consolidated fund. Nevertheless, the sum of Rs. 1,383,125 earned by providing the runway of the Air Force camp, Katukurunda for training activities of motor car motorbike racing events in the years 2022 and 2023, had not been credited to the consolidated fund. Instead, that amount had been credited to service	2023	Earnings from the utilization of human and physical resources of the Government should be credited to the Government revenue.	This runway is maintained through the service institutions fund. It has been informed that discussions were underway for preparation of a suitable mechanism in that regard.	Recommendations are not implemented.

institutions fund which was not a statutory fund.

25.	The casual allowance of US \$ 40 per day had been deducted to US \$ 25 for a maximum of 15 days in terms of Paragraph 02 (1) of the new Circular No. MF/06/23/50/2023 of the Ministry of Finance dated 20 March 2023 relating to proceeding abroad for studies, discussions, conferences and training. Nevertheless, daily payments of US \$ 40 had been paid to 10 officers who had proceeded abroad for training, discussions, conferences and studies even after 20 th March 2023. As such, a sum of US \$ 6045 equivalent to Rs. 2,006,109 had been paid for expenses on foreign travel contrary to the said Circular.	2023	Action should be taken in accordance with Circulars.	The Instructions had been requested from the Ministry of Defence relating to this payment of casual allowance to the officers of the Air Force	Actions are not being taken as circular. Recommendations are not implemented.
26.	Despite the strongly-felt requirement of	2023	Annual provision should not be	Although the estimates for the year 2023 had	Provisions remained unspent due to various

	vehicle repairs and purchase of uniforms for the Sri Lanka Air Force in the year under review, the relevant annual provision had been underutilized even by 30 November 2023; and hence, recurrent provision amounting to Rs. 3,064,000,000 and capital provision under machines and machinery Object amounting to Rs. 5,491,127,000 had been retained and granted for a recurrent Object of the Sri Lanka Army.	unutilized.	been prepared base on the active number of employees in service, the provision remained unutilized due to reasons such as, non-recommendation of the extension to annual tender period, import restrictions, higher prices of goods and retention of 6 per cent of the recurrent expenditure.	reasons. Recommendations are not implemented.
27.	According to 2023 Financial Regulation 94 (1), at no time shall the commitments, and the expenditure incurred exceed such provision for the financial year. Nevertheless, liabilities had been incurred in the year 2023 by exceeding the annual provision by Rs. 1,765,607 under Item No.	The total of liabilities and commitments incurred annually should not exceed the provision for the year of finance in terms of the Financial Regulations.	The net provision under the Item of Expenditure – 1401 for transportation amounted to Rs. 570,000,000. The total expenditure of ACA-2 (iii) Format amounted to Rs. 557,850,607. As such, no liabilities had been incurred in excess of provision.	Liabilities had been exceeding the provision for the year. Recommendations are not implemented.

224-1-1-1401 of
Expenditure on
transportation.

28.	All the liabilities to be settled within the year under review should be mentioned in the statement of liabilities and commitments given in Annexure III with the annual financial statements. Nevertheless, liabilities valued at Rs. 20,121,111 relating to 28 instances, had not been included therein in the year under review. Furthermore, payments had been made in the year 2023 with respect to liabilities valued at Rs. 12,619,050 pertaining to 10 instances that had not been included in the statement of liabilities in the financial statements of the preceding year.	2023	Liabilities should be registered correctly.	A justifiable reply has not been given.	Recommendations are not implemented.
29.	According to the Section 04 of Chapter XXIV of the Establishments Code, In the	2023	Action should be taken in accordance with Section 4 of Chapter XXIV of the Establishments Code relating to the	Action had been taken to deduct the loan balance due from retired officers to Rs. 160,476.52 by	As per the recommendations, the relevant further actions are being carried out.

event that distress loan balances of officers deceased, retired or whose services are terminated before settling their loans, can not be recovered, such balances should be recovered from the guarantors.

However, due to failure in doing so, a loan balance of Rs. 10,759,840 remained due from officers who had been deceased/interdicted/vacated the service by the end of the year under review, and a loan balance of Rs. 7,734,231 continued to exist over 05 years therein.

recovery of outstanding loan balances.

of 30th April 2024. Further action is taken as per recommendations to write off a sum of Rs. 455,126.69 from the loan balance recoverable from officers who had vacated their posts.

30. The advance personal income tax (APIT) should be calculated in accordance with new Inland Revenue Act, No. 24 of 2017. However, due to failure in doing so, only a sum of Rs. 482,770 had been recovered instead of recovering the APIT of Rs. 2,875,270 from a

The advance personal income tax (APIT) should be computed in accordance with the new Inland Revenue Act No. 24 of 2017.

As mentioned in No. 04 in Paragraph 03 of the Guideline, SEC/2023/E/01 issued by the Department of Inland Revenue, the allowances given generally to the employees of all services had not been taken into consideration under the 10 sources of revenue in

Advance personal tax (APIT) has been calculated without taking into account the allowances generally given on the basis of non special consideration under the 10 sources of income. Recommendations are not implemented.

sample of 100 officers for the 03 months of August, September, and October 2023. As such, the Government had been deprived of an advance personal income tax of Rs. 2,392,500 due to failure in correctly identifying the employees' income as per the new Inland Revenue Act.

computing the advance personal income tax (APIT).

31.	The period from 2021 to 09 th February 2024, the Sri Lanka Air Force had purchased 1380 mattresses manufactured by the mattress project implemented by the research and development wing of the Katunayake base camp of the Sri Lanka Air Force at a sum of Rs. 6,915,000 through the Agro Fund without a standards certificate or a warranty period.	2023	Procurement process should be followed to make purchases with a formal standards certificate and a warranty period.	A separate Committee has been appointed to examine the quality. Once the quality is inspected by that Committee, the goods are taken into stocks.	A committee is also appointed and the goods are taken into stock after verification by that committee. Recommendations are not implemented.
32.	The Sri Lanka Air Force had entered into an	2023	The Technical Evaluation Committee	Facility audits are carried out on external	Recommendations are not implemented.

agreement with a private institution on 06 February 2021 for repairing 03 Defender vehicles at the sum of Rs. 9,675,75 (excluding VAT). Nevertheless, the repair had not been done even after a delay of 673 days and the vehicles had been returned. The procurement had been cancelled by the Air Force. When inspecting the technical evaluation relating to the procurement, the Technical Evaluation Committee should be responsible individually that accepted Procurement Guidelines and procurement principles will be followed in accordance with Guideline 2.6.1 (a) IV of the Government Procurement Guidelines. Nevertheless, the Procurement had been awarded based on an internal audit report by

should comply to the Guidelines of the Procurement Guidelines and accepted procurement principles.

institutions when repairing vehicles as mentioned in the audit paragraph. Following the quality assurance test, the institution named “Tech Net Auto World (Pvt) Ltd” had also been selected.

deviating from that requirement. As such, due to the Technical Evaluation Committee deviating from their responsibility, the relevant procurement had become unsuccessful.

33. Officers of the Sri Lanka Air Force in the ranks of Wing Commander and above had been released to other posts of the Government institutions together with staff vehicles assigned to them; and, 76,175 liters of fuel had been supplied to 29 such officers during the period from 01st January 2022 to 30th September 2022 whilst a sum of Rs. 10,800,000 had also been paid as lease rent for those vehicles. As such, expenses totaling Rs. 10,800,000 had been incurred under Air Force head of expenditure on officers who	2023	The relevant annual grant should be spent on the operational activities of the institution and should not be spent on the operational activities on behalf of other institutions.	The relevant institutions function under purview of the Ministry of Defence. As such, it was informed that staff vehicles and other perks had been provided for them.	It was informed that the privileges are given to officers due to relevant institutions function under purview of the Ministry of Defence. Recommendations are not implemented.

	performed duties at other institutions external to the Air Force.			
34.	As for the 2023 payment of lease rents for the vehicles obtained at monthly lease rents of Rs. 50,000, a sum totaling Rs. 21,150,000 had been paid for 47 vehicles without mentioning essential information such as, the Air Force vehicle number or the civil vehicle number on the invoices annexed to vouchers.	Payments should be made after verifying that correct information is given in the payment voucher and supporting documents.	The suppliers have been instructed to present bills by including information relating to payments.	Suppliers are informed to submit bills regularly.
35.	Due to failure in properly planning to repairing 105 vehicles received from 23 rd June 2011 by the Mechanical Transport Repair and Overhaul Wing of the Air Force Base in Katunayake, those vehicles remained underutilized over a period of 01 to 12 years.	Repairs should be completed without delay and the vehicles should be utilized.	Due to higher costs, approval of the Board of Survey has been received to dispose of 31 of 105 vehicles. Repairs are done on the other 74 vehicles under a recovery plan.	31 vehicles have been referred for disposal. Repairs are done on the other 74 vehicles under a recovery plan.
36.	In order to install a fire extinguishing	2023	Items should not be kept unutilized.	As provision is allocated under several stages in
				Arrangements have been made to complete the

system at the stores of the Supply and Maintenance Wing of the Air Force camp in Katunayake, equipment had been purchased incurring a sum of Rs. 5,187,860 comprising sums of Rs. 1,346,000 and Rs. 3,841,860 incurred in the years 2021 and 2023 respectively. However, a fire extinguishing system had not been installed even by 09th February 2024. As such, there existed a risk and those items remained idle in the stores.

that regard, the balance provision should be received to complete the project by using the items so purchased. Measures have been taken to complete the project in the year 2024.

37. As at 09th 2023 February 2024, there existed in 06 stores of the main camp of the Air Force in Katunayake 22,061 items of slow-moving items worth Rs. 5,574,656, a number of 12,946 unissued items worth Rs. 2,763,655, and 633 items worth Rs. 840,570 sent to the board of

The items should be maintained without being underutilized.

(i) The slow-moving items are issued from the stores following approvals given by the Head Office of the Air Force,
(ii) Further action will be taken on the unissued items according to recommendations of the stock verification board for the year 2023.
(iii) As for the Further action will be taken according to the recommendations of the relevant boards.

	disposal.			items referred to the board of disposal, action will be taken on the recommendations of the board.	
38.	A period of 09-19 years had elapsed since 27 spare parts of aircrafts worth US \$ 191,289.22 had been sent abroad for repairs and 32 spare parts the scarp value of which totaled to US \$ 63,000 with unknown values had been sent aboard for repairs between the years 2004-2014. Nevertheless, those items had not been received by the Air Force even by 09th February 2024.	2023	Activities of the court of inquiry and restoration process should be expedited.	The number of items of air craft spare parts received during 2004-2014 was one. It is expected that 33 items remaining further receivable would be referred to the board of disposal whereas one item would be sent to a court of inquiry. Action is being taken to restore the other 14 items.	33 items would be referred to the board of disposal whereas one item would be sent to a court of inquiry. Action is being taken to restore the other 14 items.
39.	Sixty three items of spare parts pertaining to the aircraft spare parts wing of the Air Force base camp in Katunayake brought from foreign countries as new purchases and repaired items during the 2020 to 09th February 2024, had been retained under quarantine	2023	The aircraft spare parts, once purchased, should not be kept in the stores idle, instead, such items should be made use of efficiently.	The aircraft spare parts brought from foreign countries as new purchases or repaired items during 2020 to 2024, remain in the quarantine store without being issued to the Wing due to miscellaneous reasons.	Due to various problems, it remains in the quarantined stores without being released to the party.

for a period of 01 to 04 years without being issued to the relevant wing due to miscellaneous reasons.

Accordingly, the spare parts worth 21,218.86 Euros and US \$ 50,141 purchased in 09 instances with values specifically mentioned, along with spare parts highly valued at US \$ 527,550 relating to 16 instances in which the repairs had been completed during 2020-2023, remained idle in the stores.

40.	The Sri Lanka Air Force had incurred a sum of Rs. 65,752,943 as Customs charges in 09 instances on the purchase of spare parts for aircrafts. However, those spare parts had been kept under quarantine in whole or part of the order, and hence, the said expenditure incurred thereon remained idle for 01 to 04 years.	The aircraft spare parts, once purchased, should not be kept in the stores idle, instead, such items should be made use of efficiently.	No replies were given.	Available in quarantined stores.

41.	With the 2023 objective of recharging and analyzing the batteries, the Sri Lanka Air Force had purchased 17 Battery Analyzers and 108 Adapters from an institution on 25th March 2022 at the value of US \$ 105,717. A revised cost estimate in the wake of factors like inflation, should be approved by the relevant authority in terms of Guideline 4.3.3 of the Procurement Guidelines. However, it had not been done so. Accordingly, the total cost approved by the authority amounted to Rs. 24,863,776 as at 26 November 2021, but the actual expenditure incurred thereon amounted to Rs. 35,609,286.	Approval of the relevant authority should be sought on changes in the procurement.	The purchase was made from a foreign country. As the value of Dollar had increased, a sum of Rs. 35,609,286.00 had been incurred on 18th April 2022.	It was observed the same condition in 2023. Recommendations are not implemented.
42.	According to 2023 Guideline 3.3 of the Procurement Guidelines, bids should be called	Procurement process should not be preceded without examining the market prices.	Technical specifications and data shown on the Internet may change when	It was observed the same condition in 2023. Recommendations are not

from potential bidders giving competitive bids when international limited bidding is followed. The unit price relating to the said procurement had been shown as US \$ 2630 on the website of the relevant institution from which the purchases had been made, but that price amounted to a sum as high as US \$ 5090 at the time of assigning the procurement. Accordingly, a sum of Rs. 14,051,520 had been spent in a manner unfavorable to the Government as competitive bidding process had not been followed for this procurement.

items are purchased on credit basis through the tender procedure. implemented.

43.	Although a cost as high as US \$ 105,717 (Rs. 35,520,912) had been spent on Battery Analyzers and Adapters, the number of walkie-talkies and the batteries for which those	2023	Expenses should not be uneconomic.	The objective of this purchase was long-term conservation of batteries and refraining from purchasing new batteries.	It was observed the same condition in 2023. Recommendations are not implemented.

items were used was 2594 and 3282 respectively. New batteries had been purchased though, the average unit cost remained as low as Rs. 5,000. As for prioritizing the requirement of purchase, it was observed in audit that incurring a cost of Rs. 35,520,912 for analyzing batteries of lesser value was an uneconomic transaction.

44.	The Asian Aviation Pvt Ltd. that performed its operations at Katukurunda camp in Katunayake since 2001 without entering into an agreement had left the camp on 18 th March 2021 without settling the dues relating to the period from April 2020 to March 2021. As such, the outstanding amount could not be recovered due to lack of an agreement.	2023	Legality should be ensured, and action should be taken as per the agreement.	As the legal director became informed that the said company used the premises of the camp without a written agreement, action was taken for their removal. The court of inquiry held in that connection decided that a sum of Rs. 350,000 be deducted from that amount thereby recovering a sum of Rs. 70,453.60. A letter of demand was sent to that company demanding the	Recommendations are not implemented.

settlement of the
sum of Rs.
70,453.60.

27. Head - 225 Sri Lanka Police

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	53,037,287,006	1,115,038,544	51,922,248,462	Qualified Opinion
2022	58,965,870,786	276,710,899	58,689,159,887	Qualified Opinion
2023	141,458,320,138	235,524,798	141,222,795,339	Qualified Opinion

Se. No	Audit Observation	Year of Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Current Position of Recommendation as on Date of Report
01	Contrary to Paragraph 8.1 of the Public Accounts Guideline No. 2023/05 dated 30 November 2023, a Register of Fixed Assets had not been prepared and maintained by integrating reports of Police divisions through the fixed assets module of the CIGAS Programme.	2023	The Register of Fixed Assets should be updated and maintained using the fixed asset module of the CIGAS Programme.	The Property Management Division of Police has been assigned to maintain registers of assets by integrating the Divisions, and it has been informed that those activities would be done through that Division in due course.	That the Fixed Asset Register is maintained by the Division.
02	The remaining of Rs.11,503,192 of the donation given by India in the year 2013 for the establishment of SAARC Terrorism Offences Monitoring Desk had been retained in the deposit account without being utilized for the intended purpose. There	2023	The provision should be utilized for the intended purpose.	That amount had been retained until a decision is taken at the SAARC Summit.	That the future matters will be done as per the instructions of the Government of India regarding the expenditure of this money.

	existed no methodology for the future as well.				
03	Although plans had been underway since 2014 to implement a Spot Fine Information System in view of expediting the recovery of fines, that system has not yet been implemented.	2023	Action should be taken for the expedited implementation of Spot Fine Information System immediately.	At present, 02 committees have been named as technical evaluation committee and basic specification preparation committee for these activities and the work is being carried out here.	That the Ministry of Transport will be initiated under Cabinet approval for the proposed new data system for the implementation of this system and the diminishing points system for drivers and currently, work is being done to implement this project as a public and private sector project.
04	As “maintaining public security and peace”, and “prevention and control of crimes” are 02 of the key functions of the Sri Lanka Police, but from 2021 to 2023, there were 1375, 1482 and 2030 violent crimes of serious injury and homicide reported respectively. Adequate actions should be taken to control the increase and reporting of these serious crime.	2023	Substantial actions should be taken to minimize the serious crimes of causing severe injuries and homicides.	It has been informed that the Senior Deputy Inspectors General and officers in charge of the divisions have been instructed to take necessary action for the reporting of serious crimes.	In order to control the increase in reports of serious crimes, the deployment of police teams to suppression the crime in the Western Province and the Southern Province, 15 police motorcycle teams have been implemented to pursue and arrest people who done the crimes and run away, Implementation of “Yukthiya” operation, implementation of community base police concept, establishment of community-based treatment and rehabilitation

centers, informing the police stations to take proper action at the first time of complaint to the police station, that the officers have been informed about the necessary actions have been taken which provinces and divisions where crimes are reported with a high tendency.

05	The number of burglaries crimes had increased by 50% and the progress in resolving them had decreased from 60% to 50%. Progress in solving robberies had decreased from 75 percent to 61 percent by the year 2023.	2023	Actions should be taken to speed up the resolving of serious crimes such as burglaries and robberies.	Although measures had been taken to resolve the crimes of burglaries and robberies, lesser number of percentages have been shown relating to resolving them depending on the time spent for revealing evidence.	In order to control the increase in reports of serious crimes, Implementation of “Yukthiya” operation, implementation of community base police concept, establishment of community-based treatment and rehabilitation centers, that the officers have been informed about the necessary actions have been taken which provinces and divisions where crimes are reported with a high tendency.
06	The current progress of 08 projects namely construction of quarters for married officers of junior grade,	2023	Necessary action should be taken to achieve the project goals.	That the progress of the above 08 projects is 55, 79, 50, 80, 72, 60, 80 and 70 percent.	At present, the progress of these 08 projects is 50 percent to 80 percent

	construction of Colombo city traffic police building, construction of police station in Weligama, and completion of works of the police stations in Kollupitiya, Kurunduwatta, Thirukkivil, Mallavi and Narahenpita were slow.			
07	The annual 2023 performance report had not been submitted with the annual financial statements as per paragraph 10.2 of Public Finance Circular No. 2/2020 dated 28 August 2020.	The circular should be followed.	It has been informed that the annual performance report should be presented in Parliament under the prescribed arrangements for tabling within 150 days after the end of the year of finance.	the performance report to be submitted with the Auditor General's report for the year 2023 has been submitted to me on 30.05.2024 and the performance report of the Sri Lanka Police for the year 2023 including the those report has been tabled in Parliament as scheduled.
08 (a)	Procurement As for the 2023 procurement of supplying 75,000 caps for Sergeants and Police Constables at a value of Rs.93,455,119 in the year 2011, the supplier had opted for arbitration against cancellation of his	Action should be taken to identify the parties responsible for additional expenses incurred by the Government due to deficiencies of this procurement and arbitration processes.	According to the decision of the Commercial High Court, an amount of US\$ 41,400, equivalent to 10 percent of the amount of US\$ 414,000 to be paid to the supplier for 60,000 caps by the Sri Lanka	For this purpose, due to the non-implementation of the decision given during the arbitration, Sri Lanka Police has paid Rs.289,138,522.37 to the supplier for 60,000 caps as per the decision of the Commercial High

supply and the supplier was notify that storage fees of the supplier, legal fees and disadvantages of increase of the exchange rate should be incurred by the Sri Lanka police. The Police had rejected the decision given at the arbitration process on 21 January 2017 that the sum on 75,000 caps along with other charges in that connection be refunded, and continued with the court proceeding without taking action to identify the parties responsible for costs to be incurred following the informal nature of the procurement process and delay caused by failing to come to a settlement after an extensive period.

Police, had been Court on paid to the 09.02.2021. foreign agent on 16 March 2022. It was informed that letters of credit had been opened for settle the balance and items were scheduled to be received in Sri Lanka on 06 June 2023.

(b)	An agreement had been entered into on 29 December 2017 to purchase 192 houses at Rs.729.6 million from the “NilaSevana” housing scheme in Habaraduwa. If an advance of Rs.500	2023	Houses should be taken over in accordance with the agreement.	Approval of the Cabinet had been given on 2024.05.06 for the matters mentioned in the Cabinet Memorandum presented through the Cabinet Paper No.	Cabinet approval has been received to recover the amount of 13.6 million rupees that has been paid in excess of the advance amount of 500 million rupees that has been paid instead of buying

million had been paid by 02 April 2019. But acquisition of those houses had not been completed even by April 2024.

24/0834/640/012. 192 houses from this project to the Sri Lanka Police at 3.8 million rupees each, buying 128 housing units for 486.4 million rupees and to hand over 64 housing units of the E housing complex of the project reserved for the Sri Lanka Police back to that company. Accordingly, agreements are being prepared for taking over the respective houses.

09 Assets

Management

- (a) The acquisition process of the following lands and buildings to the Sri Lanka Police had been commenced in the year 2017, but had not been completed even by December 2023.

(i) Land in extent of 12 acres 01 rood and 08 perches located in Malwana proposed for establishing a Police training institute.	2023	Acquisition of the land should be completed expeditiously.	It has been informed that instructions of the Attorney General have been sought for the acquisition of this land.	According to the orders of the Honorable Court, the Divisional Secretary Dompe has informed to the Attorney General's Department on 15.07.2024 that the data about the confiscation order of the said land has been entered in the prescribed sheets

and the settlement work has been done.

(ii) Ella Kanda Watta Land, Horana, in extent of 75 acres proposed to be used for establishing the Police Mounted Division and War Hero Center of Police.	2023	An Acquisition of the land should be done without delay. Acquisition of the land should be completed expeditiously.	The Survey Authority has been requested for a preliminary plan in order to acquire this land.	It has been informed in the discussion with the Senior Surveyor Superintendent Kalutarathat the preliminary plan is being prepared for the acquisition.
(b) Construction of the Higher training collage of police in Ingiriya and the Police station in Ingiriya had been commenced in the year 2008 and a sum of Rs. 8.8 million had been spent thereon, but the constructions had been stopped halfway.	2023	Action should be taken to complete the constructions.	It has been informed that this land in extent of 04 acres 02 roods and 07.2 perches had been alienated to the Sri Lanka Police by the Divisional Secretary of Ingiriya on 2024.02.21.	This land has been handed over to the Sri Lanka Police by the Divisional Secretary Ingiriya on 21.02.2024.
(c) Deeds of transfer had not been collected even by March 2024 relating to 100 houses purchased from the “NilaSevana” housing scheme in Wekunagoda at a total value of Rs.333 million in December 2016.	2023	Action should be taken to obtain the transfer deeds immediately of relating to the purchase.	The relevant institution had been informed on 2024.03.25 that a revised agreement be prepared and presented for preparation of deeds of transfer.	That the action are being take to obtain transfer of deeds and condominium for this 100 houses.
(d) A period of 05 years had elapsed since a land of 06	2023	The land should be taken over for use of the Police	It is scheduled that this land	The area of about 06 acres with 05 pre build buildings

	acres with 05 precast buildings owned by the National Police Academy in Attidiya had been temporarily provided for accommodating soldiers of Sri Lanka Army. But action had not been taken to taken over.	immediately.	would be used for training activities of the National Police Academy in the future. As such, it has been informed that the land would be taken over expeditiously.	used by the Army has been returned to the Sri Lanka Police on 12 and 13 August 2024.
(e)	The construction of the building for providing accommodation facilities at Katana National Police College was started in the year 2019 and the construction was suspended on 26 April 2023 and the value of the work done on that date was Rs.97,290,003. Accordingly, a sum of Rs.42,252,164 remained recoverable but that amount had not been recovered. The iron bars protruding from the foundation of the building and concrete slabs had been decaying with rust. A stock of iron bars stored at the site valued at	2023 The project agreement should be followed.	Cancellation of the contract had been challenged at court, hence, it is not possible to take action on the materials stored at the site.	The construction of the male hostel building has been suspended and the construction company has filed a case in the Gampola District Court against the confiscation of the performance guarantee and the advance guarantee. The cabinet approval has been received for the revised estimate of 1,013.98 million rupees to complete the remaining construction of the building. However, the request to obtain the necessary legal permission to start a new procurement has been forwarded to the Attorney General on 24.08.2024 due to the litigation by the previous

	Rs.1,744,875 had also remained decaying with rust.			contracting agency.	
(f)	Due to a planning error in the construction of the proposed educational and administrative building of the Katana National Police College, the stairs had to be completely demolished and it was estimated to cost Rs.687,181. Due to this situation, information about the party taking responsibility for the additional costs and delays incurred by the project was not presented to the audit.	2023	The project should be properly planned and agreement should be followed.	Given that it was a defect in the plan, it was agreed that the additional expenses in that connection be recovered from the consultancy firm which did the planning. It has been informed that action was taken to recover the sums from that firm.	The staircase has been demolished and a new staircase has been prepared and all the construction of the building has been completed by now.
(g)	A language interpretation system had been purchased on 23 December 2021 at a value of Rs.6,547,992 to be used in the auditorium of the new administrative building of the Police Academy. However, that system remained idle even by December 2023.	2023	Assets should be utilized for the intended purpose whilst ensuring that those assets do not become idle.	It has been informed that those items had been kept securely at the stores in order to be installed at the auditorium once the constructions are done in the administrative building.	All the construction works of the new administrative building of the Police academy have been completed by now and after taking over the building to the Sri Lanka Police, the language interpretation system purchased for the auditorium of the building will be installed.

10	Management Weaknesses					
(a)	Although speed limit detecting machines were requested annually from 2018 to 2023 not even a part of it was purchased.	500	2023	Action should be taken to provide facilities to achieve the relevant objectives.	It has been informed that priority would be given in that connection.	That a procurement has been initiated of Rs.266 million in the year 2024 for the purchase of 80 automatic speedometers.
(b)	The requirement of an updated information system providing information such as, court proceedings still in progress relating to crimes or offences being referenced to the court by the Police, information on cases for which verdicts had been returned, and cases either set aside or dismissed with suspects found guilty or not-guilty, would be vital in reviewing the performance. Nevertheless, existence of such a system was not verified.		2023	An updated information system comprising information on court cases should be maintained.	There are 20 computer programs mainly for criminal investigation and administration and that it will be possible to maintain an updated information system after developing an integrated computer information system.	That problems in the Criminal Intelligence Information Analysis System (C.I.A.S.) are identified and necessary actions are taken to resolve those problems.
(c)	An officer belonging to the Police division of Gampaha had been interdicted with effect from 18 April 2018 upon allegations,		2023	Payments should not be made until a verdict is returned by the court.	The relevant officer had been informed through the Letter No. L3/B/04/2022/O W/11/94/2023 of the Director of the Legal	That the extract files have been forwarded to the Honorable Attorney General seeking instructions regarding the payment of half

and he had been paid a sum of Rs.3,251,000 as half-pay for the period from September 2018 to January 2022. This officer had been found guilty of the relevant allegation in October 2022, but the sum so paid could not be recovered, and the accuracy of the decision to make the half-pay remained questionable.

Division dated salary while 04.10.2023.that suspended. the sum be refunded and in case of failure to do so, a case would be filed.

- (d) External to the 2023 Circular No. 2687/2020 of the Inspector General of Police dated 30 September 2020 relating to providing security for the VIPs, and the 3,884 officers pertaining to the 09 divisions for VIP security as at 01 January 2022 had been increased to 4,859 by 30 September 2023. The annual average expenditure of the VIP security division during the period 2018-2022 amounted to Rs.4,342 million though, that expenditure had increased to
- The Circulars should be followed thereby making expenses economically.
- That even though there have been occasional inquiries regarding the removal of the security of VIPs, but VIP security guards have been continuously assigned to various persons for many years without proper approval from the Committee on assignment of officers for VIP Security.
- That the number of officers attached to the divisions under the Special Security Division to provide VIP security has been reduced to 1939 at December 2024.

	Rs.5,833 million by the year 2023.				
(e)	The total of loan balances due from 2,458 officers by the end of the year under review amounted to Rs.60,874,303 and a sum of Rs.41,743,898 included therein as being due over 05 years from 1,590 officers.	2023	Action should be taken to recover the outstanding loan balances.	It has been informed that a sum of Rs.623,733 had been recovered within the first quarter of the year 2024 out of the loan balance due over 05 years.	An amount of Rs.1,507,474 has been collected from this amount and the remaining balance to be collected is Rs.40,236,42 as at 30.06.2024
(f)	In the year 2022, the community police advisory meetings held 4,620 out of from 7,224 meetings and only 3,848 meetings were held out of from 6,020 meetings in the year 2023.	2023	Action should be taken to hold meetings of the Community Police Advisory Committee as scheduled for the year.	It has been informed that action had been taken to strengthen the Community Police committees by issuing a new Circular No. 2758/2023 of the Inspector General of Police and deploying Police officers full-time to the Community Police units.	That police officers have been deployed full-time for community police committees at gramaniadhari areas level by covering the 14022 GramaNiladhari areas.
(g)	A number of 7,224 and 6,020 meetings of the public security committees of the Community Police should have been held in the years 2022 and 2023 respectively, but only 4,523 and 3,847 meetings had been held.	2023	Action should be taken to hold meetings of the Community Police Advisory Committees as scheduled for the year.	It has been informed that action had been taken to strengthen the Community Police committees by issuing a new Circular No. 2758/2023 of the Inspector General of Police	That police officers have been deployed full-time for community police committees at Grama Niladhari areas level by covering the 14022 Grama Niladhari areas.

and deploying Police officers full-time to the Community Police units.

- (h) Approval of the Cabinet had been received on 19 November 2014 to update and amend the Police Ordinance No 16 of 1865 but the ordinance had not been amended as of April 2024. 2023 The Police Ordinance No. 16 of 1865 should be amended in accordance with approval of the Cabinet. The Legal Draftsman has completed preparing the final draft once observations of the Police have been obtained. Regarding the amendment of the Police Ordinance, they discussed again with the Law Drafting Department and arranged to present a revised cabinet memorandum.
- (i) The method of imposing fines based on the number of traffic offences committed introduced through the Motor Traffic (Amendment) Act, No. 10 of 2019, had come into effect on 20 June 2019. However, the Sri Lanka Police has not implemented an information system to identify the number of times a motorist committing the same offence. As such, the fine could not be recovered accurately from the motorists committing the same offence more than once. 2023 The methodology of imposing fines based on the number of traffic offences committed should be implemented as had been introduced through the Motor Traffic (Amendment) Act, No. 10 of 2019. Once the implementation of automatic collection of fines and demerit points license system, fines would be recovered based on the number of times a traffic offence is committed. This system and the proposed new data system for the implementation of the diminishing points system for the driver will be carried out under the initiative of the Ministry of Transport under the approval of the Cabinet and currently, work is being done to implement this project as a public and private sector project.

(j)	A shortage of 2023 60,082 units under 72 items and excess of 9,846 units under 45 items had been identified in the physical stock verification conducted on 22 June 2023 at the stationery stores in Pellyagoda. But, the parties responsible had not been identified or further action been had not been taken in that connection.	A proper stock control system should be maintained. Further action should be taken on the parties responsible for shortages or excess stocks.	A preliminary investigation had been launched on 11 July 2023 on the apprehension of Management Service Officer, Mr. T. B. N. Fernando who had acted as the storekeeper of the stores up to 27.03.2023.	That a preliminary investigation has been started by an administrative officer of the police headquarters.
11	Human Resources Management			
(a)	Due to lack of a 2023 properly recognized approved cadre identified after a study on Police Divisions and Police Stations, it could not be identified as to whether vacancies or excesses existed at those Divisions or Police Stations	Once the nature of duties at Police Divisions and Police Stations are studied, a specifically recognized approved cadre should be deployed.	A committee has been appointed to review the staff of police divisions and police stations, and according to the committee's report that further action is to be done.	A committee headed by a Senior Deputy Inspector General of Police has been appointed to decide the task force related to police divisions and police stations and that further work is to be done according to the recommendations of the committee.
(b)	There were 507 2023 officers whose increments were not prepared for a long period of 08 to 38 years.	Follow up action should be taken on the officers whose salary increments had not been granted, and delays should be avoided.	Action had been taken to obtain information on officers whose salary increments had not been prepared over longer periods, and it has been informed that	That the pay increments and pensions of the officers have been delayed for a long time and that the pensions of the officers whose pensions have been delayed for a long

				necessary action has been taken to prepare the salary increments of those officers.	time have been directed to be processed immediately and given the advices to notify the progress.
12	According to the United Nations 2030 "Agenda" on sustainable development, every government institution had to work and according to that the Sri Lanka Police had introduced 08 goals under 04 sustainable development objectives. Although the indicators were being constructed using the base year 2016 the conditions required to regulate the relevant functions in reaching the sustainable development goals were not identified.	2022	Action should be taken to evaluate the annually achievable goals.	That working with the Sri Lanka Sustainable Development Council to identify the necessary conditions for regulating the relevant functions.	That the milestone plan required to measure the achievement of sustainable development objectives and goals covered by the scope of duties of the Sri Lanka Police has been prepared on 16.07.2024.
13	A contract was made on 17 March 2017 for an amount of Rs.12,297,829 to establish a vehicle management system related to the networking of the main garage of the Narahenpita Police Transport Division. Even	2021	Action should be taken immediately to achieve the desired objectives from the vehicle management system.	That answers will give later.	That the updating work of computer system has been started.

though 07 years
have passed since
the contractual date
this system has
failed to fulfill the
desired function.

28. Head - 226 Department of Immigration and Emigration

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	1,010,913,060	14,595,840	996,272,030	Qualified opinion
2022	1,331,270,071	16,616,499	1,314,653,572	Qualified opinion
2023	1,664,287,865	128,126,317	1,644,679,422	Qualified opinion

Se. No	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive measures taken by the institution	Implementation status of the recommendation as of the date of the report
01.	The Department had entered into contracts with 7 private organizations for the procurement and provision of services in systems such as Border Control System, Visa Processing, Passport System and Citizenship Granting System and even though Rs.145.7 Million and Rs. 142 Million were paid for maintenance and services to those institutions in 2021 and 2020 respectively, the system was interrupted and freeze periodically and as a result, it was not possible to carry out the main task of the Department efficiently. Similarly, difficulty to identify the total number of	2021	Maintaining systems more effectively.	Instructions and orders have been given to the relevant institutions to maintain the systems more effectively.	Instructions and orders have been given to the relevant institutions to maintain the systems more effectively and actions are being taken accordingly.

illegal stayers in the country due to overstaying of visas and to separately identify the income from the passports issued by the Overseas Missions Division were also observed in audit.

02.	According to the Cabinet Decision No. CP /09/2101/307/010 dated 19 January 2010 and Letter No. NSCC/2/4/3/2/2/13 of the National Salaries and Cadre Commission dated 04 January 2010, although the incentive system should be reviewed annually and the approval of the Director General of Institutions should be obtained on the advice of the National Salaries and Cadre Commission, no action had been taken accordingly after 2014. .	2022	The incentive scheme should be reviewed annually and approval of the Director General of the Institution should be obtained under instructions of the National Salaries and Cadre Commission.	Review the incentive scheme and submit it for approval to the Director General of Establishment.	The incentive scheme has been reviewed and submitted for approval to the Director General of Establishment, and the requested information has been submitted. Approval has not been granted yet.
03.	Although the Head of Department was required to issue circular containing instructions on the payment method, including the conditions of the revised incentive scheme, a circular containing such instructions was not submitted for audit.	2023	A circular on the payment method should be issued, including the conditions and instructions of the revised incentive scheme.	Preparing a circular with the approval of the Director General of Establishment.	I would like to state that after receiving the approval of the Director General of Institutions, a circular will be issued in the future incorporating those approvals.

04.	Although the incentive scheme was supposed to be reviewed annually, it had not been implemented accordingly. Although target limits had been introduced to receive incentives, no evidence was presented to the audit that attention had been paid to this in calculating incentives. However, Rs.208,792,974 had been paid as incentives during the year 2023.	2023	The incentive scheme should be reviewed annually, and attention should be paid to the target limits introduced when calculating and paying incentives.	Instructions have been given to take action according to the target limits.	Incentives have been calculated according to the target limits.
05.	Carpets had been laid on the floors of the divisions of the Department of Immigration and Emigration in the Suhurupaya building in Battaramulla instead of laying tiles. Those carpets had become damaged and unfixed, but it was not clear as to how the repairs be done since no agreements had been entered into.	2022	Action should be taken for expeditious repairing.	The Director of the Sri Lanka Army Defense Engineers Branch has been informed for repairs.	carpets have been laid instead of tiles in the section from the 01 st floor to the 07 th floor belonging to this department, and the Director of the Sri Lanka Army Defense Engineers Branch has been informed on several occasions to repair the areas where the carpets have come off. After the information was given, the branch has carried out the repairs.
06.	Although the applicants had been informed through email on deficiencies	2022 2023	Follow-up action should be taken as to whether the deficiencies in	Instructions have been given to notify applicants of	Applicants have been notified of deficiencies in their applications

	identified by the Citizens Division, there were instances in which evidence for sending the email had not been included in the file. As for instances where no replies had been received despite the email that had been sent, action had not been taken to increase the revenue of the Department by taking follow-up action.	passports have been properly communicated to the applicants.	deficiencies in their applications via email and to file a copy of the same, and to send reminders to applicants who have not responded within 03 months of sending the email.	via email and a copy has been filed, and reminders have been sent to applicants who have not responded within 03 months of sending the email.
07.	The civil security officers agreed in terms of the Letter No.မိနာဝေ/08/76/2021 dated 22 May 2021 that the detainees would be body checked at the time of their arrival into the camp, their belongings would be checked, and cash, voluble items, mobile phones, computers or other communication equipment or items detrimental to the safety of camp and the detainees, if any would be retained. However, such items had not been retained, and a register on personal belongings of the detainees had not been maintained in the center.	2022 Action should be taken in accordance with the Letter No.မိနာဝေ/08/76/2021 dated 22 May 2021	Handing over the security of the center to a private security company.	The Civil Security Department officers were deployed to provide security at the Welisara detention center for foreign detainees. However, due to the lack of proper security measures, various problems had to be faced. As a solution, the relevant security measures are being carried out by a private security company following the procurement process. Also, the temporary center for these detainees is not a building prepared in accordance with international laws and is

maintained under very limited facilities. Also, the permanent staffs assigned to this center also have a room about 12 feet x 14 feet to work in, and three officers are also on duty there. In such an environment, it is no longer possible to keep all the safe belongings of the detainees.

However, when the detainees are admitted into the camp, they are checked by the security officers and dangerous items such as knives and scissors are taken into the custody of our officers.

They have also been provided with lockers with doors and locks to keep all their valuables safe.

A record of the belongings of the detainees is maintained by the security division.

08.	The head office of the Department of Immigration and Emigration has been established on a rental basis from the	2023	A formal agreement must be entered into regarding the acquisition of buildings on a rental basis.	I would like to inform you that the Ministry of Defense is preparing an	Although the Ministry of Public Security had prepared arrangements to sign the

	first to the seventh floor and a part of the Piyasa premises of the Suhurupaya Building in Battaramulla since 29 August 2016 and a total of Rs.2,307,736,815 has been paid to the Ministry of Defense as rent and maintenance expenses since 2016, but no agreement has been reached in this regard so far.		agreement for floors 01-07 of the Suhurupaya Building.	agreements on 10.09.2024, the Additional Secretary of the Ministry of Public Security has informed on 09.09.2024 that, as per the decision of the Cabinet Memorandum No. 24/1580/691/024 submitted by the Minister of Foreign Affairs, a decision has to be reached after discussions with the Treasury regarding the rent for the institutions established in the Suhurupaya Building, therefore, the signing of the relevant agreement will not be done on that date and the date of its signing will be notified in the future. The signing of the relevant agreement is scheduled to be carried out after receiving that notification.	
09.	Although space and facilities had been allocated for 04 banks to conduct transactions on the	2023	Action should be taken to recover fees under a formal system.	Enquiries have been made to the Ministry of Public	According to the audit query made regarding the non-collection of ground rent and

	first floor of the Battaramulla, Suhurupaya Building, no rent or other fees had been collected from those institutions.		Security.	electricity by the relevant banks for the premises used by the Bank of Ceylon branch and Minibank branch established in the Suhurupaya Building,a letter has been sent to the Secretary of the Ministry of Public Security on 22.11.2023 to determine the amount of ground rent and electricity to be collected and inform the Department. Since no response has been received to that letter, a further query has been sent on 18.10.2024.
10.	Although A sum of Rs.2,160,453 had been spent on 22 December 2017 for the purchase of 62 cameras as Rs.1,330,550 to purchase CCTV cameras and Rs.829,903 for installation, the cameras remained idle in the warehouse for more than 6 years without taking any action to install them.	2023	Action should be taken to install CCTV cameras that have been purchased and stored in appropriate locations, rather than keeping them idle.	Action has been taken to install CCTV cameras. Work is currently underway to install CCTV cameras.
11.	The Department had purchased blank	2023	Tenders should be called in accordance	Proceedings should be I would like to inform you that

passports from a private company outside the procurement process for about 21 years without calling for tenders by granting supply extensions, and that company had been selected in 2003 to obtain blank passports. Due to this purchase being made without taking into account the requirements of blank passports, the number of passports to be issued was not at a level that matched the requirement, which was the primary reason for the delay in issuing passports.

with the procurement guidelines and steps should be taken to purchase blank passports as per the requirements of the institution.

taken to the procurement process is currently being carried out by a new institution to purchase blank passports in accordance with the procurement guidelines.

12. Due to the shortage of blank passports caused by the Department not importing the blank passports within the stipulated time, the Department had to incur an additional cost of Rs. 13,184,416 due to the payment of USD 33,672 to a private company as air freight, documentation and additional work charges for importing the passports by air, Rs. 322,952 as shipping compensation charges to the Bank of Ceylon, and Rs. 2023

The need for blank passports should be accurately identified, purchased, stored, and issued as needed.

Taking steps to minimize such problematic situations in the future.

Due to the uncontrollable high demand for passports, the existing stock at that time was only sufficient for a few days, so the required number of passports had to be imported by air until the remaining planned stock was received.

58,652 as reimbursement of local shipping agent documentation charges to the supplier.

13.	It had taken 10 to 14 months for a staff officer to check the applications for dual citizenship after they were registered and enter the data into the system, and no steps had been taken to send the deficiencies identified in those applications to the applicants via e-mail.	2023	Applications for dual citizenship should be registered, checked by the relevant officials, and data entered into the system as soon as possible and identified deficiencies should be sent to the applicants via email.	Instructions had been given to notify the applicants of deficiencies in their applications via email, to file a copy of the same, and to send reminders to applicants who have not responded within 03 months of sending the email.	Action has been taken as per instructions.
14.	Although a period of 4 to 10 months had elapsed at the date of audit after the relevant certificates for granting dual citizenship were issued to the applicant, instances were observed where all relevant documents had not been scanned into the computer system.	2023	Urgent action should be taken to scan the documents related to granting dual citizenship into the computer system.	Instructions have been given to complete these tasks without delay.	Applications for dual citizenship are registered and checked by the relevant subject officers and data is entered into the system within about two weeks, and the files are examined by the staff officer after calling the intelligence reports within 02 months. After examining the files, e-mails have been sent to the applicants regarding the applications with

					deficiencies within a week.
15.	There had been 6167 applications as at 31 October 2023 which had been approved by the Dual Citizenship Recommendation Committee and applicants notified for payment, and no action had been taken in this regard other than the email message sent in the first instance.	2023	A payment period should be determined and communicated to the applicants, and after issuing the relevant certificates to the applicants, steps should be taken to collect the approved income.	Reminder letters have been sent through mass email on 2024.06.05 to applicants who have not paid.	Payments are currently being made for those applications.
16.	There were instances where applications for dual citizenship submitted to the Recommendation Committee took 3 to 6 months to be approved by the Committee.	2023	Applications for dual citizenship submitted to the Recommendation Committee must be approved by the Committee without delay.	Instructions have been given to complete the work in the shortest possible time within the current process.	The Dual Citizenship Application Recommendation Committee has approved the applications registered up to 2023.10.03 and has informed the applicants to pay the fee. Applications up to 2024.04.09 have now been forwarded to the committee for approval. (The process has been accelerated to the point where applications are registered and forwarded to the committee within 4-5 months.)
17.	The approved cadre of the Department of Immigration and Emigration was	2023	Steps should be taken to fill the existing vacancies.	Steps had been taken to fill the existing	Out of the 212 vacancies as on 31.12.2023, 100 are Operational

1,318, the actual cadre was 1,106, and there were 212 vacancies at 31 December 2023.

vacancies.

Assistant posts, of which 50 posts and 38 Senior Authorized Officer posts have been approved for recruitment. Also, 7 Assistant Immigration and Emigration Controller posts have been filled on 18/03/2024. Furthermore, the approval of the Department of Management Services has been sought to recruit for 50 Operational Assistant posts, 5 Assistant Immigration and Emigration Controller posts, 18 Senior Authorized Officer posts and 72 Authorized Officer posts. Since the Department of Management Services has approved the abolition of the posts of Regulatory and Travel Document Assistant after the retirement or termination of service of the existing officers, it is not possible to recruit officers again, so these

vacancies will not be filled.

Since the government has not taken any policy to permanent the services of trainee casual workers, no steps will be taken to recruit trainee casual workers.

Since the posts of Controller and Deputy Controller in the Sri Lanka Administrative Service belong to the Island wide Service, they should be filled by the Ministry of Public Administration, and since the posts of Management Service Officer and Office Assistant Service belong to the Combined Service, they should be filled by the Director General of Combined Services.

29. Head - 227 Department for Registration of Persons

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	353,390,447	2,075,502	351,314,945	Qualified Opinion
2022	564,628,627	4,021,703	560,606,924	Qualified Opinion
2023	880,553,159	7,932,532	872,620,627	Qualified Opinion

Se. No	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive measures taken by the audited entity	Implementation status of the recommendation as of the date of the report
01	It was observed during the audit that the percentage of "Number of National Identity Cards issued from applications received under the Annual Normal Service", which is one of the key performance indicators (KPIs) of the Department for Registration of Persons, was 62 percent in the year under review.	2021 2022	Maintaining performance indicators at optimum levels.	Plans have been made to maintain sufficient card stocks to achieve the performance indicators.	The procurement for the purchase of 05 million pre-printed polycarbonate cards required for the issuance of National Identity Cards was cancelled by the Cabinet Decision No. අමුණ24/0793/601/053-1 dated 06.05.2024 after calling for bids and The decision also stated that only the quantity of pre-printed polycarbonate cards required for printing National Identity Cards should be purchased from the previous supplier as a re-order until the cards are purchased through a new procurement,

therefore, a re-order has been placed to purchase 2.3 million cards from the previous supplier, Just In Time Technologies (Pvt) Ltd. So far, 200,000 cards have been received by the department. The remaining stock of cards is scheduled to be received in the future.

02	The Electronic National Identity Card Project had been introduced in the year 2006 on the need to modernize the process of registration of individuals and issue a secure Electronic National Identity Card including the elements of registration of persons, issuance of Electronic National Identity Card and the installation of the Electronic National Register of Persons. Arrangements had been made by extending the project duration in each case since 2006 and revising the project period several times.	2021	Accomplishing project tasks efficiently and effectively.	I. Under the Physical Infrastructure Improvement Component of this project, to establish the North Western Provincial Office of the Department for Registration of Persons in Kurunegala District, the Northern Provincial Office in Vavuniya District, the Eastern Provincial Office in Batticaloa District and the Southern Provincial Office in Galle District had been completed by the project, the	A new building has been constructed in the NuwaraEliya District and the necessary facilities have been provided for the commencement of the Central Provincial Office of the Department for Registration of Persons on 22 April 2024 and official activities are being carried out in a regular manner. Furthermore, the necessary infrastructure has been developed to commence the one-day service for issuing National Identity Cards through the Northwestern Provincial Office of the Department

Although the total expenditure was Rs. 2658.33 Million by the end of the year under review for that, the Project had failed to have a progress up to the stage of issuance of an “eNational Identity Card” even by the date of audit.

provided the necessary office furniture, computers and all other necessary electronic devices to modernize those offices, as well as the installation of the new National Identity Card issuance computer software system in those offices. At present, those offices are being maintained in a proper manner for the provincial office duties of the department.

for Registration of Persons and the service is planned to commence this year..

As per the decision of the Cabinet dated 08.01.2024, the basic infrastructure required to commence the work of building the National Register of Persons by December 2024 has been almost completely completed through this project. The procurement activities for training officers and purchasing 402 machines required for obtaining finger prints have been completed and

- II. Furthermore, after the establishment of the Southern Provincial Office of the Department for Registration of Persons in the Galle District, the project also provided additional electronic devices and card printing machines required for steps have been taken for the relevant purchases. Accordingly, the data collection process will commence in December 2024 and the necessary steps have been taken to issue an electronic National Identity Card in parallel..

the commencement of the one-day service for issuing new National Identity Cards by that office, as well as the upgrading of the relevant computer software system. After that, steps were taken to commence the one-day service for issuing National Identity Cards by that office of the Department from 06 September 2019.

03	The total number of defective applications received by the Legal Division for obtaining National Identity Cards as at 31 December 2021 was 2067, including 185 and 348 applications received in 2018 and 2019 respectively.	2021	Making the application screening process efficiently.	Informing applicants to refer to the Department or the Identity Card Division of the relevant Divisional Secretariat.	Currently, the number of applications held in the Legal Division is 69 (due to non-appearance of applicants).
04	Corresponding to the revision of postal charges effective from 15	2022	Steps should be taken to bring the stamp envelopes to the head office without delay	Informing officials that steps should be taken to bring the	The stamp envelopes indicated in the audit have been used to the

	August 2022 by the Extraordinary Gazette No. 2292/13 dated 09 August 2022, the internal circular No. DRP/OP/01/DS/03 dated 18 August 2022 had been issued increasing the charges applicable to postal registration from Rs.45 to Rs.110. Total of 95,531 envelopes affixed with stamps worth Rs.4,298,895 that remained unused at the time of issuing the circular had been sent to the head office by therecord room from September to December 2022. If those stamped covers had been received on time without delay, they could have used.	and to use them efficiently.	stamp envelopes to the head office without delay and to use them efficiently, and implementing accordingly.	maximum extent. Also, a fee of Rs. 120/= will be charged in lieu of stamp envelopes with National Identity Card applications submitted under the normal service with effect from 2024.02.01, so that such problems do not arise in the future.	
05	Although in terms of paragraph 2.8.1(a) of the Procurement Guidelines- 2006, a member shall not represent on both the Procurement Committee and the Technical Evaluation Committee. an	2023	Action should be taken in accordance with the Procurement Guidelines.	When appointing members of the Technical Evaluation Committee in the future, arrangements will be made to exclude members of the Procurement Committee/Alter native	Action has been taken to correct it.

alternate member representing the Departmental Procurement Committee had also represent as the Chairman of the Technical Evaluation Committee appointed for the said procurement process.

Committee.

06	According to the information received by the audit, the total value of goods/assets provided to the Department for Registration of Persons under the Electronic National Identity Card Project from the inception of the project to the present is Rs.901,868,363, of which goods/assets valued at Rs.114,964,961 were goods/assets provided to the regional offices through the Department, and in the year 2023, only goods/assets amounting to Rs.50,164,280 were included in the Department's Fixed Assets Register.	2022 2023	All assets acquired through the e-NIC project should be included in the department's fixed asset register.	The reasons for this variation are being investigated extensively according to audit observations and the following observations have been identified so far. -Identifying unrecorded assets by comparing departmental stock records and items provided through the e-NIC project. -Identifying differences in prices. -Identifying differences in quantities. -Identifying double counting errors. -Identifying items purchased through the e-NIC project and provided directly to regional	Based on these observations, stock records are being updated, physical verification are being conducted, and accurate information is being entered into the CIGAS system promptly and systematically.

07	It had taken 8 to 11 months to post the National Identity Card to the applicant from the date of certification by the Certifying Officer of the applications submitted under the Normal Service for the last quarter of 2022 to obtain a National Identity Card.	2023	Steps should be taken to promptly post the identity cards to the applicants obtained under the normal service.	offices. Necessary plans have been made to continue issuing National Identity Cards to applicants through the normal Service.	The necessary work for the procurement of pre-printed polycarbonate cards has been continued and the department has so far received a stock of 200,000 cards under the re-order of 2.3 million pre-printed polycarbonate cards given to the previous supplier and the remaining stock of cards is scheduled to be received in the future.
08	It was observed that the entire quantity of cards had been issued to the Printing Division without maintaining a safety stock before the printed cards were issued from the main store. Furthermore, although 1,299,436 applications for the issuance of National Identity Cards had been received as of 31 December 2023, the stock of blank cards for the same was 461,429, and the Department had failed to	2021, 2023	Steps should be taken to maintain a sufficient stock level of blank cards to issue identity cards by streamlining stock control.	Necessary plans have been made to maintain adequate stock levels as required.	A stock of 200,000 pre-printed cards purchased through reorder has been stored in a special store in the printing department where the cards are safely stored.

maintain an adequate stock of blank cards relative to the number of applications received.

09	During the exmin of National Identity Cards sent by post in August and September 2023, although the envelopes had been printed, it took 4 to 9 working days to post them to the applicant.	2023	Steps should be taken to promptly post the National Identity Cards to the applicant.	Necessary measures should be taken to prevent delays in posting letters.	Necessary steps have been taken to forward the National Identity Cards to the applicants by registered post .
10	According to the process of printing National Identity Cards, the National Identity Card Printing and Preparation Division carried out a check of the accuracy of the blank pre-printed card before printing it at the Print Preview stage, but the number of National Identity Cards printed with errors was 3,064 under One-Day Service and 8,688 under General Service in the year 2023 and it was further observed that	2023	Formal measures should be taken as possible to ensure that the process of printing National Identity Cards is as error-free.	To minimize this situation, training programs should be conducted for users.	As the confirmation letters sent to school applicants are checked at the Print Preview stage before issuance, errors in the printing of National Identity Cards have now been reduced to 1%.

even though there was an accuracy check stage, the fact that the ID cards were printed with errors was an uneconomical cost.

11	Although the report of the committee appointed to dispose of old identity cards for the years 2019/2022 and the letter dated 28 July 2021 sent by the Commissioner General to the Director of the Electronic National Identity Card Project, the Electronic National Identity Card Project had requested that an appropriate card shredding machine be procured and provided to the Department, this had not been accomplished.	2023	The procurement of a card shredding machine to dispose of old identity cards should be carried out urgently.	Although the procurement process for the purchase of a card shredding machine was initiated as per the letter dated 28 July 2021 from the Commissioner General of Registration of Persons, the recommendation of the Technical Evaluation Committee for the relevant bid document was received on 03.12.2021. Accordingly, since there was not enough time to complete this procurement in the year 2021 and the provision made for this project for the year 2022 was a minimum of Rs. 130 million, this purchase could not be completed.	In this regard, the e-NIC project has informed that since the Department for Registration of Persons did not inform in 2023 that the above machine was essential, no further steps have been taken to implement this initiative.	
12	The approved number of posts	2021 2022	Streamlining administration.	staff	• Steps have been taken to	• Vacancies in 05 posts of

for 06 posts including Legal Officer, Language Translator (Sinhala-Tamil), and Technical Officer remained vacant.

fill the vacancies for the posts of Clerical Assistant.

Clerical Assistant have been filled on 04.01.2024.

- Recruitment for the post of Legal Officer has already commenced.
- Letters have been sent to the Director General of Combined Services to fill the post of Translator (Sinhala-Tamil).
- In response to the letter sent to the National Budget Department regarding additional provisions to recruit for the 02 posts of Technical Officer (Civil and Electrical and Electronic) in the year 2022, it has been suggested in a letter sent to us dated 04.03.2022 that it is appropriate to consider this requirement later,
- To obtain approval for recruitment for the post of Legal Officer, it has been submitted to the Public Service Recruitment Process Review Committee on 08.09.2024.
- Letters have been sent to the Director General of Combined Services to fill the post of Language Translator (Sinhala-Tamil).
- Steps have been taken to recruit officers on an acting basis for 02 posts of Technical Officer (Civil and Electrical and Electronic) in the year 2024.

				considering the limitations of providing additional provisions due to the Covid19 pandemic.	
				• New recruitments have been restricted by the National Budget Circular.	
13	The approved cadre of the department as at 31 December 2023 was 1476, while the actual cadre was 1343, thus 133 vacancies were observed.	2023	Steps should be taken to fill vacancies in the approved cadre of the department.	• Steps have been taken to fill vacancies for the posts of Clerical Assistants. • Letters have been sent to the Ministry of Public Administration to fill vacancies for staff officers and officers belonging to the combined services.	• Vacancies in 05 posts of Clerical Assistant have been filled on 04.01.2024. • The post of Chief Accountant of the Department has been filled on 06.05.2024. • 03 vacancies of Commissioners as on 31.12.2023 have been filled. • 01 vacancy of Driver as on 31.12.2023 has been filled.

30. Head - 228 Department of Courts Administration

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs	Audit Opinion
2021	15,276,194,966	-	15,276,194,966	Qualified
2022	17,206,452,617	-	17,206,452,617	Qualified
2023	19,526,959,341	-	19,526,959,341	Unqualified

Se. No	Audit Observation	Reported Year	Auditor General's Recommendation	Preventive Measures Taken by Audited Institution	Implementation status of Recommendation as at the date of Report
01.	There were damages and losses further to be recovered in respect of 64 incidents as at 31 December 2023 as per the financial statement of the year under review.	2023 2022 2021	Actions should be taken to recover damages as per the applicable Financial Regulations.	Since most of these damages are many years old, it had been informed that the practical problems related to the investigation would be resolved and necessary actions would be taken accordingly.	Out of the 64 events mentioned in the statement of writing offs in the financial statements as at 31 December 2023, losses related to incidents 1 and 2 have been written off from the books. Incidents 12, 13 and 14 have been recovered. Out of those incidents, most of the losses related to vehicles have been covered by insurance. Since most of the other losses mentioned in the audit query are many years old, I would like to inform you that necessary actions will be taken after solving the practical problems in relation with conducting investigations in relation to them.

02.	According to the age analysis of general deposit accounts of 11 high court zones, there were the total amount of security deposits in the deposit account with a period of more than 05 years amounting to Rs.116,077,742, tender deposits amounting to Rs.649,173, temporary retention deposits amounting to Rs.36,282,982 and contract retention amounting to Rs.1,168,628 .	2023 2022 2021	Actions should be taken to release deposits that can be released as scheduled.	It had been informed that the respective officers have been instructed to take necessary actions to release all the retention money that is capable of being released and if not, to credit to the government revenue as per F.R.571.	Out of the large number of deposits available in courts throughout the island, a large amount of deposits are related to lawsuits. That deposits money has to be kept until the order will be received to release the deposits in relation to those lawsuits. Further, out of the contract retention withheld while making payments to contractors, since the retention cannot be released until the construction work is completed because some constructions have not been completed yet, since final bills cannot be paid until approval is received from the Standing Technical Evaluation Committee though some construction works have been completed and also the contractors have not submitted the final bills though some construction work has been completed, the retentions had remained in the deposit account. Nevertheless,

instructions have been given to the relevant officers to take necessary actions to release all retention that can be able to release and if not, to credit to the government revenue as per F.R. 571.

03. There were idle office equipment in 03 High Courts by the end of the year under review and their idle period had ranged from 01 to 08 years and actions had not been taken in this regard as per the Financial Regulation 767.	2023 2022	Actions should be taken as per the applicable Financial Regulations.	It has been informed that the courts have been instructed to take respective actions when the Annual Boards of Survey has given recommendations as idle goods in terms of F.R.756 accordingly, and also in respect of idle and underutilized assets that can be used according to F.R.767(1) .	Actions are being taken as per the recommendations of the Board of Survey and all other assets have been repaired and are currently being used by the court.
04. Although the officers who are required to give securities in judicial service should give securities as required in terms of Financial Regulations 880, a number of 65 officers in 11 high court zones had not given securities amounting to	2023 2022	Actions should be taken to recover the securities of the officers properly as per the referred Financial Regulations.	Since the Ministry does not have the information about the officers who have to give securities in all the courts, it had been informed that, all the courts have been notified to call for the relevant information by now.	The applications of each of the officers identified to be kept securities in that court by all the courts are forwarded to the Ministries in the process of giving securities of government officers and only the registration of those applications will be done by the Ministry and the courtspay the

Rs.1,450,000.

securities decided for each officer directly to the bank in installments at the end of the registration of securities. Accordingly, 482 officers who are supposed to be kept securities have given securities.

05. Although the details of the loan to be collected from an officer at the time of his retirement shall be referred by the Heads of Department to the Director of Pension and should be deducted from the converted pension or gratuity of the officers as per Section 4.2.4 of Chapter xxiv of the Establishments Code, the total debts balance to be collected from retired officers was Rs.12,135,186 at the end of the year under review and in that balance, the loan balance to be collected for more than 03 years was
- | | | | |
|------|--------------------|---------------------|----------------------|
| 2023 | Prompt actions | An amount of | There was a debt |
| 2022 | should be taken to | Rs.563,160 has | balance of |
| 2021 | recover the loan | been settled so far | Rs.12,735,186.82 |
| | balances. | out of the loan | to be collected |
| | | balance of | from the retired |
| | | Rs.12,735,186 to | officers and it has |
| | | be received from | been possible to |
| | | the retired | recover |
| | | officers. | Rs.2,945,557.00 |
| | | Arrangements are | out of that amount |
| | | being made to | at 31.08.2024. |
| | | recover the | Further, it has been |
| | | remaining loan | notified by the |
| | | balances and | court zone that the |
| | | arrangements are | outstanding |
| | | being made to | balances of loans |
| | | recover the loan | remaining for more |
| | | amount in | than 03 years due |
| | | installments from | to various reasons |
| | | the officers who | such as deficiencies |
| | | are not entitled to | in the files, non- |
| | | pension due to | completion of |
| | | various reasons. | disciplinary |
| | | However, it had | investigations etc. |
| | | been informed that | can be recovered |
| | | the officers were | from Department of |
| | | made aware to | Pensions and |
| | | take immediate | creditors, |
| | | steps to recover | guarantors and |
| | | the loan balances | necessary steps will |
| | | of the retired | be taken for that. |
| | | officers | Accordingly, |
| | | immediately just | necessary actions |
| | | after releasing the | are being taken to |
| | | provisions. | recover debt |
| | | | balance of |

Rs.870,630 and the total amount of debtsto be received for more than 05 years was Rs.243,269.

Rs.478,562.00 as installments and to recover a debt balance of Rs.9,311,067.82 by the Department of Pensions.

06. Vehicle loans can be obtained once in 05 years according to Section 7.2.5 of the Chapter xxiv of Establishments Code and, although the previously obtained vehicle loans should have been paid in full when obtaining so, due to the fact that both types of car loans and bicycle loans have been given contrary to that to a Registrar who was interdicted while working in the Colombo High Court zone, a motor vehicle loan of Rs.107,000 and a bicycle loan of Rs.3,800 should have been collected from him and the said balances remained unrecovered for more than 10 years.
- 2023 Prompt actions should be taken to recover the loan balances.
- 2022 This is a loan balance that is more than 15 years old and, when inquiring the High Court, it has been emphasized in the letters dated 09.04.2021 and 13.10.2021 bearing File No.Co/HICO/AC C/ADV B/2021 that there is no other way to recover the loan of this officer or to take further actions and it had been informed that necessary instructions have been given through the letter No. MOJ/AC/13/39/2024 dated 19.04.2024 to take immediate actions regarding such overdue loan balances.
- 2021 This loan balance is more than 15 years old and although inquiries have been made from the Colombo High Court, it has not been possible to find any related informations for that. Accordingly, it has been submitted to the Department of Public Finance for approval to write off as per PF 01/2024 Circular.

07. The loan balance to be received from the interdicted officers is Rs.10,475,575 at the end of the year under review and, within that balance, the loan balance to be received for more than 2 years was Rs.1,375,612, the total loan balance to be received for more than 10 years was Rs.2,501,002, the loan balance to be received for more than 05 years was Rs.1,363,611.	2023 2022 2021	Prompt actions should be taken to recover the loan balances.	It had been informed that it has become difficult to recover the loan balances since the disciplinary proceedings of the interdicted officers have not been completed, and, actions are being taken to get settled the loan balance even in monthly installments by making aware the relevant officers in many cases, and to recover the loan from the guarantors when their information is available.	The loan balance to be received from the interdicted officers is Rs.10,475,575.01 and it has been possible to get settled an amount of Rs.551,306.80 at 31.08.2024. Since the court does not have information on most loan balances regarding loan recovery such as loan files, personal letters, national identity card numbers and guarantors etc. due to the loan balances were very old, actions couldn't be taken further to recover the loan balances. Therefore, arrangements have been made to write off the loan balance amount of Rs.758,343.90 according to PF circular 01/2024 and it has been submitted to the Department of Public Finance to get the approval to write off the loan balance of Rs.2,292,372.00. Further, it had been informed by court zones that steps are being taken to recover the balance receivable from the

interdicted officers
amounting to
Rs.6,873,552.31
from the the debtor
and the guarantors.

08. The total loan 2023
balance to be 2022
received from
the officers who
had left the
service was
Rs.9,403,611 as
at 31 December
2023 and, within
that balance
there were the
sum of the loan
balance to be
received for
more than 20
years amounting
to Rs.344,468,
the sum of the
loan balance to
be received
from more than
10 years
amounting to
Rs.1,471,919,
the sum of the
loan balance to
be received for
more than 05
years amounting
to Rs.884,044.

Prompt actions
should be taken to
recover the loan
balances.

The respective
High Courts have
informed to the
officers who had
left the service to
immediately settle
the debts
receivable from
the officers who
had left the service
and if there are
guarantors, they
have been
informed to collect
from the
guarantors.
Accordingly, some
officers have
requested to give
the opportunity to
settle the loan in
installments and, it
had been informed
that the relevant
approvals have
already been
given.

The total loan
balance of the
officers who had
left the service was
Rs. 9,493,611.38
and an amount of
Rs.466,846.00 out
of that has been
settled by
31.08.2024. Since
the court does not
have information
on most loan
balances regarding
loan recoveries
such as loan files,
personal letters,
national identity
card numbers and
guarantors etc., due
to the loan balances
were very old, an
action could not be
taken further to
recover the loan
balances.
Therefore, actions
have been taken to
write off loan
balance of
Rs.685,969.75 as
per PF Circular
01/2024 and it has
been submitted to
the Department of
Public Finance to
get the approval to
write off the loan
balance of
Rs.1,608,916.00.
Further, it has been
notified by the
court zones that the

steps are being taken to recover remaining loan balances of interdicted officers amounting to Rs.6,731,879.63 from the debtor and guarantors.

09.	A balance of Rs.301,050,923 had not been collected from the mobilization advances given to the contractors in relation to 16 construction projects from the year 2017 to 2022 as at 31 December 2023 and, any balance out of the advance amount of Rs.48,599,924 given in relation to 03 projects included in it had not been recovered during the year under review.	2023 2022	Prompt actions should be taken to recover the money given to the external parties.	It had been informed that the advance to be received related to the projects should be recovered respectively when making bill payments related to each projects according to the value of the work done as per the 5.4.4 (iii) of the Procurement Guidelines.	An amount of Rs.1,829,488.58 has been recovered this year from the amount of Rs.6,503,988.60 which should have been recovered as at 31.12.2023 of the advance given for the construction of Anuradhapura Court Complex and a sum of Rs.4,674,500.02 further to be recovered. The final bill of the construction of that project has not been submitted by the contractor even now and the contractor has been asked to submit that bill immediately. Arrangements will be made to recover the advance amount receivable from the retention amount when the contractor does not respond to that. Out of the Advances paid in relation to court complex

construction projects of Pugoda and Galle mentioned in the query, a sum of Rs.13,023,234.48 and Rs.30,656,378.08 respectively had to be recovered furthermore as advances. The advances to be recovered in relation to those projects and all the other work - in-progress projects that have been given advances will be recovered according to the value of the work done when making the payments of bills related to the respective projects in terms the 5.4.4 (iii) of the Procurement Guidelines.

10.	The total approved cadre for the Department was 5256 and thus the actual cadre was 4458, there were 798 vacancies of officers available at the end of the year under review.	2023 2022	Actions should be taken to fulfill the vacancies promptly.	It has not been possible to recruit to the public service under public expenditure management in accordance with the National Budget Circular No. 03/2022 of the Ministry of Finance and Budget Circular 01/2023 of the Ministry of Finance, Economic	The assignment to the cadre of the courts is done by the Judicial Service Commission and Ministry of Justice. It has not been possible to recruit to the public service under public expenditure management in accordance with the National Budget Circular No. 03/2022 of the Ministry of Finance

			Stabilization and National Policies and, it had been informed that arrangements were being made to recruit for the positions approved by the Recruitment Review Committee.	and Budget Circular 01/2023 of the Ministry of Finance, Economic Stabilization and National Policies and actions are being taken to recruit for the positions approved by the Recruitment Review Committee.
11.	Even though a sum of Rs.48,589,772 for purchase of 26 set of microphones and Rs.118,827 for newspaper advertisements had been incurred for the project of providing children's evidence through audio-visual communication without taking it from the open court, the objectives had not been achieved even by the date of audit.	2022	Attention should be paid on achievement of the project objectives.	It had been informed that, 26 sets of video calling technology sets were purchased and equipment installation was done for the requirement under this Ministry and, thus it was impossible to reach a final conclusion with the Child Protection Authority on appropriate locations to obtain evidence,the implementation has delayed. Necessary arrangements are currently being made to carry out the activities related to this activity under foreign funded projects. Accordingly, infrastructure has been provided to the Kandy High Court as a pilot project and there, another premises has been established in the same High Court to give evidences to the child and devices have been provided for that. Similarly, Faculty of Medicine of University of Peradeniya and National Hospital Kandy have also been provided with other facilities including necessary audio-visual connections to provide special evidence in child

abuse and other cases. At the end of that project, this project will be extended to other courts where there are many child abuse cases available.

31. Head - 229 Attorney General's Department

	Total Assets (Rs.)	Total Liabilities (Rs.)	Equity (Rs.)	Opinion
2021	2,604,656,352	60,333,865	2,544,322,487	Qualified Opinion
2022	2,738,510,477	31,756,272	2,706,754,205	Qualified Opinion
2023	2,790,240,815	34,268,628	2,755,972,187	Qualified Opinion

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Actions taken by the Auditee Institution	The Implementing Status of the Recommendation as at the date of the Report
01	In terms of Finance Regulations 128 (2) (e) the State Revenue Accounting Officers should make special arrangements regarding the arrears of revenue due to the Government, but by 31 December 2023, the arrears of revenue due from would be Rs.324,716,556 That outstanding balance consists of Rs..105,441,141 over 10 years, Rs. 38,786,239 from 07 to 09 years Rs.35,561,472 from 04 to 06 years, and Rs.56,669,736 from 01 to 03	2023 2022 2021	As per the referred Financial Regulations, arrangements should be made to recover the arrears of revenue without delay.	It was informed that the total arrears of revenue will be higher compared to that of in the previous years due to the increase in fees in the year 2023, and that the Department is taking various measures to recover the arrears of revenue. The Secretary of the Ministry of Justice held a discussion in relation to the loan balances on 25 March 2024, and that the Secretaries of the Ministries in charge of the relevant institutions will be informed to pay these loan balances.	Necessary measures have been taken to recover the arrears of revenue by making the relevant institutions aware in coordination with the Ministry of Justice.

years.

02	According to the Schedule of arrears of revenue, service supply fees of Rs.35,519,200 would have been charged from the year 2005 to the year 2023 due to the providing services continuously to 13 institutions without charging fees for the services provided since 2005.	2023	Arrangements should be made to recover the arrears of revenue without delay.	It was informed that since the cases cannot be rejected in a situation where institutions that have not paid their outstanding loans for a long time are resorting to legal proceedings again, it has been necessary to provide services repeatedly.	Necessary measures have been taken to recover the arrears of revenue by making the relevant institutions aware in coordination with the Ministry of Justice.
03	In terms of Financial Regulations 175(2) the arrears should be done with promptly in accordance with the law, although it had taken from 03 to 18 years to recover the arrears of revenue Rs.6,777,170 from 60 institutions, but the department had failed to do so.	2023 2022	As per the referred Financial Regulations, arrangements should be made to recover the arrears of revenue without delay.	It was informed that action has been taken according to the measures followed to recover loan balances in relation to 60 relevant institutions, and to take action by giving priority to recover the loan balances, which had been outstanding for more than 10 years, during this year and to follow additional measures.	Necessary measures have been taken to recover the arrears of revenue by making the relevant institutions aware in coordination with the Ministry of Justice.
04	As per the State Fiscal Policy Circular No. 01/2015 dated	2023	Actions should be taken as per the referred circular provisions.	It was informed that steps will be taken in the future to maintain	Steps have been taken to maintain records systematically as

20 July 2015, paragraph 04 of the Guideline on State Revenue Estimation, Collection, Monitoring and Reporting so therefore it is essential to Systematic maintenance of records for improving revenue administration and accounting, monitoring and policy analysis. The department had failed to act as per (a), (b) and (e) mentioned therein.

records per the relevant systematically as Circulars. per the relevant Circulars.

05	The Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system for the financial control exists in the department, 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	2023 2022	Actions should be taken in terms of provisions in Section 38 of National Audit Act No. 19 of 2018.	A report containing the proposed matters for maintaining an effective internal control system for the financial control of the Department has been prepared and submitted to the Accounting Officer by the letter of the Chief Internal Auditor of the Department, and it was informed that a review is being carried out regarding the matters mentioned	A review is being carried out regarding the matters included in the proposed report for maintaining an effective internal control system for the financial control.

carried out. Such reviews should be carried out in writing, and a copy thereof should be presented to the Auditor General. But no statements had been furnished to the audit that the reviews had been carried out.

therein.

06	The Chief Accounting Officer and the Accounting Officer shall ensure the timely preparation and submission of annual and other financial statements and in addition, the Chief Accounting Officer shall be required to submit annual reports to Parliament pertaining to the auditee entity. However, the said requirements had not been fulfilled.	2023 2022	Actions should be taken in terms of provisions in Section 38 of National Audit Act No.19 of 2018	It was informed that there had been delays and that necessary steps would be taken to submit those reports within the relevant time frames in the future.	Necessary steps have been taken to submit those reports within the relevant time frames in the future.
07	The Department has not yet introduced the Citizens/Clients Charter, in terms	2023 2022	Actions should be taken as per the referred circular.	It was informed that the Citizen/Client Charter of the Department has	The Citizen/Client Charter has been prepared in accordance with the Circular referred.

of the Circular No. 05/2008 and 05/2008 (i) dated 06 February 2008 and 24 January 2018.

been prepared and submitted to the Ministry for approval on 13 February 2024.

08	For the construction of the new building Rs. 10 million was allocated, but no activity has been done.	2023	Allocated funds should be utilized for the activities as per the action plan.	Answers have not been provided.	Arrangements have been made to allocate provision only for essential tasks for the year 2024.
09	According to paragraph 12.1 of the Public Finance Circular No. 02/2020 dated 28 August 2020, the annual performance report must be prepared in tri languages and submitted to Parliament under relevant provisions for tabling before 150 days of the end of the Financial year, but The annual performance report of the year 2022 was submitted to the Parliament on 06 November 2023 with a delay of 05 months and 06 days. The performance report for the year 2023 had	2023 2022	The performance report should be submitted to the Parliament on the due date as per the referred circular.	The submission of the Annual Performance Report for the year 2023 to Parliament had been delayed due to a shortcoming, and it was informed that action would be taken to submit the report on the due date in the future.	Future reports will be submitted on the due date.

not been presented to Parliament.

10	According to the Public Finance Circular No. 02/2020 dated 08 August 2020, recurring expenses were not included in the procurement plan, and the department had been purchased 2350 A4 type photocopy paper packets by spent Rs.3,550,442 on 06 occasions up to 31 October of the year under review without planning. In addition, toner purchases for printers worth Rs.854,550 had been made in 13 times from February to October 2023. Further, the relevant bid documents were not submitted under a sealed envelope as per 6.3.1 of the Procurement Guidelines and the date of receipt of the said bid documents was also not stamped.	2023	Action should be taken as per the referred Procurement Guidelines and the provisions of the circular.	Since purchases of stationery had not been included in the procurement plan to be prepared according to the circular, stationery purchases had not been included. Action had been taken to purchase toners on emergency requirements, and the value of one order was less than Rs. 100,000. Furthermore, it was informed that only photocopy papers required for two (2) months can be stored at a time as the space available in the warehouse is limited.	The recurrent expenditure plan has been included in the procurement plan prepared for the year 2024, and procurements are being carried out in accordance with the relevant circulars and the provisions of the Procurement Guidelines.

11	As per Section 3.6.1(c) of the Procurement Guidelines, it is possible to re-order from the original supplier within a short period of time in the background where the prices of the goods have not decreased after the initial order. 950 packets of A4 type photocopy papers worth Rs.1,466,090 were procured from the original supplier on 04 occasions without comparing the market prices.	2023	Actions should be taken as per the referred Procurement Guidelines provisions.	It was informed that orders have been placed from the original supplier within a short period of time as the same items can be re-ordered from the original supplier within a period of six months from the original order as per Section 3.6.1 of the Procurement Guidelines.	Action is being taken in terms of the provisions of the Procurement Guidelines referred.
12	As per Paragraph No. 4.2.1 of the Procurement Guidelines, a master procurement plan containing expected procurement activities for a period of at least 03 years had not been prepared.	2023 2022	Actions should be taken as per the referred Procurement Guidelines provisions.	A master procurement plan has not been prepared by including the expected procurement activities for a period of 03 years, and it had been informed that instructions have been given to the officers in charge of the subject to prepare a master procurement plan in the future.	Action is being taken in accordance with the provisions of the procurement guidelines referred.
13	As per paragraph no.	2023	Actions should be taken as per the	It was informed that instructions	Action are being taken in terms of

	3.4.3 of the Procurement Guidelines, a register of registered suppliers updated at least once a year for procurement of economically disadvantaged items had not been maintained.		provisions of the referred Procurement Guidelines.	have been given to the officers in charge of the subject to register suppliers in the future and to maintain a register of suppliers.	the provisions of the Procurement Guidelines referred.
14	Toilet fittings were missing from the toilet system on the ground floor and first floor, a glass door in the dining room on the 11th floor was destroyed and the floor tiles were destroyed, and in respect of these losses/damages actions had not been taken as per the 103(1) and 104 (1) of the Finance Regulations.	2023	Actions should be taken as per referred Financial regulations.	It was informed that instructions were given to act in terms of the Financial Regulations in relation to the damages and losses incurred in the new building.	Instructions have been given to act in terms of the relevant Financial Regulations regarding the damages and losses incurred.
15	The department had paid interest amounting to Rs.372,759 in addition to the monthly consumption expenses due to non-payment of electricity bills	2023 2022 2021	Electricity bills should be paid on the due date without paying interest.	It was informed that interest will be accrued due to the delay in payment of electricity bills as relevant imprest had not been received on the due date, and that necessary steps	Arrangements have been made to complete the payment of bills before the due date.

	on the due date.			will be taken to prevent this situation in the future.	
16	The outstanding loan balances amounting to 485,842 of 04 officers, who had vacated the posts and the outstanding loan balances amounting to Rs. 164,560 of 03 interdicted officers remained unrecovered for more than 10 years.	2023 2022	Arrangements should be made to recover the loan balances expeditiously.	It was informed that the files pertaining to loans have been submitted to the Legal Division to file cases to recover the loans from the relevant officers.	Legal action has been taken to recover the outstanding loans that can be recovered, and the outstanding loans, for which the debtors cannot be traced, have been referred to the Ministry of Justice to write off such loans.
17	According to the letter issued by the Ministry of Sustainable Development and Wildlife No. MSDW/08/65 dated 27 April 2018, although the department has identified sustainable development Goals, Targets for measuring progress in the implementation of the Sustainable Development Goals were not identified, and a sustainable development programme was not prepared by	2023 2022	Actions should be taken as per the referred letter.	It was also informed that steps were taken to appoint an officer to coordinate the achievement of sustainable development goals, and that various divisions of the department would be established and various measures would be taken to achieve the objective introduced. Steps would be taken to prepare a sustainable development programme in the future.	Actions are being taken in accordance with the relevant letter.

appointing officers to coordinate the achievement of the Sustainable Development Goals.

18	Although the approved staff is 1295 as at 31 December 2023, but the actual staff is 671, so there are vacancies of 624. It was 48 percent of the approved staff.	2023 2022	Action should be taken to fill the vacancies.	It was informed that interviews have been completed during the year 2024 for the recruitment of 25 new government Advocates, and the Public Service Commission and the Director General of Combined Services have been informed on several occasions to fill the other vacancies.	Necessary steps are being taken to fill the vacancies.
19	Although there were 523 approved senior-level positions that directly impact the performance of the Department, there were 308 vacancies for officers as the actual staff was 215 as at 31 December 2023. It was 59 percent of the approved staff.	2023 2022 2021	Since the existence of vacancies affects the performance of the Department, steps should be taken to fill the vacancies.	It was informed that interviews have been conducted and completed during the year 2024 for the recruitment of 25 new government Advocates, and that the Public Service Commission and the Director General of Combined Services have been informed on several occasions to fill the other vacancies.	Interviews have been conducted and completed to fill 50 vacancies.

20	Although the approved number of officers for tertiary and secondary level positions are 15 and 354 respectively, the actual staff as at 31 December 2023 was 07 and 157 respectively. There were 205 vacancies in the tertiary and secondary level positions. it was 56 percent compared to approved staff.	2023 2022	Since the existence of vacancies affects the performance of the department, steps should be taken to fill the vacancies.	It was informed that the Public Service Commission and the Director General of Combined Services have been informed on several occasions to fill the vacancies.	Necessary steps are being taken to recruit retired officers on contract basis as per the instructions of the Public Service Commission.
21	Although the approved number of officers for primary level positions was 403, the actual staff as at 31 December 2023 was 292 so there are vacancies of 111.It was 28 percent compared to the approved staff.	2023 2022	Since the existence of vacancies affects the performance of the department, steps should be taken to fill the vacancies.	It was informed that the Public Service Commission and the Director General of Combined Services have been informed on several occasions to fill the vacancies.	Steps have been taken to fill about 50 vacancies.
22	According to paragraph 04 of Public Administration Circular No. 02/2018 dated 24 January	2023 2022 2021	Actions should be taken as per the referred circular provisions.	It was informed that the necessary steps are being taken to sign annual performance agreements for the	A human resources plan is being prepared for the years, 2024 and 2025.

2018, a human resource plan has been prepared and submitted for the approval of the Ministry Secretary, but it had not been approved until the date of the audit report, and according to paragraph 01 of the circular, the signing of annual performance agreements for all staff has not been completed

entire staff of the Department.

32. Head - 230 Legal Draftsmans Department

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	116,445,245	7,050	116,438,195	Unqualified
2022	112,407,240	-	112,407,240	Qualified
2023	110,198,451	62,310	110,136,141	Qualified

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive measures taken by audited entities	Implementation status of recommendations as at the date of the report
01	According to the performance report submitted by the department as at 31 December 2023, there are 297 requests that were drafted as at 01 January 2023 and handed over as preliminary or final drafts and awaiting observation and advice from the Attorney General or other ministries and departments and out of total 397 requests of 100 requests were not finished drafting and, there were 105 files which were closed without consultation for a long period of time.	2023 2022	Action should be taken to increase the performance of the department.	It had been informed that there were 105 files, which were closed without consultation for a long period of time, out of the total requests of 397 comprised of 100 requests that had not finished drafting as at 01 January 2023 and 297 requests awaiting observation and advice from the Attorney General's Department or other ministries and departments.	The Department is working to improve its performance.
02	As per the paragraph 12.1 of the Public Finance	2023 2022	As per the referred circular, the performance report	It has been informed that action would be	Action had not been taken to submit the Performance Report

	Circular No. 02/2020 dated 28 August 2020, The Annual Performance Report should be submitted to Parliament for tabling before 150 days from the end of the financial year, but The Annual Performance Report for the year 2022 has been submitted to Parliament at 03 October 2023. Thus, there was a delay of 04 months. The performance report for the year 2023 had not been submitted.	should be submitted to the Parliament on the due date.	taken in the future to table the Performance Report in Parliament in the due period.	for the year 2023 to Parliament.
03	As at 31 December 2023, the approved staff of the institution was 149, the actual staff was 86 and the number of vacancies was 63. That was 42 percent of the approved staff.	2023 2022 2021 Since the existence of vacancies affects the performance, steps should be taken to fill the vacancies.	It had been informed that steps have been taken to fill the vacancies in the posts	Steps have been taken to fill the vacancies in the posts.

33. Head - 231 Department of Debt Conciliation Board

	Total Assets (Rs.)	Total Liabilities (Rs.)	Equity (Rs.)	Opinion
2021	13,224,792	-	13,224,792	Qualified Opinion
2022	13,510,269	-	13,510,269	Qualified Opinion
2023	14,205,022	-	14,205,022	Qualified Opinion

Se. No	Audit Observation	Year of Report	Recommendation of the Auditor General	Preventive Actions Taken by the Audited Institutions	Implementation Status of the Recommendation as at the Date of the Report
01	Although the Board should be comprised of members who have not less than ten years' professional experience as an attorney-at-law or who hold or have held a post of Class I officer in the Sri Lanka Administrative Service or in an All Island Service, in terms of Statutory Provisions Section 8 (3) of the Debt Conciliation (Amendment) Act No. 04 of 2019, one member had been appointed to the Galle Branch on 22 August 2022, who did not meet these criteria, and the member's appointment had been extended up	2023	Actions should be taken in accordance with the referred Act.	It had been informed that since all appointments to the Board are made by the Minister of Justice, it is not possible to provide answers regarding this matter.	Since all appointments to the Board are made by the Minister of Justice, it had been informed that it was not possible to provide an answer to this question.

	to 08 February 2024.				
02	There were 1,157 applications still to be resolved as at 31 December 2023 including 162 at the Head Office, 159 at the Colombo Branch, 383 at the Gampaha Branch, and 212 and 241 at the Galle and Kurunegala Branches, respectively.	2023	Prompt actions should be taken to resolve the cases.	The performance of the Department in the year 2022 was 44 per cent and it had been informed that it was 49 per cent in the year 2023.	Although it is the duty of the Debt Conciliation Board to reconcile the two parties in accordance with the Debt Conciliation Ordinance No. 39 of 1941, due to the fact that the relevant files were not closed until the payment was made even after a settlement, the number of cases had reached a high level.
03	There were 12 unresolved case files undertaken up to the year 2009 even by 31 December 2023 and there were 7 files which had been granted time for inquiries. Accordingly, it is observed that there are case files that had remained unresolved for over 14 years.	2023	Prompt action should be taken to resolve the cases.	It had been informed that the main board and the chairmen of the branch boards had been notified in writing about this matter and asked for suggestions and opinions on expediting the resolution of these case files.	Letters have been sent to the chairmen asking answers.
04	Although the officers who are administratively responsible or have been delegated such functions under the Financial Regulation 880,	2023 2022 2021	Securities should be given in accordance with Financial Regulation 880 and the Public Officers (Security) Ordinance.	It had been informed that the applications for the securities of officers were forwarded to	Security applications of officers have been sent to the Secretary of the Ministry of Justice for future activities.

and those who certify vouchers and sign cheques relating to the government account, should assure of performing their duties honestly in accordance with the Section 612, of Government Officers Security Ordinance, and the Ministry of Justice Circular No. 01/2011 dated 18 January 2011, 12 officers who were supposed to be kept securities had not kept securities.

the Secretary of the Ministry of Justice for further actions.

05	The case files at the Head Office were manually computed in August 2022 and in all branch offices, including the head office, had manually computed their case files in November 2023 and It was found that, there was an increase of 248 case files in 2022 and 221 case files in 2023 compared to the documented information. Accordingly, as a result of the manual computation in 2023, the number of case files at the Head Office had increased by 83, while the Colombo	2023 2022	Necessary steps should be taken to introduce an appropriate data system.	It has been informed that the UNDP is in the process of taking necessary steps to provide a model for a new data system.	UNDP has announced that it is taking the necessary steps to provide a new data system model and until then, they will be maintained by categories as the number of applications received, the number of applications resolved, the number of applications paid off and the number of applications outstanding.

and Gampaha branches saw increases of 48 and 84 case files, respectively. It was observed that due to discrepancies between the documented information and the physical records during these periodic computations, there was no proper internal control system in place for the maintenance of the files.

- 06 Although the appointment to act in a position should be made as a provisional measure until a permanent appointment is made in accordance with Section 13.3 of Chapter II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, the position of Chief Accountant, which falls under the senior level, has been vacant since 17 March 2021, and the Chief Accountant of the Ministry is currently act in the duties of this position.
- 2023 Steps should be taken to promptly fill the vacancies
- 2022 Although I have submitted a request through my letter of even No. 3/1/24 dated 01.09.2023 to fill this vacancy, it has been informed that there are no officers at present in Grade III/I of the Accountant Service available for transfer.
- Since recruitments have not been made for the positions of Accountants, it has been informed that there are no transferable officers for this Department .

- 07 Although the 2023 Steps should be Three The 02 vacancies

approved cadre for the position of Development Officer included in the secondary level was 18, thus the actual number of employees was 19, the number of excess staff was 01 employee and although the approved cadre for the position of Management Services Officer was 15, thus the actual number of employees was 06, there were 9 vacancies. Furthermore, although the approved cadre for the position of Stenographer was 6, thus the actual number of employees was 03, there were 03 vacancies.	2022 2021	taken to promptly fill the vacancies and to obtain approval from the Department of Management Services for the excess number of employees.	Development Officers have been provided on temporarily attachment from the Ministry of Justice, resulting in 2 vacancies for Development Officer positions and there are 9 vacancies for the Management Services Officer positions. For the Stenographer position, since three officers are currently serving on temporary attachment, there remain 6 vacancies unchanged. It has been informed that actions are currently being taken to make the necessary recruitments.	for the position of Development Officer has remained as it is and the 09 vacancies in the Management Service also remain the same. Necessary steps are being taken to publish advertisements in the Gazette for the 06 vacant posts of Stenographers, to call for applications and hold the examination.

34. Head - 232 Department of Prison

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	9,989,413,277	155,802,657	9,833,610,620	Qualified
2022	10,442,906,075	140,278,748	10,302,627,328	Qualified
2023	11,475,916,674	147,863,062	11,328,053,612	Qualified

Se. No	Audit Observation	Year of the Repo rt	Recommendations of Auditor General	Action taken by the Audit Entity	Implementation status of recommendation as on date of report
01	While preparing the annual action plan, allocations for dummy activities were estimated without identifying the actual activities that will be implemented during the year. Later the action plan was revised at the end of the year according to the actual activities. Thus, it was not possible to use the action plan as a management tool used to complete all the tasks (goods, services and projects) carried out by the organization. The desired objectives of planning in a timely manner in an economical, efficient and	2023, 2021	The action plan should be prepared as per State Finance Circular 02/2020.	Thus the provision has been allocated to the expenditure subject 2001, 2002 and 2003 and not based on cost estimates by identifying tasks related to it, but an amount of provision required by the institution is applied for it by the relevant operating authority based on the experience of the previous years, an amount of provision is allocated to the amount expected to be spent on the institution. Because the tasks of all these three expenditure subjects are repairs of buildings, machinery and	From the year 2022, instead of allocating allocations to prison institutions, activities will be identified at the beginning of the year. Steps were taken to include those activities at the time of approval of the action plan itself. Since almost all prison institutions are very old and in urgent need of rehabilitation, a large number of activities identified at the beginning of the year have to be revised according to priority and I would like to inform that it is necessary to make amendments to facilitate the provision of services in the institutions and despite the difficulties in practical operation, the related activities are being carried out in accordance with the audit observations.

effective manner had also not been achieved.

vehicles, which arise from unspecified situations that cannot be preconceived. There are many cases where the initial cost estimates are exceeded due to reasons beyond the control of the Prisons Department. In those cases, the value of the estimated amount related to the approved activity is revised according to the priority in relation to the allocation limits of the expenditure subjects.

02.	The evidence required to verify the balance of Rs.74,238,302 out of the receivable balance of Rs.148,861,870 stated in the Industrial and Agricultural Advance Account of the year under review was not presented during the audit.	2023 2022 2021	Necessary evidence must be submitted to verify the total debtor balance.	Institutions have been advised to clear outstanding bills promptly.	Only the bills worth of Rs. 74,238,302 out of Rs. 25,954,574 were not submitted to verify the balances, and information were not found and out of which bills worth Rs. 15,138,634 have been referred to the Ministry for approval. The balance of Rs. 10,815,940, which is the outstanding bill balance without information, is being further verified from the prison institutions.
03.	According to the No 25(1) of	2023 2022	Valid revenue licenses	Carrying out necessary	Arrangements have been made to obtain valid

	Motor Traffic Act No. 14 of 1951, for 32 vehicles that were used in the running of the prison department, valid revenue permits were not obtained for the year 2023 as per the Act.	2021	should be obtained as per the provisions of the Motor Traffic Act.	activities to obtain licenses for vehicles that have not obtained revenue licenses.	revenue licenses for 27 out of 32 vehicles by 30 June 2024.
04.	According to Finance Regulation 770(4), no disposal activities have been carried out in relation to number of 31 existing vehicles in the prison department and recommendations have been received for disposal activities in respect of another 34 vehicles, but the disposal activities have not been completed so far.	2023 2022 2021	Disposals shall be dealt with in terms of Financial Regulation 770(4).	Inspection activities have been carried out and further actions have been taken regarding the vehicles to be disposed and carrying out necessary activities for taking over the vehicles which have not been assigned to the department.	Out of these 31 vehicles, 3 vehicles are confiscated vehicles, and a ministerial cabinet memorandum has been prepared and submitted to the ministry regarding the confiscation of those vehicles. Lorry No. LH – 9527 has been handed over to the National Zoological Department. The rest of the vehicles are under investigation. Out of these 34 vehicles, 21 vehicles are confiscated vehicles and a Cabinet Memorandum related to the acquire of these vehicles has been submitted to the Ministry on 30 August 2024. 03 more are in the process of carrying out the necessary activities to carry out the disposal activities. Since the rest of the vehicles do not have the relevant registration certificates, the ministry is in the process of appointing a committee to obtain a duplicate.
05.	At a time when	2023	In conjunction	The Prison	Under the Young

	the human and physical resources needed to provide education to school children in the island are at a very low level, but lack of sufficient number of students compared to the human and physical resources provided for the Wataraka Training College for Young Offenders, which is run as a national school and this project has not been able to achieve successful results due to the lack of a more suitable methodology for the students who are studying.	with the Ministry of Education, necessary arrangements should be made to maintain a national school in accordance with the guidelines.	Department does not directly intervene in the learning process, and the Prison Department only engages young offenders in activities, vocational training programs and various rehabilitation programs. Together with the Ministry of Education, related activities have been carried out to implement a suitable program that can achieve more successful results in the future. As only young offenders who are incarcerated are referred to this school, there are sometimes insufficient numbers of students due to reasons such as release due to completion of sentence, and inmates who are not ordered by the courts cannot be admitted to this institution.	Offenders Training College Act No. 28 of 1939, for a training period of 03 years, the inmates between the age group of 16-22 years are admitted to the Wataraka Youth Offenders Training College as per the Prison Form 113, only on the orders of the Court. Since this happens only under a judicial process, there is no possibility for the prison department to influence it. Also, the learning activities of this training college are carried out by trained teachers under a curriculum approved by the Ministry of Education and a Principal belong to the Ministry of Education. Reducing of students and appropriate educational system is a task outside the administration of the prison department. Although the number of children in this school is numerically less, I point out that if more children are enrolled in the future based on court orders, there should be adequate physical facilities and human resources.	
06.	As at 31 December 2022, Rs.151,915,478	2022	Efforts should be made to adequately	Since there are vacancies for properly trained	There are not enough knowledgeable officers to fully install the Prison

had been paid for the project of establishing the Management Information System, worth of Rs.221 million in the Prison Department. In the implementation of the information management system in the prison institutions, only the main gate, registration prisoners, transfers of prisoners among different prisons and release of prisoners are carried out. Function of disciplinary, industrial, rehabilitation, management, of prison personnel properties, showing visitors to the prisoners and food preparation department etc. are not performed using this management information system.

achieve the desired objectives of the project.

officers for this information management system, the information are being entered into the system after giving separate practical training to the officers.

Management Information System, and in such a situation, there is a problem to fully install it. In the future, new prison guards have been approved to be recruited, and infrastructures are also being provided, so the system is being implemented to cover the relevant sectors in a systematic manner.

07. For the urgently needed upgrade project at Pallansena Youth Offender Correctional Centre Negombo

2023

Management should ensure that projects are completed within planned time frame and formal

To control the current COVID 19 epidemic situation and for it as a solution to the overcrowding in prisons, the

The money spent on these meals has been deducted from the combine allowance given to the Civil Security Department. Furthermore, the Prisons

to remedy for overcrowding in prisons in the year 2019, the National Planning Department had submitted a project report worth of Rs.135 million and started the work on 28 September 2020, and planned to finish the work on 31 December 2020. By 31 December 2023, 11 major works were to be completed, of which the estimated cost for 07 works was Rs.10,478,341, and the amount of provision was Rs.10,125,031. Estimates have not been prepared for 04 other works. Excluding salaries and overtime allowances paid to the head of the Civil Security Department for the construction of this project, more than 105 million rupees have been spent so far, but it was not completed by 06 February 2024. In terms of Finance Regulation 136(1) the relevant

programs to be implemented to achieve desired results.

Presidential Task Force for the purpose of building a safe country, a disciplined, virtuous and law-abiding society held under the leadership of the Honorable Secretary of Defense, it has been decided to construct a new ward complex immediately. Due to the fact that this task must be completed quickly and in the midst of the COVID 19 epidemic situation, the Presidential Task Force has decided to perform it under very strict health practices, with the approval of the National Budget Department

Small Scale Procurement Board has decided to make payments to the canteen of Pallansena Prison Officers' Sports and Welfare Association for the food taken by the officers of the Civil Security Department and to make the relevant payments on a monthly basis, decided by the Small Scale Procurement Board of the Prisons Department and also decided to give to the Civil Security Department as per the estimates given by the Civil Defense Department as Rs.700 per officer out of the combine allowance of Rs.1,050 to the officers of the Civil Security Department. While 99 percent of the building construction has been completed and the sewage and sewage treatment system have been stopped due to the current high ground water level. The Department of Civil Security has now withdrawn from the respective constructions. The Navy's assistance has been requested to obtain the relevant contact. At present, a temporary water tank is planned to provide the necessary water and about 50 percent of the construction of the water tank has been completed.

service should be included in the appropriations covered by the appropriate authority or in the appropriations made, the Department of Prisons had paid Rs.22,293,250 in combine allowances from the beginning of the year 2021 to the end of the year 2023 to the staff of the Department of Civil Security who performed the tasks of the project to develop the Pallansena Youth Offender Correctional Center without complying with it and without the approval of the Treasury. For the staff of the Department of Civil Security engaged in this project without complying with Section 1.3 of Chapter XIV of the Code of conduct of the Democratic Socialist Republic of Sri Lanka, Under this project, an amount of Rs. 4,677,625 was paid to the prison

canteen for the food they got according to the decision of the Minor Administrative Procurement Board by giving combine allowances for the period from November 2020 to December 2021.

08.	As at 19 October 2019, an expenditure amounted to Rs.20,667,766 was incurred for the construction of an embankment below to stabilize the unstable ground due to the landslide that occurred in the Kegalle prison grounds and for the repair of the wall at the landslide site. Although a safety metal cover and a safety wire fence have been constructed to cover the breached part of the wall, there is a possibility of another landslide or the collapse of the wall, which poses a danger to the lives of the inmates and	2023	Steps should be taken to act in accordance with the full instructions of the National Building Research Organization.	The consulting firm had identified that the protective wall of the prison could be at risk, and the engineering remedies that could be taken for that purpose were also carried out on the advice of the National Building Research Organization. But due to the disposal of waste water over a long period of time and the informal removal of soil by the Kegalle Municipality, a part of the very old protective embankment collapsed. Accordingly, as a safety measure, a vulnerable part of the embankment was removed. The	The initial phase of destabilization caused by the landslide conditions has been completed and the landslide condition has been reduced to some extent. The relevant approval has now been given to carry out its second phase. The contract has been awarded and construction is underway.

officials.
Accordingly, it was observed that the construction of the safety wall is essential for safety

approval of the procurement board has now been received to obtain the engineering consultancy services for the construction works to be carried out by the National Building Research Organization. Under that consultancy, procurement activities are currently being carried out to carry out the constructions related to protecting the remaining parts of this wall and other constructions. A protective steel cover and a wire fence have been temporarily constructed on the removed part of the wall, and after the related construction is completed, the temporary construction will be removed.

09	As indicated in paragraph 3.4.1 of the Government Procurement Guidelines Code and 2.14.1 of the	2023	Should follow the Government Procurement Guidelines Code.	Institutions in procuring goods and services for their prisons, including obtaining the	In the future, the relevant institutions have been informed to carry out the procurement activities by conducting at least 5 quotations as per the

Procurement Manual, Regional Procurement Committees shall call for not less than 05 sealed prices following the market comparison method while purchasing goods. But without complying with that, in the first 08 months of the year 2023 in Kalutara prison, withing 8 months ,quotations were called from only 03 institutionson 12 occasions for the purchase value of Rs.1,184,320 andpurchase have been made with the value ofRs.315,375 byNegombo prison in 3 occations during the first 6 month of the year 2023 by calling quotation only from 3 institutions. For these purchases, relevant quotations should have been made only from registered suppliers or suppliers listed on the Telecom

recommendation s of the Technical Committee as per the prescribed procurement method, all prison superintendents have been informed to call for quotations from suppliers registered in the telephone directory or from the register of suppliers registered by the Divisional Secretariat or from government suppliers.

procurement guidelines.

	Rainbow pages, but this was not done.				
10.	The ownership of 363.64 acres of land was held by the Prisons Department but was not accounted for as the value was not assessed.	2023 2022	The value of the lands held by the Prisons Department should be assessed and accounted for.	Requests have been made from the Provincial Valuation Offices and the Government's Chief Assessor to provide the appraisal reports for the lands that have not been accounted for, even though the ownership has been transferred. Actions have been taken to account for the assessed lands.	Of the 363.64 acres of land allotted to the Prisons Department, the assessment reports of 229.8664 acres have been obtained as on 30 September 2024. The prison superintendents have been informed to get other assessment reports promptly, and requests also have been made to provide the government's main assessment reports promptly.
11	The ownership of 390.98 acres of land used by the prison department as prisons, prison cells, open-air prison camps, rehabilitation centers and farms had not been taken over.	2023 2022	Arrangements should be made to take over the ownership of these lands.	The activities of taking over the unacquired lands are being carried out expeditiously, and all the prison superintendents have been informed to carry out the necessary activities to take over the unacquired lands. Also, the regional secretariat offices, Urban Development Authority and Mahaweli Development Authority, which own the government lands, have also	As at 30 September 2024, a land area of 43.2471 acres (Avisawella Prison 0.2471 perches and Watareka Prison 43 acres) has been transferred to the Prisons Department. Accordingly, as at 30 September 2024, the total amount of land to be taken over by the prison department is 347.732 acres.

				requested to hand over the land immediately.	
12.	Ministry of Rehabilitation and Prisons not being able to carry out repairs on cab vehicle No. PA - 7034 in the year 2013 due to handing over to the Youth Offenders Correctional Center at Dalupotha without formal handover, the maintenance have not been done from the year 2013 until now so , the vehicle has not been able to be used for driving.	2023	A formal takeover should be carried out and repairs should be carried out as per Public Administration Circular No. 30/2016 dated 29 December 2016.	Quotations are called for repairs and so to repairs are economically unaffordable. After formal handing over to the department it will carry out the necessary work for disposal.	After the relevant approval, the institution has been informed to dispose of it.
13.	From 24March 2021, the Cab bearing number PH-1916 owned by VavuniaPrison and the cab bearing number PA-8709 owned by the prison headquarters from 14May 2022 were given to external institutions for repairs and kept them in those institutions for more than 03 years without any repair.	2023	It should be done as per State Administration Circular No. 30/2016 dated 29 December 2016.	PH-1916 Van has been approved for disposal. PA – 8709 cab has been repaired and put into operation.	As the agency failed to do so after being told to speed up the repair of the car, the car has now been brought to the prison and the prices were called again.Due to the difficulty in procuring spare parts in the market, no company has sent the quotations and due to the difficulty in finding these spare parts and the high maintenance cost of these micro type vehicles, the disposal has been approved. PA – 8709 has been put into service after completion

					of repairs.
14.	Out of the losses and cases to be further recovered or written off or waived as presented under Annexure (01) of the financial statements of the year under review, the loss related to 33 incidents including 28 vehicle accidents that have been going on for more than 10 years is amounted to Rs.36,220,218. The loss related to 80 incidents including 79 vehicle accidents that have been going on for more than 05 to 10 years is amounted to Rs.15,651,990. It was observed that the loss related to 78 incidents, including 30 vehicle accidents in the year 2023, including 77 vehicle accidents that have been going on for less than 05 years, is Rs.49,955,804. Although a loss of Rs. 2,937,032 has been recommended to be written off	2023 2022 2021	Financial Regulations 103 and 104 should be dealt with.	Reports related to getting the approval of the Secretary of the Ministry to write off the losses related to 07 vehicles from the long-standing vehicle accident related losses were submitted. Arrangements are being made to carry out cut-offs for the rest of the vehicles after approval.	The loss of Rs.655,226 related to 10 motor accident damages out of 33 damages for more than 10 years (Rs.36,220,218) related to the accounting year 2023, and out of 80 losses (Rs. 15,651,990) between 05 to 10 years, Rs. 93,505 related to 02 car accidents and Rs. 401,638 related to 02 property damages, and from 78 losses less than 05 years (Rs. 49,955,804.00) as well as the loss related to 18 road accidents (Rs. 1,750,299) and up to now a total of 32 losses of Rs. 2,900,668 have been deducted on the approval of the committee. Also, the information related to making payments for traffic accident files referred to the Ministry of Justice, Prison Affairs and Constitutional Reforms for the approval of MOJ/E/17/T/41 and by the letter dated 15 August 2024, has been asked again. Regarding that, information have been requested by the relevant prison institutions and related departments, and I am making arrangements to forward the information to the Ministry. Also, the damages stated in the financial statement include the property

	from the books in relation to accidents related to 06 vehicles, the approval of the Secretary of the Ministry of Justice, Prison Affairs and Constitutional Reform has not been received yet.				damage caused by riots in Mahara, Tangalla and Galle prisons, and since there are proceedings in the courts, it is not possible to carry out the work related to write off them.
15.	Among the losses and cases that were presented in the financial statements of the year 2023 to be further recovered or written off or waived, the loss of 05 losses that occurred from 2017 to the end of the year 2021 was not assessed until 28 February 2024.	2023 2022 2021	Actions should be taken as mentioned in Financial Regulations 103 and 104 in respect of losses including vehicle accidents.	The relevant agencies have been informed to assess the loss in 05 cases related to losses and losses to be further recovered or written off or waived from the year 2017 to the year 2021 and reported under Annexure 01 of the year 2023 indicated by the audit query.	Buses No. GK-5287 and NC-0615 belonging to Monaragala Prison have been cut off as they have been repaired. Reports related to other accidents have been recalled.
16.	If delay of more than 07 days is expected in submission of full report as per Financial Regulation 104(03), initial report regarding loss and damage should be sent immediately. But in the period from 1998 to 2023, initial reports regarding 122 damages and 34 damages had not	2023 2022	Should be made as per the applicable Financial regulations.	In terms of Financial Regulation 104(3), all institutions have been informed to bring the initial reports by the Commissioner General of Prisons No. - 08/2023 and departmental circular dated 29.03.2023.	Out of the 122 losses for which initial reports have not been submitted, 12 losses (Rs. 848,881) have been received and written off. Out of the remaining damages, there are 12 damages (Rs:1,417,719) which are more than 10 years old. Initial reports related to damages for 98 damages less than 10 years (Rs. 18,964,773) have also been brought from the relevant prison institutions and further work is being done. 32

been submitted.

losses related to the year 2023 have been written off from the books based on the committee's recommendations and approval. Among them are 03 out of 34 damages mentioned in the query. Also, I kindly report that all prison institutions have been informed to deal with damages according to the financial regulations, and further work related to damages will be done promptly according to the public financial circular number 2/2024.

17.	Toyota Lanka Private Company had submitted two estimates of Rs. 4,974,724 and Rs. 8,656,243 respectively on 5 January 2022 and 19 October 2022 regarding the accident that happened to the vehicle bearing number NC-5426. However, as per Sri Lanka Insurance Corporation's letter dated 18th June 2022, there was no response to the notification to submit the repairs for inspection or if unable to do so, to be given reasons. Accordingly, as per Finance	2023	103, 104 and 156(1) of the Financial Regulations to be dealt with	Making necessary arrangements to re call the quotations for vehicle repairs.	It has been informed that the insurance corporation related to the car accident will give a claim of Rs.500,000. Due to the fact that the repairs have not been completed and F.R 104(4) report has not been provided so far. As per the relevant approval, the prices have been called again for the repair of the vehicle, and Colombo West (Admin) was informed to make an inquiry on that matter.

			Regulation 156(1), the government had not identified the loss and made arrangements to cover it. Also, according to Financial Regulation 104(4), a full report should be submitted within three months from the date of the accident, but the report was not submitted until the time of the audit.		
18.	For non-payment of electricity bills within the prescribed period as fines (surcharges) amounting to Rs.1,392,311 have been paid and in the year 2023 by Agunakolapalassa, Negombo, Kalutara Prisons and Dalupotha Youth Offenders Correctional Center in the year 2023. Agunakolapalassa Prison had paid Rs.188,306 in fines (surcharges) due to non-payment of water bills within the stipulated period.	2022 2023	Financial Regulation 780 should be followed.	After disbursement of funds from the Treasury Operations Department as per the gross monthly estimate, to be arranged for the release of funds to prison institutions without delay.	According to the gross monthly estimate, it has been informed that after the release of cash from the Treasury Operations Department, the cash will be released to the prison institutions without delay.

19.	During the sample audit, in 31 December 2023, the prisoners of Welikada prison were employed in the officers' housing premises on 233 occasions. 234 man-days of prison guards were also spent for that. During this period, 09 reserved vehicles of the prison headquarters had driven 372 kilometers on 62 occasions to transport prisoners to the residential premises. Budget Circular No. 01/2023 dated 27 January 2023 emphasized the need to strictly control overtime expenses, but in 2023, 982 million rupees were spent as overtime and holiday payments, and it was an increase of 106 million rupees compared to the year 2022.	2023	Budget Circular No. 01/2023 dated 27 January 2023 should be dealt with	Relevant instructions have been given to prison institutions.	Due to the shortage of prison officers to match the prison population, the officers have to be deployed on continuous duty to maintain the prison affairs. For this reason, I would like to inform the audit that the overtime and holiday payments of the prison department have to bear more expenses than the previous years. Welikada prison premises is spread over an area of about 44 acres and 152 dormitories, related yards and several main playgrounds, and a road from Leslie Ranagala Mawatha to the Telecom Institute have been established through the prison dormitories. According to the Prison Regulation Orders 234, the use of prisoners to clean the land, yards, plantations and drains related to all these places barracks and houses is done in such a way that it is not bad or inconvenient for the prison administration. For this purpose, officers are deployed from the respective prisons where the housing premises are located.
20	Convicts who are unable to pay bail shall be imprisoned, and those prisoners shall be released from prison as	2023 2022	The prisoners should be released on the same day as the order of release after payment of	In case of receiving audit queries, instructions have been given to the concerned agencies.	When bail orders are issued by the courts of Minuwangoda, Marawila, Halawata, Puttalam, Kalpitiya and Anamaduwa related to Negombo Prison, the

soon as the bail order is received. According to a sample check, in the month of January 2023 in Negombo prison, there were 121 cases where bail was not released on the same day as the order of release and between January and June 2022, there were 291 cases in Agunacolapalassa and Monaragala prisons.

bail.

bail orders come to the prison registration section of Negombo Prison at the end of judicial protection. Then I will inform the audit that they will be presented to the court the next day as the work of the court office is over. After the inmates have been granted bail in the courts, the agency will receive the bail order from distant courts that evening. Since the court's office work was over by that time, In such cases, the suspects will be brought to court the next day to sign bail, and if the bail order is received in the evening on a Friday or a day before a government holiday, they will be brought to court on the first day of the next court.

21.	Convicts who are unable to pay the fine shall be imprisoned, and those prisoners shall be released from prison as soon as the order of release is received after payment of the fine. According to a sample check, in the period from 01 January 2023 to 30 June 2023 in Negombo Prison, 292 cases	2023 2022	Immediately upon receiving the release order, arrangements should be made to release the prisoners.	In case of receiving audit queries, instructions have been given to the concerned agencies.	When release orders are issued by the courts of Minuwangoda, Marawila, Halawatha, Puttalam, Kalpitiya and Anamadua related to Negombo Prison, the release orders will be received by the prison registration section of Negombo Prison after arriving at the prison during the judicial protection night. Since there is no legal possibility to release the prisoners during the safe night, it has been informed to the audit that

	were report that not released on the same day as the order of release and during the period from January to June 2022, there were 46 cases of such non-release in 03 prison institutions.				the prisoners ordered to be released will be released the next day and the releases received before the prison closes in the evening will be done on the same day.
22.	During the physical inspection of Negombo and Agunakolapalassa prisons, it was observed that the telephone signal blocking systems has been installed in the prisons were not working properly to block the calls made by the inmates to the outside parties outside the prison by holding mobile phones illegally.	2023 2022	To achieve the objectives of establishing the telephone signal blocking system, the signal blocking system should be implemented properly.	This system has been established under the guidance of the Ministry of State Security and with the support of telephone service providers. The Ministry of Defense has been informed to correct the errors.	This system is currently being fixed. However, the attention of the Ministry of Defense has been focused on changing the technical method of the currently established telephone blocking system.
23	Although 12 1/2 per cent of the salary of a married officer who is not entitled to get scheduled housing (obtained public service housing) as per paragraph 5.2.1 of Chapter XIX of the Establishment Code shall be charged as house	2023	It should be done according to paragraph 5.2.1 of Chapter XIX of the Establishment Code.	Regarding the proper collection of office rents and to collect the arrears of rent from the concerned officials, instructions have been given.	In accordance with paragraph 5.2.1 of Chapter XIX of the Establishment Code, instructions have been given to all prison institutions to charge rent for office premises. According to the facts shown by the audit, out of these arrears, Rs. 69,769 have been recovered. Steps are being taken to recover the remaining amount.

rent . Although an amounted to Rs. 2,334,509 should be collected as house rent from 76 married officers who are not entitled to get scheduled houses in 05 prison institutions in the year 2023, only 10 percent of the salary that is amounted to Rs. 1,864,952 was collected for house rent. Thus, Rs. 469,557 was observed as less recovered.

24	In the balance of Rs.148,826,252 due from the sales made by the prison who produced by the prisoners to the public sector, amounted toRs.2,377,921 and those are more than 20 years old and Rs.23,643,153 between 5-20 years and receivables for sales made to the private sector amounting to Rs. 35,618 and balances over 20 years old Rs. 19,034 and balances of Rs.16,584 between 10-20	2023 2022 2021	Funds must be processed in accordance with Financial Regulation 502(b).	Making necessary arrangements to recover the balances due .	The balance of bills receivable from sales made to the public sector is Rs.148,826,252 as at31December 2023, and as at31 August 2024, bills of Rs.88,197,591 have been settled. The remaining 20 years old bills worth Rs.1,948,947 out of Rs.2,377,921 have been forwarded to the Ministry of Justice for write-off as per State Finance Circular 01/2024. Proceedings for recovery of the remaining bills are going forward as per the instructions of the Debt Relief Committee out of the loan balances of Rs.23,643,154 between 05-20 years and an amounted to Rs.13,256,187 has been directed for write-off and

years are due for a long period of time. They were not promptly recovered in accordance with Financial Regulation 502(b).

the remaining outstanding bill balances are to be acted upon as per the recommendations of the committee. An amount of Rs.12,650 out of Rs.35,618 outstanding bills related to private sales has been recovered on 09 October 2024 and the remaining amount is being recovered.

25. Although there should be sufficient space and facilities in accordance with the accepted international standards and the provisions of the Prison Ordinance and in accordance with the internal circulars in such a way as to suit the mental and physical fitness of the inmates, according to the audit conducted in 2023, 62 wards of 05 prison institutions held number of 2,601 more inmates than the required number, while 12 wards of Agunakolapalassa prison held 127 inmates less than the required number. 2023 According to the regulation no.179 and internal circulars prepared under section 94 of the Prisons Ordinance (Authority 54) shall be conducted in accordance with accepted international standards. It is informed to the audit that it will always do its best to protect the principles of detention of prisoners and suspects in accordance with the standards of the United Nations and the provisions of the Prison Ordinance, and to carry out the necessary activities to detain them according to the classifications and as the convenience of presenting the inmates with other cases before the courts is kept in the jails close to those courts. But transfer to other jails with more space is not done because of the additional cost involved. There is a high density of population in Colombo and its immediate surroundings, and judicial and police stations have been established comparatively on that. At present, the number of arrests for various offenses with the population is reported from the surrounding areas of Colombo and more suspects are jailed from these areas. As there are cases to be resolved for them in these courts, the government has to bear heavy transportation costs due to having to transfer them to distant prisons like Agunakolapalassa and bring them back to the Colombo area 14 out of 14 days. Suspects with cases to be resolved must be in the relevant jurisdiction, and they must be kept under the supervision of the remanded magistrate. Also, there are accusations that the

detainees pending cases in Colombo are not given the opportunity to get legal advice for their cases when they are transferred far away and they do not get a chance to meet their relatives, and the detainees pending appeal cases also have to face this problem. Due to these reasons, more number of inmates have to be kept in Colombo prisons and due to the reduction in the number of inmates for prisons such as Agunakolapalassa, which are located in a rural environment where the population is low, the number of inmates there is low. But at present, the inmates whose cases are pending before the Court of Appeal have been transferred to the Agunakolapalassa prison. For long-term prisoners, prisoners who got death sentence and life time prisoners, steps have been taken to transfer to Agunakolapalassa prison.

26.	Due to the fact that the analyst reports related to the drug samples submitted by the police to the taste testing department of Analysis in relation to the	2023 2022 2021	Taking measures related to the suspects should be formalized by getting the analyst test reports promptly.	I point out to the audit that the prison department cannot control the situation of them being in prison for a long time due to the delay in providing the	Regarding the release of the suspects who have been remanded on bail due to the delay in the analysis reports, under the Act No. 08 of 1991 on the release of prisoners on remand, the relevant institutions will refer the information of the suspects to the

	suspects who have been imprisoned by the court have not yet been submitted, In the year 2023, according to the audit sample check, the number of suspects remanded in Agunakolapalassa , Kalutara and Negombo prisons wer1,421.		analyst reports of these suspects by the Department of Government Analysis. I further point out to the audit that this process is the work of the judiciary and the Department of Government Analysis.	attention of the relevant courts. Prompt delivery of analysis reports is beyond the control of the Prisons Department. This process is a process that takes place through the courts, the police and the Department of Government Analysis. According to the report submitted by the Audit and Management Committee of theministryheld on 15 October 2024 and 31 August 2024, there were 8,447 incarcerated due to the delay of anlysis reports. It was observed that an expenditure of Rs.1,084 per day for food and maintenance expenses per inmate so the extra expenditure on that was Rs.9,156,548 per day owing to this situation.
In a sample audit as at 01October 2023, the number of inmates detained in Agunacolapalassa prison for more than 06 months, awaiting referral to rehabilitation centers by the court, were 45 persons.	2023 2022	Prisoners should be systematically rehabilitated.	Even if the inmates are referred by the court to institutions controlled by the Bureau of the Commissioner General of Rehabilitation, admissions are made according to the facilities available in those institutions,only those who have no other cases will be admitted. Also, drug rehabilitation	The problem has been resolved right now and arrangements are being made to refer them to the rehabilitation center in the shortest possible time. According to the report presented by the Audit and Management Committee of the ministry held on 15 October 2024, it was revealed that by 01 September 2024, the camps under the Bureau of Rehabilitation can accommodate more than 839 inmates.

				beneficiaries were employed in rehabilitation activities under the “AmadiviRitdma program” in this institution.	
28.	There were 2,316 prisoners who have been repeatedly imprisoned in the prison institutions of Agunakolapalassa, Wataraka, Negombo, Welikada, Mahara and Bogambara during the period from January to the end of November 2023. Moreover, it was observed during the audit that there is no formal system in the prison to identify people who are repeatedly imprisoned in the prison, and currently those prisoners are identified based on the verbal information they provide.	2023 2022 2021	Efforts should be made to create a strong and streamlined rehabilitation process to reduce in imprison.	Taking necessary steps to establish a biometric system in the prison information management system to identify the the prisoners who have been imprisoned repeatedly.	Necessary steps are being taken to establish a biometric system for the unique identification of the prisoners who have been imprisoned repeatedly through the prison information management system.
29.	Whereas, in accordance with the provisions of Chapter 223 of the Amendments of 1956 in relation to Section	2023	In relation to paragraph 54 of the Prison Ordinance, the provisions of Chapter 223 of the	The same month after the audit, prison clothes were issued to those residents. According to the provisions of	At present, prisoner’s cloths have been stored for future requirements, and orders have been made to the headquarters warehouse as per the requirement. Also, I

	54 of the Prisons Ordinance, every prisoner shall wear and use uniforms approved by the Government in accordance with the scales of provisions set out in Schedule II thereof. There are more than 500 prisoners in Agunakolapalassa Prison as 13 November 2023, but among them about 75 prisoners are using privately provided clothes due to the lack of prison clothes. It was observed that the clothes given to other prisoners were also not in good condition.	amendments made in the year 1956 should be dealt with.	chapter 223 of the amendments made in the year 1956 in relation to paragraph 54 of the Prisons Ordinance and all the prison institutions have been instructed to make necessary arrangements to procure the required uniforms for each prisoner in relation to the scales shown in Schedule II from the Prison Headquarters Store Division.	would like to inform you that in the years 2023 and 2024, several times (May 9, 2023, October 24, 2023, January 8, 2024, etc.) prisoner's clothes have been issued to the Agunakolapalassa prison.
30.	Drug-related incarcerations are a major cause of the abnormal overcrowding in prisons. Because most of the inmates involved are drug addicts and they try to get the required amount of drugs in any way. Due to the fact that the prison officials have to pay more attention to prevent such	2023 As one of the main tasks of the department is to set up the social background necessary for the inmates to leave as good citizens to suit the needs of the time, it should be coordinated with other related government agencies.	Although in agree with the audit observations, this process is beyond the control of the Prisons Department as it is a process determined by the government's anti-narcotics policy. Efforts have been made to inform the appointed executive forces	The Prisons Department is not in a position to intervene in the case of inmates who are remanded by the courts. The relevant departments have been made aware of the increase in the number of people being remanded to prison after being charged with drugs. It has also been informed in the relevant discussions and attention should also be paid to creating alternative institutions

situations, it has hindered the achievement of the main objectives of the prison as well as the internal security and functioning of the prison. In this regard, according to a sample inspection, during the physical inspection conducted in Negombo and Kalutara jails, 65 percent of the total number of inmates in Negombo prison as at 27 August 2023 out of was 2,225, it was 1,442 and the total number of 1,275 inmates held in Kalutara Prison as at 19 September 2023, 69 percent or 885 were drug related inmates.

and other policy decision makers in this regard.

outside the prison for this problem.

31	Although the court had set bail for the inmates going to prison, but the inmates could not fulfill the bail conditions, according to a sample check. Accordingly 229 inmates who have been incarcerated for a long time	2023	Arrangements should be made to fulfill the bail conditions promptly.	Inform the relevant courts about it and release them on personal bail within the existing legal frame under the Release of Remand Suspects Act No. 08 of 1991. After admitting guilt and receiving	In relation to the release of the remanded suspects on bail, the relevant institutions will refer the information of the suspects to the attention of the relevant courts in relation to the release of the remanded prisoners under the Remand Prisoners Act No. 08 of 1991 and the Bail Act. Regarding the relaxation of bail

	were observed in the Negombo prison as at 15 August 2023.			prison terms, proceedings are terminated and bail conditions are relaxed and relief is provided, and magistrates are informed about this and arrangements are made to submit lists of inmates who are unable to keep bail to those courts.	conditions or non-granting of bail the Prison Department does not have the ability to influence the court
32	Department officials were assigned to work in the welfare canteens and shops operating in the prison department. The cost of water and electricity are borne by the prison department. But the rental incomes due for running these welfare restaurants and shops were not identified and those incomes were not credited to as a government revenue under revenue code number 20-02-01-01 of head no. 5 the provision of financial regulation no 83. During the audit conducted on a	2022 2021	83 of the Financial Regulations shall be dealt with.	A committee has been appointed to collect rent from the government for the monthly rent and water and electricity for the prison canteens and the amount recommended by the committee shall be accounted for as rent income under the head number 5 and government revenue code no.20-02-01-01, as per the provision of financial aregulation 83.A departmental circular has been issued in this regard.	At present, a committee has been appointed to collect rent from the government for monthly rent and also water and electricity for canteens in prisons and the committee has recommended to charge to each prison institution and to arranged to account for the recommended amount under Revenue Head No. 05 under Revenue Code 20-02-01-01 as per the financial regulation no.83. And also it has been informed that these amounts should be accounted for before the 10th of every month.

sample basis, the prison department had paid an amount of Rs. 7,528,306 as salaries and allowances for 27 prison officers attached to 09 prison institutions in the first 06 months of the year 2022. In addition, 5,581 man-days of hard labor were used, and it was reported that an income of Rs. 104,827,723 has been earned only from the sale of food items and hygiene items during this period.

33	A large-scale restaurant has been running for a long period of time as a private business as indicating that this restaurant run by the Welfare Association using the resources of the Anuradhapura prison with buildings of more than 1,800 square feet and unlimited electricity and water. The daily income of this restaurant from the sale of bakery products in the industrial sector is	2022	To deal accordance with Sections 1:5 and 1:11 of Chapter XLVII of the Establishment Code.	Information regarding the audit inquiry has been called from the Superintendent of Prison and a committee has been appointed to look into this. To appoint a committee to collect rent to the government for rent, water and electricity and the amount recommended by the committee to be accounted for as rent income under revenue code 20-02-01-	In the prison canteen, other officers have been assigned to the canteen duties in place of the officers who were on duty at the time of this audit enquiry. In this regard, the report of the inspection committee has been received and it has been asked to give recommendations regarding the running of the canteens. Electricity and water meters are installed separately in this restaurant. A monthly amount of Rs. 3150 as monthly rentals credited to the government revenue. I also inform you that we

	Rs. 19,000, although an approximate income of Rs.300,000 can be earned by providing other goods and services to customers, but no bills are issued for that. More than 6 prisoners were employed daily in the restaurant, and salaries and allowances of Rs. 707,241 were paid for the prison officer attached to the restaurant in the year 2022. The restaurant was personally supplied by that person with high-value inventory items such as furniture.		01 under the government revenue head number 05 as per financial regulation 83 . A departmental circular has been issued in this regard.	are working with the support of the public health inspector of the prison institution to maintain this restaurant in a better condition. I also inform that the necessary catering equipment etc. will be purchased through the welfare association.	
34	During the year under review, out of 18 prison institutions where industries are operating, 07 institutions no production in 11 work sections. The roduction of 05 prison institutions decreased between 16 percent to 77 percent in 2022 compared to 2021, and the sales of 03 prison institutions	2022	The industry section of the prison department should be operated at optimum level and formal measures should be taken to increase the income.	Necessary measures have been taken to increase production and sales.	Handloom section inPallekele is currently operated. Anuradhapura Handloom Division is temporarily closed due to lack of trained officer and lack of trained prisoners. According to the action plan, TaldenaInstitute does not have a Landry division. According to the action plan of the Batticaloa institute, there is no Sewing department and no Block Stone department.As the Weerawila institute is functioning as a drug

	decreased between 42 percent to 48 percent in 2022 compared to 2021.				prevention and treatment center, this factory section and Welding section are not functioning, and according to the action plan, only the Bakery section / Brick section / Agriculture industry is functioning in this institute. Dalupotha institution does not have a brick department as per the action plan, and the Footwear department is not functioning at present. According to the action plan, Sewing and Carpentry sections of Variyapola Institute are not available.
35	As at 30 April 2023, there was a shortage of 187 toilets in 27 prisons, and 278 of the existing toilets were under repair.	2022	Adequate sanitation facilities should be provided.	Approval has been given for the construction of 106 new toilets and the repair of 166 toilets.	Necessary provision has been provided for that amount. In addition, instructions have been given to the prison superintendent to carry out minor repairs and improve and complete the relevant sanitary facilities under the budget heading 1303. At the same time more than 90 percent of the work has been completed.
36	During the physical inspections of Anuradhapura, Kalutara and Kegalle prisons, unrepaired buildings were observed, and in addition, the D and Chapel Ward premises of	2022 2021	Prisoners at all levels of imprisonment must be protected, cared for and maintained in accordance with prison rules.	Repairs to Section D of the Chapel Section have been planned as per the instructions of the National Building Research Institute. For the improvement of old ward toilet	Estimates are suggested to be prepared for Section D and 3 number of old wards have been completely renovated. Instructions have been given to prepare the necessary plans and estimates for the completion of the remaining wards. Regarding the

Welikada Prison were also dilapidated. The Maharaprison was in a dilapidated condition due to lack of repairs in the cells and that prison has been built many years ago. During the audit, it was observed that the inmates do not have an adequate sanitary environment due to the existence of dilapidated prisons. The environment in the prisons and wards and the presence of insects such as mosquitoes, bugs and rats. Apart from this, the Cells in the Pallekele open air prison were not maintained and were in a dilapidated condition, and the toilet facilities in the wards were not sufficient.

facilities, necessary instructions are given for repairs and improvement of dilapidated buildings.

buildings of the Kalutara prison, the structural engineers of the building department were consulted. Repairs or removal of buildings will be carried out as directed. The Anuradhapura Special Section has now undergone complete renovations and also the Kegalle prison is undergoing related repairs.

37	According to the Prison Morning Opening event on 31 December 2022, it is 53 percent of the inmates are punishing and 68 percent of these	2022	Efforts should also be made to reduce the obstacles that hinder the provision of security of prisoners, which is the	Necessary arrangements are being made to recruit officers.	Examinations are being held to complete the 347 vacancies of prison guards and further work is being done for recruitments. Applications have been called for the recruitment of 472 Army Volunteer

detainees are being held on suspicion. Most of the inmates involved in drug offenses are drug addicts, so they try to get the required amount of drugs in any way. To prevent such situations, the prison officials have to pay more attention and due to the lack of human resources, it has also hindered the internal security and functioning of the prison.

primary purpose of the prison and to recruit officers for vacant positions.

Corps officers for the Emergency Response and Tactical Force.

38	To protect the rights of detainees in accordance with international standards, a project was planned to implement the Welikada prison complex in Borella at the expected cost of 30.6 billion rupees in order to ensure the safety of the inmates and to rehabilitate the inmates properly. Although about 30 percent of the environmental impact assessment report including the items such as	2022	The project to re-establish the suspended Welikada prison complex in Horana area should be started and implemented soon.	This project is a project implemented by the Urban Development Authority. According to Circular No. 03/2022 issued by the Ministry of Finance, the implementation of this project has been temporarily suspended.	This project is a project implemented by the Urban Development Authority. I would like to inform that no cost has been borne by the Prison Department in relation to this project. According to Circular No. 03/2022 issued by the Ministry of Finance, the implementation of this project has been temporarily suspended. Nevertheless, the Urban Development Authority has taken over the land of 16.436 hectares where the prison headquarters is located according to Note No. 4/2/9799 and the exemption letter dated 16 November 2022 in Section 6(1) of the State

	planning and design work, internal roads, water and electricity, etc., have been completed according to the National Budget Circular No. 03/2022 dated April 26 2022 issued by the Ministry of Finance, but the implementation of this project was temporarily suspended.				Land Ordinance.
39	As 31December 2023, the approved number of officers was 7,872 and the actual number of officers was 6,173, with 18 excess officers related to 02 posts and 1,717 vacant officers related to 79 posts. As mentioned in the 2021 and 2022 reports too there were officers vacancies.	2023 2022 2021	In order to maintain an effective service level, the management should conduct a proper staff review and take necessary measures accordingly.	Necessary arrangements have been made to fill up the vacancies in the Prisons Department for 169 officers in 18 posts after 31st August 2023.	Requests have been made to fill the vacant posts in the Sri Lanka Administrative Service and requests are made to fill the vacancies of Assistant Agriculture posts. Applications are called to fill up the vacancies of Assistant prison Superintendent. Preliminary work is being done to fill up the posts of Sub-Inspector and Work Inspector in the Prisons Department. Exams have been held to fill the 347 vacancies of prison guards and further work is being done. Applications have been called for the recruitment of 472 Army Volunteer Corps officers for the Emergency Response and Tactical Force.
40	As at December	2023	In assigning	Dealing with the	I would like to inform

2023, there were number of 22 surplus of graded doctors in relation to 14 prison hospitals and 09 vacant for graded doctors in relation to 05 prison hospitals and also there are number of 05 surplus registered doctors in 04 prison hospitals and 05 vacant registered doctors in 03 prison hospitals. In relation to the implementation of the orders given by the Public Accounts Committee held on 09 June 2023 regarding the arrival and departure of doctors to prison hospitals, although the Commissioner General of Prisons informed that the information included in the gate registers would be forwarded to the Director General of Health and only the details of the doctors attached to several prison hospitals were referred but they were not

2022 doctors to prison hospitals, the need should be properly identified and a formal program should be implemented jointly with the Ministry of Health and the orders given by the Committee on Public Accounts held on 09 June 2023 should be implemented.

administration and performance of doctors is outside the purview of the Prisons Department. The arrival and departure reports of doctors are being sent to the Director General of Health Services.

you that only the arrival and departure reports of the doctors working in the prisons, which have been forwarded to the headquarters so far have been forwarded to the Director General of Health Services.

	systematically prepared reports.				
41	In accordance with the Public Service Commission's work procedural rule No. 251, the annual transfer policies and procedures should be taken into account to prevent the attempts of officers to stay in the same area by getting transfers between the workplaces located in the same geographical area. During the sample audit, it was observed that by 31 March 2024, number of 377 officers of 10 prison institutions have been working continuously in the same prison for a period between 06 and 25 years from the date of their assignment to the prison. It was further observed that 29 of these officers were previously attached to the same prisons.	2023 2022	The Public Service Commission shall prepare and implement annual transfer policies as per the rules of procedure.	Due to the existing shortage of officers in the Prisons Department, only the number of officers transferred to the prisons has been released.	Regarding the year 2023, all the officers who have completed their term applied for transfer and some officers have not been transferred due to the reasonable base of the officers. Accordingly, release arrangements have been made only in relation to the number of officers transferred to prisons.
42	Due to 66 vacancies in	2021	Vacancies in respective	Necessary arrangements are	Requests are made to fill the vacancies of

	positions directly related to work sites, industries and construction located in various parts of the island and controlled by the prison department, the efficiency and the effectiveness of construction, industries, work sites and quality of projects remained at a low level.		posts should be filled.	being made to recruit officers.	Assistant Agriculture posts. Preliminary work is being done to fill up the posts of Sub-Inspector and Work Inspector in the Prisons Department.
43	Since the year 2013, officers have not been appointed for the posts of Deputy Director/Assistant Director (Sri Lanka Agricultural Service II, III) in the approved working bodies of the Prisons Department.	2021	Vacancies in respective posts should be filled.	Requests have been made regarding the posting of officers to this department at the time of new recruitment.	Requests have been made by the line ministry to the Ministry of Agriculture on a number of occasions to obtain a grade II/III officer in the Sri Lanka Agricultural Service. Finally, a request has been made on 15 December 2023, and through a letter from the Secretary of Agriculture and Plantation Industries, it has been informed that an officer will be given to this department when new officers are recruited.
44	07 counseling officer posts had been approved in the approved working bodies of the department, and there were vacancies in this post for a long time due to non-	2021	Vacancies in respective posts should be filled.	Necessary arrangements are being made to recruit officers.	The Ministry of Justice, Prison Affairs and Constitutional Reforms has forwarded the letter to the Public Service Commission for the approval of the counseling officer recruitment procedure.

arrangement of
recruitment
procedure to fill
these 07 posts.

35. Head - 233 Government Analyst's Department

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	2,458,829,205	380,447	2,458,448,758	Qualified Opinion
2022	2,578,689,247	428,121	2,578,261,126	Qualified Opinion
2023	2,734,871,696	2,945,746	2,731,925,950	Qualified Opinion

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive measure taken by the Audited Institution	Implementation as at the date of the report
01	According to Financial Regulation 880 regarding the furnishing of securities by government officers as amended by Section 9 of the Public Finance Circular No. 01/2020 dated 28 August 2020, as the responsibility for the custody and security of public funds lies with the accounting officer, he should ensure that the concerned officers give securities. However, officers holding positions such as accountant, cashier, and storekeeper, who are required to give securities under Financial Regulation 315, had not deposited the	2021 2022 2023	Action should be taken in accordance with the referenced circular.	As discussed during the meetings of the Audit and Management Committees of the Ministry of Justice, it was stated that the Act regarding the deposit of securities by government officials is scheduled to be amended, and decisions regarding the deposit of securities for government officials will be made accordingly in the future. Therefore, it was informed that no action was taken	Following the amendment of the Act regarding security deposits by government officials, actions should be taken in accordance with the provisions outlined therein.

relevant security.

regarding the deposit of securities until then.

02	In accordance with Section 40(i) of the National Audit Act, No. 19 of 2018, the department had not established an internal audit unit.	2021 2022 2023	Action should be taken in accordance with the Audit Act.	Since the position of internal auditor in the department remained vacant in 2023, it was informed that the internal audit unit of the Ministry of Justice was conducting the supervision.	As of now, the internal audit position remains vacant. The internal audit unit of the Ministry of Justice is conducting the necessary supervision.
03	During the 2021-2024 period, the Korea International Cooperation Agency (KOICA) provided a grant of 4.5 million US dollars for the capacity development of the department. However, despite an estimate of Rs. 100 million for the year under review, no expenses were reported by KOICA.	2022 2023	The funds received from foreign aid should be utilized efficiently for the intended activities.	It was notified that no expenses were reported by the project office for the year 2023.	Under the KOICA project in 2024, laboratory equipment, laboratory furniture, chemicals, and standards have been received by the department. Accordingly, no issues have arisen regarding the accounting of the received allocations for the year 2024.

04	According to Section 6.1 of the Public Administration Circular No. 02/2018 dated 24 January 2018, it is required that every member of the staff is confirmed in the Human Resource Plan for a minimum of 12 hours of training per year. However, no plan has been made to implement such a training program.	2022 2023	Actions should be taken to enhance the efficiency of the staff.	It was informed that, in accordance with the limits set by the issued circulars and considering the department's service requirements, participation was made only for the essential training and free training as per the above-mentioned limited requirement.	Due to the limited allocation of provisions, it was necessary to restrict involvement in training opportunities
05	According to Section 1.3.4 of the Asset Management Circular No. 04/2018 dated 31 December 2018 regarding the guidelines for the valuation of non-financial assets, if a vehicle incurs repair costs exceeding Rs. 500,000 due to an accident, the vehicle's value should be reassessed after repairs, and the assessed value should be considered as the vehicle's value. However, although a vehicle was repaired at a cost of Rs. 2,835,853 following	2023	Action should be taken in accordance with the referenced circular.	This vehicle was repaired and delivered by an agency, and it has been stated that steps are being taken to obtain the valuation report.	Steps will be taken to obtain the valuation by 31 October 2024 by presenting it to the assessment committee.

an accident, no action had been taken to obtain a valuation after the repairs.

06	According to sections 2.3, 3.3.1, and 4.3 of the guidelines for the valuation of non-financial assets, revaluation should be conducted every five years for land and buildings, office equipment and furniture, and plant and machinery. However, the department had not taken actions accordingly.	2023	Action should be taken in accordance with the referenced circular.	It had been informed that it was acknowledged the fact that the revaluation of fixed assets was not carried out according to the relevant guidelines, and this was scheduled to be done in 2024.	The revaluation of land and buildings was referred to the Government Valuation Department. However, the Valuation Department has informed that this revaluation could not be carried out because the first round of valuations must be completed before proceeding with the second round. A copy of the relevant letter is attached herewith. Committees have been appointed for the revaluation of machinery, equipment, and office furniture.
07	The damage of Rs. 2,229,111 caused by the fire accident that occurred on 14 February 2003 was mentioned in the statement on losses and write-offs, but no action was taken to recover it or to write off it from the books during the year under review.	2023	Action should be taken to recover the losses and damages or to write them off from the books.	In this regard, the file held by the department does not indicate how the amount of the loss was calculated, and since no party has been identified during the investigations to recover this loss, it was	Action will be taken to write off the relevant loss from the books before 31 October 2024.

				informed that steps are being taken to obtain the authority to write it off from the books.	
08	The total outstanding loan of Rs. 448,499, involving two officers who have vacated the service and two officers who have been suspended, was not recovered by the end of the year under review.	2023	Action should be taken to recover the outstanding loan balances.	One of the officers has been reinstated in March 2024, and as a result, the outstanding loan and interest have been started to be recovered from March 2024. The other officer has been informed to settle the outstanding loan balance. The legal proceedings of the two suspended officers are still under review.	One of the two officers who had vacated the service has been reinstated. Accordingly, the recovery of the loan installments has been resumed. The other officer has been notified to her personal address to settle the loan amount. The committee has recommended writing off the loan balances of the remaining two officers.
09	The department has not made any revisions to the fees for services performed by special officers beyond their service period since the year 2016. Additionally, according to the letter issued by the PublicFinance	2023	Action should be taken in accordance with the referenced circular.	It had been informed that requests for fee revisions are expected to be submitted in 2024.	A committee has been appointed to review the fee revision, and recommendations have been received from the committee's report. Accordingly, a request for approval of the fee revision is

Department on 11 December 2015, under reference number PFD/04/08/01/59, the fees should be reviewed and revised every three years. However, no such revisions had been made.

expected to be submitted to the General Treasury.

10	Two officers of the department who had taken no-pay leave and traveled abroad have not reported back to work. As a result, the total penalty amount of Rs. 2,260,935 that was to be recovered from these officers has not been recovered to date.	2023	Steps should be taken to recover the said amount as per the agreements.	The honorable Attorney General has been informed to take legal action to recover this amount, and accordingly, it has been reported that the necessary preliminary measures to file cases against these officers have been initiated.	No legal action has been filed so far. 1. Assistant Analyst - Since legal advice from the Attorney General has not yet been received, a request for guidance was made through the Secretary to the Ministry of Justice on 09 July 2024. 2. Computer Data Operator - A report containing relevant information must be submitted to the Attorney General. This report will be forwarded to the Hon. Attorney General before 31 October 2024.
11	A senior assistant anlysisist who went	2023	Steps should be taken to recover the	It has been informed that	Instructions regarding this

abroad in the year 2021 after taking leave to spent out of the island with pay had returned to Sri Lanka in October 2022 due to illness suffered while in that country. The officer had spent an amount of Rs. 6,281,948 for other expenses including course fees. Out of the amount of Rs.5,224,681 paid as course fee, an amount of Rs.4,816,556 was repaid by the university and the department had not taken steps to recover the remaining amount of Rs.408,125 additionally the amount of Rs.1,057,267 spent by the department.

funds spent by the government on the course.

this amount will be recovered from the visa fees and other expenses to be reimbursed by the officer.

matter have been sought from the Ministry of Justice.

12	Additionally, although this officer arrived in the country on 28 October 2022, the leave for the period spent abroad had not been approved even by 30 March 2024, the date of the audit.	2023	Officers must obtain prior approval for leave before traveling abroad.	It has been informed that the leave for the relevant period has been submitted for approval.	Action has been taken to forward this leave request to the Ministry of Justice.
13	Due to the fact that the posts of 35 senior level officers and 7 out of 10 tertiary level officers, which are required for making decisions that help	2023	Necessary steps should be taken to recruit relevant staff for positions in order to effectively accomplish its objectives and main	According to the National Budget Circular No. 03/2022, it has not been possible to carry out the	On 15 August 2024, nine officers of the Sri Lanka Scientific Service were appointed. A Cabinet Memorandum has been forwarded to

to carry out the work of the institution efficiently, were vacant. It had hindered the proper handling of the affairs of the department.

tasks.

recruitment from the year 2022, despite constant requests made by the line ministry for the necessary approval. It was informed that there has been no recruitment other than multipurpose service officers, and due to the large number of vacancies, it has not been possible to manage the affairs of the department properly. obtain Cabinet approval for filling the remaining vacancies through an examination conducted by the Sri Lanka Institute of Development Administration (SLIDA).

36. Head - 234 Department of Registrar of Supreme Court

	Total Assets (Rs.)	Total Liabilities (Rs.)	Equity (Rs.)	Opinion
2021	107,305,411	48,355,329	58,950,082	Unqualified
2022	109,683,468	22,226,411	87,457,057	Unqualified
2023	120,403,460	3,606,760	116,796,700	Qualified

Se. No	Audit Observation	Year of Report	Auditor General's Recommendation	Preventive Measures Taken by Audited Institution	Implementation status of Recommendation as at the date of Report
01.	Even though the leasing facility that the Department had obtained from a private company for a vehicle had been fully paid within the year 2023, the transfer of the vehicle to the institution had not been completed.	2023	Arrangements should be made to take over the ownership immediately.	It had been informed that actions of taking over of this vehicle in the name of the institution is currently being done.	The documents related to take over of this vehicle have been sent to the Department of Motor Traffic.
02.	Nine officers who were supposed to be given securities in the Court of Appeals as per Financial Regulations 880 had not given securities.	2023 2022	Arrangements should be made to recover the securities as required.	It had been informed that the necessary actions were being carried out to recover the securities of the respective officers by now.	It has been informed that the necessary activities were being carried out to recover the securities of the respective officers.
03.	A vehicle belonging to the Department has been in dilapidate condition for more than 4 years from January 2020 to till now and even though only mechanical engineering recommendation has	2023	Actions should be taken to carry out the repairs promptly.	It had been informed that although the recommendation of the Mechanical Engineer had been called for this vehicle, the recommendation	A survey panel has been appointed to get recommendations regarding repairs and, it had been informed that further activities will be done according to the recommendations

	been obtained so far, repairs had not been done.			n of the Mechanical Engineer has not been received so far.	of the panel.
04.	The total number of cases belonging to 14 types of cases to be resolved in the High Court in the year 2023 was 7268 and, the number of cases resolved during the year was 1535. It was 21 percent as a percentage and, the number of cases to be resolved at the end of the year was 5733. Accordingly, the percentage of resolving cases during the year was at a minimum level.	2023	Actions should be taken to resolve the lawsuits within the stipulated time	It had been informed that actions have been taken to expedite the proceedings by now, and accordingly, the actions have been started under the guidance of the Honorable Chief Justice for the immediate completion of other proceedings such as especially the Commercial High Court and Appeals and accordingly, arrangements would be made for the efficient completion of the proceedings in the future.	Since the Supreme Court and the Court of Appeal are the supreme and highest courts in the country and when considering the scope of the Supreme Court, as the final judge of human rights, also as a unique court with jurisdiction over the Constitution and Bills, it should also be emphasized that it is not possible to perform a mathematical analysis of the Honorable Supreme Court's work and duties compared to other courts or other factors. I kindly brought your attention regarding that evaluation should be quantitative expert evaluation with a good emphasize on the importance of each lawsuit, complexity and national and international uniqueness and it

should be consider as a matter to be taken into account while preparing the audit reports in the coming years. Without prejudice to that observation, it is informed that theactions should be taken to complete the proceedings efficiently in the future under the guidelines of the Honorable Chief Justice.

05. The total number of cases filed to resolve in the Appeal Court under 23 categories was 5921 during the year under review and, the number of cases resolved during the year was 1780. It was 30 percent as a percentage and, the number of cases to be resolved at the end of the year was 4141. Accordingly, the progress of resolving cases in the Registrar's office of the Court of Appeals was at a minimum level.
- 2023
2022
- Actions should be taken to resolve the lawsuits within stipulated time.
- It had been informed that actions have been taken to expedite the proceedings by now, and accordingly, actions have been started under the guidance of the Honorable Chief Justice for the immediate completion of other proceedings such as especially the Commercial High Court and Appeals andaccordingly, arrangements would be made for the efficient completion of
- The same answer as above applies.

the proceedings
in the future.

06.	The total approved cadre to the Department of Registrar of Supreme Court was 558 as at 31 December 2023 and, the actual cadre on that date was 430. Accordingly, 127 officers remained vacant.	2023 2022	Actions should be taken to fill the vacancies promptly.	It had been informed that a request has been made to the Secretary of the Judicial Service Commission regarding the cadre shortages in the Department.	A request has been sent to the Secretary of the Judicial Service Commission regarding the cadre shortages in the Department.
07.	An Accountant from another department had employed on the acting basis of 02 working days a week for the position of Accountant III and, that position remained vacant for more than 02 years from 03 January 2022.	2023 2022	Actions should be taken to fill the vacancies promptly.	It had been informed that a request has been made to the Secretary of the Judicial Service Commission regarding the cadre shortages in the Department.	A request has been sent to the Director General of Combined Services regarding the vacancy of the post of Accountant III in the Department.
08.	A number of vacancies had existed in the Court Clerk, Translator, Book Binder posts in the Registrar office of Appeal Court and, those were 10,09,08 respectively.	2023 2022	Actions should be taken to fill the vacancies promptly.	It had been informed that a request has been made to the Secretary of the Judicial Service Commission regarding the cadre shortages in the Department.	A request has been sent to the Secretary of the Judicial Service Commission regarding the cadre shortages in the Department.

37. Head - 235 Department of the Law Commission of Sri Lanka

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	27,612,548	-	27,612,548	Qualified
2022	29,522,800	-	29,522,800	Qualified
2023	27,850,117	-	27,850,117	Qualified

Se. No	Audit Observation	Reported Year	Auditor General's Recommendation	Preventive Measures Taken by Audited Institution	Implementation status of Recommendation as at the date of Report
01	Although those who are administratively responsible or have been assigned the same tasks under delegation of authority or officers who certify vouchers related to the state account, signing cheques should give securities in respect of receiving or having custody of public money revenue stamps or articles, or distributing public money or issuing stamps or articles that they perform those activities honestly in terms of Financial Regulations 880 and pursuant to the Authority 612 of Government	2023 2022	Actions should be taken as per the applicable Financial Regulations.	Although the required documents to give securities for the two officers mentioned in the relevant observation were formally submitted few years ago, instructions have not been received regarding that from the Attorney General's Department by now. It had been informed that the documents of give securities will have to be sent again for these two officers.	Necessary preliminary steps have been taken to re-submit securities.

Officers Securities
Ordinance and
Ministry of Justice
Circular No.
01/2011 dated 18
January 2011,two
officers who were
supposed to give
securities had not
given securities.

02	Out of the 18 Members of the Commission, 05 members had not participated in any meeting in the year 2023.	2023	Arrangements should be made to inform the respective members to the participate to the meetings.	The Chairman of the Law Commission has also discussed about the members who had not attended to the Law Commission meetings even once in the first Law Commission meeting of the year 2023.Members of the Law Commission are appointed by the President for a period of 05 years. It had been informed that since non- participation does not result in cancellation of membership under the existing provisions of the Law Commission Act, that there is no possibility to appoint new members in their place.	It had been informed that, since the legal status regarding this is in accordance with the Act, the Chairman is not able to make decisions regarding absent members.
03	A draft of the Annual	2022	Action should be taken in	It had been informed that the	Although a draft Annual

	Performance Report had not been presented along with the annual accounts of the year under review in terms of format in Guideline 14 issued by the Department of Public Finance in terms of Paragraph 10.2 of the Public Finance Circular No.2/2020 dated 28 August 2020.		accordance with the Circular.	matters contained in the report would be agreed upon, and it would be implemented in the future.	Performance Report of the year 2023 is submitted with the accounts, the Annual Performance Report of the year 2023 had not been tabled in the Parliament before the due date.
04	An internal audit had not been conducted at the Institute in accordance with Financial Regulation 134 and Section 40 (3) of the National Audit Act No. 19 of 2018 as emphasized in the Department of Management Audit Circular DMA/01-2019 dated 12 January 2019.	2021	Actions should be taken in accordance with the respective provisions.	The internal audit of the Department is carried out by the Internal Audit Division of the Ministry of Justice and, it is expected that the Covid situation in 2021 may have led to the internal audit not being carried out. It had been informed that conducting of internal audit is not a function related to the Department.	Although an internal audit had been conducted in the year 2023, Internal Audit Unit had not been set up as per the Audit Act.
05	Although the approved number of posts in the secondary level was 15, the actual numbers of employees were 06 and there were 09 vacancies existed. In this, the post of Accounts	2023 2022 2021	Actions should be taken to fill the Vacancies.	Although requests were made from the relevant institutions to fill the vacancies in the approved positions mentioned in the observation, it had been informed that it	It had been informed that, nothing could be done for that according to the currently issued circular.

Assistant, 01
Development
Officer post, 06
Management
Assistant posts and
also post of
stenographer had
been vacant.

was not possible
to fill the
vacancies
according to the
Circular that has
been issued so
far.

38. Head - 236 Department of Official Languages

	Total assets Rs.	Total liabilities Rs.	Equity Rs.	Opinion
2021	402,265,086	313,609	401,951,477	Unqualified
2022	399,248,636	678,220	398,570,416	Unqualified
2023	397,819,684	506,377	397,313,307	Qualified

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive measures taken by the auditee Institution	Implementation position of the recommendation
01	Although the Commissioner General of Official Languages had requested a certificate of accuracy from the Project Director on 14 February 2022 regarding the Sinhala, Tamil and Tamil-Sinhala translation software prepared by the University of Moratuwa at a cost of Rs.10,810,000, it was not provided and the cost incurred for the software has now been idle.	2022 / 2023	Actions should be taken to identify software deficiencies and actively contribute to translation efforts.	The software was installed on LGN Cloud on 04.01.2023 and has been made available to nearly 200 users so far.	This software has not been confirmed to be in use.
02	A stock of books worth Rs.5,347,048 purchased in 2016 and 2018 for oral, written and spoken language proficiency courses to be	2022 / 2023	Actions should be taken to identify the need and steps should be taken to print only a sufficient number of books.	In terms of the letter dated 28.12.2021 from the Secretary to the Ministry of Public Administration, approval has been granted to issue these books free of charge to government	The unnecessary expense of printing books has been incurred.

completed by public servants and semi-public servants, 54 "Liyana Sinhala" books printed in 2018, were in unsalable condition and 477 environmental science books and 71 zoology books that were unsalable and unusable were in the warehouse.

institutions/school libraries and the book issuance has been carried out as per the requests received so far.

03	The book sales management software purchased at a cost of Rs.314,450 on 17 August 2020 remained inactive.	2023	Actions should be taken to identify the need and make purchases and to hold relevant officials accountable for purchasing decisions.	Arrangements will be made to re-establish the system through another institution or purchase a new system in the future.	No action has been taken.

39. Head - 237 Department of National Planning

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	140,546,477	140,546,477	139,144,446	Unqualified
2022	142,966,110	142,966,110	142,966,110	Unqualified
2023	143,650,365	143,650,365	141,314,817	Unqualified

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current status in that regard
01	It was observed that an action had not been taken by the department to identify the sustainable development goals according to the United Nations 2030 Agenda for Sustainable Development and to identify the required criteria to measure the achievement of the sustainable development goals and to establish an accurate data system related to it.	2022	Action should be taken to identify the sustainable development goals and identify the necessary criteria to measure their achievement.	According to the United Nations 2030 Agenda, Identify the criteria needed to identify and measure the achievement of the Sustainable Development Goals and the work to create a correct data system related to it is already implemented by the National Council for Sustainable Development with the relevant institutions. The Department of National Planning has already	Identification of the required criteria to measure the achievement of the sustainable development goals, had not been done up to 31 December 2023.

provided
necessary
support for
that.

02	The total net allocation of Rs. 34,788,249 allocated in the year 2023 for the subject number 237-1-1-20-2106-0/13 under the Food Security and Livelihood Recovery Emergency Assistance Project implemented under the Department of National Planning had been left unused.	2023	The need should be correctly identified and the provisions should be allocated and the provisions made to fulfill the project objectives should be used efficiently.	The CRM system of the Department of Samurdhi Development had to be upgraded under the Food Security and Livelihood Recovery Emergency Assistance Project. However, since the subsidy payment under the Aswesuma had been done through commercial banks, it was not necessary at that time to make the subsidy payment system through the CRM system.	Even though this provision had been made to upgrade the CRM system for subsidy payment under the Aswesuma and Geoviya system, these systems had not been upgraded up to 31 December 2024.
03	The total number of vacancies in the department as at 31 December 2023 was 28 according to the personnel data submitted for audit ,and no steps had been taken during the year under review to fill up the vacancies or revise the number of sanctioned posts.	2023	Measures should be taken to fill the vacancies or update cadre in a formal manner.	Agreed.	There were 27 vacancies in the cadre as at 31 December 2024.

40. Head - 238 Department of Fiscal Policy

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	39,748,298	39,748,298	39,723,335	Unqualified
2022	41,141,529	41,141,529	41,102,348	Unqualified
2023	40,343,623	40,343,623	40,239,220	Unqualified

Serial No.	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current status in that regard
01	The output and outcome of the activities that should have been included in the Action Plan of the year under review in terms of Section 03 of the Public Finance Circular, No. 02./2020 dated 20 August 2020, had not been mentioned. Hence, efficiency of the activities in accordance with the Action Plan, could not be examined.	2023	The Action Plan should be prepared in accordance with the Public Finance Circular.	Agreed with the observation. The officers have been informed to take corrective action in due course.	The output and outcome of the relevant activities had not been included in the Action Plan of the year 2024 as well.
02	It is the key objective of the Department to formulate and implement the fiscal policies within the broad development framework of the Government in proper coordination with relevant institutions, Line Ministries and the private sector in order to achieve the expected economic and social objectives; and, formulation of the tax policy of the country, as well as making necessary amendments to the fiscal policy in view of fulfilling the expected objectives through the revenue , expenditure and financial analysis and analysis of local and foreign macro-economic trends. The Fiscal Management (Responsibility) Act No. 03 of 2003 controls the fiscal strategy of the Government, and the progress of 02 indicators on the execution of strategies implemented by the Government during 2019 – 2023 in order to achieve the objectives under	2023			

this Act, is given below.

Year	2019	2020	2021	2022	2023
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Budget deficit- as a percentage of the GDP	9.6	11.1	11.7	10.2	8.3
Public debt- as a percentage of the GDP	81.9	96.6	100.1	114.2	103.9

The following observations are made on the said matters.

- i) (According to the Fiscal Management Act, the budget deficit should be maintained under 05 per cent of the GDP. However, the budget deficit had become 8.3 per cent of the GDP by the year under review.
- 2023 It is necessary to maintain the budget deficit as mentioned in the Act.
- Noted. It is correct to state that the budget deficit should not exceed 05 per cent of the GDP in terms of Section 3 (a) of the Act. It is expected that, as compared to the sum of Rs. 2,013 billion in the year 2022, a growth as higher as 52.8 per cent would be achieved reaching Rs. 3,074 billion by the year 2023,
- It was a submission of information. The Fiscal Management (Responsibility) Act, No. 03 of 2003 had been abolished by the Public Financial Management Act, No.44 of 2024 and this new Act has introduced public fiscal rules based on primary balance and not on budget deficit.

thereby
maintaining
the budget
deficit below
05 per cent
from the year
2026.

It is expected
to introduce
fiscal
policies for
the
Government
based on
primary
balance
rather than
the budget
deficit,
through the
draft fiscal
management
Act
scheduled to
be made
effective in
due course.
The reason
therefore is
that the
expenditure
on interest
included in
the budget
deficit, is
beyond
control of the
Government.

)ii (According to the Fiscal Management Act amended in the years 2013 and 2021, it is necessary to ensure that total liabilities of the Government should not exceed 80 per cent of the GDP estimated for the relevant fiscal year. However, a percentage of 103.9 per cent was indicated for the year under review.	2023	- Do-	Noted. It is correct. The Acts, Fiscal Management (Responsibili ty) Act No. 03 of 2003 had been abolished by the Public Financial Management	The Fiscal Management (Responsibili ty) Act, No. 03 of 2003 had been abolished by the Public Financial Management

thereto, Act, No.44
 Fiscal of 2024 and
 Management this new Act
 (Responsibili has
 ty) introduced
 (Amendment non-
) Act No. 15 statistical
 of 2013, and new public
 Fiscal fiscal rules
 Management and a non-
 (Responsibili statistical
 ty) public fiscal
 (Amendment rule has also
) Act No. 12 been
 of 2021, introduced
 required that for total
 total liabilities.
 liabilities of
 the
 Government
 should reach
 60 per cent
 of the GDP
 by the year
 2030.
 With the
 objective of
 decreasing
 the debt, it is
 scheduled to
 introduce
 non-
 statistical
 fiscal rules
 through the
 draft fiscal
 management
 Act to be put
 in place in
 due course.

)iii(The fiscal management report issued 2023
 in terms of Fiscal Management
 (Responsibility) Act No. 03 of 2003,
 discloses annually the forecasts of the
 Government within the mid term
 macro fiscal framework of the
 Government. Considering the mid
 term fiscal strategies of the

Government disclosed in the fiscal management reports issued in the year 2023, particulars on actual data and forecasted data under 02 indicators, are as follows.

Priorities of the Government for the Year 2023 as per the Mid Term Macro Fiscal Policy	Actual Value (Annual Average)
-----	-----
* Restoration of the economy by the year 2023. To maintain an economic growth rate over 3.5 per cent by the year 2024 and a rate of 5-6 per cent thereafter.	-2.3
* To reach an inflation of a single digit.	17.4

The following observations are made in this regard.

(a) Restoration of the economy by the year 2023, to maintain an economic growth rate over 3.5 per cent by the year 2024 and a rate of 5-6 per cent thereafter had been identified as a priority of the Government, but the economic growth stood at -2.3 (minus 2.3) in the year under review.	2023	Forecasts should be made realistically, and action should be taken to achieve them.	In the highly unfavorable economic backdrop resulted in the year 2022 following the economic crisis in the wake of Covid-19 outbreak that prevailed in the year 2020, it was extremely challenging the forecast the economic variances. Accordingly,	It was able to achieve positive economic development of 5.0 percent in the first half of the year 2024.

the economy was expected to shrink by 3.0 per cent through the budget of the year 2023. Nevertheless, due to persistence of challenges such as, the economy shrinking by 7.3 per cent in the first half of the year 2023, foreign geo-political turmoil, and impact on applications caused by further existence of import restrictions, it was expected that economic growth would shrink by 3.6 per cent in the year 2023 whereas that value would increase by 1.8 per cent in the year 2024. Signs of economic resilience are in the offing with the economy shrinking by 2.3 per cent

in the year
2023 as
against the
economic
growth of -
7.3 per cent
in the year
2023.

(b) Although it was a priority for the inflation to be brought into a single digit by the year under review, the inflation had become 17.4.

2023

- Do-

The average surface inflation of the year 2024 based on Colombo Consumer Price Index being 46.4 per cent in the year 2022 declining to 17.4 per cent by the year 2023 was correct. Nevertheless, it is pointed out that the annual headline surface inflation based on Colombo Consumer Price Index had become a single digital, being 4.0 per cent, by the end of the year 2023.

The annual average surface inflation based on Colombo Consumer Price Index was reported as 2.4 percent and the annual headline surface inflation based on Colombo Consumer Price Index was reported as -0.5 percent by September 2024.

03 For the year 2023, a number of 120 budget proposals had been presented including 32 revenue proposals, 30 expenditure proposals, and 58 policy proposals. The total provision made on

those budget proposals, amounted to Rs. 49,480 million. The following audit observations were made in that connection.

(i) Of the total provision amounting to Rs. 49,480 million, a sum of Rs. 43,000 million equivalent to 86.9 per cent of the total provision for the budget proposals, had been allocated on the Social Safety Nets Programme mentioned under Budget Proposal No. 47.2.	Special attention should be brought on economic development programmes when presenting budget proposals.	Agreed with the Observation. A sum of Rs. 43,000 million out of the total provision made on 30 expenditure proposals amounting to Rs.49,480 million, had been allocated for the Social Safety Nets Programme mentioned under Budget Proposal No. 47.2.	Out of the total provision amounting to Rs.49,480 million provided for all the 30 expenditure proposals, a sum of Rs.43,000 million which is 86.9 percent had been allocated on the Social Safety Nets Programme under Budget Proposal No. 47.2 for the year 2023.
)ii (Out of the total number of 120 budget proposals, only 27 revenue proposals and 14 policy proposals had been implemented as at 31 December 2023. The number of proposals in progress after being implemented was 70 with 05 revenue proposals, 30 expenditure proposals and 35 policy proposals being observed therein.	Supervision of the implementation of budget proposals, should be done properly.	Agreed with the observation.	Out of the total number of 120 budget proposals, only 27 revenue proposals and 14 policy proposals had been implemented as at 31 December 2023. The number of proposals in

progress after being implemented was 70 with 05 revenue proposals, 30 expenditure proposals and 35 policy proposals.

)iii (Some of the budget proposals presented for the year 2023, should have been implemented over several ensuing years. However, without mentioning a specific timeframe, the total provision on the proposals had been presented with respect only to the relevant year.

When presenting budget proposals, a specific timeframe should be given and action should be taken accordingly.

The information given is correct.

When presenting budget proposals, a specific timeframe had not been given and action had not been taken accordingly.

(iv (None of the proposals for expenditure presented in the year 2023 could be fully implemented in the year. Except for the provision allocated on the Social Safety Nets Programme out of the expenditure proposals included in the budget proposals, a financial performance of 52 per cent equivalent to Rs.3,351 million had been indicated out of the total budget provision of Rs. 6,380 million made on the rest of the 29 expenditure proposals.

Action should be taken to present the expenditure proposals within a specific timeframe. A methodology should be put in place to take follow-up action and supervise the implementation of the proposals.

Agreed with the observation.

Out of the entire 30 expenditure proposals relevant to the year 2023, a sum of Rs.6,380 million had been allocated for 29 proposals excluding the Social Safety Nets Programme, and expenditure amounting to Rs.3,351 million had been incurred. Its performance

was 52 percent.

)v(Implementation of the expenditure proposals.

)a) Nine of the 30 expenditure proposals with budgetary provision amounting to Rs. 860 million, out of the 30 budget proposals, had achieved no financial progress whatsoever in the year 2023.

Implementation of the budget proposals should be properly supervised and follow-up action should be taken.

Agreed with the observation

The implementation of the expenditure proposals of the year 2023 had been assigned to the relevant ministries. However, 09 of the 30 expenditure proposals had not achieved any financial progress.

)b) The financial progress of 03 expenditure proposals implemented by the Ministry of Education under a provision totaling Rs. 360 million in the year 2023 indicated zero.

-Do-

Not agreed with the observation. A financial progress of Rs. 42 million had been acquired by one of the 04 expenditure proposals implemented by the Ministry of Education under a budget provision of Rs. 560 million in the year 2023. It is pointed

03 proposals that should have been implemented by the Ministry of Education in the year 2023, had not been commenced.

out that the Ministry of Education should be queried as to the failure in implementing the 03 proposals mentioned in the audit query.

(c) Implementation of the Proposal No. 66.1 – Training of youth for foreign employment, under an estimate of Rs. 50 million, had been assigned to the Ministry of Sports and Youth Affairs, but no activity whatsoever relating to that proposal, had been executed.	- Do-	Agreed with the observation.	Even though implementation of the Budget Proposal No. 66.1 had been assigned to the Ministry of Sports and Youth Affairs, any activity relating to the proposal, had not been commenced during the year 2023.

)vi (Implementation of the policy proposals.

Nine of the policy proposals out of the budget proposals of the year 2023, remained under discussions even by 31 December 2023 without being implemented.

Action should be taken to present the policy proposals within a specific timeframe. Follow-up action should be taken on the progress	Not agreed with the observation. The budget report of the year 2023 comprised 58 policy proposals. Implementation of some of those proposals was midterm	The budget report of the year 2023 comprised 58 policy proposals, and implementation of those proposals was midterm or long term. Accordingly,

or long term. 09 policy proposals mentioned herein, were still remained under discussion. still remained under discussions, and scheduled to be implemented in due course.

)vii (Establishment of a Task Force had been proposed in accordance with Policy Proposal No. 71.1 included in the budget proposals of the year 2022 relating to taking follow-up action on the budget proposals of the preceding years. However, such a Task Force had not been established even up to 31 December 2023. Accordingly, new budget proposals had been presented annually though, the Department had not put in place a methodology to measure the progress of budget proposals presented in the preceding years.

A methodology should be prepared expeditiously to take follow-up action on the budget proposals.

In establishing the said Task Force, the requirement for an in depth analysis of aspects such as, persons to be appointed, commitment to legal and regulatory provisions, and assurance of efficiency in inter-institutional flow of data, was identified. Accordingly, discussions had been commenced for establishing

As per the Proposal No. 71.1 relating to taking follow-up action on the progress of budget proposals, the Task Force had not been established even up to 20 November 2024.

the Task Force, and after a comprehensive analysis, the Task Force will be established in due course.

)viii (No follow-up action had been taken and no evaluation had been done on the expected progress of the budget proposals as per Policy Proposal No 5:4:10 of the year 2022. Of the total number of 151 budget proposals, only 12 of them had been implemented by the end of the year. Furthermore, only 41 of the 120 budget proposals of the year 2023 had reached conclusion. Although a considerable number of budget proposals had been presented annually, a progress could not be achieved in implementing such proposals due to reasons such as, lack of a methodology to prepare a specific timeframe for implementing the proposals, poor performance of the implementing agencies and supervising institutions, and lack of an institution or a party responsible for supervising and taking follow-up action on the implementation of proposals.

Follow-up action should be taken on the progress in implementing the budget proposals thereby taking necessary action to ensure the achievement of expected progress in a timely manner.

Not agreed with the observation. Once proposals are made through the annual budget, state Ministries and institutions are identified and responsibilities are assigned to them. Every institution has a Chief Accounting Officer or an Accounting Officer and it is their responsibility to implement the proposals and inform the Ministry of Finance. The relevant Chief Accounting Officers and the Accounting

The progress of implementing budget proposals presented in the year 2023 and the preceding year, had been at a slow phase. Also, an institution or a party responsible for taking follow-up action on the progress of budget proposals had not been established up to 20 November 2024.

Officers had been informed on several occasions verbally and in writing that the proposals be implemented and the progress be reported.

However, progress on reporting to us about the implementation of certain proposals remained poor.

The Ministry of Finance takes action to obtain the progress on the implementation of relevant proposals from relevant institutions monthly or quarterly.

The progress reports so obtained, are provided for the relevant parties.

However, had the institutions failing to implement the budget

proposals
 been
 continuously
 audited
 throughout
 the year, it is
 observed that
 the
 inefficiencies
 pointed out
 by you,
 would be
 avoided.
 Each
 Ministry and
 Department
 to which the
 budget
 proposals are
 assigned,
 should
 implement
 them, and
 this process
 should be
 supervised
 by the Line
 Ministry as
 well. When
 funds are
 allocated for
 each of the
 projects, the
 progress of
 those
 projects
 should also
 be looked
 into, and it is
 the generally
 accepted
 procedure for
 the Treasury
 to release the
 financial
 provision
 thereafter.

	Circular Nos. 05/2018 dated 23 October 2018 and 08/2019 dated 17 December 2019 relating to the introduction of E-Procurement System to the Government institutions, the procurement entities should use the E-Procurement System when procurements are made under the shopping method. Nevertheless, procurement of goods valued at Rs. 3,330,175 had been made in 08 instances in the year 2023 by following the shopping method without using the E-Procurement System.	be taken in Procurement activities had accordance with the System in not been relevant the procuring carried out Circulars. goods, is using the E-Procurement System in the year 2024.
05	Section 4 (b) of the Fiscal Polices Circular No. 01/2015 dated 20 July 2015 relating to the collection of Government revenue and Financial Regulation 128 (2) (e) stated on the necessity of special provisions for expeditious recovery of revenue due to the Government. According to the information made available to the Audit, the total revenue (tax and non-tax revenue) due as at 31 December 2023 that should have been collected by the main revenue collecting institutions of the Government, amounted to Rs. 714,989,620,126. Although a decrease of Rs. 128,986,232,809 in the outstanding revenue was indicated in the current year as against the preceding year, the revenue due from the Department of Inland Revenue, Sri Lanka Customs, and Department of Excise showed an increase of Rs. 117,512,309,997.	Action should be taken for the expeditious recovery of outstanding revenue in terms of Circulars and Financial Regulations relating to the recovery of outstanding revenue. The Fiscal Polices Circular No 01/2015 dated 20 July 2015 required the Revenue Accounting Officers to take action for recovery of the outstanding revenue. As such, the Chief Accounting Officers of all the Ministries and Departments and other Accounting Officers as well as the Revenue Accounting Officers directly responsible for the relevant heads of The outstanding tax revenue amounting to Rs.635.7 billion that should have been collected by the Department of Inland Revenue as at 31.12.2023 had been decreased to Rs.582.9 billion by 30.06.2024 and the outstanding revenue amounting to Rs.58.6 billion that should have been collected by the Department of Customs as at 31.12.2023 had been

revenue, are increased up liable for the to Rs.65.4 continuous billion as at recovery of 30.06.2024. outstanding Further, revenue. outstanding revenue to be recovered by the Department of Excise was Rs.8.3 billion.

06 Vacancies existed in 11 posts of the approved cadre as at 31 December 2023, and 04 of them were of senior level.

Action should be taken to fill the vacancies or amend the approved cadre formally.

The Ministry of Public Administration, Home Affairs, and Provincial Councils and the Ministry of Finance, Economic Stabilization and National Policies have been continuously informed to take action to appoint officers to the vacant posts of the Department.

There were vacancies in 11 posts as at 31 December 2024.

41. Head - 239 Department of External Resources

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	200,933,723	200,933,723	200,933,723	Unqualified
2022	200,533,758	200,533,758	200,533,758	Unqualified
2023	191,487,734	191,487,734	191,487,734	Unqualified

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current status in that regard
01	According to the information submitted to the audit, the CS-DRMS debt management system which is currently used by the department is a system that has been introduced for tasks including debt servicing and forecasting. Accordingly, the department had so far failed to introduce a debt management system with facilities for cash flow management and debt transaction accounting and/or facilities to transfer data from the CS-DRMS system to the ITMIS system.	/2023/2022 2021	An up-to-date accounting and cash flow management system should be maintained.	The procurement commenced by this Department to purchase a new debt management system is relevant for the future Public Debt Management Office and those procurement activities are being implemented by the Ministry of Finance.	It has been failed up to present.
02	Data mismatches in the CS-DRMS debt management computerized system used to record				

foreign public debt.

i). When comparing 2023 the CSDRMS 854-1 report of the computer system used to record foreign public debt with the financial statements of the government, the value of unaccounted foreign loans as at 31 December 2023 was Rs.15,823 million. Furthermore, according to explanatory notes 24(II) of the financial statements of the government, the total value of unaccounted foreign loans as at 31 December 2023 was Rs. 17,103.2 million. Accordingly, the value of foreign loans in the statement of financial position as at 31 December 2023 had been understated by Rs.15,823 million due to the existence of unaccounted loan values that have been disbursed in the year under review as well as	Obtaining public debt and accounting for debt servicing should be done properly.	Recording for public debt, disbursement and statement are to be done by the new Public Debt Management Office.	This situation was observed as at 31 December 2023.

in previous years.

- (ii) According to the 2023 -Do-
CSDRMS 854-1
report, although
there is no
disbursement
related to the
loan number
2018003 for the
year 2023, it had
been stated that €
727,053 has been
disbursed as per
Note No. 24(II)
of the financial
statements of the
government and
Note No. 11
under Budget
Performance and
Deficit
Financing.
According to the
information
submitted by the
Department of
Treasury
Operations, the
loan value
disbursed in the
year 2022 or
earlier years and
accounted in the
year 2023 in
relation to this
loan amount was
only € 335,930.
Accordingly, a
difference of €
391,123 was
observed
between the
disbursements in
the year 2023 in
relation to this
loan amount.

- iii) In the CSDRMS 2023 Accounting for

854-1 report, a difference of Rs.30,401 million was observed between the total balances as at 31 December 2022 and as at 01 January 2023 in respect of 23 loan agreements. Accordingly, it was also observed that the correct value of actual loan disbursements during the year under review is not depicted in the Note No. 24(11) of the government's financial statements for the year ended 31 December 2023 and Note No. 11 under Budget Performance and Deficit Financing

Public borrowings and debt servicing should be formalized and arrangements should be made to minimize the delays in the disbursement.

(iv) According to the financial statements of the government and CSDRMS 854-1 report, it was observed negative loan disbursements totaling Rs. 821,115,454 in respect of 04 loan agreements during the year under review.	2023/2022	Obtaining public debt and accounting for debt servicing should be done properly.	Reasons for -Do- disbursement refunds can be confirmed by the reporting entity through inquiry from Project Director, relevant Line Ministry or expenditure heads. Accordingly, that matter is expected to be stated in the financial statements in future.

v) When comparing 2023 the Foreign Currency Banking Unit Loan (Project) balances presented in Note No. 24(I) of the financial statements of the Government with the CS-DRMS 854-1 report, a difference of USD 227,823 equivalent to Rs82,724,927. had been observed as at 31 December 2022 and 01 January 2023 in relation to the Loan Agreement No. 2017045. Further, even though a difference of USD 227,823 was observed in the repayments of loans, a difference was not observed in its local currency value. Further, it was observed that an unusual foreign exchange rate of Rs.524.6050 per USD 1 had been used in converting the repaid amount of USD 332,704 into local currency as per	Obtaining public debt and accounting for debt servicing should be done properly.	The error indicated by the audit had been rectified in the data system and an internal strategy had been established to recheck the recoded data. To remove the technical error arose here, procurement activities have been commenced to purchase a data management system which accepted internationally having sustainable technical support and the Affairs of Foreign Debt Data are assigned to Public Debt Management Office in future.

(vi) When loan 2023 balance confirmations sent by the lenders are compared with the financial statements of the Government and 854-1 report of the computerized debt management system, it was observed that loan balances related to 13 and 14 loan types had been overstated and understated by Rs.4,775 million and Rs.5,126 million respectively in the financial statements of the Government.

-Do-

-Do-

-Do-

338

system printed on 07 May 2023, it was observed that those disbursements were not included in the said report printed on 17 February 2024. Accordingly, foreign loans balance amounting to Rs.1,290 million had not been accounted for as disbursed loans in the financial statements of the Government.

03	Although it has been stated that all the transactions related to foreign aid should be carried out by the Department of External Resources of the Treasury according to the State Accounts Circular No. 30/94 dated 20 April 1994, foreign grants totaling Rs. 22,210 million had been directly received for 11 institutions in the year 2023 without making the Treasury aware of that as per the information obtained from an audit test check, and action had not been taken to make provision for those	/2023/2022 2021	Actions should be taken to proceed as per circular instructions.	Legal provisions to deal with full grants have been included in the Public Finance Management Act, No. 44 of 2024. Accordingly, after the approval of relevant provisions, the chief accounting officers will be made aware by this department circulars regarding the procedures to follow with respect to full grants.	This situation was observed up to present.

values and to include them in the financial statements.

04	Even though the General Treasury had entered into agreements to obtain foreign grants from 01 January 2019 to 31 December 2023 with 13 foreign donor agencies in different currencies with aggregated values of Japanese Yen 984,000, EUR 134,810,000, USD 58,417,841, Korean Won 400,000, Chinese Yuan 2,000,000,000 and Rs.4,545,750, evidence was not presented to the audit even as at 31 December 2023 that those foreign grants had been received.	2023	Action should be taken to obtain the full foreign grants that are entered into agreements and make arrangements to use them for the purpose as much as possible.	Delay in the procurement activities, interruption to works due to Covid pandemic, not utilizing the loan and grant proceeds properly by the relevant institutions due to non-completion of debt restructuring activities, administrative deficiencies of the institutions implementing projects and delays of donors have been affected in general for non-disbursement of foreign grants as expected. However, it is expected to take all the efforts by this Department in the future period to obtain a high contribution to the economic development of the country through the maximum utilization of grant funds.	This situation was observed at the end of the year 2023.
05	The 18 vacancies existed at the department as at 31 December 2023 comprised, 06 vacancies in senior level, 06vacancies in secondary level and	2023/2022/ 2021	Actions should be taken to recruit the necessary staff and in case of a non – essential staff included in the approved cadre, the approved number of	Ministry of Finance and relevant appointing authorities have been informed to fill the vacancies.	-Do-

06vacancies in posts should be
primary level. revised

42. Head - 240 Department of National Budget

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	166,161,292	166,161,292	166,016,372	Unqualified
2022	179,894,713	179,894,713	179,894,695	Unqualified
2023	175,464,121	175,464,121	175,463,654	Unqualified

Se . No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current status in that regard
01	The initial payment for the motorcycles which was made related to the programme for providing motorcycles to the field officers as per a budget proposal in the year 2015 had been accounted by the Department under the Revenue Code No. 2003.04.00 as an non-taxable income, and all the motorcycles thus provided should have been transferred to the personal possession of the respective officer by the end of the year 2020. However, the department had failed to confirm the exact amount to be fully recovered even as at 31 December 2023, and a net income of Rs.490,386 had	2023 /2022	Action should be taken to recover the arrears of revenue, while giving formal instructions and guidelines.	Investigations are further in progress separately relating to the Heads of Institutions/ District Secretariats for expeditious settlement of this issue. Also, actions have been taken to inform the Chief Accounting Officers to speed up the process of taking possession of these motorcycles.	It has not been completed up to present .

been received in the year 2023.

02	By the budget proposals, approval had been granted from the year 2013 to disburse an allowance to provide relief to the individuals attained 65 years of age who are lack of a permanent livelihood due to losing their jobs as a result of taking part in the 1980 July general strike. Accordingly, the budget proposals had been implemented to disburse such allowance at Rs.5,000 from the year 2013 to 31 December 2014, at Rs.6,000 from 01 January to 31 December 2015 and Rs.250,000 as a lump sum after 31 December 2015. Even though the audit had continuously pointed out this, the department had not taken proper actions to specifically identify the beneficiaries for this purpose and implement the proposals in the desired manner, and a payment of Rs.1,673,000 had	2023/2022	Proper plans should be prepared and implemented for the achievement of the expected objectives of the budget proposals.	The basis of this budget proposal for the year 2013 has been made up with the information revealed at the discussions conducted by the then Ministry of Finance and the Ministry of Labour with the trade unions and accordingly, it has been reported that there are about 10,000 persons without a permanent livelihood due to the loss of employments in consequent to the 1980 July strike. In the disbursement of payments under this programme, it is the normal procedure to make such payments according to the recommendations of the Ministries in charge of the subjects such as the Ministry of Labour,	Allowances had been given in the year 2024 and actions for identifying qualified beneficiaries for this purpose had not been completed.

been made for 4 beneficiaries in the year 2023.

Transport, Industry and Homes based on the recommendations given by the Divisional Secretaries for the requests of the individuals who lost their employments due to participating in the 1980 July strike.

03	Total 31 vacancies were existed as at 31 December 2023, including 08 senior level positions, 14 secondary level positions, and 09 primary level positions, and so far, no actions had been taken to fill the senior and secondary level vacancies.	2023/2022/2021	Action should be taken to fill the vacancies or carry out a cadre revision.	Strict control of expenditure and various instructions issued on recruitment/filling of vacancies had attributed to this situation. Accordingly, vacancy letters have been issued to assign employees for vacancies at the primary level and letters had also been issued to assign officers for senior level vacancies.	Vacancies were existed even as at 30 November 2024 in 07 senior level positions, 09 secondary level positions, and 04 primary level positions.

43. Head - 241 Department of Public Enterprises

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	47,832,354	47,832,354	47,826,428	Unqualified
2022	47,631,890	47,631,890	47,628,390	Unqualified
2023	48,018,834	48,018,834	48,018,834	Unqualified

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current status in that regard
01	According to the information submitted to the audit, although there are 50 public companies under the supervision of the Department of Public Enterprises, only 16 public companies had been included under strategically important public enterprises and it was observed that the supervision of other public companies is at a low level.	2023	Proper supervision should be done in relation to all public companies under the purview of the Department of Public Enterprises	While the priority is given for the supervision of strategically important public companies which make a significant contribution to the economy of Sri Lanka, supervision activities of other public companies are carried out by evaluating the risk condition as high, medium and low. In addition to that, human resource with specialized knowledge to carry out supervision activities is not at a sufficient level.	This situation was observed up to present

02	As at 31 December 2023, the government had provided Rs.1,124,665,353,761 as capital contribution to 13 public enterprises and that value as at 31 December 2022 was amounted to Rs. 1,047,966,900,772. According to the financial statements of those enterprises, the value of net assets (Total Assets- Total External Liabilities) as at 31 December 2022 had been negative Rs.630,632,144,273. Accordingly, it was observed that these capital contributions have been shown under financial assets in the government's financial statements, but their value has been fully impaired, and the related institutions have reached to a state of being operated under external liabilities. Furthermore, it was further observed that the main reason for this is that the retained profit is negative due to the losses of the respective institutions.	2023	The financial position of the state-owned institutions should be evaluated in time and the decrease in their values should be properly included in the financial statements of the government.	Action will be taken in the future to evaluate the financial position of the state-owned institutions in a timely manner and to disclose the decrease in their values.	This situation was observed at the end of the year 2023.
03	The value of net assets of 05 public enterprises comprising government capital value of Rs.1,019,627,985,708 as at 31 December 2023, and Rs.892,034,785,542 as at 31 December 2022, had been Rs.371,771,137,033 as at 31 December 2022. Accordingly, it was observed that the capital contribution value invested in these public enterprises is undergoing impairment.	2023	The financial position of the state-owned institutions should be evaluated in time and required proper action should be taken and the decrease in their values should be properly disclosed in the financial statements of the government.	Action will be taken in the future to evaluate the financial position of the state-owned institutions in a timely manner and to disclose required revisions in the financial statements of the government.	

04	According to the financial statements of the Government as at 31 December 2022, the value of capital contribution to public enterprises was Rs.2,165,981,657,905, and out of that, Rs.2,121,653,720,125 had been invested in government corporations, statutory boards and public companies. When taken as a whole, the total value of the net assets of these state-owned business entities had been Rs.1,669,676,388,290 by 31 December 2022. Accordingly, it was observed that the government's capital contribution related to the above three types of institutions had been impaired by Rs.451,977,331,835 or 21 percent compared to the net assets of those institutions.	2023	-Do-	Action will be taken in the future to evaluate the financial position of the state-owned institutions in a timely manner and to disclose required revisions in the financial statements of the government.
05	In the year 2022, even though a net profit of Rs.117,718,706,426 had been earned by 32 statutory boards in which the government being invested, 36 state corporations and 30 public companies have earned net losses of Rs.804,795,113,607 and Rs.133,722,486,417 respectively totaling to Rs.938,517,600,024. It was observed that a total net loss of Rs.820,798,893,548 had been incurred in relation to the 98 institutions. According to the report of the Central Bank of Sri Lanka, the average annual population in the year 2022 was 22,181,000 and accordingly, it was further observed that the per capita net loss incurred for the year 2022	2023	-Do-	With the stabilization of the economy through the structural reforms made by the General treasury to the economy recently, considerable number of loss-making public enterprises are being transformed to profit making condition. Accordingly, per capita net loss incurred for government-owned business institutions can be minimized in the future.

in respect of 98 government-owned business institutions was amounted to Rs.37,000.

.06	By the end of the year 2022, the current ratio relevant to 17 state-owned enterprises remained in a weak condition. In particular, it was observed that the current ratio of Sri Lankan Airlines is at a very low value of 0.15. Accordingly, it was further observed that these public enterprises have a high risk of facing liquidity difficulties.	2023	-Do-	The limited financial space had been negatively affected for increasing the investments in state-owned enterprises. However, action had been taken to give required funds situationally to manage the liquidity difficulties faced by the state-owned enterprises.	
07	By the end of the year 2022, it was observed a high debt to equity indicating a levered condition in respect of 16 state-owned enterprises. In some institutions, the long-term debt to be paid was higher than the government's capital. Further, public enterprises were observed where the government's capital contribution was negative and those institutions were financed entirely by long-term debt. Accordingly, it was further observed that all these institutions are facing a high financial risk as well as a severe risk of going concern.	2023	-Do-	Reforms are being done since the year 2023 to minimize the financial risk of public enterprises and as a result, it was possible to bring the levered situation in the enterprises to a good condition.	
08	According to the direct confirmations of balances submitted by 8 public enterprises, the government's capital contribution of those	/2023 2022	Action should be taken to obtain timely balance confirmations and evaluate with state-	Required actions are currently being taken to identify the reasons of the differences and	-Do-

	institutions was Rs. 10,803 million as at 31 December 2023, and that balance was Rs. 4,323 million according to the financial statements of the government. As a result, the capital contribution had been understated by Rs.6,480 million in the financial statements of the government at 31 December 2023.		owned institutions and to take appropriate action and ensure the accuracy of accounts.	after properly identifying the relevant differences, it is expected to be recorded in the general ledger accounts with a formal approval.	
09	According to the direct balance confirmations submitted by 9 public enterprises, the capital contribution of those institutions as at 31 December 2023 was Rs.994,992 million, and according to the financial statements of the government, the balance was Rs. 995,171 million and as a result, the capital contribution in the financial statements of the government had been overstated by Rs. 179 million.	2023	-Do-	-Do-	-Do-
10	Differences in the number of shares owned by the government in relation to 09 institutions were observed between the direct balance confirmations submitted as at 31 December 2023 and the financial statements of the government. Accordingly, as at 31 December 2023, the government's capital contribution had been understated by Rs.135 million in the financial statements of the government.	/2023 2022	-Do-	The correct values relevant to those differences are being accounted now for properly.	-Do-
11	According to the direct balance confirmations received from Sri Lanka Institute of Biotechnology Pvt	2023	-Do-	This difference has arisen due to the non-recording of the capital	-Do-

Ltd as at 31 December 2023, it was mentioned that 52,472,573 shares with a price of Rs.10 per share, were owned by the treasury. However, it had been stated in the financial statements of the government that there is a capital contribution of 200,000 shares at Rs.100 per share. Accordingly, the capital contribution of that institution had been understated by Rs.504,725,732 in the financial statements of the government as at 31 December 2023.

contribution given under the capital expenditure object of the relevant line ministry in the main ledger accounts and the relevant reporting will be done in this year.

- 12 Although the share value as at 31 December 2023 had been Rs.5,141 million in the calculation made according to the number of shares owned by 02 public companies and according to their nominal value, it had been indicated as Rs.14,476 million in the financial statements of the Government. Accordingly, capital contribution had been overstated by Rs.9,335 million in the financial statements of the Government as at 31 December 2023.

/2023
2022

-Do-

It is noted to correct the relevant calculations in Bogala Graphite Lanka PLC. Since loan payable to state banks by Mihin Lanka (Private) Company could not be recoverable and treasury guarantees had been issued by the government for those loans, the annual interest portion of those loans is set off against the levies paid by the state banks to the government and the balance is remitted. Since this amount is for the Mihin Lanka (Private) Company and the capital is the only commitment for

-Do-

				the government with this company of which the liquidation process been commenced, that amount had been recorded as capital.	
13	According to the financial statements of the government, during the year under review, the increase in capital contribution of state-owned enterprises was Rs.241,651 million, of which Rs.34,090 million, or 14 per cent, was in the form of recurring nature which consisted of money released from the General Treasury to individual institutions for payment of loans, loan interest and payments of salaries and wages.	2023/2022	As there is no increase in the capital contribution of the institutions through incurring recurring expenses, a proper method should be followed for that.	All these institutions are fully owned by the General Treasury. Accordingly, the Treasury should provide the necessary financial contribution for the existing working capital problems or other recurring expenses of those institutions.	- Do-
14	According to the financial statements of the government, capital contributions of Rs.176 million were made for 05 state-owned enterprises during the year under review, but there was no change in the number of shares held by the General Treasury.	2023	Prompt action should be taken to obtain the share certificates related to the investment in shares made by the government.	Relevant subject officers had been made aware to obtain the share certificates promptly.	- Do-
15	The proposal No. (a), (b), and (c) of the Cabinet Memorandum No. MOF/DG/LAD/CO/142/2017 and dated 30 October 2017 regarding the liquidation of Mihin Lanka (Private) Company had been approved by the Cabinet decision No.CP/17/2383/733/026-1 dated 08 November 2017. Accordingly, the Secretary to the Treasury had passed a	2023	In providing funds, the government should minimize the possible disadvantages and the existing conditions should be formally evaluated.	This is not a capital contribution given to the Mihin Lanka Company by cash, but a set off the levy payable by the relevant banks as agreed with the treasury against the payable loan instalments and interest for loans	-Do-

special resolution for the liquidation of the company and according to the request made from the Commercial High Court, a liquidator had been appointed by the Court on 18 March 2018. In such a situation, a sum of Rs. 272 million and Rs.441 million in total amounting to Rs.713 million had been given by the Treasury for that company to pay installments and interest for the year 2021 and 2022 respectively in relation to the loans taken by the company from the People's Bank.

obtained from state banks on treasury guarantees during those years.

It is noted to discuss with the Department of National Budget to obtain required provisions under a suitable object code to cover up expenses to be incurred in respect of treasury's commitments up to the closure of these institutions completing the liquidation process, and to take future action.

16	The number of shares invested in Sri Lanka Telecom was not recorded under accounting note 15 in the financial statements of the government of year under review and the value was stated as Rs.1,271,480,516. Furthermore, according to the balance confirmation letter received from Sri Lanka Telecom, although the Sri Lankan government's shareholding in Sri Lanka Telecom is 50.23 percent as at 31 December 2023, it was stated as 49.5 percent in the government's financial statements.	2023	Accuracy of accounts should be ensured by obtaining timely balance confirmations from state-owned entities.	Due to an omission, the relevant number of shares has not been stated, and will be included that value in the future. This difference in percentage occurred due to a mathematical error in calculating the relevant percentage and is noted it for future correction.	-Do-
17	According to the financial statements of the government, the increase in the capital contribution of public	2023	As the government may be affected by a financial problem due to the	Agreed and noted . The balance sheets of these institutions should	-Do-

enterprises during the year under review was Rs.269,386 million, of which Rs.228,771 million or 85 percent had been increased due to equity investments made in the Ceylon Electricity Board and Sri Lankan Airlines Limited under restructuring of balance sheets as per the decision of the Cabinet of Ministers No. 23/1812/604/118-1 dated 26 September 2023.

government taking over the identified liabilities of the state-owned enterprises, a proper system should be established to settle those liabilities. be restructured according to the programme of the International Monetary Fund. This one-day transaction had been done in parallel to that.

- 18 Taking follow up action on tabling of Annual Reports of institutions under the purview of the Department of Public Enterprises, in Parliament on due dates under the mission “To safeguard the public interest” was a function of the Department. The following observations were made in this regard.

(i) Even though there were 305 institutions under the supervision of the Department of Public Enterprises, according to the official website of the Parliament as at 25 May 2024, out of the 52 institutions that the department considered strategically important, only 33 institutions had tabled their annual reports for the year 2022 in Parliament.	2023/ 2022/ 2021	Follow up action should be taken on information relating to tabling of annual reports in Parliament of all institutions under supervision.	At the beginning of this year, the Chief Accounting Officers, Heads of institutions and the Board of Directors of the relevant institutions have been informed about the preparation of financial statements and the tabling of the annual report in Parliament. Awareness has been made from time to time to the relevant institutions to take immediate action in this regard.	-Do-

	(ii) For the year 2023, any of the 52 public enterprises had not tabled their annual reports in Parliament by 25 May 2024	2023/ 2022	Follow up action should be taken on information relating to tabling of annual reports in Parliament of all institutions under supervision.	-Do-	-Do-
	(iii) According to Chapter 3.2 of the Code of Corporate Governance Guidelines for Public Enterprises introduced in the year 2021, annual reports should be presented at the annual performance evaluation meeting, but it was observed that the involvement of the Department of Public Enterprises was also at a very low level even in the year under review.	2023/ 2022	Action should be taken as per Guidelines on Corporate Governance.	Relevant awareness in this regard was regularly done by this department. But the Board of Directors of the relevant institution should be responsible for conducting annual performance evaluation meetings.	-Do-
19	Among the 06 vacancies existed in the Department as at 31 December 2023, 04 senior level posts of Additional Director General and Director, 01 tertiary level post and 01 primary level post remained vacant.	2023/ 2022/ 2021	Action should be taken to recruit necessary cadre and if non-essential cadre is included in the approved cadre, the number of approved posts should be revised.	Among the 04 vacancies in the Senior Level, 02 vacancies have been filled by now. The vacancy in the post of Deputy Director/Assistant Director of the Sri Lanka Administrative Service will be filled in the future. Further, the recruitment of a suitable officer for the post of Departmental Assistant Director as per the prescribed	Among the 04 vacancies in the Senior Level, 02 vacancies only have been filled up to present.

procedure is currently underway.

Also, the vacant post at the tertiary level is a departmental post, and the relevant post has been vacant on the issuance of orders for leaving the service. The relevant vacancy in the primary level has arisen due to the transfer of primary level officers to the Sri Lanka Customs Department and the absence of successors, and suitable officers will be assigned in the future.

44. Head - 242 Department of Management Services

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	55,641,798	55,641,798	55,641,798	Unqualified
2022	54,931,278	54,931,278	54,931,278	Unqualified
2023	53,795,859	53,795,859	53,795,859	Unqualified

Se No.	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current Status in that regard
01	Even though the cadre of the Postal Department should have been reviewed, such task had not been completed by the end of the year under review.	2021	The staff should be reviewed as per the plans.	The officers of the Committee, appointed in terms of the Cabinet decision dated 19.12.2017, have recommended that it is appropriate to appoint a proper committee named by the Cabinet of Ministers for obtaining ideas from the general public and other parties and thereafter reform the Postal and Railway services based on the observations and recommendations of that committee. Accordingly, it was observed that it would be appropriate to conduct a cadre review following a broad discussion held on the institutional structure and cadre structure related to this institution. However, due to the situation prevailed in the country on account of Covid 19 pandemic, it	A cadre review of the Postal Department had not been done up to 31 December 2024.

was not possible to bring together the officers for the purpose of collecting the relevant data.

02	The criteria related to approving the cadre for the Ministries and the Departments had not been prepared.	2021	The criteria should be prepared to correctly approve the cadre for the Ministries and the Departments.	A preliminary discussion on the criteria related to approving cadre for the Ministries and the Departments, has already been held with the National Salaries and Cadre Commission and accordingly, a report prepared based on that has been referred for the attention of the National Salaries and Cadre Commission.	The criteria to approve the cadre had not been prepared even as at 31 December 2024.
03	As the first step of the established Department of Management Services, it had been proposed to establish common data sources within the Department of Management Services and to integrate, update and centralize the data scattered among various agencies under the Department of Management Services as per the Circular No. DMS/E/1/99 dated 05 May 1999 of Secretary of Treasury and the Secretary of	2023	Actions should be taken in accordance with plans without delays.	The basic functions related to the completion of all the data records obtained through the spreadsheets related to the approved and actual functions currently maintained by the Department through the computerized database management system are already being done by Information Technology Management Department.	The computerized database management system had not been created up to 31 December 2024 for the management of cadre information of the entire public sector.

Finance and Planning and the need to maintain an information system about the public sector and provincial public service employees had been recognized as the main tasks of the Department.

Nevertheless, even though about 24 years had passed since the establishment of the Department by the end of the year under review, a data system had not been created.

04	Even though the Department had been instructed to submit the quarterly updated information on public sector staff showing changes in recruitment, resignations, leaving of posts, dismissals, retirements and deaths of officers in all government agencies to the Cabinet of Ministers as per the Decision Cabinet of Ministers dated 15 August 2017, the relevant staff information had not been submitted to the Cabinet of	2023	Arrangements should be made in accordance with the instructions of the Cabinet of Ministers.	As it was impractical to submit quarterly reports to the Cabinet of Ministers, actions will be taken from this year to submit Annual Reports.	After the first quarter of 2019, the relevant staff information had not been submitted to the Cabinet of Ministers up to 31 December 2024.

Ministers after the first quarter of 2019.

05	Even though the Department has been entrusted with the responsibility of maintaining and updating the public sector staff data system, reflecting changes in recruitment, resignations, leaving of posts, dismissals, retirements and deaths of officers in all public institutions as per Decision of Cabinet of Ministers dated 15 August 2017, the Department had not taken actions to include the existing staff details of a total of 84 institutions including 32 State Owned Enterprises and 52 institutions related to Ministries, Departments and Special Expenditure Units in preparing the Annual Report 2022 of the Ministry of Finance, Economic Stabilization and National Policy.	2023	Actions should be taken to submit data for reports completely.	The amount of staff information not included in the preparation of the 2022 Annual Report of the Ministry of Finance, Economic Stabilization and National Policy is a small percentage of 0.6% of the total approved staff and actions are being taken to rectify the situation.	All the staff information of the public sector had not been included in the preparation of the annual report of the year 2023 of the Ministry of Finance.

06	It had stipulated to identify the minimum staff required to maintain the functions of government institutions at an optimal level and to report to the Director General of Management Services and based on that information to determine the optimal staff required for each institution by a Staff Review Committee as per Management Services Circular No. 01/2017 dated 21 January 2017. Nevertheless, even though 5 years had passed since the circular was issued by 31 December 2023, the Department had been impossible to obtain staff review reports of 765 institutions out of 1027 government institutions.	2023	Actions should be taken to carry out staff reviews as per the given circular and as per the tasks entrusted to the Department.	As the review of public sector institutional staff is a major task entrusted to this Department, actions are being taken to conduct staff reviews on a continuous basis by identifying the institutions which need to conduct staff reviews.	The Department had not been able to obtain staff review reports of all government institutions even as at 31 December 2024.
07	There were 94 approved posts in the Department and out of which, 19 posts had remained in vacant and it was consisted of 12 senior level positions, 05	2023	Actions should be taken to fill the essential vacancies for the performance of the Department and to revise the approved staff, if there are no such posts available.	Due to restriction of recruitment in government service in last few years, it has been difficult to find successors due to the current shortage of staff. However, after further consideration of the need related to	As at the end of the year 2024, the approved cadre was 91 and 14 positions remained vacant.

secondary level
positions and 02
primary level
positions.

certain posts, the posts
that need to be revised
will be identified and
actions will be taken to
suppress those posts in
the year 2024.

45. Head - 243 Department of Development Finance

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	1,721,340,897	1,721,340,897	1,721,018,040	Unqualified
2022	1,722,238,459	1,722,238,459	(14,536,792,858	Unqualified
2023	1,772,472,487	1,772,472,487	(3,465,456,372)	Unqualified

Se No.	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current Status in that regard
01	The outstanding loan interest payable by the Department which had not been included in the financial statements, to 17 financial institutions as at 31 December 2023 in respect of deposits made by the depositors in approved financial institutions under the loan scheme for the deposits of senior citizens, was amounted to Rs.108,708,315,853.	2023	Action should be taken to identify all the liabilities accurately and include in the financial statements.	Agreed. Even though provisions had been requested when preparing estimates for the total payable subsidized interest amount, a sum of Rs.10 billion only had been allocated through the budget for the year 2023. Since provisions were not available, it was not included as liabilities.	The provision for the year 2024 was Rs.20 billion and all the subsidized interest that should have been paid to 19 banks, had been totally paid from that amount and subsidized interest amounting to Rs.88.7 billion for 08 banks only remaining to be settled.
02	Under the Asian Development Bank loan scheme, the sub loan amount given to approved financial	2023	-Do-	Agreed.	The sub loan amount receivable as at 31 December 2024 was

institutions for the Small and Medium- Sized Enterprises Line of Credit Project (SMELoC) and receivable as at 31 December 2023, was amounted to Rs.57,655,546,322. It was further observed that Rs.2,214,490,586 had been given as grants under this Project.

Rs.59,380,686,408.
Grants were
Rs.2,361,441,896.

03	10 posts out of the 59 approved posts of the department had been remained vacant. Out of them there were 05 senior level posts, 02 secondary level posts and 03 primary level posts.	2023	Proper measures should be taken to fill up the vacancies or revise the approved cadre.	One of the two vacancies at secondary level has been filled, and two out of the three primary level vacancies have been filled. A letter of vacancy has been issued for one available driver vacancy and measures are being taken to fill the vacancy. I have once again informed the relevant departments regarding senior level vacancies and made a note to fill those vacancies	It was observed 07 vacancies in the senior level, 02 vacancies in the secondary level, and 03 vacancies in the primary level.

as soon as possible.

04	The following institute and Project stated in the action plan of the year under review, had not been implemented even by the end of the year under review. 1. National Credit Guarantee Institution II. ADB Rooftop Solar Power Generation Project (Phase II)	2022	Action should be taken to implement the activities stated in the action plan.	Not commented.	National Credit Guarantee Institution had been transferred to the Department of Public Enterprises and ADB Rooftop Solar Power Generation Project (Phase II) had not been commenced up to now.

46. Head- 244 Department of Trade and Investment Policy

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	66,117,124	66,117,124	66,117,124	Unqualified
2022	65,697,303	65,697,303	65,697,303	Unqualified
2023	75,956,314	75,956,314	75,956,314	Unqualified

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current status in that regard
01	Sri Lanka had signed the South Asian Free Trade Agreement (SAFTA) in 2005 with the participation of 8 SAARC countries. Although the tariff reduction of 7.5 percent and 6 percent applicable to the 50 customs codes (of 8 digits) prepared under the second phase final segment of the trade liberalization program of this trade agreement is proposed to be reduced to 5 percent by December 2018, which had not been fulfilled by 23 July 2024.	2023	Actions should be taken without delay for agreements beneficial to the country.	The Minister of Finance had submitted the Cabinet Memorandum No. MF/TIP/09/CM/2014/188 and dated 11.06.2019 to reduce the rate of preferential duty to 5% limit. The Cabinet of Ministers has not yet decided to implement the proposals presented by the Cabinet Memorandum and since the discussions related to this agreement did not take place with the participation of its member countries, I would like to inform you that these activities have been temporarily stopped.	The discussions related to this agreement with the participation of its member countries had not taken place even up to 22 October 2024.

02	The Cabinet of Ministers had approved the commencement of negotiations regarding the conclusion of a preferential trade agreement between Sri Lanka and Bangladesh On 14 June 2021. According to the data presented in relation to that work from the year 2016 to the year 2020, the trade between Sri Lanka and Bangladesh had achieved good trade balances and a high import coverage ratio. Accordingly, an agreement was reached for a work plan (Work Plan) related to the signing of the Preferential Trade Agreement (BS-PTA) between Bangladesh and Sri Lanka. Although the signing of the agreement between the two countries was scheduled for January	2023	Actions should be taken to enter into agreements according to the consents given without delay.	Negotiations regarding this agreement are ongoing and future activities will be decided according to the concurrence between the two countries.	This agreement is under discussion level and the agreement had not been signed even as at 22 October 2024.

2022, it had not been signed by 23 July 2024.

03	Negotiations regarding reaching an agreement on the China-Sri Lanka Free Trade Agreement started in 2014 and continued until 2017. Later, the Cabinet of Ministers had decided to start negotiations again in the year 2022 and it was observed that the negotiations were still at the same level as on 31 December 2023.	2023	According to the needs of the country, arrangements should be made to enter into agreements without delay.	This proposed agreement is a bilateral agreement between China and Sri Lanka and I would like to inform you that the International Trade Office (ITO) is currently conducting the necessary activities to hold the 07th round of negotiations based on the agreement between the two countries.	China-Sri Lanka Free Trade Agreement is under discussion level and the agreement had not been signed even as at 22 October 2024.
.04	There were 64 approved posts in the department and no action had been taken to fill the vacancies of 03 secondary level posts or to revise the number of approved posts till 30 June 2024.	2023	Actions should be taken to duly proceed to fill up vacancies or make changes in the approved cadre.	It is kindly informed that necessary arrangements are being made to fill the vacant positions soon.	Approved cadre was 63 and 04 vacancies at the secondary level positions existed by the end of the year 2024.

47. Head - 245 Department of Public Finance

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	78,963,516	78,963,516	78,963,516	Unqualified
2022	76,134,775	76,134,775	76,134,775	Unqualified
2023	73,653,928	73,653,928	73,653,928	Unqualified

	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current Status in that regard
01	As per the public finance Circular No 02/2018 dated 18 August 2018, although it had been recommended to wind up 13 Funds, it was observed that activities related to 3 Funds had not been completed even by the end of the year under review.	2023	Preparation and implementation of proper plans on performing the main punctuations of the Department.	Although letters have been received from time to time requesting to reestablish the National Botanical Gardens Trust Fund as an independent institution, informing to act upon the Circular instructions issued following a decision reached by the Cabinet of Ministers, presenting recommendations suitable for the uninterrupted continuation of the Vehicular Emission Test Trust Fund, and it has been reinforced to take action to wind up the Self Employment Revolving Fund.	Activities related to National Botanical Gardens Trust Fund and Vehicular Emission Test Trust Fund had not been completed up to present.
02	The approved cadre for the	2023	Action should be taken to fill up	Observations presented in this	As at 05 December 2024,

Department stood at 80, and out of those 19 posts had been vacant including 11 posts at senior level, 06 posts at secondary level and 02 posts at primary level.

the vacancies or regard are correct. to suitably revise the cadre.

11 vacancies in the senior level, 18 vacancies in the secondary level and 05 vacancies in the primary level were existed.

48. Head- 246 Inland Revenue Department

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs	Audit Opinion
2021	7,121,320,771	1,102,695,443	6,018,625,328	Qualified
2022	11,685,087,396	903,019,202	10,782,068,194	Qualified
2023	14,819,001,594	705,375,369	14,113,626,225	Qualified

Se. No	Audit Observation	Year of Audit Report	AG's Recommendation	Preventive Measures taken by the Auditee Entity	Implementation Status of the Recommendation
01	The opportunity to get the updated information through the system had been lost due to the fact that the audit team was not given access permission to access the View Appeal and View Objection Record sub-modules in the Appeal and Objection modules operating in the RAMIS system and Appeal Registration, Time Bar Report, Settled Appeal Report, Objection Registration, Settled Objection Report and Unsettled Objection Report generated by the Report module of the RAMIS system.	2023	According to Section 42 of the National Audit Act, it is an offense not to submit a document or report requested by the Auditor General or his authorized person within the stipulated time.	That there has been no failure to provide support to the Auditor General, and that efforts will be made to provide the necessary support.	Recommendations have not been implemented.
02	Since the Inland Revenue Department has entered into the agreements with the	2023	According to Section 42 of the National Audit Act, it is an offense not to submit a	In accordance with the terms of the agreement, since the written consent of the Singapore	Recommendations have not been implemented.

	Singapore company that the agreements cannot be given to other third parties, since those agreements had not been given to the Auditor General, the audit had not been able to confirm whether the cash payments of Rs.14,429,237,244 from the year 2014 to the year 2023 related to the RAMIS system and its progress have been made as per the agreements.	document or report requested by the Auditor General or his authorized person within the stipulated time.	Company had not been obtained to share documents or information related to the RAMIS system with any third party and such giving may be a violation of the terms of the agreement, therefore, a letter dated 27 August 2024 had been forwarded again to seek the opinion of the Attorney General regarding the possibility of providing relevant information to the National Audit Office.		
03.	According to the RAMIS computer system, as at 31 December 2023, the total outstanding tax, penalty and interest amounting to Rs.856,852,673,726 and 84 per cent i.e. Rs.718,383,567,358 as temporarily held over taxes, penalties and interest, and Rs.138,469,106,368 i.e. 16 per cent had been identified as collectible tax and penalty.	2023	All the actions mentioned in the relevant tax laws should be implemented and actions should be taken to collect all outstanding tax and penalty balances promptly.	Tax arrears are collected on the basis of identified valid reasons for suspension and the arrears are collected after resolving the reasons for the suspension.	Recommendations have not been implemented.
04	According to the Legacy computer system, as at 31 December 2023, out of the total	2023	All the actions mentioned in the relevant tax laws should be implemented and	Tax arrears are collected on the basis of identified valid reasons for suspension and the	Recommendations have not been implemented.

outstanding tax, penalty and interest value of Rs.209,936,351,219, Rs.159,645,625,333 i.e. 76 per cent had been identified as temporarily held over taxes, penalties and interest. Accordingly, it was observed during the audit that a significant high value of the total arrears tax, penalty and interest income was temporarily held over tax, penalty and interest.

actions should be taken to collect all outstanding tax and penalty balances promptly. arrears are collected after resolving the reasons for the suspension.

05. Under the Recovery of Default Taxes (Special Provisions) Act No. 16 of 2010, as amended by Act No. 14 of 2014, the DTRU Division was established on 31 December, 2009 for the recovery of default taxes and had been transferred arrears of taxes and penalties amounting to Rs.48,812,991,690 as at 31 December 2015 and as at 31 December 2023, outstanding taxes and fines up to Rs.22,072,303,229 i.e. Rs.26,740,688,461 had been settled. It was also observed that 18 per cent of	2023	All the actions mentioned in the relevant tax laws should be implemented and actions should be taken to collect all outstanding tax and penalty balances promptly.	Reduction of tax arrears in DTRU Division for the year 2023 were presented to the audit by presenting summaries in cash and other forms.	Recommendations have not been implemented.

the tax arrears were actually collected in cash and 82 per cent were corrections and written off under the Finance Act.

06.	For the year ending 31 December 2023, even though the collection of revenue related to Economic Service Charges, National Security Service Tax, Turnover Tax, Loan Repayment Tax and Tax on Voluntary Disclosure as per Income Statement and the arrears collected as per the Statement of Arrears of Income should be equal, a difference of Rs.2,454,770,780 had been observed between them.	2023	All the actions mentioned in the relevant tax laws should be implemented and actions should be taken to collect all outstanding tax and penalty balances promptly.	Due to the transfer of files between each section, it was difficult to get detailed information about this and relevant actions will be taken to avoid such errors in the future.	Recommendations have not been implemented.
07	According to the Statement of Arrears of Income for the year ending 31 December 2023, it was observed that there are balances without any recovery amounting of Rs.14,599,086 under the stamp tax income head 10.02.07.00 and amounting of Rs.2,215,581,368 under the debit tax income head 10.02.08.00 from the year 2019.	2023	All the actions mentioned in the relevant tax laws should be implemented and actions should be taken to collect all outstanding tax and penalty balances promptly.	That the legal cases are currently pending regarding these arrears of income tax.	Recommendations have not been implemented.

08	The performance measurement for achieving revenue targets, which is a main measurement used to measure performance of the Department of Inland Revenue, thus reducing the revenue estimate by 15.7 per cent when more 13 days to the end of the year and it was observed that the achievement of the income targets had been reached more than 100 percent by comparing the reduced and revised revenue estimate and the actual income as at 31 December 2023 therefore it was observed that there is no compromise on the methods established from providing information to the achievement of the estimated targets for the preparation of these estimates.	2023	All the actions mentioned in the relevant tax laws should be implemented and actions should be taken to collect all outstanding tax and penalty balances promptly.	Thus, an increase in arrears of taxes was shown in the year, since Rs.530,235,731.82 worth of assessments have been issued within the year ending 31 December 2023.	Recommendations have not been implemented.
09	In the basic revenue estimate, the expected direct tax revenue was 44 percent and indirect tax revenue was 56 percent, according to the revised estimate, those values were 49 percent and 51	2023	Annual income targets should be set correctly and actions should be done to achieve them.	A revised estimate related to the year 2023 has been prepared by the Department of Fiscal Policy and the revision has been submitted by the Ministry of Finance on 14 December 2023.	Recommendations has not been implemented.

percent, respectively, and according to the actual revenue collection, those values were 50:50 percent. In order to make public taxation fairer and just, the composition of direct and indirect taxes is aimed at reaching the 60:40 level as a more appropriate mix and as the government's income tax collector, the Inland Revenue Department had to work further to reach those tax mixes.

The preparation of the basic estimate and the preparation of the revised estimate were done by the Ministry of Finance and accordingly the work of revenue collection was done by the department and in comparison, with the revised estimate, the department has achieved the revenue target by 104%.

10	The department had been paid Singapore dollar 5,880,313 (Rs.725,882,619) for system maintenance services for 04 years from January 2016 to October 2020, and Singapore dollar 309,824 (Rs.46,826,053) for extending the contract by 3 months to 31 January 2021 and the maintenance service contract for 01 February 2021 to 31 January 2024 for 03 years at Singapore dollar 21,053,371 (about Rs. 3.1 billion) had	2023	Actions should be made to achieve the goals of the policy makers in Sri Lanka.	Based on the existing tax policy of the country, annual revenue estimates are prepared and forwarded to the Inland Revenue Department by the Ministry of Finance.	Recommendations have not been implemented.

been awarded to a subcontractor of the Singapore Cooperative. Due to the delay in recruiting the staff to take over the system by January 2024, the Cabinet approval had been given on 29 April 2024 to extend the agreement for another 03 years and for that Rs. 07 billion will have to be spent.

11	That certain changes will be made in the RAMIS system for the problems arising in the operation of the RAMIS system, for this purpose, it will cost to the Singapore company Singapore dollar 1,333 which is approximately Rs.291,000, per man-day to make the changes and under the new agreement, that amount had been increased to Singapore dollar 1,400 which is approximately Rs.305,200. Accordingly, it was observed during a sample audit that in addition to the above-mentioned costs paid to the institution to develop the	2023	The department should act urgently to take over the maintenance of the RAMIS system.	That Cabinet approval has been given on 29 April 2024 for the extension of the Inland Revenue Department's RAMIS system maintenance contract by 3 years from February 2024 to January 2027.	Recommendations have not been implemented.

modules,
Rs.71,723,662 had
been paid from time
to time in the year
2022 for these
changes made.

12	Under RAMIS 2.0, guidelines had been issued on 10 April 2024 for the entry into the RAMIS system of additional income tax assessment returns pertaining to the assessment year 2018/2019 subject to a deadline of 31 May 2022 due to the non-development of the assessment report issuance module and accordingly, the information given shows that the number of assessment reports to be entered into the RAMIS system for the year 2018/2019 was 2,979. Furthermore, it was further observed that there was a temporary system outside the RAMIS system because only the module of that year in the system had been completed and since the relevant assessment module had not been developed for each of those assessment years to include	2023	To ensure minimum cost to the government, it should be well understood and necessary actions should be made to undertake the maintenance of the system.	It is normal that the modules related to the RAMIS system should be updated in accordance with the changes made in the tax policies, and since it is difficult to obtain the prerequisites related to these tax policy changes, it is not possible to facilitate it at the time of system development.	Recommendations have not been implemented.

4489, 3460 and 758 in the report system from the year 2019/2020 to the year 2021/2022 respectively. Due to this, it was also observed that it was not possible to assign work items to officials through the system.

13	It was observed that the connection of 28 institutions to the RAMIS system was to be done under 4 phases and 06 institutions namely Sri Lanka Customs, People's Bank, Bank of Ceylon, Ministry of Finance, Company Registrar Department, Lanka Clear Pvt. Ltd. had already been contacted, but the rest of the institutions had not been contacted due to various problems.	2023	The development of RAMIS 2.0 module should be completed promptly.	That the assessment reports currently issued by the alternative system are being updated with the RAMIS system.	Recommendations have not been implemented.
14	According to the recommendations made during the session of the Committee on Ways and Means held in Parliament on 24 January 2024 for further discussion regarding the RAMIS system, it was stated that IT officers should be recruited under a separate service and	2023	The existing problems should be solved and the institutions that are not connected should connect the RAMIS system as soon as possible.	The People's Bank, Bank of Ceylon, Company Registrar Department, Ministry of Finance, Custom Department, Ceylon Clear Pvt. have already connected with the RAMIS system and other institutions have not completed the necessary	Recommendations have not been implemented.

taken over the RAMIS system, but any information about a positive action has been taken in this regard had not been reported to the audit and it can be inferred that at least 50 computer technical officers should be present in the Inland Revenue Department when accepting the RAMIS system and this amount may change according to the agreement, and it was observed that the audit could not confirm due to incomplete information received.

infrastructure to connect with the RAMIS system and the relevant institutions have been informed about it, and factors outside the Inland Revenue Department have been influenced to this.

15	Although 77 members of the approved staff of the Inland Revenue Department had been temporarily attached till 31 December 2023 to cover the tasks related to the scope of the RAMIS project, according to the letter No. MF1/02/17/IRD/33 dated 16 February 2024 issued by the Ministry of Finance, Economic Stabilization and National Policy, it was observed that	2023	Necessary actions should be taken to undertake maintenance of RAMIS system.	A detailed document with the number of officers required to maintain the RAMIS system and their qualifications and required experience has been obtained from the NCS Institute, and a detailed plan including other infrastructure and hardware requirements for the acceptance of the RAMIS system is being prepared and that related actions are	Recommendations have not been implemented.

the approved staff had been reduced to 60 till 31 December 2024.

currently being carried out in discussions with the relevant parties.

16	Under the RAMIS project, the call center service (call center) operated by the Singapore company had been taken over to the Inland Revenue Department and run under a private company for a period of more than 02 years from 01 April 2021 to 31 May 2023, subject to the payment of an amount of Rs. 33,844,000 without VAT per year and again the Ministry of Finance approved the extension of the contract from 01 June 2023 to 31 March 2025 for an amount of Rs. 38,350,000 without VAT per year. This contract has to be extended due to lack of physical and human resources in the department to maintain this call center service and it was observed that Rs.96,450,500 had been paid for this call center service till 28 February 2024 and that these additional costs will have to be borne because the	2023	Necessary actions should be taken to undertake maintenance of RAMIS system.	77 project staff as at 31 December 2023 and according to the Finance Ministry Secretary No. MF/02/17/IRD/33 and the letter dated 04 March 2024, it has been informed to limit the staff to 60 and that the staff is not sufficient to carry out the existing activities.	Recommendations have not been implemented.

department had not taken actions to perform this service.

17	It was observed that 7 vehicles with an accounting value of Rs.24,890,000 owned by the department are idle from the years 2020, 2021 and 2022. Accordingly, the value of the above idle vehicles had been included in the value of assets of Rs.320,307,150 stated as vehicles on 31 December 2023 in the financial statements.	2023	It is the responsibility of the management to conduct the project at minimum cost to the government.	Since the call center service run by the Inland Revenue Department is a unique service, the task is performed by a qualified agency on a specific fee.	Recommendations have not been implemented.
18	Regarding vehicle and equipment accidents that occurred on 05 occasions, Rs.8,851,886 had not been recovered or deducted from the responsible officers in terms of Financial Regulation 103 (1) (f) and (g).	2023	That the reasons for the idleness of the vehicles should be found and immediate action should be taken.	According to the 2023 vehicle survey report, 42-7793 and 52-8295 vehicles are being disposed and the other 06 vehicles have been sent for repairs and since these 08 vehicles are still in the possession of the department, their value has been included in the financial statement.	Recommendations have not been implemented.
19	According to Section 126 of the Inland Revenue Act No. 24 of 2017, every person who liable to pay tax shall submit a tax return containing the prescribed	2023	That the charge or deduction should be made from the responsible officers in accordance with the Financial Regulations.	That the charges have not been resort as indemnities and the final Board of Inquiry decisions have not been received.	Recommendations have not been implemented.

information in a form specified by the Commissioner General within the prescribed period in writing or by electronic media, during a sample inspection, although tax return forms were sent to 22 taxpayers, it was observed that they had not been submitted tax returns within the stipulated period for the years 2020/21 and 2021/22.

20	Whereas Section 152 of the Inland Revenue Act provides that the Commissioner General may send a notice to the taxpayer demanding payment of the tax when the tax is due and payable on the due date, during a sample inspection, it was observed according to the RAMIS system that the department had not been taken proper actions to collect tax arrears of Rs.1,357,272,031 from 34 institutions for the years 2020/21 and 2021/22.	2023	According to section 126 of the Inland Revenue Act No. 17 of 2017, actions should be made to obtain the tax returns.	That out of 22 taxpayers, 15 taxpayers have submitted tax returns for the years for which returns were not submitted.	Recommendations have not been implemented.
21	Even though, section 157 of the Inland Revenue Act	2023	Actions should be taken to recover	In accordance with Section 152 of the Inland Revenue	Recommendations have not been

provides that if the amount of tax due on the due date is not paid, the payer shall be liable to pay interest on the amount for the period from the due date to the date of payment of tax, 06 institutions that conducted the sample inspection had been paid a tax amount of Rs.260,994,191 after the due date, but it was observed that an interest amount of Rs.14,183,365 had not been charged at the rate of 1.5 percent for a month or a part thereof calculated monthly in accordance with section 159 of the Act.

the tax arrears

Act No. 24 of 2017, relevant notices have been issued to the taxpayers.

22	The request made by the taxpayer entered under Received in the Tax Appeals Register, the disputed tax amount related to 2192 tax appeals which had not been recognized as valid appeals was Rs.7,415,062,005 had been included in the Tax Appeals Register since 2017, which had been exceeded 06 years by the audited year.	2023	Interest should be collected as per the section of the Inland Revenue Act No. 24 of 2017.	In accordance with Section 157 of the Inland Revenue Act No. 24 of 2017, notices have been issued to the taxpayers regarding the collection of interest.	Recommendations have not been implemented.

23	It was observed that 794 unresolved tax appeals with a value of Rs.65,934,233,430 received from the year 2018 to the year 2021, which were 02 to 05 years old by the date of audit, 25 May 2023, which the Commissioner General of Inland Revenue initiated to review (CGIR Hearing) were still in the arbitration process as per the appeal register.	2023	Actions should be taken to resolve appeals in a timely manner by acting in accordance with the Act.	It was informed that a report containing wrong information has been given due to an omission in relation to the inquiry regarding the appeal settlement process and according to the reply letter dated 28 August 2024 under No. EAQ/2024/28/06-02, the number of appeals received but not recognized as valid appeals as of 16 July 2024 under the Received item is 81 in relation to the period from 2017 to 2021 and its controversial tax amount is Rs. 607,357,128 that had been reported to the audit.	Recommendations have not been implemented.
24	Although urgent actions should be taken to resolve the administrative reviews received to the department within the related appeal period, there are still 958 tax appeals, pending in various stages of the arbitration process since year 2017, with no specific decision and a disputed tax amount of Rs.4,990,297,715	2023	Actions should be taken to resolve appeals in a timely manner by acting in accordance with the Act.	There are 374 unresolved appeals from the tax appeals received from the year 2018 to the year 2021 where the Inland Revenue Commissioner General started the review but the resolution of the appeals was not completed and its controversial tax amount is Rs.77,873,323,792 that had been	Recommendations have not been implemented.

and it was also observed that 02 to 06 years old appeals are still in the appeal arbitration process.

reported to the audit.

25	The Commissioner General of Inland Revenue had been told to the audit that the appeal settlement process has been delayed due to various reasons that most of the appeals arose during the completion of the preliminary assessment work such as appeals on assessments issued for resolution of various reasons such as unpaid tax credits brought forward due to non-confirmation of previous year's losses, previous quarter refunds, tax credits from other periods etc. and also, officials should recognize appeals as queries, but wrongly register them as appeals, and during the resolution of appeals, they have to face various problems in practice due to the problems in the system, and the data in the system is not updated.	2023	Actions should be taken to resolve appeals in a timely manner by acting in accordance with the Act.	As at 16 July 2024, there are 124 unresolved tax appeals for the period from 2018 to 2021 which are still in various stages of arbitration process and its controversial tax amount is Rs.987,920,117 had been reported to the audit.	Recommendations have not been implemented.
26	The Surcharge Tax introduced by the	2023	Actions should be taken to resolve	The Inland Revenue	Recommendations have not been

	2022 Annual Budget as a tax that can be levied only once, in terms of Section 2 (1) (a) of the Surcharge Tax Act No. 14 of 2022 and enacted to levy at the rate of 25 per cent on the taxable income of any individual, partnership or company whose taxable income exceeds two thousand rupees for the assessment year commencing on 1st April 2020. Furthermore, the information related to the surcharge taxes had not been entered into the RAMIS system, and the taxes had been maintained as files (manual).	appeals in a timely manner by acting in accordance with the Act.	Commissioner General had pointed out to the audit that there are many reasons that have contributed to the delay in resolving appeals.	implemented.
27	According to Section 2 (4) of the Surcharge Tax Act, every taxpayer liable to pay tax under this Act shall pay the tax to the Commissioner General in two equal installments on or before the twentieth day of April 2022 and the twentieth day of July 2022. Accordingly, when checking the information provided by the department, 08	2023 It is the management responsibility to keep the system up-to-date in order to correctly identify the taxpayers subject to the tax and to properly represent the tax liability, and to take appropriate actions to recover the arrears.	Although it was not included in the RAMIS system, the surcharge related information has been correctly identified and the information has been correctly accounted. That appropriate action has been taken to recover the arrears.	Recommendations have not been implemented.

taxpayer had not been paid the tax on the due date and the value Rs.2,692,889,914 of the tax which had been paid late.

28	In accordance with Sections 157 and 159 of the Inland Revenue Tax Act, notices have been issued to 04 tax payers from time to time in the year 2023 asking them to pay fines and interest due to the payment of tax money after the due date, and the total interest amount related to it was Rs.71,134,984 and a fine of Rs.82,239,024. In addition to this, the audit has been informed that notices have been issued to one more tax payer to pay interest and fines, but the related written evidence had not been submitted to the audit.	2023	As per Section 2(4) of the Surcharge Tax Act, actions should be made to collect the tax money on the due date.	Although it was not included in the RAMIS system, the surcharge related information has been correctly identified and the information has been correctly accounted. That appropriate action has been taken to recover the arrears.	Recommendations have not been implemented.
29	The issuance of supplementary assessment reports for the assessment years 2018/2019 to 2021/2022 related to tax types PAYE and withholding tax (WHT) had been done outside the	2023	Penalties and interest due to late payment of taxes should be collected promptly.	That action has been taken to collect the relevant penalties and interest in accordance with the provisions of the Inland Revenue Act.	Recommendations have not been implemented.

Revenue
Administration
Management
Information System.
As a result, the tax
liability of the tax
payers had not been
recorded correctly in
the Revenue
Administration
Management
Information System.

30	Due to the fact that all information related to taxes was not included in the system, the balances of the arrears tax report had not been corrected with the balances of the system and also it had been observed from time to time that the officers were unable to complete the work items due to various deficiencies in the system.	2023	Development of the RAMIS 2.0 module should be completed expeditiously so that assessment reports can be issued.	Supplementary assessment systemization work is in progress.	Recommendations have not been implemented.
31	The betting and gambling tax, which was expected to be systematized under Phase II of RAMIS implementation, has not yet been systematized. The estimated revenue for the year 2023 from the above said betting and gambling tax is Rs. 5,500 million and the actual income in the year 2023 is Rs.7,421,816,561	2023	The development of RAMIS 2.0 module promptly.	That the work on RAMIS 2.0 is expected to be completed soon.	Recommendations have not been implemented.

and the outstanding tax value is Rs.5,563,543,778 were also. The number of taxpayers registered under the Betting and Gaming Tax Act was 04 for casinos and 401 for other betting and gaming businesses.

32	The stock transaction tax introduced and implemented by the Finance Act No. 5 of 2005, which is collected and remitted to the department by a third party such as a stockbroker or stock dealer or custodian bank, had not been included in the RAMIS system. The tax had been earned Rs.2,477,736,910 for the year 2023 and the estimated tax revenue for the year 2023 was Rs.1,980 million.	2023	The development of RAMIS 2.0 module should be completed urgently and it is preferable to systematize all types of taxes.	That the need to systematize Betting and Gambling taxes is being considered.	Recommendations has not been implemented.
33	Emigration tax was introduced in 2015 and remittance fee in 2017, and although more than 03 years have passed since the introduction of those taxes, tax administration was not done through the Income Administration Management	2023	The development of RAMIS 2.0 module should be completed urgently and it is preferable to systematize all types of taxes.	Agreed.	Recommendations have not been implemented.

Information System and it was also observed that there was a severe time delay between the introduction of new taxes and their systematization.

34	It was observed that the administrative work related to the certain types of taxes identified by the Inland Revenue Department before the commencement of the development of the Revenue Administration Management Information System (RAMIS) as well as taxes introduced after the commencement of the system development, had not been efficiently carried out by this system.	2023	The development of RAMIS 2.0 module should be completed urgently and it is preferable to systematize all types of taxes.	Agreed.	Recommendations have not been implemented.
35	Following are the facts observed during the audit conducted regarding the payment of Corporate Income Tax of TIN No. 11401xxxx.	2023	The development of RAMIS 2.0 module should be completed urgently and it is preferable to systematize all types of taxes.	The development of the RAMIS 2.0 module has been somewhat delayed due to the COVID epidemic situation, the economic recession and the non-contractual issues related to the RAMIS project in the past years, and the work is currently being carried out in this regard.	Recommendations have not been implemented.

36	Following are the facts observed during the audit conducted regarding the payment of Corporate Income Tax of TIN No. 11401xxxx. The self-assessment reports/ Tax Returns for the assessment years 2019/20, 2021/22 and 2022/23 had been submitted by the said company, but the RAMIS system did not mention at least the tax liability mentioned in those tax returns as the tax balance to be paid and it was observed that there was an erroneous reporting of the tax income owing to the government, due to the fact that an incorrect refund had been reported in the name of the company in relation to each period.	2023	RAMIS module development and bug rectification should be completed expeditiously.	2.0	Agreed.	Recommendations have not been implemented.
37	The corporate income tax and penalty payable at the end of the assessment year 2015/16 was Rs.21,624,871 and it was observed that the company had not paid the tax amount till 03 May 2024 which was the date of audit and the related work items	2023	RAMIS module development and bug rectification work should be completed expeditiously and it is preferable to systematize all types of taxes.	2.0	For year of assessment 2015/16 the taxpayer had filed objections regarding disallowance of withholding tax and after concluding the proceedings in this regard and now, due to an error in the RAMIS	Recommendations have not been implemented.

in the RAMIS system had been open for more than 08 years.

system, it is not possible to allow the relevant tax credits and that after discussing this with the RAMIS division, the work items will be completed after allowing the tax credits.

38	Although two taxpayers are active taxpayers registered under No. 7000 for payment of value added tax already in the system, according to the sample audit, temporary registration numbers under TIN number 2525 had been issued to import sugar for the CIF value of Rs.270,297,115 and Rs.175,177,269 in the years 2022 and 2023 respectively. By issuing TIN numbers for temporary registration to the taxpayers registered under the active VAT tax system, it was observed that the internal control system established in the department is not functioning properly and such activities have not been automatically detected by the RAMIS system.	2023	An internal control system should be installed so that temporary registration numbers cannot be issued to active taxpayers who are permanently registered under number 7000 for the payment of value added tax and the system should be developed so that such activities are automatically detected by the RAMIS system.	Temporary registration is necessarily canceled when the above entities register for VAT permanently and become active taxpayers and hence goods cannot be imported by way of temporary tax certificate thereafter. If so imported, it is a case beyond the control of the Inland Revenue Department.	Recommendations have not been implemented.

39	According to the sample audit, even though, among the sugar importers who have imported under the temporary VAT system, 14 importers have registered for income tax, income tax returns due before 30 November 2023 for the assessment year 2022/23 had not been submitted till 30 January 2024 which was the date of audit and the total CIF value of sugar imported by all of them under 2525 in the years 2022 and 2023 respectively was Rs. 3,580,948,952 and Rs. 8,661,150,315.	2023	Issuance of temporary registration numbers after ensuring that the relevant taxes have been paid and the relevant tax reports have been provided while registering under temporary registration tax numbers for value added tax.	The progress of submission of income tax returns by 14 importers was reported to the audit.	Recommendations have not been implemented.
40	Due to the extraction by the Excise Department of the requirement to obtain the Revenue Clearance Certificate from the Inland Revenue Department when renewing their annual excise licenses in the year 2024, 443 licensees had been applied for clearance certificates from the Inland Revenue Department Head Office for the year	2023	Tax Clearance Certificates for Liquor Licenses shall be issued after satisfactorily ensuring that the applicable taxes have been paid/ relevant tax returns have been furnished while issuing Tax Clearance Certificates for obtaining Liquor Licenses.	That this clearance certificate has been issued following the instructions mentioned in paragraphs 1, 2 and 4 of the series of instructions dated 20 November 2023 and that a copy of the said series of instructions and relevant information has been submitted on 25 April 2024.	Recommendations have not been implemented.

2024, but 241 licensees had not been come forward to get clearance certificates. When examining a sample of 40 taxpayers who have not come forward to obtain clearance certificates, it was observed that according to the Default Tax register, there is an outstanding tax balance of Rs.187,644,815 to be collected from 21 tax payers as a 30 June 2023.

41	According to section 2 of the Betting and Gaming Tax Act No. 40 of 1988 and as amended by the Betting and Gaming Tax (Amendment) Act No. 14 of 2015, the annual tax to be paid by betting centers with live broadcasting facilities was Rs.300,000 up to the assessment year 2014/2015 (31 March 2015) and Rs.600,000 from the assessment year 2015/2016 (01 April 2015) and from 01 April 2023 it has been increased to Rs.1,000,000 and the said tax shall be paid in 4 equal installments during	2023	Actions should be taken according to the Acts and actions should be made to collect the taxes due from the taxpayers promptly.	That Rs.525,000/- has been charged as one tax payer's tax arrears and 50% penalty from the relevant arrears, and the remaining tax is being recovered as per the Act.	Recommendations have not been implemented.

the assessment year and the relevant installment shall be paid before the commencement of the quarter and it was observed that registered taxpayers had not paid annual taxes worth Rs.103,450,000 for the assessment year 2023.

42	According to section 2 (1) of the Betting and Gaming Tax Act No. 40 of 1988 and the amendments of the Betting and Gaming Tax Act No. 07 of 2001, Betting Centers with live broadcasting facilities shall pay the installments related to the annual tax before the commencement of the quarter, but the annual taxes already paid had not been paid on the due dates and there are late payments and it was observed according to the calculations made during the audit that the amount of penalty that may be prescribed in respect of such late payment of annual taxes was approximately Rs. 103,100,000 till the date of audit, 31 March 2023.	2023	Actions should be taken according to the Act and actions should be made to collect the arrears of tax due from the tax payers promptly.	That the remaining money is being recovered from the tax payers in accordance with the Act.	Recommendations have not been implemented.

43	In the examination of the assessments issued in connection with unpaid annual taxes and late payments since 2014 related to betting centers with live broadcasting facilities, it was observed that the taxes and fines that had not been collected so far amount to Rs.206,200,000.	2023	Actions should be taken according to the Act and actions should be made to collect the arrears of tax due from the tax payers promptly.	That the remaining money is being recovered from the tax payers in accordance with the Act.	Recommendations have not been implemented.
44	The tax payable on the monthly gross sum for certain periods of the 03 businesses from the year 2014/2015 to the year 2022/2023 had not paid before the relevant dates as required. Accordingly, it was observed that the amount of penalty still to be levied in connection with the late payment of taxes on the gross sum of betting centers with live broadcasting facilities for each year was approximately Rs.1,679,339,966.	2023	Actions should be taken according to the Act and actions should be made to collect the arrears of tax due from the tax payers promptly.	That the tax payer has filed an appeal with the Court of Appeal regarding the tax arrears relating to the assessment years 2014/2015, 2015/2016.	Recommendations have not been implemented.
45	A sum of Rs.2,621,108,150 in uncollected monthly gross taxes and fines in connection with the assessments issued so far in	2023	Actions should be taken according to the Act and actions should be made to collect the arrears of tax due from the tax payers	That an appeal has been submitted to the Court of Appeal for these arrears of tax.	Recommendations have not been implemented.

	respect of taxes and late payments on unpaid monthly gross of betting centers with live broadcasting facilities since 2014.		promptly.		
46	Since the modules related to betting and gambling tax have not been developed in the revenue administration management information system, the income reports, tax payments, assessment issuances, progress and all tax administrative activities of the above tax payers are done through the manual files, so audit works had to be confirmed based on the accuracy of the information provided through the files. It was further observed that it was not possible to reduce the administrative work of the tax officials and to carry out the tax compliance effectively and to get the information correct and up-to-date.	2023	The development of RAMIS 2.0 module should be completed urgently and it is preferable to systematize all types of taxes.	Betting and Gambling taxes have not been notified for inclusion in the RAMIS system.	Recommendations have not been implemented.
47	There were 289 vacancies at the senior level, 28 vacancies at the	2023	Actions should be made to recruit essential staff for vacant posts in the	Agreed.	Recommendations have not been implemented.

tertiary level, 84 vacancies at the secondary level, and 105 vacancies at the primary level, totaling 506 vacancies in relation to the Department of Inland Revenue as at 31 December 2023. Simultaneously, the number of vacancies in 2020, 2021 and 2022 was 320, 387 and 437 respectively. Thus, the number of employee vacancies in the department had shown a gradual growth over the years and on 31 December 2023, it was 17.6 percent of the total number of approved employees.

department and to record essential vacant posts.

Year 2022

01	The audit could not check the accuracy of the payments made apart from the basic identification in that phase as a copy of the document containing the additional requirements to be fulfilled apart from the basic identification related to the phase 2.0 of the RAMIS system and the progress of those requirements had not been	2022	According to Section 42 of the National Audit Act, it is an offense not to submit a document or report requested by the Auditor General or his authorized person within the stipulated time.	Not replied.	Recommendations have not been implemented.

reported to the audit.

- 02 Expenditure for the 2022
cadre Deployed for
the Establishment of
the RAMIS Project.

According to the
audit sample
checking on the
payment for the year
2021 of the project
office maintained
for the
establishment of
RAMIS system,
approximately

Rs.2,557,512 had
been paid to 71
officers per month,
and payment of
Rs.44,114,059 had
been paid for the
staff of the RAMIS
project relating to
the period from
October 2020 to
October 2021.
Furthermore, this
project staff had
made their service
contribution to the
project while being
engaged in
the duties of the
Inland Revenue
Department.

Accordingly, it was
observed that their
permanent duties
might have been
interrupted for
nearly a period of 10
years from 2014 to
2022 and the overall
efficiency of the
Inland Revenue
Department may
have been adversely

In the payment of
an additional
remuneration, it is
the responsibility
of the management
to ensure that the
relevant service is
provided outside
the normal duty
hours.

Not replied.

Recommendations
have not been
implemented.

affected due to the Department's failure to take over the project expeditiously.

03	According to Section 02 of the Betting and Gaming Levy Act, No.40 of 1988 and the Betting and Gaming Levy (Amendment) Act No.14 of 2015, the persons who is running a casino business should pay an annual tax of Rs.200 million, whereas annual tax of Rs.300,000,000 relating to two casino businesses had not been paid.	2022	Actions should be made to collect the tax due from the relevant tax payers.	One of the above businesses had not engaged in business activities during the related period and action is being taken to recover the Rs.300 million further remained recoverable from the other business.	Recommendations have not been implemented.
04	As the Commissioner General Of Inland Revenue had obtained only the reports of gross receipts for the quarter through department formats relating to betting and gaming, and due to his failure in establishing an internal system of control to ensure the accuracy of such receipts, it was not observed in audit that the levy on gross total relating to Casino businesses was recovered correctly.	2022	A suitable system of internal control should be established enabling the separate identification of gross receipts and turnover relating to the taxpayer.	Action has been taken to obtain reports under a new format.	Recommendations have not been implemented.

05	Accordinging to 2022 Betting and Gaming Levy (Amendment) Act No. 19 of 2013 and the amendments thereon, the report on gross total should be furnished before 20th day of the month after end of the quarter and the payment should be made within the first week thereafter. In case of failure to furnish the reports, a fine not exceeding Rs.50,000 should be imposed, and when failed to make the payment on time, a penalty should be imposed in terms of the said Act and the Inland Revenue Act No. 24 of 2017. As for instances in which reports on gross total relating to the years of assessment 2014/2015 up to the present, had not been furnished to the Department of Inland Revenue on time, the Department had not taken action to recover the outstanding fines and interest of Rs.342,281,284 receivable for defaulting on the payment of tax on time.	The Acts should be followed, and action should be taken for prompt recovery of funds receivable from taxpayers.	Gross reports had not been received due to the spread of pandemic during 2019-2021, and no action had been taken to impose penalties thereon.	Recommendations have not been implemented.

06	According to Section 02 of the Betting and Gaming Levy (Amendment) Act, No. 14 of 2015, every person who carries on the business of gaming in Sri Lanka for any year commencing on or after 01 January 2015, shall collect a Levy of US \$ 100 or its equivalent in any other convertible foreign currency or in Sri Lanka currency from any person who enters such place of business of gaming. Although this levy had been exempted for the period 2016-2019, it was proposed that an amount of US \$ 50 be collected from a Sri Lankan or a resident of Sri Lanka entering a place of business of gaming with effect from 2019. However, the Department had not taken action for recovery of this levy.	2022	The Acts should be followed, and action should be taken for expeditious recovery of taxes receivable from the taxpayers.	Action had been taken to recover the entrance levy from February 2023.	Recommendations have not been implemented.
07	Although those carrying on the business of Casino had paid in installments the Casino levy imposed by the Financial Act No. 10	2022	The Acts should be followed, and action should be taken for expeditious recovery of taxes receivable from the taxpayers.	Legal action is being taken for recovery of the outstanding tax.	Recommendations have not been implemented.

of 2015, outstanding levy and penalties totaling Rs.2,380,000,000 remained further recoverable from 02 Casino businesses.

Year 2021

01	The Inland Revenue Department had installed a PABX system worth Rs.2,851,725 (excluding tax) for the 24th and 25th floors of the “Mehewara Piyasa” office. However, the inter-branch connectivity, which is an item of the technical specification of this contract agreement, had not been delivered by 30 September 2021.	2021	Actions should be taken to comply with the Procurement Guidelines.	Considering the technical aspects, it is recommended to purchase from the contractor who supplied the system at the head office and the interconnection problem is not in the system.	Recommendations have not been implemented.
02	Since the 02 transformers provided by the department during the renovation of the building were not connected to the main electricity system, those machines had not been used since 2010. 70 cameras belonging to the CCTV camera system installed in the main building of the department at a cost of Rs.7,985,992 were not handed over to the	2021	Assets should be fully utilized so that the objectives and tasks of the department can be fulfilled.	That the CCTV camera system will be put into operation in the future by using the devices that can be used in the system to bring this system back into operation.	Recommendations have not been implemented.

department by the State Engineering Corporation, had ben remained inactive even though 12 years have passed beyond the warranty period of 01 year. Due to this, the desired security for installing a CCTV camera system had not been provided.

03	According to the provisions of the Stamp Duty (Special Provisions) Act No. 12 of 2006, although, stamp duty should be levied on additional liquor licenses and licenses to sell bottle toddy, the Divisional Secretariats had not been act in accordance with the provisions of the said Act during the period 2008-2020. According to a sample audit, a sum of Rs.67,917,000 outstanding stamp duty from 66 divisional secretariat offices belonging to 07 districts of the island should had been collected.	2021	The department should be collected the taxes imposed as per the statutory rules.	02 judicial actions have been taken in this regard and charges will be made according to their decisions.	Recommendations have not been implemented.
04	According to the value added tax reports submitted by the company bearing tax file	2021	Acts should be followed and taxes due from the tax payers should be collected promptly.	That judicial action has been taken for recovery of defaulted value added tax.	Recommendations have not been implemented.

number 1240*****,
the amount of value
added tax unpaid on
the due date was
Rs.2,843,923,139
and there was a
delay of more than
02 years in issuing
the assessment
reports and
collecting the
arrears of tax as per
Section 28(1)(b) of
the Value Added Tax
Act No. 14 of 2002.
Furthermore, even
though the amount
of value added tax
due for the first
month of the fourth
quarter of 2016 had
not been paid on the
due date, a tax
clearance certificate
had been issued for
the year 2017.

05	The second assessment of value added tax related to tax file number 7704***** for the period from 01 January 2016 to 31 December 2018 was assessed as Rs.314,278,994 and even though, the taxpayer was informed on 18 May 2020 in accordance with Section 29 of the Value Added Tax Act No. 14 of 2002 in this regard, the related assessment had not been issued by 31 December 2021.	2021	Issuance of additional tax assessments and disposal of appeals should be done in accordance with the provisions made by the Acts.	Called tax payers for interviews on non-agreement for tax amount and correctly calculated the tax liability based on the correct information received.	Recommendations have not been implemented.

06	According to the unissued assessment from the assessment years 2014/15 to 2018/19 in relation to the tax file TIN No.1141*****, the value of income tax, value added tax and economic service charge was Rs. 25,179,056 and the issuance of assessment reports had not been done by 23 March 2021 in this regard and the total value of income tax, nation building tax and economic service fee which was issued for the same period but not collected as at 31 January 2021 was Rs.12,897,624.	2021	Assessment reports should be issued in due time and action should be taken for recovery.	There were delays due to understaffing and work items had not created in the RAMIS system and recoveries will be taken based on the audit inquiry.	Recommendations have not been implemented.
07	The information regarding taxes payable related to Nation Building Tax and Pay As You Earning/ Advance Personal Income Tax in relation to tax file TIN No.1340***** had not been updated in the RAMIS system. As a result, the tax paid amounting to Rs.91,247,399 and Rs.57,085,410 respectively by the tax payer on 31 December 2020 were in the system	2021	Due to non-updating of the RAMIS system, showing the balances of taxes due and actions are being taken to write off the penalties.	RAMIS system should be updated properly and actions should be made to collect taxes and penalties.	Recommendations have not been implemented.

as a refund and an arrears tax and penalty balance of Rs. 57,055,732 was also observed related to income tax.

08	In relation to 2021 "Income Tax Exempt Entities" as per Section 07 of Chapter III of the Inland Revenue Act No. 10 of 2006 and "Exempt Amounts" in the Third Schedule of the New Inland Revenue Act No. 24 of 2017, it was observed that 17 organizations had been obtained registration for income tax according to the information of the RAMIS system of the Inland Revenue Department while testing whether the entities that are liable to pay tax from 1 April 2018 have already been registered in the tax system. But no any income tax returns had been submitted till the date of audit, 31 December 2021. It was also observed that most of those entities have not paid any income tax for more than ten years on profits or income from dividends and	In accordance with the provisions of the Act, files for income tax should be opened as well as tax returns should be brought promptly for all the mentioned entities.	The files of 21 entities have been opened and inquiries have been made for the remaining 15 entities but no answers have been received yet.	Recommendations have not been implemented.

interest and even though 19 entities which are liable to pay income tax from 01 April 2018 but have not been registered for income tax till 31 December 2021, the audit date.

49. Head – 247 Sri Lanka Customs

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	14,472,485,013	25,943,363,967	-11,470,878,954	Qualified Opinion
2022	15,881,304,308	25,657,797,650	(9,776,493,342)	Qualified Opinion
2023	16,072,269,511	32,648,073,740	(16,575,804,229)	Qualified Opinion

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Progress related to the Implementation of the Recommendation as at the Reporting Date
1	Although, 2342 officials of Sri Lanka Customs had been paid Rs.1,839,078,959 from the government's consolidated fund as salaries, wages, overtime, holiday pay and incentives and Rs.1,086,992,639 from the customs overtime cargo examination fee and information technology communication fund aggregated to Rs.2,926,071,598 in the year 2021, the fingerprint records proving that the said expense was made for the service which is the proof of verification, were not submitted	2021	(i) Compliance with the general directives of the Government and the directives of the Committee on Public Accountants should be strictly taken into account. (ii) Financial irregularities shall be dealt with in accordance with the provisions of the Financial Regulations and the Establishment Code. (i) The unsatisfactory internal control relating to employee	It was informed that the attendance of the employees of the department will be recorded using the General Form No.18 and based on that overtime would be calculated. Furthermore, it was informed that a committee will be formed to make recommendations regarding the payment of overtime so that all officers of the customs are represented and after the recommendation of the committee, a formal system will be prepared regarding the payment of overtime.	The fingerprint machines were not used even on 22 July 2024 due to the trade union protests of the customs officers. The Director General of Customs had informed the audit that Secretary of the Ministry of Finance, Economic Stabilization and National Policy had been informed on several occasions that its use was impractical. Although, it is said that there are practical difficulties in fingerprinting the customs officers, the audit observed that many details such as the name, position, date, time of arrival/departure etc. of the officer

	for audit.		management should be regularized.		are recorded daily in the “Customs Form 221” to get overtime.
2	Arrears tax revenue is accumulating annually and the value of arrears taxes which was Rs.22,933,854,690 as at 01 January 2021 had increased to Rs.60,884,927,433 as at 31 December 2021 or by 165 percent. Although, import exemption was stopped on the basis of subsequent tax recovery to government agencies from 01 January 2016, on the contrary, due to import exemption to Ceylon Petroleum Corporation in 2018 and 2020, it was observed that the excise duty and other excise duty levied on the oil refinery remain in arrears. The arrears of tax revenue were negatively grown from 9 percent to 165 percent compared to the year 2020.	2021	The financial regulations 128 and the instructions mentioned in the Public Finance Circular 01/2015 should be followed.	Agreed with the audit observations.	Letters were sent to the relevant Ministries and Departments to recover the reported arrears. The Director General of Customs had reported that it is difficult to find information related to old arrears of tax revenues from the department. However, out of the total arrears of tax revenue as at 31 December 2023, which was Rs.58,478,974,134, an amount of Rs.57,709,049,189 or 99 percent of tax arrears were associated with prior to the year 2020.
3	According to Section 153 (2) (b) of the Customs Ordinance No. 17	2021	The methodology indicating the Minister's approval should be	It was informed that the approval could not be found at this time, this	As of the date of this report, no arrangements have been made to obtain

of 1968, the concurrence of the Minister of Finance should be obtained for the distribution of reward money from the reward fund and a suitable system should be prepared for the same. However, without confirming that the concurrence of the Minister of Finance was obtained for the departmental orders No. PL 118 dated 28 January 1988, which was issued for the distribution of reward money, a sum of Rs.21,046,904,408 had been paid by the department as reward money in 23 years from 1999 to 2021.

submitted to the audit. The scheme should definitely have been approved by the Honorable Finance Minister. The approval of the Minister of Finance for the relevant departmental order.

- 4 Based on the 2021 assistance provided by the Japanese government for the Eastern Province Water Development Project, the Treasury of the Government of Sri Lanka assigned the National Water Supply and Drainage Board to import the DI pipes and accessories required for the project. The Water Supply

and Drainage Board had awarded the contract to a private firm to procure the required DI pipes and fittings for the same. The amount of USD 6,659,685 will be borne by the aid received from JICA and the transportation costs and taxes will be borne by the Government of Sri Lanka. The following observations were made in this regard.

(i)	According to 2021 Section 72 of the Customs Ordinance, Sri Lanka Customs had given the opportunity to a private company to bond goods without paying tax in the first instance and for that purpose 08 Cusdecs had been issued. Accordingly, the goods valued at USD 5,139,621 were warehoused (To Bond). According to Section 86 of the Customs Ordinance, the invoice value of the goods declared earlier should be declared at the time of release of the	The Customs Ordinance should be followed and proper steps should be taken against recovery of excess amounts and preparation of false documents.	The investigation is ongoing. It was informed that further actions will be made based on the recommendations of the preliminary investigation.	A committee was appointed by the Director General of Customs on 24 July 2021, and the committee's recommendation was given on 01 June 2023, about 2 years later. The committee's recommendations were as follows and no punishment was recommended for any officer involved in the incident. • Disciplining only one group of officers for wrongful practices that have been practiced over a long period of time is an unequal treatment of

goods from the bond. However, using locally processed invoices, the relevant imports value of USD 6,350,364 were recorded and presented with false information. Thus, a value of USD 1,210,743 was provided to the concerned institution to get in excess.

equals.

- That there is no need to take disciplinary action as the officers involved in the incident has retired.
- Issuance of departmental order with instructions regarding to-bond/ex-bond of goods.
- Providing special training to customs officials on warehousing.
- Informing the Water Supply and Drainage Board and its line ministry to investigate whether the project has caused any loss to the government.

(ii) The Sri Lankan 2021 Customs, which conducted the investigations regarding the preparation of fake invoices, submission of fake information and received foreign and local currency, concluded the investigation considering that the relevant agency had

Compliance to the provisions of Customs Ordinance is required and also action should be taken against the parties that provided incorrect decisions regarding the investigations.

Responses had not been furnished.

-Do-

not committed any wrongdoing. It was problematic to audit that no any action had been taken regarding the officials who gave the wrong decision.

- 5 Since the year 2021 2016, under the Build Own & Operate (BOO) methodology, the company named Rapis Scan Systems Pvt Limited has been conducting customs supervision of the containers, and in the year 2021, arrangements were made to transfer full ownership of the system to the customs by paying USD 21,590,008 to that company. During the payment of such a large amount, the foreign exchange crisis was not taken into consideration, and since the Cabinet had approved the purchase of the system from that foreign company, it resulted in a lost opportunity to procure scan machines under minimal costs while allowing competition in the open market through

It is essential to be cautious regarding transactions during a period of foreign exchange crisis, to act with transparency during dealings, and to ensure that expenditures are made wisely, practically, and economically in a beneficial manner.

It was reported to audit that the establishment of the scanning system for the containers selected under the Build-Operate-Own (BOO) method was decided to be purchased by the Ministry of Finance in 2021. Additionally, it was stated that the risks management division identifies the containers directed to the Rapis Scan and that all such directed containers have been scanned.

Although, the audit has repeatedly pointed out the need to integrate Artificial Intelligence into the scanning system, Since all containers presented for clearance are not subject to scanning, no action has been taken in that regard so far.

procurement. Furthermore, although a complete scan inspection was expected for the customs clearance process, the inability to implement it has hindered the ability to identify items hidden among the declared goods, to reduce the number of false goods declarations, and to minimize the import of prohibited and illegal goods. Additionally, the number of scanned containers relative to the total containers cleared from November 2019 to 30 September 2021 has been approximately 8 percent lower.

6	The Sri Lanka Customs was required to pay the SALT organization an amount of Rs.138,513,782 as at 07 December 2021, for 336 vehicles for which investigation activities had not been completed, and this amount was likely to increase in the future based on the	2021	Actions should be taken to finalize relevant investigations properly and speedily.	Due to insufficient space in the yard, it has been difficult to obtain government's analysis's reports for 39 vehicles. However, based on the current government's analysis's reports obtained for the vehicles, it has been confirmed that 34 vehicles, which were	At present also, a monthly rent of Rs.4,650,000 is being paid to a private company, and as at 31 December 2023, 435 forfeited vehicles were in custody. Among these, 152 vehicles were forfeited more than 5 years ago. While, foreign exchange expenditure has
(i)					

	progress of completing vehicle investigation.		illegally modified or unlawfully assembled, are planned to be provided to secondary and tertiary educational institutions for technical studies, based on the recommendations of the Committee on COPA.	been incurred for these vehicles, prolonged storage has led to the deterioration, making them unsuitable for operation, and a situation has arisen where it is not possible to realize a fair amount from selling them.	
(ii)	There were 51 vehicles without files or reports under the custody of the Customs, which were covered by a roof and were found outside the vehicle yard.	2021	Necessary actions should be taken related to this.	Instructions had been given to prepare new files with available information related to vehicle of which files are not available and to take actions to dispose these vehicles by submitting a cabinet memorandum.	It has been identified that there are 136 vehicles with no files or reports available as at 06 September 2024.
7	According to section 84 (a) (3) of the Customs Ordinance, when obtaining a Manufacture in Bond facility(MIB), the bonded goods should be assessed and paid as “imported goods” at the time of release from the warehouse for domestic use. However, the 70 percent excise duty concession given to	2022	Compliance to the provisions of the Customs Ordinance should be required.	It has been reported that legal advice has been requested to take further action regarding this matter.	In the year 2023, two companies had 326 vehicles in the warehouse and released them to the local market. Although, the exercise duty that should have been charged upon releasing the assembled vehicles from the warehouse was Rs. 350,432,000, only Rs. 246,628,800 was collected, resulting in a shortfall of

“vehicle manufacturers with a value added of not less than 30 percent locally on the recommendations” issued by the Minister of Industries as per No. 1448/1 of 05 June 2006, had been obtained by two vehicle component assembling companies using the same bonded warehouse facilities since 2017 up to 2021, and an exercise duty of Rs.7,191,949,084 had been evaded.

Rs.103,803,200 in state revenue. As of the date of this report, legal advice had not yet been received.

8	Regarding the observations below, no actions had been taken in accordance with the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, from F. R. 102 to 110. ----- A bulk shipment of cigarettes, shipped from Singapore under the transshipment method by a foreign private institution, was seized and inspected by the Sri Lanka Customs, and based on the decision, the	2022	Compliance to the provisions of the Financial Regulations should be required.	A three-member committee was appointed for preliminary investigation on 07.10.2023.	The chairperson of the preliminary investigation committee had presented an interim report regarding the current status of the investigation on 19.03.2024. It was mentioned that the investigation activities would be concluded and a final report would be provided once the reports related to the court proceedings of this matter were received.

relevant cigarette shipment was allowed for re-shipment.

However, during this time, Customs controversially sold this bulk of cigarettes earning an amount of Rs.5,901,750.

However, the foreign institution had filed a lawsuit against this sale, and the district court ruled against Customs. Although, in light of that decision, Customs has filed lawsuits in the civil appellate court and in the Supreme Court, it was required to pay Rs. 37,529,749 for the loss incurred to the importer, which were Rs.63,464,121 as legal interest, and Rs.190,000 as legal costs. The legal costs were agreed to be reduced up to Rs. 31,732,060 by the importer or the complainant, accordingly, the total loss incurred by Customs due to this erroneous decision was Rs. 69,451,809. The relevant file for this investigation was reported missing by Customs on 22 September 2022,

and no action had been taken against the officers responsible for this oversight and those accountable for the aforementioned erroneous decision.

9	No legal action had been taken regarding the 15 unauthorized constructions in land belonging to Customs located at No. 40, Mogan Road, Slave Island, Colombo 02.	2022	Legal actions should be taken against unauthorized constructions.	For many years, notifications regarding the decision to remove unauthorized residents have been communicated in writing to various authorities, including the Deputy Inspector General of Police for the Western Province and the Colombo Municipal Secretary.	As of the date of this report, it has not been possible to remove these unauthorized residents.
10	From the year 2015 to 31 December 2022, there were 9,754 customs investigations related to the 40 Directorates of the department, of which 3,199 investigations were related to the Revenue Monitoring Unit (RTF), 1,593 to the Preventive Unit, 738 to the Central Investigations Unit, and 4,224 to other 37 units. By the end of the year	2022	Actions should be taken to finalize the investigations rapidly.	The relevant authorities have been instructed to take necessary steps to expedite the completion of pending customs investigations that have not been concluded so far.	As at 31 December 2023, there were 8,450 customs investigations conducted by various departments within customs. Among these investigations, 3,080 had been pending for over five years, 4,348 had been pending for two to four years, and 1,022 had remained unresolved for a year. The delays in investigations have led to adverse

2022, there were a total of 3,582 investigations that were more than 5 years old, 4,720 investigations that were between 1 and 5 years old, and 1,452 investigations within the year.

situations such as the destruction of seized goods, deterioration of products, inability to obtain fair value after delayed sales, and demotivation of both officers and customs staff.

- 11 Although, a 2022 consignment of 3669 logs weighing 420 metric tons of Malagasy Rose Wood, which is endangered and restricted to international trade, is known as African Hard Wood for re-export from Zanzibar Port in Tanzania to Hong Kong via Sri Lanka Port, due to the inability to obtain the CITES permit issued by the Department of Wildlife Conservation, it was stored in a customs yard without being removed from 2014 until 30 April 2023. Due to the unseasoned trunks, this wood stock had already been damaged by insects and for the storage of the wood stock from 2014 to January 2022, it was informed that Actions should be taken to sell the proposed materials and to credit to state revenue generation. It has been informed that this timber stock has been tendered 65 times since 22 August 2015, with only 4 instances where it has been awarded to the highest bidders. Due to issues encountered in obtaining CITES permits, the timber stock is not only held up but also generates complications, and it has been mentioned that there is an ongoing case in the Appeals Court regarding this matter. The subsequent actions are pending based on the court's decision.

Customs had received an estimated cost of Rs. 81,621,820 for the storage of this timber cargo at the Gray Line Container Yard.

- 12 A ship carrying fish transported from Sea Shells to Thailand has arrived near the port of Colombo and has encountered an industrial failure, leading to a power outage. This resulted in the ship carrying 98 tons of spoiled fish being found by local agency acting on behalf of a foreign ship. It was sold on 09 March 2022, to a local entity for organic fertilizer production. Following observations are made in this regard.

(i) Although, the nature of this fish batch was determined by a committee appointed by the Senior Customs Director to change its status from Transshipment to Import cargo status, there was no formal approval from the HS Code	2022	There is ambiguity regarding the classification because the fish stock has deteriorated in nature, making it necessary to refer to a "Classification Committee."	These goods have been classified as fish waste under classification number 0511.91.10. This classification is deemed correct, and the referral to the "Classification Committee" only occurs in instances of ambiguity in classification.	In this regard, the Ministry of Finance has requested to provide a date and time for filing a complaint with the Criminal Investigation Department.

classification committee for this change. While it was reported that the batch contained spoiled fish, it was classified under HS Code 511.91.10 as Whole Round Tuna in Bulk, and customs had charged a tax of Rs.6,288,357.

Therefore, it has been indicated that there is no need to subject it to classification.

(ii)	Disregarding the producer's capacity, sending a large batch of fish for fertilizer production lacks sufficient capacity (due to inadequate labor and equipment), and due to the interruption of electricity for refrigeration of some fish, a health hazard was created concerning the storage of those fish, leading to an excessive odor and contamination of the surrounding environment from leaking sewage. This was observed during a local inspection conducted on 16 August 2022. Consequently, complaints were raised by the local residents, and on 07 July 2022, the Officer in Charge	2022	Consideration should also be given to whether a harmful situation is created for public health.	The necessary license for fertilizer production was issued to this company by the Fertilizer Secretariat Office on 28 October 2021.	-Do-

of Mahabage Police had ordered to remove 60 stored fish.

(iii)	At the time of releasing the fish batch, customs had processed 17 customs declarations for clearance to the mentioned agency. However, the preparation of these customs records using locally prepared Way Bills, Invoices, and Packing Lists was questioned.	2022	The locally prepared Way Bill, Invoice, Packing List, etc., cannot be used for customs clearance.	The relevant shipping documentation has been primarily entered into the customs data system as Transshipment. It was reported that, at the request of the Central Disposal Division, the nature of the relevant shipping documents was edited from Transshipment to Local.	In this regard, the Ministry of Finance has made a request to provide a date and time for filing a complaint with the Criminal Investigation Department.
(iv)	By the end of 2023, 40 out of 98 fish waste containers were not utilized for organic fertilizer production and were re-exported on three occasions to Thailand and Malaysia. The Import and Export Controller had reported that 43 containers were utilized for organic fertilizer production, while the remaining 15 containers of spoiled fish continued to be retained in a private storage facility. However, it was	2023	It is crucial to be highly prudent when making decisions.	As indicated, the remaining 15 containers have been held for organic fertilizer production until approval is received from the Ministry of Health, rather than for export.	In this regard, the Ministry of Finance has made a request to provide a date and time for filing a complaint with the Criminal Investigation Department. Accordingly, the remaining 15 containers have been handed over to a company named M/S Agri Star Compost Pvt Ltd for disposal, and they have been kept on hold until approval is obtained from the Ministry of Health.

further confirmed that the 40 fish containers brought into the country for organic fertilizer production were not used for that purpose, and actions were taken a year later to re-export them, further affirming that the initial decision by Sri Lanka Customs was incorrect.

13	The estimated revenue for 2023 was Rs.800,949 million, which was later revised to Rs.628,054 million, reflecting a 22 per cent reduction from the original estimate. The actual revenue collected for the year amounted to Rs.694,082 million, which was 87 per cent of the initial estimate.	2023	Estimations should be prepared prudently.	It has been informed that actions regarding this matter are noted to be taken after a comprehensive analysis.	An estimate of Rs.1,536 billion has been provided from the General Treasury for the year 2024, and as at 03 October 2024, an income of Rs.1,122 Billion has been generated.
14	Despite the fact that a scanning system has been introduced at the inspection of containers to prevent customs offences, arrangements have been made to link the systems between other related agencies	2023	It is clear that modern technological methods should be used for the detection and prevention of customs errors.	The processes related to the import and exports of goods have already been structured through a risk-based approach, initiated under the leadership of the customs Risk Management Division.	At this time, the formal introduction of the automated risk management system has not yet been taken place.

and a reward system has been introduced for customs officers based on investigations etc., there were 1902 customs offenses of which were the basis for investigations completed during the year 2023. Out of these cases, 224 cases pertaining to excess goods imports, 498 cases of undeclared imports, 207 cases of un-declared imports, 188 cases of prohibited or restricted imports, 211 other cases of violation of the Customs Ordinance, etc., were detected. However, the Director General of Customs has been replied to me that they are working to establish an "Automated Risk Management System" in the Customs, which can be used to make decisions for the enforcement and facilitation of the law, and which has the ability to be improved in accordance with future requirements.

Management has recognized this as an essential process.

In the context of customs operations, stakeholders such as importers, exporters, and freight agents are analyzed based on various factors including goods, countries, and payment methods to examine prior behaviors and data, which enables decision-making for law enforcement and facilitation. Additionally, efforts are underway to establish an "Automated Risk Management System" within the Sri Lanka Customs, which aims to improve capabilities in line with future challenges.

15	Although, a 2023 consignment of sugar imported from India, detected as white sugar, was classified as high risk by the Customs Risk Management Unit (RMU) and sent for in-depth inspection, the work was not done properly and the sample selected was insufficient to detect defects. Therefore, there was also a stock of brown sugar inside the containers and the goods had been cleared by customs. However, during the inspection by the Compliance and Facilitation Division following information received to them, 20 undeclared containers of brown sugar were also found. At the end of the investigation, a fine of Rs.500,000 and forfeiture of Rs.189,293,778 had been imposed on the importer. A penalty imposed can be mitigated by the Minister in terms of Section 165 of the Customs Ordinance and the appeal made by this importer for such	It must be complied with the regulations of the Customs Ordinance.	The decision by the Honorable Minister of Finance to reduce the imposed fine by 30 million rupees has been reported to be in accordance with Section 165 of the Customs Ordinance.	Although, the audit had pointed out several times that the scanning system should incorporate Artificial Intelligence (AI), since all declarations submitted for export are not subject to scanning, no actions have been taken in this regard so far.

mitigation was rejected by the Minister in the first instance. However, the minister had later approved to reduce the imposed penalty amount by Rs.30 million.

- 16 Although, the 2023 container No. MSK 8912638 which arrived at Colombo Port from Japan on 13 June 2017 contained used machinery and motorcycles, a customs investigation was initiated on 29 March 2018 as the importer did not submit customs documents for release of the goods. However, regarding this container which had not been released for about 5 years, the customs declarations had been presented to the customs on 07 April 2022. While the customs investigations were ongoing, the customs declaration department had charged taxes of Rs.2,484,411 on the goods contained in the container by 27 June 2022 and had finished its duties. At this time, the
- It is important to ensure the validity of the data included in the import declaration records during the transmission of customs data to the Motor Traffic Department's data system.
- It has been notified on 29.04.2022 that the Customs Declaration process has been temporarily suspended as the data contained in the section containing the details of the vehicles presented in the customs declaration was suspicious. Through the internal letter dated 30.05.2022, the Director of Customs (Prevention) has informed the Director of Customs (Declaration) that it is necessary to inspect the container bearing MSKU8912638, and for that purpose the said customs declaration should be processed through the normal procedure for future customs investigations. ,
- As of the date of this report, there are no established internal control mechanisms to verify the validity of the data included in the customs import records through an online examination during the transmission of that data to the Motor Traffic Department's data system.

customs data had been transmitted to the Department of Motor Vehicle data system and by the time, the physical audit was carried out on 15 September 2023, 2 vehicles had been registered in the motor vehicle department even though the container in question had not been released from Colombo port. Accordingly, while an investigation was being carried out and there were suspicious chassis numbers in the import register, the customs had proceeded to charge duty without due care and allowing the data to be transmitted to the Department of Motor Vehicle's data system for the goods contained in the container while it was being loaded at the port. Customs had also indirectly encouraged the illegal registration of vehicles in the Department of Motor Vehicle.

saying that if differences are observed in the declared items, related measures will be taken under Section 47 of the Customs Ordinance.

Accordingly, the payment of the tax related to the customs declaration was made on 03.06.2022, and currently the container is kept at the CICT yard, and the inspection work is being carried out.

17	In relation to a stock of animal feed imported by a	2023	The due tax revenue receivable to the government	The analysis indicated that the losses incurred	Since the penalties imposed at the end of the investigation

private company by submitting fake invoices, the tax value that the company attempted to evade was Rs.15,198,755 and the undervalue of the goods was Rs.63,519,586. However, at the end of the investigation, only a mitigated forfeiture of Rs.500,000 was imposed for the customs duty value attempted to be defrauded and a forfeiture of Rs.19,000,000 for the under-declared value of the goods, which was a great mitigation compared to the offense was committed. This importer had done more than 300 import cases in the years 2021 and 2022 alone and had continuously obtained the wharf service from the same wharf clerk service. However, the department's attention was not focused on the related wharf service. The Committee on Public Accounts had also given orders to the department that

should be collected.

be during the investigations carried out by the investigating officer were conducted within an ethical framework according to customs law provisions.

contribute only about 30 per cent to the state revenue, there have been recommendations to amend the Customs Ordinance to increase this percentage. Although, the audit has pointed out for many years the responsibility of customs in ensuring state revenue during such penalty reductions, no attention has been given to this matter.

"the existing legal provisions should be amended to avoid the situation where the government loses tax money due to certain fraudulent activities of the wharf clerks".

50. Head – 248 Excise Department of Sri Lanka

		2021	2022	2023
Total Assets	Rs.	1,844,731,545	1,911,216,090	2,321,953,949
Total Liabilities	Rs.	307,990,378	325,362,570	377,267,735
Equity	Rs.	1,536,741,167	1,585,853,520	1,944,686,214
Audit Opinion		Qualified Opinion	Qualified Opinion	Qualified Opinion

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Progress related to the Implementation of the Recommendation as at the Reporting Date
1	Revenue Receipts				
1.1	An amount of Rs.6,124,850 which is the aggregate of 11 unidentified deposits directly credited to the bank account in relation to 03 months such as April, May and June 2023 had been accounted without identification from whom it had been received exactly and identification whether this is exactly related to pertinent revenue head.	2023	The action should be taken to settle the unidentified deposits credited to the bank account periodically.	If the parties who credit the money to the bank do not present by disclosing their own identity and there is no other practical alternative to identify such depositors, it had to be credited to a government revenue head by considering such deposits as unidentified deposits.	The receipts on which the customers can't be identified exist in 2024 also.
1.2	An aggregate of Rs.2,023,290,169 in relation to 08 revenue codes had been accounted without classifying the revenue received to the	2023	The daily and monthly classification summaries should be prepared for the revenue received under accurate revenue heads.	Having noted the all daily receipts to the bank accounts in EXCEL, the total money received to each revenue code had been shown in the	It is prevailed the revenues on which the classification had not been carried out as per revenue codes (sources) under revenue

	shroff division of head office as per the revenue codes of monthly account summaries under the accurate revenue heads.			monthly accounts summaries included in CIGAS program.	heads 2024.
1.3	Even though the instructions had been given to remit the daily revenue collected to the Consolidated Fund in accordance with the budget proposal 2023, an amount of Rs.1,864,060,436 credited to the bank account in the year under review including the sticker revenue of Rs.1,001,284,916 for imported liquor and digital features and printed sticker for local liquor in 2023 had not been remitted to the General Treasury. Further, even though the written instructions had been given to remit all the money under ITMIS system to the General Treasury from 01 August 2023, no action had been taken accordingly.	2023	As per the budget proposals 2023 and the treasury instructions, the daily revenue collected should be remitted to the Consolidated Fund.	A petty cash continuous sub imprest had been provided for the daily expenses of the regional offices. Since the officers had become nervous by promptly alteration of the method prevailed for the settlement of such expenses, the change of such method should be systematically carried out. Accordingly, the daily revenue had been properly remitted to the Treasury since April, 2024.	Since April 2024, it is remitted to the Treasury.
2	Abatement of excise money on export of liquor				
2.1	A tax abatement of Rs.3,689,638,848	2021	The financial statements should	The action had been taken by	The excise money of

	refunded in relation to the liquor exported within 2021 had not been disclosed in the financial statements.		be prepared in accordance with the Generally Accepted Accounting Policies and Accounting Standards and the action should be taken as per the instructions of Department of State Accounts and Department of Treasury Operations.	Accounts Division to document and maintain the information with regard to the excise abatement on liquor exports since 2022. The instructions had been requested from the ministry on the accounting method related to tax abatement and accordingly, the steps will be taken in the future.	Rs.5,152,864,440 in relation to 03 manufacturing companies for 2022 and Rs.7,301,770,528 in relation to 04 manufacturing companies for 2023 had been abated. The action had not been taken as per the instructions of Department of Treasury Operations.
2.2	The net excise revenue had been accounted after deducting the relevant abatements from the manufacturing tax on locally manufactured liquor exports related to 2022 and the excise abatement had not been depicted as an expense.	2022	The tax abatement relevant to liquor exports should be performed as per the provisions given by Department of Treasury Operations and Department of State Accounts.	The tax abatement had been set-off from the revenue under excise revenue head and it had been shown as the foot note.	Do
2.3	The precise accounting method pertaining to abatement had not been identified even at the end of 2022. On this situation, it was observed that the information in relation to excise abatement on liquor exports had not	2022	The information pertaining to the excise abatement on liquor exports should be depicted in the accounts.	Once a final decision had been taken after holding discussion with the ministry, the accounting on excise abatement will be performed.	The information in relation to the excise abatement on liquor exports is not depicted in the treasury accounts presently also.

	been shown in the Treasury accounts with regard to Department of Excise.				
2.4	Even though Department of Treasury Operations and Department of State Accounts had recommended that the full tax amount to be paid to the government by liquor manufacturers should be accounted as revenue and the tax concession granted to them should be accounted as a refund from revenue and it is suitable to make provisions enabling to receive the authority for refund from revenue in accordance with Financial Regulation 118 to Commissioner General of Excise, no action had been taken as per that even up to the end of 2022.	2022	The action should be taken as per the provisions of Financial Regulations 118.	Sine there is a difficulty of providing the necessary imprest for refund from the revenue and there are practical issues for taking action in accordance with F.R.118, the measures are being taken to obtain the required approval to pay through a suitable expenditure head.	The action had not been taken as per Financial Regulation 118.
2.5	It was observed that it had been requested from the Secretary of Ministry of Finance to provide a suitable object to Department of	2022	Do	It had been discussed at the audit and management committee meeting of the ministry and it had been decided to	Do

	Excise for refund the tax in relation to liquor exported and allocate the necessary provision for that and grant the required approval for accounting the excise abatement through such object. At the end of 2022, no provision had been given under object for refunds.		follow the existing methodology owing to the difficulties prevailed in payment.		
2.6	At the inspection of sample of files in relation to the excise abatement for liquor exports in 2023,it was observed the occasions where it had been exported to the other countries instead of the country mentioned in 03 permits, exported on other date after due date indicated in 02 permits and one occasion in which the due time had not been indicated, the responsible officer had not certified in the office copy of 20 permits and at one occasion and it had not been verified the accuracy of the export documents through custom data system.	2023	A formal internal control system should be created in relation to export abatement.	In accordance with the request of the foreign buyer, the revenant liquor stock had been exported to other countries.	The internal control system on export abatement is being formalized.

2.7	Even though it had been indicated that a joint inspection of the documents for the verification of the containerization of the liquor stock proposed to be exported had been carried out with the participation of Excise and Custom Officers, only Excise officers had certified that the liquor stock had been properly containerized in such documents and it was observed that the Custom Officers had not certified by putting the signature.	2023	There should be a verification methodology from the documentary evidence that a joint supervision and monitoring is carried out by the Department of Excise and the Department of Custom with regard to imports.	It had been stated that Sri Lanka Customs is not bound to sign a document issued by another institute.	No methodology is implemented for verification through the documentary evidence that a joint supervision and monitoring are performed.
2.8	It had been indicated that an acceptable guarantee or a bank guarantee should be kept to the Excise Commissioner General for export of liquor on payment of excise duty or without duty basis. However, the excise abatement of Rs.7,301,770,528 for liquor 16,364,975 liters exported by 03 hard liquor manufacturers at 06 occasions and malt liquor manufacturer at 26 occasions in 2023 had not been	2023	The action should be taken as per the provisions in excise notices.	The measures had been taken to issue a circular in relation to the guarantee coverage.	Even though a new circular had been issued, keeping guarantees related to the liquor exports had not been reported to the audit.

	properly covered by the guarantees.				
3	Revenue Management				
3.1	In 2021, 44 bottled toddy manufacturing companies were functioning and total revenue of Rs.87,155,105 had been earned as Rs.66,618,289 from 11 coconut toddy manufacturing companies and as Rs.20,536,816 from 22 Palmyra toddy manufacturing companies. Moreover, since 05 coconut toddy manufacturers and 06 Palmyra toddy manufacturers had been inactive in 2021, the bottled toddy manufacturing tax revenue receivable from such manufacturing companies had lost.	2021	The action should be taken to recover the manufacturing tax revenue having reformed manufacturing into active level after finding out the facts about the inactive manufacturing companies.	05 coconut toddy manufacturing companies and 03 Palmyra toddy manufacturing companies had been only updated in 2021. The instructions had been given to follow the suitable measures having inspected the institutes which had not engaged in manufacturing since long time.	The follow-up activities had not been taken so far in relation to reforming the institutes which had not been engaged in manufacturing since long time to active level.
3.2	As per the budget estimate 2023, it had been amended the overall excise and tobacco tax revenue estimate of Rs.217,035,000,000 to Rs.182,000,000,000 by reducing it by Rs.35,035,000,000 or 16 percent.	2023	The action should be taken to fulfill the expected revenue estimate targets by performing proper supervision and monitoring.	In 2023, the amendments of Rs.181 billion for liquor and Rs.01 billion for tobacco tax had been included into the action plan.	The estimated revenue of Rs.232 billion in 2024 had been deducted up to Rs.210 billion by 10 percent and the approval had been requested for the amendment.
3.3	When comparing	2023	Do	The observation is	As per the

	with overall amended excise tax and tobacco tax revenue of Rs.182,000,000,000 in 2023, a tax revenue of Rs.171,273,655,832 had been collected. Even though it is a 94 percent as a percentage, it was 78 percent when comparing with the original budget estimate in 2023.			accurate but the tax revenue was Rs.171,273,655,832 in 2023 and the tax abatement on excise tax was Rs.7,301,770,528 in 2023. Accordingly, overall excise tax revenue was Rs.178,575,426,360. Accordingly, the percentage of collection of revenue was 98.1 percent.	estimate in 2024, excise tax revenue was Rs.230 billion and tobacco tax was Rs.2 billion and it had been collected revenue of Rs.133 billion and Rs.749 million respectively up to August. It was in 57 percent and 37 percent.
3.4	In accordance with the information of Department of Excise, it was observed a deduction of liquor manufacturing of 07 liquor types out of 10 by concentrated liquor 8,396,933 or 19 percent in 2023 comparative to 2022. Moreover, even though liquor manufacturing had decreased, increase of excise duty rate by a range of 20 percent by 02 excise notices at 02 occasions had affected for the increase of excise income.	2023	The relevant raids should be performed to prevent entering the fake liquor to the market through decrease of liquor manufacturing.	It is also observed that there is a decrease of manufacturing owing to reduction of demand for liquor since the purchasing power had decreased due to price escalation and inflation because of liquor tax.	It had been reported that overall liquor manufacturing had decreased by 3.5 percent up to August in 2024 comparatively to 2023.
4	Excise Revenue In Arrears				
4.1	In accordance with the revenue in arrears report	2023	The action should be taken to recover the revenue in	In 2024, the outstanding amount of Rs.8,676,985	It is further recovered the revenue in

	submitted to the audit as at 31 December 2023, the aggregate of excise revenue in arrears and outstanding late fee related to that was Rs.7,265,274,012 including Rs.7,159,178,778 from 13 liquor manufacturers, Rs.6,218,940 from 13 toddy manufacturers, Rs.31,483,610 from 03 liquor distilleries and Rs.68,392,684 of tax in arrears for waste from 04 excise and liquor manufacturers. The action had not been taken to recover the revenue in arrears as per the provisions of Financial Regulation 128 (1) (g), 128(2) (e) in relation to revenue in arrears and Excise Ordinance No.08 of 1912 and relevant amendments related to such licenses and the excise notices.	arrears in terms of Excise Ordinance.	had been recovered from 01 distillery and in relation to toddy, Rs.4,514,250 from 03 coconut toddy manufacturers and outstanding amount from 09 manufacturers had been recovered. Moreover, an amount of Rs.706,302,955 with regard to current tax in arrears had been recovered in 2024.	arrears.	
4.2	When comparing with the revenue in arrears reports 2023 and 04 previous years, it was observed that there is a gradual	2023	Do	If the excise money is not paid on due date, a late fee of 36 percent is added annually. Owing to increase of such late fee annually, it	The revenue in arrears further grows with old revenue in arrears and revenue in arrears in 2024.

	increase of total recoverable excise revenue in arrears.			is shown an increase of revenue in arrears since 2019.
4.3	The total of excise revenue in arrears of Rs.409,254,141 recoverable from 04 institutes more than 05 years and late fee for that of Rs.2,127,769,607 was Rs.2,537,023,748 at the closing date of 2023.	2023	Do	An amount of Rs.2,537,023,747 out of this is revenue in arrears more than 15 years. 03 institutes out of that are not in operation. A case is being heard in the court in relation to recoverable tax in arrears of one institute. An agreement had been signed under the direction of the Attorney General's Department on 30.11.2011 for payment of excise revenue in arrears and surcharge fees recoverable from other 02 institutes. But these companies had avoided the payment of excise revenue in arrears and surcharge as per the agreement on 25.04.2014. Due to that reason, the issuance of licenses to these 02 companies had been suspended. Further, a case had been filed in the court in relation to tax in arrears and surcharge recoverable from other institute.

4.4	The total of excise revenue in arrears of Rs.1,292,877,138 and late fee of Rs.1,921,514,810 recoverable from another company was Rs.3,214,391,948.	2023	The action should be taken as per the legal provisions.	A case had been filed in the court by this company related to tax in arrears and surcharge.	The legal proceedings had not been completed for old tax in arrears and surcharges.
4.5	The revenue in arrears was Rs.1,404,820,502 at the closing date of 2023 for excise duty and late fee from 08 liquor manufacturing companies including 02 institutes indicated in above 4.3 and 4.4 and other 06 institutes.	2023	Do	It had been entered into agreement to recover tax in arrears and surcharge by 01 institute on 29.02.2024 and by 02 institutes on 28.02.2024. Up to now, an amount of Rs.306,093,064 had been recovered from such tax amount and surcharge. Furthermore, Rs.400,209,891 of tax in arrears and surcharge had been completely paid by 05 companies in 2024.	The tax in arrears had to be recovered from further 04 institutions including tax in arrear in 2023 and a surcharge on such tax not paid on due date as 3 percent for month.
5	Tobacco Tax In Arrears				
5.1	The tobacco tax revenue in arrears of Rs.6,688,478 at the closing date of 2023 from 02 institutes owing to taking action to import tobacco without obtaining a registration certificate in accordance with	2023	The action should be taken as per the legal provisions in relation to taking action as per agreement and violation of the agreement.	01 institute had paid Rs.800,000 within 2024 and since the owner of other institute had been abroad, it had been referred to the Legal Division for recovery of this tax amount.	The legal action had not been taken related to an institute on which tobacco tax in arrears of Rs.3,659,127 should be charged.

Tobacco General
Regulation No.01
of 2009.

5.2	Under section 2 and 21 of Tobacco Tax Act No.08 of 1999 amended by Tobacco Tax (Amendment) Act No.09 of 2004 for regulation, charge of tax and monitoring and control of tobacco and allied industries, the legal provision had been made by the notice under Tobacco Tax Act related to enforcement of tobacco tax for beedi dated 31 December 2022 and Circular No.1/2023 dated 18 January 2023. 212 institutions out of 316 institutions which engage in beedi industry had not renewed the registration and no follow-up action had been taken related to that matter. No any tax amount had been charged from 104 registered institutions within 2023.In charging tax, the manufacturers had not been classified as small scale, middle scale and large scale.	2023	The action should be taken as per the provisions in the notice under Tobacco Tax Act.	The tax is not related to 44 cigar manufacturers and 27 tobacco importers from 387 manufacturers to whom any tax amount had been charged for beedi manufacturing. The action is being taken for remaining institutes.	The calculation of revenue in arrears and reporting from beedi manufacturers registered in beedi industry had not been carried out so far.

6 Excise Duty In Arrears on Waste

6.1	It was observed the deficiencies such as not continuously reporting the monthly and trimonthly financial information with regard to recoverable manufacturing waste in relation to each manufacturing companies and distilleries from regional offices to Revenue Division and Accounts Division, not recovered revenue in arrears since long time, non-maintenance of complete information revenue documents and revenue in arrears documents related to each institute in that regard in addition to the information in the files and not reporting revenue in arrears information related to recoverable waste of all institutes in revenue in arrears reports as per F.R.128(2)(c).	2023	The revenue in arrears related to waste should be continuously reported from the regional offices monthly and trimonthly.	The tax amount related to reported waste had been included in the tax in arrears report as at 31.12.2023. In accordance with the excise notice No. 991 dated 09.12.2016, the charging of tax on waste is the responsibility of Excise in charge of relevant unit, Excise Superintendent and Assistant Excise Commissioner.	A methodology for reporting information with regard to every manufacturing unit is still not implemented. A follow up had not been carried out in this regard.
6.2	In accordance with the excise notice No. 844 dated 18 April 2002, it had	2023	Do	An investigation is being carried out by a committee in relation to recovery	In related to 2023, a tax in arrears of Rs.44 million of 01 institute had

	been indicated that the tax should be paid to the government in accordance with the tax rates prevailed at the occasion where the concession is exceeded and the tax for waste of Rs.68,392,384 had not been charged from 04 liquor manufacturing companies in 2023.			of tax in arrears for the waste recoverable from 01 institute and it had been informed to other 04 institutes by the letters.	not been recovered. The tax in arrears of Rs.23 million had to be recovered from 02 institutes in relation to 2024.
7	Expenditure Management				
	Even though the provision of Rs.438,000,000 had been allocated for 07 capital objects, only Rs.166,569,268 had been utilized. The balance of such objects was Rs.271,430,732.	2023	The measures should be taken to implement the essential projects such as establishment of Revenue Administration System for Department of Excise.	The provision is remained due to cancellation of some procurement activities planned on conflicting situation arisen for selection of an employer through procurement process for RASED project.	An amount of Rs.31.1 million or 3 percent had been utilized from the provision of Rs.1,068.7 million for 08 capital objects as at 31 August 2024.
8	Non-compliance with laws, rules and regulations				
8.1	The action should be taken to obtain annual declaration of assets and liabilities from staff officers of the Department of Excise. As at 31 December 2023, it was observed that 120 officers had not submitted the relevant reports as	2023	The action should be taken as per the relevant legal provisions.	As at 31.12.2023, 120 officers had not submitted the relevant reports as per the circular provisions.	The steps had not been taken in accordance with the legal provisions.

	per the circular.				
8.2	At the sample audit inspection in relation to the licenses renewed in 2023, since it had not been submitted the documents in the file such as the police reports for renewal of 04 foreign liquor licenses and foreign liquor 7 and foreign liquor 22 A and B licenses, the approval of Tourist Board and evidences for payment of tax issued by Department of Inland Revenue, it was observed that said requirement had not been fulfilled in relation to the license fees.	2023	Do	On the workload of tax clearance certificates due to a technical issue arisen at the end of 2023 and on the delay of approval of Tourist Board, the renewal of excise licenses had been carried out subject to obtaining the revenue tax clearance and approval of Tourist Board in accordance with the letter No. ED/04/Miscellaneous dated 13.12.2023 of Additional Excise Commissioner General.	The renewal of excise license had been performed subject to obtaining revenue tax clearances later.
9	Inspection of Advance B Account				
9.1	At the closing date of 2023, the outstanding loan balance recoverable from 10 officers was Rs.1,214,537.	2023	The action should be taken as per the provisions of the Establishments Code.	Currently, the action had been taken to recover Rs.477,610 from 05 officers from death gratuity.	Rs.715,720 had to be recovered from 06 officers.
9.2	At the closing date of 2023 Rs.1,845,808 is recoverable from 14 persons who had vacated the service.	2023	Do	An amount of Rs.1,220,561 had to be recovered from 13 officers.	01 file had been referred to Attorney General. It had been reported that the steps are being taken to submit 05 files and the action had been

					taken to write off the loans of 03 persons.
9.3	At the closing date of 2023, the recoverable loan balance from 14 officers interdicted was Rs.1,575,426.	2023	Do	Up to now, the total amount recoverable is Rs.1,468,342.	03 files had been referred to Attorney General. It had been reported that the action is being taken to submit 05 files and 02 persons had been reinstated in service.
10	In terms of Financial Regulation 395 (c), even though it had been indicated that monthly bank reconciliation statements related to the bank accounts should be prepared before 15 of the following month and be ready for the inspection of Auditor General's Department, it was observed that the bank reconciliation statements had not been prepared since 2022 up to now for the current account opened in the name of Excise Commissioner General in Taprobane Branch of Bank of Ceylon on 17 December 2021 by Department of Excise. It couldn't	2023	The action should be taken as per the Financial Regulations.	This bank account is a collection account maintained for directly collection of money in the names of depositors. The revenue daily collected to this account is remitted to 02 other bank accounts of Department of Excise.	No action had been taken as per Financial Regulations.

be identified the bank charges, dishonored cheques and the faults done by bank within non-preparation of a bank reconciliation and obtained the verifications whether those had been accurately accounted.

11 **Establishment of Laboratory**

Even though it had been planned to establish a laboratory in 2021 for the laboratory tests for liquor and inspection of the standard of the liquor enabling to issuance of liquor with standard to the market and expeditiously carrying out the legal proceedings related to illicit liquor and Rs.100 million had been allocated for purchase of machines and machineries for the laboratory by the budget 2023, an amount of Rs.1,480,133 or very low amount of 1.4 percent had been incurred in 2023. Accordingly, an adequate progress related to the establishment

2023

The action should be taken to establish a laboratory for the inspection of the standard of the liquor.

The action had been taken to award the tenders for purchase of the laboratory equipment and furniture as at May 2024.

A laboratory had not been established for the inspection of the standard of the liquor.

of laboratory had not been observed in 2023.

12 **Establishment of proper standards for liquor**

Under introduction of the proper standards for liquor, even though the standards had been made under 16 criteria for 11 liquor, the gazette notifications in relation to the standards enabling to empower the provisions for manufacturing as per the standards up to 31 December 2023 had not been issued. Furthermore, the activities related to establishment of standards for the fermented toddy had not been completed up to now.

2023

The gazette notification should be issued enabling to empower the provisions in accordance with the standards.

The draft prepared for the standards had been sent to Director General of Department of Fiscal Policy on 27.03.2024 for approval.

The standards had not been established for toddy. The gazette notification had not been issued enabling to empower the provisions related to the liquor standards.

13 **Proposed Revenue Administration System (RASED)**

The activities for functioning of computer information system with new reforms named RASED had been commenced in December 2020 with an objectives of efficient revenue administration, providing a higher

2023

The action should be taken to fulfill the expected objectives by establishing the proposed revenue administration system.

In accordance with the instructions of Ministry of Finance, the necessary procurement activities are being carried out for selection of a procurement specialist under open procurement

The consultation services fee was Rs.91.8 million from the estimated provision of Rs.841.8 million in 2024. The physical progress of the procurement was 10 percent. The

standard service for the clients, regularization of data exchange among the public institutions and implementation of formal supply chain for management of human resources. Even though the provision of Rs.100 million and Rs.94 million had been made in 2022 and 2023 respectively for the development of the software under this project, no any expense had been incurred.

On delay of establishment of this computer data system proposed for the important sectors such as monitoring of the process of issuance of licenses of Department of Excise and manufacturing institutions, regulation of the distribution and supply chains, crimes data and law management and excise tax and tax administration, it was observed that it is further delay of activities for sharing the information by implementing as a joint information

method for the physical and development of the financial progress of the system. the procurements of Rs.300 million and Rs.450 million for the development of computer software and the infrastructure had not been reported as at 30 June 2024.

	system in association with the information system of Sri Lanka Customs, Department of Inland Revenue and Ministry of Finance.				
14	Integrated Computer System Even though it had been implemented the data exchange with Department of Inland Revenue since October 2021, a copy of the memorandum of understanding had not been submitted to the audit and the data exchange between the Department of Customs and agreement for non-disclosure of the relevant data information had been implemented since July 2021. A copy of that had not also been submitted to the audit. Similarly, it had not been verified that the integrated systems under data exchange facilities occurs exchange of information through the documents.	2021	Do	It had been entered to exchange the data with the Department of Inland Revenue. For that, the action is being taken to enter into agreements.	Since Revenue Administration System of Department of Excise (RASED) had not been established, it is delay of integrating with other systems.

**Sticker
Management
Project**

A contract had been made with an Indian contracting company on 21 September 2018 for 05 years to establish a secure sticker and sticker management system, and supplying the stickers and services on the basis of having the ownership and implementation with the main objective of minimizing the consumption of alcohol for which the taxes or duties were not paid, further securing the excise revenue and prevention of fake alcohol as per the approval of the Cabinet of Ministers dated 17 October 2017.

It has been operative from 20 July 2019 for the imported liquor, and although the application of stickers for the locally manufactured liquor was supposed to be started on 20 August 2019, it became effective from 03 January

2022 with a delay. The digital feature was implemented for 08 liquor manufacturing companies, and the application of printed stickers was implemented for other manufacturing companies, and the application of secure stickers for the existing liquor stock in the market had been implemented being amended to be effective before 01 April 2022. According to the income reports related to the sticker income and the summary of monthly accounts, a quantity of 555,371,052 printed stickers and digital features had been issued from December 2021 to December 2022 for the use of local and foreign liquors, and an income of Rs.1,155,016,308 had been generated. Although the 07/2021 regulations of excise notifications should be notified prior to a 06-month period, the approval had been granted to follow secure sticker application

	method in 03 manufacturing companies in a very short period with the implementation of digital technology.				
15.1	A contract for the establishment of a secure sticker and sticker management system, and supplying the stickers and services on the basis of having the ownership and implementation had been awarded to a foreign private company. Whether all the tasks agreed as per the relevant agreement were accomplished had not been verified in approving and certifying the payments.	2022	It is required to have confirmation in writing that the contractor has accomplished the relevant part of the works related to each task out of all the tasks under the agreed scope according to the agreement. The officers had been appointed on acting and duty cover-up basis for the vacancies related to the senior level.	Although only 500,000 USD had been settled as at the relevant date, 2,118,374 USD has been paid to date. The bills related to 879,621 USD are to be settled. A sum of 2,118,374 USD out of 2,997,995 USD has already been paid to the contractor for 500,500,000 digital features, and the bills related to 879,621 USD are to be settled.	No evidence is available in making payments at present to confirm in writing that the part of the work related to each task from all the works under the scope agreed by the contractor as per the agreement under the digital method has been accomplished.
15.2	Although it was informed to take steps to rectify the technical and industrial errors to proceed with the project since a follow-up on the creation of a new design plan related to the stickers used was not reported and the existing agreement with the contractor was expired in September 2023,	2022	Preparing and implementing a new plan.	The discussions have been held with the relevant contracting company to create a new design plan for the stickers to be used in the future, and the proposals for this new design plan have also been submitted to the Sticker Management Committee.	The new sticker is not yet in place.

the Secretary to the Treasury had been informed only by a letter.

15.3	Although software had been introduced to help the general public identify liquor as fake liquor or genuine liquor bottle, it was observed that the reporting module was with complications. The problems had been occurred during the operation due to the lack of knowledge among the operators caused by the delays in providing formal training on the amended software. Also, the contracting company had not provided the facilities required to compare the physical stock verification of Excise Department or Manufacturers leading to the inability of obtaining a complete description about the operations when required due to not assigning a Project Manager, Software Analyst and not developing the reporting	2022	The actions should be taken to resolve issues related to the said software and reporting module and to promote other facilities.	Software has been introduced by the Excise Department for general public to identify the fake liquor or genuine liquor bottle. Although there were problems in it and its reporting module in the beginning, all those problems have been solved by now.	Although it was stated that the existing problems have been resolved by now, there are no progress reports on the accomplishment of each task in the contract agreement.

	module.				
15.4	The facilities to obtain a report on partial printing and non-printing on a monthly basis by the module had not been provided. The module that reports constantly raised technical problems for the verification of the number of digital stamps printed per day with the necessary breakdowns. The necessary facilities such as providing a detailed dashboard had not been provided. A device had not been introduced for the Excise Department to observe the real-time, daily and periodic operations and to identify the rejections occurred during the printing.	2022	Do	The institution has also been informed to provide a detailed dashboard to verify the amount of digital features printed per day regarding the breakdowns in order to get reports on partial printing and non-printing on a monthly basis. The contracting company has currently focused on setting up a Study and Research Division for obtaining this dashboard and related reports. The attention has been given thereby on getting the required reports and installing the required dashboard to observe the daily operations. Further, the required devices have already been provided to every excise officer and the software is functioning properly.	A report on partial printing and non-printing cannot be obtained through the module on a monthly basis. The institute has been informed for the development of the module.
15.5	It was not verified to the audit that the process of affixing the safety sign happens properly in the bonded warehouses on the materials subjected	2022	The management should ensure through continuous monitoring and supervision that the security marks affixing process is	Sri Lanka Customs is responsible for the process of affixing security marks in bonded warehouses on the items subject to the excise duty which	There is no evidence that the verification was made from the responsible institutions about the functioning of the sticker in

to the excise duty issued to the duty-free shops operating at airports and harbors and other locations in accordance with the Rule 5(2) of the Regulation in Excise Notification No. 7/2021. Further, even if the institutions called Ambassador Service, Sri Lankan Airline and Sri Lankan Catering are not duty-free establishments, a follow-up regarding the application of stickers had not been done on the recommendation of the sticker committee.

carried out properly in bonded warehouses on the goods subject to the excise duty which are released to the duty-free shops.

are issued to the duty-free shops operating at the Airport, Harbor and other places. The Excise Officers are not permitted to inspect the bonded warehouses and they are allowed to inspect the liquor bottles in duty-free shops once the stickers are pasted, and currently the duty-free shops are being inspected by Excise Officers. Also, the stickers for the liquor required for the institutions called Ambassador Service, Sri Lankan Airline and Sri Lankan Catering are issued to the relevant Customs Officer by the Supply Chain Regulation Division of the Excise Department, and the documents with his signature certifying that the stickers have been obtained by him are maintained by the Supply Chain Regulation Division.

- 15.6 It was observed during the following sample audit that the directive to print

the approved digital features on every Bottle or Can prior to reach the consumer had not been consistently implemented as per the Excise Notification No.7/2021.

15.6.1	The marking machine was operative under the supervision of the contractor company in the sample audit examination conducted at one of the manufactory of a major company in which the sticker project is implemented under the digital marking system, and according to the inspection notes made by the officials of the Excise Department, the printing machine remained inactive on 813 occasions during the period from 11 January 2022 when the machine was installed to 31 January 2023; that is, within a period of approximate 13 months. During the period from 11 January 2022 to 31 January 2023, 4,904,369 bottles of liquor had been released to the	2022	The actions should be taken to avoid the practical problems of machines.	The printing of digital features had been delayed due to practical complications occurred with the machines in that manufactory at the beginning of this project. The arrangements have been made at present to continuously print the digital features overcoming the practical problems with the machines. Further, the contracting company has been informed to get the latest machinery in order to overcome the practical problems with the machines.	An inspection has not been conducted by a technical officer to ensure that new machines have been installed and the faults of the existing machine have been rectified.

	market without printing stickers incompatibly with the Excise Order No. 07/2021.				
15.6.2	As per the inspection notes reports of the Excise Department officials of a manufactory of a major liquor company which manufactures hard liquor, non-printing of digital features on 3,601,735 liquor bottles of 180 ml had been reported as the machine remained inoperative from 13 January 2022, the date of installation of the machine, to 31 December 2022, and on 66,335 liquor bottles of 180 ml during the period from January to 14 February 2022.	2023	The proceedings should be made as per the Excise Notification.	As the printing of digital features is happened automatically, a system has already been implemented to identify the unprinted bottles separately by deploying separate persons to examine about the non-printing of digital features and to re-affix the digital features on those bottles.	Do
15.6.3	1,335,591 beer bottles and 3,362,568 beer cans on which the digital features were not printed due to the failure of the printing machine between 12 January 2023 and 19 September 2023, that is at 54 occasions, in a major company that manufactures malt	2023	Do	The contracting company has agreed to print those digital features as visible to the naked eye. The Excise Officers have been provided with UV lights to inspect the digital features.	The files do not contain the evidences to the effect that the equipment is functioning properly.

	liquor had been identified. The occasions where the Excise Department had given written approval for the release and export of those bottles and cans to the identified areas were observed.			
15.7	An increase in the cost of printed stickers and digital features due to the increase in exchange rate, bank commissions, and payments of service charges was observed. As Rs.2 are charged from the liquor manufacturing companies for locally printed stickers and digital stickers, the attention had not been given to cover the financial loss on the above cost increase.	2023	The sticker management project should be reviewed and implemented at no cost to the government.	The Department of Fiscal Policy has been informed to revise the sticker price as the amount payable by the institution has exceeded the amount of Rs.2 as the value of the dollar has been increased rapidly. A price revision had not been occurred.
15.8	Fake Sticker Printing In respect of 78 licensed premises that had affixed fake stickers on the bottles distributed for sale, the responsibility was taken over by the said 03 manufactories on behalf of 78	2023	The proceedings should be made as per the Excise Ordinance.	The investigation activities are further in progress. The inspections have not been concluded.

licensed premises and 03 manufactories in accordance with the provisions of Section 25 of Excise Notification No. 7/2021 and Sections 27, 47 and 56 of the Excise Ordinance and the matter has been settled in September 2023. Although it had been reported that a sum of Rs.40.5 million per Rs.500,000 as maximum settlement fee and a sum of Rs.17.938 million as excise money and late fees have been levied from 03 manufacturing institutions that had been subjected to investigation, and 55,940 liquor bottles of 180 ml were confiscated and the further actions were being taken, the relevant investigation reports were not submitted for audit.

15.9

**Committees
Reports and
Recommendations**

According to the committee report submitted by the Joint Committee of the Ministry of Finance and the

2023

Implementing the recommendations of the report of the committee appointed by the Secretary to the

All the premises related to the production process are presently being inspected by the Excise Officers.

These recommendations have not been implemented.

Excise Department on 16 October 2023, the digital code was not implemented continuously. Also, the products not containing the digital codes were released to the market as the speed of the machines that apply digital codes was not compatible with the speed of the production process, all the modules from which the reports are obtained have not been developed, a method to identify digital prints and the defects occurred during printing was not in the system, the digital code should be printed as visible to the naked eye, and it had not been identified that the entire computer system should be further developed to constantly monitor the system. A significant progress was not reported in the following recommendations from the recommendations made by the said committee.

- The price range for digital code

Ministry of Finance.

The attention is being given regarding the introduction of methods allowing a direct inspection by another party and instant audits in such a manner that creates transparency and accountability.

The liquor shops and manufactories are frequently raided by implementing the provisions of the Sections 33, 34, 35 and 48 of the Excise Ordinance, and the inspection of these liquor bottles containing fake stickers have been intensified by issuing an excise circular for the sole purpose of further inspecting the fake stickers.

The practical problems occur in using the digital code system for all local manufacturers.

However, the studies are being done on whether there is a possibility of using the printed sticker (Paper Base) for all the local liquor manufacturers.

and printed stickers is appropriate to be re-analyzed.

- The section 56 of the Excise Ordinance should be abolished or the settlement fees should be increased.
- The format and nature of the security signs, and the format of the open, closed and forensic signs are required to be changed according to Section 15 of the Excise Notification 7/202, and the general public and the liquor shop owners should be informed on that matter.
- Revising the present price of Rs.2 to be charged from the manufacturer for a safety sticker.
- The digital code system is appropriate to be used for all local liquor products subsequent to a formal study and cost

analysis.

16

Procurement

Although the selected bidder had agreed to supply 11 photocopiers having 2 trays when purchasing photocopiers for which the approval had been granted on 27 December 2022 by the Procurement Committee of the Department, the machines with one tray had been supplied on 31 December 2022. Consequently, the bidder had supplied the goods not in accordance with the specifications. However, the Cheques had been written on 31 December 2022 without properly accepting the goods in line with the specifications. Further, the supply contract agreement as per the paragraph 8.9.1 (b) of the Government Procurement Guidelines had not been entered into, and the proceedings had not been done as per the paragraph 8.12.3 of the Government Procurement

2023 The proceedings should be made in line with the provisions of the procurement guidelines.

Although there should be 02 input trays of the photocopier, the supplier company had provided the machines with 01 tray. Consequently, the supplier company was informed to supply the 02 trays requested by the department to the respective machines, and all the payments have been made after the said supply was done by them and its correctness was confirmed. The officers have been informed to proceed in such a way that the specified deficiency does not occur in future procurements.

The particulars are not available on notifying the officers to proceed in the manner as the defect pointed out does not occur in future.

	Guidelines when accepting the photocopiers.				
17	Losses and Damages				
	A loss of Rs.4,130,300 had been reported in the financial statements due to the misplacement of the accessories of the electric generator machine located in the Excise Department building on 04 September 2023 despite the security services and security camera systems installed in the Excise Department. The preliminary inspection reports in this regard had not been submitted to the audit in accordance with Financial Regulation 104(03). The progress of the actions taken regarding this incident had also not been reported to the audit.	2023	The proceedings should be made as per the provisions of the Financial Regulation.	A police investigation is in progress regarding the misplacement, stealing of the generator. Further, a preliminary investigation has been conducted in terms of Finance Regulation 104(3), and the final investigation will be conducted and reported to the audit in the future.	The parties responsible for the loss of Rs.4.13 million; that has been reported regarding the relevant misplacement, have not yet been identified. The arrangements are in progress for a new procurement of Rs.4.5 million in the year 2024 to repair the inactive generator.
18	Management Weaknesses				
18.1	The progress of the measures taken by the Department for the implementation of the recommendations	2021	The attention should be paid in respect of implementing the recommendations and the progress of	The recommendations executed under the implementation of the recommendations	It was observed that the adequate actions have not been taken for the recommendation, such as the

	that had been made through 19 points contained in the report which included the particulars observed during the performance audit conducted to evaluate the efficiency of the regulation of the Excise Department about 6 manufacturing companies that contribute very little to the state revenue out of 23 licensed liquor manufactories was not at a sufficient level.		the actions taken should be reported to the Auditor General.	of the Committee on Public Accounts have been reported.	installation of integrated computer systems, computerizing the spirit manufacturing process of the distilleries, execution of a transparent system for liquor licenses, inspection of labels, bottle lids and connections in the manufactories, and considering the direct and indirect costs incurred due to the adverse effects of liquor consumption when taking the policy decisions on excise revenue, included in the recommendations indicated.
18.2	Although the samples of liquor should be taken from the licensed premises for F.L 03 on a semi-annual basis and sent to the analyst and obtain reports to confirm the standard and quality related to the liquor imported into the domestic market according to the Excise Circular	2021	The proceedings should be done in such a manner that the responsibility assigned to the department regarding the standards and specifications related to imported foreign liquor is fulfilled.	No comment has been made.	Although the detailed Circular 4/2022 had been issued regarding the method for presenting samples to the analyst, and the submission of samples of warehouses and liquor manufactories, distilleries, imported foreign liquor, foreign

No. 04/2021 dated 19th February 2021, the samples for such reports had been taken on only 53 occasions at 6 premises during the year under review.

liquor on export and bottled toddy, toddy taverns, toddy manufactured in estates, toddy in canteens, the particulars that the proceedings are made accordingly was not presented to the audit.

19 **Crimes Raids and Technical Crime Raid Targets**

According to the Action Plan of the year 2023, 37,000 crime raid targets had been planned to be implemented at a rate of 9,250 per quarter, and 39,436 raids had been made. The observations on crime raids during the year under review are given below.

19.1	A total of 41,000 crime raids, as 37,000 targets of crime raids and 4,000 technical crime raids were planned for the year 2023, and a total of 44,935 raids; as 39,436 crime raids and 5,499 technical crime raids had been done during the year 2023. The Ministry of Finance	2023	The attention should be given towards the requirement of keeping the number of technical crimes and crime raids as close to the limit of 50,000 as possible.	Agree with the data given in the audit observations related to the period under review.	4,500 technical crime raids at a rate of 1,125 per quarter and 39,000 crime raids at a rate of 9,750 per quarter were planned in the year 2024, and 2,592 technical crime raids and 18,930 crime raids have been carried out respectively as at 30 June 2024.

	has emphasized the requirement of keeping the number of technical crimes and crime raids; used as indicators of law enforcement which is a key function of the Excise Department, as close to the limit of 50,000 as possible.				
19.2	In the examination of the progress of the achievement of crime raid targets, it was observed that the set targets at 25 excise premises had not been fulfilled although the raids had been made in excess of the targets set for the year 2023, and it was observed that 02 excise premises had not fulfilled the targets by a percentage of less than 75 percent, 06 excise premises had not fulfilled the targets by a percentage of less than 90 percent, and 17 excise premises had not fulfilled the targets by a percentage of between 90 percent and 100 percent.	2023	Do	The letters of inquiries and warning have been sent to the excise premises that have not reached the revised targets.	There are excise premises where the target achievement is low in relation to the first half of the year 2024.
20	Sustainable Development Out of 37 targets that should be	2022	An annual evaluation	As per to the progress report of	An annual evaluation had not

achieved by the Excise Department related to 15 objectives as per the Sustainable Development Agenda 2030 of the United Nations Organization, 07 targets had been identified under 05 objectives for the year 2022 and the attention had been given even at the meetings of the Committee on Public Accounts of the Parliament related to the achievement of sustainable development objectives identified for the environmental and social security included therein and the directives had been given. The progress reports related to the establishment of a laboratory and the formation of proposed environmental friendly production methods for the prevention of generating wastes and disposing the generated wastes to the environment and recycling those were not presented to the audit.

be done regarding the fulfillment of the 07 goals under the 05 objectives that had been identified from 15 goals under the Sustainable Development Agenda of the United Nations.

the Action Plan related to the fourth quarter of 2022, the progress of introducing proper standards for liquor has been achieved by 65% while the progress of establishing laboratories has been achieved by 40%, and the progress of establishing environmentally friendly production methods proposed to prevent the wastes being generated from the annual liquor industry, and minimizing the discharge of generated wastes to the environment and recycling those wastes through re-use has been achieved by 85%.

been conducted related to the areas such as the establishment of the proposed environmentally friendly production methods to prevent the generating of wastes, the releasing the generated wastes to the environment, and the recycling of those.

21 **Providing services to the Public**

899 complaints from the public had been received by the Excise Operations Room through the hotline 1913 at the Head Office of the Excise Department. Out of those complaints, 317 had been referred to the Special Operations Unit, 554 to the Regional Offices and 28 to the Anti-Narcotics Unit, and the number of successful raids conducted as at 31 December 2023 was 356, that is 39 percent.	2023	The actions should be taken immediately in respect of the complaints received by the operation room and the follow-ups should be made in that regard.	365 successful raids, that is 41 percent, have been carried out as at 31 March 2024.	500 complaints have been estimated for the year 2024. It has been reported that 460 complaints have been received and forwarded to the Excise Premises.

22 **Human Resource Management**

There were 38 vacancies in the Department as at 31st December 2023 related to the senior level and the officers had been appointed for the vacancies related to the senior level on acting and duty cover-up basis.	2023	The proceedings should be made to fill the essential vacant posts and suppress the unnecessary posts.	A post of Additional Commissioner General of Excise, a post of Chief Finance Officer, 02 posts of Commissioner of Excise, 08 posts of Deputy Commissioner of Excise, 08 posts of Assistant Commissioner of Excise, 18 posts of Superintendent of Excise had been vacant. However, the post of Chief Finance Officer has	The retired officers have been appointed on contract basis for the post of Commissioner General of Excise and the post of Commissioner of Excise (Revenue) related to the senior level of the Department. The duties of other posts are being fulfilled further under the duty cover-up basis.

been appointed on
01.02.2024
backdating to
31.12.2022.

51. Head - 249 Department of Treasury Operations

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	102,316,641	102,316,641	(3,447,457,199)	Unqualified
2022	100,945,755	100,945,755	(4,343,885,837)	Unqualified
2023	112,215,735	112,215,735	(5,615,606,104)	Unqualified

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current Status in that regard
01	The Department had estimated the revenue of Rs.90,070,000,000 for the year 2023 under 12 revenue codes. The initial revenue estimates of all revenue codes had been revised during the year under review. The total revenue estimate of 03 revenue codes was reduced by Rs.23,100,000,000. The total revenue estimate of 09 revenue codes was increased by Rs.44,980,000,000. The revenue of Rs.31,000,000,000 mentioned in the original revenue estimate of 2003.05.00 Treasury Bond Surcharge was reduced by Rs.13,000,000,000 and revised the revenue estimate.	2023/ 2022/ 2021	Accurate and realistic revenue estimates should be prepared by considering the provision of F.R 85.	Action had been taken to prepare revenue estimates by obtaining annual estimates from all the Heads of special expenditure units and Chief Accounting Officers considering the provisions in F.R.85. <u>Relevant to the revenue code 2003.05.00.</u> Domestic loans including treasury bonds had been optimized under the domestic loan optimization programme during the year. It was not able to issue new treasury bonds to the market as planned during the year and the issued bonds had to be issued under a discount.	It was observed that the revision of revenue estimates was still ongoing.

As a whole, the Department had revised the estimate expected to be collected according to the original revenue estimate by increasing the revenue

Rs.21,880,000,000.

However, an income of

Rs.391,279,705,499 had been collected from 12 revenue codes by the end of the year under review. Out of that 11 revenue codes had collected revenue exceeding the original revenue estimates.

Accordingly, it was observed that the estimation of income and their revision was not done on a realistic basis.

Therefore, initial estimate of revenue

Rs.31,000,000,000

had to be revised as

Rs.18,000,000,000

02	It was observed that the revised revenue estimate varied in the range of 59 percent to 510 percent in respect of 7 revenue codes when compared with the actual revenue	2023/2022	Accurate and realistic revenue estimates should be prepared by considering the provision of F.R 85.	Action had been taken to prepare revenue estimates by obtaining annual estimates from all the Heads of special expenditure units and Chief Accounting Officers considering the provisions in F.R.85. The revenue estimate circular for the year 2025 had been issued on	These types of variances were disclosed even by the end of the year 2023.

22.05.2024.

03	The arrears of revenue related to 08 revenue codes was Rs.2,434,967,737 as at 31 December 2023 and out of that the arrears revenue remained more than one year was Rs.2,240,661,755.	2023/ 2022/ 2021	Arrears of revenue should be collected efficiently.	A meeting was held on 20.08.2024 and relevant institutions were made aware that prompt action should be taken to collect outstanding revenue and revenue should be collected without deficits.	The total arrears of money have not been recovered up to present.
04	Total outstanding revenue as at 31 December 2023 varied from 100 percent decrease to 91 percent increase compared to the outstanding revenue shown in the financial statements as at 31 December 2022.	2023/ 2022			
(i)	There was a sum of Rs.492,006 consists with the cumulative outstanding balance of Rs.259,079 remained before 31 December 2018 and Rs.232,927 related to the year 2020 remained under the revenue code number 20.03.02.99 of the Ministry of		Arrears of revenue should be collected efficiently.	Instructions had been given to take immediate action to recover this outstanding revenue or waive off as per Public Finance Circular No.01/2024 dated 29.05.2024 at a meeting held on 20.08.2024.	Action has not been taken to recover the arrears of revenue or write off up to present.

Public Administration, Home Affairs and Local Government to be charged for the office equipment provided for the members of parliament under depreciate basis and the said amount could not be recovered, due to the fact that the concerned members had not been elected to the Parliament and had died. This arrears amount had been remained over 5 years and it had not been able to recover this amount.

- (ii) A sum of Rs.874,928,729 of arrears income balance consists with Rs.763,814,250 and Rs.111,114,479 respectively of the Sri Lanka Rubber Manufacturing and Export Corporation and Badulla District Sanasa Corporation

Arrears of revenue should be collected efficiently.

Sri Lanka Rubber Manufacturing and Export Corporation

A meeting was held with the officers of the Ministry on 26.08.2024 to enquire about the progress of recovering outstanding revenue and was agreed to report the possibility of settlement of

It has been failed to recover total arrears of revenue up to present.

Limited up to 31 December 2018 remained under debt recovery in relation to Income Code No. 20.06.04.00- Capital Income and a sum of Rs.912,059,38 8 arrears of interest comprising with Rs.612,893,55 2 and Rs.2,814,035 of interest in relation to the above institutions and Rs.296,351,80 1 in respect of Sarvodaya Economic Enterprise Development Services (Guarantee) Ltd remained under income code number 20.02.02.01- interest were also coming forward before the year 2018 and it was observed that there is uncertainty about the recovery of this income.

money after the realization of assets to be realized at present.

Sanasa Corporation- Badulla

It had been informed to the Attorney General's Department to commence litigation activities by the letter dated 05.12.2023 of the Department.

Sarvodaya Economic Enterprise Development Services (Guarantee) Ltd

There was a further outstanding loan balance of Rs. 541,395,760. Even though a sum of Rs.40,000,000 was to be received before 30 September 2024, out of that, a sum of Rs.4,425,000 had been received on 12.11.2024. It was agreed to pay the balance after receiving dividends to the Sarvodaya Economic Enterprise Development Services (Guarantee) Ltd.

05 There were 12 2023/ Grants should be Out of Rs. This situation was

	deposit accounts with a total of Rs.228,825,376 as at 31 December 2023 which were maintained without any transactions during the year under review. Out of these deposit accounts, 11 accounts were related to foreign grant receipts and one deposit account was relates to deposits held temporarily for repayment to third parties.	2022	arranged to apply to the purpose for which they were provide or, if this is not possible, as per the F.R 570 it should be credited to the relevant account or to the government revenue as the case may be.	108,111,728 in 11 foreign grant accounts without any transaction in the year 2023, a sum of Rs.72,308,808 had been credited to the government revenue and it had been made aware the relevant ministries to account balance of Rs. 35,802,919 in the remaining 03 accounts.	observed at the end of the year 2023.
06	Comparing the CSDRMS 854-1 report of the computer system used to record foreign public debt and the Government financial statements, the total value of unaccounted foreign debt as at 31 December 2023 was Rs.15,823 million. Further, under the explanatory note no. 24(II) of the financial statements of the Government shows that the total value of unaccounted foreign loans as at 31 December 2023 as Rs.17,103.2 million. The value of foreign debt as at 31 December 2023 was understated by	2023/ 2022/ 2021	Government borrowing and debt service accounting should be streamlined.	The relevant ministries had been informed regarding the loan balances to be accounted for further with copies to the relevant Audit Offices and also a meeting was held on 21.10.2024 in this regard and made the relevant institutions aware about the future actions to be taken. The relevant parties were informed to proceed without arising such conditions in future.	-Do-

Rs.15,823 million, due to the existence of unaccounted debt disbursed during the year under review and prior years.

07	Even though contracts were entered into in different currencies aggregate value of Japan Yen 700,000, EUR 132,710,000, US\$ 58,417,841, Korean Won 400,000, Chinese Yuan 2,000,000,000 and Rs.4,545,750 by the Treasury with each of the 13 foreign grantee institutions to obtain foreign grants from 01 January 2019 to 31 December 2023, it was not observed in audit that such foreign grants had been received even on 31 December 2023.	2023	Arrangements should be made to obtain the maximum amount of contracted foreign grants in a timely manner.	The details relevant to each project will be reported by this Department only after receiving money relevant to the agreements signed.	-Do-
08	According to the financial statements of the Government, there was an outstanding sub loan balance of Rs.190,789,890,831 as at 31 December 2023. There was an outstanding loan balance of Rs.1,316,324,489 for more than 05 years in relation to 03 Institutions, due to the non-payment	2023/ 2022	Granting of public sub loan, control and accounting of sub loan should be streamlined.	With the implementation of the Public Debt Management Act, No.33 of 2024, on-lending is done only after obtaining recommendations that the debtor is not in a financial difficulty based on a debt risk analysis.	The total outstanding sub loan balance has not been recovered up to present.

	of the related Institution as per the loan agreement.				
09	The amount of interest to be received for the sub loan was Rs.9,439,025,443 as at 31 December 2023 and the total amount of unpaid interest for more than 05 years as per the agreements related to 03 Institutions was Rs.912,059,388.	2023/2022	-Do-	-Do-	The amount of interest to be received for sub loan has not been recovered up to present.
10	As per the financial statements of the Government of the year under review, it was observed that Treasury Guarantees worth of Rs.115,977 million issued on 10 occasions to external Institutions and comfort letters worth of Rs.28,838 million issued on 10 occasions have expired by 31 December 2023 and action had not been taken to formally terminate or extend the validity period before the expiration of the relevant validity period.	2023/2022	-Do-	-Do-	This situation was observed at the end of the year 2023.
11	There were 03 posts of senior level Additional Director General, Director,	2021/2022/2023	Action should be taken to fill the vacant posts required to fulfill	The following actions had been taken to fill the vacancies as at	There were 03 posts of senior level Additional Director General,

Deputy
Director/Assistant
Director, 15
secondary level
posts and 05
primary level posts
vacant in the
Department As at
31 December 2023.

the role of the
Department and
revised the
unnecessary
posts if available.

31.12.2023.
Requests had been
made to the
Director General
of Combined
Services through
the Ministry of
Finance to assign
officers for 15
vacancies at
secondary level
and for 05 primary
level posts.
Requests had been
submitted to the
relevant
appointing
authorities through
the Secretary to
the Treasury
regarding the
vacancies at senior
level posts.
Further, requests
of the officers of
other Departments
for the vacancies
at secondary and
primary level as
well as the senior
level, had been
recommended and
submitted to the
relevant
appointing
authorities. It is
expected to fill the
remaining
vacancies as
officers are
released by those
institutions.

Deputy
Director/Assistant
Director, 15
secondary level
posts and 05
primary level
posts vacant at the
present.

52. Head - 250 Department of State Accounts

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	237,099,524	237,099,524	236,590,858	Qualified
2022	187,491,761	187,491,761	187,003,763	Unqualified
2023	184,500,755	184,500,755	184,245,170	Unqualified

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current Status in that regard
01	Over provision had been made for 5 recurrent objects and 4 capital objects and as such, a provision totalling Rs.40,032,321 had been saved as at 31 December 2023 and it ranged from 20 per cent to 100 per cent of the net provision made for each object.	2023/ 2022	The annual expenditure estimates should be prepared as accurately as possible as per F.R. 50.	When preparing the initial expenditure estimate for the year 2025, action has been taken to consider about this and prepare estimates as accurately as possible as per F.R. 50.	This situation prevailed even by the end of the year under review.
02	The outstanding balance of the Miscellaneous Advance Account as at 31 December 2023 comprised a balance of Rs.124,317,823 remaining over a period of 05 years and 88 per cent of that balance was	2023	Adequate future action should be taken to settle the outstanding balances by formalizing the follow up action.	The steps taken to settle the outstanding balances are as follows. •Polonnaruwa District Secretariat -Food Commissioner's Department has informed to re-submit the applications with	It has been failed to settle the outstanding balances up to present.

recoverable
from the District
Secretariats of
Polonnaruwa,
Anuradhapura
and Ampara. It
had been failed
to recover those
outstanding
values of
advances even
during the year
under review.

detailed
information and
with the evident
documents
confirming that
the loss not
occurred either
by error or
mistake, relevant
to the
applications
submitted to
write off the
amount of Rs.
19 million to be
settled by the
Ministry of
National Policies
and Economic
Affairs and
amount of
Rs.2.9 million
identified as
having occurred
due to the sale of
rice at a lower
price than the
cost.

- Anuradhapura
District Secretariat
- Enquiry had
been made from
the Department
of Legal Affairs
regarding the
legal possibility
to write off Rs. 2
million
submitted to be
written off by
the Agricultural
Development
District Office of
Anuradhapura
- After realization
of the assets of
the

Miscellaneous
Services
Cooperative
Society at
Nochchiyagama,
it had been
agreed to settle
the outstanding
advances at first.

- The Eppawala
Miscellaneous
Services
Cooperative
Society had
commenced the
payment of
Rs.30,000 in
monthly
instalments and
Rs.500,000
annually as
agreed since
October 2023.

- Legal
proceedings
regarding the
amount of Rs.
18 million to be
settled by
Agricultural
Service Centers
and the
Miscellaneous
Services
Cooperative
Society, had not
been concluded
and further
action will be
taken after
completion of
the Legal
proceedings.

• Ampara District
Secretariat
- It had been

informed to
Ampara District
Secretariat,
Agricultural
Development
Department and
Agricultural
Development
District Office of
Ampara to
report the
progress of
disciplinary
investigation
regarding the
value of Rs.16.7
million relevant
to Agricultural
Development
District Office of
Ampara and the
progress of legal
proceedings
regarding
Rs.21.4 million
at the end of
each legal
hearing.

03	The introduction of an integrated treasury management information system (ITMIS) to automate treasury operations had been commenced in the year 2010, and the estimated cost of the total investment in this regard was amounted to US\$ 60 million equivalent to	2023	Since, it has been delayed already, prompt action should be taken to fully develop and implement the system.	The introduction of ITMIS had been done by the Fiscal Management Efficiency Project (FMEP) since the year 2010. The expansion activities of the main functional areas of that system had not been able to done properly since the year 2019 for over 04 years due to various reasons. An evaluation was done on the	It was observed that the ITMIS system is not fully operating even by present.

Rs.7,920 million. As at 31 December 2023, 13 years had elapsed approximately and as per the information received to audit, the 13 basic main activity areas expected to be implemented by this system had not been fully developed and implemented despite an expenditure of Rs.5,647 million been incurred. However, it was observed that, according to the agreements entered regarding the ITMIS system as at 31 December 2023, a sum of Rs.43,887,382 and US\$ 989,103 were still remained payable to the service providers as at 31 December 2023.

system by the Cabinet of Ministers in April of this year and an independent specialized committee was appointed to give recommendations for its maintenance. Hence, it was decided not to update the operation and maintenance agreement of the system until receiving the recommendations of that committee. Accordingly, it was not able to obtain software licenses to complete the expansion of core modules of the system. In August this year, the above committee recommended to extend the operation and maintenance agreement of the ITMIS system until this December at first and later until December 2026 and recommended to rectify the defects identified by the end of July next year. The approval of the Cabinet of

Ministers was received at the beginning of November 2024 in this regard action is being taken to extend the agreement accordingly. It is expected that it will be able to obtain required software licenses to finalize the expansion of core modules of the system after settling outstanding money to the software provider of the system for the year 2024. Accordingly, core modules which had been expanded to 164 expenditure heads of the government by now, are to be expanded and finalized for the remaining 08 expenditure heads. Accordingly, these activities are expected to be completed by May next year.

04	In the year 2016, 2023 another payroll management system called e-Payroll had been introduced only to the Ministry of Finance without	Implementation of a payroll management system for the entire public sector should be expedited with special attention to economy and	The e-payroll salary management system established according to the decision to obtain another software for payroll management for	The e-payroll salary management system had been introduced only to the Ministry of Finance even by present.

installing and implementing the salary management activity area which was expected to be implemented since the beginning of the ITMIS system, and an expenditure amounting to Rs.5,704,871 had been incurred for that as at 31 December 2023.

efficiency.

the entire public sector in the policy meeting of the Ministry held in April 2016, is currently being implemented as a test run in the Ministry of finance and treasury departments.

05	According to the age analysis of advances (8493) of government officers submitted as at 31 December 2023, the balance between 5 and 10 years to be recovered from officers who have transferred to the institutions of provincial councils, officers who have been permanently released for corporations, boards and provincial councils, dead officers, retired officers, suspended officers, officers	2023	Prompt action should be taken to settle the balances and improve the existing system.	It is the responsibility of the Chief Accounting Officers and Accounting Officers of the respective institutions to follow the provisions in the Establishment Code, financial regulations and existing circulars and settle these loan balances. Follow up actions are being taken regularly by calling the progress of those institution on a quarterly basis, checking the recovery progress of loan balances and providing necessary	Long term unsettled balances were observed even by present.

who left/terminated the service, officers employed on secondary basis, officers on expatriate/domestic leave and others, was amounted to Rs.112,939,218 and the receivable balance over 10 years was amounted to Rs.277,066,082.

technical advices.

06	Out of the 44 vacancies in the Department as at 31 December 2023, 12 posts in the senior level, 02 posts in the tertiary level, 27 posts in the secondary level and 03 posts in the primary level existed. The department had not taken action to fill the relevant posts or conduct a cadre analysis and suppress the unnecessary posts during the year under review.	2023	Action should be taken to fill the vacancies or to revise the cadre.	Out of the vacant positions, officers had been assigned only for 02 positions at senior level and 03 positions at secondary level. It had been informed to the Secretary to the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government by the Secretary to the Ministry of Finance to assign officers to other vacant positions.	Out of the vacant positions, officers had been assigned only for 02 positions at senior level and 03 positions at secondary level up to now.

53. Head - 251 Valuation Department

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	519,302,364	519,302,364	515,195,056	Qualified
2022	516,505,507	516,505,507	514,350,161	Qualified
2023	572,584,306	572,584,306	544,735,061	Unqualified

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current Status in that regard
01	In the issuance of the valuation report dated 20 November 2022 relating to plot No. 169 which was 100.85 perches adjacent to the Matara Kamburugamu wa garbage land purchased from the Council Fund of the Weligama Pradeshiya Sabha, the ownership of the land had been confirmed considering the Plan No. 35/2015 dated 25 February 2015 which does not have a usage list without considering the Plan with the usage list No.	2023	Ownership of property assessed as per valuation principles should be confirmed.	It is not the role of the Valuation Department to inquire about the clear title at the time of purchase of land and it is a task that the buying party should have done through lawyers with expert knowledge about it. Therefore, when reporting the assessment, we have reported the assessment on the basis of clear title and bear possession.	Action has not been taken up to the present to correct this valuation report which was based on a financial irregularity of the respective local authority, and an appropriate control system has not been introduced to prevent such circumstances in future.

1375 signed on 26 July 2021 at a very close date. Although the ownership of the property being assessed has to be ascertained as per valuation principles, due to take actions in contrary that, it was revealed that this assessment report was based on a financial irregularity of the respective local authority.

02	The annual rent had been Rs.1,460,000,000 as per the assessment report issued on the request of the Additional Managing Director (Technical) of the Sri Lanka Ports Authority for the leasing out the land of 12 acres 02 roods 29 perches pertaining to the proposed container yard to be established within the Colombo Port	2023	Actions should be taken to follow proper principles and bases in valuation of property and conduct it transparently in a manner that is not disadvantageous to the government.	The fee revision has been done on the basis of 3 points which were not taken into consideration in the original assessment.	Adequate action has not been taken to correct the defect up to this time.

premises.

Nevertheless, it was observed that a revised valuation report of Rs.1,232,000,000 has been issued, by deducting a sum Rs.228,000,000 or 15.6% less than the original valuation.

54. Head - 252 Department of Census and Statistics

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	3,159,162,339	3,159,162,339	3,143,330,617	Qualified
2022	3,195,344,960	3,195,344,960	3,185,389,184	Unqualified
2023	3,876,746,838	3,876,746,838	3,868,840,005	Unqualified

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current Status in that regard
01	In terms of the Guidelines No. 03 issued by the Department of Public Finance, the 04 vehicles that had been withdrawn from use since the year 2018 should have been disposed, but by the end of the year under review, it had not been done.	2021	The disposable activities should be carried out in accordance with the guidelines No. 03 issued by the Department of Public Finance	04 vehicles have been taken out of service. A committee has been appointed to dispose of these vehicles. Motorcycle to be repaired for the purpose of department postal duties and other vehicles to be disposed in a formal manner.	The registration of 02 motor vehicles had been cancelled and given to the Vocational Training Authority. Even though registration of the motor van had been cancelled, it had not been disposed. The cab had been parked at the departmental parking centre. Even though over 10 years had elapsed since the accident, responsible parties had not been identified.
02	A cab accident on 11 January 2014 is still parked at the main office premises as of the date of the	2022	Conduct a formal investigation and identify the responsible parties and take action to recover the loss to the	Since the Department of Motor Transport has informed that the vehicle cannot be used on the road, it has been	The committee report has not been received up to this time. Even though over 10 years had elapsed as at the

report and even though the local agency has informed that this vehicle, which had received full insurance coverage, has been seriously damaged and cannot be restored, it was repaired by a private garage without taking steps to get full insurance compensation and the insurance company charged Rs.1,514,625 had been awarded as compensation. Even after this repair, it was observed that the vehicle was not in running condition and was still parked in the main office premises.

government.

proposed to date of the report appoint an since this disposal accident, committee and responsible based on its parties had not report, give the been identified. vehicle to the Sri Lanka Vocational Training Authority for training purposes. The relevant disposal committee has already been appointed.

03 The proceedings 2023 had not been done as per the Financial Regulations regarding a shortage of 242 reams of 80 GSM printing paper stock in the printing division.

The proceedings should be done as per the financial regulations.

A committee was appointed to find the misplaced stock of printing paper and as this task took time, the preliminary report under F.R 104(3) was also delayed.

The preliminary report had not been finalized yet. It had elapsed more than 10 months as at the date of the report.

04	Population and Housing Census 2021 - A preliminary plan made for this census was not presented for the audit, and it had been planned to be completed in the year 2021 as per the Action Plan of that year. However, it had been failed to complete the activities even during the year 2022 and 2023 and only the enumeration phase had been completed as at the date of the report in the year 2024. It was observed that a sum of Rs.1,233,151,415 had been borne from the year 2017 to 30 April 2024 in terms of the census activities. In addition, the total expenditure amounting to Rs.4,813,352 had been incurred from the objects of the Presidential Secretariat for this work in the years 2022 and 2023.	2023	The arrangement should be made to complete the census activities as planned without any delay.	All the arrangements have been made to accomplish the counting phase before October 2024.	Required action had been taken to carry out counting activities on 18 December 2024 and it had been explained that 70 percent of the census had been completed as at the date of the report.
05	It is observed	2023	The arrangements	As the top surface	Repairing

that the 12 storey head office building; which has been constructed at a cost of more than Rs.1,116 million, has not been constructed in line with the required standard and has not been properly maintained, and further it is observed that there is a water leakage from the upper floor to the lower floors of the building, and water flowing into the building through the glass cover in the open area of the 6th floor enters into the elevator pits, and water is flowing into the office premises along the insulator pipes of the unsafe electrical cables placed in the ground, and the amount of Rs.3.3 million paid to another contractor to repair the front door; that has been broken-down, has become an additional cost

should be made to do the appropriate repairs as soon as possible.

and side walls of the office building have not been properly waterproofed, there is a leakage of rainwater. activities had not been carried out up to the present.

Rainwater leaks from the open area of the 06th floor to the front area of the elevator.

Some electrical circuits in the office premises where rainwater trickles have been disconnected.

Some electrical circuits have been installed separately from the places so as not to get contacted with water. Since there is no As-Built Drawings related to electrical wiring, taking further steps has been difficult.

to the government as the management did not take actions to obtain the required assurances from the contractor for the building.

- 06 The following observations are made regarding the premises of the Printing Division with an extent of 3 roods and 1.45 perches belonged to the Department and situated at Albert Crescent, Colombo 07.

(i) The actions had not been taken to run the respective premises carrying out proper maintenance and it was observed that the entrance gate was broken and decayed, and the window shutters, doors and roofs of the warehouses were in a run-down condition, the waste materials were piled up	2023	An adequate attention of the management should be given to prepare a formal program so that a due protection is given for the government properties, and to use those with maximum efficiency.	It had been proposed to carry out repairing activities. After the approval of the Head of the Printing Division is received, future works will be carried out expeditiously.	Adequate measures had not been taken regarding the safety, maintenance and proper usage of this property even as at the date of the report.
			The Colombo Municipal Council was informed to remove the existing waste materials.	
			In order to prevent water from entering the building where the printing machines	

all over the land in a very dirty condition, and parts of the decayed buildings were detaching and falling down.

have been installed, it was covered with sandbags.

(ii) 52 Air 2023 Conditioners had not been properly removed when the office proceedings carried out in this premises were shifted to the main building in Battaramulla and it was revealed that only 12 Air Conditioners were being used.	-Do-	Some of the Air Conditioners not being used and existing in the Printing Division premises were in usable condition. As these machines have not been used for a long time, the arrangement will be made to get a quality report prior to the use.	The committee report has not been received up to the present.
(iii) Although 03 outdoor units of 03 Air Conditioners that had been installed in the Printing Division were missing, the proceedings had not been done as per the Financial	-Do-	The necessary steps to establish a proper internal control system have already been taken.	Even though report as per F.R.104(4) had been obtained, action had not been taken accordingly. Adequate internal control systems had not been introduced to provide adequate safety to properties.

Regulations.

(iv) As a formal document is not maintained including the particulars about the quantities of materials issued for the tasks done by each machine and the notes about the output of that machine, the requirement of servicing the machine and the requirement of replacement had not been able to be identified in advance and it is observed that there is a possibility for the occurrence of irregularities.	2023	The adequate control systems should be introduced.	After repairing the meters showing the completion readings of the two printing machines, it is expected to take actions to maintain the related documents as appropriate and do the implementation in future.	Adequate control systems had not been introduced.
(v) After repairing the meters showing the completion readings of the two printing machines, it is expected to take actions to maintain the related	2023	-Do-	A Bin Card maintenance for each material stored has not been done so far and the relevant bin cards should be maintained by the store keeper. The proceedings required to implement from 1 June 2024 are	Formal control systems had not been introduced and implemented.

documents as
appropriate
and do the
implementati
on in future.

being planned.

55. Head- 253 Department of Pension

	Total Assets Rs.	Total Liability Rs.	Equity Rs.	Audit Opinion
2021	2,198,535,160	34,797,488	2,163,737,672	Qualified
2022	2,201,380,569	39,593,863	2,161,786,706	Unqualified
2023	2,234,493,731	70,354,155	2,164,139,576	Unqualified

Se. No	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by the Audited Company	Implementation status of recommendation as at the date of report
01	Although paragraph 1(a) of the Pension Circular No.1/2001 dated 15 January 2001 states that a report of contributions debited and credited by account summaries of each month should be sent to the Director General of Pensions before the date of 15 in the following month, action had not been taken to take credit notes regarding the credited contributions of Rs.22,080.9 million in the year 2023, Rs.23,009.3 million in the year 2022 and Rs.22,595.2 million in the year 2021 by other institutions and debit notes regarding the Rs.3.5 million of debits made in the year 2023, Rs.166.79	2023 2022 2021	Circulars should be followed.	The reasons such as additions, revocations of institutions related to each head will also affect these variations and debit notices have been sent from the relevant institutions regarding debits to the income account.	Debit notes have been requested from the relevant institutions regarding debits to the income account.

million of debits made in the year 2022 and the Rs.19.6 of million of debits made in the year 2021 had not been taken from the relevant institutions in order to confirm the debits.

02	Due to not maintaining data system regarding the officers who contributed to Social Security Contributions (Widows'/Widowers' and Orphans' contributions) to the central government and under the revenue account, on the lack of information regarding the members who are entitled to be benefited from the social security system. It had not been possible to ascertain whether the contributions were continuously received in the entitlement of benefits such as widows'/widowers' and orphans' pension and payment of contributions.	2023 2022 2021	A data system of contributors and contribution payments should be maintained to ensure that details of contributions have been received accurately.	All heads of institutions have been informed regarding the inclusion of details of widow/widower and orphan contributions in the personal file.	Actions have not been taken to maintain a data system.
03	As per the Pension Circular No.1/2014 dated 10 January 2014 and Pension Circular No.8/2010 dated 07 September 2010, Although the	2023	Circular should be followed and over payments should be charged.	Payment of Living Cost Allowance has been suspended and overpayments are being	The Divisional Secretariats have taken actions to recover the over payments.

cost of living allowance should not be paid to the pensioner exceeding the cost of living allowance of Rs.7,800 that received by government employee, Rs.31,953,239 of cost of living allowance had been over paid with salary of military services in 116 occasions to the dependents of the dead and disabled military officers according to the data system and in 14 occasions in Ibbagamuwa, Warakapola and Dambulla Divisional Secretariats.

recovered in installments.

04	As per the Pension Circular No.1/2014 dated 10 January 2014 and Pension Circular No.8/2010 dated 07 September 2010, If a government salary is received with cost of living allowance, even though the cost of living allowance is not entitled to the pension during the period of receiving such salary, due to the payment of the cost of living allowance in such way, Rs. 94,478,613 of cost of living allowance had been	2023	Circular should be followed and over payments should be charged.	Actions have taken to recover the over payments in installments.	Payment of Cost of Living Allowance has been suspended and overpayments are being recovered.

over paid in Kalutara,
Dambulla,
Medadumbara,
Hanwella,
Bamunakotua,
Matara, Mawanella,
Kegalle divisional
secretariats and in
269 cases according
to the data system.

05	As per the Pension Circular No.13/2014 dated 03 November 2014, In cases where several pensions are received jointly, although the interim allowance that paid monthly should be paid only to the accumulated pension, due to the fact that the interim allowance had been paid also to the cost of living allowance for 47 pensioners identified from Hanwella, Matara, Kegalle, Akurana, Yatinuvara, Bingiriya, Mawanella, Divulapitiya, Kalutara Divisional Secretariats and the data system, Rs.13,743,400 had been over paid.	2023	Circular should be followed and over payments should be charged.	Payment of interim allowance has been suspended and overpayments are being recovered.	Actions have taken to recover the over payments in installments.
06	As per the Pension Circular No.1/2019 dated 11 June 2019, although the interim allowance paid for the subsistence allowance should be suspended in the event that some	2023	Circular should be followed and over payments should be charged.	Paid interim allowance has been suspended and overpayments are being recovered in installments.	Actions have been taken to recover overpayments in installments

person receives the subsistence allowance along with the widow's pension after the widow's pension is amended as per Pension Circular 01/2019, since the interim allowance was paid for the subsistence allowance in the Kegalle and Warakapola Divisional Secretariats without suspending such way, that allowance had been overpaid as Rs.2,522,000 was paid.

07	As per the Pension Circular No.1/2019 Amendment II dated 26 July 2019, While it has been stated that the salary conversion is not relevant for the pensioners and dependents who are receiving salaries from the three-military forces up to the age of 55 years, due to the fact that, the pensions of 45 dependents receiving military salary according to the data system and 04 pensioners of the Warakapola Divisional Secretariat have also been revised and paid, Rs.10,337,836 of pensions had been over paid.	2023	Circular should be followed and over payments should be charged.	It has been established in correct and the recovery of the overpayment is in progress.	Actions have been taken to recover overpayments in installments

08	As per the Public Administration Circular No.14/2022, 14/2022(i) dated 22 June 2022 and Pension Circular No.06/2022 dated 20 September 2022, although the contributions of widows'/widowers' and orphans' were sent to the Pension Department due to the non-registration of the officers who took foreign leave formally as per Pension Circular, since the officer could not be identified, Rs.47,246,326 of contributions had been transferred monthly (from November 2022 to February 2023) to the general deposit account as unrecognized receipts.	2023	Circular should be followed.	This created cash balance due to crediting of money by a way of not properly registered in the IT system as per circulars and not by fixed order and without reference to identification will be credited and accounted in a general deposit account until the identification.	The unrecognized balance continues to increase despite further instructions have been given by the Pension Circular 06/2023 dated 29 December 2023.
09	As per the financial statements, the value of overpaid pensions to be further recovered at the end of the year under review was Rs.936.1 million. This value consisted of Rs.1.5 million for more than 10 years, Rs.48.9 million for 05 to 10 years and Rs.885.7 million for less than 05 years.	2023	Actions should be taken to collect overpayments immediately.	Actions have been taken to recover overpayments in installments.	The amount to be further recovered is Rs.885.7 million as on 31/12/2023.

10	As per the register on recovery of overpaid pension submitted to the bank in the year 2023, It was observed that an amount of Rs.29,539,809 should be further recovered as on 31 December 2023 out of the balances that overpaid for the deceased foreign pensioners (identified as in the year 2023 and earlier years) by the Foreign Pension Division and to be returned from the bank. It was also observed that the overpaid pension amount for the deceased pensioners in the years prior to the year 2023 was Rs.15,506,715 within this balance.	2023	It should be act as not to occur the overpayments and overpayments should be recovered immediately.	Banks have been informed through letters and phone calls to recover the remaining balance.	Actions are being taken to recover the balance amount.

56. Head - 254 Registrar General's Department

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	2,671,554,531	18,297,349	2,653,257,182	Qualified Opinion
2022	2,714,707,293	5,789,575	2,708,917,718	Qualified Opinion
2023	2,838,856,457	2,664,909	2,836,191,548	Qualified Opinion

Se . N o	Audit Observation	Year of the Report	Recommendation of Auditor General	Preventive Measures taken by the Audited Entity	Implementation Status of the Recommendation as at the date of the Report
01	Even though the Software system developed with the intervention of ICTA by the year 2010/2011 with the aim of developing and maintaining a data system containing information and updates related to civil registration of births, marriages and deaths under the Public Sector Redesigning Programme had been commenced to be implemented through the Divisional Secretariats in the year 2021, the desired outputs had not been achieved by the end of the year under review. Accordingly, although 331 laptops and devices had been distributed to maintain this programme in the Divisional	2022	The necessary plans should be formalized to make this programme effective, and urgent steps should be taken to utilize the available resources efficiently.	Instructions have been given for the prompt implementation of computer programmes.	The implementation of this programme in the districts is very poor and purchased assets had remained underutilized.

Secretariats of the island, only 01 out of 53,739 registered births were included in the data system in relation to the year 2021 in 44 Divisional Secretariats belonging to 14 Districts. There were only 04 deaths out of 23,467. Likewise, the information about marriages had not been maintained in any Divisional Secretariat.

02	Any amount was not recovered during the year under review from the arrears of Rs.3,160,269 remained at the beginning of the year under review in 7 land registrar offices and actions not been taken regarding the balance of Rs.12,191,593 in arrears and penalty income, which does not maintain information about the recoveries in accordance with Registrar General circular No. 11/2019 dated 23 July 2019.	2023	Adequate actions should be taken to efficiently collect arrears of revenue, prevent the accumulation of arrears of revenue, and to write off irrecoverable revenue.	Instructions have been given to take actions to deduct this amount.	Enough actions has not been taken to efficiently recover or write off arrears of revenue.
03	Out of settlement sum of Rs. 20,806,353 remained at the beginning of the year under review in 44 Land Registrar Offices and Rs. 7,111,533 impose in the year under review,	2023	Adequate actions should be taken to efficiently recover arrears of revenue and write off irrecoverable revenue.	Most of the settlement sum that had imposed during the year has been collected and instructions have also been given to take	Recovery of arrears of revenue and write-off of irrecoverable revenue have not been carried out properly.

	only Rs. 7,451,243 or 27 percent had been collected during the year under review			steps to recover the compensation imposed in previous years. Instructions have also been given to take steps to write off irrecoverable settlement sum amounts.	
04	Even though the fees for issuing High Court Certificates to notaries which were estimated at Rs. 8 million according to the initial revenue estimates had increased up to Rs.11 million by 38 percent or Rs. 3 million, the revenue collected during the year was reduced by Rs. 2,060,808 or 19 percent from the revised revenue estimate.	2023	Actions should be taken to prepare revenue estimates with proper study and to collect revenue efficiently.	Taking actions to revise estimates.	Steps had not been taken to revise estimates or make revenue collection more efficient.
05	Due to the failure of taking actions to collect arrears of income and waiving off of uncollectible incomes in accordance with F.R.143(2)(f) and F.R.175(2) and failure of taking actions, the arrears of income have been accumulated for many years and if negligence or inefficiency of some officer had caused in	2023	Necessary formal controls should be introduced to efficiently recover arrears of revenue, prevent the accumulation of arrears of revenue, and to write off irrecoverable revenue.	Instructions have been given to act in accordance with Section 176 (3). Taking actions to obtain information accepted from land registry offices and to write off.	Recovery of arrears of revenue, prevention of accumulation of arrears and write-off of irrecoverable revenues had remained at a weak level.

collecting the money, actions had not been taken in terms of F.R.176(3) in respect of it.

06	Out of the Rs. 25 million allocated by the Ministry of Tourism and Lands for the procurement of goods for Bim Saviya programme during the year under review, only Rs. 23.28 million had been spent on the programme and out of the allocation of Rs. 12 million made by the Ministry of Investment Promotion for creating an investment-friendly environment, only Rs. 7.21 million had been used for the programme.	2023	It should be responsible to use the allocated funds efficiently and complete the relevant work according to the Action Plan.	Although a sum of Rs.13 million were initially allocated,the Ministry of Finance has recovered Rs. 5 million.In addition, provisions of Rs.1.4 million were also transferred at the end of the year.	The activities related to this programme had not been completed up to now.
07	The Chief Accounting Officer and the Accounting Officer shall ensure that an effective internal control system is developed and maintained for the financial control of the Department and the effectiveness of the system shall be reviewed from time to time and necessary changes shall be made accordingly for the effective operation of the system and such reviews shall be done in writing and a copy of it should have been	2022 2023	Actions should be taken in accordance with the provisions of Section 38 of the National Audit Act, No. 19 of 2018	The necessary instructions have been given to carry out reviews properly and accordingly, operate systems effectively.	Sufficient actions had not been taken to maintain the internal control system effectively.

submitted to the Auditor General. However, the statement that such a review was done was not submitted to the audit.

08	Although staff/executive level government officials should obtain the prior approval of the Prime Minister before leaving Sri Lanka for foreign travel in terms of Section 10 of Chapter XV of Establishments Code of the Democratic Socialist Republic of Sri Lanka, ⁰⁵ staff/executive level officers of the Department had left the island without obtaining such prior approval.	2023	It should be responsible to act in a manner that does not contrary with existing laws and regulations.	Instructions have been given to ensure that future activities are carried out with the prior approval of the Prime Minister in accordance with Section 10 of Chapter XV of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.	The officers who went abroad in the year 2023 had not obtained prior approval from the Prime Minister before leaving Sri Lanka. Staff/Executive officers had not participated in foreign trips in the year 2024.
09	Actions had not been taken in terms of Section 4 of Chapter XXIV of the Establishments Code of the Democratic Socialist Republic of Sri Lanka to remove the debt balance of Rs.886,949 receivable from 20 officers to the Government remained over 28 years to 7 years period from books.	2021 2022 2023	Employee debt management should be streamlined and debt collection should be expedited in accordance with the provisions of the Establishments Code.	Instructions have been given to take further steps to recover recoverable amounts and to write off irrecoverable debt balances.	A debt balance of Rs.876,948.89 is still in arrears.

10	Although the seniority list should be updated and published on January 01 and July 01 of every year, the Department had not done so in terms of Procedural Rules No. 158 of the Public Service Commission published by the Special Gazette No. 2310/29 of the Democratic Socialist Republic of Sri Lanka.	2023	Reports should be submitted by updating information according to existing rules and regulations.	Instructions have been given to take further actions by paying proper attention to the relevant gazettes and procedural rules.	Although the seniority list of Class III Grade II officers of the Registrar Service has been published on the Department's website, actions had not been taken to publish seniority documents relating to other officer categories.
11	According to paragraph 11.1 of the Public Finance Circular No. 01/2020 dated 28 August 2020, action had not been taken in regarding 48 goods related to 07 items mentioned in the General 47 report identified in the last year's Board of Surveys.	2023	Actions should be taken to act in accordance with the referenced circular and regulation and utilize assets efficiently.	Instructions have been given to take immediate actions regarding items that can be repaired. .	Repair work on large quantities of goodshad remained in idle without being done.
12	Five vehicles that had been identified for disposal by the year 2021 had not been disposed by the end of the year under review in terms of Paragraph 13.2 of Public Finance Circular No. 01/2020 dated 28 August 2020.	2021 2022 2023	Government resources should be managed so that they can be utilized with maximum efficiency.	Instructions have been given to obtain a report from the Department of Motor Traffic and take further actions.	Actions had not been taken yet for the disposals.
13	A number of 103 reports pertaining to the year under review from 13 Land Registrar Offices had not been forwarded to the Registrar General	2022 2023	Necessary instructions and orders should be prepared to act in accordance with the circular.	Proper instructions have been given to the branch offices and instructions have been	At present, 26 reconciliation reports are yet to be received and reports with deficiencies had not been corrected and submitted.

in contrary to Registrar General's Circular No. 15/2022 dated 21 October 2022.

given to submit the reports as stipulated.

14	Out of the activities belonging to 08 areas of responsibility at an estimated cost of Rs. 108 million included in the approved Action Plan of the Department for the year with the expectation of completion during the year under review, 14 programmes had not been implemented or completed during the year.	2023 2022	It should be responsible to adhere to the Action Plan to efficiently achieve departmental objectives.	Observation has been accepted.	Implementation of programmes as per the approved Action Plan is not at a satisfactory level.
15	Although the Bid Opening Committee should be appointed by the Procurement committee in accordance with 6.3.3 (a) of the Procurement Guidelines, calling of quotations on 29 March 2023 for the procurement of office equipment valued at Rs. 2,099,900 was not done by a committee appointed by the Procurement Committee. Also, due to the delay in providing the Technical Evaluation Committee Report related to this procurement, the delay in obtaining the performance bond and entering into an	2022 2023	The procurement process should be streamlined in accordance with the referenced guidelines.	Steps have been taken to carry out all activities in accordance with the Procurement Guidelines.	Instances where the approval of the Departmental Procurement Committee was not obtained for the bid opening committees were observed in terms of 6.3.3(a) of the Procurement Guidelines in the current year

agreement, it took 5 months from the date of the calling quotation to get the relevant goods to the Department.

16	Accordance with 5.4.12 of the Procurement Guidelines, details of VAT paid to suppliers/contractors registered for VAT should be communicated to the Commissioner General of Inland Revenue with a copy to the Auditor General, it was not done accordingly.	2023	VAT returns paid should be prepared accurately and detailed reports should be submitted to the Commissioner General of Inland Revenue and the Auditor General within the prescribed time frame.	Instructions have been given to forward a copy to the Auditor General in the future.	Actions had not been taken to submit a copy of the monthly VAT report to the Auditor General.
17	Two private institutions commenced had scanning of the extracts related to the e-Land project in 2013 and 11,595,197 of extracts were scanned in 20 land registrar offices up to 2018 and even though scanning of 3,624,151 extracts to be completed by 29 November 2023 of the 03 Land Registrar Offices that did not implement the programme out of the 07 Pilot Land Registrar Offices and Colombo Land Registrar Office had been re-awarded to a private institution, the number of extracts	2023	Scanning programmes should be implemented according to a formal methodology and those activities should be made efficient.	Instructions have been given to properly complete the scanning of folios and to prepare a procedure that includes how to make arrangements with scanned folios.	Out of these 7 pilot offices, 4 have completed the scanning of the folios, and 3 have not completed the scanning of the folios. A programme to scan the second copies of the pertaining to the folios related to the deeds had also not been implemented.

scanned and completed by the due date was 2,020,903 and 9,328 extracts had not been scanned by the end of the year under review. However, a system that how to make arrangements with scanned documents from 2013 to up to now had not been prepared by the end of the year under review and a programme to scan second copies of deed related to those extracts had not been implemented.

18	Due to the accident of a vehicle belonging to the Department on 20 January 2022, the loss was estimated as Rs. 1,735,950 and even though more than 02 years had elapsed since the accident, the investigations have not been completed by May 2024 and taking actions according to the F.R.104(1)(a), F.R.104(3) and F.R.104(4) and Paragraph 2.5 of Public Finance Circular No. 01/2020 dated 28 August 2020 had been defaulted.	2022 2023	Actions should be taken in accordance with the referred circular and regulations.	Instructions have been given to submit a report as soon as possible by appointing a committee under the leadership of the Administrative Officer of the Examinations Department in accordance with Section 104 (I) (a).	The report in accordance with Section 104 (I) (a) of the Financial Regulation has not been completed, and the motor vehicle KA-8957 related to the accident has been kept in a garage until now.
19	It had been stated that all government institutions should take immediate steps to collect arrears and prevent further	2022 2023	A suitable system should be established to promptly recover arrears of revenue in accordance with	Circular 15/2022 has been introduced to file a case against the	There is unpaid settlement sum and formal actions have not been taken against the Notaries who have not paid it.

accumulation of arrears in terms of the F.R 143(2) and Paragraph 04 (b) of Public Finance Circular No. 01/2015 dated 20 July 2015. Although the arrears of settlement sumbalance had gradually increased in the past few yearsactions had not been taken to collect the arrears or in accordance with the provisions of the Notary Amendment Act No. 31 of 2022 during the year under review.

Financial Regulations and circular instructions.

relevant Notary regarding irrecoverable settlement sum. Land Registrars have been instructed to send a report of the arrears to each High Court before renewing the Notary Licenses. Provision has been made for temporary suspension of the functions of the position before filing cases at the instances of violation of the rules of the Notary Ordinance.

20 The appointments of 30 officers who were recruited between 2005 and 2016 and 45 officers who were recruited in 2018 to the grade II of class III of the Registrar Service, subject to a three-year probationary period or a one-year probationary period had not been confirmed or extended the probationary period or terminate the appointment in terms of Procedural Rules 96, 97, 101, 103, 105 and 106 of

2023

Departmental activities should be streamlined by taking actions to confirm the service of officers who have fulfilled the qualifications for confirmation in accordance with the Procedural Rules andto extend the probationary period of officers who do not do so or to terminate their appointment.

Instructions have been given to properly carry out confirmations of appointments, extensions of probationary periods or terminations of appointments.

Activities on the confirmation of officers' posts, extension of probation period or termination of appointment had not been at a satisfactory level.

the Public Service Commission published by Special Gazette No. 1589/30 of the Democratic Socialist Republic of Sri Lanka.

21	Contrary to the provisions of Procedural Rule 135 and wrongly defining Section 16:10 of Chapter XII of the Establishment Code, the seniority of certain officers who had taken no pay leave and failed to pass the efficiency bar within the stipulated time had been placed above the seniority of officers who had not taken such leave.	2023	When determining the seniority of officers, seniority list should be prepared accurately in accordance with the Procedural Rules and the provisions of the Establishment Code.	Instructions have been given to properly follow the provisions of Procedural Rule 135 and the Chapters of the Establishments Code. .	The Seniority List had not been updated by correcting the seniority.
22	Although the efficiency bar exam should be conducted as prescribed in the service minute or recruitment procedure in terms of Procedural Rules 122 and 123, and also required to held two efficiency bar exam per year for Class III Grade II officers of the Registrar Service, only 05 efficiency bar examination had been conducted within 11 years from January 2013 to the end of the year 2023.	2023	Actions should be taken to conduct efficiency bar examinations within the stipulated time limits.	Instructions have been given to conduct efficiency tests properly as prescribed in the service regulations or recruitment procedures, and to conduct efficiency tests that have not been conducted expeditiously.	Although this test has been conducted only 5 times since 2013, the relevant efficiency bar examinations had not been conducted thereafter.
23	Even though the delegated authority	2023	Actions should be takenin	Instructions have been	It has informed that to send to Public

should prepare annual transfer policies and procedures in accordance with the government policies and the needs of the Department and obtain the approval of the Commission in accordance with Procedural Rule 251, such an approved transfer procedure was not observed during the audit and it was observed that the annual transfers of certain departmental appointed officers were not carried out in a proper manner.

accordance with given to Service Commission
Procedural Rules. implement an for the approval of
approved the Transfer Policy
transfer for the following
procedure and year after
proper 2025.01.01.
methodology. .

24 According to the report dated 26 September 2023 of the four-member committee appointed to conduct a special survey regarding the stock of the Department as at 31 December 2021 although it had been recommended to conduct a preliminary investigation regarding the shortage of 3,453 goods of 14 items and the excess of 428 goods of 31 items valued at Rs. 507,764, it had not been so done accordingly. However, without proper investigation, a resignation notice was issued on 12 January 2023 to the officer

2023

Actions should be taken in terms of Financial Regulation and disciplinary actions should be taken against officials who have acted in delays and without due accountability.

Instructions have been given to conduct a proper investigation. .

The investigation has not yet been commenced.

who was in charge of receiving and issuing warehouse goods.

25	Eventhough the Registrar General had given approval on 09 November 2021 to conduct the Preliminary Investigations regarding the indiscipline activities done by the Gampaha Land Registrar, the related Preliminary Investigations had not been completed though more than 28 months had elapsed.	2023	Actions should be taken to expedite disciplinary actions in accordance with the provisions of the Establishments Code.	Instructions have been given to promptly carry out Preliminary Investigations.	The Preliminary Investigations had not been completed.
26	The Registrar General received an anonymous letter on 10 July 2020 addressed to the President regarding bribery and persecution to the public by certain officials working in the Colombo Land Registrar's Office and the report of the Assistant Registrar General of the Central Zone who conducted a preliminary investigation in this regard was issued on 14 September 2020. However, the recommendations mentioned in that had not been implemented.	2023	Actions should be taken according to the provisions of the Establishments Code and arrangements should be made in respect of investigation reports without delay.	Instructions have been given to take steps to conduct investigations through a proper methodology.	The recommendations had not been implemented.
27	A period of 15 months had been spent to get	2023	Actions should be taken according to	Instructions have been	Actions had not been taken to take

answers to a charge sheet related to a money fraud of Rs.532,600 that occurred in the year 2013 at the Panadura Land Registrar's Office and a period of 22 months had been spent from the date of the investigation report to conduct a formal disciplinary investigation or take other appropriate action. Due to this, the Department had failed to send the report in terms of F.R 104(2) to the Treasury. Moreover, according to the recommendations of the Preliminary Investigation report, a charge sheet was issued to the officer who failed to uncover this financial irregularity after 39 months from the date of the investigation report and further disciplinary actions had not been taken based on the answers received.

the provisions of the Establishments Code and it should be responsible to avoid unnecessary delays. given to initiate a formal disciplinary investigation against the officer. disciplinary actions.

28	The report submitwith delays for 16 months by the committee, appointed by the Secretary of the Ministry on 30 June 2020 regarding a money fraud occurred on 27 May 2020 at the Galle Land Registrar's Office had been	2023	Actions should be taken according to the existing rules regarding undisciplined activities and it should be responsible to avoid unnecessary delays.	Instructions have been given to take the next step by calling Preliminary Investigation Report by the Ministry.	Disciplinary action had not been completed.

submitted to the Department by the Secretary on 06 December 2021 and though 19 months had elapsed since that date, the facts were not asked thereon. Although the Secretary of Defense informed the Registrar General about this on 30 August 2021, it took 5 months to appoint a committee and 14 months to get its investigation report.

29	Although misappropriation of funds receivable to the government and misuse of public resources fall under the First Schedule relating to offences that can be committed by public officials, as per Volume II of the Establishments Code, it was defined as an offence falling under the Second Schedule based on this preliminary investigation and it had been recommended that the relevant officers take disciplinary action under the Minor Disciplinary Procedure. Accordingly, although the Additional Land Registrar directly involved in this incident had been	2023	Conducting disciplinary actions should be formalized in accordance with the provisions of the Establishments Code.	Instructions have been given to take further steps by calling Preliminary Investigation Report from the State Ministry of Home Affairs.	Necessary actions had not been taken to implement the recommendations Preliminary Investigation Report as at the date of it.

recommended to be transferred to the Head Office, he was transferred to the Beruwala Divisional Secretariat under the annual transfer in 2023 without implementing it and although it had been recommended to take disciplinary actions against the Land Registrar who was accused of aiding and assisting this incident, arrangements had been made to appoint an Assistant Registrar General for full-time cover up duties from August 2021 without taking actions accordingly.

30	The annual review reports related to some officers recruited for Class III Grade II posts of the Register service had not obtained before the due date and had not taken proper action regarding their appointments and had also failed to bring the updated personal files of some officers from their previous place of work. Further, some of the officers recruited for this position could not confirm from the result sheet whether they had passed their written tests or not.	2023	Files related to officers should be maintained properly and up-to-date.	Instructions have been given to properly maintain the personal files of officers.	Actions had not been taken to call updated personal files of officers from their previous place of employment.

31	Even though 83 candidates who scored between 232 - 192 marks were appointed for the post from the examination held on 25 November 2007 for the recruitment of Registrar Service Grade III posts, it was not confirmed to the audit that 117 candidates who scored between 259 - 193 marks did not even called for the interview.	2023	Recruitments should be carried out transparently and the necessary information should be maintained.	Instructions have been given to be called for an interview according to the prescribed marks levels.	Information required to confirm that the 117 respective candidates were called for interview had not been submitted to audit
32	There was no approved Scheme of Recruitment related to the examination for recruitment to Registrar Service Grade III posts and the number of candidates who scored more than 40 marks in all 4 subjects was only 22 out of 83 candidates and 61 candidates scored less than 39 marks in two or one subjects.	2023	Recruitments should be transparently carried out.	Instructions have been given to implement an approved Scheme of Recruitment.	There was not an approved recruitment procedure for the posts in Registrar Service Grade III.
33	It was observed that due to lack of proper coordination between the division of the Department regarding the half-paid and no pay leave given to officers of the Department on proper approvals, there were cases where the monthly salary paid to certain officers had	2023	Actions should be taken with proper coordination among the sections of the Department.	Instructions have been given to avoid these errors by maintaining proper coordination among sections.	It is informed that coordination has been carried out among sections to overcome this situation.

not been calculated accurately.

34	Even though the Registrar General had given orders on 10 October 2023 to investigate as per F.R and if there are officers who should recover it conduct an investigation regarding the surcharge that had to be paid to the Electricity Board, due to non-payment of electricity bills in Maligawatta Central Records room, further actions had not been taken in this regard by 31 December 2023 according to F.R.101.	2023	Investigations should be carried out without delay in accordance with Financial Regulations.	Instructions have been given to inform the Investigation Division to conduct a preliminary investigation into the payment of a surcharge due to late payment of electricity bills at the Maligawatta Central Archives.	It was observed that Preliminary Investigation activities are not being carried out efficiently.
35	According to the Ministry Secretary's letter No. HA/05/20/05 dated 20 December 2022, instructions have been given to find out the reasons of unpaid bills and take necessary steps to prevent such financial losses from the year 2023. It was observed that due to failure to act accordingly, further losses have been incurred to the government as 08 offices had to pay penalty interest due to outstanding bills related to the year 2023 as well.	2023	It should not be neglected to act according to the instructions of the Secretary of the Line Ministry and it should be ensured that such mistakes that have been made do not happen in the future.	Instructions have been given to appoint a committee to investigate the reasons for non-payment of bills within the stipulated time, and to ensure that payments are made as scheduled from now on.	It is informed that a committee has been appointed to investigate the outstanding balances of electricity bills by letter No. RG/AB/POU/06/01/18 dated 2024.07.15.

36	Although 03-12 months had elapsed since the expiry of the lease agreements related to 06 office premises which had been purchased on the basis of leases, the offices had been run by paying monthly rents of Rs.943,500 without entering into new lease agreements	2023	Since the end of the lease period of the rental buildings can be determined with certainty, all the necessary arrangements for entering into new agreements should be done in advance.	Instructions have been given to sign lease agreements on stipulated time.	Due to the delay in providing the government assessment by the Valuation Department, there has been a delay in signing lease agreements at regional offices. It is informed that we will ensure that this does not happen again in the future.
37	Instances of delay in the registration of documents were observed, due to factors such as not properly following the rules mentioned in Section 31 of the Notary Ordinance and cases were observed where the registration of documents was delayed due to factors such as the lack of proper follow-up by officials and actions had also not been taken to take formal actions against Notaries who failed to promptly correct deficiencies in documents.	2022 2023	The rules of the ordinance should be followed.	Instructions have been given to follow the rules properly and promptly to correct existing deficiencies and reject defective deeds.	It is informed that instructions have been given to call Notaries to the Land Registrar's Offices to correct and reject defective deeds.
38	The approved cadre of the Department was 2,818 while the actual cadre was 3,916 as at 31 December 2023. An excess of 1,283 of Development Officers recruited without obtaining	2022 2023	Action should be taken to recruit within the approved cadre.	Instructions have been given to recruit only for approved cadre.	Actions had not been taken for revision of the cadre.

approval from the Department of Management Services and a shortage of 185 approved officers in 18 categories of posts including 12 senior level posts were observed.

39	Out of the 77 bookbinder posts of the approved carder of the Department, although only 03 posts were vacant, Due to the assigning of 06 officers in excess of the approved to cadre to Galle District, vacancies had occurred in other Districts.	2023	Staff should be properly managed and employed efficiently.	Instructions have been given to make appointments only for approved cadre.	Actions had not been taken to correct it.
40	Ten Land Registrars had been assigned to cover up duties of those positions without assigning permanent Assistant Registrar General for 05 offices and Divisions where there are more duties of the Department and the period of cover up duties of some officers was over and the approved period of other officers had supposed to be ended by 30 June 2024 .	2023	Experienced and permanent officers should be assigned to the divisions and offices where there are more duties.	Instructions have been given to be sent to the Public Service Commission to obtain approval for the announcements calling for applications to recruit qualified officers for the 07 vacant posts of Deputy/Assistant Registrar General.	It is informed that it has been sent to the Public Service Commission for the approval of the draft notice calling for applications for the recruitment of qualified officers for the 07 vacant posts of Deputy/ Assistant Registrar General in this Department.
41	According to Procedural Rules 118 and 130 published by the Public Service Commission by	2023	As the provisions of Chapter II of the Establishment Code are not applicable to	Instructions have been given to make arrangements to obtain the	Additional Land/ District Registrars (Class III, Grade II/I of the Registrar Service) officers

Extraordinary Gazette Notification No. 1589/30 dated 20 February 2009 and No. 2310/29 dated 14 December 2022, a number of 36 officers had been assigned on the basis cover up duties of the post of Land Registrar without obtaining the approval of the Public Service Commission.

Central Government officers, the procedural rules have to be followed.

approval of the Public Service Commission for the notification calling for applications for the recruitment of Additional Land/ District Registrar (Grade I of Class III of Registrar Service) officers for the vacant posts of Land Registrar (Class II of Registrar Service) and to recruit qualified officers for the post of Additional Land/ District Registrar (Class III Grade I of the Registrar Service) after conducting the Efficiency Bar Examination. have been appointed to performing the duties of the vacant posts of Land Registrar (Class II of the Registrar Service) in this Department. A salary for performing duties or an acting allowance is paid to officers deployed to cover duties in accordance with Section 13.7 of Chapter II and Section 12.2.5 of Chapter VII of the Establishments Code. The approval of the Public Service Commission has been received for the announcement of calling for applications for the recruitment of vacant Land Registrar Officers. It is informed that actions will be taken to recruit qualified officers for the post of Additional Land/District Registrar (Class III Grade I of the Registrar Service) after conducting the Efficiency Bar Examination.

57. Head - 280 Department of Project Management and Monitoring

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	96,766,350	96,766,350	96,090,156	Qualified
2022	79,528,641	79,528,641	79,528,641	Unqualified
2023	73,232,825	73,232,825	73,232,825	Unqualified

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current status in that regard
.01	Although the actions should be taken to recover the loan balance from the officers who vacated the public service in accordance with Sections 4.5 and 4.6 of Chapter XXIV of the Establishments Code, the -8year-old loan balance of Rs.139, 921 due from a retired officer of the department had not been settled even at the end of the year under review.	2023	Actions should be taken to recover the outstanding loan balances Promptly.	I kindly inform that further work is being done regarding the retirement of the officer and actions are taken to recover the receivable to the government from the pension gratuity due to him.	The outstanding loan balance had not been recovered even as at 31 December 2024.
.02	The main objective of this department was to monitor, advise and facilitate all development projects to ensure the generation of the desired development results, as well as to increase the generation of the desired development results within the agreed time frame	2023			

and cost through the optimal use of resources by providing advice to the organizations implementing the projects and the tasks related to it had been identified accordingly. The following observations are made regarding the performance of those tasks.

i) (According to the information submitted to the audit, there were 209 large and mega-scale development projects implemented under various line ministries based on domestic and foreign financial studies in the year under review and among these large and mega-scale projects, 91 were funded by local funds and loans and 118 projects had been financed by foreign loans and grants. Among the above projects, out of 107 projects that were to be completed by	2023	Actions should be taken to utilize the resources optimally and direct as necessary to achieve the desired development results within the agreed time frame and cost.	This department reviews the physical and financial progress of large and mega -scale projects on a monthly basis and informs the Cabinet of Ministers about the progress and issues on a quarterly basis. The decision taken by the Cabinet of Ministers will be informed to the secretaries of the line ministries, and the problems presented by the line ministries identified by the department will be forwarded to the National Operations Room and the relevant facilities will be utilized for the physical and financial management of the projects. The process of	The objectives of the Department had not been accomplished at the end of the year 2023.

the end of the year under review, only 23 projects had been able to generate the final project result and 06 mega-scale projects had been suspended by the end of the year due to performance problems. The provisions allocated for large and mega-scale development projects implemented in the year 2023 was approximately Rs. 716 billion and it was disclosed that the amount that was able to be utilized by the end of the year 2023 was Rs. 361 billion or only 50 percent of the allocation. Accordingly, it was observed that the aim of the department to increase the generation of expected development results was not fulfilled as expected.

achieving financial progress as per the desired targets is the responsibility of the Secretary to the Ministry.

Project Management and Monitoring called for open bids in 2021 for the establishment of a web-based project monitoring system using the National Development Information System (NDIS), a new technology, to be used as the main means of data collection for progress monitoring. A private company that submitted a bid of Rs.135,720, 000 inclusive of taxes was awarded the contract for setting up the system on 25 November 2021 and an advance of Rs.12,169, 950 was given on 03 February .2022 Due to poor performance of the contractor, this contract was suspended on 31 August 2022 and the advance security of Rs.12,169, 950 which was given to the contractor had been recovered from the department on 20 October 2022.

The department had been working to

Actions should be taken to set up the National Development Information System quickly.

Rs.12,169, 950.70 had been given to the contractor as an advance for the preparation of the National Development Information System according to the government's procurement procedures. When 09 months passed after the advance was given, the contractor realized that he could not complete this work on time, so he decided to suspend the contract, thereby preparing a computer software that was not designed as required by the department and could not be completed within the stipulated time. The unnecessary costs that the

The Project supervision system had not been created even up to 31 December 2024.

withhold the above advance amount to the contractor for more than 9 months and the department had not been able to set up a suitable system until now.

government may have to bear have been avoided.

(iii) The audit observed that due to the mid-term termination of the NDIS modernization contract, special efforts had to be made to engage relevant parties and resolve issues arising during project review, reporting, coordination and implementation in the year 2023 and the above contract was suspended for 01years to 31December .2023Although 04months had passed, no further steps had been taken to modernize the information system at the end of the year under review.

Actions should be taken to set up the national development information system promptly.

After the suspension of this contract, since it was evident that it is not easy to prepare such a complex software and it is a long-term task, the integrated national development information system, which is currently in an inactive state in the department, the health system development project, which is proposed to start in the year 2024, under the assistance of the World Bank. I further note that the (NDIS) software has agreed to support repair under this. However, I would also like to inform you that until the (NDIS) system is developed, the work of the department will be carried out with great effort.

-Do-

.04	Since the web-based National Development Information System is not operational, no progress has been made in relation to 03achievement indicators for achieving the sustainable development objectives identified by the department.	2023	Actions should be taken to achieve sustainable development goals.	.Accepted	-Do-
.05	The approved number of posts in the department was 101, of which 32 posts or 32percent was vacant. Among those vacancies, there were 12senior level positions, 03 tertiary level positions, 12 secondary level positions and 05 primary level positions. Accordingly, the department had not taken steps to fill up the vacant posts or revise the approved number of posts.	2023	Actions should be taken to fulfill the role of the department, fill necessary vacancies and if there are non-existent posts, they should be amended in the approved staff.	The Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government has been informed about the available vacancies.	The approved number of posts was 101, and 31 vacancies existed at the end of the year 2024.

58. Head- 281 Department of Agrarian Development

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs. Rs.	Audit Opinion
2021	3,031,646,188	728,018,066	2,303,628,122	Qualified
2022	3,036,892,905	602,865,512	2,434,027,393	Qualified
2023	12,243,136,368	770,793,382	11,472,342,986	Qualified

Se. No	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.	A total of 1,626,000 vouchers worth Rs.11,147,000,000 were printed at a printing cost of Rs. 3 per each for providing fertilizer to the farmers who cultivating paddy in the Yala Season in year 2023. A total of 211,583 vouchers worth Rs. 1,162,077,900 had been cancelled as the farmers who need of fertilizer could not be identified.	2023	A prior plan for issuing fertilizers and distribution of vouchers to the farmers should be made and the farmers who need of fertilizer should be identified.	Action is taken to identify the requirement of fertilizer through the data system Geogoviya.lk and to make a plan for the distribution of fertilizer.	At present, money is credited to the bank accounts of all farmers.
2.	The jeep CR-0098 which was provided to the Department by the World Food Project was registered in the year 2015 and it had been parked in the Malambe traffic yard without being used from that year	2022 2023	An appropriate action should be taken if it is unusable.	Hereafter, action will be taken not to accept vehicles that are not registered properly in this manner.	Since the steps taken to register this vehicle were unsuccessful, it is scheduled to be returned to the Sri Lankan Representative to the United Nations World Food Programme under

onwards.

the registration
No.7/6/4/1/CR-0098
dated 23.10.2023.

3. The 05 Samsung smart TELEVISION sets with 65 inch had been purchased at Rs.2,497,800 for the proposed control room at the Head Office to monitor the implementation of the system in the Agrarian Bank Pilot Projects and Agrarian Service Committees across the island after the installation the Management Information System Software for the Agrarian Bank Pilot Project and Agrarian Service Committees from the Agrarian Bank Fund. The warranty period of these TVs is 01 year and the TV sets were not used and operations were not started in the control room until 08 months of the warranty period elapsed.	2023	Management information systems should be installed and operations of the control room should be commenced without delay.	It has been planned to commence the operations of the control room without delay	It has been scheduled to commence the operations of the control room constructed at the head office and to use the relevant television sets.
4. The 58 tires worth Rs.2,135,679 purchased in 2021, 2022 and up to 12 June 2023 had been fraudulently withdrawn by the store keeper of Narahenpita Spare Parts Store for deliberately issuing	2023	Action should be taken to recover the loss and conduct the formal disciplinary inquiry without delay.	The officer served as the Store Keeper has been interdicted with immediate effect and a complaint was lodged at the Police Station in this	The Store Keeper was interdicted on 02. 07.2023 and officers have been appointed to conduct a preliminary inquiry on 07.07.2023 and to conduct an inquiry in terms of F.R.104 on 03.08. 2023. As per the

tires without including the receipts in the inventory books and issuing orders and wrongly balancing the tire balances. Formal disciplinary inquiries had not been conducted to recover the losses until 30 April 2024.

connection. The internal control system has been streamlined and an annual verification of stores is carried out. recommendations of the preliminary inquiry, a charge sheet was drafted against the officer and it has been referred to the Director General of Combined Services on 12.03.2024. Accordingly, the relevant charge sheet was issued to the officer by the Director General of Combined Services on 16.08.2024. Further, the report of inquiry in terms of F.R.104 has also been received on 30.05.2024 and it was revealed in the report that the loss was Rs.3,371,570. It has been recommended to recover the said amount from the Management Service Officer, Mr. Y.A.D.I. Gnanarathna who is the Store Keeper. Accordingly, authority has been sought from the General Treasury to recover the relevant sum of money.

5. Although the 2023 Ministry of Environment has planned to renovate the Thumbikulama Lake in August 2023 at a cost of Rs. 45,000,000 under a provision of Constructions in forest reserves should be carried out with prior approval and action should be taken to complete repairs and commence cultivation. Instructions have been given to officers of the Department of Forest Conservation without written approval, and the Secretary to Farmers have been registered for cultivation, but no cultivation projects have been initiated as approval has not yet been received to commence cultivation.

Rs.51,565,000 and cultivate more than 400 acres of new paddy fields in the year 2022, that area had been declared as a forest reserve in 2013 by the Ministry of Environment and Renewable Energy. For this purpose, although a cost of Rs. 24,373,998 was incurred for the development of the tank embankment without the prior approval of the Department of Forest Conservation, Department of Archaeology and the Department of Wildlife Conservation, 50-500 meters from the spill on the left side of the dam, about 1000 meters inside the tank and in the front part of the tank was heavily cracked and eroded and 50 meter of center part of the tank embankment was descended to the inside of the tank and towards the tank embankment as at 31 October 2023. However, no cultivation project had been implemented despite a lapse of 06 months from the completion of work by 31 December 2023.

the Ministry has also given instructions in this regard. Furthermore, officials from the Department of Archaeology and the Department of Wildlife Conservation have visited the restoration site and taken steps to demarcate the boundaries. At the beginning of the project, lands to be cultivated were identified, and there were evidences that those lands had previously cultivated while a canal system that could be used at present was existed. However, action was being taken to discuss with the Department of Forest Conservation and to resolve the issue of allocating lands after the completion of the work of tank.

6.	As of 31 December 2023, 77 of F.R.104 investigations, 431 of preliminary investigations and 103 of formal disciplinary investigations remained unresolved and 293 of these disciplinary inquiry files exceeded 05 years. It include 37 of 104(4) investigation files that should have been resolved within 03 months and a total sum of Rs. 66,194,999 was recoverable to the Government from all disciplinary inquiries.	2023	Disciplinary inquiries should be completed without delay and the amount due to the government should be recovered.	It is expected to establish a separate branch for disciplinary matters to expedite disciplinary inquiries and to complete files on disciplinary actions without delay.	Out of the 77 files of inquiries as per F.R. 104 existed as at 31 December 2023, action regarding 10 files have been completed so far and out of the 431 files of preliminary inquiries that were in progress by that date, action related to 48 files have been completed. Also, out of the 103 files of formal disciplinary inquiries that were existed on that day, action regarding 06 files have now been completed. So far, a sum of Rs. 11,265,382 has been recovered and with the new recoveries revealed in this year, a total amount of Rs.78,653,839 is to be recovered further.
7.	Agrarian Development Councils had not been established in terms of Section 51(1) of the Agrarian Development Act No. 46 of 2000 as amended by the Agrarian Development Act No. 46 of 2011.	2021	Agrarian Development Councils should be established.	Revised regulations have been forwarded to the Legal Draftsman. It is scheduled to be published in the Gazette as soon as it is approved.	Revised regulations have been forwarded to the Legal Draftsman.

59. Head - 282 Irrigation Department

	Total Asserts Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	99,907,051,692	540,371,713	99,366,679,979	Qualified
2022	102,373,355,107	485,499,885	101,887,855,222	Qualified
2023	110,877,221,579	663,116,012	110,214,105,567	Qualified

Se. No	Audit Observation	Year of the Report	Recommendatio n of the Auditor General	Preventive measure taken by the Audited firm	Implementation of the recommendatio n
01	An amount of Rs. 16,207,758,072 incurred in the years 2021, 2022, and 2023 and property, plant, and equipment valued at Rs. 7,596,399,292 developed under this amount was not specifically identified and accounted for as non-financial assets	2021 2022 2023	All non-financial assets should be correctly identified and accounted for.	Corrective actions have not been taken so far. It has been stated that steps are being taken to update information regarding non-financial assets in collaboration with the Department of State Accounts.	Steps had not been taken to correctly identify and account for non-financial assets.
02	According to Section 5 of Circular No. 11/1986 issued by the Director General of Irrigation, the field inventory books had not been maintained in accordance with the format of Irrigation Form 6.	2023	Field inventory books should be maintained in accordance with the instructions of the circular.	Relevant officials in the regional and district offices had been issued instructions in accordance with the circular.	The field inventory books had not been issued in accordance with circular instructions.
03	According to F.R. 1647 (i), a vehicle inventory list was not properly	2023	A vehicle inventory list must be	Instructions were given to maintain a	The information regarding all the vehicles

	maintained. The officer in charge of transportation had failed to maintain a record of details such as certificates of registration for 2,004 vehicles, relevant revenue licenses, the current locations where these vehicles are being used, and the institutions responsible for their custody in an updated manner.	maintained for all vehicles owned by the department.	document.	belonging to the department was not documented.	
04	According to the memorandum of understanding (MOU) entered into on 13 October 2017, between the Director General of Irrigation and a private company for the operation of an electricity generation plant under the Deduru Oya Multi-Purpose Development Project, out of income of Rs. 200,934,154 earned by the company by selling 11,519,679 kWh of electricity units produced between January 2021 and December 2022 to the Ceylon Electricity Board, 15 per cent equivalent to Rs. 30,140,123, was due to be paid to the Department of Irrigation. Out of this amount, only Rs. 6,085,051, or approximately 20 per cent, had been collected, while the remaining Rs. 24,055,072 had not been properly recovered to date. Furthermore, the necessary records to identify the income due to the Department of Irrigation were not maintained.	2023	Steps should be taken to recover the revenue by paing special attention on their recovery.	Out of the total amount of Rs. 24,055,072 due for recovery, no value has been collected so far.	Special attention had not been focused on the recovery of revenue.

05	The Director-General of Irrigation had not obtained policy clearance from the Cabinet before entering into a Memorandum of Understanding with a private company on 13 October 2017, to operate a power plant under the Daduru Oya Multipurpose Development Project. In this connection, no recommendations had been obtained from the Attorney General's Department, and neither the Irrigation Department nor the Ministry of Irrigation had confirmed the agreement. Furthermore, the income of Rs. 3,085,051 generated from the hydropower plant during the period from January 2021 to December 2022 had not been credited to the Consolidated Fund. Therefore, the matter was submitted to the private company to settle telephone, water, and electricity bills of the Wariyapola Regional Irrigation Engineer's Office amounting to Rs.3,085,051 for the period from January 2021 to December 2022 from that amount. On 13 June 2023, a sum of Rs. 2,000,000 received from a private company was retained in the General Deposit Account, out of which Rs. 1,968,532 was spent by December 31 of the year under review to settle office telephone, water, and electricity bills.	2023	When entering into a Memorandum of Understanding, recommendations from the Attorney General should be obtained regarding the Cabinet's policy clearance, the legality of the relevant agreement, and compliance with its conditions. Revenues that should be credited to the Consolidated Fund must not be utilized for expenses.	Recommendations from the Attorney General's Department regarding the legality of the agreement and compliance with its conditions had not been obtained, and it was not confirmed that expenses had been incurred due to not receiving any income from hydropower generation during the year 2024.	The development project had not been implemented obtaining the policy clearance from the Cabinet, and the income received had not been credited to the Consolidated Fund.

06	The department had collected an amount of Rs. 8,925,901 by charging fees of Rs. 10,000 each for issuing licenses related to the construction of small hydropower plants, sand removal, and other economic activities associated with rivers and canals, as well as for submitting recommendations to various government institutions. This amount was deposited under account number 6000-0-0-13-0-36-0-0 but was spent without proper authorized approval. Furthermore, in violation of Financial Regulation 569, accounts were not maintained in a manner that would specifically identify the income collected and expenses incurred through these activities during the year under review.	2022 2023	Treasury approval must be obtained for the income collected through various activities, and a proper control system should be established to collect such income.	A revenue heading for 'Rental Income' had been introduced for the year 2024.
07.	In order to control the flood risk in the Kiralakele area of Matara, caused by the damage to the BR-5 embankment of the Matara Nilwala Dam Project in 2003, a Chinese company that constructed the Southern Expressway provided Rs. 21,364,992 to the Galle Regional Director of Irrigation's Office for the project activities. However, only Rs. 1,120,415 was spent on the project, and a balance of Rs. 20,244,577 retained in a deposit account numbered 6000-0-0-13-0-36-0-0 as of 31	2023	Funds received for various tasks assigned through the project should be promptly utilized for the relevant tasks.	The balance of Rs. 20,244,577 as at 31 December 2023 retained unspent in the general deposit account to date without being utilized for the relevant task. No action had been taken to credit the savings of provisions to the Consolidated Fund.

December 2023.

08.	An amount of Rs. 22,768,500, received for restoring the irrigation structures belonging to the Hambantota Regional Irrigation Director's Office that were damaged during the construction of the Southern Expressway, has been retained in a deposit account. However, no action had been taken so far to restore the said irrigation structures. As of 31 December of the year under review, 41per cent of the deposits had been utilized, leaving a balance of Rs. 13,265,091 further in the deposit account.	2023	Funds received for project tasks should be promptly utilized for the relevant tasks.	As of 31 December, 41 per cent of the deposits had been paid, leaving a balance of Rs. 13,265,091, which remains unspent in the general deposit account to date without being utilized for the relevant task.	No action had been taken to credit the savings of provisions to the Consolidated Fund.
09.	An irrigation fines fund had not been maintained in accordance with Section 11 of the Irrigation (Amendment) Act No. 23 of 1983.	2022	Action should be taken to maintain an irrigation fines fund in accordance with Section 11 of the Irrigation (Amendment) Act No. 23 of 1983	The Secretary to the Ministry has been informed about this matter. Until now, no steps have been taken to maintain an irrigation fines fund.	The recommendation has not been implemented up to this point.
10.	In accordance with sections 4.4 and 4.5 of Chapter XXIV of the Establishments Code, no action had been taken to recover Rs. 1,933,126 due from 16 deceased employees, Rs. 10,209,662 due from 61 retired employees, and Rs. 2,087,808 due from 35	2021 2022 2023	Disciplinary actions should be taken against officers who have failed to repay the debts.	The outstanding balances to be recovered from deceased employees, retired employees, interdicted employees,	No disciplinary action had been taken against the officers who have defaulted on their debts

employees who had been interdicted, vacated the service, or had their services terminated. Among these balances, there were 32 outstanding debt balances continued to exist over three years, totaling Rs. 3,280,334, and 33 outstanding debt balances continued to exist over five years, totaling Rs. 2,047,790.

those who vacated service, and those whose services were terminated are currently being recovered.

11.	The official quarters rent from officers and employees residing in official quarters located in 14 zones under the department had not been recovered in accordance with sections 5.2.1 and 5.3.1 of Chapter XIX of the Establishments Code.	2022 2023	Rent should be recovered from officers residing in official quarters.	The Regional Irrigation Directors were instructed to act in accordance with the Establishments Code, and based on the recommendations of the committee appointed to examine the collection of unpaid house rents, the rents are now being duly collected.	Actions have been taken to collect the official quarters rent.

12.	In accordance with F.R. 753(1) and (2), actions had not been taken regarding the materials directly received for the field under various projects for the construction and renovation of tanks/reservoirs.	2023	Materials directly received for the field must be handled in accordance with the provisions of the Financial Regulations.	Instructions had been issued to handle materials directly received for the field in accordance with the provisions of the Financial Regulations.	Materials directly received for the field had not been documented in accordance with the provisions of the Financial Regulations.
13.	The materials issued to Regional Irrigation Engineering Offices for operations, maintenance works, and construction industries, which are under the custody of Engineering Assistants, had not been verified through the annual stores verification in accordance with F.R. 756 .	2022 2023	The annual stores verification must be conducted in compliance with the Financial Regulations, departmental instructions, and prescribed formats.	Materials under the custody of Engineering Assistants had not been verified through an annual stores verification.	The annual stores verification had not been conducted in accordance with the Financial Regulations, departmental instructions, and prescribed formats.

14.	The bid of Rs. 2,093 million submitted by the contractor for the construction project of the Basnagoda Reservoir was increased by Rs. 254 million based on the recommendation of the Technical Evaluation Committee and awarded at a value of Rs. 2,347 million. Based on this erroneous contract cost of Rs. 2,347 million, a mobilization advance of Rs. 50,812,416 was overpaid to the contractor on 23 August 2019. Accordingly, this Rs. 50 million has been allowed for improper utilization for a period of 04 years.	2022	Formal disciplinary inquiries should be conducted against the members of the Technical Evaluation Committee who acted irresponsibly during the procurement process. Furthermore, complaints should be lodged with the relevant law enforcement authorities under the provisions of Section 38(1) of the National Audit Act No. 18 of 2018 regarding the loss caused to the government due to their negligence.	At present, a sum of Rs. 40,408,800 has been recovered from the said amount, and the remaining balance of Rs. 10,402,615 will be deducted from future payments.	No formal disciplinary inquiry has been conducted against the members of the Technical Evaluation Committee who acted irresponsibly.
15.	For the Basnagoda Reservoir construction project, the recommendations of the Technical Evaluation Committee, approved by the Standing Cabinet Appointed Procurement Committee as directed by the Cabinet, were not followed. Furthermore, disregarding the provisions of F.R. 40, 71, and 94(1), the condition under Clause 13.8 of Section IV of the original contract agreement, which prohibited payments for price variations, was amended, and a revised	2023	Funds should be secured without placing any additional burden on the Treasury.	The secretaries of the relevant line ministries have been informed regarding the matter.	Approval of the Standing Cabinet Appointed Procurement Committee had not been obtained for the relevant payment.

contract agreement enabling such payments was signed on 16 April 16, 2024. Accordingly, an additional payment of Rs. 1,085,860,158, which is 47 percent of the total estimated cost, had to be made. However, due to the lack of consent from the National Water Supply and Drainage Board, the responsibility for this payment of Rs. 1,085,860,158 was assigned to the Ministry of Irrigation.

16.	The condition in the original contract agreement of the Basnagoda Reservoir Construction Project, based on the General Conditions of Contract (FIDIC – First Edition 1999 EPC/Turnkey Project), which required the release of retention money after submitting the project completion report, was amended. As per the revised contract signed on 16 April 2024, the retention money collected up to 31 January 2024, could be paid prior to the completion of the project activities. Accordingly, with 25% of the project activities remaining, the contractor was able to obtain retention money amounting to Rs.104, 667,237.	2023	The retention money under the contract should be released after submitting the completion report.	The retention money has not been paid to date.	The agreement had not been amended to allow for the release of the retention money upon submission of the completion report.
17.	The project to construct the feeder canal from Siyambalangamuwa Oya to the Mahagalgamuwa Reservoir was initially expected to be completed	2022 2023	Disciplinary action should be taken against the officials who acted irresponsibly by	A committee consisting of senior officials at the departmental	The project was implemented and remained incomplete without approving a total

within a three-year period from 2012 to 2014. However, despite a delay of 09 years, it remains incomplete to date. During the period from 2014 to 2023, a budgetary allocation of Rs. 580 million was provided for the project, of which only Rs.375 million, approximately 64 percent had been utilized. Without approving a total cost estimate, the Kurunegala Irrigation Director had periodically approved estimates, resulting in the above cost being incurred for excavating approximately 2 kilometers in scattered sections of the canal route without a proper plan, which was originally proposed to span 14 kilometers in length. Consequently, the expenditure of Rs. 375 million has so far provided no benefits to the national economy. Furthermore, an environmental impact assessment report was not prepared and approved, and the project was implemented without the primary and final approvals required under F.R. 35(4) and 36. Furthermore, the lands required for providing irrigation water had not been identified until the audit date.

implementing the project without approving a total cost estimate, ensuring proper supervision, preparing environmental study reports, or obtaining preliminary and final approvals in accordance with the provisions of F.R. 35(4) and 36. level has conducted an inquiry and submitted a report with their recommendations. A committee has now been appointed to conduct a preliminary investigation into the recommendations of that report and the activities carried out under the project. The lands required for providing irrigation water have not yet been identified. cost estimate or a proper plan. No action has been taken against the officials who acted irresponsibly.

18.	A Rs. 6.7 million estimate was approved in December 2020 for the removal of rocks between the second and third kilometers of the	2022	The department should introduce new procedures for measuring the use of machinery,	The Secretary of the Ministry of Irrigation has appointed	No disciplinary action has been taken against the officials who submitted false

Siyambalangamuwa Oya to Mahagalgamuwa Reservoir feeder canal construction project. Under this, work certificates were issued for the removal of 3,276.25 cubic meters of rocks from the canal using direct labor. However, it has been found that measurements were falsely submitted for places where rocks had not been removed, and payments were made for labor, machinery, and materials. Despite the lack of a proper verification of the completed work, another estimate of Rs. 20,236,000 was approved for the removal of rocks between the 2+400 and 2+875 sections.

labor, and raw materials, as well as for submitting work completion reports for force account contracts, which are contracts where the department uses its own staff and materials to carry out the work. Disciplinary action should be taken against officials who submit false measurements and bills.

a committee to conduct a preliminary investigation into the work carried out under this project.

measurements and bills.

19.	Muthukandiya Joint Farmers' Organization had not given a refundable deposit of Rs.1,000,000 as per the terms of the contract awarding letter, and the department had accepted the bond letter submitted by the sub-contractor Swarnadevi Enterprises at the aforesaid value for a period of one year from 4 March 2021. A sum of Rs. 750,000; that was to be levied per Rs.50,000 monthly for a period of 15 months as per the conditions of the relevant letter, had not been recovered.	2022	The appointing authority should be directed to disciplinary actions, against the officers who created the possibilities for other parties for sand mining in the reservoir contrary to the orders given by the Director General of Irrigation.	It has been identified that the conditions related to the removal of sand, silt, and alluvial soil need to be revised. It has been decided to revise these conditions in the future. An investigation into this matter has been carried out and if it is found that the terms of the agreement have been violated,	No security deposit or supervisory fees were collected. No disciplinary action has been taken against the officials who created opportunities for sand mining in the reservoir.

disciplinary action will be taken in the future.

20.	Although the refundable deposit of Rs.1,000,000 due as per the contract award letter had not been given to Ranamayura Farmers' Organization, the permission had been given to remove the silt of the tank. Although the excavated silt and waste should be carried out of the tank within a period of one week as per the letter of awarding, around 1,500 cubes of excavated loose soil had still been piled up in the tank. Although the related two farmer organizations had requested to remove the silt from the reservoir and increase its water capacity, works were not done to increase the water capacity of the reservoir excavating the places authorized by the Department to remove sand, as well as the excavations of sand and soil had been done in the Ara area of the reservoir.	2022	A check lists should be introduced to confirm at each field test. Any farmer organization that violates the conditions should be blacklisted and action should be taken to recover the fees payable to the department.	The investigation committee report regarding this matter had been received, and it had been stated that actions are being taken in accordance with its recommendations.	No action had been taken to recover the fees payable to the department by blacklisting the farmer organization that violated the conditions.
21.	Under the Yanoya Reservoir project, the main dam, 04 saddle dams, the left bank canal with a length of 18 km and the right bank canal with a length of 12 km had been proposed to be constructed. An agreement had been entered into with the China CAMC Engineering Co. Ltd (CAMCE) on 03	2022	The proceedings should not be done in the large-scale development projects interpreting the things as matters related to contract administration and as policy	Adequate preventive measures had not been taken.	Policy-related aspects of contract administration and comprehensive information on the macro-economic impact were not adequately considered when

	November 2011 as a direct contract of USD 176 million on the approval of the Cabinet of Ministers for executing other tasks except the left bank canal. The said contract agreement had been revised on 16 August 2013 setting the contract value at a sum of Rs. USD 150 million so as to limit the scope of the contract agreement to the construction of main dam and 04 saddle dams. An agreement of USD 39.5 million had been signed on 12 December 2017 for the construction of the left bank canal. Accordingly, USD 189.5 million had to be paid to complete the tasks initially agreed upon for USD 176 million.	matters. When the Cabinet Memorandums are presented, the comprehensive information about the macro-economic impact including the particulars specified in the observations should be presented.	presenting the Cabinet memorandum.
22.	Although the initial agreement stipulated that 85 percent of the contract amount would be provided by a Chinese lending institution, the project was implemented using local funds due to the failure of loan negotiations. While the agreement allowed withdrawal from the project if the loan was not secured within a year, the project was continued with Cabinet approval in anticipation of completing it within three years and reaping the benefits. However, attention was not paid to the following unfavorable conditions when seeking Cabinet approval. Although more than eight years have passed, the project had not	2022 When the Cabinet Memorandums are presented, the comprehensive information about the macro-economic impact should be presented.	Sufficient preventive measures had not been taken. The unfavorable conditions of this project, which was implemented using local funds without altering the contract terms, had not been brought to the attention of the Cabinet.

been fully completed.

- The advantages that could have been obtained through competitive bidding had not been obtained due to the selection of a Chinese contractor under the direct contract method without calling for competitive biddings with the expectation of loans from the Government of China.
- The conditions of making payments in American Dollars as an EPC contract agreement had been included in anticipation of foreign loans, and the foreign reserves of the country had been adversely affected as the conditions of the agreement were not changed even if the foreign fund had not been received.

23.	Although the activities of the project were to be accomplished by 31 December 2022 according to the Cabinet Decision No. CP/21/1123/317/035 dated 5 July 2021, the project had been accepted by the Irrigation Department in a circumstance where the report on the further tasks to be performed related to the completion of the project, the project completion account, the relevant documents to	2022	The instructions should be issued specifying the procedures to be followed in respect of taking over the large scale projects after its completion.	The procedures to be followed in respect of taking over the large scale projects after its completion have now been introduced.	The report on the further tasks to be performed related to the completion of the project, the project completion account and the relevant documents to confirm the transfer of project assets had not been maintained.

confirm that the transfer of project assets has been done properly and the arbitration of disputes that can occur in future related to the 2 EPC contract agreements as well as the documents to confirm the employer's rights in a legal proceeding had not been prepared.

24.	The works amounting to USD 3,478,910, which should have been performed as per the EPC contract agreement entered into with the Chinese contractor regarding the construction of the Yanoya Left Bank Canal, had not been performed. However, the works had been fully certified and the payments had been made thereto.	2022	The disciplinary actions should be taken against officers the who have issued performance certificates stating that all the works have been completed and certified payments for the constructions not compatible to the prescribed specifications while all the works to be completed by the contractor as per the EPC contract agreement were not completed.	Sufficient preventive measures had not been taken.	Disciplinary actions had not been pursued against the officials who issued performance certificates for construction, certifying that all work was completed and complied with the required specifications, despite the fact that not all tasks had been completed.
25.	A sum of 4,672,247 USD for access and exit for the work site under the reservoir construction contract and 486,358 USD under the contract of constructing the Left Bank Canal had been paid to the contractor. However, the contractor has not left the work site to date, and the land was still being used by the contractor getting security services for the	2022	The value of the state lands properties and being used without formal removal from the work site after the date of issuing the performance certificate should be assessed and the rental should be levied.	The contractor has been informed about the items that need to be removed from the site. In this regard, the contractor has requested an extension	The value of the state lands properties and being used without formal removal from the work site after the date of issuing the performance certificate had not been assessed and the rental had not

	temporary office buildings, stone grinding machines and other machineries.			of time, and a reminder has been issued for this matter.	been levied.
26.	A total of 4,148 hectares of land, including paddy and terrestrial lands in the Horowpothana and Gomarankadawala Divisional Secretariat areas, were submerged by the reservoir's water. The project was implemented with the primary objective of providing irrigation facilities to 1,515 hectares of new land for cultivation, but so far, irrigation facilities had been provided for only 421 hectares of new paddy land. As a result, 1,094 hectares or 72 percent of the planned new paddy land had not yet been identified or allocated to farmers for cultivation. The project had planned to provide a maximum of 1.5 acres of land to those who lost paddy land due to the project. However, the necessary land was not identified or released by the Department of Forest Conservation. As a result, it was not possible to provide alternative paddy land to those who lost their land. Instead, an additional compensation amounting to Rs. 910,800,000 was paid to 506 families, with Rs. 1,800,000 paid to each family, by 31 May 2024.	2023	As planned, the lands should be identified and handed over to the farmers for cultivation, with the necessary water supply provided. For those who lost their paddy lands, the lands intended to be provided should be released from the Department of Forest Conservation and made available to the farmers. Additionally, efforts should be made to minimize the additional compensation costs.	A total of 1,094 hectares or 72 percent of new paddy land have not yet been identified and allocated to farmers for cultivation. It was stated that measures had been taken according to the instructions given based on the decisions reached during the discussions with the families who were to be provided with alternative lands, as proposed by the Honorable Minister of Irrigation, in order to minimize additional compensation costs and resolve land-related issues	As planned, the lands had not been handed over to the farmers, and the lands intended to be provided to those who lost their paddy lands were not released by the Department of Forest Conservation.

of the
project.

27. To construct the Yan Oya reservoir, 2,355 irrigable land plots were acquired as per the progress tracings, including 2,044 plots for the reservoir construction and 313 plots for constructing the left bank canal. The project planned to develop 1,514 hectares of new paddy lands, including 506 hectares in Omarakada, 444 hectares in Issanwewa, 337 hectares in Moragama and Idulhitiyawa, and 227 hectares in Kohombagaswewa. However, only a portion of these lands was developed and distributed to those whose paddy lands were submerged due to the reservoir. Nonetheless, detailed records regarding the distributed paddy lands were not maintained. As a result, it was not possible to accurately verify the extent of alternative paddy lands provided to those who lost their lands.	2023 Comparative records should be maintained in a manner that allows for the accurate verification of the extent of alternative paddy lands provided to those who lost their lands.	It has been stated that the families eligible for alternative lands have been identified and presented by the Divisional Secretaries, and actions are being carried out accordingly.	Comparative records have not been maintained in a manner that allows for the accurate verification of the extent of alternative paddy lands provided to those who lost their lands.

28.	A total of 4,352 land parcels spanning 4,148 hectares of paddy lands and terrestrial lands in the Horowpothana and Gomarankadawala Divisional Secretariat areas had been acquired for the construction of the reservoir. Of these, compensation was payable for 3,621 land parcels. Compensation had been paid for 3,515 parcels as at 31 May 2024, but it had taken 8–9 years since the acquisition of 108 parcels to complete this process. Similarly, for the construction of the reservoir's left bank canal, 769 land parcels covering 75.5 hectares in the Horowpothana, Kebitigollewa, Padaviya, and Sripura Divisional Secretariat areas were acquired. Among these, compensation was due for 528 parcels. Compensation had been finalized for 348 land parcels, whereas no compensation had been paid up to 31 May 2024 for 180 parcels, despite 4–5 years having passed since their acquisition.	2023	Compensation must be finalized for the acquired lands.	Funds have been allocated to the Divisional Secretaries for the payment of the relevant compensation . Out of the total 763 land parcels required for the left bank canal, 528 parcels were to be acquired, and as of 2024.10.01, compensation payments have been completed for 457 parcels.	Compensation payments for 78 land parcels and 71 land parcels have not yet been finalized.
29.	Due to delays in compensation payments, statutory interest of 7 percent per annum for a period exceeding five years had to be paid for the full compensation amount related to the valuation reports' delay after the gazette date of interim provisions under Section	2023	Reports should be prepared and submitted in a manner that allows for comparative verification to confirm that the interest paid was exclusively to those who lost	The District Secretaries were informed to verify and submit the interest payments.	Reports that enable comparative verification to confirm that the interest paid was exclusively to those who lost their lands have not been prepared and

	38(a) for acquired lands. Accordingly, as of 31 May 2024, a sum of Rs. 1,275,580,533 had been paid as interest. However, the audit could not confirm that this interest payment was made exclusively to those who lost their lands.	their lands.	submitted to date.
30.	Regarding compensation payments, the Cabinet Memorandum submitted on 21 February 2024, sought approval to revise the compensation for 614 permanently resettled family units, excluding those in the divisional secretariats of Horowpothana, Kebithigollewa, and Padaviya, from 1.5-acre irrigated lands to a monetary value of Rs. 1,800,000 per family. This was approved through Cabinet Decision No. CP/24/0395/623/009 dated 18 March 2024. Accordingly, as of 31 May 2024, additional compensation totaling Rs. 910,800,000 had been paid to 506 families at Rs. 1,800,000 per family. However, the reasons for increasing the compensation amount to Rs. 1,800,000 and the alternative measures taken for the remaining 328 individuals were not specified.	2023 The reasons for increasing the compensation amount to Rs. 1,800,000 and the alternative measures taken for the remaining 328 individuals should be submitted.	A committee chaired by the Anuradhapura District Secretary had been appointed to reconsider the payment of additional compensation in lieu of alternative land to those who lost irrigated lands under the Left Bank Canal and to prepare a report on the matter. The reasons for increasing the compensation amount and the alternative measures taken for the remaining individuals were not presented.

31.	Due to the failure to provide the allocated lands on time, a total of Rs. 345,452,574 was paid as compensation for 9 lost cultivation seasons from the 2014/2015 Maha season to the 2018/2019 Maha season for those who lost paddy lands during the construction of the reservoir dam. Similarly, Rs. 123,494,081 was paid as compensation for 4 lost cultivation seasons from the 2018 Yala season to the 2020 Maha season for those who lost lands due to the construction of the Left Bank Canal. This included Rs. 50,700 per acre for irrigated lands and Rs. 35,000 per acre for farmers cultivating with rainwater. Accordingly, a total of Rs. 468,846,655 was paid as compensation for lost cultivation seasons due to the failure to provide the designated paddy lands. However, the audit could not confirm that this compensation was exclusively paid to those who lost their lands.	2023	Reports should be submitted in a manner that allows for comparative verification to confirm that the compensation for cultivation seasons was exclusively paid to those who lost their lands.	It had been stated that the relevant report was being prepared based on the information obtained from the Divisional Secretaries.	Reports that allow for comparative verification to confirm that the compensation for cultivation seasons was exclusively paid to those who lost their lands have not been submitted.
32.	Due to the failure to provide irrigated lands, a livelihood allowance ranging from Rs. 2,000 to a maximum of Rs. 8,000 per month was paid to individuals who lost their means of livelihood, amounting to Rs. 481,918,000 up to 31May 2024. However, due to the lack of proper records maintained to identify the	2023	Reports should be maintained in a manner that allows for comparative verification to confirm that the livelihood allowance was exclusively paid to those who lost their lands.	It had been stated that the relevant report was being prepared based on the information obtained from the Divisional Secretaries.	Reports that allow for comparative verification to confirm that the livelihood allowance was exclusively paid to those who lost their lands have not been submitted.

specific amounts paid to each individual, the audit could not confirm that the expenses were exclusively paid to those who lost their lands.

33. Although the relevant agreement for implementing the pilot project for the rehabilitation of agricultural lands under Sri Lanka's major irrigation schemes was signed on 31 March 2021, the project activities had already begun in 2018. Between 2019 and 2021, twenty two departmental officers were sent for overseas training. However, there was no agreement through the contracts for the officers to contribute to the project's activities. Of the 22 officers who received training, 9 officers did not provide adequate contribution to the project due to reasons such as retirement, transfers to other institutions, or reassignment to other duties. Among them, two officers, who were scheduled to retire in July and August 2019, were sent to participate in a training course in Japan in February 2019. After several months of training, they both retired from the service. 2022 Criteria should be established for selecting officers for overseas training programs, and the selection process should be carried out accordingly. Additionally, conditions should be included to ensure that officers, once selected, remain dedicated to the project's duties, and that the knowledge and skills gained from these training programs are applied for the advancement of the relevant fields and to provide service effectively. Training opportunities should be provided to a larger number of officers, ensuring that the knowledge and skills obtained are utilized for the betterment of the project and its objectives. A procedure for selecting officers for training programs had not been introduced. During the selection of officers for overseas training programs, the necessary criteria for ensuring the success of the project were not determined, and officers were not selected accordingly.

34.	Although Cabinet approval was obtained for an expenditure of up to Rs. 60 million for the project, an estimated Rs.119.3 million was approved for land preparation and the construction of part of the dam embankments. Accordingly, approval had been granted to incur expenditure of Rs.59 million exceeding the Cabinet approval.	2022	The matter should be referred to the Appointing Authority for appropriate disciplinary action against the officers who authorized the estimated expenditure beyond the approved amount.	The approval for the estimated expenditure of Rs. 59 million, which exceeded the Cabinet approval, has not been obtained to date.	Disciplinary action has not yet been taken against the officers who approved estimates exceeding the approval.
35.	The Nachchaduwa Regional Irrigation Engineering Office of the Department had taken charge of the land development and construction activities for this project and implemented the same. Since 2018, several revisions had been made to the project's estimates. Under the first estimate, a total of Rs. 22 million was spent. Subsequently, for these activities, in 2022, an additional Rs. 22.6 million was approved, and another Rs. 17.3 million was paid for the tasks completed under the first estimate.	2022	Action should be taken to prepare Action plans for project tasks. Officials who decided and instructed to subdivide land plots, demarcate boundaries, and construct a canal system before the Divisional Secretary pointed out the boundaries should be referred to the appointing authority for disciplinary action.	Action plans, specifying timelines and assigning responsibilities for project tasks, had not been prepared and followed.	No action was taken against the officials who subdivided land plots, demarcated boundaries, and constructed a canal system before the Divisional Secretary had pointed out the boundaries.

36.	In order to supply 2.45 million cubic meters of water annually from Watagala ara, Mallipota ara, and Debera ara tanks in Monaragala district for the cultivation of 971 hectares of existing land and 728 hectares of new land during both cultivation seasons, this project with an estimate of Rs. 1250 million had been initiated in 2007 under the Pahala Uva Medium and Small Scale Development Project. As of 31 December 2023, the financial progress stood at Rs. 776.23 million, and the physical progress was reported at 91 percent. However, irrigation water was supplied to only 723 hectares. Accordingly, despite the project being operational for 17 years, irrigation water was not supplied to 976 hectares or 57 percent of the targeted lands. The inability to identify new lands and implement lower basin development activities for water supply resulted in the project failing to achieve its anticipated economic benefits. Consequently, the expected contributions to the national economy were not realized.	2023	The anticipated economic benefits from lower basin development activities should be integrated into the national economy.	Although 17 years have passed since the commencement of the project, irrigation water has not yet been provided to 976 hectares, or 57percent of the lands that were planned for development.	Actions have not yet been taken to provide irrigation water or to integrate the economic benefits into the national economy.

37.	Under the Morana Reservoir Project, initiated in 2012 with an estimated cost of Rs. 2,900 million, the reservoir was constructed to supply 16 million cubic meters of water to irrigate 570 hectares of land in the Badulla District. By 31 December 2023, the financial progress had reached Rs. 2,725.87 million, and the physical progress stood at 99 per cent. However, irrigation water was provided to only 449 hectares of new lands. Accordingly, although 14 years have passed since the project's commencement, irrigation water has not been supplied to 121 hectares or 21percent of the targeted new lands. Furthermore, compensation payments and the provision of alternative lands for properties acquired for the reservoir and main canal had also been delayed.	2023	Irrigation water should be supplied to the anticipated new lands, and a proper environmental impact assessment related to the project should be conducted. Additionally, compensation payments and the provision of alternative lands for properties acquired for the reservoir and main canal must also be completed.	Actions have been taken in accordance with the directives provided in the letter dated 07.10.2022 from the Secretary to the Prime Minister, No. PMO/DEV-11/01/01/MT G/SEP-02, regarding the decisions of the Committee for the Restructuring and Acceleration of Major Development Projects (RAMP).	Irrigation water has not been supplied to the anticipated new lands, nor has the task of providing compensation been fulfilled.
38.	Despite the expenditure of Rs. 521,548,736 on the Kumbukkan Oya Reservoir Project, no contribution had been made to the national economy so far. The anticipated benefits, including the provision of irrigation water to 5,429 hectares of land without irrigation facilities, supplying 12 million cubic meters of water annually for drinking water needs, developing 15 kilometers of alternative routes,	2023	The expected benefits should be identified from the incurred expenditure, and efforts should be made to integrate them into the national economy.	It has been stated that actions have been taken in accordance with the directives provided in the letter dated 07.10.2022 from the Secretary to the Prime Minister, No. PMO/DEV-	The expected benefits from the incurred expenditure have not been identified, nor have efforts been made to integrate them into the national economy.

generating 16 gigawatt hours of hydropower annually, promoting the freshwater fishing industry, developing urban areas in resettled regions, and constructing elephant fences to reduce human-elephant conflict, had not been achieved as of 31 December 2023.

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G/SEP-02,
regarding the
decisions of
the
Committee
for the
Restructuring
and
Acceleration
of Major
Development
Projects
(RAMP).

39. By the Cabinet decision number 2023 CP17/0583/729/011 dated 28 March 2017, regarding the Cabinet memorandum submitted under the title of compensation and resettlement of people who lost their properties due to land acquisition for the Kumbukkan Oya reservoir project, it was recommended that it is appropriate for the President to establish a general compensation scheme for such instances. The Finance Minister had observed that individuals living in the same area, affected by various projects, have been considered under different mechanisms. To address these issues, the Secretary of the Ministry of Lands was directed to urgently finalize new regulations for compensation to those who lost their lands/crops. Accordingly, the Ministry of Irrigation was required to coordinate with the

A common compensation scheme should be introduced for land acquisition, and actions should be taken accordingly.

A common compensation scheme for land acquisition had not been introduced so far.

A common mechanism for land acquisition and compensation payment had not been formulated and presented to the Cabinet.

Ministry of Lands to develop a common procedure for land acquisition and compensation under the project, and present it to the Cabinet. However, no action has been taken in this regard.

40.	Despite the lack of Cabinet approval for land acquisition and compensation payment, a sum of Rs. 43,998,988 out of provisions allocated for the project in the years 2019, 2020, 2021, and 2022 under the ministry expenditure head had been paid to the Divisional Secretaries of Medagama, Badalkumbura, and Monaragala to pay compensation for land acquisition. However, without a specific mechanism for compensation payment, the funds paid to the Divisional Secretaries were deposited into the general deposit accounts of those offices and remained idle for a period of four years.	2023	After identifying the individuals eligible for compensation, the funds should be released.	Regarding this matter, steps had been taken to inform the relevant Divisional Secretaries and recover the funds that had been deposited.	No action had been taken regarding the funds that were released without identifying the land losers and the individuals who were to receive compensation, which remained idle in the general deposit accounts of those offices.
41.	In relation to the Cabinet Memorandum No. CP17/2716/729/029, submitted on 24th November 2017 by the Minister of Irrigation and Water Resources Management, titled “Seeking approval to enter into a Memorandum of Understanding with a Chinese company to	2023	Disciplinary actions should be taken against the responsible officials for entering into the memorandum of understanding in violation of the policy decision made by the Cabinet and for	Although Memoranda of Understanding had been signed to initiate the projects, the environmental impact assessment process,	No disciplinary actions have been initiated thus far against the responsible officials regarding their involvement in entering into the memorandum of understanding and making

implement the Kumbukkana Oya Reservoir Project and the Hada Oya Reservoir Project under the Swiss Challenge Method”, the observations made by the Minister of Finance indicated that, in order to enter into agreements to implement a project under this method, it is necessary to complete the process of inviting and selecting counter-proposals in accordance with the guidelines on the Swiss Challenge procedure. Without following the relevant procedure under the Swiss Challenge Method as stated in the observations of the Minister of Finance for the Cabinet decision bearing number CP17/2716/729/029 dated 12 December 2017, the Ministry of Irrigation and Water Resources Management entered into a memorandum of understanding with a Chinese company on 30 March 2018, agreeing to conduct a feasibility study for the Kumbukkan Oya and Heda Oya Reservoir Projects. Accordingly, a memorandum of understanding was signed for Rs. 8,929,126, in violation of the policy decision made by the Cabinet. Furthermore, without following the proper procurement procedures, an agreement was made with a private company to prepare the environmental impact

making payments related to the environmental impact study process without including it in the initial study. which should have been included in these agreements, had not been carried out. Furthermore, the irregular payments made thus far have not been recovered. payments for the environmental impact study process, without including it in the initial study, in violation of the Cabinet's policy decision.

assessment report, which was part of the feasibility study and under this agreement, Rs. 5,150,880 had been paid by 31 December 2023. According to the Cabinet decision and as stated in the observations of the Minister of Environment, the environmental impact study process should have been included in the initial study; however, in violation of this decision, the aforementioned agreement was implemented, and payments were made in an improper manner.

42. The Director General of Irrigation had entered into an agreement with a private company on 20 July 2018, to prepare the Social Impact Assessment Report and the Resettlement Action Plan related to the Kumbukkan Oya Reservoir Project for a sum of Rs.4,008,750. Although the report and the plan were to be completed within three months, by 14 October 2018, the timeline had been extended on four occasions by a total of 1 year and 10 months, up to 30 August 2020. According to the agreement, 70 percent of the contract value could be paid after the draft report was approved by the Technical Evaluation Committee. However, there was no evidence presented to the audit confirming that the draft report submitted on 02	2023	An investigation should be conducted into the officials responsible for making payments for the first draft report and granting extensions, and action should be taken accordingly.	At present, all activities related to the agreement have been completed.	An investigation into the officials who made payments for the first draft report and granted extensions has not yet been initiated.

April 2019, had received the approval of the Technical Evaluation Committee. Despite this, contrary to the agreement, 85percent of the total contract value, amounting to Rs. 3,778,247, had been paid from 2018 to 2022.

43.	Although the activities related to preparing the feasibility study report, environmental impact assessment report, social impact assessment report, and resettlement action plan for the project commenced after January 2017, the inauguration ceremony of the project had been held on 28 January 2017. A sum of Rs. 22,771,296 was spent for this purpose under the expenditure head of the Irrigation Department. Accordingly, the inauguration ceremony had been conducted without carrying out any preliminary activities of the project, and the expenses incurred for it were made without proper approval.	2023	An investigation should be conducted regarding the expenses incurred for the inauguration ceremony without carrying out any preliminary activities of the project, and appropriate action should be taken.	No directives had been issued to prevent such incidents from occurring in the future.	An investigation regarding the expenses incurred for the inauguration ceremony without carrying out any preliminary activities of the project had not been conducted.
44.	Before obtaining approval for the primary evaluation reports of the project, such as the feasibility study report, environmental impact assessment report, social impact assessment report, and the resettlement action plan and implementing the project, a sum of Rs. 95,262,039 had been spent on the	2023	Action should be taken against the officials who commenced development activities before the approval of the project's primary reports and who prepared and authorized estimates with	It has been indicated that caution will be exercised when allocating provisions for such activities in the future.	No investigation had been conducted against the officials who commenced development activities before the approval of the project's primary reports and who

downstream development activities of the Thenagallanda and Ittakatuwa tanks under the Kumbukkan Oya Reservoir Project. The issues such as failure to complete the concrete basin planned for 100 meters from the sluice gate, failure to construct the sluice gate covering, installation of a G.I pipe for the sluice gate grader, irregular application of puddled clay on the reservoir bund, removal of silt from only one side of the tank, leaving the other side unattended and failure to hand over the tank to the farmer organization after its rehabilitation were observed in the downstream development activities of the Thenagallanda Tank.

errors.

prepared and authorized estimates with errors.

45. According to the Cabinet Memorandum No. CP 23/1028/604/010-I, presented by the Minister of Finance, Economic Stabilization and National Policies on 31st May 2023, the Project Management Unit was to be terminated after 31st May 2023. The Irrigation Secretary was instructed to entrust the responsibility of continuing the project activities to the Monaragala Regional Irrigation Office and to take further action regarding lands in coordination with the Divisional Secretaries. Accordingly, although the Project Management Unit was handed over to the	2023	The relevant documents for formally transferring the Project Management Unit to the Monaragala Irrigation Director should be properly prepared.	It was stated that actions would be taken in accordance with the instructions already given regarding the handing over of the project.	The Project Management Unit has not been handed over to the Monaragala Irrigation Director.

Monaragala Director of Irrigation, the relevant handover documents were not prepared formally.

46.	The Kudawilachchiya Reservoir Development Project had been planned under an estimated budget of Rs. 6,000 million during the period from 2021 to 2023. As of 31 December 2023, a sum of Rs. 162.14 million had been spent on the project. However, based on the recommendations of the Committee for Restructuring and Accelerating Mega Development Projects (RAMP), it was decided not to proceed with this project from 2023 onwards. Accordingly, the expected benefits of the project, which were identified as providing clean drinking water to 25,000 people in the Anuradhapura district, increasing the crop intensity of the Mahaweliachchya Major Irrigation Scheme from 1.57 to 2.0, minimizing human-elephant conflict, protecting archaeological sites from further destruction, providing water for the proposed pharmaceutical zone in Anuradhapura, supplying water to wildlife in Wilpattu National Park, and ensuring a sustainable water flow in the Modaragama Aru river, could not be achieved.	2022 2023	All projects should be reviewed to identify priorities, and presented to the Restructuring and Accelerating Major Projects (RAMP) Committee.	It was stated that the construction of the Kudawilachchiya reservoir has been halted as per the instructions given by the Restructuring and Accelerating Major Projects (RAMP) Committee.	A comprehensive review of all projects had not been conducted, and priorities had not been identified and submitted to the Committee for Restructuring and Accelerating Mega Development Projects (RAMP).

47.	Under the Kudawilachchiya Reservoir rehabilitation project started in the year 2021, 5 sluice gates were to be constructed in the small reservoir and it was decided to repair 5 sluice gates removed from Rajangana Reservoir and use them for that purpose. An estimate of Rs. 94,073,866 had been prepared for the repair of those 5 iron gates. At the end of the year under review, a provision of Rs. 10 million had been received out of the estimated amount, of which Rs. 9,997,582 had been spent to repair one gate and construct the Sand Blasting Yard as per the estimate. Due to the non-completion of the construction of the reservoir and the repaired gates not being used for the construction of the reservoir, the cost incurred had turned out to be an uneconomical expenditure.	2022	Steps should be taken to avoid uneconomic expenditures and ensure the completion of rehabilitation activities as planned.	The construction activities of the Kudawilachchiya Reservoir had been halted in accordance with the instructions given by the Committee for Restructuring and Accelerating Mega Development Projects (RAMP).	Due to the non-completion of the reservoir's construction, the repaired gates had not been utilized for the reservoir's construction.
48.	A project to develop water resources in the Vadamarachchi Lagoon to provide drinking water to the population of the Jaffna Peninsula was initiated in 2019 with an estimated budget of Rs.2,000 million from local funds. Although it was intended to be completed within the same year, the project was abandoned by 31 December 2021, after incurring an expenditure of Rs. 28	2022 2023	Information regarding this project should be included in the performance reports, along with the reasons for its abandonment.	It was stated that such details would be included in future reports.	The information regarding the abandoned project was not included in the performance report, nor were the reasons for its abandonment provided.

million.

49.	Although an estimate of Rs. 3,190,000 had been approved and spent for the geological investigations of the Daluggala Wewa in the year 2022, the expenditure incurred had become uneconomic due to the fact that the basic works related to the construction of the tank had been abandoned without starting anything.	2022 2023	Information regarding this project should be included in the performance reports.	Preventive measures had not been taken.	The information regarding this project was not included in the performance reports, nor were the reasons provided.
50.	Under the "Gama Samaga Pilisadarak" program, 2,411 hume pipes had been purchased for water supply to agricultural lands. Of these, 1,245 pipes were issued to farming organizations, but the expected water supply infrastructure was not constructed. By December 31 of the reviewed year, 1,166 pipes were left unused at the Padaviya Irrigation Engineering Office.	2022 2023	The purchased hume pipes should be utilized as planned.	A total of 2,187 pipes were provided to farming organizations, and these were utilized for water supply activities in the field.	The purchased hume pipes were not utilized properly.
51.	Although 09 development projects, with an estimated value of Rs. 128,942 million, implemented under the department exceeded their planned timelines, these projects had not been completed. These projects, which started in 2012, were granted extensions on several occasions with the approval of the Cabinet. However, due to delays, the anticipated benefits under the project objectives could not be achieved as planned.	2022 2023	A sufficient analysis regarding this matter should be conducted and reported to the Cabinet.	This matter was extensively discussed at the Committee for Restructuring and Accelerating Mega Development Projects (RAMP).	A sufficient analysis regarding the exceeding of the planned timelines for the development projects was not conducted, nor was it reported to the Cabinet.

An analysis regarding this matter had not been submitted to the Cabinet.

52.	According to the performance report issued by the Irrigation Department as of 31 December 2023, the financial progress of the Uma Oya Downstream Irrigation Development Project stood at Rs. 15,130.40 million. The project aimed to provide irrigation facilities to 4,500 hectares of new land and 1,500 hectares of existing land. However, only 750 hectares of new land had been provided irrigation facilities so far. As a result, irrigation facilities had not been provided to 87.5 percent or 5,250 hectares of the planned area. Furthermore, the project aimed to supply 30 million cubic meters of potable and industrial water to the Monaragala and Hambantota districts, develop livestock farms and freshwater fishing, exchange knowledge on modern technologies, improve 54 small reservoirs, and provide water to 110 reservoirs. Despite being initiated 11 years ago, these objectives have not been achieved so far.	2023	The documents should be prepared in such a way that the new paddy lands providing irrigation facilities and the existing paddy lands can be distinctly identified, ensuring the projects are completed swiftly to achieve the expected benefits.	It was stated that, according to the plans provided by the Project Director, the allocation of land, except for the construction of canal routes, does not fall under the scope of the Irrigation Department. It was also mentioned that the areas for cultivation under the project have now been identified and mapping is being carried out.	The documents had not been finalized in such a way that the new paddy lands providing irrigation facilities and the existing paddy lands could be distinctly identified, ensuring that the projects are completed swiftly to achieve the expected benefits.
53.	Uma Oya lower valley development works were planned to be implemented	2022	The recommendation made by the	It was stated that the current	Sufficient attention has not been given to all

under a total cost estimate of Rupees 9,352.5 million, but the approval of the Cabinet was received on 30 August 2021 to revise the relevant estimate to Rupees 17,914 million. It was also directed to pay due attention to the observations made by the Finance Minister while giving the approval and take prompt action accordingly. That is to say, "Many of the large scale projects under the Ministry of Irrigation, within a short period of time, without any change in their scope, the project cost can be seen to increase by a hundred times. Moreover, it is a precedent that can be seen in these projects in the irrigation sector that the increase in the estimated rate is much higher than the increase caused by the external factors of these projects, especially inflation and foreign exchange rate. Therefore, it is appropriate to review the estimated rates." However, this recommendation has not been implemented so far.

Minister of Finance should be implemented and for that, the project should current estimates be re reviewed with due attention to all the external factors affecting the project. fluctuations in prices are unprecedented under normal circumstance s, and efforts are being made to focus on the aspects mentioned during the preparation of the estimates external factors affecting the project, and the estimates of the currently ongoing projects have not been reviewed again.

54.	After diverting 145 million cubic meters of water from the Uma Oya Basin to the Kirindi Oya Basin annually, it was planned to build the new Kuda Oya Reservoir of 22.5 million cubic meters with the aim of releasing it for agricultural activities in the Southern Province, but	2022	A formal investigation should be carried out regarding the revision of the plans of Kuda Oya Reservoir without proper approval so that the water	There were no instructions issued stating that design modifications should not be made without proper approval.	A formal investigation had not been carried out regarding the revision of the plans of Kuda Oya Reservoir without proper approval so that the water

	the plan of the reservoir had been revised without proper approval so that it would be above the planned 30 km long canal bringing water from the Uma Oya to Kuda Oya.		released from Uma Oya cannot be retained and disciplinary action should be taken against the officials responsible for it.		released from Uma Oya cannot be retained in it.
55.	Preliminary estimates had been made with the aim of obtaining 109,524 cubic meters of sand required for the construction of the Kuda Oya reservoir from the area under the reservoir, but after changing the reservoir plan, the identified sand deposit had become the boundary outside the reservoir. There, Rs. 6,452 was estimated for 1 cube of sand required for the construction of Kuda Oya Reservoir, but arrangements were made to buy sand from an external supplier for an amount of Rs.10,100 and the relevant supplier was able to procure sand without paying any fees, which is located about 200 meters below the reservoir dam. An amount of 21,286 cubes of sand were provided from the planned site and an amount of Rs.190 million had been paid for it.	2022	Disciplinary actions should be taken against the officials who allowed the misuse of mineral resources and the officials who were responsible for buying sand at high price rates due to changing the project plan.	There were no instructions issued stating that work should be carried out according to the estimates.	Disciplinary actions had not been taken against the officials who allowed the misuse of mineral resources and the officials who were responsible for buying sand at high price rates due to the fact that the impact of changing the project plan was not evaluated .
56.	The separate records were not kept about the expenditure incurred for each project and annual financial statements had not been prepared. According to the January 2023 progress report of the Irrigation Department, Rs.	2022	An annual budget, procurement plan and action plan should be prepared for project work. Based on that, provisions should	Instructions have been given regarding accounting.	Due to the failure to prepare an annual budget, procurement plan, and action plan, as well as to allocate provisions and

	11,878 million had been spent at a rate of Rs. 9,870.92 million under the expenditure head of the Ministry of Irrigation until 2021 and Rs.2,006.67 million under the expenditure head of the Irrigation Department in 2022. However, the total expenditure incurred under and for each activity was Rs. 6,567.22 million. Accordingly, the task for which the sum of Rs. 5,310 million was spent out of the cost incurred for the project could not be precisely identified.		be allocated and account codes should be introduced and accounts should be kept separately. In addition, financial statements should be prepared annually.		account for them after introducing account codes, the annual financial statements had not been prepared.
57.	This project had been implemented under the procurement method (Force Account) using own employees and equipment and no certifications and completion reports had been submitted for the completed work sections under each of the approved estimates. Payments for materials, labor and machinery had been made based on the daily measurement books of the engineering assistants.	2022	The measurement reports and bills of the completed works under each approved estimate should be prepared and the work completion reports should be submitted with specific certification.	Certificates of completion had not been issued for the tasks completed through direct labor.	The measurement reports and bills of the completed works under each approved estimate and the work completion reports had not been submitted.
58.	The Department of Irrigation, tasked with preparing and implementing plans to utilize water released after hydropower generation for agricultural activities in the Kirindi Oya Basin, had, since 2009, planned under the supervision of a Deputy Project Director to divert water from the Alikotaara	2023	The project activities should be completed according to the initial plan to provide irrigation facilities in a manner that ensures the expected benefits are achieved.	It had been indicated that once the Buduruwagal a structure is completed, it would be possible to transport water to the Meegas Aara Tank.	Actions had not been taken to deliver the anticipated irrigation facilities by completing the project according to the initial plan.

	Reservoir, located 18 kilometers away, through the Meegas Aara Tank to the Kudaoya Reservoir at kilometer 24+365, and subsequently to the Priyantha's tank. However, due to the failure to complete the necessary downstream development works to enable the transportation of water to the Meegas Aara Tank, it had not been possible to channel water from the Alikotaara Reservoir to the Meegas Aara Tank.		Currently, the construction of the main canal is progressing rapidly, and it is stated that these works are planned to be completed within the next few months.	
59.	The plan included developing the Malala Ara from the Priyantha's Tank to the Kedumkada Tank, located 5.5 kilometers away, and subsequently transporting water to 40 tanks situated in Bandagiriya and Pahala Mattala. However, the canal development required to facilitate water transportation beyond the Priyantha's Tank had not been carried out so far. Due to the failure to complete the anticipated works under the Southern Bund Canal, it had not been possible to supply water to the lands in the southern region, the primary objective of diverting Uma Oya Basin water to the Kirindi Oya Basin.	2023	The canal system should be developed according to the initial plan to supply water to the 40 tanks located in Bandagiriya and Pahala Mattala as anticipated.	Due to the failure to complete the anticipated works under the Southern Bund Canal, it had not been possible to supply water to the lands in the southern region, the primary objective of diverting Uma Oya Basin water to the Kirindi Oya Basin. Water was not supplied as anticipated by developing the canal network as per the original plan.
60.	The Uмба Oya Downstream Development Project Office had managed the activities of the project with four residential	2023	A documented system containing important information or an	It had not been verified that the land acquisition, resettlement, No documented record was maintained to provide essential information for

engineering offices located in Kudaa Oya, Sinhalayagama, Handapanagala, and Wellawaya with a permanent staff attached to the project. However, there was no document containing important information or an updated computerized information system necessary for managing and directing the activities of land acquisition, resettlement, compensation, and distribution of new paddy lands. Therefore, it was unable to confirm during the audit that the land acquisition, resettlement, compensation, and distribution of new agricultural land had been carried out to the correct individuals in accordance with the criteria approved by the Cabinet.

updated computerized information system should be maintained to manage and direct the processes of land acquisition, resettlement, compensation, and the distribution of new paddy lands, providing essential information to take management decisions

compensation informed management decisions regarding land acquisition, resettlement, compensation, and distribution of new paddy lands. , and distribution of new paddy lands were carried out to the correct individuals in accordance with the criteria approved by the Cabinet.

61.	A total cost estimate for the project had not been approved, and contrary to the procurement guidelines, the project's estimated cost was divided into Rs. 50 million segments and approved by a procurement committee chaired by the Deputy Project Director, to suit to the committee's authority. These segments were then executed without a proper plan.	2023	Disciplinary action should be taken against the officers who acted in violation of the procedures outlined in the Procurement Guidelines.	It was stated that instructions had been given to prevent such shortcomings from occurring.	The actions had not been carried out in accordance with the provisions of the Procurement Guidelines.
62.	The sub-tasks related to the expected activities under the estimated budget of Rs. 9,352.5 million, presented to the Cabinet in 2010	2023	It is necessary to prepare records in such a way that project activities and	Instructions have been given to prepare reports	There were no records available to separately identify the project tasks and

under the Uma Oya Downstream Development Project had not been separately identified. Furthermore, due to the lack of proper documentation when approving estimates for expenditures under each sub-task, it became impossible to separately identify the activities completed within the project's timeframe and the associated costs. Despite incurring a total expenditure of Rs. 14,945.28 million by 31 December 2023, the failure to identify priorities and commence construction according to a proper plan has led to the need for additional provisions to restore the completed canal route, fix the embankment erosion, and address the sedimentation within the canals and concrete structures.

expenses can be identified separately, and the project's priorities should be identified to ensure construction is carried out accordingly. Efforts should be made to prevent the deterioration of the completed canal route, embankment erosion, and sedimentation within the canals and concrete structures. necessary to incur costs, and no actions had been taken to prioritize construction or implement necessary measures to prevent the deterioration of completed canals, including embankment erosion and sedimentation within the canals and concrete structures.

63. Since 2022, the Uma Oya Downstream Development Project activities have been assigned to the Department of Irrigation. However, copies of the reports prepared regarding the handing over of equipment used by the project office, performance or progress reports on the tasks completed as of the handing over date, copies of accounts reports containing details of expenses incurred up to the date of project handover, and the work completion plan intended	2023	The documents related to the handover of the project to the department should be submitted for audit.	It is stated that requests have been made to provide the necessary information in this regard.	The documents related to the handover of the project to the department had not been submitted for audit.

for completing the project by 31 December 2024, have not been submitted.

64. It was estimated by the Welioya Regional Engineer that 500,000 cubic meters of sand was deposited in the Welioya Dam, which was built in 2007, by the beginning of 2017, and since the sand sluice of the dam was not opened after 2017, a large amount of sand was deposited in the relevant place within a period of three years. Under the Uma Oya Downstream Development Project, Kuda Oya Reservoir, located about 20 km away from Welioya Reservoir, had been constructed and the estimated amount of sand needed for that was 109,524 cubic meters. Since the Irrigation Department had carried out the construction work of the Kudo Oya Reservoir under the procurement method using its own workers and equipment, there was an opportunity to extract the sand deposited in the Welioya Reservoir using the machinery of the project at a minimum cost and use it for the construction of the Kuda Oya Reservoir. Nevertheless, the Department of Irrigation had given approval to Dredging Lanka Private Company to remove the sand from Welioya Amuna to meet the sand requirement of the Kuda
- 2022
- In carrying out project feasibility studies, efforts should be made to accurately identify the locations where the minerals required for development work will be procured. Maximum utilization of available resources should be taken into account while giving permission to operate industries under force account.
- It was stated that sand had been purchased following the procurement process for the continuation of the Uma Oya project.
- During the feasibility studies for the project, no action was taken to accurately identify locations for sourcing the minerals required for development activities. When granting approval to operate industries under the procurement method of using the department's own workers and equipment (Force Account), no consideration was given to maximizing the utilization of existing resources. Disciplinary actions had not been taken against officials who acted contrary to these guidelines.

	Oya Dam. From 2017 to 2020, 6,239 cubic meters of sand was purchased from a private company at a cost of 192 million rupees.				
65.	The Regional Engineering Office Irrigation had not maintained any record of the amount of sand removed by the concerned company from the year 2018.	2022	Specific circular instructions should be issued to oversee sand removal activities in reservoirs, establish procedures, and strengthen the relevant internal control systems.	Preventive measures had not been taken.	Specific circular instructions had not been issued to oversee sand removal activities in reservoirs, establish procedures, and strengthen the relevant internal control systems.
66.	A formal system was not introduced to collect fees for the removal of minerals from the lands owned by the department and Monaragala Irrigation Director was informed to charge 150 rupees for a cube of sand, but no amount was charged for the removed sand.	2022	Specific circular instructions should be issued to collect land use charges according to the fees published in the Extraordinary Gazette Notice No. 1600/18 dated 06 May 2009 under Section 20 of the Forest Ordinance.	It is stated that charges for mineral removal were to be levied in accordance with the proper procedures.	Specific circular instructions had not been issued to collect land use charges.
67.	There, due to the purchase of materials and construction of the Moragolla, Uraula and Pailegama tanks under the Accelerated Irrigation Development Project in the Monaragala District (Wellassa Navodaya) without deciding on the priorities of how they should be renovated, it was not possible to supply water for cultivation from those	2022	To ensure the economic benefits of the expenses incurred for the rehabilitation of these tanks, construction activities should be prioritized, and the rehabilitation of tanks should be carried out based	It is stated that approval has been obtained for the revision of the relevant estimates, and further activities are expected to proceed. At present, instructions	The rehabilitation of the tanks was not completed by identifying priorities, nor was it brought to a condition where the public could benefit from the projects.

tanks. Furthermore, due to the limitation of budgetary allocation in the budget 2023, the expenditure of Rs. 140,963,871 incurred so far for the renovation of these tanks had also become ineffective.

on identified have been priorities. given to identify the materials purchased for construction and utilize them accordingly.

68. The civil work cost of Rs.37.9 million included in the estimate of Rs.49.9 million that had been approved for the reconstruction of Moragolla Lake, Rs.30.3 million or 80 percent had been spent, but the physical progress of the construction was 37 percent. Even though no sufficient physical progress was recorded, at the end of 2019, 2020, 2021 and 2022, materials were purchased in bulk again without using the raw materials purchased in the previous years with the aim of spending the remaining provisions. In the approved estimate related to the reconstruction of the tank, Rs. 28.6 million or 75 percent of the total estimate was reserved for the construction of the spill of the lake and for that in the year 2022, Rs. 9,872,170 was spent and 5,150 Kg of steel wire was purchased, whereas only 1,884 Kg was used. Thus, 63 percent of the purchased wire was remained unused.
- 2022 Rather than spending the remaining provisions at the end of the year, plans and estimates should be prepared according to technical specifications, and raw materials should be purchased accordingly. Circular instructions should be issued and continuously monitored to strengthen internal controls related to direct labor-based operations, to prevent irregularities.
- It has been advised to identify the priority construction projects and allocate the purchased materials accordingly. It has also been advised that Payments should not exceed the estimated items, and in situations where this is difficult, the initial estimates should be revised, and proper approval should be obtained for the revision.
- During industrial operations based on direct labor, circular instructions had not been issued to strengthen internal controls related to the process in order to prevent irregularities.

69.	After the restoration of Moragolla tank, it was planned to increase the cultivated area from 50 acres to 200 acres, but the required paddy fields were not identified and the preparation of canals to carry water to the crops was not included in the approved estimate.	2022	In implementing as phases, unaccomplished tasks should be included in action plans and priority documents and follow up should be conducted on ongoing basis.	It was indicated that the expenses for creating irrigation channels to bring water to the cultivations have been included in the new estimate after revising the original estimate.	The necessary paddy fields to increase the cultivated land area were not identified and included in the plans and priority lists and were not continuously monitored.
70.	An amount of 240.26 cubic meters of 6X9 granite required for the protection of the tank wall after the construction of the dam of Uraula tank was purchased at the expense of Rs. 3,499,500 in the year 2021 and piled at the construction site, and 1761 12mm wires worth Rs. 2,324,850 were purchased in the same year and were piled at the construction site for more than a year, but the tank dam was not built.	2022	During industrial operations based on direct labor, circular instructions should be issued, including internal control strengthening and criteria for utilization, in order to prevent irregularities. Construction activities should be completed promptly, ensuring maximum economic benefit from the expenses incurred	Currently, no provisions are provided under this project. The purchased steel wire are stored at the Bibila Irrigation Engineering Office. However, since the work cannot be completed under the existing prices in the prepared estimates, instructions have been given to revise the estimates.	Circular instructions had not been issued, including criteria for the purchase and utilization of materials for each project to strengthen internal controls and prevent irregularities.
71.	The agreement dated 17 September 2021, for the Climate Resilience Multi-Phase Programmatic Approach Project	2023	Contracts assigned to farmer organizations should not be	The objective of "assisting impoverished communities in	Circular instructions had not been issued specifying that contracts

(CResMPA) was revised on 23 May 2023. It was decided to undertake a restructuring process with the objective of assisting impoverished communities in rehabilitating their canal systems and improving their livelihoods. An amount of Rs. 4,500 million (USD 15 million) allocated under Components 1 and 2 of the project has been reallocated to introduce Component 5, titled "Enhancing Climate Resilience Capacity and Maintenance of Irrigation and Rainwater Infrastructure." This new component had been designed and implemented with the highest priority given to carrying out emergency repairs on irrigation systems, culverts, flood control structures, gates, and water tools across 25 districts. The project was planned and executed accordingly.

Accordingly, by 31 December of the year under review, 69 contract packages with an estimated value of Rs. 87,421,384 had been distributed to farmer organizations under the supervision of the Department of Irrigation. Out of these, 17 contract packages with an estimated value of Rs. 30.755 million were completed by 31 December of the year under review. However, field inspections conducted in the Batticaloa and Ampara

executed by rehabilitating assigned to departmental their canal farmer officers. systems and organizations improving should not be their executed by livelihoods" departmental was not officers. achieved.

regions revealed that many of these constructions had not been carried out by the farmer organizations but were instead undertaken by the officers of the department themselves, as confirmed by a third-party audit. As a result, the primary objective of this component—"assisting impoverished communities in rehabilitating their canal systems and improving their livelihoods"—was not achieved. Furthermore, project management oversight in this regard was minimal.

72.	According to Procurement Guidelines 3.7, the use of own personnel and equipment for procurement is only appropriate if the institution has a sufficient number of staff and adequate machinery. However, without confirming the existence of adequate staff and machinery, the regional irrigation engineering office implemented procurement methods under the Force Account system, using its own workers and equipment.	2022 2023	Before granting approval to implement activities under the procurement method using own personnel and equipment, compliance with the procurement guidelines must be verified.	Instructions have been provided to act in accordance with the procurement guidelines.	Before granting approval to implement activities under the procurement method using own personnel and equipment, compliance with the procurement guidelines had not been verified.
73.	According to Government Procurement Guidelines 4.2, the procurement plan should be prepared and updated, and the procurement method must be specified within it. As per Guideline 4.2.3(c), the procurement schedule	2022 2023	When implementing activities under the procurement method using own personnel and equipment, actions should be carried out in	Instructions have been provided to act in accordance with the procurement guidelines.	Instructions had been provided to act in accordance with the procurement guidelines; however, it was not confirmed that actions were

	should be approved by the relevant procurement committee. However, based on the information presented for audit, it was found that the procurement method for 137 construction and maintenance activities worth Rs. 978 million, carried out by 11 regional irrigation engineering offices in 2023, was determined by the respective Regional Irrigation Engineer.		accordance with the procurement guidelines.		taken accordingly.
74.	According to the data system of the Department of Motor Traffic, 2,004 vehicles were registered under the name of the Department of Irrigation, the Director General of Irrigation, or the department's address. However, based on the department's vehicle records, only 1,564 vehicles were identified. Therefore, 460 vehicles were not in the possession of the department.	2022 2023	Vehicles registered under the name of the Department of Irrigation but not in the department's possession should be investigated, and necessary actions must be taken.	Vehicles registered under the name of the Department of Irrigation but not in the department's possession will be investigated, and necessary actions will be taken.	The vehicles registered under the name of the Department of Irrigation but not in its possession were not investigated, and necessary actions were not taken.
75.	As the payment method followed by the regional irrigation engineering offices of the Department of Irrigation was not in compliance with government financial regulations, the Committee on Public Accounts had issued directives on 22 September 2016, to correct this procedure. However, disregarding the directives of the Committee on Public Accounts, the duties to be performed by an accountant	2023	The duties of an accountant should be removed from the service minute of the Engineering Assistant Service, and the service minute should be amended.	It has been stated that the Ministry of Irrigation is currently in discussions and has appointed a committee to establish a suitable procedure for certifying payments in order to streamline	The service minute had not been amended by removing the duties to be performed by an accountant from the service minute of the Engineering Assistant Service.

according to the service minute of the Engineering Assistant Service, as published in Extraordinary Gazette Notification No. 2013/31 dated 7th April 2017 such as certifying payments, making all monetary payments, co-signing cheques, and maintaining the petty cash book and supporting documents for payment had been stated as the duties assigned to the Divisional Assistant in the Special Grade of the Engineering Assistant Service.

financial control in the local irrigation engineering offices.

76.	Whilst invoices were not submitted by suppliers for materials, goods, or services provided for construction and maintenance activities at local irrigation engineering offices, payments amounting to Rs. 108,518,811 were approved, certified, and made for 402 vouchers.	2023	Invoices obtained from suppliers for the materials, goods, or services provided should be submitted along with the vouchers.	It has been stated that instructions have been given to ensure that the payment procedures are carried out systematically	It was not confirmed that the invoices obtained from suppliers for the materials, goods, or services provided were submitted along with the vouchers.
77.	According to Section 64 of Chapter 285 of the Irrigation Act No. 32 of 1946, the Department of Irrigation had not issued the necessary criteria to regulate the protection of major and medium-scale water projects, major river basins, watersheds, and reserves under its control, as well as the control of unauthorized construction, cultivation, water pollution, and unauthorized water use, and the establishment of	2022 2023	Legal action must be taken against unauthorized occupants in accordance with the provisions of the Irrigation Ordinance.	Since the regulations under the Irrigation Ordinance and the amendments made to it, along with other ordinances and legal provisions established in Sri Lanka, comprehensi	It was not confirmed that legal action had been taken against all unauthorized occupants in accordance with the provisions of the Irrigation Ordinance.

formal regulations for the maintenance of irrigation schemes.

vely cover all areas mentioned for the formulation of regulations under the Irrigation Ordinance, actions are carried out in accordance with these legal provisions. As the imposition of regulations for irrigation reserve boundaries does not fall under the scope of the Irrigation Ordinance, a draft regulation has been submitted to the Department of Legal Draftsman for publication under the State Lands Ordinance.

78.	According to Section 65 of the Irrigation Ordinance, 397 unauthorized constructions or cultivations associated with tanks, reservoirs, and anicuts under the jurisdiction of 26 regional	2023	Unauthorized activities associated with tanks and reservoirs must be reported to the District Secretary	The Director General of Irrigation had issued internal guidelines through Departmental	It was not confirmed that unauthorized activities associated with tanks and reservoirs had been reported to

	irrigation engineering offices managed by the Irrigation Department were identified. However, these unauthorized activities were not reported to the District Secretaries.			Circular No. 08/2014.	the District Secretary.
79.	Although 1,375,965,915 kilowatt hours (kwh) had been produced in 2022 by 213 Mini Hydro Power plants (Mini Hydro Power) in Sri Lanka, the Environment Division of the Irrigation Department had not followed a specific methodology in making recommendations for this purpose.	2022	Specific circular instructions should be issued on the procedure to be followed in granting approval for the construction of small hydro power plants. A data system should be maintained in respect of small hydro power plants.	The Environment al Division of the Irrigation Department had not followed a specific procedure when making recommendations.	Specific circular instructions had not been issued on the procedure to be followed in granting approval for the construction of small hydro power plants. A data system had not been maintained in respect of small hydro power plants.
80.	According to the statement made by the Divisional Assistant and the Storekeeper, it was confirmed that the materials mentioned in the monthly material report submitted on 31 December 2023, by the Engineering Assistant attached to the Maha Oya Regional Irrigation Engineering Office were not physically present. According to the letter No. FIN/ST/VR/2023 issued by the Director General of Irrigation on 24 November 2023, regarding the verification of material balances remaining at the end of the year under the custody of Engineering Assistants at departmental work sites through the	2023	A proper investigation should be conducted in this regard, and disciplinary action should be taken under Section 29 of Chapter XLVIII, Part II of the Establishments Code against the responsible Engineering Assistant and the officers who conducted the verification.	The Irrigation Director (Ampara) was informed to rectify the shortcomings in the 2023 Annual Stock Verification Report and submit an accurate report.	Disciplinary action had not been taken under Section 29 of Chapter XLVIII, Part II of the Establishments Code against the responsible Engineering Assistant and the officers who conducted the stock verification.

annual stock verification, the reports to be submitted by the Chairperson of the Stock Verification Board for materials remaining at work sites as of 31 December 2023, did not include information on these materials.

81.	A total of 1100 steel wires in 12 mm which were with market value of Rs. 30,002,500 and purchased on 23 March 2021 for the construction of Detagamuwa tank were stacked at the unit offices at Milagama, Kataragama without proper documentation.	2022	Internal control system related to purchase, issue, use and book keeping of store materials should be strengthened. Disciplinary action shall be taken under Section 29 of Chapter XLVIII of Volume II of the Establishments Code against the officers responsible for non maintenance of stock records.	It was stated that these materials have now been properly documented.	Disciplinary action had not been taken under Section 29 of Chapter XLVIII of Volume II of the Establishments Code against the officers responsible for non maintenance of stock records.
82.	According to the material summary of the Regional Assistant attached to the Hiriya Regional Irrigation Engineering Office on 08 March 2022, which was the audit date. There was a deficiency of Rs. 6,092,193 when comparing the stock balances of construction materials and the stock balances of the construction site and field warehouse of Edagala.	2022	Officers responsible for stock shortage should be identified and dealt with in terms of Financial Regulation 101(3) and in addition disciplinary action should be taken under the Establishments Code. Efforts should be made to improve the control system so	A committee has been appointed to investigate this matter, and further actions will be taken after receiving the committee's report.	Officers responsible for stock shortage had not been identified and dealt with in terms of Financial Regulation 101(3) and in addition disciplinary action had not been taken under the Establishments Code.

that release of materials to engineering assistants is closely monitored for use of materials and maintenance of records.

83.	According to the department stock book, 7,662 bags of cement worth Rs. 5,146,400 had been issued to the Engineer Assistant of Hiriala Division as of 31 December 2021, for the Phase III of Anadagala Dam and as of 31 December 2021, a total of 2784 bags of cement had been reported to be in the custody of the Assistant Engineer. However, in the physical audits conducted by the audit on two occasions, there was a deficiency of 2,796 cement bags costing Rs.2, 269,718.	2022	Responsible officers for the stock shortage should be identified, and actions should be taken in accordance with Financial Regulations 101(3).	A committee has been appointed to investigate this matter, and further actions will be taken after receiving the committee's report.	Officers responsible for stock shortage had not been identified and dealt with in terms of Financial Regulation 101(3) and in addition disciplinary action had not been taken under the Establishments Code.
84.	A sum of Rs.15, 455,953 had been spent by 28 December 2022 for the restoration of Hudaliyawa tank on a total cost estimate of Rs.41, 643,000, which was started on 8 August 2021, and there were still liabilities of Rs.6,576,474. A part of the tank silt removal work was done from October 2021 to February 2022 and for that purpose a machine with only one blade used for soil scraping, pushing and loading was obtained on rental basis from a private company. The JCB machine	2022	In cases where machineries belonging to the department are available, procurement of outside machinery should not be done on hire basis. Procedures to be followed shall be laid down and circular instructions shall be issued. An investigation should be conducted and	Measures had not been taken to prevent such occurrences.	No circular instructions have been issued specifying that external machinery and equipment should not be hired on a rental basis when departmental machinery and equipment are available, and outlining the procedures to be followed in such instances.

No. RS-1373 belonging to the Irrigation Department, which can carry out the above work, had been taken to the work site in Hudaliyawa, but that machine was not used. Works motor grader belonging to the department which can be used for soil scraping/cutting, 02 dozer machines which were brought from Anuradhapura Irrigation Office and a loader belonging to Nikaweratiya Irrigation Office were also parked near the field, but that machine was also not used for the work of the tank. In this way, while the department was able to get enough machinery, the drivers and assistants were being paid idle salaries, and vehicles had been obtained from private parties for soil cutting work on a rental basis.

disciplinary action should be taken against the officers who hired the machines while the machines owned by the department were idle.

85.	A total of Rs. 80,148 million was estimated for 16 large and medium-scale projects implemented under the Irrigation Department, while another Rs. 75,330 million was estimated for 3 other projects. As of 31 December 2023, Rs. 64,369 million and Rs. 1,817 million, respectively, had been spent on these projects. Although accountants/ finance officers were appointed for 17 of these projects, financial statements were not prepared and submitted for any of them.	2022 2023	Annual financial statements should be prepared and submitted for all major and medium-scale projects implemented under the department.	Instructions have been provided to submit the financial statements.	Annual financial statements had not been prepared and submitted for all major and medium-scale projects implemented under the department.

86.	The departmental organizational chart was not approved by the Department of Management Services.	2022	The departmental organizational chart should be approved by the management services department.	The organizational chart is in the process of being approved by the department of management services.	The departmental organizational chart has not yet been approved by the department of management services.
87.	Due to the missing personal files of 19 officers who had terminated their service in the department due to interdiction, resignation, death, or retirement, these officers and their spouses were unable to obtain their pension, gratuity, widow/widower's pension, and to rectify pension anomalies as per Public Administration Circular No. 14/2019	2023	The responsible officers for the misplaced files should be identified, and actions should be taken against them.	It has been notified that the relevant officers in charge should provide progress reports on pension payments each month.	The officers responsible for the missing files were not identified and no disciplinary action was taken against them.
88.	A total of 72 officers in the Department of Irrigation had retired during the year under review. However, due to the failure to submit the necessary documents with accurate information for the preparation of pension and the non-return of official residences to the government, 23 officers were unable to receive their pensions.	2023	A formal investigation should be conducted and necessary actions should be taken regarding the failure to present the information of retired officials and the failure to return official residences to the government.	It has been indicated that efforts have been made to update the official residence records.	It has been indicated that legal action has been taken against those who have not returned the official residences.
89.	Four officers who had retired from the department had not returned the	2023	Legal actions should be taken against the	It has been indicated that efforts have	It has been indicated that legal action has

department's official
quarters they were residing
in even as of 31December
2023.

officers who have been made to been taken
not returned the update the against those
official official who have not
residences. residence returned the
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residences.

60. Head - 283 Department of Forest Conservation

	Total Assets of Rs.	Total Liability Rs.	Total Equity Rs.	Audit Opinion
2021	2,746,312,942	816,236,346	1,930,076,596	Qualified
2022	4,424,947,972	832,218,235	3,592,729,737	Qualified
2023	4,924,761,921	709,484,382	4,215,277,539	Qualified

Se. No	Audit observation	Year of report	Auditor General's recommendation	Preventive measures taken by audit institute	Implementation status of recommendation as on date of report
01	It had utilized extra 72 perches more than the land given to a private company to conduct a small-scale hydro power plant in Nuwaraeliya since 2016 and the company had ceased the paying annual license fees since 2019. Accordingly, receivable amount of Rs. 5,435,860 could not be collected for 72 perches from 2016 to 2019 and for 174 perches from 2019 to 2023.	2023	Actions should be taken to examine the performance of the project and collect the relevant fees.	The Divisional Forest Officer has been informed to take legal action, due to the dues have not been paid so far.	No dues have been charged and no legal action has been taken to recover the dues.
02	Necessary actions had not taken to recover the total arrears amount of Rs.46,940,316 in relating to Rs.5,188,707, Rs.34,147,382 and Rs.7,604,227 respectively which had been defaulted by the quarry owners	2023 2022	Appropriate actions should be taken promptly to recover the arrears.	An amount of Rs.1,829,712.28 has been paid so far out of the amount of Rs.5,188,706.89 mentioned as the arrears fee to be collected from the quarry owners of Badulla District.	Rs.1,829,712 has been collected from the arrears and the remaining amount to be collected on 30.09.2024 is Rs.45,110,604. No legal action has been taken to recover the relevant charges.

in Badulla, Ampara and Monaragala Districts.

Accordingly, the outstanding amount due from Badulla District as on 31.12.2023 is Rs.3,358,994.61. Necessary legal procedures are being carried out to collect arrears from the owners who have to pay these arrears.

03	The 1059 check roll workers were registered and employed on the basis of daily payment since 2021 in plant nurseries belonging to the Walasmulla Site Forest Office and the names and National Identity Card numbers of 200 workers who were paid a salary of Rs.1,825,165 for the period of January 2021 to October 2023 were not accurate when examined with the voter list of the office of Election, therefor it could not be confirmed that those workers were actually employed in nurseries.	2023	Action should be taken to establish proper internal controls for the appointment of check roll workers, employment and payment of wages and confirm to the audit that the workers employed were actually employed.	Various persons come for the check-roll work and the details of all of them are recorded in the labour register as they mention. It is not possible to say with certainty whether all those names are mentioned in the election register of that region. Accordingly, the list of workers' names cannot be checked with the election office and proper verification cannot be done. The copies of the national ID cards of various erroneous names of the workers indicated by the audit query have also indicated the workers who	The employed workers were actually employed were not confirmed to the Audit.

could not identify the persons according to the national ID card, and the workers whose name is different according to the national ID card number. Also, some of these changes have been affected by typographical errors in the computerisation of names and numbers, and errors in the entries in labour documents. Therefore, there has been no fraud of the type mentioned in the audit query.

04	The illegal land encroaches have taken place in the area of the reserved forests due to the delay in gazette and publicizing a large number of forests under the control of the Department of Forest and it was observed that the percentage of natural forest population gradually decreased, which could have negative effects on sustainable development objectives due to the fact that those forests	2023 2022	Action should be taken to avoid the deforestation by expediting the process of confirming the ownership through survey of reserves and gazette.	The total area of reserved, conservation and other forest lands under the administration of the department is 6,561,000 hectares. Out of this, 1,499,130 hectares of land has been gazetted. The reason for the delay in forest gazetting is not due to a lack of technical knowledge on the part of the	Gazette of reserved forests is progressing slowly.

had to be exempted from protection.

officers but because the allocations allocated for it were insufficient. These activities can be expedited as soon as the necessary provisions are received.

05	Because of the damage of 861,921 different types of plants produced in the main plant nurseries in the last few years under various programs and most of the 160,000 plants that were planted in the year 2021 for replanting in the 42-hectare Naria Kanda pine forest plantation area associated with the Diyatalawa military camp and 210,759 plants which are 65 percent of 325,500 plants planted in 04 nurseries belonging to Walasmulla Site Forest Office that the amount of Rs. 10,145,508 which had been spent for that had also become idle expenses due to the lack of a planned program for the distribution of planted plants which included in the action plan.	2023 2021	A planned program should be followed to planting as per the requirement and to plant the produced plants efficiently.	Although it was planned to Forest plantation in the year 2020, due to the situation of the COVID pandemic and other crises in the country, there was no provision to grow all the plants that were produced. However, the plants were grown according to the provisions and so far, these plants have been used for various forest extension programs. Currently, there are 20,138 plants remain in Galgamuwa Nursery.	A formal plan for the distribution of the produced plants had not yet been prepared.

06	Although the Geological Survey and Mines Bureau should be informed to the holding company, the Explosives Control Authority and the excavator once every 06 months in relation to extent of excavation conducted of each mining site, contour lines calculated according to maps and owned by the concerned government land management institution according to Cabinet Decision but the arrears charges had not be able collected timely and properly from the quarry owners who is being conducted excavations beyond the limits as because not obtaining those reports with in the scheduled times.	2023	Appropriate procedures should be followed to concern with existing rules and regulations.	Although the relevant reports must be submitted by the Geological Survey and Mines Bureau to the land management agency every 06 months, the bureau does not always provide the reports within the stipulated time. However, after receiving the relevant reports, it was informed that they will be charged for the amount of granite that has been removed in excess of the approved amount.	Excavating beyond approved limits due to lack of adequate internal control systems. Accordingly, the arrears of income will not be calculated and collected on time and properly.
07	It had not been possible to conduct reforestation activities according to the action plan of the department as because of the fact that full felling had not been arranged to be felling within the stipulated time which 05 plantations handed over to the State Timber Corporation by the	2023	Actions should be taken to conduct the felling activities efficiently by maintaining good coordination between the two institutions.	In the year 2021, the Monaragala Divisional Forest Office handed over 72 hectares to the State Timber Corporation for clearing of 5 forests. In the year 2022, 35 hectares and in the year 2023, 20 hectares as all together 55	Felling down Delays still in operation.

Monaragala Divisional Forest Office in the year 2021. Therefore, the necessary actions had not been taken to prevent the loss due to damage to the plants which were planted in the nurseries and incurring high costs for maintenance activities.

hectares is fully completed.

The Forest plantation of the remaining 17 hectares is to be completed within this year and handed over to this department so that it can be afforested again.

08	Even though the 240 acres were given to 72 people from the Kurudooya reserve at the Halgranoya site in the year of 1971, which a place of water capacity area at an altitude of more than 5,000 feet above sea level, but the licenses had been canceled in 1978 as a result of not establishment of apple cultivation and not payment of relevant taxes since 1977. But the licensees had occupied about 1,000 acres of land without permission and engaged in farming by the year 1990. It was also observed that many people have built permanent settlements and temporary settlements and settled down at present.	2023	A resilient system should be established and implemented to protect reserve forests.	This area is a water catchment area and there are no records of the forest condition at the time of handing over these lands to the farmers and there has been no damage to the existing natural forests or forest plantations at present.	The reserve forests were not gazetted as planned and these lands continue to be permanent and temporary settlements.

09	For a long time, nearly 25,000 acres had to be excluded from the administration of the department due to unauthorized cultivation of the lands in the kabaliththa Reserve. Due to issues such as not demarcating the forest area belonging to the department by setting up boundary posts, lack of officers, and the lack of infrastructure for the officers, it was a difficult task for the department to protect the Kabaliththa reserve and it was observed that the demand for land for farming has also increased.	2023	Action should be taken to avoid the deforestation by expediting the process of confirming the ownership through survey of reserves and gazette.	It costs a lot of money to measure the reserve and put boundary posts, and if the officials give it in time, the process of surveying and gazetting the reserve can be expedited and forest destroy can be avoided.	Reserve surveying and gazetting is slowly processed.
10	Rs.1,106,846 received in the year 2007 and not spent for 16 years for the restoration of the impact on the environment during the implementation of projects, and Rs.1,152,314 given for the administrative expenses of 15 environmental survey study programs and not spent for more than 10 years, Rs.380,273,079, which had not been spent for more than 02 years, was kept in 04 deposit accounts	2022	Deposits that no longer need to be maintained as deposits should be identified and credited to government revenue.	The deposits that have exceeded the period of 02 years in the department's general deposit account are the money deposited for projects and land. As on 31.12.2023, their sum is Rs. 271,307,862. In this regard, it will be dealt with according to F.R..571(2).	As at 30 September 2024, there are security deposit balances of Rs.168,595,478 over a period of 02 years.

without being credited to the government revenue as per Financial Regulation 571(2).

11	There are more than 400 motorcycles owned by the department, but their values had not been properly assessed. Their value was shown in the financial statements as Rs.37,500.	2022	The appraised value of the vehicles should be included in the financial statements.	In the year 2024, instructions have been given to accurately assess and account for the value of all properties, plant and equipment owned by the department and are proceeding accordingly. After that this error will be fixed.	No action was taken to assess the vehicles.
12	Effective internal control systems were not established for accurate estimation, calculation and recovery of revenue from forests and private timber transportation, which were the major sources of income of the Department. Therefore, it was observed that the relevant parties defaulted on the crediting of money to the state revenue and the outstanding revenue which was Rs.1,491,611,273 on 31 December 2021, had increased to Rs.1,885,180,372 on 31 December 2022.	2022	As per the existing laws and regulations, the management should be taken to action to establish effective internal control systems for revenue management, ensure that deficit income accurately estimated and collected on time.	As at 01.01.2024, the collection of the dues due to the Department of Forest Conservation and all outstanding fees has been completed. Other arrears due to the department are being collected and Completed promptly and the advice of the Attorney General is to be sought regarding the arrears that cannot be recovered.	Effective internal control systems were not established in relation to revenue administration and accounting.
13	The construction	2022	Disciplinary	A committee has	The amount due

contract executed in the Kanneliya reserve under the provisions of the Ecosystem Conservation and Management Project (ESCAMP) had been stopped in the middle beyond the contract period, and Out of the initial work advance amount of Rs.4,750,000 paid for that, Rs.3,723,637 was not recovered in the payment of share money for the completed work, and the period of the related guarantee was not extended.

action should be taken against the officers who failed to recover the mobilization advance paid to the contractor from the bills submitted and the due amount should be recovered appropriately.

been appointed has not been collected till now. to look into this. However, it has been observed that this contractor has violated the agreement of the contract. Accordingly, it has checked the ability to recover this loss by the contractor and has submitted matters to the Attorney General regarding the recovery of the money. Further action will be taken based on the instructions of the Attorney General.

14	370 timber businesses run under the control of the Kurunegala Divisional Forest Office had not renewed their licenses for the year 2023, thus it was observed that by the end of February 2023, the total revenue lost to the Forestry Department was Rs.3,058,907.	2022	Regular follow-up on the running of timber businesses should be done to renew the annual registration on the due date and collect the relevant fees.	Gazette No. 1891/26 issued on 03.12.2014 has given a grace period of 06 months to the business owners to extend the timber business period, so at the end of that period, legal action will be taken.	There was no follow-up and legal action taken regarding timber business registration.
15	During the period from 2017 to 2022, 1,420 forest offence such as unauthorized clearing, felling of	2022	Efforts should be made to control and reduce forest offence and steps should be taken	Although litigation is attempted without delay, delays in	There was no minimization of forest offence and the head office's involvement in

trees, timber transportation has been committed in reserved forests under the control of the Mullaitivu Divisional Forest Office and the Olumadu Range Forest Office. It was observed that 253.053 hectares of protected forests under the control of 05 sites belonging to the Kurunegala Divisional Forest Office had been damaged, and the proceedings related to it were proceeding very slowly, and forest offence timber was being piled up and decaying.

to make the litigation are solving cases was resolution of beyond our not satisfactory. related cases control. efficient by However, the contacting the Divisional relevant courts Forest officers directly. have been informed to get the relevant work done as soon as possible.

16	Although 200 perches were leased to a private company that related to energy generation from February 2015 to run a small-scale power plant, as per the agreement, Rs. 5,000 per perch per year was borrowed for the first year only and tax money of Rs.1,000,000 was received and after that no amount was recovered. In addition to the contracted 200 perches, this company had used another 523.78 perches without	2022	According to the provisions of the Forest Conservation Ordinance, fees should be charged in a manner proportionate to the value of the financial or other benefits derived from the forest by the external parties and should be dealt with accordingly.	An amount of Rs.3,255,927 has been paid on 26.03.2024 out of the amount of Rs.17,364,944 which is the fee to be charged for the excess land area. The relevant institutions have been informed that the remaining amount should be paid in 04 installments.	Although the remaining amount was to be paid in 04 equal monthly instalments from April 2024, none of those instalments have been paid, so the amount to be charged as at 30 September 2024 is Rs.14,109,017. No legal action was taken to recover this money.

permission and accordingly, as at 18 February 2023, the amount due from the company for 08 years for 723.78 perches was Rs.40,349,839.

17	By the end of 2021, an outstanding fee of Rs.166,426,259 should have been collected from private businessmen related to the Vavuniya Divisional Forest Office. But 75 percent of that money was cut down and the approval had been obtained from Cabinet of Ministers to collect of 25 percent of that the amount of Rs.41,606,565. Therefore, a loss of Rs.124,819,694 had been incurred only for Vavunia Divisional Forest Office.	2021	Due to this decision, the government should take necessary decisions to prevent further loss	The committee appointed to study the practical problems faced by the granite industries and propose practical solutions to the situation has proposed to revise the tariff system published by the Department of Forest Conservation in the gazette notification 1600/18 and dated 06.05.2009. Accordingly, the quarrying fee has been reduced by 50%. It was also proposed to charge 25% of the arrears fee and to pay the related arrears in 36 monthly installments within 03 years.	Rs. 719,042 will be collected from outstanding fees.
18	An income of Rs.28,501,491 owed to the department as of 31 December 2021	2021	The maintenance of transmission towers	On 20.06.2024, Mobitel Company has informed the	The revenue due as per existing laws had not been collected in the

from 02 private entities for leasing construction of transmission towers on government lands under the administration of Vavunia Divisional Forest Office was not shown in the final accounts.

should be department that relevant account. followed the fees related up and recorded to the tower, with the relevant which is used in revenue accounts. common with the Mobitel Company's Dialog Company located in the Army Camp, will be credited to the account of "Api Wenuwen Api" the Ministry of Defence on our behalf until June 2022. The Ministry of Defence has been asked to confirm it. Since both these institutions are government institutions, they are working to resolve the problem through negotiation before taking legal action, and the Attorney General has also been asked in this regard.

61. Head - 284 Department Wildlife Conservation

	Total Assets (Rs.)	Total Liabilities (Rs.)	Equity (Rs.)	Audit Opinion
2021	32,566,974,159	6,609,372,304	25,957,601,855	Qualified Opinion
2022	32,615,018,738	6,867,124,490	25,747,894,248	Qualified Opinion
2023	32,693,630,538	9,151,120,002	23,542,510,536	Qualified Opinion

Se. No	Audit Observation	Year of report	Auditor General's recommendation	Preventive measures taken by the auditee entity	Implementation status of recommendation
01.	Debt balances of Rs. 1,580,671 exceeding 05 years as on 31 December 2023 due from 38 deceased, retired, and suspended officers, should be recovered in accordance with paragraphs 4.5 and 4.6 of Chapter xxiv of the Establishment Code of the Democratic Socialist Republic of Sri Lanka. The department had failed to take.	2021, 2022, 2023	Action should be taken to recover outstanding loan balances promptly in accordance with the Establishment Code.	Activities related to the debt recovery mechanism have been streamlined, and communication between the relevant departments has been streamlined.	Approval has been received for writing off the balance of Rs. 700,592 due from 28 officers, and it has been directed to write off the balance of Rs. 578,449 due from 7 officers. The balance of Rs. 127,221 due from two officers has been settled, and one officer with a balance of Rs. 85,300 has been reinstated.
02.	According to 2.14.1 (Additional 35) of the Procurement Guideline, though the purchase of goods and services valued at more than Rs. 500 million should be conducted by the procurement committee appointed by the Cabinet, in the year	2021	Should act in accordance with the procurement guideline.	Since the target values for the construction of electric fences of the Department of Wildlife Conservation are low, the allocations to be allocated for the maintenance and construction of electric fences will	Although it has been informed that the work will be done according to the procurement guidelines in the future, the procurement for the purchase of elephant crackers in the years 2023 and 2024 should

2021 for the purchase of 30 items of equipment for the elephant fence with an estimated value of Rs. 631,067,014, of the 07 contracts were divided into 07 tenders on 07 occasions, and it had been done by the Departmental Procurement Committee. For this reason, an additional cost of Rs. 557,320 was incurred due to the publication of the quotations in newspapers and the payment to the Technical Evaluation Committee on 7 occasions.

be limited and will be done according to the procurement guidelines in the future. be done through the Ministry Procurement Committee, but the total value was divided into several contracts and done through the Department Procurement Committee.

03. During the year 2021, 2022, 2023, including Rs. 58,640,147 for the construction of the electric fence and Rs. 14,433,552 for its maintenance, the amount spent for the electric fence only from the year 2021 to the year 2023 was Rs. 2,355,882,248 and on 31 December 2023, the total length of the electric fence was 5,389.97 km. Nevertheless, considering the elephant deaths, human deaths, and property damage that occurred in the last 5 years, despite
- Appropriate measures should be introduced to reduce human-elephant conflict.
- By issuing electric fence management procedures as a departmental circular, regularizing electric fence maintenance, introducing new approaches to educate the rural people about wild elephant human conflict, speeding up the compensation mechanism for wild elephant damages, and working to streamline the follow-up mechanism related
- The Department of Wildlife Conservation had made unique changes in the power grid management system to curb the human-elephant conflict. And more attention has been given to public awareness. As a result, it has been possible to reduce the intensity of human-elephant conflict by a significant amount compared to the years 2021, 2022, 2023

	the construction of the electric fence, no reduction in the human-elephant conflict was observed.		to wild elephant conservation activities are being done.	
04.	Between the years 2022 2014 and 2018, 05 motorcycles and an elephant truck belonging to the Southern Regional Office, which have been decommissioned, had not been disposed of in accordance with paragraph 02(a) of Asset Management Circular No. 05/2020 dated 02 2020.	Vehicles which are not in running condition and whose repairs are not effective, should take necessary action for disposal as per circular provisions.	Director General's No.: WL/1/7/Public/06-Volume II and dated 23.06.2023 by the Special Survey Board appointed to identify the vehicles suitable for disposal in 11 regions including the southern region, completed done and vehicle assessment is in progress.	The disposal had not been done by 30 September 2024.
05.	Although the course 2022 fee charged for the 2017/2018 batch of the Sri Lanka Qualification Guidelines (SLQF) Tier 3 Diploma Course in Wildlife Management conducted by the University of Colombo for 30 officers of the Department of Wildlife Conservation was Rs. 3,300,000, it was more than that for the 2019/2020 batch. A fee of Rs. 15,000,000 was charged in addition to Rs. 11,700,000, and the total amount	Such works carried out under foreign loan assistance should be carried out in an economical and effective manner.	The wildlife conservation department itself will conduct training courses from now on.	In this regard, the Secretary of the Ministry has also informed the University of Colombo and requested to bring the expenditure reports, but no good response has been received so far.

spent for this course was Rs. 38,819,579, and the amount spent for one officer was Rs. 1,293,333. The fee per student of the SLQF Level 8 Postgraduate Diploma course conducted by the said university was Rs. 250,000, and the World Bank's operational guidelines had not been followed while selecting the University of Colombo; the original copies of the invoices related to Rs. 21,590,108 were paid to the university, and the original copies of the vouchers related to Rs. 12,785,500 were not submitted for audit.

06.	In the year 2022, the South Regional Office had assigned 04 procurement works worth Rs. 5,337,814 to 03 community-based organizations without checking their qualifications in accordance with the State Finance Circular No. 01/2021 dated 29 September 2021, for the removal of undergrowth on both sides of the roads. Further, the	2022	Appropriate contractors should be selected as per the procurement guidelines and the works should be assigned on written agreement.	Training programs related to procurement activities have been conducted and the officials engaged in procurement duties in the regional offices have been informed, and the relevant officials have been informed to work according to the procurement guidelines.	The works have been completed as per the agreement and instructions are given to the concerned officials to avoid such late errors in the future.

agreements had not been signed by the department.

07.	According to the Fauna and Flora Protection (Amendment) Act No. 22 of 2009, Section 4 although an operational plan should be prepared for every nature reserve and sanctuary and they should be evaluated every five years and necessary changes should be made, such plans were not prepared for Mirissa, Kalpitiya, Hikkaduwa marine reserves, and Mandu Ganga Sanctuary.	2023	According to the Act, operational plans should be prepared for each nature reserve and sanctuary.	As the traditional planning process is very long, the Department of Wildlife Conservation has started implementing the process under a new model.	Management plans are being prepared for Mirissa, Kalpitiya, Hikkaduwa Marine Reserves and the Mandu Ganga Sanctuary.
08.	According to the Fauna and Flora Protection (Amendment) Act No. 22 of 2009, Section 14 , No development activity of any kind shall be carried out within a distance of one mile from the boundary of any national reserve by any person or organization, whether private or public, without the prior written consent of the Director General, without such written consent blocking the access road to the	2023	According to the act, the coastal area belonging to the marine park should be protected with proper supervision and unauthorized constructions should be removed.	The Park Owner submitted a proposal to the Hikkaduwa Regional Development Committee to remove these unauthorized constructions and accordingly the Coastal Conservation Department and the Hikkaduwa Urban Council have been instructed to remove the unauthorized constructions.	The Department of Coastal Conservation has given details to the Director General of Coastal Conservation about the illegal constructions to be removed, and the engineer of the Coastal Conservation Department has informed the Hikkaduwa Regional Development Committee that the illegal constructions in the coastal zone

	Hikkaduwa Marine Park and the marine unauthorized trading posts and tourist resorts were established in the coastal zone belonging to the park.			will be removed immediately after the approval of the Coastal Conservation Department.	
09.	In the action plan of the year 2023, 33 tasks that had been allocated Rs. 7,094,700 had not been implemented.	2023	Needs should be identified and projects should be implemented through a properly planned work schedule and plans should be revised in case of deviations.	The circular issued for the follow-up mechanism will be properly implemented.	A circular has been issued for the implementation of the follow-up mechanism and steps were being taken to deal with it in the future.
10.	It was observed that thieves had stolen 154 rolls of wire valued at Rs. 2,818,200 and 122 nuts & bolts of unassessed value, which were stored insecurely in a shed built temporarily in the Ritigala Wildlife Office under the Ecosystem Conservation and Management Project. Action had not been taken to identify the officials responsible for that loss and to recover the loss.	2023	The investigations should be completed promptly and the officials responsible for this loss should be identified and the loss should be recovered.	Provision of security services for large consignments from now on.	In relation to this incident, the case under case number B 1654/22 is currently being investigated by the Kahtagasdigilia Magistrate Court, and an investigation panel chaired by the Assistant Director of Anuradhapura is currently investigating. 104(4) test is done.
11.	In the Special Gazette No. 1454/7 dated 17 July 2006 regarding the declaration of the Maadu Ganga as a	2023	Necessary actions should be taken to accurately map the boundaries of the Mandu Ganga Sanctuary and	Revise the boundaries and arrange for allocation of provision for erecting boundary	It has been informed that the revision of the gazette notification with new boundaries

sanctuary, it was mistakenly stated that it is located in the Galle Divisional Secretariat Division. By the end of the year under review, the department had not taken action to correct the mistake and mark the correct boundary, and to map the sanctuary correctly, and had not taken action to collect a ticket fee from the tourists visiting the Maadu Ganga.	raise it as a National Park and collect fees.	posts and inclusion of tolls in the next revision of tolls.	will be done in the year 2024 after overcoming the technical errors that have occurred in the publication of the gazette of the Madugaga sanctuary and the necessary preliminary field tests have been started in the year 2023.
12. From the year 2019 to the year 2023, 315 hectares of prosopis juliflora plants (kalapu andara) in the Tabbowa Sanctuary were removed, and Rs. 57,401,665 were spent on habitat enrichment, and Rs. 5,865,900 were spent on the maintenance of the cleared area, but by the end of 2023, prosopis juliflora plants had grown in a large area. Due to	A formal system should be introduced to remove invasive plants and its maintenance should be done.	Allocation of funds to carry out formal scientific studies and follow up on those recommendations.	For the removal of juliflora plants and the maintenance of the removed areas, formal scientific studies have been conducted to confirm its effectiveness in the relevant area and according to its recommendations, provisions have been allocated in this year's action plan for the

this, it was observed that elephants find it difficult to stay in the reserve, and they travel to villages about 50 kilometers away.

removal of
juliflora plants
and the work is
currently being
done.

62. Head - 285 Department of Agriculture

	Total Assets	Total Liabilities	Equity	Opinion
	Rs.	Rs.	Rs.	
2021	27,056,545,554	566,030,939	26,490,514,615	Qualified
2022	28,104,304,558	569,899,599	27,534,404,959	Qualified
2023	29,866,254,232	645,998,210	29,220,256,022	Qualified

Se. No	Audit Observation	Year of report	Auditor General's recommendation	Preventive measures taken by the auditee entity	Implementation status of recommendation
01	According to the submitted records, 1,634 non-financial assets, including 1,235 units of buildings and constructions, 28 transportation equipment, and 371 land plots, had not been assessed and accounted for as of 31 December of the year under review.	2021 2022 2023	Assets should be assessed and accurately accounted for.	In the year 2024, the values of 04 plots of land and 6 building units have been assessed and accounted.	Concerned departments were informed and the recommendation was not fully implemented.
02	The sum of Rs. 11,989,882, which was accounted for as abatements in the Agricultural Farms Maintenance and Seed Sales Advance Account through cross entries during the reviewed year, was not included as an expenditure. As a result, the maximum debit balance limit of the Rs. 950,000,000 in	2023	Actions should be taken in line with Financial Regulation 503(2).	The necessary activities for the amendment of the limits were carried out promptly after the audit pointed out, it has been informed that due to unavoidable reason, the proposals could not be submitted before the due period for revision of the limits before 31.05.2024, so it	It had not been done according to the recommendation as on 30 September 2024.

	the Agricultural Farms Maintenance and Seed Sales Advance Account had exceeded by Rs. 11,859,129.			is not possible to agree to the revision of the limits.	
03	Section 224 of the Government Land Ordinance No. 08 of 1947. The ownership of 1,954 hectares of land belonging to 10 units of the department had not been transferred.	2021 2022 2023	All the lands owned by the department should be settled and taken over	All the requests related to the transfer of 1899.06 hectares of unclaimed land to this department have been forwarded to the Divisional Secretariats.	The total land area (approximately hectares) owned by the department is 3690.60 hectares, acquisition work of 1791.53 hectares of that has been completed so far.
04	Although 10 big onion production projects were implemented over the past 8 years, spending Rs. 337,170,792, according to the data from the Department of Census and Statistics, the local big onion seed production, which was 98,900 metric tons in 2014, had dropped by 83,060 metric tons, or 84%, to 15,840 metric tons by 2022	2023	Funding for projects should be done with care and action should be taken to success those projects successful.	In order to increase the local big onion production in 2024, activities are being carried out to encourage the farmers and to implement the 'Gamdorin Govibimata' onion promotion program.	Prior to preparing a project proposal, only audit and regulatory advice had been given to the relevant unit heads on the measures to be taken to achieve the desired objectives of the project and that such high cost projects should be implemented after a proper study based on a formal evaluation.
05	Despite spending Rs. 203.9 million on 05 activities under the KOPIA project from 2015 to 2020 to enhance big onion seed production and	2023	Projects should be implemented after a feasibility study.	That the Hambantota farmers have left the production of big onion seeds and they are growing hybrid chillies, Naimiris,	Only audit and regulatory instructions had been given to the relevant unit heads.

	agricultural technology in Sri Lanka, the audit test check revealed that the project had completely failed in the Hambantota district.			tomatoes, Capsicum etc. in safe houses, and from the coming season they are planning for a red onion seed production program in safe houses.	
06	In terms of the statement of losses and waivers (Note(i)), there were 437 incidents of losses and damages, with an estimated value of Rs. 106>934>291, that have persisted since 1976, for which investigations under financial regulation 104 have not been completed.	2021 2022 2023	Action should be taken promptly regarding losses and damages in accordance with regulations.	Committees with criteria have been appointed to take further action related to seed damage and plant death damage.	As of 31 December 2023, there were 340 financial regulation inspection files and from 01 January 2024 to 30 September 2024, 78 new files were started and only 72 files were completed.
07	No actions had been taken in accordance with Financial Regulation 108 regarding the loss and damage of Rs.13,188,887 for which investigations were completed under Financial Regulation 109 (1).	2023	Prompt measures should be taken according to the Financial Regulation 108 concerning the losses and damages.	A committee has been appointed for further action.	Although 03 sub-committees had been appointed to get recommendations, further work was not completed till 30 September 2024.

63. Head - 286 Department of Land Commissioner General

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	1,886,430,855	68,794,932	1,817,635,923	Qualified
2022	2,021,430,722	53,160,403	1,968,270,319	Qualified
2023	2,069,782,430	50,937,386	2,018,845,044	Qualified

Se. No	Major deficiency included in the Audit Report	Year of Audit Report & reference	AG's Recommendation	Preventive measures taken by the Auditee entity	Present position
01	As per the Annual Report of the Department although it has been identified that the Department was directly responsible for the Government lands representing 20 percent out of the total land mass of Sri Lanka, a Register of Land had not been maintained entering the disposal of lands since 1931 the year in which the department had been established.	2021 2022	A Register of Land or a Data base regarding Government lands should be prepared.	Activities had been commenced in the latter part of the year 2020 for preparing of an information system by doing a survey of Government lands. Accordingly, it has been expected to established a Data Bank for the management of the Government lands under this Department and for that had been requested to get provisioned Rs. 250 million from the budget estimate in the year 2024 however, as budget provisions of the year 2024, that amount of provisions had not been received. Therefore it has been impossible to prepare the information system of Government lands owned to this Department.	A Register of Land had not been maintained even by the date of 25.10.2024.
02	Government	2022	Maximum use	Out of the official	Action had not

	official residences are assets of the institute, although it is a responsible of the institute to make use effectively and efficiently in compliance with the laws and rules of the Establishment Code and Circulars without keeping those assets idle or misuse, had not been done so.		should be taken from the official residences.	residencies owned to this Department about 90 percent of official residences are old more than 25-30 years. There is no possibility to repair from the provision annually allocated. The residences which should be essentially made renovations, had been made each renovations, and has been taken effectively maximum use. Action had been taken to make policy decision regarding properly transferring official residences for the use of other Government institutes effectively.	been taken to use the Government official residences effectively and efficiently even by the date of 25.10.2024.
03	In terms of the Assets Management Circular No.05/2022 dated 04 April 2022 of the Secretary to Treasury, the all non-financial assets of the government should be properly documented and maintained and updated in accordance with the provisions of the relevant circular and reported to the Comptroller General's Office on due date for prevention of misplacement and	2022 2023	The steps should be taken to value the official residences and account under the non-financial assets and to obtain a maximum productivity from the official residences.	Assessing of official residences, land and buildings owned to this Department and are not being accounted as non-financial assets, it was informed that to all inter provincial and Assistant Land Commissioner offices to get the gross assessment appointing a committee including with the chairman ship of the Land Commissioner or the Assistant Land Commissioner of the inter provincial and Assistant Land Commissioner offices and an Accountant of the District Secretariat Office/Divisional Secretariat Office, land	Official residences and Circuit Bungalows owned to the Department had not been identified as non-financial assets even by the date of 25.10.2024.

misuse of the government's property as well as verification of the usage of the government's property in maximum productivity. There are aggregate 407 of official residencies and circuit bungalows belonging to the department and even though there are 399 official residencies, only 247 official residencies had been recorded in the CIGAS System as non-financial assets as at 31 December 2023 and remaining 152 official residences had not been identified under non-financial assets having valued.

officer. Out of the official residencies which have not been recorded in the CIGAS System, the gross assessment of 28 official residencies has been obtained by now and given to record to the CIGAS System. Accordingly gross assessment reports has forwarded by now from the Trincomalee and Ampara Land Commissioner inter provincial offices was being entered in to the CIGAS System on the date of 29.07.2024. Also there has been a possibility to give doing the gross assessment of rest of the other official residencies, land and buildings by the end of this year, as possible to enter into the CIGAS System. Action has been taken to make policy decisions regarding the effectively disposing of official residencies which could not possible to make use of anyway.

04 Even if 2023 "maintaining proper management which supports the title of undisputed land" has been stated as the "Mission" of the Department, a

An updated register of lands or an Information System should be maintained.

Activities of A formal system to obtain the information of Government lands are such as being carried out by leasing, land disposals, now through the e-Slim system and information providing grants, tax exemptions regarding all disposals relating to the

formal system to obtain the information such as leasing, land disposals, providing grants, tax exemptions and tax reliefs had not been maintained in the Department in respect of taking information and data about the lands even by 02 April 2024 by the date of Audit.

Government lands has possible to obtain through the e-Slim system that is, number of lots of lads has been entered in to the system, number of license, number of grants printed, number of lease recommendation has been approved, number of leases issued, number of land Kachcheri and information relating to follow up activities relevant to the land administration.

05	The e-Slim System implemented by Information and Communication Technology Agency of Sri Lanka with Land Commissioner's Department had been commenced in 2016 with the approval of the Department of National Planning with an objective of maintaining this information system for the economic and social development of the country by automatically performing through e-Slim in relation to the management of state lands without	2021 2023	The activities of the system should be improved comparatively to the cost incurred for e-slim system systematically.	When starting e-Slim System, the project proposal that has been given by ICTA institute with the intention of make efficient the service of the Land Commissioner General's Department for 05 years make digitalization excluding from the manual system. As well the agreement of maintenance and services has not been implemented in the year 2017 and in the year 2018 under the consultancy services has been called open bids and also in there action has been taken to enter in to the agreement with the institute which has been qualified Araya Business Solutions Private Limited. The	Information of state land and management system (e-Slim) in relation to the management of state lands had not been completed into operational level and handed over to the Department.

approval of the Cabinet of Ministers. As per the project proposal forwarded by Information and Communication Technology Agency of Sri Lanka, it had been estimated Rs.119.6 million as the expenditure for that and it will be completed within 05 years. It had been contracted with a private company for the maintenance, service and improvements of the system for payment of Rs.. 4,950,000 annually for a 03 years period from 12 July 2019 to 11 July 2022. Even though the total amount incurred was Rs.193,086,520 from 2013 to 2023, such activities had not been completed into operational level and handed over to the Department even up to 25 March 2024.

first stage of “Urumaya” programme which was in the budget speech of His Excellency President in 2023 was successfully ending within 03 weeks and taking action to give nearly 10,000 Free Grants through the e-Slim System was possible to mentioned as a one occasion. As well when systematization of lands own to the Government identifying Divisional secretariat office level provincial and inter provincial level, it will be possible to create a data system consist of very high value of data. Since there is a continuous process it is not a possible task to finish within 05 years.

06	Even though the lease should be accurately	2023	The action should be immediately taken to recover the	When calculating lease, taking a new assessment for the next	The Cabinet decision had not been taken

calculated and charged on the valuation obtained with regard to second lease period from the commencement date of the second lease period up to 16 November 2020 on which the approval of the cabinet of ministers had been given in the computation of the lease amount for the lessee who are entitled the concessions under granting the lease concessions to the lessees who had obtained the state lands on the long term lease in accordance with the Circular No.2020/06(1) dated 01 February 2021 among the circulars issued by Land Commissioner's General to grant the lease concessions for the lands leased on long-term on commercial base and its cabinet decision, on contrary to that, a lease amount of Rs. 70,518,510 had lost to the government due to informing the way of charge the lease

lease lost.

lease period after ending one lease period due to receiving a high amount of annual lease to provide concession for that, as per the Cabinet decision the approval has been given for the lessee who has ended first lease period after the date of 22.03.2017 and 28.02.2018, to recover 20 percent revision of lease to the lease amount that charge in the first lease period, without taking a new assessment relating to the second lease period.

For the lessees who start the second lease period before the date of 22.03.2017 for commercial activities and before the date of 28.02.2018 for agricultural activities accordingly the existing method lease will be calculated for the second lease period according to the new lease assessment. When calculating lease amount on a new assessment relating to the second or the subsequent lease period at the beginning of that lease period due to a huge lease has to be paid as an annual lease amount, considering requests received from various parties, to provide that concessions as per the

up to now for the Cabinet Memorandum forwarded requesting for granting the lease concessions relating to the 74 lessees.

related to 08 lease files in East Nuwaragam Divisional Secretariat Division in Anuradhapura district as per the letter No. 4 / 10 / පොදු / බදු සහන (L 2) dated 10 November 2022 of Land Commissioner's General addressed to Divisional Secretary of East Nuwaragam in Anuradhapura. Similarly, it was observed that there are 82 long-term commercial lease files available commenced the second lease period indicated in the above circular among the files of lands leased long-term on commercial base in the jurisdiction of such Divisional Secretariat Division and since the action had been taken to grant the lease concessions only to 08 files exceeding the circular by the letter No. 4/10/ පොදු/බදු සහන (L2) dated 10 November 2022 of the Land

above mentioned method although the Cabinet Memorandum of

අමා/20/0374/225/005 and dated 13.10.2020 has been forwarded the approval has been received that as per subject to implement that concession from the date of 16.11.2020.

In that from beginning of the second lease period according to the new assessment, due to payment has to be done some of the lessees have forwarded objections telling that lessees are again prejudice.

As per the objective of the Cabinet Memorandum the approval has been given by the Secretary to the Ministry to take action as mentioned in 03rd paragraph of that. Accordingly, for the above mentioned 08 persons who made objections lease concessions have been provided as expected from the Cabinet Memorandum.

Due to the contradictions had been between the Cabinet Decision and mentioned in the 2.5 of above the decision of the Secretary to the Ministry action has not been taken to give

Commissioner's General, it was further observed that a risk of discouraging the 74 lessees for payment of lease out of said 82 lease files.

concessions for other party except for the above mentioned 08 lessees as per the above 2.5. Therefore pointing out that the objective of forwarding the Cabinet Memorandum was not fulfilled, as per the instructions of the Secretary to the Ministry of Tourism and land preparing a draft of a notice of Cabinet of Ministers has been forwarded to the Ministry of Tourism and land, for revising the date of above mentioned lease concessions should be implement.

Due to the above mentioned problematic situation the expected concession has not been provided for all parties up to now and if expected approval received for the drafted notice of Cabinet of Ministers it is possible to provide that concession for all relevant parties. If not action will be taken to cancel that lease concession from the 08 lessees who had been provided up to now and to recover the relevant outstanding lease amount.

64. Head - 287 Department of Land Title Settlement

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	327,842,019	2,513,191	325,328,828	Qualified
2022	322,010,117	5,981,191	316,028,926	Unqualified
2023	364,833,765	2,552,316	362,281,449	Qualified

Se. No	Major deficiency included in the Audit Report	Year of Audit Report & reference	AG's Recommendation	Preventive measures taken by the Auditee entity	Present position
01.	Although an amount of Rs.8,000,000 has been allocated under the expenditure object 287-2-1-0-2509, for the preservation of more than one hundred years old land ledgers and other documents maintained in connection with implementation of Waste Lands Ordinance of 1897 and Land Settlement Ordinance of 1931, it had failed to utilize any of its provisions for the purpose of scanning the relevant documents.	2021	Annual targets should be implemented as planned and the provisions should be utilized within the year of allocation.	The activity of preservation of documents and scanning will properly be started from the year 2022.	Two stages of scanning had been finished and 03rd stage is being implemented. The dates to be possible to finish has not been identified.
02.	Even though the jeep No. KH –	2022	Confirmation should be obtained	Following the procurement procedure	Repairing has not been done.

	5711 has been handed over back to the same company on 09 August 2021 for the first service after doing a complete overhaul of engine on 01 March 2021, the vehicle had not been returned to the department despite 01 year 07 months had elapsed by the date of audit, 15 March 2023.	whether the new addition has been properly performed.	for the repairing of the Jeep No. KH -5711 on the recommendation of the Mechanical Engineer of the Ministry.
03.	The department shall maintain information about the officials who are administratively responsible for receiving or being in charge of government money, revenue stamps or belongings, or in connection with the distribution of government money or the issuance of goods in terms of the Public Finance Circular No. 1/2020 dated 28 August 2020. Although there were 75 officers in the department who should keep security, the number of	2022 Security should be obtained from responsible officers as per circular instructions.	Officers who should be kept security are not informed. 42 officers are not keep security.

	officers who kept security was 5.			
04.	Although it has been almost 21 years since Bimsaviya program had been started in 2002 in Homagama and Thambuttegama Divisional Secretary's Divisions, it had failed to be completed even by the year 2023.	2023	Action should be taken to achieve the expected progress.	Post investigation activities are being processed. Regarding this programs are implementing combined with the Divisional Secretaries and those issues are being gradually solved by now. The expected progress had not been achieved.
05.	In relation to the 87 Divisional Secretary's Divisions in which this program is being implemented, there are 4728 Grama Niladhari Divisions, but only 1449 of them i.e. 31 percent had completed their survey. Also, no survey work had been begun in 974 Grama Niladhari Divisions belonging to 26 Divisions even by 31 October 2023.	2023	Action should be taken to achieve the expected progress.	As well a special process has been identified to expedite the title registration by now, and a proposal has been prepared to finish survey works within 14 years, and after that finalizing all investigation activities within the coming next 03 years and as possible to register titles and a procedure has been proposed for that required approval and promptly fulfill the relevant tasks by paying incentives Due to surveying and difficulties of solving issues had not been reached to the expected targets.
06.	The Bimsaviya program had not been started in the districts of Ampara, Mullaitivu,	2023	Action should be taken to achieve the expected progress.	Doing the survey works, of these Districts as per receiving those cadastral maps It has been proposed to carry The presence of large number of unsettled village lands under the

	Kilinochchi, Mannar and Trincomalee and it was observed that there is an obstacle in achieving the desired objectives due to the fact that the program has not been fully started in any district.			out the investigation and other activities by deploying officers.	Land Settlement Ordinance No. 20 of 1931. With the objective of covering all island in the year 2024 plans have been prepared to start District offices in the District of Ampara, Mullaitivu, Kilinochchi, Mannar and Trincomalee etc.
07.	Under section 12 of the Registration of Title Act No. 21 of 1998, 58 percent or 972,592 of the total number of lots had been gazette up to 31 December of the year under review was 1,671,417, had been approved by the Commissioner of Land Settlement, it was observed that 42 percent out of the aforesaid has not been approved yet.	2023	Actions should be taken to approve the unapproved lots.	Prepare a ten-year strategic plan from 2024-2033 and has been implementing accordingly. Under the section 12 of the Act action had been taken to maintain information regarding noticed in the gazette.	1,017,955 lots out of the total number of lots had been noticed in the gazette up to 31 August 2024 was 1,740,581, had been given approval by the Commissioner of Land Settlement. As well 17 percent of title owners who are impossible to verify the title and not apply, legal issues and boundary issues had existed.
08.	As of 31 December 2023,	2023	Actions should be taken to carry out	The following activities have been prepared to	In the year 2023 lots had

	the total number of files set aside in 85 regional offices due to various issues was 490,327 and this amount was about 29 percent of the total land area of 1,671,417 that has been surveyed and gazetted so far. It was observed that follow-up and monitoring of the set-aside files were not carried out properly.	Follow-up and monitoring of set-aside files properly.	give prompt solutions for the issues which are possible to make decisions in department level. Necessary activities are being implemented by now, on the basis of annual targets 20 percent out of the Files are constantly set aside and when measuring the progress also giving solutions again specially observing monthly will be done.	been reduced by 20,000. 2,178 numbers of Cadastral maps had been given by the Survey Department in 2024. Only within the first 07 months added 12,912 files out of the total title decisions and from that set aside sections 4,723 giving decisions again was being fulfilled.
09.	The department had maintained 52 regional offices throughout the island for Bimsaviya activities, which were located in private and semi-government institutions. From the year 2019 to the year under review, an amount of Rs.246,884,260 was paid as building rent and security expenses of those offices, but due to the not function by the department as per the National Budget Circular No. 03/2022	2023 Actions should be taken as per the National Budget Circular No. 03/2022 dated 26 April 2022.	Find out requirement needed to establish regional offices as possible in the buildings of Government and semi government.	54 regional offices have been maintained in 28 private buildings, in 05 semi-government institutions, also in 21 government offices by now. Security expenses have been paid for 42 regional offices during the month of January in the year 2023 and number of those offices has been reduced up to 33 by now.

dated 26 April 2022, the building rent and security service expenses incurred for the year under review had been Rs.48, 390,246. The department had maintained 52 regional offices throughout the island for Bimsaviya activities, which were located in private and semi-government institutions. From the year 2019 to the year under review, an amount of Rs.246,884,260 was paid as building rent and security expenses of those offices, but due to the not function by the department as per the National Budget Circular No. 03/2022 dated 26 April 2022, the building rent and security service expenses incurred for the year under review had been Rs.48, 390,246.

10. From the year 1998 to 31 December 2023, the number of land plots sent to	2023	Actions should be taken to make timely follow-up by maintaining records regarding	The Department is taking action to obtain information through the monthly progress report under the head of title	As at the date of 31 August 2024 the number of land plots sent

	the land registrar for title certificate registration is 779,691 and the number of title certificates received after completion of the work is 422,070, although the work of 357,621 title certificates had not been completed. It was observed that the department had not conducted any records or follow-up regarding those certificates.	certificates received.	not certificates.	Department is also constantly taking action to do follow up paying special attention regarding these facts also when conducting progress review meetings.	for title certificate registration is 810,363.
11.	Although a 2023 Mediation Board should be appointed by the Commissioner of Title settlement for each Grama Niladhari Division situated in a definitely mentioned area as per stated in section 7(1) of the Registration of Title Act No 21 of 1998, Mediation Boards had been appointed only for 532 Grama Niladhri Divisions out of the 4728 Grama Niladhri Divisions in the 87 districts where	Action should be taken as per the provision of the Act.	Commissioners of our regional offices have been informed that by the letter dated 08.06.2023 to nominate Mediation Boards through the Grama Niladhari of each section and Divisional Secretariat Offices. Mediation Boards will be appointed only for Grama Niladhri Divisions which has been started survey activities.	By the date of 25. 09. 2024, Mediation Boards has been appointed in 64 Grama Niladhri Divisions for the year 2024.	

the Bimsaviya Programme is implemented as at 31 December 2023, and it was observed that non-appointment of such Mediation Boards for the remaining 4,196 Grama Niladhari Divisions had resulted in the decline of total progress.

12.	Among the 2023 decisions in 2023 under section 14 of the Land Settlement Act, although the number of land parcels planned to be published through the gazette was 200,000, the actual number of land parcels published through gazette was 56,789. When taken as a percentage it is an amount of 28.3.	Plans should be properly prepared.	Discussing relating to achieve these targets jointly with the Department of Survey, action has been taken to get engage in surveyors for relevant areas. Regarding this quantitative changes, action will be taken to upgrade the progress by making constantly follow up through the progress review committees and monthly progress reports by now.	Although by the Department of Survey agreed to that prepare plans of cadastral maps for Plots of 70,350 lands, 59,181 was given during the year.
13.	Although title 2023 certificates for registration of land titles in respect of 200,000 land parcels were expected to be issued, only 47,271 land title certificates had	Plans should be properly prepared.	The Department has been taken action to obtain information through the progress reports under the head of title certificates at hand relating to each office regarding title certificates at hand relevant to past years. Department is also	Although it has been planned to obtain Cadastral maps of lots 02 Lakhs in the initial plans of the year 2023, although that

been sent. That represented a 23.6 percentage.

constantly taking action to do follow up paying special attention regarding these facts also when conducting progress review meetings.

number has been reduced to 76,000 on the plan of the department of Survey, at the end of the year 2023 that amount had not been given.

14. As per the Act 2023 No 20 of 1931, the progress of sending the land settlement order for the approval of the Minister in charge of the lands subject, had reached a level equal to 40 per cent.

Action should be taken to reach the expected level.

As per the Land Settlement Ordinance Act No 20 of 1931, there are many work steps should be completed, before sending a land settlement order for the approval of the Hon. Minister. Through that publish settlement notices, hold heritage inquiries, field inspection and forward claims of surveys will be done directly involving by the land section of this Department. After forwarding survey claims after surveying relevant land lots, preparing lists of plans and lands details and forwarding to the survey department after that making last decision of settlement, preparing the order, forward to the land registration office for registration of land lots. Then the ordinance will be forwarded to the Minister for approval. Tasks that should be done by the land

On the delay of receiving plans and land details lists, also “s” Line Drawings, the progress of forwarding ordinance of settlement to the Hon. Minister has been at the same.

section had been fulfilled relevant to each area of mapped and on the non-receiving of plans and land details lists, also “s” Line Drawings for other mapped areas the above situation has arisen. Since expedite that situation again action has been taken to do continuously forwarding reminders, aware the relevant Senior Superintendent of Surveyors.

65. Head - 288 Survey Department

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	9,093,363,844	80,954,172	9,012,409,672	Qualified
2022	10,926,172,318	12,321,918	10,913,850,400	Unqualified
2023	11,414,670,900	26,348,034	11,388,322,866	Unqualified

Se. No	Audit Observations	Year of Report	Auditor General's Recommendation	Preventive Measures taken by the Auditee Entity	Implementation status of the recommendation as at the date of report
01.	An Unmanned Aerial Vehicle had been purchased by the Department on 31 December 2015 from a local agency by paying a sum of Rs.8,868,900 for aerial survey activities and the said vehicle had been subjected to a technical failure on 03 August 2017 in Habarana. Subsequent to its repairs, it had been further reported that its power cell had become inoperative again on 18 April 2019 and the Topcon Hipper SR GSP device had become inoperative on 17 July 2019 and that there had been a defect in the monitor of the Laptop computer which was provided for the aircraft on 04 March 2021.	2022	The attention should be drawn towards the purchase of equipment economically beneficial and affordable by officers of the Department and the possibility of obtaining such services on hire basis.	Since all the dry cells had been swollen by April 2019, it had been unable to fly the craft. As of 17 th July 2019, The GPS equipment part in Hipper SR Top con type (Required to rectify the GPS coordinates through RTK technology) remained inactive, and the dry cells should be charged before flying that apparatus. However, its inbuilt dry cell is a gadget prepared in compatible to this equipment and is not a device that can be instantly purchased from the normal market. However, it was not an obstacle to the ability of taking photos	The proceedings required to condemn this craft are in progress. The committee report is to be received before 31.10.2024.

Thereafter, damages had occurred on 26 April 2022 as a result of the rubber belt fixed to the western blade of the aircraft had either broken or detached. The Senior Surveyor (Special Survey and Quality Control) had informed on 08 May 2023 that it was appropriate to condemn the aircraft as 07 years had elapsed after its purchase and that it had not been flown for a period of nearly two and a half years. As this aircraft had become inoperative in 05 instances from the year 2016 up to the year 2022, no effective service had been obtained therefrom and as such, it was observed as an uneconomic transaction.

from the craft. However, the said matter has been inquired from the Boom Tech institution and a specific answer on that matter has not yet been received.

Even if the error of appearing lines intermittently still occurs on the screen of the Laptop that had been provided with this craft, that error is not a barrier to fly this craft.

The quotations had been given by the Boom Tech institution on 17 November 2020 to enter into service agreement for the years 2021/2022/2023, and no service agreement was made as those quotations are very higher. Also, even if the efforts were made to reimburse the insurance, it was not succeeded.

02	The total of provisions of 2 objects amounting to Rs. 300,000,000 from the provisions made from annual allocations of 2023	2023	The requests for allocations should be limited to the programs that can be completed during the year.	A total provision of Rs. 300,000,000 comprising of Rs. 20,000,000 from local funds and Rs. 280,000,000	The relevant project had not been started even as at the date of this report.

had been completely saved.

from foreign funds for development of an integrated land information system had been remained unspent as the

work of the project had not been carried out.

03 Surveyors of the department carry out various types of surveying, and out of which, the monthly target for landmarks surveying for statutory reasons is 20 allotments, and the Norms established 16 years ago as 30 lots names had not been reviewed in a way that suits today with the technological advancement of surveying techniques and equipment.

The Norms should be reviewed in a way that suits the present the technological advancements in measurement techniques and equipment.

The department has submitted the report to the Secretary of the Ministry of Lands after reviewing and revising the monthly workloads. The relevant monthly workloads will be revised once the approval of the Secretary is received. The purchasing modern equipment is an essential matter in working simultaneously with other countries of the world as a prominent technical department in Sri Lanka, and the improvement of technical methods and accurate measurement as the price of land is increasing is essential, and accordingly the purchasing of modern equipment

Subsequent to reviewing and revising the monthly workloads, the report had been handed over to Secretary of the Ministry of Lands. The relevant amendments will be done once the approval is received.

is done. As the progress has to be achieved by solving the present land issues available in addition to this in raising the monthly targets, it is further informed that such matters are an obstacle.

04	The total number of survey requests received under 08 survey types from previous years to 31 December 2023 was 129,270 and the number completed was 95,933, and the number uncompleted was 33,337 or 26 percent as at the same date. Among those survey requests, there were 8,688 survey requests over 4 years, 3,834 survey requests over 3 years, 4,712 survey requests over 2 years, and 6,276 survey requests over 1 year.	2023	The efficiency of fulfilling survey requests should be increased.	The number of pending survey requests is 33,337, which fluctuates from time to time. The number of unprocessed survey requests increase depending on the speed at which requests are received, the nature of land disputes arising in the field and the limited number of government surveyors working in the field. The government surveyors have not been recruited during the last 2 years.	Although the number of unprocessed survey requests increase depending on the speed at which requests are received, the nature of land disputes arising in the field and the limited number of government surveyors working in the field, the proceedings are done with maximum efficiency. The actions are taken to firstly complete the tasks which are more sensitive and to be prioritized in the country.
05	Even though a period of 195 days to 1338 days had passed since 2020 to 31 October 2023 after levying a sum of Rs. 1,187,085 as fees for survey	2023	Survey requests received should be processed promptly on priority basis.	As the number of the 16 requests related to the amount of Rs.1,187,085 stated in this question were not mentioned, it is	The actions will be taken to complete in future under the incentive system.

work from 16 institutions at the inspection of Survey Request Information Management System (SRIMS) and survey fee documents related to the Colombo District Office, the relevant survey work had not been completed.

not possible to identify these requests separately.

Further, after charging the fees, the survey requests are issued to the field instructing to proceed as a priority. The fulfillment of the surveys with high priority ordered by the courts will be delayed. Once we receive a survey request, the charges will be calculated based on the details provided in the request only. Subsequently, once the field works are started, the fulfillment of the request can get delayed according to varied disputed situations such as the complications regarding the boundary, there are also cases where it is not fulfilled in some circumstances.

As the more sensitive task in the country that should be prioritized should be accomplished first, it will take some time to implement the

			requests having lower priority.	
06	There was a delay of 66 days to 490 days for transferring 05 survey requests related to Colombo District Office of which details are stored in the Survey Request Information Management System to a relevant surveyor.	2023	The time and progress of fulfilling the survey requests should be checked.	Immediately after a survey request is received from the District Survey Office, it is entered in the SRIMS data system putting a Surveyor General's number and issued to the respective Divisional Survey Office by the District Survey Office. However, some survey requests may not be able to be fulfilled at once as the government surveyors in the Divisional Survey Office were busy with a huge workloads at that time and as there were urgent workload. Consequently, these survey requests are processed and as the survey requests which require higher priority such as survey requests made by the court should be prioritized, completion of some survey requests is delayed. Consequently, The period of time spent for issuing survey requests to government surveyors is determined based on the priority of the survey request. This is an unavoidable factor due to the large volume of survey requests received.

although the Divisional Survey Office receives the survey requests from the District Survey Office, it takes time to issue those to the Government Surveyors. It is determined based on the priority of the respective survey request.

07	The National Vocational Qualification (NVQ Level 2) course conducted by the Institute of Surveying and Mapping for Surveying Field Assistants had not been conducted in the year 2023.	2023	The students should be recruited on yearly basis as planned and the courses should be conducted.	The matters pointed out by the audit cannot be accepted. The course to give the National Vocational Qualification (NVQ 2/3) was conducted in the year 2023 for the qualified persons recruited in the year 2022 as the Survey Field Assistants.	According to the way of executing the enrollment process for NVQ courses, the arrangements will be made to conduct those courses.
08	1. Even though a master procurement plan should be prepared by the procurement entity pursuant to 4.2.1 (a) of the Procurement Guidelines, and the procurement activities expected for a period of at least three (03) years should be listed in accordance with	2023	The relevant officers had been instructed to prepare the main procurement plan for the next 03 years.	The respective officers have been instructed to prepare it correctly in the year 2025.	Since this is prepared once the budget is approved in the year 2025, the arrangement will be made to prepare it in future.

4.2.1 (b) thereof,
in the
procurement plan,
no such master
procurement plan
had been
prepared.

09	The opening balance in relation to non-financial assets as at 01 January for the year 2023 had been overstated by Rs.13,847,422 in the Form SA-82 of the financial statements compared to the closing balance as at 31 December of the financial statements for the year 2022.	2023	The balances shown in the financial statements should be the same as in the treasury records.	The disparities were identified and the rectification activities are under way.	The disparities were identified and the rectification activities are under way.
10	Even though the total of nonfinancial assets as at 31 December 2023 in the Form SA – 82 is Rs. 11,088,124,680, the difference was Rs. 14,004,922 as the value in the statement of financial position as at the same date was Rs.11,074,119,758. No measures had been taken to identify and correct this difference in the treasury books	2023	The balances shown in the financial statements should be the same as in the treasury records.	The required proceedings are being done at present in collaboration with the Central Bank.	The required proceedings are being done at present in collaboration with the Central Bank.
- .

11	Even though a total of Rs. 9,725,619 had been spent on furniture and office equipment, plants and machinery, there was a difference of Rs. 1,083,831 those purchases had been mentioned as Rs. 8,641,788 in form SA – 82.	2023	The balances of furniture and office equipment, plant and machinery shown in the financial statements should be the same as in the treasury records.	The disparities were identified and the rectification activities are under way.	The disparities were identified and the rectification activities are under way.
12	According to the Survey Service Minute, in the recruitment of apprentice surveyors to the department, 90 percent of qualified graduates are recruited through an open competitive examination and the remaining 10 percent will be recruited based on the skills of technical officers. Out of 90 percent who recruited as graduates, graduates of surveying science and other graduates are recruited at the ratio of 9: 1. There were a very low number of 22 students for the 4 year course from 2022 to 2026 since other graduates who are recruited in this way and a certain number of technical officers who are	2023	Courses should be designed so that maximum utilization of resources is achieved	The enrollments for the degree course are done as per the existing Service Minute of the Sri Lanka Surveyors' Service, the students are enrolled for these degree courses when the approval is granted according to the vacancies in the surveying service available in the department and based on the policy decisions taken by the government from time to time.	The examinations have currently been held to recruit the apprentice surveyors. The arrangements will be made to conduct the degree courses for those who become eligible.

selected through a competitive examination to pursue the degree in Surveying Science are recruited to study the degree course. It has been observed that no students for the degree courses in the absence of recruitment of apprentice surveyors.

13	The composition of the 2022 - 2026 graduation group consisted of 08 other graduates and 14 technical officers, and there was a specific method of determining the number of other graduates in selection for this course. Even though it is stated in the Survey Department's Staff Circular No. 16/2021 dated 02 July 2021 that technical officers are selected through a competitive examination, no specific methodology or written evidence for determining the number of such recruitments had been submitted to the audit.	2023	A specific methodology should be introduced for determining the number of technical officers.	A specific guideline by a service minute has not been given regarding the selection of officers of the technological service through a competitive examination to study the degree in surveying science. A guideline for this has been given by the Institute of Surveying and Mapping Advisory and Coordinating Board. It is also accepted that a specific method has not been introduced to determine the number of technological service officers who are recruited. However, as the recruitments are done according to	The matter has been presented to the Advisory and Coordinating Board of the Institute of Surveying and Mapping.

the existing Service Minute of the Surveyors' Service and the number of vacancies under the policy decisions taken by the government from time to time, the officers in the Technological Service of the Department are also given the opportunity to follow the Degree in Surveying Science simultaneously. Consequently, it is not possible to state certainly how many Technological Service Officers are selected at one time.

14	17 officers of the department had been appointed as permanent lecturers to deliver lectures in the Institute of Surveying and Mapping and a lecturer allowance had been paid in addition to salary of their regular post. The lecturer's allowance had been paid only 15 officers out of them and even though only the course supervision had been done by two	2023 Paragraph Ref. 3.6 (e)	The lecture hours should be reserved for all permanent lecturers who receive the lecturer allowance.	The particulars pointed out by the audit cannot be accepted. The diploma courses in addition to the degree courses, continuous professional development courses, NVQ courses, the courses conducted as per the requirement for the officers of the other institutions, training courses for security forces and one-day	The matter has been presented to the Advisory and Coordinating Board of the Institute of Surveying and Mapping.

out of them i.e. Senior Deputy Assistant General (Training) and Deputy Assistant General (Academic), no lecture had been conducted and three lecturers had received the allowance without conducting any lecture stating that they were in charge of classes. The year 2023 is the second academic year of these students and only 700 lecture hours had been conducted according to the information submitted to the audit even though the number of approved lecture hours to be conducted for that is 1950.

workshops for school students are conducted by the Institute of Surveying and Mapping. The permission to obtain the lecturer allowance for all the officers deployed in the service for these activities has been granted by the Letter No. 8/5/719/272/11 dated 13.02.2007 from the Director General – Establishments of the Ministry of Public Administration and Home Affairs.

The Surveying Degree Course is a course that should give knowledge theoretically and practically to the students. During the session of the said Surveying Degree Course and other courses related to the Surveying profession, the support of the lecturers to conduct the lectures and the support of the consultants (supervising officers) for the monitoring activities have to

be obtained. The entire academic staff has been categorized according to the post to which they are attached in the Survey Department. The lecturers conduct the lectures according to a timetable, and the attached lecturers conduct the consultative lectures in the class rooms during the period of training although they do not conduct lectures according to a timetable. Also, they provide practical knowledge in the field. Since the number of lecture hours is the same number of lecture hours approved by the University Grants Commission, the said number of hours has been maintained as it is, and it is monitored by the Institute of Surveying and Mapping Advisory and Coordinating Board when the results of the degree are released.

	courses from 2022 to 2026 are being conducted for 22 students, while only 17 short-term courses and 51 one-day workshops had been conducted in the year 2023. Even though this institution is located in a land of 61 acres consisting of 121 different building elements with very large physical resources, their utilization was at a very low level.	Paragraph Ref. 3.6 (f)	should be utilized to the maximum extent.	drawback of the study works was seen from the year 2021 as the recruitment of the officers who are recruited to our service was restricted due to the complicated situation occurred in the country from 2022, an environment; where our physical and human resources are required to be used up to maximum extent as per the decisions taken by the government, is being prepared at present, and the arrangements are being made to get the utilization of our institution to a very higher level in future.	have been made to conduct the competitive examinations to recruit 108 government surveyors and to conduct the degree courses. The government is taking steps to recruit government surveyors again in the future.
16	It was observed that the monthly cost per student is Rs. 81,353 since the monthly academic and administrative expenses for a student unit cost of a graduate student of the Institute of Surveying and Mapping is Rs. 25,426, and the monthly average salary of a student is Rs. 55,927 based on the average	2023 Paragraph Ref. 3.6 (g)	There is a need to reconsider about conducting this degree course in a background that produces the graduates in Surveying Science.	All the apprentice surveyors who are recruited for the service of the Survey Department should obtain a four (04) –year degree on Surveying Science. The said degree is required to be obtained only in a circumstance where the degree	The matter has been presented to the Institute of Surveying and Mapping Advisory and Coordinating Board to consider the recruitment as per the instructions of the University Grants Commission in future.

monthly gross salary of students in February 2024. Accordingly, the amount for the fouryear degree (48 months) per student was Rs. 3,904,944. 90 percent of the vacancies available from Survey graduates and other graduates are selected through an open competitive examination as there are external candidates exceeding the vacancies in the recruitment of apprentice surveyors. The audit opinion is that even though Degree in Surveying had not been awarded from any other University at the time of recognition of this institution under the Universities Act in 1990, this is a point necessary to consider once again regarding the conduct of this degree course further at such a large cost in the ground that Sabaragamuwa University and Kotalawala Defense University are currently producing surveying graduates.

of the graduate is a degree not related to the Surveying Science. When the Graduates in Surveying Sciences are recruited, the recruitments are done as one person pursuing another degree for every 9 persons pursuing the surveying science degree (9:1 Ratio). Accordingly, this degree is not mandatory for officers from the Sabaragamuwa and Kothelawala Defense Universities who are recruited with a surveying science degree, and a 06-month orientation course is conducted for those officers. As the qualification that “should have the Surveying Science Degree” is considered in respect of the recruitment of a graduate not having a surveying science degree to our department according to the Survey Act, only those officers should follow a 04-year surveying

science degree in
our institution.
Since these
officers are
graduates having
technical
knowledge in
varied subjects,
employing the
persons having
surveying science
degree makes it
easier to move
ahead with the
capacity to face
numerous
problems
encountered in an
institution.

66. Head - 289 Department of Export Agriculture

	Total Assets	Total Liabilities	Equity	Opinion
	Rs.	Rs.	Rs.	
2021	1,237,770,609	2,205,522	1,235,565,087	Qualified
2022	1,237,216,470	86,628,076	1,150,588,394	Qualified
2023	1,577,452,471	9,855,785	1,567,596,686	Qualified

Se. No	Audit Observation	Year of report	Auditor General's recommendation	Preventive measures taken by the auditee entity	Implementation status of recommendation
01	According to the Section 15(1) of the Promotion of Export Agriculture Act No. 46 of 1992, export promotion assistance shall be paid even after orders have been made by the Minister for schemes to grant subsidies and financial or other assistance, to the persons who grow and process the notified agricultural crops, but the export promotion assistance of Rs.602,900,000 was paid without making such orders.	2021	Provisions of the act should be followed.	That the arrangements will be made to dealt according to the provisions of the act in the future.	The recommendation has not been implemented.
02	According to the National Budget Circular No.01/2016(1) dated 17 March 2016 when acquiring vehicles under operating lease method, the maximum monthly rent (excluding value	2021	Circular instructions should be implemented.	That this situation arose because the vehicles acquired for the pool were later attached to the directors.	The recommendation was not implemented and as on 30 September 2024, the overpayment was Rs.12,986,000.

added tax) of a vehicle procured for Director and equivalent level officers shall be Rs.135,000. Even so, Rs.163,500 per month was paid for the vehicles that were obtained and assigned to 08 directors including the additional director general of the department.

03	07 government houses in the Department of Export Agriculture were not in use and 06 of those houses were in dilapidated condition and remained idle for many years.	2021	Actions should be taken to maximize utilization of assets.	That the plan has been arranged to repairs.	Remains out of use until 30 September 2024.
04	3 vehicles of asses value at Rs.3,000,000 have not been used for more than 5 years.	2023	Steps should be taken to repair and use or if that is not possible, to dispose of it.	That the arrangements will be made to auctioned these vehicles.	02 vehicles worth Rs.2,000,000 are still unused as on 30 September 2024.
05	The land where the Kandy district office is located on the border of the Mahaweli river and due to the severe erosion of the river banks, the embankment built towards the river, the meeting hall, the wall and the courtyard paved with interlocking stones were also at high risk	2022	Property and life damage should be avoided.	For the construction of a 115 meter long proposed gabion embankment on the south bank of the Mahaweli river, relevant field inspections have been completed and design work has been completed and a rough estimate of	The risk remains still and actions were not taken as recommended.

of bursting and cracking and landslides, but adequate measures were not taken to protect lives and property.

Rs.138.5 million has been prepared.

06	For the purpose of registration of export agricultural produce farms, farmers, processors and traders and to carry out activities related to obtaining Geographical Indications (GI) for pepper and cinnamon in Sri Lanka, 300 tablet computers were purchased at a cost of Rs.10,647,000 as of August 27, 2020, and given to 300 institutional and field officers, and computer software was also developed and introduced at a cost of Rs.1,505,000. Even so, 58 people who got tablet computers had not downloaded the relevant software by the end of the year under review. Also, during the last 02 years, only 238 (0.09 percent) of the total 250,000 cinnamon farmers had registered using the relevant computers. The registration of that amount was also done with only 29 tab	2022	Action should be taken to achieve the desired objectives of the project.	The information of more than 8000cinnamon farmers has been added to this digital system by April 2023 and the information of 50,000 cinnamon farmers is targeted to be included in this system by the end of 2023.	Only 31,500 farmers have been registered till 30 September 2024.

computers. Also, no attention was paid to the registration of farm processors and traders of export agricultural products during that time using the relevant software. Thus, a software was introduced at a cost of Rs.1,505,000 and annual maintenance costs of Rs.135,000 were to be paid for it, but it was observed during the audit that the software was not used to achieve the objectives of the project. Accordingly, the expected objectives of the project which was planned to be implemented at the cost of Rs.12,152,000 had not been achieved.

07	The Department Of Export Agriculture allocated a provision of Rs.400,000,000 to promote 12types of crops in the year 2023and had spent Rs.387,697,746durin g the year under review. In relation to that, seedlings related to12types of crops were distributed to the farmers during the year. Out of this, 622,226 plants were distributed to the farmers in Kandy district and among	2023	That the supervisors were instructed to investigate to minimize the occurrence of follow-up delays.	The follow-up process should be regularized until maximum production is achieved by the distributed plants.	The situation remained the same as on 30 September 2024.

them, 4,240 plants were destroyed out of 9,580 pepper plants that were given to 10 farmers in 03 divisions selected by Extension Officers in Kandy district. Also, although the 2,890 and 600 pepper and coffee plants were given respectively in relation to Rikilagaskada Extension Officer Division of Nuwara Eliya District, 1,225 and 598 pepper and coffee plants were destroyed respectively. Also, it is observed that the plants were not maintained, and the follow-up was not done for a sufficient period of time, and due to this, the tested crop was promoted with a low viability of about 54 percent.

08	The Department Of Export Agriculture allocated Rs.10,000,000 provision for research in the year under review and out of which Rs.6,410,734 had been spent during the year. Out of which for Matale Research Center Rs.5,703,092 had been allocated and Rs.3,607,811 had been spent in the year	2023	That taking steps to educate manufacturers through special training programs regarding the production of sugar free cinnamon biscuits and in order to get support for this from the Cinnamon Development Department and also it is expected	Research results should be contributed to the national economy and implemented in the practical production process.	As on 30 September 2024, it had not been implemented in practice.

under review. According to a research done on cinnamon at Matale Research Institute, even though it was concluded that biscuits can be produced by using cinnamon instead of sugar, manufacturers' awareness program in this regard was not implemented. As well as, even though Rs.730,000 were also spent and 04black pepper related researches were carried out to develop methods for extracting piperine for dry black pepper and to analyze how the quality of black pepper varies according to the regions where it is grown in Sri Lanka, any action had not been taken to communicate to public and black pepper farmers in this regard.

to introduce this technology to the biscuit manufacturing companies. That it is expected to use these research results for the future training programs related to black pepper. In relation to other products, there are small-scale manufacturers and that it is expected to hold training programs for entrepreneurs in the future.

09	According to the information obtained in relation to the period from the year 2019 to the year 2023, the maximum capacity level that can be produced in 12 plant nurseries directly operated by the department was 3,005,000 plants and even though the	2023	That the plant production was also done to the best of its ability while giving priority to maintaining research activities during the relevant period.	Plant nurseries should be maximum operated at maximum capacity.	Not operating at maximum capacity.

production target was 2,104,508 plants, the plant production was 1,829,144. Although the certified plants were 1,560,005 during that period, the number of plants released to the field was 1,514,813. Although the maximum production capacity of Kundasale and Nillamba plants nurseries under the department is 250,000 plants annually, the annual production was 65,026 plants which is 26 percent less than the plant target and the release of plants to the field was as low as 44 percent. Also, compared to the maximum capacity of 10 other government nurseries, plant production remained at 61 percent.

10	A vehicle has been acquired for a monthly rent of Rs.178,000 on the basis of driving 3,000km per month for a period of one year from May 2022. While the department has 98 vehicles. Accordingly, even though 36,000km should be driven in the year, by driving	2023	That the vehicle usage is limited due to the restriction of duty travel due to the Covid pandemic, restriction of public expenditure due to government policies, reduction in field duties due to this, providing fuel under QR code and holding meetings through	That the use of vehicles is limited due to restrictions on duty travel due to the Covid epidemic, restriction of public expenditure due to government policies, reduction in field duties due to this,	This situation was not corrected till 30 September 2024.

18,020km during that period, 17,980km were underutilized and a cost of Rs.1,066,813 was idly paid for it.

ZOOM technology etc.

providing fuel under QR code and holding meetings through ZOOM technology etc.

11	Although the department had purchased 50 tires totaling Rs.2,416,265 in December last year without identifying the needs of tires for vehicles, 35 tires worth Rs.1,812,231 remained in the warehouse by the end of the year under review.	2023	The need should be identified and purchases should be made.	Due to vehicles not running properly in the year 2022, tires were not issued in that year and tires were purchased for the purpose of maintaining the stock balance for the year 2023.	This situation was not corrected till 30 September 2024.

67. Head - 290 Department of Fisheries and Aquatic Resource

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	1,144,736,827	94,469,162	1,050,267,665	Qualified
2022	1,540,160,077	103,152,800	1,437,007,277	Qualified
2023	2,224,108,002	231,263,450	1,992,844,552	Qualified

Se. No	Major deficiency included in the Audit Report	Year of Audit Report	AG's Recommendation	Preventive measures taken by the Auditee entity	Present position
01	Although the authority of paying interest subsidy and monitoring of Diyawara Diriya loan scheme for the Government has been given to the Department, a suitable arrangement has not been used for the maintenance of registers or data file to be able to separately identified the payment details of under this loan scheme the date of each fisherman who has got the loan facility, the completion date of loan installments paid, interest subsidy should be paid monthly etc. Therefore it was impossible to verify the accuracy of the amount of interest subsidy more of Rs. 300 million had been paid within the period more than 12 years and including Rs.	2023, 2022	Accurate information should be maintained and this information should be furnished for audit as requested.	A data system including all the loan holders who are under the Diyawara Diriya loan scheme had not been maintained by the Department and for the settlement of the problematic situation has arisen form that the Department has taken steps by now. Accordingly, promptly doing recovering of loan amounts and installments due from the loan holders steps have been taken temporary suspension paying interest subsidy money to the Bank of Ceylon by the department, sending warning letters informing loan holders, being aware of all the District offices aware of loan	A data system including all the loan holders who are under the Diyawara Diriya loan scheme had not been maintained by the Department.

11,996,398 had been paid to the Bank of Ceylon during the year under review and information which required to accurately calculate the interest subsidy had been paid up to date were not furnished for audit. As well due to non-maintaining registers or data file including information relating to the recovering loan installments from creditors, unsettled balances and since the required information of the due balance loan amount to be paid the interest subsidy, the interest due to be paid, and to identified the debtors who are completed payments had not been furnished for audit the accuracy of this transaction had not been verified. However accordingly the registers of bank the loan balance given by the date of 31 December 2023 was Rs. 776,515,188.

holders through the field officers, obtaining all the detailed information from the Bank of Ceylon regarding the loan holders and obtaining information on agreements with the creditors.

02	In terms of regulations by the extra ordinary Gazette Notice No. 2255/22 dated 24 November 2021 orders have been issued by the Minister relevant to impose fees to collect state income for 53	2023, 2022	An adequate internal control should be implemented for issuing license.	As per the authority has given by the extra ordinary Gazette Notice No. 2255/22 dated 24 November 2021 collecting of income is being done under 53 occasions. Issuing	Issuing of licenses in a specialized paper with pre numbered has not been done.

occasions of possible to give licenses under 05 main activities. However in issuing licenses due to non - issuing of licenses in a specialized paper with prior numbered there have been a chance to issuing licenses without an income to the Government and since it was impossible to compare as per the financial statements in the year under review an amount of Rs. 179,170,315 of annual licenses fee income had been collected was also the income related to that all the licenses have been issued and the accuracy of the annual licenses fee income that mentioned above could not be satisfied in audit.

of licenses relating to that income collected is done by the Management Section, Quality Control Section, Development Section and Operating Section and the money collected to the bank account of our Department is monthly compared with the quantity of licenses which each section issued. Since the collection of income will be done online from the year 2024 licenses are being issued confirming that the income has received to the Bank. Therefore the possibility to easily compare income collecting relating to the licenses issued.

03	The Australian Government 4200 utility sets has been given for observing and monitoring of fishing vessels engaged in deep sea fishing activities. The cost of each utility set is 45 American Dollars, which should be paid to the company that provided the fittings. However according to	2023	A proper system should be prepared for fitting VMS utilities.	27 vessels which were stated by the audit and registered after 31.12.2020 have also been identified by the department management and an internal investigation is currently being carried out regarding them.	The internal inquiry carry out regarding this has not been finalized even by the 30 September 2024.

the tender procedures 200 utility sets should be free installed in 200 multi day fishing vessels However the Government has decided that for the vessels registered/produced after the date of 31 December 2020 installing of VMS utilities should be done by the relevant vessel owners themselves a supervision has not been done regarding how the relevant machines were fitted free of charge for the 27 vessels that were registered after the above date by the Department of Fisheries and Aquatic Resources.

04	Under the lagoon development programme, under the lagoon boundary marking project the 1,784 number of boundary poles required to mark the boundaries of the Chilaw lagoon but the number of poles was recorded as 4060 during the procurement process, therefore the number of poles 2276 of over produced amounting to Rs. 3,826,639 had been piled in 13 places in the Chilaw lagoon by the date of	2023	The cost of over purchased poles and the additional transportation costs incurred should be recovered from the responsible parties.	2276 number of poles which had been purchased in excess in the preparation of the estimates are to be transported back to the Puththlam lagoon and used for marking the boundaries of the Puththlam lagoon.	2276 number of poles purchased in excess had not been transported to the Puththlam lagoon even by the 30 September 2024.

31 December 2023. In terms of the Financial Regulations¹²⁸ (I)(i) Accounting Officers should be responsible for frugality and efficiency, propriety, regularity and honesty in spending public money but it was not taken care of.

05	Although 1048 of boundary posts had been produced to mark the boundaries of the Arugambe lagoon 420 boundary posts had been installed around the lagoon and 90 of them had been removed by unidentified miscreants. Approximately Rs. 222,300 had been incurred to construct and establish 90 border posts and related to those damages and losses had not been dealt with in in terms of the Financial Regulations. Furthermore the re-establishment of the removed boundary posts and the remaining 628 boundary posts to mark the lagoon boundaries had not been done even up to date of 31 December 2023.	2023	The loss incurred by the government should be recovered and the remaining posts should be used to demarcate the lagoon boundaries.	The Civil Defense Department has installed 420 boundary posts in Arugambe, 90 posts out of these boundary posts have been removed by unknown persons. A complaint regarding this has been made at Pothuwil Police Station on 18 .09.2020 in this regard.	The project of installing boundary posts to demarcate the lagoon boundaries even by the 30 September 2024.
06	There were 19 vacancies related to	2023	Required cadre should be	Action is being taken to conduct	No examinations

	10 senior level positions, 10 vacancies related to 02 tertiary level positions, 223 vacancies related to 08 secondary level positions and 05 vacancies related to 2 primary level positions. Accordingly there had been a large number of vacancies including senior level had been an obstacle when performing the main functions of the department.	recruited to achieve the objectives of the department.	examinations for recruitment to make appointments. Other officers are performing the duties of the respective posts.	have been conducted for recruitments.
07	Action had not been taken to transfer lands which are in 31 District Fisheries Offices own to the Department and even though the action should be taken to recognize the boundaries accurately lands out of 14 offices that preparing of boundaries had not been done.	2022 Action should be taken to transfer lands owned to the department and should be prepare boundary fence and accurately recognizing lands.	It could be able to prepare boundary fence after transferring lands mentioned here to this department and therefore the lands that offices located had only given a transferring certificate with a legal ownership by Divisional Secretariat and action has been taken to transfer those lands to the department.	These lands have not been transferred to the department.

68. Head - 291 Department of Coast Conservation and Coastal Resource Management

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	586,242,510	41,572,280	544,670,230	Qualified
2022	650,130,714	12,302,111	637,828,603	Qualified
2023	721,740,698	10,960,744	710,779,954	Qualified

Se. No	Audit Observations	Year of the report	Recommendation of the Auditor General	Preventive measures taken by auditee Institution	Implementation status of the recommendation as at the reporting date
01.	Action had not been taken to recover an amount of Rs. 3,280,780, being 85 percent of the recoverable amount of Rs. 3,853,006, which should have been charged to the department for unauthorized constructions removed based on demolition orders from 2015 to 2023.	2021 2022 2023	Money receivable to the Department should be recovered promptly.	Necessary legal action is being taken.	Necessary steps are being taken against those who have defaulted on payment.
02.	With respect to the four licenses issued to Lanka Mineral Sands Limited from 2007 to 03 September 2020, as well as from 07 September 2020 to 06 September 2021, the department failed to recover fees totaling Rs. 72,895,000 and Rs. 1,688,515,	2022 2023	Necessary action should be taken to recover the correct charges due to the government.	Action is being taken to recover the amount due to the government.	Lanka Mineral Sands Company paid Rs. 6,474,500 toward the amount due. On 02.03.2023 the Secretary of the Ministry of Industry met with the institutions involved and appointed a committee, in which Lanka Mineral Sands Company agreed to pay the

respectively, for excess sand mining. However, Lanka Mineral Sands Limited calculated that the total amount payable to the department is only Rs. 64,056,000, which they planned to settle within five years. This situation has raised concerns for the audit.

remaining amount owed to the government.

03. In terms of Sections 7 (e) and 12 of the Coast Conservation and Coastal Resource Management Act No. 57 of 1981, and paragraph 6.4.6 of the Revised Coastal Management Plan 2018 approved by the Advisory Council, the coastal reserves (setback) can be released by the Director General of the Department only for public development purposes that are deemed necessary based on recommendations from the Coast Conservation and Coastal Management Advisory Council. However, the objective of preventing or mitigating adverse effects on the coastal zone has not been achieved, as	2023	Action should be taken according to the Act	In case there is no reasonable alternative, taking the relevant facts into consideration and aiming to minimize the negative environmental impacts, the Advisory Council recommends development activities in the Coastal Zone.	It has been informed that in cases where there is no other alternative for the development of the coastal zone, taking into consideration the reasons and thus minimizing the negative impact on the coastal zone, the Advisory Council give recommendations for the development in the Coastal Zone.

construction permits were granted to 81 private applications within the period of December 2021 and October 2023.

04.	Out of 2,763 unauthorized constructions identified from 2012 to 31 December 2023, action had not been taken to remove 2,445 constructions by the end of the year under review.	2021 2022 2023	Unauthorized constructions should be removed without delay through a well-planned program.	It has been directed to obtain permits for unauthorized constructions that are eligible, and necessary work is being carried out to demolish other unauthorized constructions.	No action has been taken to remove these unauthorized constructions as of 30.09.2024.
05.	Coastal erosion around Kalutara has become a serious issue due to the widening of the Kalu Ganga estuary, which was implemented as a remedy to control the 2017 floods. From 2017 to December 31, 2023, a sum of Rs. 189 million has been spent on 19 projects. However, no permanent solution to the problem has been found.	2023	The amount of Rs. 189 million spent should be utilized in coordination with the concerned agencies to implement a permanent remedy.	It has been decided to conduct feasibility studies and initiate the projects in the future.	No permanent solution has been implemented to resolve the issue.
06.	By the end of the year under review, no action had been taken to transfer the ownership of the PD-1046 Toyota Hilux double cab vehicle valued at Rs. 5,800,000, nor to	2022 2023	As per Asset Management Circular No. 02/2017, dated 21 December 2017, arrangements should be made to transfer ownership of the vehicle or return it to	The forms required to transfer the ownership of the vehicle PD – 1046 have been filled and given	The State Ministry of Coastal Conservation and Lowland Development has not completed the necessary actions to take ownership of the PD-1046.

retrieve the vehicle for the department after it was handed over to the State Ministry of Coast Conservation and Low-Lying Lands Development on 16 November 2021.

the department.

07. Although a Memorandum of Understanding was entered into with the Information and Communication Technology Agency of Sri Lanka on 09 June 2016 to develop a system for Rs. 5,000,000 to issue permits through an online system for construction in coastal areas, the said institution later assigned the work to a private party for Rs. 14,528,000, resulting in an additional payment of Rs. 9,528,000.	2023	In procurement, the estimate should be accurately assessed, and if the service provider fails to deliver the service at the contracted value, the relevant contract should be canceled, and a suitable supplier be selected by following the procurement process again.	The decision has been made to adopt the procurement procedure.	No action was taken to recover the overpayments.
08. The problematic situation affecting 38 coastal houses was not remedied. Although a payment of Rs. 3,567,321 was made to the Railway Department for the transportation of raw materials and the deployment of flagmen at the railway crossing, the non-deployment of flagmen and delays	2023	The existing problems should be resolved at the outset, and the project should be completed within the stipulated time to achieve the expected benefits.	I am looking forward to carrying out the projects to ensure the government is not disadvantaged.	Although the construction work at the sites had been completed, no action was taken regarding the increase in the estimated cost to Rs. 65,919,292.

in the supply of materials caused the project, initially planned for completion on 11 November 2021, to be delayed, increasing the estimated cost to Rs. 65,919,292 by the end of the year under review.

69. Head - 292 Department of Animal Production and Health

	Total Liabilities Rs.	Total Assets Rs.	Equity Rs.	Opinion
2021	24,487,856	2,727,243,283	2,702,755,427	Qualified
2022	16,573,964	3,226,316,069	3,209,742,105	Qualified
2023	18,326,651	3,272,829,822	3,254,503,171	Unqualified

Se. No	Audit Observation	Year of report	Auditor General's recommendation	Preventive measures taken by the auditee entity	Implementation status of recommendation
01	According to the Paragraph 4 of Chapter XV in the Code of Establishments of the Democratic Socialist Republic of Sri Lanka, due to the fact that the 07 officers who had gone abroad for study, training or official work and did not reported back to work, the fines of Rs.5,727,891 due from those officers due to the violation of the agreement reached to serve a mandatory period of service were not collected.	2021	According to the agreement, the relevant money should be collected.	A case has been filed against three officers and necessary legal advice has been obtained to recover penalty money from the other four officers.	Three officers are paying the penalty in installments and the penalty has not been collected from the other four officers till September 30, 2024.
02	Gannoruwa Animal Research Institute's Treasurer (SARAP) committed an irregularity by taking an amount of Rs.14,749,160 from the income collected daily during the period from 2018 to July 2023 for personal use	2023	Financial Regulation should be followed.	That a preliminary investigation will be conducted to determine the parties responsible for the financial irregularities and the related	The preliminary investigation report and the Financial Regulation 104 (4) report have not been received until 30 September 2024.

without handing it over to the Chief Treasurer of the head office. F.R104(4) full investigation reports regarding this irregularity had not been issued by the end of the year under review.

report has been requested to be provided promptly.

03	Although the Central Poultry Research Center has Poultry houses and resources to maintain a maximum capacity of 5,181 cocks, the center remained underutilized by 68 percent by maintaining 1,680 cocks i.e. less than 32 percent during the year under review.	2023	The Poultry Research Center should be run at maximum capacity.	The chicken houses have enough space to breed more than 5000 chickens in the farm, but the capacity of the seed store is only for 8400 eggs, so the necessary arrangements are being made to purchase the setter machine required for the seed store.	As on 30 September 2024, the number of chickens maintained was 2,482.
04	The Boer type goat breeding project was started in the year 2019 in Imbulandanda Goat Breeding Center with the aim of fielding 250 goats at 50 per year in 05 years. An expenditure of Rs.91,970,290 had been incurred for this project by the end of the year 2023 and only an income of Rs.2,362,442 had been obtained during that period. Also, only 23 goats were released to the field during this period and therefore	2023	The planned objectives of the project should be achieved along with disease control.	During the quarantine period, due to the presence of B/T and CAE antibodies, the imported goat group was checked from time to time and infected animals were found and accordingly the release of animals to the field has been stopped.	Breeding activities and the release of animals into the field have been stopped since 22 May 2022 due to the encounter of infected animals.

the expected objectives of the project had not been fulfilled.

05	The upper floor of the canteen of the Continuing Education Institute which was completed on 04 January 2021 at a cost of Rs.11,611,665 remained idle for more than three years without being used for its intended purpose.	2021 2022 2023	The building should be used in relation to the intended purpose.	That will attempt to obtain at least a part of these requirements from the provisions under the purchase of office equipment and furniture in the year 2024.	It remained underutilized till 30 September 2024.
06	A contractor selected on August 24th 2018 for the improvement and renovation of the Polgolla Animal Toxin Laboratory was awarded the contract at a value of Rs.3,273,873 for completion by December 29th 2018. The contract agreement was canceled on August 11th, 2020 when the contractor abandoned the contract without completing the contract repairs. However, it was observed that due to the lack of proper repairs in the laboratory, it was not possible to carry out a proper disinfection process, and the research work and vaccine production work in the laboratory were being done with great difficulty, and	2021 2022	Necessary maintenance work should be carried out as per the plans of the animal toxin laboratory.	The agreement has been canceled due to the inability to complete the animal toxin laboratory improvement and renovation project within the stipulated time.	Repairs work of the laboratory had not been restarted as of 30 September 2024.

the repairs were not started again in the year under review

07	The local production of vaccine for foot and mouth disease was as low as 359,760 dosages or 25 per cent of the local requirement from 2018 to 2020 and the importation of those period was as high as 2,299,900 dosages ranging from 51 per cent to 91 per cent. Expenditure of Rs.89,344,215 had been incurred for that purpose. Accordingly, there observed tendency to increase the importation without resorting to increase the local production.	2022	Action should be taken to increase the local production and control importation.	That imports increased due to shortage of chemicals needed to produce vaccines	Although the import of vaccines has been stopped in 2021 and 2022, due to the department not taking steps to increase vaccine production, the production in the years 2021, 2022 and 2023 was at a low level of 249,320, 342,180 and 162,840 respectively.
08	Although the existing duck farm of the Central Poultry Research Center was converted into a cattle shed at a cost of Rs.1,562,000 in the year 2015, it was still not in use by 31 December of the reviewed year.	2021 2022	Resources should be utilized maximally.	That it could not be carried out as there were no workers to be employed for the use of young cows.	Remains unused as of 30 September 2024.
09	10 acres out of the 37 acres of land where the Imbulandanda Goat Breeding Center is located and 06 acres out of the 25 acres of land where the Karandagolla Poultry Research Center is	2021	The land should be utilized to achieve the objectives of the institution.	Although grass is cultivated in these 10 acres, that it has dried up due to the dry weather and that 6 acres are planned to be used in the	16 acres of land in two centers were without use until 30 September 2024.

located were not
utilized.

Poultry
Research
Centre.

70. Head - 293 Department of Rubber Development

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	871,194,711	5,495,891	865,698,820	Unqualified
2022	876,945,548	6,597,870	870,347,678	Unqualified
2023	888,309,198	1,682,001	886,627,197	Unqualified

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee	Progress of the Recommendation
01	The Department had not taken action either to write off or recover the losses and damages totalling Rs. 2,086,351 relating to 07 incidents that had taken place within a period of 04-09 years as at 31 December of the year under review.	2023, 2022, 2021	Measures should be taken effectively and productively on the losses and damages in terms of Financial Regulations.	Inquiries are underway on 02 of the said 07 incidents relating to losses and damages for which no inquiry had been conducted in terms of Financial Regulation 103 and 104 whilst legal instructions have been sought for 03 incidents. The loss will be recovered from the responsible officer with respect to one incident, whereas legal proceedings are underway for the other incident.	The Department had not taken action either to write off or recover the losses and damages totaling Rs. 2,086,351 relating to 07 incidents that had taken place within a period of 04-09 years.
02	A land in extent of 75 perches belonging to the Urban Development Authority worth Rs. 66,700,000 had been purchased by the	2023, 2022, 2021	Those lands for which payments had been made 14 years ago, should be acquired without delay, and necessary	The land had been surveyed in February 2024, but the Department of Survey has not provided the plan	The land has not been acquired by the Department of Rubber Development, and the land had not been made use of

	Department in the year 2009 by paying Rs. 59,304,347 for construction of the administrative building of the Department of Rubber development. Nevertheless, that land had not been acquired by the Department of Rubber development even up to the end of the year under review, and the land had not been made use of for any activity although a period of over 14 years had elapsed.		constructions should be made thus making use of those assets in a productive manner.	of the land thus far. The Treasury has been requested for provision required for constructions.	for any purpose even after a period of 14 years.
03	Legal rights to 69 official quarters under administration of the Department of Rubber Development, were in possession of other Government institutions. No action has been taken thus far to take over the rights formally.	2022	Acquisition of the rights to official quarters should be expedited.	Coordination with the institutions having rights to the lands where the quarters had been located such as, Land Reforms Commission, Divisional Secretaries and Rubber Research Institute, is in progress with a view to acquiring the lands. Acquisition of 04 lands had been done in the preceding year.	Acquisition of the rights to the lands where the quarters had been established, has not been completed.
04	As 32,563 cultivators in 15 districts to whom	2023, 2022,2021	Matters for abandoning cultivation after	A Committee has been appointed to make	The dues have not yet been recovered.

	subsidies had been granted for re-cultivation and fresh cultivation of rubber, had abandoned the cultivation, a sum of Rs. 126,306,217 remained recoverable from 3,544 cultivators by the end of the year under review. However, the Department had not taken action to recover those monies.		receiving subsidies for rubber cultivation should be looked into; and, Action should be taken to minimize such deficiencies when granting subsidies again and recover the dues without delay.	recommendations on the recovery or write off of those subsidies, and action will be taken in due course in accordance with report of that Committee. Instructions have been sought from the Director General of Public Finance to take action in terms of Financial Regulation 113 and Public Finance Circular, No. 01/2024 on subsidies difficult to be recovered.	
05	No survey had been conducted on rubber lands after 2010/2011. According to performance report of the Department of Rubber Development for the year 2022, the extent of lands where rubber had been cultivated, was shown as 138,526 hectares, but as per information of the Department of Rubber Development, that extent had been shown as 98,583.56 hectares.	2023	The Department of Rubber Development should maintain accurate information on the extent of lands where rubber is cultivated.	A survey on lands is underway based on the years 2023/2024, and will be completed by 2024.12.31.	The Department does not possess accurate data on the extent of lands where rubber has been cultivated.
06	Three motor	2023	Rights to those	As the 03 motor	The motor

	vehicles and 16 motorcycles used by this Department after being received from other Departments and Ministries over a period of 08-12 years, had not been acquired by the Department even up to the end of the year under review.		vehicles and motorcycles being used after being received by the Department, should be acquired without delay.	vehicles and 16 motorcycles granted by the then Ministry of Plantation Industries, had been registered under the name of the Secretary to the said Ministry, the Ministry has been requested that those vehicles be transferred to the Department.	vehicles and motorcycles have not yet been acquired by the Department thus far.
07	Officers had not been attached since 2021 to 05 posts of Assistant Director in Sri Lanka Administrative Service and 01 post in Sri Lanka Accountants' Service under senior category.	2023, 2022, 2021	Requirement for staff should be correctly recognized and discussions should be held with the Administration, thereby expediting the recruitment process.	The Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government, has been informed on the said vacancies.	Recruitments had not been made for the 08 posts of Assistant Director and 04 posts of Director of the Sri Lanka Administrative Service under the senior category.
08	Nine posts of Senior Rubber Development Officer and 61 posts of Rubber Development Officer, directly contributing to the operating process of the Department, remained vacant. A trend for filling vacancies in the posts of Rubber Development Officer was not observed from the year 2021 up to the year under review.	2023, 2022, 2021	Requirement for staff should be correctly recognized and discussions should be held with the Administration, thereby expediting the recruitment process.	The number of vacancies in the post of Rubber Development Officer has increased due to the fact that approval had not been given by the Government to recruit to those vacancies created by retirement and resignation of officers.	Action had not been taken to revise the approved cadre based on service requirements, or recruit 08 Senior Rubber Development Officers and 66 Rubber Development Officers.

71. Head - 294 Department of National Zoological Gardens

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	6,112,286,578	2,245,677,121	3,866,609,457	Qualified
2022	6,235,700,352	2,038,023,992	4,197,676,360	Qualified
2023	6,314,269,998	1,951,187,252	4,363,082,746	Qualified

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive measures taken by Auditee entity	Implimentation states of recommendation as at date of the report
01	Paragraphs 6.1 and 7.2 of chapter XIX of Establishments Code of the Democratic Socialist Republic of Sri Lanka ,the lease period of all the houses except a house allocated to a certain position is 05 years and a penalty rent should be charged for the period of residence in a house beyond the prescribed lease period.Although 12 quarters which were given on the basis of five years of lease have passed the lease period	2021	Action should be taken in accordance with the Establishment Code.	Although the director general of the institution had given instructions to collect only the penalty rent from the officers who stayed in the houses for more than 05 years, a committee has been appointed in the department as directed by the Director General to review the recommendation. The committee's recommendations are being processed within a month.	Even though a new law had been proposed to be specific to the department, such a law had not been approved by 30 September 2024.

from 06 to 33 years in contrary to that, it was observed that the officers were staying in the quarters of the Department without paying the penalty rent.

- 02 According to 2021,2022, 2023 These constructions which are stopped in the middle should be completed by another method and put to effective use. The Deputy General Manager of the National Machinery Institute has been informed on 17.07.2024 to settle the arrears. By 30 September 2024, the construction had not been completed and the money due had not been received.
- According to the agreements entered into by the National Zoological Department with the National Machinery Institute for 06 construction projects worth Rs. 176,281,496 the said institute had not worked. As a result, although the contracts related to those projects had been terminated as per the decision of the Procurement Committee, the Rs. 69,558,270 incurred for the construction had become an idle expenditure due to the fact that the projects which had been stopped in the meantime were not returned to a new contractor. Rs.14,360,310

should have been recovered from the mobilization advance amount given to the National Machinery Institute for 04 projects after adjusting the retention amount.

03	Action had not been taken to recover a total of Rs.2,568,817 out of Rs.478,872 from 08 dead officers, Rs.724,136 from 19 officers who have left the service, and Rs.1,365,809 from 19 suspended officers, out of which Rs.1,077,431 was outstanding balance for more than 5 years in accordance with paragraphs 4.5 and 4.6 of Chapter xxiv of the Establishment Code of the Democratic Socialist Republic of Sri Lanka.	2022,2023	The outstanding loan balances should be identified and steps should be taken to recover them promptly in accordance with paragraph 4 of chapter xxiv of the Establishment Code.	The Attorney General's Department has been consulted regarding the loan balances of more than 05 years and further action is being taken accordingly. Actions are being made to recover the loan balance of the suspended officers from the guarantors.	These loan balances had not been recovered or written off by 30 September 2024.

04	Ridiagama	2023	A guideline for the	The preliminary	Such guidance

	Safari Park, which was the only safari park owned by the department, had been established for 8 years, but no specific guidelines had been prepared regarding the operation of the park.		operation of the park should be prepared immediately.	activities for the preparation of the guidelines related to the operation of the Safari Park were carried out, and 02 rounds of discussions regarding its future activities have been completed.	had not been prepared by 30 September 2024.
05	At the end of the year under review, 06 out of 10 constructions of the Ridiyagama Safari Park, which had been completed in 2018 and 2019 at a cost of Rs.215,891,993, remained unused and idle.	2023	These assets should be utilized effectively.	Plans are being made to complete the unfinished parts of the construction in these zones within the year 2025, after which these zones will be able to be used.	These constructions had not been utilized by 30 September 2024.
06	150 acres of Ridiagama Safari Park, which has an area of about 500 acres, has not been used for the park since its inception.	2023	The area of the park should be utilized effectively.	Construction of zones is being carried out one by one according to the plan in the unused areas.	These tasks had not been completed by 30 September 2024.
07	According to the post mortum report of the Bengal tiger which was conducted 02 on June 2023 in the Ridhiagama Safari Park, the	2023	Action should be taken to complete the investigations as soon as possible.	An investigation committee was appointed in 2023 regarding the death of the Bengal tiger and the final report of the investigation has been delayed	The investigations have not been completed by now.

tiger had died due to poisoning and the investigations regarding the unnatural death of an animal under the care of the Safari Park had not been completed till now.

due to the non-receipt of the forensic reports on the tissue samples of the animal.

08	Although it has been confirmed that a bus used for transporting tourists in Ridhiyagama Safari Park can run 4.2 kilometers on 01 liter of fuel, the fuel balance was 1.16 kilometers per liter until February 2023 and 2.1 kilometers per liter from March 2023. As a result, the cost of fuel for 03 buses from January to October was Rs.7,063,875 and the correct cost was approximately Rs.3,289,613, so Rs.3,774,262 had been spent more. Further, there was a difference of 2,190 kilometers	2023	The use of fuel for vehicles should be done efficiently by balancing the fuel correctly and work should be done to strengthen the internal control of vehicle control.	Two buses have been diverted for repairs and arrangements are being made for fuel balancing soon after repairs. Instructions have been given to maintain the records maintained in the security department correctly.	After servicing the engines of the buses, a fuel check should be done and submitted to the audit, but this has not been done by 30 September 2024.

between the distance shown in the running notes of those 03 buses from July to October 2023 and the distance as per the reports of the security department.

72. Head - 295 Department of Commerce

	Total assets Rs.	Total liabilities Rs.	Equity Rs.	Opinion
2021	73,123,984	614,277	72,509,707	Unqualified
2022	77,656,946	307,139	77,349,807	Unqualified
2023	76,435,732	1,049,227	75,386,505	Unqualified

Audit Observation	Year of report	Auditor General's Recommendation	Preventive measures taken by auditee entity	Implementation status of recommendation
Sri Lanka has introduced the Anti-Dumping and Countervailing Duties Act No.02 of 2018 with an objective of the protection of the domestic industries from the concessions prohibited and on which the action can't be taken and countervailing. Even though 05 years had elapsed from introduction of the Act, this Act couldn't be implemented due to non-publication of the regulations required for implementation of the gazette.	2022 2023	The regulations required for implementation of the Act should be immediately published in the gazette.	A committee had been appointed to take action in relation to the publication of regulations in gazettes.	The necessary regulations had not been gazetted.

73. Head – 296 Import and Export Control Department

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	58,244,028	3,000,000	55,244,028	Qualified Opinion
2022	66,167,636	3,216,619	62,951,017	Unqualified Opinion
2023	71,761,461	1,307,073	70,454,388	Qualified Opinion

Se. No	Audit Observation	Year of the Report	Recommendatio n of the Auditor General	Preventive Measures taken by the Entity	Progress related to the Implementation of the Recommendation as at the Reporting Date
01	Although, the importers who import against the standard should be announced through a gazette as per Section 11 E of the Import and Export Control Act No. 01 of 1969, the department had not done so.	2021	The details of the relevant importers should be published through a gazette.	It has been proposed to make several amendments after submitting the relevant gazette notification to the Legal Draftsman's Department to blacklist the importers. Arrangements are being made to include those amendments and publish the relevant gazette in the future.	Importers to be blacklisted were not gazette.
02	Although, the necessary activities should be carried out to control the imports and exports that adversely affect the economy of Sri Lanka according to	2021	Efforts should be made to control adverse imports and exports according to the objectives, vision, and mission of the	The main objective of the vision and mission statement of the department is to protect and secure the	Due to the lack of a system to control harmful imports and exports, imports without licenses and prohibited goods were being

the objectives, vision and mission of the establishment of the department, only the activities of issuing licenses were done based on the requests made by the institutions related to each subject at present. Therefore, it was observed by audit that there was no accepted scientific method or procedure to work in a manner that fulfills the basic objectives of establishing this department.

establishment of the Import and Export Control Department.

overall system imported. of Sri Lanka including national, economic environment, public health and public safety. Therefore, before issuing an import or export control license from this department, not only the license fees or additional fees received from it are considered, but the benefits and social costs of the above-mentioned system are also considered in the issuance of the license. For that reason, import and export control licenses are granted based on the recommendation of the institutions established by the constitution to deal with the goods to be imported or exported.

03	The department had signed a memorandum of understanding with ICTA on 09	2021	The project should be completed by actively intervening to get	As per the agreement signed with the ICTA institute by this	The program that was expected to be implemented with ICTA was stopped halfway.

February 2017 to connect software systems with approved institutions for software development, networking and submission of online applications, and according to this, funding should have been done by ICTA. However, Rs.9,080,000 had been obtained for this from the appropriation act from the year 2017 to the year 2020, of which Rs.8,119,035 had been spent on various activities.

the work done on the scheduled date as planned.

department on 09.02.2017, it had been agreed to prepare network license issuance programs for the department. Accordingly, the necessary provisions for preparing this program were given directly to ICTA. Consequently, a computer program was prepared by an organization selected by ICTA and steps were taken to launch its first phase. However, since this stage was not satisfactory to the department, despite informing the ICTA institute in writing and holding meetings to correct them, the desired result could not be achieved. Therefore, by making the necessary improvements for the internal computer system in this department, steps were taken

to provide operational services to the customers to be able to register online, submit applications, make payments and get debit notes.

- 04 The following observations were made during the special audit conducted to study the relief expected for the consumers from the reduction of the special commodity levy imposed on one kilogram of sugar from Rs. 50 to 25 cents. 2021
- The necessary arrangements should be made to fulfill the Government's expectations of the controls imposed on imports by the Gazette
- Through this, the department fulfilled the government's expectation of controlling the flow of foreign exchange which was the primary objective at that time.
- Although a license was introduced for the purpose of restricting or controlling imports, the department does not have data about the stock available at that time, and by charging additional fees, imports made without a license were also allowed the clearance. Therefore, the control expected by the government has not yet been implemented.
- (i) Although, the Minister of Finance had issued the Special Gazette No. 2199/20 dated 29 October 2020 introducing a licensing system for imported sugar, it was not observed that the Ministry of Finance had given instructions on the procedures to be followed for this purpose. Accordingly, the Import and Export Controller had given permission to all the applicants who had submitted

applications for sugar import to import all the stocks they had applied for due to the fact that the necessary criteria had not been introduced to control the import of sugar. Accordingly, due to the fact that the Import and Export Control Department has not fulfilled its professional responsibility well, the government's expectations of controlling the import or controlling the flow of exchange by introducing import licenses have not been fulfilled as expected.

(ii) Although, the licensing system for import of sugar was implemented from 30 October 2020, the issuance of licenses was delayed until 18 November 2020. Accordingly, after the introduction of the license system, Mt. 101,527 was imported without licenses by 18	2021	The necessary arrangements should be made to fulfill the Government's expectations of the controls imposed on imports by the Gazette.	Although, a gazette was issued on the basis of an urgent policy decision, several importers had already opened letters of credit, ordered goods or started the import process by transporting the goods from the suppliers to the ports. However, when any goods are	-Do-

importers during the period when the issuance of licenses was delayed.

subject to import licensing control, it is expected that the goods will be licensed before shipment.

However, a valid import control license must be submitted to Sri Lanka Customs to clear these sugar stocks even if they are imported without obtaining a license.

Accordingly, a license fee and an additional fee have also been charged for sugar imported without a license and cleared from customs.

(iii) Although, an additional fee of 05 percent of the CIF value should be charged for the goods imported without licenses according to the Extraordinary Gazette No. 1953/28 dated 11 February 2016, the Controller General of Imports and Exports (Control) had decided to charge only 2 per cent of the CIF	The necessary arrangements should be made to fulfill the Government's expectations of the controls imposed on imports by the Gazette.	As per Schedule III of Extraordinary Gazette No. 1953/28 dated 11.02.2016, the additional charge of 4% of the CIF value is applicable when the goods are shipped but import control permits are obtained before the goods reach the port and when import control permits	No action was taken to recover the reduced penalty amount which was a loss to the government.

value of the sugar stocks imported without import license. It was not observed that the import and export controller department has the powers to reduce the amount of the fine and therefore, an amount of Rs.433,523,216 had been lost due to the reduction of fees for 294,085 Mt of sugar that was imported without a license.

are obtained after the goods arrive at the port, it was informed that an additional fee of 5% of the CIF value should be charged.

(iv) One of the main objectives of issuing import licenses for sugar was observed to be to control the importation of sugar in bulk after deducting duty. However, before the issuance of licenses, the monthly average imported quantity of Mt. was 41,779 and after the introduction of the license system, it was about 61,714 Mt. monthly, which was an increase of about 47 percent of imports. Accordingly, it	2021	Necessary arrangements should be made to fulfill the Government's expectations of the controls imposed on imports by the Gazette.	According to the data on imported sugar for the year 2020 received from Sri Lanka Customs, the monthly sugar import is about 58,385 MT. However, after the introduction of license system, it is around 61,055 MT. It is a growth of approximately 4.6%.	In order to achieve the desired objectives by introducing licenses, the department has not connected with the related institutions through an online computer system till now.

was not observed that the desired objectives have been achieved through the introduction of a licensing system.

05	As per the orders of the Interim Report of the Committee on Public Accounts submitted to Parliament on 23 November 2016 to recommend actions to be taken by and among stakeholders for improvement and collection of government revenue through effective information technology systems, "it was informed that plans should be made to obtain recommendation letters from the relevant institutions online while issuing licenses with the coordination of twenty-eight institutions", that recommendation had not been implemented even as at the audit date of 23 March 2023.	2022	Compliance to the directions given by the Committee on Public Accounts should be required.	At the Committee on Public Accounts held on 23 November 2016, the circumstances were announced according to the program planned at that time. ICTA instituted the responsibility of preparing these programs at their own cost in 2017. Nevertheless, due to the fact that the work of improving the computer system was not properly completed by this institution, the work had to be abandoned. Therefore, the department resumed the development of an online computer system and accordingly agreed to provide an online computer	Connection via online system had not been made.

system as a grant from the EXBS program under the United States Embassy and the preparation of the program will start from April 2023.

The work of preparing this computer system is planned to be completed by February 2024 and arrangements have been made to connect the organizations that have given recommendations under the program online.

06	Although, the 2023 publication of gazette announcements containing regulations related to export control was also realized as the responsibilities and tasks of the department, it was only engaged in tasks related to import control. It was observed by audit that any regulations related to exports had not been issued after the year 2017.	That the department should be eager to achieve the responsibilities and tasks of the establishment properly.	This department controls the conditions affecting the country's economy by controlling the import and export of goods, as well as the control of conditions that are harmful to the country's security, public health and environmental conservation. There, more attention is paid to the import control as the	No regulations relating to exports had been issued after the year 2017.

most impact is on the goods imported into the country and only a few types of goods exported from the country have been subject to export control according to the special gazette number 2044/41 and dated 2017.11.09.

07	Although, the Committee on Public Accounts held on 23 January 2024 had ordered to prepare a policy for the import of overdue vehicles and vehicles imported as parts, such a policy had not been prepared and while, it had been informed to follow up on spirits imported for pharmaceutical production, which was also not fulfilled.	2023	The compliance to the directives given by the Committee on Public Accounts should be followed.	It was informed that the preparation of a national policy for the import of vehicles is being carried out by a committee appointed by the Presidential Secretariat and after the release of the report, it has been noted for compliance.	There was no policy for the import of vehicles and there was no follow-up on spirits imported for pharmaceutical production.
08	A ship carrying containers of fish that was traveling from Sea Shells to Thailand had suffered a technical fault in the sea area near the port of Colombo and had reached the Port Authority of Sri Lanka due to the	2023	Compliance to the directives given by the Committee on Public Accounts should be required.	It was informed that the disposal of the 15 containers containing fish-waste that were not used for the production of organic fertilizers will be started very soon after the	15 containers containing fish-waste had not been disposed.

interruption of the power supply. These fish containers had been sold to a local private company found out by the local agent of the foreign ship on 09 March 2022 for the production of organic fertilizers on an import license issued by the department. During the sample inspection conducted in connection with the sale of these fish containers, the Committee on Public Accounts held on 23 January 2024 had given the order to investigate the 15 containers containing fish-waste not used for the production of organic fertilizers and take appropriate measures for disposal, the department had not fulfilled that direction.

approval of the Ministry of Health.

74. Head - 297 Department of the Registrar of Companies

	Total assets	Total liabilities	Equity	Audit opinion
	Rs.	Rs.	Rs.	
2021	22,760,428	22,760,428	-	Qualified
2022	21,584,525	21,584,525	-	Qualified
2023	21,928,650	21,928,650	-	Qualified

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Implementation Status of Recommendation
01	By 31 December of the year under review, the outstanding revenue had stood at Rs.1,529,339,000, no action had been taken in this regard as per FR128 of financial regulation.	2023 2022 2021	Action should be taken to correctly swiftly report and rcover the oustanding revenue.	Letters had been sent to the board of directors and secretaries to file annual reports, and emails had been sent to companies registered online.	Recovery had not been made so far.
02	As per section 8(1)D (CAP. 123) of Societies Ordinance No16 of1891 , action had not been taken to collect a sum of Rs. 13,731,000 in revenue from 11,940 registered societies for which annual reports should be filed.	2023	Action should be taken to collect the revenue as per the Act.	Sending letters informing that action will be taken to strike off the names of societies that do not file annual reports.	Recovery had not been made so far.
03	The post ofCompany Inspectorwhich is a secondary level post, whose duties includes caring out legal activities against persons flouting the Companies Act,	2023 2022	It should be ensured that there are no vacancies in the posts essential for the implementation of the Companies Act.	The letter to refer the recruitment process in the public service to the Officers' Committee for Review was sent	Recommendations had not been implemented.

appear as a representative for the lawsuits under direct supervision of the Registrar of companies, has 05 posts vacant out of the 10 approved posts and two posts have been vacant since 2016.

to the Ministry in August 2024, as instructed by the Director General of Management Services.

04	Against the backdrop of Departmental activities being carried out online through the e – ROC computer system, 02 out of 03 posts of Information and Communication Technological Officer and 03 out of 06 posts of Assistant Information and Communication Technological Officer had fallen vacant from the date of approving the post.	2023	Immediate steps should be taken to fill up the vacant posts of the information technology sector.	The agreement of Department of Management Services had not been given in the letter of May 2024 and a request had been made from the Ministry of Public Administration in July 2024.	Vacancies had not been filled.

75. Head - 298 Measurement Units, Standards and Services Department

	Total assets Rs.	Total liabilities Rs.	Equity Rs.	Audit opinion
2021	1,466,181,937	1,466,181,937	-	Qualified
2022	466,428,500,	466,428,500,	-	Qualified
2023	1,470,136,819	1,470,136,819	-	Qualified

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Implementation Status of Recommendation
01	Although an suitable internal auditor should have been appointed for the department to carry out its functions as per the provisions of section 40 of the National Audit Act No. 19 of 2018, an internal auditor had not been appointed since 06 September 2021.	2023 2022	An internal auditor should be appointed in accordance with the provisions of the Audit Act.	The Secretary to Public Administration had been informed to appoint an internal auditor.	An internal auditor had not been appointed up to now.
02	As of 31 December 2023, the approved senior staff comprised 19 positions. It was observed that 10 of these positions, which represent 53 percent of the total, have been vacant since 2011. This includes 8 positions in Sri Lanka Scientific Service, 1 position in Sri Lanka Administrative Service, and 1 position in Sri Lanka Accountants Service. Out of the 30 approved tertiary-level	2023 2022 2021	Actions should be taken to fill the vacancies.	It is stated that due to a delay in the Ministry of Public Administration, it has not been possible to fill the vacancies of senior level posts and that the final draft of the recruitment procedure for 25 tertiary level posts has been forwarded to the Public	Vacant posts had not been filled yet.

positions, 28 positions, including 1 Administrative Officer in the Sri Lanka Management Service Officers' Service (Supra Grade), 4 Departmental positions, and 23 positions in the Sri Lanka Technological Service (Supra Grade), representing 93 percent, were observed to be vacant.

Service Commission on 22.03.2024 and that the Department of Management Services has not given specific instructions regarding 04 of the remaining posts.

76. Head - 299 National Intellectual Property Office of Sri Lanka

	Total assets	Total liabilities	Equity	Audit opinion
	Rs.	Rs.	Rs.	
2021	13,251,113	13,251,113	-	Unqualified
2022	13,323,415	13,323,415	-	Unqualified
2023	13,228,376	13,228,376	-	Qualified

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Implementation Status of Recommendation
01	Having entered into a memorandum of understanding on 30 December 2016 for purchase of a server machine from the Information and Communication Technology Agency of Sri Lanka (ICTA), on that day itself Rs.32.5 million had been paid. However, since said agreement had been breached by the client, it had been requested on 16 February 2024 to the Secretary of Ministry of Finance by the relevant line ministry and Ministry of Technology to promptly repay the amount paid. But the money had not been received even up to the date of report. Therefore,	2023 2022 2021	The action should be taken to recover the money.	Letters had been referred to the Secretary of the Ministry of Finance by the Director General, on 2024.02.16, and by the Secretary of the Line Ministry, on 2024.04.19.	It had not been recovered yet.

even though the providing of server facilities had been included in the 2023 annual action plan, it couldn't be fulfilled.

02.	No permanent Auditor has been appointed for internal audit activities since 4 years.	2023 2022 2021	It should be consistent with section 40 of the Audit Act.	Requests have been made to the Secretary of the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government.	An internal auditor had not been appointed up to now.
03	10 approved Patent Officer posts are departmental posts but Development Officers had been attached. Even though such officers had participated for 3-26 local and foreign trainings with regard to the intellectual property subject, the transfers are made to these officers under annual transfers. Since the training obtained related to the patent field couldn't be used for the future performance in the patent field, it was observed that its performance would be adversely affected.	2023 2022	The vacancies should be filled in order to protect the performance of the institute.	The examination notice for publication in the Gazette has been forwarded to the Ministry.	Recommendations had not been implemented.
04	08 Intellectual Property Officers	2023 2022	The vacancies should be filled in	Since the Director General of	Vacancies are still exist.

out of 13 who had been entrusted the duties such as registration, renewal, alteration and transfer of trade mark and permit agreements had been vacant since the date of audit and it was observed that such officer vacancies would be adversely affected to the performance of the Trade Mark Division

order to protect the performance of the institute.

Management Services has given approval to recruit for these vacant positions, a draft gazette notification has been prepared to conduct the examination and forwarded to the relevant line ministry.

77. Head - 300 Food Commissioner's Department

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	4,936,914,430	4,936,914,430	-	Qualified Opinion
2022	5,018,678,671	5,018,678,671	-	Qualified Opinion
2023	5,029,112,416	5,029,112,416	-	Qualified Opinion

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Implementation Status of Recommendation as at Date of The Report
01.	The amount of Rs.6,102,932 due from one rice mill owner had not been recovered in terms of the agreement reached with the rice mill owners in the years 2012/2013 regarding the scientific warehouse in Veyangoda.	2021	Measures should be taken to recover the arrears	A case had been filed in the Avissawella District Court under case number 29904/M/22. The relevant case is scheduled to be heard on 27.11.2024.	It had not been recovered yet.
02.	As a housing complex of 366 houses built by the National Housing Development Authority which was officially handed over to the Ministry of Food and Cooperatives on 21 November 1981, the land of this Dhanyagama housing complex had not been acquired to the department even	2022	Arrangements should be made to acquire the land immediately.	Action is being taken to acquire the land.	Land had not been taken over yet.

by the audited date.

03.	A balance of Rs.121,171,943 had prevailed in relation to 03 General Deposit Accounts as at 31 December 2023. Within such balance, there was a balance of Rs.51,765,801 between 01 to 05 years and a balance of Rs. 54,522,200 more than 05 years and no action had been taken as per Financial Regulations 571 related to that.	2023	The actions should be taken as per the Financial Regulations.	The reasons for this are the fact that the relevant institutions have not requested the deposit for the contract, the existence of legal proceedings and the existence of houses and warehouses that are currently in use. Action will be taken in accordance with F.R. 571 in the future.	Recommendations had not been implemented.
04.	Even though a provision of Rs.100 million had been estimated for maintenance of a special rice buffer stock of 8000 metric tons in accordance with Colombo Declaration and 16 th Conference of South Asian Association for Regional Co-operation (SAARC) as the key functions of the department, said total provision had remained and no buffer stock had	2023	The actions should be taken to fulfill the key functions.	Although Rs.1,996 million had been requested to maintain a rice stock of 8,000 metric tons, only Rs.100 million had been allocated and provided. Since it was not sufficient, the provisions were remained.	Recommendations had not been implemented.

maintained.

Accordingly, it was not observed that the department had taken action for achievement of the vision named “safe, sustainable, nutritious staple grain foods for every household”.

05.	06	scientific warehouses with storage capacity of 34,300 metric tons had been modernized by the department at a cost of Rs. 296 million in order to prevent the tendency of stocks to become unfit for human consumption while maintaining of rice stocks those as buffer stocks for a long period of time and reduce the use of chemicals and to reduce the cost of maintaining rice stocks at the maximum standard. The under-mentioned facts are observed in this regard.	2023	Action should be taken to utilize the warehouses for the purpose.	Warehouse No. 01, Veyangoda had been provided to the Medical Supply Division for the storage of medicines and medical equipment at a monthly rent of Rs.420,000.00. Warehouse No. 09, Veyangoda had been provided to Sunmic at a monthly rent of Rs.400,000.00 (tax-free) and the warehouse has been taken back into the custody of the Department.	Recommendations had not been implemented.

(a)These warehouses had not been utilized for the purpose for which they were built and

Veyangoda No. 01 store in 28,000 square feet is used for the storage of the medical equipment by the Medical Supplies Division and Veyangoda No.09 store in 28,000 square feet is used by a private company for coconut milk export manufacturing about 04 years.

(b) Due to the Non – scientific use of warehouses, 06 fumigations had been carried out in the period of storage of 04 warehouses (including the warehouses given to State Trading General Corporation) where rice is stored under World Food Program and an amount of Rs. 3,171,842 had been paid to Ceylon Pest Control Co. (Pvt) Ltd. Accordingly, the objective of reducing	2023	The actions should be taken to use the warehouses scientifically and to minimize the maintaining cost.	Although built as scientific warehouses, these warehouses are currently used to store food under the World Food Program, so the food stored there has to be constantly fumigated to remove insects and pests.	Recommendations had not been implemented.

the use of chemicals had not been fulfilled.

(c) The foods provided under World Food Program are stored in 03 stores about one year and even though the store capacity of these 03 stores 17600 metric tons, only 8110 metric tons had been utilized. Accordingly, 9490 metric tons of such scientific stores had been underutilized . The air conditioner system installed for maintenance of scientific stores had been idle.	2023	The storage utilization should be carried out at maximum level.	Although the capacity of the warehouses is 17,600 MT, the food stocks provided to the country as aid by the World Food Organization are stored in a safe manner. Accordingly, there may be underutilization. Action is being taken in accordance with the instructions of the World Food Organization.	Recommendations had not been implemented.
06. Only 06 stores out of 17 which had prevailed for the usage of the department had been utilized and remaining 11 stores had been idle.	2023	The actions should be taken to utilize the stores efficiently.	Preventive measures had not been informed.	Recommendations had not been implemented.

07.	04 stores which are not suitable for use existed with capacity of 16920 metric tons and it was observed that those stores had not been utilized 02 to 11 years. Moreover, there are 08 stores to be renovated and it was observed that there is a possibility of becoming such stores into a non-usable condition owing to no renovations and non-maintenance properly.	2023	The stores should be properly maintained.	The department had requested Rs.100 million for the renovation of 10 warehouses for the year 2025.	Recommendations had not been implemented.
08.	The office complex and land area of 04 stores had been leased to a private company on 30 years lease basis by a cabinet decision and a building had been constructed in that land area by said company without approval. Furthermore, the 05 stores and premises had been handed over to the same company for 05 years on annually renewal basis and 04 stores out of	2023	A proper control and supervision should be carried out in relation to the stores given on lease basis.	The relevant institution had been informed in a letter dated 2024.02.07 that if any renovation or construction is carried out in the warehouses and plots of land provided on lease basis based on cabinet decisions, the written approval of the Food Commissioner must be obtained.	Recommendations had not been implemented.

that had been joined without obtaining the approval.

09.	Even though an amount of Rs. 3,495,536 had been incurred for converting the store No.06 to a laboratory in 2016, said laboratory had been idle even on the date of audit.	2023	The actions should be taken to utilize the laboratory.	Necessary actions will be taken to use this laboratory for the testing of food items in year 2024.	Recommendations had not been implemented.
10.	No evidence related to verification the surcharge cooperative loan balance of Rs. 200,637,572 including in the statement of losses and waivers had not been submitted to the audit.	2023	The actions should be taken to recover the loans immediately.	Actions are being taken to investigate and recover overdue cooperative loans from the relevant institutions.	Recommendations had not been implemented.
11.	As of 31 December 2023, a total of Rs. 111,820,436 had existed as an outstanding rent of Rs. 7,928,378 from 11 private institutions in relation to 28 stores and premises rent out to the private sector by the department, of Rs. 32,267,674 from 06 public institutions in	2023	The actions should be expeditiously taken to recover the outstanding rent.	As of 31.08.2024, 52 warehouses had been provided on lease basis, 21 warehouses to the public sector and 31 warehouses to the private sector. Contracts are being entered into with those institutions and lease rent is being collected.	The amount recovered to date has not been presented and the uncollected balances continue to exist.

relation to 21 stores rent out to the public institutions, of Rs.20,913,506 from 05 institutes in relation to the stores on which the legal action had been taken for obtaining the possession and recovery of outstanding stores rent and as Rs. 50,710,877 in relation to 30 stores which had been rent out and taken over again.

12. As at 31 December 2023, house rent of Rs.11,527,480 had to be charged from the houses already resided, houses on which legal action is being taken and houses taken over of Danyagama Housing Scheme.	2023	The actions should be taken to promptly recover the outstanding house rent.	Agreements had been signed for rental houses in the Dhanyagama housing complex and action is being taken to collect rent in accordance with those agreements.	The amount recovered to date has not been presented and the uncollected balances continue to exist.
13. In terms of section 40 of the National Audit Act No.19 of 2018, no action had been taken to appoint an Internal Auditor for carrying out the internal audit activities of the department.	2023	The actions should be taken as per the Act.	As the Department is being restructured as per the අමුණ/24/0497/0627 /010 decision of the Cabinet of Ministers, the work on creating this post has been suspended.	Recommendations had not been implemented.

78. Head - 301 Department of Co-operative Development

	Total assets	Total liabilities	Equity	Audit opinion
	Rs.	Rs.	Rs.	
2021	64,273,333	64,273,333	-	Qualified
2022	63,604,345	63,604,345	-	Unqualified
2023	63,494,398	63,494,398	-	Unqualified

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Implementation Status of Recommendation
01	The sustainable development goals to be achieved by the Department as per the National Budget Circular No.4/2018 dated 17 July 2018 had not been identified.	2022	Action should be taken to identify sustainable development goals.	Action had been taken to prepare for the coming years.	Recommendations had not been implemented.
02	The value of 105 deposit balances of the general deposit account relating to compensation payments as at 31 December 2023 was Rs.2,056,432. These balances were over a period from 08 years and, action had not been taken to take the balances older than 2 years into revenue in terms of Financial Regulation 571.	2023	Actions should be taken in accordance with Financial Regulations 571.	To settle the balance in the general deposit account related to these compensation payments, the legal division is investigating the information regarding the unresolved balances and making the relevant settlements.	Recommendations had not been implemented.

03	Although an amount of Rs.5,920,186 had been spent for the work of starting a data bank to collect and update information related to financial service societies which was started in the year 2013, and also the attention of the Committee on Public Accounts held on 5 August 2021 was drawn to the fact that the Department does not have a relevant data system, action had not been taken to start the data bank even though 10 years had elapsed by December 2023.	2023	Action should be taken to start the data bank.	It has been decided to inform the provincial departments regarding the rural bank computerization program implemented with the intervention of the Sri Lanka National Cooperative Board. It is being implemented as a pilot project for all rural bank branches of the Dambadeniya Multi-Service Cooperative Society.	Recommendations had not been implemented.
04	An Internal Audit Unit had not been established in terms of Section 40 of the National Audit Act No.19 of 2018.	2023	Actions should be taken in terms of the Act.	Action is being taken to appoint an internal auditor.	Recommendations had not been implemented.

79. Head - 302 Co-operative Employees Commission

	Total Assets	Total Liabilities	Equity	Opinion
	Rs.	Rs.	Rs.	
2021	26,705,370	26,705,370	-	Qualified
2022	27,372,285	27,372,285	-	Qualified
2023	26,729,946	26,729,946	-	Qualified

Se. No	Audit Observation	Year of the Report	Recommendation of Auditor General	Preventive Measures Taken by the Auditee Entity	Implementation Status of Recommendation
01	Action had not been taken to appoint an Internal Auditor to carry out the internal audit activities of the Department as per section 40 (1) and 40 (2) of the National Audit Act No 19 of 2018.	2022	Action should be taken as per the Act.	As there is no Internal Auditor post in the approved staff, the possibility of creating a new post is being explored. This situation has been presented in the Ministry's progress review meetings and in Audit and Management Committee meetings.	The recommendation had not been implemented up to now.
02	In relation to 13 unsolved appeals received in 2021 and 2022, solutions had been given in 2023 and out of 20 complaints received in 2023, only 16 had been solved and 04 appeals that needed to be solved continued.	2023	The main tasks should be done promptly.	The relevant societies have been informed to submit the relevant information accurately and promptly in order to expedite the resolution of appeals.	Those 4 complaints had not been resolved up to now.
03	The commission has 03 vehicles	2023	Assets should be properly managed.	Requests regarding the filling of	Drivers had not been provided yet.

and the number of approved drivers had been 03. However, with only being one driver in the actual cadre, the 2 vehicles in the pool remained underutilized.

vacancies (due to retirement) in the approved number of drivers have been submitted to the Director General of Integrated Services, the Director General of the Multi-Functional Development Task Force and the Secretary - Ministry of Trade, Commerce and Food Security.

80. Head - 303 Department of Textile Industries

	Total assets Rs.	Total liabilities Rs.	Equity Rs.	Audit opinion
2021	288,204,911	288,204,911	-	Unqualified
2022	288,016,135	288,016,135	-	Qualified
2023	288,211,629	288,211,629	-	Qualified

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Auditee Entity	Implementation Status of Recommendation
01.	A sum of Rs. 9,431,000 to be levied for the period from 1995 to 2000 and from 2016 to 2019 related to giving the land and buildings of Thalalla and Hingurakgoda respectively on lease basis had not been collected.	2023	The arrangements should be made to recover the outstanding lease amounts.	Action had been taken to take legal actions.	It had not been recovered up to now.
02.	An amount of Rs. 1,681,250 to be levied related to giving the land and the buildings of Bibila Power Loom Factory on lease had not been collected.	2023 2022	The arrangements should be made to recover the outstanding lease amount.	A case was filed in the Western Provincial High Court to recover the outstanding amount.	It had not been recovered up to now.
03.	Taking over of 11 textile training institutes and 02 circuit bungalows to the department had not been done.	2023	The actions should be taken to confirm the ownership of the assets.	Action is being taken to take over to Department of Lands.	It had not been taken over up to now.
04.	The Natural Dyeing Centre, Rajagiriya which is a land of 30	2023	The assets should be utilized productively.	Action is being taken to take over.	It had been no longer in use.

perches consisting of a guardroom and 02 buildings of which the title was not clearly identified, remained unused for more than 3 years.

05.	185 handloom sets and 146 winding machines worth Rs.19,991,000 purchased in the year 2020 remained idle in Katubedda warehouse premises for a period of 3 years.	2023 2022	The assets should be utilized productively.	Steps are being taken to issue to the eligible beneficiaries.	It had been remained idle.

81. Head - 304 Department of Meteorology

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	3,903,800,545	3,903,800,545	-	Qualified
2022	3,912,026,332	3,912,026,332	-	Qualified
2023	3,953,895,940	3,953,895,940	-	Qualified

Se. no	Audit observation	Year of the report	Auditor general recommendation	Preventive measures taken by the audited institution	Implementation status of recommendation as on date of the report
01.	09 land areas where Meteorology Regional Offices situated in Anuradhapura, Batticaloa, Katugastota, Mahailuppallam, Mannar, Ratnapura, Kurunegala, Vavuniya, Mullaitivu were not taken over to the Department.	2022, 2023	Necessary measures should be taken to take over the relevant land areas to the department.	Activities related to the land acquisition are being in progress.	Activities related to the land acquisition are being in progress.
02.	Out of the 35 automatic weather systems installed in the Department of Meteorology, 21 of them do not receive data as required under the GPRS technology. Automatic data acquisition is very important in the event of sudden weather changes and due to this it was observed that	2022, 2023	Actions should be taken to find out and regularize automatic meteorological stations which are in inactive condition.	Arrangements have been made to obtain 05 and 20 data loggers with respectively with necessary facilities for communication activities through the modernization project implemented by JAICA and the World Bank loan scheme.	14 automatic weather systems that are currently in operation receive data automatically and the data of other 21 systems have been maintained and downloaded data so that the data can be used for climate and research purposes.

- the desired objectives have not been achieved through the establishment of systems.
03. 453 traditional rain meters had been fixed throughout the island, and it was observed that data is not receiving continuously from 44 rain meters according their current functioning and the receiving data since they are not properly maintained. 2022, 2023 A proper maintenance system should be established for rain gauges that do not receive continuous data and should be maintained so that data is continuously received. Only if there is any damage to the rain gauges, the rain gauges will be repaired or a new rain gauge will be provided for that. A mechanism is being prepared through the regional meteorological offices to check the rain gauge locations where data is not available.
04. 02 out of 38 automatic meteorological systems worth 570 million rupees received under Japanese aid (JICA) in the year 2008 had not been installed in the proper places, so the opportunities to get necessary facilities had been lost due to allowing equipment of high value to remain underutilized. 2023 High value equipment should be utilized properly. The Katunayake airport system is installed by now. The basic work required to install these systems is being done.
05. Even though provisions of Rs. 563.58 million had been allocated from year 2019 to 2022 for the installation of Doppler radar 2021, 2022, 2023 There is a strong need for a Doppler radar system in meteorological forecasting and efforts should be made to make this As project costs increased, provisions were not sufficient to proceed with the project with two Doppler radars as The amendment to the grant agreement to obtain Cabinet approval for carrying out the project with amendments was

systems at Puttalam and Pothuvil meteorological centers, the expenditure had been only Rs. 0.462 million by the end of 2023. Even though 05 years had been passed since the contract had been signed and the construction of the radar system should reach its final stage by the end of year 2020, the construction work of the project had not started due to insufficient provision resulted by rising prices at present. Even though there is a strong need for a Doppler radar system in meteorological forecasting, it was not possible to determine whether it would be able to issue forecasts and predictions with greater accuracy and reliability having provided meteorological forecasts and forecasts for almost 15 years without that system.

project successful.

originally planned. To avoid further project delays, JICA consultants agreed to implement the project with amendments after discussing with JICA, External Resources Department (ERD), Ministry of Defense (MOD), Project Management and Monitoring Department (PMMD) and National Planning Department (NPD).

signed on 22.11.2023, and the grant amount has been revised to JPY 2,663,000,000

82. Head - 306 Department of Sri Lanka Railways

	Total Assets	Total Liabilities	Equity	Audit Opinion
	Rs.	Rs.	Rs.	
2021	490,912,954,153	603,160,365	490,309,793,788	Qualified
2022	493,950,789,329	592,740,663	493,358,048,666	Qualified
2023	498,536,308,866	941,808,119	497,594,500,747	Qualified

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Actions Taken by Audited Institutions	Status of Implementation of Recommendation
01.	According to the departmental books, the opening balance of the control account of advances to public officers was Rs. 1,176,837,238 at the beginning of the year 2023 and thus it was Rs. 1,181,015,043 according to the Treasury printouts. Accordingly, there was a difference of Rs. 4,177,805 between departmental books and Treasury books. Even though 19 years had elapsed since 2004, actions had not been taken to settle this balance.	2021, 2022	Actions should be taken to examine the reasons for the difference and settle.	It has been informed that actions would be taken to further investigate and resolve this matter.	Actions had not been taken to examine and resolve the reasons for the difference.
02.	Actions had not been taken to recover the outstanding debt of Rs. 17,828,124	2022 2023	Actions should be taken to recover outstanding loan balances and prevent the	It had been informed that actions will be taken to collect outstanding loans	This balance is further to be recovered.

	receivable from the suspended officers of 15 Sub-departments. The loan balance of Rs. 10,918,457, which is 61 percent of it had exceeded more than 5 years and 35 per cent of those loan balances had belonged to the Chief Engineer (Running) Sub-Department.		emergence of new outstanding balances.	in the future.
03.	Due to failure to act in accordance with Paragraph 04 of Chapter XXIV of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, actions had not been taken to recover the outstanding debts of Rs. 52,296,852 of retired and deceased officers, which are less than a year old, between 01 and 10 years old, between 10 and 20 years old and more than 20 years old.	2022, 2023	Actions should be taken to recover outstanding loan balances in accordance with regulations and actions should be taken to prevent the emergence of new outstanding balances.	A part of the outstanding loan balances had been recovered and it had been informed that the actions will be taken to recover the remaining outstanding amount of Rs. 52,296,852 also in the future.
04.	Due to delays in payment for imported goods due to various inefficiencies in the presentation of	2021	Arrangements should be made to minimize late fees and interest payments and only include expenses	The value of stock receipts increases due to increase of costs on imported goods and it had Payments of late fees and interest are being made furthermore.

documents, a total of Rs. 20,891,472 had to be paid, Rs. 15,150,834 as bank interest, Rs. 1,200,098 as late fees to the Shipping Corporation, Rs. 2,544,785 to the Sri Lanka Ports Authority and Rs. 1,995,755 to a private institution, in addition to the cost of goods sold due to various inefficiencies and those additional inefficiency costs had also been added in the cost of stock.

that can be added to the stock value.

been stated that the reason for this was the delay in providing imprests by the government .

05.	Due to the non-submission of age analysis reports and schedules indicating how they were consisted in relation to 05 accounting objects amounting to Rs. 268,627,824 presented in the stores advance account as at 31 December of the year under review, those balances could not be satisfactorily verified.	2021	Written evidence should be submitted to confirm account balances.	It had been informed that actions will be taken to prepare and submit an age analysis related to 5 accounting objects under the Stores Advance Account.	Balance confirmations and age analysis records were not submitted in the accounts for the year 2023 .

06.	Although all liabilities and accounts receivable as at 31 December 2023 should be disclosed numerically, in accordance with Paragraph 3.3 of the State Accounts Guideline No. 05/2023 dated 30 November 2023 commitments and liabilities valued Rs. 1,131,855,611 relating to 02 Sub-departments of the Railway Department had not disclosed in the accounts.	2021, 2022, 2023	Commitments and liabilities should be disclosed in the accounts in accordance with the provisions of the Public Finance Circular.	Instructions had been given to the sub-departments to take steps to disclose in the future.	It had not been disclosed in the financial statements for the year 2023 also.
07.	A sum of Rs.120,476,948 were outstanding from 31 institutions for the transportation of goods by rail by the end of the year under review and a sum of Rs.20,307,403 receivable from 16 institutions within it were outstanding balances that were more than 21 years old.	2021	Urgent actions should be taken to recover arrears of revenue.	It had been informed that due to inactive and closed institutions, the letters sent to those institutions have been returned and necessary actions will be taken to check and write off this value in the future .	Actions had not been taken to recover the arrears of revenue.
08.	A revenue of Rs.12,587,000 was lost from 03 stalls in the Colombo Goods	2023	Actions should be taken to recover the revenue receivable.	It had also been informed that the Secretary of the Ministry of Transport is	Actions had not been taken to collect income receivable.

Store due to tendering of stores without proper planning and management by the Railway Department and the revenue of Rs. 24,203,032 receivable from the rental of a canteen and 02 stores owned by the Railway Department had not been recovered.

currently coordinating with the Secretary of the Ministry of Industries to settle outstanding amounts among state institutions In accordance with the instructions of the Attorney General, as per Cabinet Paper No. 18/ Miscellaneous/ (019) and Legal Proceedings between State Institutions dated 31.05.2018, to recover the arrears of rent of Rs. 23,809,904 receivable from National Paper institution for the use of 02 warehouse buildings.

09.	Even though the reserved land of 01 Rood, 24.5 perches, located in Wattegama, had been leased out to the Ceylon Petroleum Corporation on the basis of transfer orders from 29 December 1963, no action whatsoever had been taken to recover the lease value of Rs. 12,192,825	2023	The tax value should be calculated and collected according to the lease agreement.	Instructions had been given to the responsible officers to re-examine the file and recover the outstanding amount or to take legal actions.	The tax value had not been calculated and collected according to the lease agreement.

receivable as per the government valuation for 59 years from 1964 to 2022 based on this transfer order.

10. The total lease revenue receivable as at 31 December 2022 for the railway reserved land bearing Lease Agreement No. LB 31134 in Peliyagoda Town amounting to Rs. 18,308,192, the total lease revenue receivable as at 31 December 2021 for the railway reserved land bearing Lease Agreement No. LC 1899 in Matale City amounting to Rs. 3,803,533 and the total lease revenue receivable as at 31 December 2019 for the railway reserved land bearing Lease Agreement No. LB 30037 in Meerigama Town amounting to Rs. 1,442,100 had not been recovered by the end of the year under review and no money whatsoever had been recovered for more than 9 years.	2023	Taxes to be received should be collected promptly in accordance with revenue agreements.	It had been informed that actions would be taken to check and recover the amount in the future.	The tax income to be received had not been collected in accordance with the revenue agreements.

11.	Although works cannot be carried out in railway reserves without the written permission of the General Manager of Railways in terms of Sections 31(a), 31(b), 31(c), 31(d) of Chapter 200 of the Railway Ordinance, it was observed that that buildings had been constructed without permission in the railway reserve between Weligama Railway Station and, another group is occupying the reserved lands and conducting commercial activities and the General Manager of Railway had been informed of this. Nevertheless, the necessary steps had not been taken in this regard even by the end of the year under review. Since there were 13 permanent shops located within these unauthorized constructions, water and electricity were even obtained and business licenses were obtained	2022	Actions should be taken in accordance with the provisions of the Railway Ordinance.	Calling for tax applications through the online system for tax payment is being implemented by now and the necessary works to implement tax files through a computerized data system had also been handed over to the Information Technology Division of the Department .	Actions had not been taken in accordance with the provisions of the Railway Ordinance.

from the relevant local government institution for this purpose.

12.	The relevant preliminary investigation reports had not been completed for 357 out of 365 incidents that occurred between 2018 and 2022, regarding the parties responsible for train derailments, collisions, crashes and damages in accordance with the amendment of Sub-section 13.2 of Chapter XLVIII, Part II of the Establishments Code by Section I of Paragraph 02 of Public Administration Circular No. 30/2019 dated 30 September 2019 issued by the Secretary to the Ministry of Public Administration, Disaster Management and Livestock Development.	2023	Preliminary investigations should be conducted and completed according to the Establishments Code and the Public Administration Circular.	It had been informed that actions will be taken to report further information in the future.	Preliminary investigations had not been conducted and completed according to the Establishments Code and the Public Administration Circular.
13.	The period ranging from 3 months to 14 years and 3 months had been taken to conduct and complete 50	2023	The preliminary investigation activities should be completed within the stipulated time according to the Establishments	It had been informed that there had been a delay in conducting the initial investigations	The preliminary investigation activities had not been completed within the stipulated time.

preliminary investigations regarding disciplinary proceedings against officers of the Department from the year 2003 to 2023 in accordance with Sub-section 13.2 and Section 13.12 of Chapter XLVIII of the Establishments Code as amended by Public Administration Circulars No. 01/2022 dated 12 August 2022 and No. 30/2019 dated 30 September 2019. There were 134 ongoing preliminary investigations by the institution and of these, 120 initial investigations had exceeded 3 months. Out of these, 120 initial investigations had exceeded 3 months. Further, it took between 2 months and 6 years to complete 30 preliminary investigations in respect of officers and to draft charge sheets.

Code and the due to the Public shortage of Administration officers required Circular. for preliminary disciplinary investigations, officers conducting preliminary investigations, and district transport inspectors, and the delay in obtaining engineering reports, forensic medical reports, magistrate reports, etc., and the existing Covid-19 pandemic.

14. Although the train service began in 1865, according to a timetable, complaints had been received until now from train users that trains were not running according to the timetable. The total number of train runs planned for 2023 was 122,426 and out of that the total number of trains that ran on time was 36,771. The total number of cancelled trains had been 10,531. Accordingly, 70 per cent of trains had not been running as scheduled. Out of the planned number of 113,759 passenger train runs, only 36,053 passenger trains ran on time. It was 32 per cent as a percentage.
- The railway service, which has contributed a long period and 6 per cent of Sri Lanka's total passenger transport and 6.5 per cent of goods transport, had failed to increase said contribution and although the railway network was 1521 kilometers in 1934, it had decreased by
- 2021, Railway performance should be developed in a way that is closer to the customers towards achieving sustainable development goals in line with the Vision and Mission of the Department.
- 2022, Due to a shortage as a result of the existence of railway track defects, defects in wagons and carriages, defects in the railway signaling system, and the lack of recruitment in relation to the retirement of railway staff such as train drivers, driver assistants and controllers who directly affect train operations, train delays and cancellations occur. It had been informed that train delays were also occurring due to trade union actions carrying out by railway employees and natural disasters.
- 2023, Trains are not running according to the scheduled time table and train delays and cancellations have occurred.

56 kilometers to 1465 kilometers by now even after the addition of 32 kilometers up to Beliatta.

15. An agreement had been entered into with a private company for a value of 47,618,821 to construct a double railway line between Kandy and Gatambe and although its construction work was supposed to be completed before 30 July 2018 (extended deadline), the works of the Project could not be completed yet. Further, the contractor had withdrawn from the construction works on a section of approximately 190 meters in total length from 1/720 to 1/830 and from 1/900 to 1/980 and although the Department had agreed to repair that section through intervention, it had not been completed up to now. The deficiencies such as failure of making provisions for Gravel road,	2021	Construction works should be completed within the time specified in the contracts.	The dual carriageway works between Gatambe and Kandy has been completed under the contract method as per the agreement. The works on laying the railway line in this section had already been commenced.	The project had not yet been fully completed and the deficiencies noted in the observation had not been corrected.

sleepers, rails and other materials pertaining to these constructions, existing of ABC Ranging from 7.25" to 9.5", which should be at 10" as per specifications, existing of Ballast that should be applied as 8" according to the specifications is in the range of 6" to 7.5", non-removing of 95 houses despite court orders to evict 116 unauthorized residents, residing of 17 residents who were given alternative lands continuously, in the railway reserve were observed at physical check.

16. According to the approval of Cabinet of Ministers No. 16/1370/724/054, prior to entering into a Tripartite Memorandum of Understanding in accordance with Proposal III of the Cabinet Memorandum, the clearance of the Attorney General should be obtained for Railway reserve land in extent 02 acres, 02	2021	Relevant approval should be obtained in accordance with the Memorandum Of Cabinet of Ministers. Taxes should be levied on the assessment of the Chief Valuer. Steps should be taken to take over the possession of the land.	Answer has not been given.	The relevant approval had not been obtained as per the Memorandum Of Cabinet of Ministers. Taxes had not been levied on the assessment of the Chief Assessor. Actions had not been taken to take over the possession of the land.

roods and 35.3 perches near the Gampola Railway Station, which was legally leased to another person under No. L-4731 (LC-32933) for this land, which was added another part and although the Minister of Transport and Civil Aviation had recommended that this land be given to the Urban Development Authority subject to a lease determined based on the valuation of the Chief Valuer, without doing so, the land had been leased to the Urban Development Authority for the Gampola City Center Development Project. The foundation stone for the Gampola City Center Development Project was laid on 10 September 2016 and even though it had been stated that this agreement is valid until 20 February 2019, according to the signed Memorandum of Understanding, construction had

not yet been begun.

Accordingly, actions had not been taken Due to the failure to achieve the objectives, steps had not been taken to reclaim the possession of the land owned by this Department.

17. According to the project for the construction and turnkey replacement of the old Kelaniya railway bridge valued at EUR 16,600,000 under Austrian Assistance, it had been reported that this bridge is expected to be operational until 2022 as per the feasibility study report conducted by the University of Peradeniya in 2002. Although the bridge must be removed in the next year or two, neither the Railway Department nor the Ministry of Transport has made any prior preparations regarding the measures to be taken, and a feasibility study	2023	A feasibility study should be conducted as soon as possible and the bridge should be restored.	A Turnkey Project was implemented to restore this bridge under Austrian loan assistance and it had been agreed to provide the necessary loan assistance through an Austrian bank for this. It had also been informed that the necessary steps had been taken to reduce the estimated cost to 16.8 million euros after discussions with the bidding firm and reach an agreement.	Actions had not been taken to conduct a feasibility study to restore the bridge.

had also not been conducted for that.

18. An amount of Rs. 200 million had been provided by the Secretary to the Treasury on 09 September 2022 to the Department of Sri Lanka Railways for "transportation of vegetables by train" through the interim budget provisions for the year 2022 and a sum of Rs. 198,790,847 was spent from that on repairing 05 railway carriages. Nevertheless, due to the non-implementation of that project, the entire expense had been a useless expense and the provisions amounting to Rs. 96,956,246 in 03 sub-departments were spent for purposes other than intended from the provisions provided for activities related to vegetable transportation for 04 sub-departments and it was 49 per cent as a percentage.	2023	Actions should be taken against officers who gave instructions and approval to use public funds for useless activities without proper purpose.	It had been informed that the money allocated for this project has already been used for long-term development of the Railway Department and since the expenditure is a cost incurred for railway transportation, even if the vegetables are not transported, it cannot be considered as a wasteful expenditure.	Actions had not been taken against officers who gave instructions and approval to use public funds for useless activities without proper purpose.

19.	Although 83 wagons need to be repaired by October, as per the Action Plan 2023 prepared by the Ratmalana Chief Mechanical Engineer's Office, the number of wagons that had been repaired was 35. The performance was as low as 42 per cent. In addition to salaries and wages, incentive allowances of Rs. 3,480,188 and overtime allowances of 645,600 hours had also been paid to 269 (approximately) officers who repairs these wagons during the first 10 months.	2023	Supervision activities should be streamlined and performance should be improved.	In addition to the targets set out in the action plan, as the shortage of skilled labour and the need to continue to repair and supply the necessary railway carriages and engines to the public in a timely manner, it had been allowed for allowances and overtime payments in connection with the completion of special projects.	Actions had not been taken to streamline supervision activities and improve performance
20.	The feasibility study report and detailed plans, which include the expected goals to be achieved over a 20-year period under the Colombo Suburban Railway Project, were completed in March 2021 and handed over to the Department of Sri Lanka Railways through the relevant Line	2021	Actions should be taken to implement the feasibility study and achieve the desired outcome.	Answers have not been given.	Actions had not been taken to implement the feasibility study and achieve the desired outcome.

Ministry. An amount of Rs. 1,446,952,381 had been spent for this feasibility study under the Asian Development Bank loan facility and it had stipulated to pay the loan installment for that loan amounting to US\$ 275,000, payable semi-annually on 15 March 2022 and 15 September 2022. Therefore, it was observed during the audit that the said feasibility study, which remained idle without being implemented, would not be of any benefit to the economy.

21.	Master Plan prepared for the Department of Railway with a cost of US\$ 1.5 million received under the Asian Development Bank Grants (Agreement No. TA 9382 - SRI OF 29-10-2017) had not been implemented.	2021	Actions should be taken to achieve the desired outcome of implementing of the Operational Plan.	Answers have not been given.	The expected results had not been achieved by implementing the Operational Plan.

22.	Although any shortage or damage to goods when purchasing spare parts for M 6 Class Locomotives should be reported to the supplier within 45 days of receipt of the goods at the Port, since the Department had informed the supplier that the goods had been sent less than 3 years ago, the supplier had refused to supply or refund the value of the supply of scarce goods amounting to Rs.12,247,936 and the amount of Rs. 14,537,444 nearly spent on this had become a useless expenditure.	2021	The loss incurred due to failure to notify the undersupply of goods within the relevant period should be recovered from the responsible officers, according to the supply conditions of the supplier.	There had also been a delay in locating and clearing the goods at the port due to a delay in providing the relevant documents to the wharf division for clearance of goods.	Actions had not been taken to recover the loss incurred as per the supply conditions of the supplier due to failure to notify the undersupply of goods within the relevant period.
23.	It had elapsed more than 2 years after short supplying of spare parts ordered with order No. RJFM/3432/17 and more than 03 years after failure of delivering the goods ordered under order number RWS/3367/15. Due to the lack of conditions in the	2022	All important terms and conditions in procurement should be included in the agreements and Procurement Guidelines should be followed. If the weaknesses in the procurement process are due to the negligence and delays of officers, actions should be taken against the officers responsible	Payments should be made to the supplier in full, 100% as per the terms and conditions for opening Letters of Credit at present. However, as soon as the undelivered goods are identified, the relevant suppliers will be informed	A new bidding document is being prepared so as to be compatible the current bidding document with procurement guidelines. Actions had not been taken to recover the loss incurred.

agreement regarding the undersupply and non-supply of goods, failure to keep the retention money and failure to obtain performance security as per the Procurement Guidelines, the institution had been unable to take any action against the supplier. According to all the above facts, due to the weaknesses in the indent purchase process and the negligence and delay of the officials, the value of Rs. 10,345,906 incurred for these goods had become a loss.

for the loss occurred.

and steps will be taken to re-call them or reimburse.

However, actions are being taken to prepare a new bidding document and to prepare a formal contract format that is not prejudicial to either party the current bidding documents are in accordance with the Procurement Guidelines and include the conditions, payment terms, security, etc. included therein to minimize this situation.

24.	The stock of spare parts valued at Rs. 16,781,002 received by the Department on 10 April 2019 for the purchase of spare parts for S8 Class Locomotives had remained unused and inactive in the stores until 31 December 2021 .	2021	Stocks should be actively used.	The first four items have been used in the order specified in the indenture, as at 24.12.2021 and Some of the items numbered 05,06,08 have also been used. As item number 11 was found to be unsuitable for use, it had been reported to the Superintendent of Railway Stores for appropriate action.	It has been informed that some of the stock items have been used and one item is not suitable for use.
25.	Out of the 100 passenger coaches imported from China, 17 are in operation by now and the other carriages had been parked in the Maligawatta and Ratmalana yards and several other carriages had been parked at the Puttalam Railway Station.	2022	All purchased passenger carriages should be put into operation .	The current status of the 100 Chinese carriages is as follows. • Number in operation - 19 (02 train sets) • Number of carriages ready for operation - 06. • Number of carriages parked at Maligawatta yard for repair - 40 • The number of repairs being carried out at the Maligawatta yard - 02 • Number sent to Ratmalana factory for repairs - 32 • Number of carriages	The number of passenger carriages in operation is 25 and the remaining 75 are not in running condition.

removed from
service due to
accidents - 01

The train
carriages parked
at the Puttalam
Railway Station
have been sent to
the Ratmalana
factory for
repairs.

Due to the delay
in expanding the
yard to
accommodate
train carriages by
freeing up the
portion of the
railway land
belonging to the
Maligawatta yard
from outside
parties, the
carriages that
were scheduled
for repairs had to
be parked in
remote locations
such as Puttalam,
Anuradhapura,
and Galoya.

26.	The circuit bungalow with the large 7-room built in Wewrukannala had remained in idle since 2019 and although it was secured by a guard, the building and all the rooms were in an unusable condition.	2022	It should be made usable and its economic benefits should be obtained.	The General Manager of Railways has instructed the Railways (R.O.) to prepare a suitable program to formally utilize this circuit bungalow built in Wewrukannala as a holiday resort for public use and the necessary activities for this are currently being	It had not been made usable and being idle furthermore.

done.

27.	The buildings in the Kekanadura and Beliatta multi-purpose buildings, which can be used for supermarkets, with 2637 and 1730 square feet respectively had been in idle since 2019 and it was observed that those buildings were being used by outside parties for various anti-social activities. Further, all of those buildings were in an unusable condition .	2022	It should be made usable and its economic benefits should be obtained.	Requests have been made at present that the ground floor of the commercial building located adjacent to the Beliatta Railway Station is required to operate the Beliatta Regional Office of the Land Titles Settlement Department on a monthly rental basis. Accordingly, the Beliatta Divisional Office of the Land Titles Settlement Department has been informed that the monthly market rent for the ground floor of this building, as assessed by the government for two years, is Rs. 115,000. A lessee has not yet appeared for the commercial building located adjacent to the Kekanadura Railway Station.	It had not been made usable and being idle furthermore.
28.	There was a railway line that started near the Supervisory way and workers	2022	Revenues should be collected by leasing out Railway reserves systematically.	A full report has been called from the R.S.S. regarding the lease files held	Actions had not been taken to formally lease railway reserved lands or remove

			Office near the Jaffna Railway Station, passed through Hospital Road, Beach Road, Kandy Road and reached the Jaffna Jetty and the railway line and all the related railway reserve lands had been occupied by the residents of the area and are being used for more than 20 years. This property had been misused due to the failure of the responsible railway authorities to take any action in this regard.	by the Land Division of the Railway Department belonging to the Customs Road, which was used from the Supervisory Manager way and workers Office near the Jaffna Railway Station to the Jaffna Jetty, and the unauthorized constructions that have been constructed so far and it had been informed that further steps would be taken in this regard after receiving the relevant report.	unauthorized occupants.
29.	Twenty three rooms out of 69 rooms pertaining to 05 field quarters (two-storied) belonging to the Anuradhapura Supervisory Manager (Buildings) within a period of 2 months to 15 years and 7 months, 06 out of 56 bungalow houses were built within a period ranging from 05 months to 05 years 09 months, 31 out of 189 paired houses, ranging from 02	2023	A feasibility study should be conducted to determine whether renovating these houses is economically viable and actions should be taken accordingly.	Because the official residences remained vacant for many years without occupancy those had been dilapidating. However, after the Transport Authority (Anuradhapura) allocated these official residences to someone even if the repairs were carried out according to the needs of the resident, due to	Conducting a feasibility study whether renovating these houses is economically viable and actions had not been taken accordingly.

	months and 12 years and 07 months had remained underutilized without being used.			the fact that these houses were vacant, it had fallen into further dilapidating.	
30.	Thirteen Romanian train coaches had been parked at the Jaffna Railway Station without being used for any purpose from 11 May 2021 to 26 July 2023, the date of the audit, that is for a period of 02 years and 02 months.	2023	Usable train coaches should be used for passenger transport. and unusable train coaches should be put to useful use instead of being destroyed.	Answers have not been given.	Usable train coaches should be used for passenger transport and unusable train coaches were not allowed to deteriorate and were not put to useful use.
31.	Sixty nine wagons and train carriages at 04 railway stations have been parked at the railway stations for many years and they were decaying and falling into ruin. Necessary measures had not been taken to identify and protect repairable carriages, and to repair and put them into service.	2023	Actions should be taken to identify repairable compartments, protect them, and repair them.	Answers have not been given.	Actions had not been taken to identify repairable compartments, protect them, and repair them.
32.	The truck number 68-5023 had destroyed in a fire in Ambalangoda on 03 March 2007 and it had been mentioned as	2023	If those responsible are found, damages should be recovered by conducting investigations according to	Answers have not been given.	Damages had not been recovered from those responsible by conducting investigations in accordance with

the loss was Rs. 2,200,000 in the preliminary report.

Nevertheless, actions had not been taken to conduct a formal investigation into this incident and recover damages if those responsible are available and it was also observed that the file had not been updated after April 9, 2014 .

regulations.

regulations.

33. The Railway Department had 103 M class engines and 133 S class engines at the end of 2023 and the value of an M class engine that was audited had been purchased for a value between Rs. 15 million and 765 million, and the value of an S class engine had been purchased for a value between Rs. 8 million and 218 million. The 47 M class engines and 31 S class engines that had been sent for repair had been kept in running sheds or at the Ratmalana workshop for a	2023	A plan for engine repairs should be prepared and repairs should be completed accordingly. When purchasing engines, it is important to purchase engines that are technically best suited to Sri Lanka's roads and other requirements.	Answers have not been given.	Preparation of a plan for engine repairs had not been made and repairs had not been done accordingly. Five out of 10 engines have been stopped for repairs.

period of 1 to 7 years without being repaired and 05 engines out of the 10 M-11 engines last purchased in 2019 at a cost of Rs. 765 million each had been taken out of service and sent for repairs. Although the function of the M class engines purchased in the early days was high, the technical and other shortcomings had caused to become low the performance of recently purchased engines .

34.	A number of 223 unvalued damage incidents in the 4 sub-departments of the District Engineer (Upper), Transport Superintendent's Office (Colombo), Chief Mechanical Engineer and District Engineer (North) Office had not been assessed and out of those incidents, 172 were more than 30 years old.	2021	Actions should be taken to assess and recover the value of old damages.	Heads of Sub-Departments had been informed to take immediate actions regarding the damages that have been pending for more than 05 years but have not yet been resolved, and to submit an Action Plan on how to resolve these damages.	Heads of Sub-Departments have been informed to submit an Action Plan to assess and recover the value of old damages and to act accordingly.
35.	Even though more than 30 years had elapsed, actions	2021	Actions should be taken in accordance with	Heads of Sub-Departments had been informed to	Although it has been informed that actions will be

	had not been taken to settle the losses and damages amounting to Rs. 91,231,001 relating to 35 incidents of damage and loss relating to the Office of the Chief Railway Accountant, Office of the Commercial Superintendent, Office of the Railway Depot Superintendent, Chief Mechanical Engineer, Transport Superintendent (Colombo) and Derailments.	Financial Regulations .	take immediate actions regarding the damages that have been pending for more than 05 years but have not yet been resolved, and to submit an Action Plan on how to resolve these damages.	taken in accordance with Financial Regulations, it was not settled.	
36.	Although payments for warehouse supplies should be made after the Payments Certifying Officer has certified that the goods have been received in the proper quality and quantity, due to the payment were made to the supplier without obtaining any guarantee, a sum of Rs. 95,763,117 had been paid for goods that were not supplied.	2021, 2022	After certification by the payment certifying officer, payments must be made under proper authority. The loss should be recovered from the officers responsible for the loss.	A Technical Evaluation Committee has been appointed to prepare a new bidding document and provide recommendations on the preparation of documents to prepare a formal contract format that is not prejudicial to either party. Instructions had been given to appoint two subject clerks under the supervision of procurement	Although it has been informed that these activities will be completed under formal authority, this value has not been resolved.. Actions had not been taken to recover the loss from the responsible officials so far.

officers and complete these activities within 06 months to take necessary steps to settle payments made for goods that have not yet been supplied.

37. The value of outstanding Letters of Credit at the end of the year under review was Rs. 616,141,592 and out of this, 19 per cent equivalent to Rs. 116,958,556, were old balances between 2 and 23 years. The reasons for not settling these balances through goods receipts, which have been paid for more than 02 years, were not presented for audit and it was contradiction in audit that whether these payments of over 116 million were the payments made to suppliers for goods that were not supplied.
- 2021 Steps should be taken to settle these Letters of Credit.
- The value of outstanding Letters of Credit for the years 1998-2009 is Rs. 35,715,002 and due to very old remains, this information will be presented accurately in the future after it is identified and the value of the outstanding claims from 2010-2020 is Rs. 144,516,621.09 as of February 2022 and it had been informed that the actions will be taken to receive goods receipt notes promptly in the future, to include the balance money in the stock.
- Although it has been informed that the settlement of these Letters of Credit will be carried out in the future, a balance of Rs. 119,019,690 remains to be settled.

38.	Due to the failure to complete clearance procedures efficiently and promptly when importing goods, a large amount of money has to be paid annually in late fees and interest and the amount so paid during the year under review was Rs. 5,044,787. Payment of late fees and interest had become a routine practice for the institution and the amount of late fees and interest paid from 2018 to 2021 in relation to the stores advance account had been Rs. 73,921,280 .	2021, 2022	The mechanism for importing goods should be made efficient by looking into the reasons for late fees and interest payments.	Since the clearance of goods is carried out based on the interest charged by the bank on the delay in submitting documents for payment for imported goods, the late fees incurred on imported goods during the year under review, and the amount of money received from the Treasury it had been informed that it is inevitable to pay late fees to the Shipping Corporation due to delays in receipt of funds to be received.	The mechanism for importing goods had not been made efficient by investigating the reasons for late fees and interest payments. A sum of Rs. 2,005,535 had been paid as late fees and interest during the year 2023 also.
39.	Differences ranging from 450 liters to 12,568 liters were observed between the balance according to the existing diesel stock records for 04 garages and the balance that should have existed according to monthly receipts and issuances and the responsible parties failed to provide reasons for these	2021	Actions should be taken to identify and correct specific causes of differences.	Answers have not been given.	Actions had not been taken to identify and correct specific causes of differences.

changes.

40. Although the construction of a 442 square foot meeting hall and the renovation of the permanent road inspector's office, rest rooms, equipment store, oil store and district engineer's rest room should be carried out to make it suitable, and the buildings and land used by the Agrarian Services Department should be released from the Agrarian Services Department and given to the Railway Department by the Urban Development Authority, according to the Memorandum of Understanding signed to transfer lands owned by the Railway Department to the Urban Development Authority for the construction of the Financial Center under the "Pibidemu Polonnaruwa" development programme, and	Actions should be taken to cancel the agreement on non-compliance with the agreement and to take possession.	Answers have not been given.	Actions have not been taken to cancel the agreement on non-compliance with the agreement and to take possession.

also almost 3 years and 6 months had elapsed since the end of the contractual period as of 16 October 2023, the date of the audit, the construction or repairs had not been carried out in accordance with the said agreements.

There, although the aggrieved party can cancel the MoU and reclaim the possession of the Railway

Department land as per the agreement, actions had not been taken accordingly.

83. Head - 307 Department of Motor Traffic

	Total Assets Rs.	Total Liabilities Rs.	Total Equities Rs.	Audit Opinion
2021	2,767,934,116	192,039,166	2,575,894,949	Qualified Opinion
2022	2,634,471,132	62,738,560	2,571,732,572	Qualified Opinion
2023	2,643,204,492	4,509,834	2,638,694,657	Qualified Opinion

Se. No	Audit Observation	Year of The Report	Auditor General's Recommendation	Preventive Measures Taken By Client	Implementation Status Of Recommendation
01	According to paragraph 04 (b) of the State Fiscal Policy circular No.01/2015 dated July 20, 2015, and as per the financial accounts 2021, from 2016 to 2021, the non-collected tax income of the luxury sector from Rs. 82,669,000 to Rs. 214,323,900 had increased by Rs.131,654,900. Meanwhile, had not been taken the relevant immediate steps to recover the arrears of income or to prevent further accumulation of the arrears of income to be collected.	2021	Action should be taken in accordance with the rules and regulations.	Reminding letters have been sent to all unidentified vehicle owners who have defaulted on tax. Insurance agencies have been alerted and thus have been able to recover huge tax arrears.	The recommendation has not been implemented.
02	The system development project related to the information exchange method aimed at providing the information about the	2021	To use the public money in such a way that it gets a value for money with the money spent.	Agreed with the observation, however Preventive measures had not mentioned.	The recommendation has not been implemented.

vehicles registered in the Department of Motor Traffic to the Inland Revenue Department had been inactive after the year 2018. The Rs. 2,420,000 which has been paid by the department to the Informatics International (Ltd) up to 19 December 2018 for the purpose of that was observed an uneconomical expenditure.

03	Due to non-collection of custom duty, luxury tax and other government levies to be paid for 14 vehicles including 11 luxury jeeps being registered by changing the data of the old vehicles in the system, the government had lost an income of Rs.499,569,300.	2021	Conduct proper investigation and take legal action.	Among these 14 vehicles, it has been informed that luxury tax has been paid for 6 vehicles and the same will be collected for the remaining vehicles. The Customs Department will proceed to Data Link after paying the relevant clearance tax and only those vehicles that have been Data Linked will be registered.	The recommendation has not been implemented.
04	Instead of issuing vehicle registration numbers in sequence, vehicles were registered by leaving certain numbers blank and then 05 new vehicles were registered by wrongly entering data into the	2021	Conduct proper investigation and take legal action.	For 4 vehicles, money has been collected through the receipts of People's Bank. One vehicle has been identified as a taxable vehicle and the current owner has been	The recommendation has not been implemented.

	computer system under those reserved blank numbers. It was observed that the government has lost approximately Rs.4,643,800 as luxury tax, production tax and other government levies.			informed in a letter to come and pay the relevant tax amount. The Customs Department will proceed to Data Link after paying the relevant clearance tax and only those vehicles that have been Data Linked will be registered.	
05	Due to the registration of vehicles imported for special purposes under the registration numbers for dual-purpose vehicles, it had been observed that the Rs. 27,472,988 of customs tax being lost to the government for only 9 vehicles which were registered in the year 2018 and 2019. However no internal control system had been introduced to prevent that type false registrations.	2021	Conduct a proper investigation and recover the lost revenue to the government	Sri Lanka Customs collects the tax and registers the vehicle only after the payment details are linked to our department's computer network. Out of these 9 vehicles, only one vehicle belongs to the PZA category, so instructions have been given to bring the file of that vehicle and report whether any irregularity has occurred. The officials have been informed to issue an internal circular to prevent such irregularities from happening in the future.	The recommendation has not been implemented.
06	Six testing equipment given to Werahera Vehicle Testing	2021	Taking necessary measures to fully utilize the	Only 2 devices are prepared and used in such a	The recommendation has not been

	Center in the year 2004 as a donation from the German Government remained inoperative as on 20 May 2022.		resources of the department.	way that only a few actions can be performed mechanically by these devices. A committee chaired by a senior motor vehicle inspector has been appointed to present the current status and recommendations of these equipment as there was no provision to purchase the equipment required to provide a standard technical report.	implemented.
07	In order to ensure correct collection of the daily income due under the respective revenue codes, no system has been prepared to compare the income recorded and the income received according to the services provided to the public by the Department Motor Traffic. As a result, the income of Rs.9,636,851,446 collected by the bank had been accounted for without confirming the income to be collected according to the services provided.	2022 2023	According to the services provided by the department, the income should be reconciled with the income received on a daily basis.	Daily revenue accounts are made after verifying the department's daily revenue collection with the bank accounts by the bank link revenue monitoring computer system available in the Department motor traffic. The total revenue of Rs.9,636,851,446 , which was collected under the revenue codes of 2003.02.14, 1003.07.09, 1003.07.04 and 2003.02.15, is	The recommendation has not been implemented.

accurate.

08	In Section 5 and 6 (1) a, b, c, paragraphs of the Computer Crime Act No. 24 of 2007 dated 9 July 2007, it has been stated that any person who knowingly does not have the authority to make the computer, perform a certain task, intentionally makes unauthorized changes or damages to a computer or computer system, and it harms the national security, national economy or public safety, is guilty. However, although it was discovered that fraudulent activities are constantly taking place by changing the department's computer system, the department had not worked to strengthen the internal control systems to prevent those frauds.	2022	Internal control system should be strengthened to prevent computer fraud.	The departmental computer system is operated based on software and hardware installed around the year 2004. Due to the proposed implementation of the E-Motoring project, the departmental computer system was not updated. Regarding the security of the computer system, the Sri Lanka Computer Emergency Response Forum (SL CERT) affiliated to the Sri Lanka Institute of Information and Communication Technology has taken action to conduct an audit on computer security, and based on its results, further measures related to system security will be taken. Furthermore, a Privilege Access Management system was installed to monitor computer data system-related activities	The recommendation has not been implemented.

(insecure access and data modification activities, etc.). By that, it is regulating the unauthorized access and privileged accounts.

09	Including the fines, a luxury tax income of Rs.757,500 and Rs.35,200,000 of production tax revenue had been lost due to fraudulently issuing a motor vehicle registration certificate in the year 2019 by falsely changing the data of a CEYGRA type motor vehicle which was previously registered under registration number KE - XXXX and entering the data of a MITSUBISHI PAJERO type motor vehicle.	2022	Actions should be taken to recover the revenue losses by conducting a formal investigation with audit observations.	Such losses and damages have not been reported, and it will be reported after they are confirmed as damages and losses.	The recommendation has not been implemented.
10	According to the Motor Vehicle Registration System, A CRYGRA type motor vehicle had been registered under the number KE-XXXX, However, in the year 2018, by altering the data of aforesaid registration, the data related MINICOOPER type motor vehicle had been entered and the motor registration	2022	Actions should be taken to recover the revenue losses by conducting a formal investigation with audit observations.	Such losses and damages have not been reported, and it will be reported after they are confirmed as damages and losses.	The recommendation has not been implemented.

certificate had been issued. As the result of that production tax income of Rs.5,513,000 and new registration fee of Rs.44,050 had been lost.

11	The CEYGRA type petrol motor vehicle weighing 580kg has been registered under the registration number KE-XXXX as per the motor vehicle registration information system, however, in 2018 the system data had been fraudulently changed and the data in related TOYOTA type diesel motor vehicle weighing 2580kg had been entered and the registration certificate had issued. Due to the fact that, Rs.49,920,000 of production tax revenue had been lost.	2022	Actions should be taken to recover the revenue losses by conducting a formal investigation with audit observations.	Such losses and damages have not been reported, and it will be reported after they are confirmed as damages and losses.	The recommendation has not been implemented.
12	By changing the pre-registered chassis numbers and engine numbers in the motor vehicle registration data system and then by entering the chassis numbers and engine numbers of illegally imported motorcycles, 91 motorcycles had been registered and issued registration certificates. With considered the engine capacity of above	2022	Actions should be taken to recover the revenue losses by conducting a formal investigation with audit observations.	Such losses and damages have not been reported, and it will be reported after they are confirmed as damages and losses. .	The recommendation has not been implemented.

motorcycles, it was observed that the government had been lost Rs.55,207,475 of custom tax revenue due to importation of motorcycle without valid Cusdec.

13	The illegally imported 91 vehicles had been registered for previously registered numbers and fraudulent registration certificates had been issued without collecting fines and surcharges as per the Cabinet Paper No. AMP/16/1307/709/06 1 and dated 05 July 2016 and the Cabinet Decision dated 07 September 2016 subjected to the registration of illegally imported and unregistered motorcycles. Due to that, Rs.21,476,000 had been lost to the government including surcharge fee of Rs.21,285,000 and a new registration fee of Rs.191,000 which could have to be applicable.	2022	Actions should be taken to recover the revenue losses by conducting a formal investigation with audit observations.	Such losses and damages have not been reported, and it will be reported after they are confirmed as damages and losses.	The recommendation has not been implemented.
14	According to the Motor Vehicles Act, while modifying a vehicle, components other than the chassis can be changed. However, it was observed that 27 cases where the chassis	2022	An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment	An internal investigation has been conducted in this regard.	The recommendation has not been implemented.

	number had been changed while converting a petrol vehicle to a diesel vehicle. Accordingly, the 27 illegally imported vehicles had been registered by representing vehicle modification.		Code.		
15	When converting a petrol motor vehicle to a diesel motor vehicle, the old motor vehicle registration number should be removed from the system. However, in 130 cases, the registration numbers of the converted vehicles had not been removed from the system.	2022	Arrangements should be made to remove registration numbers of converted vehicles from the system.	An internal investigation has been conducted in this regard.	The recommendation has not been implemented.
16	The registration documents which was bearing motorcycle registration number BDA-XXXX were stolen and without the knowing the owner, the vehicle ownership had been transferred. Nevertheless, formal investigation had not been conducted regarding the above illegal transfer.	2022	An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.	An internal investigation has been conducted in this regard.	The recommendation has not been implemented.
17	The chassis numbers and engine numbers related 99 registered motorcycles which have been taken revenue licenses for previous years consistently, had been changed and the	2022	An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment	In the recent past, it is observed that, the large number of people had been updated their vehicle information in the Electronic Revenue	The recommendation has not been implemented.

	engine numbers and chassis numbers related other fraudulently imported motorcycles had been fraudulently entered. Then, new motor vehicle registration certificates had been issued for the existing registration number. After that, the Officials of the Department of Motor Traffic who are responsible system updating had been removed existing data and fraudulent changers from the vehicle registration system.		Code.	Licenses System while issuing revenue licenses and in parallel with the QR code fueling program. Also observed that, the audit queries are indicated the information regarded motorcycles registered by the district offices. Further, it is expected that a full study will be conducted and the results will be reported in the near future.	
18	The engine numbers and chassis numbers of the 31 vehicles registered in the Department of Motor Traffic under the other classes had been changed and in relation to another class of Department of Motor Traffic officials had been changed then entered the engine numbers and chassis numbers which are related to fraudulently imported motorcycles. After that, the Officials of the Department of Motor Traffic who are responsible system updating had been removed existing data and fraudulent changers from the	2022	An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.	The departmental computer system and Electronic Revenue Licenses System are two different systems, the ERL computerized system had been established in the year 2009. It is observed that the officials who are in the revenue licenses issuing counter will enter the relevant data of the vehicles into the ERL system by using the facilities of revenue licenses alteration. Therefore, after full study relating differences	The recommendation has not been implemented.

	vehicle registration system.			between departmental data system and ERL system, the information will be reported.	
19	The chassis numbers and engine numbers related 29 registered vehicles for other classes which have been taken revenue licenses for previous years, had been changed and the engine numbers and chassis numbers related other fraudulently imported vehicles had been fraudulently entered. Then, new motor vehicle registration certificates had been issued for the existing registration number. After that, the Officials of the Department of Motor Traffic who are responsible system updating had been removed existing data and fraudulent changers from the vehicle registration system.	2022	An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.	The departmental computer system and Electronic Revenue Licenses System are two different systems The ERL computerized system had been established in the year 2009. It is observed that the officials who are in the revenue licenses issuing counter will enter the relevant data of the vehicles into the ERL system by using the facilities of revenue licenses alteration. Therefore, after full study relating differences between departmental data system and ERL system, the information will be reported.	The recommendation has not been implemented.
20	By changing the chassis numbers and engine numbers of 11 pre-registered motor cars and inserting the chassis numbers and engine numbers of another illegally imported or assembled car, the vehicle	2022	An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.	The departmental computer system and Electronic Revenue Licenses System are two different system, the ERL computerized system had been established in the	The recommendation has not been implemented.

registration certificates had been fraudulently issued. After that, the Officials of the Department of Motor Traffic who are responsible system updating had been removed existing data and fraudulent changers from the vehicle registration system.

year 2009. It is observed that the officials who are in the revenue licenses issuing counter will enter the relevant data of the vehicles into the ERL system by using the facilities of revenue licenses alteration. Therefore, after full study relating differences between departmental data system and ERL system, the information will be reported.

21 The engine number and chassis number of 04 previously registered motorcycles with outstanding revenue license fees for a long period, had been changed and entered the engine numbers and chassis numbers of 04 other illegally imported motorcycles, Then, Motor vehicle registration certificates had been fraudulently issued in the year 2022.

2022 An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.

The departmental computer system and Electronic Revenue Licenses System are two different systems, the ERL computerized system had been established in the year 2009. It is observed that the officials who are in the revenue licenses issuing counter will enter the relevant data of the vehicles into the ERL system by using the facilities of revenue licenses alteration. Therefore, after full study relating differences

The recommendation has not been implemented.

between
departmental data
system and ERL
system, the
information will
be reported.

22	The previously registered six vehicles that were imported for foreign diplomats and non-governmental organizations on duty-free basis had been de-registered and re-exported when the diplomats were resigned. Then, the officials of department of motor traffic had been wrongly entered chassis numbers and engine numbers of other six luxury vehicles for above de-registered numbers and issued registration certificates for another person.	2022	An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.	It is expected that a full study will be conducted in this regard and the facts will be reported in the near future.	The recommendation has not been implemented.
23	It was observed that, the tax revenue of Rs.122,282,900 which should have to be collected by the Sri Lankan Customs, excluding luxury tax and other charges, had been fraudulently misused. Due to fraudulent registration of vehicles in the Department of Motor Traffic which are imported or assembled in Sri Lanka in an illegal manner.	2022	An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.	It is expected that a full study will be conducted in this regard and the facts will be reported in the near future.	The recommendation has not been implemented.
24	The six vehicle	2022	An internal	There is no	The

	registration numbers without prior registration and no any revenue licenses are issued in the previous years had been fraudulently used by the Motor traffic Department officials and entered Engine numbers and chassis numbers which are fraudulently imported or assembled. Then the registration certificate had been issued by in lining with the nearest registrations of the computerized data system.		investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.	capability in the computer system to register new vehicles for unused blank numbers.	recommendation has not been implemented.
25	By Using the first possession transfer application number TH202129737 and second absolute right registration application number TH202129738, a vehicle had been transferred and registration certificate fraudulently issued on 03 December 2021 for number bearing 253-XXXX by the Hambanthota branch. However it was revealed that which is an old blank number where a vehicle was not registered and above vehicle was illegally imported or assembled.	2022	An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.	It is observed that there was no fraudulent entry of data on the car bearing 253-XXXX as indicated by the audit. Further, an investigation in this regard is being conducted by the investigation section.	The recommendation has not been implemented.
26	Nevertheless, the date of fraudulently data	2022	An internal investigation	It is observed that there was no	The recommendation

	entered in the system was at 03rd December 2021, in the system it was appeared as at 17th august 2000 as first registration date and at 1997 as production year of the vehicle. These dates have been fraudulently entered in the system by considering and in lining with pre-registration number details and post registration number details of the subjected registration number.		should be conducted promptly and disciplinary action should be taken as per the Establishment Code.	fraudulent entry of data on the car bearing 253-XXXX as indicated by the audit. Further, an investigation in this regard is being conducted by the investigation section.	has not been implemented.
27	Due to fraudulent issuance of motor vehicle registration certificate for above dual-purpose vehicle which is imported without valid Cusdec or illegally assembled, it had been lost total of Rs.6,205,300 tax revenue had to be collected as production tax revenue approximately Rs.6,000,000 and as luxury tax revenue of Rs.181,500 also as vehicle registration fee revenue of Rs.23,800.	2022	An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.	An investigation in this regard is being conducted by the investigation section.	The recommendation has not been implemented.
28	Over the years, audit reports have been forwarded to the Motor Traffic Department regarding the illegal registration of vehicles and the submission of false and forged documents for the registration of	2022	According to the provisions of the Penal Code, legal action should be taken against the registered owners of the vehicles whose registrations have been canceled and	An investigation in this regard is being conducted by the investigation section.	The recommendation has not been implemented.

	motor vehicles, As well as, in the year 2022, audit observations were submitted regarding fake registrations and false document submissions on 4 occasions. But no any legal action had been taken against the parties who submitted the fake and forged documents as transferor of the above vehicles.		false information has been submitted.	
29	It had been provided computer passwords by the Department of Motor Traffic to users who are authorized to enter computer data required to perform duties for vehicle registration and related matters. Nevertheless, the passwords issued, to the officers who have transferred to other department, to the officers retired from the department and to the officers are still working in the department but the passwords are not used as per the official assignments are seems still active. Therefore it had been observed that, fraud and corruption could be committed by using those passwords.	2022	Internal controls should be strengthened to detect active user passwords.	The Department of Motor Traffic provides usernames and passwords for the computer system under a formal system. The user name is given to the concerned officers in accordance with the department provided services and the duties performed, and the user name owned by the officer will be canceled as soon as the concerned officer reports leaving the concerned department. Allocation of user names is done only based on the written request of the Heads of Sections. The recommendation has not been implemented.

30	Conditions have been imposed that, motor vehicles which have not obtained revenue licenses for more than 03 years should get the recommendations of the Deputy Commissioner of Investigations when applying for revenue licenses again. But, no formal arrangement had been introduced to ensure that revenue licenses were issued after that requirement was met.	2022	An arrangement should be introduced to ensure that expired revenue licenses are re-issued after receiving the recommendations of the Deputy Commissioner Investigation through the formal inquiries which might be relevant.	Preventive measures had not mentioned.	The recommendation has not been implemented.
31	The computerized information system had not blocked vehicle registration numbers that had been canceled or deactivated by the Motor Traffic Department, So, that they could not be used again.	2022	Arrangements should be made to block the computer system so that canceled vehicle numbers cannot be used again.	There is no possibility to re-use canceled or deactivated vehicle numbers in the Motor Traffic Department computer system.	The recommendation has not been implemented.
32	Commissioners and the executive officers of the Department of Motor Traffic, are given the opportunity to change and delete any information in the data system, including the chassis number of a pre-registered vehicle, using their password. Further, any past data that would be altered in this way then it would be completely erased from the system and could not be recovered	2022	The computer system should be improved by facilitating that, all the information including old car registration can be retrieved and none of the past data is erased	Commissioners, who are executive officers, are able to log any information that is changed on a pre-registered vehicle using a given username. There is a possibility to track both the original data and the new data.	The recommendation has not been implemented.

again.

- 33 Under the authority of Section 203 of the Motor Vehicles Act, the law prohibits a trainee from driving a motor vehicle alone without driving instructors approved by the Motor Traffic Department. In such a background, even if an L board is given to the applicants who pass the written test to obtain driving license, the relevant applicants are not given the opportunity to practice driving the car using the said L boards. However, it was arranged to provide and give an L board to all the applicants who passed the written examination and for that, government funds of Rs.162,495,000 were used to buy L boards.
- 2023 Government grants should be spent only on essential expenses. An applicant seeking to obtain a driving license will be given a period of approximately 03 months for the practical test after passing the written test. This time is given to enable the applicant to get practical training from a qualified trainer and to drive a vehicle on the road alone. In such cases, they join a driving school and get the relevant training while also training with a qualified trainer in their own vehicle, so L plates of a standard are issued by this department for a fee. For L boards Rs. 162,495,000 will be spent and a fee will be charged and issued therefore the related expenses will be covered. The recommendation has not been implemented.
- 34 The following observations are made regarding the revision of the contract price for the supply of vehicle identification number plates

(i) According to the first section of the instructions given to the bidders among the bidding documents contained in the contract agreement related to the supply of vehicle identification number plates, it has been mentioned that the prices will be invited using the international competitive bidding method and the bid prices should be indicated in Sri Lanka Rupees. Accordingly, the supplier has been selected through international quotations and the successful bidder is a German company, as well as the fact that local agencies have been contracted on behalf of the relevant German company, international competitive quotations have been invited and contract agreements have been signed. if the contract is in working condition, provisions are not	2023	Procurements should be operated as per the provision of the Procurement Guidelines.	Cabinet Memorandum No. MT/50/2022 dated 02 August 2022 has been presented to increase the prices of supply of vehicle identification number plates in relation to the request submitted on 21 June 2022 to the Secretary of the Ministry of Transport and Highways by Access International (Private) Limited. A Technology Evaluation Committee and a Price Negotiation Committee (CANC) appointed by the Council of Ministers have been appointed by approval No. AMP/22/1104/60 8/010 and dated 22 August 2022 given for this memorandum. As per the recommendations made by the Technology Appraisal Committee appointed by the said Cabinet Memorandum regarding price increase, the	The recommendation has not been implemented.

included in the procurement guidelines for revision of the contract prices due to changes in the Sri Lanka rupee against dollars. Hence, it was observed that this price revision is against the provisions of the procurement guidelines.

recommendations of the Cabinet Appointed Price Negotiation Committee (CANC) have been submitted. The Cabinet Memorandum No. MT/123/2022 dated 30 December 2022 presenting those recommendations has been submitted and the Cabinet Decision No. AMP/23/0023/60 8/002 and dated 16 January 2023 have been given. Action has been taken according to that decision.

(ii) Before presenting this price revision, three officials of the Motor Traffic Department and two officers on behalf of the local representative of the supplier has presented for the discussion of the project of removing provincial characters from vehicle number plates which was held at the State Ministry on 14 March 2023 under the chairmanship of the Secretary	2023	All information related to procurement should be considered in decision making.	-Do-	The recommendation has not been implemented.

(Development) of the State Ministry of Vehicle Regulation Bus Transport Services, Railway Coaches and Motor Industry. It was mentioned in the committee report that the representatives has stated before the committee, where the raw materials required to provide the contracted quantity of number plates have already been ordered at that time and if they are unable to provide the contracted quantity of number plates, they will incur a loss. Accordingly, it is confirmed that the amount of raw materials required to fulfill the obligations of the agreement has been imported by the supplier before requesting this price revision, but the necessary arrangements for a price revision had been made without taking this into consideration.

(iii)According to the Cabinet decision dated 31 August 2023 bearing	2023	Responsible officers should perform their duties properly.	The formation of the Project Committee and its functioning is	The recommendation has not been implemented.

AMP/22/1104/608/010, the Secretary of the Ministry of Transport has appointed a five-member project committee and the Committee's report dated 22 November 2022, had been submitted to the Price Negotiation Committee (CANC) appointed by the Cabinet. The committee report had been prepared taking into account only the change in the exchange rate without evaluating any other factor determining the supply price and without calculating the effect of the change in the exchange rate on the price of the supply item, by including recommendation to give a price revision agreed upon in consultation with the supplier. Due to this decision, it was observed that the project committee has not fulfilled its responsibility properly.

beyond the purview of this Department. Accordingly, the relevant section of the Ministry of Transport will be referred to provide answers for this paragraph.

(iv) The project 2023 Responsible -Do- The

committee report was submitted to the Price Revision Committee appointed by the Cabinet in accordance with the Cabinet decision dated 31 August 2023 bearing AMP/22/1104/60 8/010. Without reference to any study, evaluation other than the report submitted by the supplier for a price increase and the said report did not include any factual rationale to justify the price increase. However including a price increase proposal of 62.5 percent as an agreed value with the supplier, has submitted of the committee report dated 29 November 2022. Due to this, it was observed that the price revision committee has not fulfilled its responsibility properly.

officers should perform their duties properly.

recommendation has not been implemented.

(v) According to the observations submitted by the Minister of Finance on the	2023	Correct information should be submitted to the Cabinet.	The letter No. DMT/H/DE/04/02 and dated 09 February 2023 was presented	The recommendation has not been implemented.

cabinet Paper of No. MT/123/2022 and Section 2.5 of the above Cabinet Memorandum, it was observed that, it is appropriate to ask, possibility to increase the prices from the Attorney General.

Accordingly, according to the decision of the Cabinet of Ministers for price revision, whether the legal provisions of the agreement are in place for price revision as per the agreement conditions No 30, the Motor Transport Commissioner had asked the Attorney General through the letter No. DMT/11/DE/02 and on 09 February 2023. The Attorney General had pointed out that the "matters contained in the press release issued by the Central Bank" do not fall within the scope of Article 30 of the Agreement. But without applying the Attorney General's opinion, the clauses mentioned

seeking the opinion of the Honorable Attorney General on whether there is a possibility to increase the prices as stated in 2.5 of the Cabinet Memorandum dated 02 August 2022 bearing No. MT/50/2022, Then the Honorable Attorney General has given the opinion by the letter No. CL/34/2023 and dated 19 April 2023.

Regarding the next steps to be taken on Honorable Attorney General opinion, has requested instructions from the Secretary of the Ministry of Transport and Highways by the letter No. DMT/H/DE/04/02/05 and dated 17 July 2023. A meeting was held at the Ministry of Highways on 03 August 2023 as per the request for instructions. Recommendations were given on the draft agreement as per the instructions

in the contract agreement required for a price revision were amended and the draft containing the revised conditions had been forwarded to the Ministry Secretary to get approval for the amendments.

received in that meeting.

35 According to AMP/16/1307/709/06 1 and Cabinet decision dated 07 September 2016, motorcycles imported without legal customs process had been given registration facility in the Department of Motor Traffic subject to a surcharge based on fuel capacity. In this regard the following observations are made.

(i) According to AMP/16/1307/709 /061 and Cabinet decision dated 07 September 2016, motorcycles imported without legal customs process are subject to a surcharge based on fuel capacity and are registered with the Motor Traffic Department, due to non-payment of prescribed fees for 296 motorcycles in the	2023	A formal investigation should be conducted and the lost revenue should be recovered from those responsible.	Your observations in this regard will not be excluded, but as the computer system has the ability to use the "Miscellaneous Payment" method for making payments in a special function and the charges for this function can also be made according to the same method, where the	The recommendation has not been implemented.

capacity category from 201CC to 450CC, the government had lost an income of Rs.78 Million.

reference numbers are clear. In case it is not mentioned, it is not possible in the computer system to identify it, and thus the amount charged for the mentioned motorcycles cannot be identified precisely. However, under the "Miscellaneous Payments" method, several charges for motorcycles in these categories were identified and obtained through the computer system, and accordingly, it was observed that those charges are approved charges according to the decision of the Cabinet.

(ii) Although the registration should be completed within a grace period of 04 months from 30 August 2016 when the press statement about that relief was issued to the public according to the decision of the Council of Ministers. 3088	2023	A formal investigation should be conducted and the lost revenue should be recovered from those responsible.	Accepted, Since these registrations were done in the year 2016, would like to inform the relevant officials to immediately look into the measures that can be taken in this regard and I will work to give necessary	The recommendation has not been implemented.

	motorcycles had been registered without the approval of the Cabinet and without the legal documents required for registration in the next 05 months from the last date of the grace period at 30 December 2016.			instructions to the officials to avoid such deficiencies in the future.	
36	During the last five years, arrears of Rs.4.1 Million were to be collected from the lessee of Werahera canteen and Rs.2.5 Million from the head office and other institutions established in the Werahera premises, but the said incomes were not collected or accounted for as arrears.	2023	A formal investigation should be conducted and the lost revenue should be recovered from those responsible	Measures have been taken to collect the tax/rent from Werahara and Narahanpita premises of Motor Traffic Department formally and account it to the government revenue.	The recommendation has not been implemented.
37	In terms of supplementary order No. 231 contained in Part XII of the Motor Vehicles Act (Authority 203) where a certificates are issued under this Act or any order on this act, if the above certificate is been lost or destroyed, if the information regarding the said permit or certificate is been proved on satisfactory level to the issuing authority, a duplicate must be provided.	2023	The existing legal provisions should be followed.	According to the provisions of the Motor Vehicle Act, a duplicate should be issued after the original registration certificate of a motor vehicle is destroyed or misplaced. However, over the past several years, Commissioner General and the Commissioners General who preceded have	The recommendation has not been implemented.

However inconsistently, after a period of 5 years to 25 years after the second copy of the motor vehicle registration certificates was issued, in 19 occasions in the year 2023 in response to the requests made through an affidavit instead of the duplicate copy of the motor vehicle registration certificates issued in the previous years the original copy of the car registration certificate had been issued.

received various public complaints that by issuing duplicates instead of the originals, the registered owners of motor vehicles have to face various inconveniences and various difficulties and losses in selling the motor vehicles.

Requests have also been made to the Members of Parliament in this regard and there have been occasions where those requests have been directed.

Accordingly, observed that a discourse has been created in the society demanding that the second copy not be released as a duplicate. Accordingly, a committee of the department has been appointed to investigate the possibility of eliminating duplicates and has also studied the facts.

Accordingly, in the future, legal provisions have been made to issue a copy to all

citizens without stating that it is a duplicate when requesting a new copy upon the loss or destruction of the original copy.

38	In relation to 06 vehicles for which the original copies have been issued for the second copy of the vehicle registration certificate, during the inspection conducted by the auditors, 03 affidavits submitted for obtaining the copies of the registration certificates were in the same handwriting and in the same format, and the other 03 affidavits were submitted in the same format and There is no provision to convert a second copy into an original copy, and if such an introduction is made, any person should be given the opportunity to present the second copy and get the original copy, and by giving this opportunity to a limited number of people, the human rights of other people who have obtained second copies are challenged. , it was observed that the process of issuing original copies instead of second copies is not	2023	The existing legal provisions should be followed.	Agreed with the observation, however Preventive measures had not mentioned.	The recommendation has not been implemented.

legal according to the basic laws of the country due to the fact that similar certificates or licenses issued by other government agencies are not issued instead of the second copy.

39	The vehicle bearing registration number 32-XXXX has not obtained revenue license for a long time, has prepared and submitted a document with the official seal of the Motor Commissioner Investigation to Kurunegala Provincial Motor Department on or around 07 July 2023 for obtaining revenue license for 20 years. Nevertheless, formal investigation and legal measures have not been taken regarding the said forge documents.	2023	An internal investigation should be conducted as soon as possible and legal action should be taken accordingly.	Will advise the Commissioner (Investigation) to investigate this matter.	The recommendation has not been implemented.
40	The car bearing registration number CAW-XXXX was sold by its registered owner on 21 April 2022 to a resident of Kohuwala, Nugegoda area and all legal documents were handed over to him. While the buyer of the vehicle was detained at his vehicle dealership in Kohuwala area for resale, a woman	2023	An internal investigation should be conducted as soon as possible and legal action should be taken accordingly.	Will advise the Commissioner (Investigation) to investigate this matter.	The recommendation has not been implemented.

resident of Malambe Road, Pannipitiya area illegally obtained second copies for this vehicle and then converted the second copy of the vehicle registration certificate into an original copy. Along with these fake documents, a financial facility had been obtained from a leasing company, but no formal investigation and necessary legal work had been done regarding the preparation of the fake documents.

41	A jeep with registration number KA-XXXX imported duty-free to the International Red Cross was re-exported to the Kingdom of Dubai in 2011 and had its registration been cancelled. Nevertheless a valid registration certificate had been issued to a person in Jaela area by entering the chassis number and engine number of another vehicle and registering the motor vehicle using that canceled number. Although, a formal investigation had not been conducted and no legal action had been taken against the people who acted	2023	An internal investigation should be conducted as soon as possible and legal action should be taken accordingly.	Preventive measures had not mentioned.	The recommendation has not been implemented.

fraudulently.

- 42 According to the authority of 203 of the Motor Vehicles Act, the chassis of the vehicle is identified as an immutable main part of a car, motorcycle or any vehicle registered under the Act and the registration of the vehicle is linked to the chassis number. Thus, although it is not possible to maintain the pre-registration by changing the chassis of a registered car, in the years 2022 and 2023, the Motor Traffic Department had given the opportunity to change the chassis numbers related to 237 registration numbers and maintain the pre-registration. The vehicles whose chassis numbers have been changed have obtained revenue licenses for many years under the previous chassis number, the legal ownership of those vehicles has changed more than 5 times, and other data has been entered instead of the data contained in the weight certificate obtained from the vehicle inspectors for some vehicles. Taking into consideration the fact that, there is the
- 2023 An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.
- Agreed with the observation, however Preventive measures had not mentioned.
- The recommendation has not been implemented.

legality of the said data revisions is strongly challenged, but an investigation had not been carried out and legally dealt with.

- 43 The following observations are made regarding the non-implementation of the orders of the Committee on Government Accounts.

According to the decision of the committee on State Accountants dated 23 February 2018 regarding the registration of 07 vehicles which were not cleared by the Sri Lanka Customs in the Motor Traffic Department and the related files were misplaced and committed a fraud, the Ministry of Public Administration and Management should prepare and submit charge sheets to the relevant officials. No disciplinary proceedings, files or anything were submitted for audit.

2023

Orders of the Committee on Government Accounts should be implemented.

Sri Lanka Customs inquired whether 07 vehicles were not cleared by the Sri Lanka Customs and whether the customs fees had been paid in relation to these motor vehicles. This department has been informed by letter CUS/MV/RMV/02/2003 and dated 24 October 2023 of Sri Lanka Customs that the relevant tax fees has not been charged. Details of these motor vehicles have been forwarded to Customs for further investigation. Furthermore, a committee headed by a staff

The recommendation has not been implemented.

officer has been appointed to investigate these matters and to identify and report the responsible officers involved. The interim report has been received by now, and after submitting the final report, will take disciplinary action against the responsible officers identified by it.

(ii) In order to get back the registration number plates and prevent the said vehicles from running on the highway, to cancel the registration of the said vehicles, to file objections as nontransferable, while a transfer ban has been given in respect of 07 vehicles that have been inquired by the Committee on public Accountants and while an investigation has been conducted at the institutional level, One vehicle had been transferred to another person on 04 April 2021 and	2023	Orders of the Committee on Government Accounts should be implemented.	Currently, objections have been filed so that these vehicles cannot be transferred. Also, taking note of the recommendations of the committee's report mentioned in paragraph (i) above, arrangements will be made to cancel the registration of the respective vehicles.	The recommendation has not been implemented.

had not done as per the order of Committee on public Accountants.

44	02 luxury cars and 04 motorcycles which were not cleared by the Sri Lankan Customs Department and fraudulently imported without payment of legal customs duty have been submitted for registration with the relevant documents using the half processed Cusdec bearing container (CBHQ I 498224) that has not yet been cleared by the Customs Department. Regarding the registration and attempted registration in the Motor Traffic Department, a joint investigation with the Customs Department was conducted and the said illegal registration was canceled and the due customs duties had not been collected and legal measures had not been taken.	2023	An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.	To investigate this matter, a committee headed by a staff officer is conducting the investigation and an interim report has been submitted. It is inform you that after receiving the observations and recommendations of the final report, the measures taken in this regard will be reported to the Government superintendent of the audit in the future.	The recommendation has not been implemented.
45	The following observations are made regarding the E-motoring project.				
(i)	According to the decision of the Cabinet of Ministers dated 13	2023	Proper approval should be obtained from the Cabinet regarding the	In this regard, the procurement process and other matters are at the	The recommendation has not been implemented.

June 2023 No. A/M/P 23/0952/608/011-1 given for the memorandum submitted for the implementation of the e-motoring project and revision of the contractual service charges and the report of the committee of officers appointed by the Cabinet Regarding proposals 3(1) and 3(2) contained in the board memorandum, without contractually agreed will e-motoring project be implemented with the contracted supplier without a specific agreement, whether there will be legal obstacles and if so, how much the fee will be paid for each transaction. Necessary work had been done to rent 10,000 square feet in Gangarama temple at Rs.98 per square foot for implementation of motoring project. However, the Motor Traffic Commissioner General has informed the audit

implementation of the e-motoring project with the contracted supplier. stage of discussion and no final decision has been taken so far regarding the rental of the relevant building.

that no final decision has been taken in this regard.

(ii) In the year 2018, an agreement has been signed with the Metropolitan Institute for the implementation of the e-motoring project and according to the agreement, it is Rs. 187.97 per file, but at present, in addition to the 187.97 paid per file another Rs. 646, (considered as 60000 registrations per month for 5 years) by paying Rs.2,325,600,000 (646 x 60000 x 12 x 5) and making necessary arrangements to deal with the contracted entity. Although it was observed that the decision was not in accordance with the procurement guidelines and the Cabinet decision, the Motor Traffic Commissioner General has informed the audit that no final decision has been taken in this regard.	2023	The actions should be taken as per the Procurement guidelines and the Cabinet decision.	For the implementation of the e-motoring project, one file will cost Rs. 187.9, Apart from the cost of creating other infrastructure in the building has not been estimated yet.	The recommendation has not been implemented.

observations are made regarding the process of issuance of driving license and general administrative work of Motor Traffic Department Matara Branch.

(i) 18 applicants who were not listed for the written tests required to pass for the issuance of driver's licenses, an applicant who was recorded as absent in the test result record due to non-participation on the day of the written test, entered false results as having passed the written test and the applicant who did not get any marks in the written test was falsely recorded as passed the test. Then results had been entered, the documents had been updated and arrangements had been made to proceed to the practical tests and issue a valid driving license at the end of the practical tests.	2023	An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.	An investigation was conducted through the Chief Motor Vehicle Inspector at the Matara office, and they have examined all the files related to the matters pointed out by the audit. Accordingly, the service of an office official involved in the related irregularities has been suspended. Investigations on this are still going on.	The recommendation has not been implemented.
(ii) 10 applicants who were not listed in the practical tests	2023	An internal investigation should be	-Do-	The recommendation has not been

required to pass the driver's license, one applicant who was recorded as not appearing in the result list due to not appearing for the practical tests, one applicant whose information was included in the practical test list as having failed the relevant tests and five applicants who did not have the practical records had being given valid driving licenses by entering false practical record.

conducted promptly and disciplinary action should be taken as per the Establishment Code.

implemented.

(iii) One applicant was given the opportunity to obtain a valid driving license without appearing for the written test required for the issuance of driver's licenses entering a false result on a day when the written tests were conducted him entered unused exam numbers. Also they were given opportunity to have a driving license for one applicant by entering false information that he had passed the

An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.

Do

The recommendation has not been implemented.

written test and the practical test as well.

47 The following observations are made regarding the registration of vehicles disposed by the Army in the Motor Traffic Department.

(i) According to the authority of 203 of the Motor Vehicle Act, for a new vehicle registration, the basic documents related to the vehicle such as the documents issued when the vehicle was released from customs, the original copy of the receipt of customs duty paid and the relevant invoice if it is a newly manufactured car must be submitted along with the MT-02 form. Authority of 203 of the Motor Vehicles Act does not include provisions for new registration of vehicles without proper documents to particular institutions or particular persons. However, 63 vehicles were sold to civilians after a	2023	According to Section 238 of the Motor Vehicles Act, even in order to deal with the provisions, import documents and related documents should be submitted and should be acted upon accordingly.	Section 238 of the Motor Vehicles Act provides for the use of a number with a category number unique to the armed forces for plying on the highways. Accordingly, although the arrangements for the registration of vehicles used in the country in general have been made in terms of authority 203 of the Motor Vehicle Act, for specific institutions (three armed forces) and specific individuals (President, Prime Minister) using the provisions of the above provisions in terms of authority 238 of the Motor Vehicle Act, it is possible to register and use. Accordingly,	The recommendation has not been implemented.

tender process which were used by the armed forces without prior registration were registered under category 325 without the basic documents and without complying to the authority of 203 of the Motor Vehicle Act.

when vehicles which were sold are handed over to civilians by the armed forces, they are not registered with MTA-02 as a new vehicle registration as per the authority of 203 of the Motor Vehicle Act, but with MTA 06 and MTA 08 used in the transfer of vehicles as a change/assignment of ownership of the vehicle done after submission of supporting documents.

Accordingly, in the case of vehicle transfer, inform that it is not necessary to submit the documents issued when the vehicle is released from customs, the receipts of customs fees paid, and the relevant invoices.

(ii) The details of the vehicles tendered by the Armed Forces from time to time are submitted to the Commissioner General of Motor Traffic under the signature of a

2023

An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.

According to the computer details of this department regarding the registration numbers, Army, Air Force and Navy are mentioned as the

The recommendation has not been implemented.

responsible
Principal Officer
then the internal
audit of the Motor
Traffic
Department
whenever a
civilian applies for
registration as a
vehicle purchased
from the Armed
Forces will check
the details of the
vehicle mentioned
in the application
with the details of
the tendered
vehicles and
confirm whether
the said vehicle is
a tendered vehicle
from the Armed
Forces. however
according to the
files of the Motor
Traffic
Department, 40
Tri-Army vehicles
were registered
under category
325 which did not
match the tender
details sent by the
Tri-Army and the
tender details did
not notify the
Motor Traffic
Commissioner.
The original files
containing the said
vehicle
registration
information were
not submitted to
the audit.

first registered
owner of all these
motor vehicles.
Accordingly,
these motor
vehicles can be
basically
identified as
motor vehicles
auctioned by the
Army, Air Force
and Navy. After
the year 2011,
before the
registration of
motor vehicles
auctioned by the
Sri Lankan
Army, Air Force
and Navy, the
internal audit
department
inquiries from the
relevant military
unit and obtains
the necessary
information.
Accordingly,
inform that
before the
registration of
these motor
vehicles,
confirmation has
been obtained
that they have
been sold through
tenders by the
Army, Air Force
and Navy.

(iii) Eight vehicles mentioned in the tender documents	2023	An internal investigation should be	In the documents issued by the Sri Lanka Army, Air	The recommendation has not been

submitted with the signature of a responsible officer of the Armed Forces had been registered in the Department of Motor Traffic and the ownership had been transferred to civilians before the relevant tender dates. Thus, there was a risk of other vehicles being registered as vehicles obtained from armed forces auctions.

conducted promptly and disciplinary action should be taken as per the Establishment Code.

Force and Navy implemented. after auctioning motor vehicles, a document is issued containing information including the date the motor vehicle was taken for use by the army. Information for registration is obtained based on that document. The date of first registration shall be the date on which the vehicle is put into use by the Army or sold by tender by the Army or the date on which the vehicle is inspected and the weight certificate (CMT 75) is issued. And when data is entered to provide the 325 number segment, the date of data entry as the date of registration will be taken automatically (AUTO) by the computer. This date should be changed before printing the registration certificate after confirming the data. If it forgets to perform that action, may see discrepancies in

the dates as indicated by the audit query.

Thus, as indicated by the audit, it appears that the reason that a mistake has been made is that the relevant dates are not used for correct data entry.

It is mention that every effort is always made to correct this error.

Thus, the selection of the original registration date has become a problematic situation in providing the 325 number segments.

Because of this, there may be a difference between the date of original registration and the date of assignment.

An internal circular No. 3/2024 dated 12 March 2024 has been issued containing instructions to correct this error which has been pointed out by the audit.

(iv)The vehicles used 2023
by the armed

An internal -Do-
investigation

The
recommendation

forces without prior registration were sold to civilians after a tender process, but by entering false data in the data system of the Motor Traffic Department to show that the original registration of the said vehicles had taken place on the dates before the tendering dates, 29 vehicles tendered by the Armed Forces were registered with the Motor Traffic Department accordingly.

should be conducted promptly and disciplinary action should be taken as per the Establishment Code.

has not been implemented.

(v) While checking 2023 the vehicle chassis numbers tendered by the Armed Forces, there were several other vehicles registered with the same chassis number for 04 chassis numbers that had been transferred from the Armed Forces to individuals. Accordingly, an investigation should be conducted to verify that a vehicle is registered with the same number, to identify the

An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.

It is observed that the complete chassis number has not been used in the registration of tractor-tailors, tractors and other land vehicles under the old alphanumeric categories. Therefore, registration is generally done using only the number part by removing the category part of the chassis number. This part of the number is four or five digits long. These four figures are not

The recommendation has not been implemented.

genuine chassis number and the fake chassis number, and to verify the vehicles tendered by the three armed forces, but such an investigation was not conducted.

enough as about 9500 motor vehicles (excluding collection 13) are registered under one category. Therefore, several land vehicles may be registered with the same chassis number. There is a possibility that several motor vehicles are registered under the same chassis number during the registration of motor vehicles without computer support. Accordingly, it is common to have several attractors or tractor-tailors registered with the same chassis number. But, nowadays, such a mistake cannot happen in the registration of English letters.

48	Government agencies, non-governmental organizations, armed forces or financial institutions should act to cancel the registration of all scrapped vehicles from the Department of Motor Traffic to prevent the registration certificate of the scrapped	2023	When proceeding to remove a registered vehicle as scrap, the registration of the removed vehicle should be cancelled.	For vehicles sold as scrap by the Armed Forces, a confirmation of sale as a motor vehicle will not be forwarded to this department. According to the facts presented by the audit, accept that the chassis number	The recommendation has not been implemented.

vehicle from being used for fraudulent activities in the process of scrapping any registered vehicle, The necessary legal and practical structures had not been in place.

of the vehicles sold as scrap may have been registered in this department.

However, in agreement with your observation, will take steps to prepare the necessary legal and practical structures for this purpose.

49 The following observations are made regarding the registration of imported vehicles on the basis of the licenses issued in accordance with the circulars for granting licenses to Sri Lankans employed abroad to import fully electric vehicles.

(i) According to 2023 paragraph 5.3 of the original circular No. 02/2022 issued by the Ministry of Labor and Foreign Employment and the circulars no. 02/2022(i) dated 09 September 2022, Only completed vehicles should be imported the conditions of the unused or running meter in a foreign country are zero and within one year from the date of manufacture. In the

In addition to the customs note, it should be verified whether the vehicle has not been used before along with other import documents.

For registering a motor vehicle, the Custom 53, Assessment Notice issued by the Sri Lanka Customs and the information pertaining to the motor vehicle transmitted to this department by the Sri Lanka Customs are important. If a permit has been issued for the import of the relevant motor vehicle, the

The recommendation has not been implemented.

case of vehicle import as well as vehicle registration, the above conditions must be confirmed by the manufacturer's certificates, registration certificates in foreign countries, documents related to pre-imported goods inspection etc. However, In 5 cases of importation through permits, the customs had made arrangements to exempt the vehicles on duty concessions and to mention the vehicle as "unused" in the Cusdec without proper documentary confirmation.

Meanwhile, apart from the Cusdec, the said vehicles had been registered in the Motor Traffic Department without any other import documents.

conditions mentioned in the permit shall also prevail. As mentioned in the audit inquiry, the manufacturer's certificate that the conditions have been fulfilled during vehicle import or vehicle registration, the authorized agent's acceptance of responsibility for battery disposal is a task to be checked by the Sri Lanka Customs during the import of motor vehicles. So, would also like to further kindly inform that those documents will not be submitted for registration purposes in this department.

(ii) As the criteria to be fulfilled in the import of vehicles, in 5.1 of Circular 02/2022, it is stated that there should be a manufacturer's or exporter's warranty for at least three years for the battery	2023	An internal investigation should be conducted and action should be taken against the officials who violated the circular provisions.	According to the circular issued by the Secretary of the Ministry of Labor and Foreign Employment for the import of these motor vehicles, the role of the customs is to check the	The recommendation has not been implemented.

pack and electric motor and in paragraph 5.4 of the circular, it is stated that the battery pack and electric motor could have to be driven possibly for at least two hundred kilometers on a single charge. However, 108 vehicles imported under licenses were registered in the Department of Motor Traffic without obtaining documents confirming the fulfillment of the above criteria and without obtaining documents confirming the fulfillment of the above criteria by the manufacturer or exporter.

documents related to the conditions affecting the import before the registration of the motor vehicles before collecting relevant customs duties. Accordingly, the registration will be done based on the CUSTOM 53 issued by the Customs and other necessary documents will be accepted.

(iii) According to paragraph 2.2 of Ministry of Labor and Foreign Employment Circular No. 02/2022(iii) Circular No. 02/2022(iv) all vehicles imported under permits issued before 17 May 2022, must be registered at the Department of Motor Traffic on or before 30 September 2023. However after the last date for

2023

An internal investigation should be conducted and action should be taken against the officials who violated the circular provisions.

According to the customs documents, it is confirmed that the car bearing registration number CBM-XXXX has been released by Sri Lanka Customs on 09 November 2023. Accordingly, the registration has taken place. It is also observed that the car

The recommendation has not been implemented.

registration mentioned in the circular, two vehicles imported under licenses had been registered without the permission or approval of the authorities that issued the circular.

bearing number CBM-XXXX has been released by the Sri Lanka Customs on 24 May 2023. Accordingly, accept that these 02 vehicles have not been registered during the relevant period according to that circular and would like to kindly mention that it happened because the circular was not used correctly.

(iv) Vehicles imported by expatriate workers under the Customs Import Permit system shall be registered in the name of the concerned expatriate worker and the ownership shall not be transferable for two years as per paragraph 2.4 of Circular No. 02/2022(iii). However, contrary to the provisions of the circular, 6 vehicles imported on the basis of licenses were fraudulently transferred to other parties on the same day the vehicles were originally registered and one

2023

An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.

This transfer has been made due to the fact that the relevant officers have not properly consulted the circulars issued by the Ministry of Labor and Foreign Employment in this regard. It is mention that the relevant divisional officer has been informed and necessary steps have been taken to prevent such a mistake from happening in the future. Furthermore, it is inform that an investigation is being conducted by the Sri Lankan

The recommendation has not been implemented.

vehicle after 5 days of initial registration.

Customs regarding the importation of these motor vehicles and inform that the original files have been inquired by the Sri Lankan Customs and taken from this department.

(v) According to the provisions of Ministry of Labor and Foreign Employment Circular No. 02/2022(i) and 02/2022(iii) from 09 September 2022 to 21 March 2023, a party shall pay 10 percent of the CIF value of the vehicle imported under license in US dollars. Provisions for transfer were included, but the provisions for transfer had expired on 21 March 2023. However on 22 March 2023, the date on which the circular coverage will not come into force, the Motor Traffic Department officials had arranged to transfer the possession of one vehicle imported under the license system to another party after	2023 An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.	The car with registration number CBM-XXXX was released by the Sri Lankan Customs on 28 February 2023 and registered on 17 March 2023. According to the circular issued by the Secretary of the Ministry of Labor and Foreign Employment, although it is stated that this vehicle should be registered before 30 September 2023, the ability to charge 10% of the CIF value and transfer will end on 21 March 2023. Although it mentioned in the circular of 02/2022(III), would like to mention that this ownership transfer has taken	The recommendation has not been implemented.

	payment of 10 percent of the CIF value.			place due to the fact that the provisions of this circular have not been reported to this department by 22 March 2023. In relation to this transfer, 10% of the CIF value is Rs. 898,978/- has been paid.	
(vi)	Under the above scheme, the foreign exchange formally remitted through the banking system should be used to cover all expenses including government taxes related to the import of vehicles and no provision was made in the circular to obtain lease facilities for the imported vehicles. However, one vehicle imported between licenses was registered in the Motor Traffic Department and on 27 October 2023, the absolute ownership of the vehicle was transferred to a finance company and a lease facility was obtained.	2023	An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.	It is inform that according to circulars 02/2022, 02/2022(I), 02/2022(III) and 02/2022(IV) there is no mention of not being able to get financial facilities in this regard. However, as shown by the audit, it is inform that registration of financial facilities is not done for motor vehicles that are currently registered.	The recommendation has not been implemented.
50	The Commissioner (Driving License) has informed the Accounts Department in January 2024 to purchase the	2023	The cards used for printing driving licenses should be purchased immediately.	No procurement of driving licenses has been done in this department for	The recommendation has not been implemented.

cards used for printing driving licenses as they are only sufficient for the next three months. Nevertheless due to non-purchase of driving licenses until May 2024, there was a risk that the printing of driving licenses would be halted or the private sector would have to pay a high price to print them.

the last 3 years or more. Therefore, making this a special procurement has been accomplished within the following time frame. On 18 January 2024, Commissioner (Driving License), Werahera has informed IT Department to prepare specifications for new driving license on 29 January 2024. Accordingly, 09 February 2024 specifications have been prepared. 2024 February 14 Technical Evaluation Committees have been appointed and bid documents have been approved and forwarded to the Ministry. 2024 March 05 After receiving the approval of the Ministry, newspaper advertisements have been published on 03 June 2024. According to the original bid documents, it was

approved to open the bid documents on 27 March 2024, but due to the per bid meeting held with the bidders on 18 May 2024, the bid opening was extended to 10 April 2024. Later on the instructions of the Ministry Secretary, the opening of bids was extended for the second time till 19 April 2024. Currently, open price evaluations are being carried out.

51	Five printers were used for printing driving licenses, three printers in the Werahera office and one printer in the Hambantota and Anuradhapura offices, but at present two printers have become unusable. There was a risk that the process of printing driving licenses would become severely inoperable in the future or that the printing of the driving licenses would have to be done by the private sector after paying a high amount of money, due to the failure to carry out the necessary procurement	2023	Arrangements should be made to purchase several printers for printing driving licenses immediately.	For the repair of driving license printing machines, the procurement activities have been started to repair the machines according to the prices offered by the machine agency, Metropolitan.	The recommendation has not been implemented.

activities to restore the
two printers.

84. Head - 308 Department of Posts

	Total Assets	Total Liabilities	Equity	Opinion
	Rs.	Rs.	Rs.	
2021	7,330,701,344	955,740,354	6,374,960,990	Qualified
2022	8,110,044,253	1,563,838,262	6,546,205,991	Qualified
2023	10,169,717,515	855,008,009	9,314,709,506	Qualified

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Preventive Measures Taken by the Audited Entity	Implementation Status of the Recommendation as at the Date of the Report
01.	A financial fraud valued amounting to Rs. 1,295,400 was uncovered 10 years ago at the Kalutara District Accounts Office and actions had not been taken to settle a balance of Rs. 1,145,850 out of which, as at 31 December 2023. Although it had been shown from the audit reports on this, the Department had not acted in accordance with Financial Regulations.	2021 2022 2023	The Department should take prompt actions to finish the investigation.	The relevant officials have been informed to expedite the investigation in respect of the balance of Rs. 1,145,850 that has not been recovered from the financial fraud at the Kalutara District Accounts Office.	The Department is conducting investigations.
02.	The debt balance receivable from deceased, retired, suspended, resigned and other officers at the end of the year under review was Rs. 57,810,684 and out of that, the	2021 2022 2023	Arrears of loan balances should be recovered.	Instructions have been given to the District Accountants to act in accordance with the provisions of the Establishments Code and relevant circulars to recover	It is being charged in installments and the necessary actions are being done to write off loan balances that are unable to recover furthermore.

outstanding loan balance remaining for more than 05 years was Rs. 20,799,130 .

outstanding loan balances of deceased, retired, suspended, resigned and other officers

03. The number of post offices that had not been formally taken over by the Department as at 31 December 2023 was 449.	2022 2023	Arrangements should be made to take over.	Actions have not been taken.	Actions had not been taken to take over.
04. When comparing information obtained from the Department of Posts and the Department of Motor Traffic regarding vehicles registered in the name of the Postmaster General, the information regarding 42 vehicles was not available in the Department and even though the bus had been taken out of service, the necessary steps thereon had not been taken for that.	2022 2023	All vehicles registered in the name of the Postmaster General should be identified. Necessary actions should be taken for the bus that was taken out of service.	Actions have not been taken.	Actions had not been taken to take over.

85. Head - 309 Department of Buildings

		Total Assets	Total Liabilities	Equity	Opinion
		Rs.	Rs.	Rs.	
	2021	892,303,616	892,303,616	(446,636,072)	Qualified
	2022	906,688,099	906,688,099	(462,931,050)	Qualified
	2023	913,165,533	913,165,533	272,043,713	Qualified

Se. No	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive measures taken by the institution	Implementation status of the recommendation as of the date of the report
01	Although all lapsed deposits should have been credited to the State Revenue as per Section 571(3), balances of Rs.53,108,686 for more than 05 years, Rs.83,219,886 for 3-5 years and Rs.81,678,965 for 2-3 years relating to 02 accounts, 16/33 Deposit Account and 13/52 Deposit Account, of the projects with construction completed and the period for rectification of defects also ended, and for projects that have been stopped halfway had not been settled by 31 December 2023.	2022 2023	Action should be taken in accordance with the financial regulations.	Action is being taken to credit the retained funds of all projects to the revenue whose rectification period has expired.	Action has not yet been taken to credit the overdue deposits to the state revenue in accordance with the financial regulations.

02	Out of the provision of Rs.1,335,896,343 made to the Department of Buildings in 2023 for the construction of other Ministries and Departments in terms of F.R.208, only Rs.644,102,933 had been utilized. That is, only 48 percent of the provision amount. The remaining provision of Rs. 691,793,409 had been diverted without being utilized. This is 52 percent of the total provision. This includes the total provision of Rs. 310,934,000 related to 08 projects where the entire provision had not utilized.	2023	Responsible parties should take steps to fully utilize budget provisions.	A significant percentage of these allocated funds have not been utilized due to reasons beyond the control of the Buildings Department.	The provision for 53 projects that had not been fully utilized in the first 9 months of 2024 amounted to Rs.1,099 million.
03	The information required to be sent to the Comptroller General under the documentation of all non-financial assets of the Government for asset and cost management had not been submitted as per the Treasury Secretary's letter No. MF/CG/02/(iv) of Asset Management Circular No.01/2017 dated 28.06.2017.	2022 2023	Action should be taken to submit those reports as per the circular.	Action will be taken as per the circular.	Although information on newly purchased and disposed assets has been submitted, details of vehicles and valuations of assets, assets that were later identified and not accounted for, etc. have not been sent.
04	The owner of a condominium property must submit	2022 2023	Action should be taken in accordance with the provisions	Issuance of certificates for properties other	According to the information provided to the

a written statement from the Director General of the Department of Buildings to the Registrar at the time of registration of the condominium property, certifying that the condominium property is safe for occupancy. Although the National Housing Development Authority had forwarded information regarding 61 properties to the Department of Buildings to obtain the certificate, only 49 certificates had been issued as of 31 December 2023. There were 710 condominium units inspected by the National Housing Development Authority as of 31 December 2022, and only 599 certificates had been issued during the year 2023.

of the Act.

than those for reasons beyond the control of the Department, such as unauthorized constructions that may later cause damage to the structure of the building, inability to open the houses. audit, out of the 2,352 housing properties that had been requested for all institutions, certificates had not been issued for 1,335 housing properties.

05	The preparation and updating of the Building Schedule of Rates (BSR) was stated as a major function of the Building Department and although the Building Schedule of Rates for the year 2023 had been prepared, the norms	2023	Construction norms should be updated with modern technology.	Steps are being taken to prepare norms for 10 constructions using new construction methods and add them to the building fee schedule in the last quarter of 2024.	No steps had been taken to update the norms so far.

for construction work, such as per unit, per square foot, per linear foot, etc., labor, raw materials, etc., had not been updated after 1988. Therefore, it is not realistic to use these norms today, as they do not change with the changes in labor caused by the use of advanced technological tools and machinery in preparing quantity sheets for construction projects, and the changes caused by alternative raw materials used instead of traditional cement, bricks, and sand.

06	Although more than 6 years had passed since the construction of the single forces houses at the Kurunduwatta Police Station, which had been awarded to the contractor on 27 December 2017 for an estimated value of Rs.156,267,463, the construction had not been completed.	2022 2023	The construction should be completed expeditiously to minimize the project cost.	The contract with the first contractor is to be terminated and the Bill of Quantities (BOQ) for civil and electrical works is to be prepared and executed by a suitable new contractor under open procurement.	The construction contract has not been executed by a new contractor to date.
07	Work on construction contracts worth over Rs.659 million awarded to the Department of Buildings by state	23 2021 2023	An agreement should be reached with the parties involved regarding the resumption of construction work on these projects.	13 contracts have been cancelled and one project has not been started. Several projects have been re-tendered	No action has been taken to complete the unfinished projects so far.

	and semi-state institutions over the past 6 years had been halted without completion.			and completed. The remaining projects are being completed based on the needs and allocations of the client institutions.	
08	There are 45 lands owned by the department, including 05 apartment buildings, and title deeds had not been prepared for 29 of them.	2021 2022 2023	Steps should be taken to obtain title deeds by making regular inquiries and investigations.	Steps are being taken step by step to obtain deeds for the remaining lands by making requests to the relevant institutions.	Deeds for 28 lands have not been obtained yet.
09	Due to the inability to separately identify the assessed values for 25 of the 45 lands owned by the Department, the land values shown in the financial statements show inaccurately low values.	2021 2022 2023	The survey plan should be prepared and the assets should be separately assessed and their value should be indicated.	Reminders should be sent and further action should be taken.	No action has been taken so far to assess the lands by obtaining transfer certificates.
10	It has not been possible to provide the Tangalle Tourist Bungalow to tourists since March 2020 and a group of outsiders have been staying without paying and booking under the proper system. As a result, electricity and water charges have increased abnormally, but no income has been received to cover the maintenance costs of	2023	Action should be taken to generate income by giving the tourist bungalow to outsiders.	I would like to further state that a letter has been sent to the Secretary of the Presidential Secretariat on 04.12.2023 regarding the misuse of the Tangalle Tourist Bungalow. Accordingly, steps have been taken to temporarily close the tourist bungalow due to	The tourist bungalow has not been opened to date and the electricity and water charges of Rs. 794,572 have not been reimbursed.

the bungalow. The electricity and water expenses incurred so far of Rs.699,387 and the outstanding electricity and water expenses of Rs. 95,185 due as of 16 November 2023 have not been reimbursed.

the situation being out of control.

11	Every state institution is required to work according to the United Nations 2030 Agenda for Sustainable Development,, and one of the objectives identified during the year under review was to prepare plans and specifications for the installation of solar panels for 46 existing state hospitals. The goal of this objective was to reduce the demand for thermal electricity by generating renewable energy using solar power. Although it is known that relevant letters were sent to the Ministry of Health under the installation of solar panels in existing hospitals as an indicator, there has been no progress in the construction of this project so far, which was planned to be implemented with the assistance of the World Bank. Due	2023	Since the identified goals do not contribute to sustainable development, other achievable goals should be identified.	Although the Department of Buildings has prepared plans and specifications for the project to install solar panels in hospitals by the Ministry of Health, the Additional Secretary (Engineering Services) of the Ministry of Health has informed on 16.10.2023 that this project, which is being implemented under the assistance of the World Bank, will not be implemented. Therefore, there is no progress in construction here.	The Department has not been able to formulate sustainable development goals to date.

to this, the Department of Buildings was unable to prepare the relevant sustainable development objectives even in 2023. Therefore, the progress shown in the performance report could not be accepted during the audit.

86. Head - 310 Department of Government Factory

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	852,843,079	852,843,079	777,260,288	Qualified
2022	852,280,808	852,280,808	828,462,528	Qualified
2023	799,618,041	799,618,041	776,580,755	Qualified

Se. No	Audit Observation	Year of the report	Auditor General's recommendation	Preventive measures taken by the Institution	Implementation status of the recommendation as of the date of the report
01	The cost of materials issued to the Work done Advance Account from the stores Advance Account in the year 2023 amounted to Rs.111,541,429 and the calculated value of these issues was Rs. 127,685,080. Accordingly, a value of Rs. 16,143,651 was added to cover the expenses for storage and operational activities. Accordingly, it was observed that this value was 14.5 percent of the cost of the issues.	2023	The accounting policy stated in the preface should be followed.	This error will be minimized in the future by calculating the values of requisitions related to all issuances through the FMS system.	Although 10 percent is added to the cost when issuing stocks in accordance with accounting policies, necessary measures had not been taken to date to manage the Stores advance account in a way that does not result in a profit.
02	The surplus of Rs.5,437,456 in the stores advance account in the year 2023 had been inappropriately adjusted to the work done advance account. As a result,	2023	The surpluses in the stores advance account should not be adjusted in the work done account.	Guidelines will be developed and implemented in the future regarding the operation of these two accounts.	The necessary steps have not been taken to prepare the final accounts correctly in the future by taking instructions from the Treasury to adjust the profit/loss related to the

the cost of production has been understated by Rs.5,437,456 and the profit has been overstated by the same amount. Therefore, if the adjustment had not been made the loss of Rs.5,377,653 shown in the work done advance account in the year 2023, would have increased to a loss of Rs.10,815,109. In addition, the total of Rs.10,706,195 for employee overtime, bata and transportation expenses related to the stores advance account had also been deducted in the calculation of the cost of production. Considering this situation, it is observed that the loss will also increase by that amount. Accordingly, it was observed that the total loss in the work done advance account is Rs.21,521,304.

advance accounts.

03	Due to the absence of asset identification codes, the audit was unable to determine whether the fixed assets report maintained by CIGAS included only the assets present in the board of survey reports, which assets	2023	It should be ensured that the goods recorded in the accounts are the correct quantity of physically present goods.	A committee should take steps to update the fixed asset report by entering the codes.	The fixed asset report has not been updated yet.

were removed during asset disposals, and which assets remained in the department. It was also not confirmed that the assets valued at Rs.1,009,227,853 shown in the financial statements were actually the only assets physically present in the department.

04	Although the total outstanding balances for the years 2008 and 2009 as per the Statement of Financial Position as at 31 December 2022 were Rs.36,941,553, the total outstanding balances as per the Committee Report approved by the Secretary to the Ministry for Write-Off were Rs.4,045,992. Despite this, the entire balance of Rs.36,941,553 relating to the years 2008 and 2009 had been written off in the financial statements.	2022 2023	Debtors should not be written off without proper approval.	Steps will be taken in the future to remove them only with the approval of the State Finance Department.	Relevant approvals have not been obtained.
05	The asset register had not been prepared and maintained up to date through the Fixed Assets module in the CIGAS program, as per paragraph 8.1 of the State Accounts Guidelines No. 2022/05 dated 13	2023	The fixed asset register should be updated and maintained through the fixed asset module in the CIGAS program.	To consult the instructions related to updating the fixed assets module in the CIGAS program and noted to correct and update the fixed	The assets register had not been updated by the fixed assets module as per the guidelines.

	December 2022.			assets register.	
06	The audit could not accept the write-off of debtors in 2021 due to the lack of relevant approvals for the debtors written off in relation to the Work done Advance Account worth Rs.53,161,909.	2022 2023	Formal approval should be submitted for audit for debtors written off in 2021.	Referred to the Department of National Budget and action to be taken as per future instructions.	Proper approval has not been obtained for debtors written off.
07	As the detailed schedules relating to the depreciation reserve fund of Rs.1,682,924 in the work done account of the year under review were not submitted for audit, it could not be satisfactorily verified during the audit.	2021 2022 2023	Detailed schedules should be maintained for the balances of the financial statements.	Information on this could not be found in the existing files.	Detailed schedules have not been provided so far.
08	It was observed that the settlement of the debtor balances is in a very weak condition as the debtor balance in the work done advance account as at 31 December 2022 was Rs.536,724,700 and the outstanding debtor balance between 01 and 10 years was Rs.310,357,322.	2021 2022	That the formal and adequate steps should be taken to recover outstanding loan balances	Arrangements have been made to present this debtor balance to the existing debtor balance reconciling committee for identification and action.	No action has been taken to settle the outstanding balances.
09	Details regarding the institute's vehicles amounting to Rs.72,379,000 and machinery amounting to Rs.278,543,676 as at December 31 had not been reported to	2021 2022 2023	That the details of assets should be submitted to the Comptroller General as per circular.	Action is being taken to submit the relevant information.	All relevant information had not been submitted as per the circular.

the Comptroller General of the Treasury according to the Paragraph 05 of Assets Management Circular No.01/2017 dated 28 June 2017.

10	Although the audit requested information regarding the stock balances generated by the FMS system as of 31 December 2023, no such updated report was generated and provided through the system and the stock reports prepared by the Accounting Division were submitted to the audit. The items in the report did not have any date or time range and although the negative values of 04 items amounting to Rs. 1,723,305 were recorded in the stock report, those balances could not be found according to the stock books.	2023	Action should be taken without delay to achieve the objective of establishing and improving the system.	Requesting that the FMS system be improved.	It has not been possible to obtain stock records from the FMS system so far.
11	Unauthorized residents had occupied the underutilized 01 acres, 03 roods and 11 perches of the land where the government factory workers' quarters are located due to the lack of protection of the department's lands with boundary walls or permanent	2022	That it is the responsibility of the management to take appropriate measures regarding illegal residents and protect the assets belonging to the department.	A list of names of unauthorized residents has been obtained from the Kolonnawa Divisional Secretary and sent to the Urban Development Authority to take necessary legal action.	No action has been taken to remove the unauthorized residents so far.

fences.

12	The Department of Posts agreed to the estimate of 2021 Rs.104,412,899 submitted by the Sri Lanka State Engineering Corporation for the construction of a temporary building for the transport division of the Department of Posts and paid Rs.3,795,000 on 31 December 2018. However, since it was confirmed in the discussion held on 13 January 2019 that the soil of the land proposed for the relevant construction is not suitable and therefore a total amount of Rs.22,199,572 as Rs.10,710,572 on 14 March 2019 and Rs.7,694,000 on 06 March 2020 had been collected to this Department from the Department of Posts stating that for a new plan to build in another place. However, the progress of the project was only 10 percent as of 31 December 2023. No steps had been taken even after 5 years to complete the project or repay the money	2021 2022 2023	Since construction projects are not within the purview of the department, risky projects other than maintenance/repair work should not be undertaken.	Action has been taken to submit a report to the Department of Posts with suggestions for alternative measures.	Construction not completed until October 2024.

received.

13	24 quarters in 2021 Kolonnawa belonging to the department had been unused and underutilized for 4 years due to non-repair of water leaks in the bathrooms of those quarters.	2022 2023	It is necessary to ensure that the assets owned by the department are repaired and properly maintained so that they can be used.	11 houses have been renovated and given for occupancy, and since it has been informed that the Urban Development Authority is not responsible for the remaining houses, the Legal Assistant has been informed to take further steps.	The remaining 13 houses have not been renovated and given for occupancy.
14	It was observed that a large number of valuable vehicles, machinery, etc., which had been lying outside the department premises for many years, without any use and exposed to the sun and rain, and the department had not taken any action in this regard. The necessary evidence to identify whether these assets were inventoried and included in the fixed asset registers in accordance with Financial Regulation 445 and their values had not presented to the audit, and there has no reports on this in the board of surveys, and therefore the audit could not accept that board of	2023	Action should be taken to properly manage or dispose of the assets.	Action has been taken to record all assets and to survey and action taken accordingly.	No action has been taken to identify and utilize or disposed of the goods through a survey.

survey on the goods were being conducted in accordance with Financial Regulation 756.

15	According to a letter sent to the media with a copy to the IGP, by departmental employees residing in the government-owned Sanhinda Sevana Apartments, who were dissatisfied with the irregularities in the Sanhinda Sevana Apartments, Attention had been drawn to the issues of retired officials using government quarters, staying abroad, renting government quarters to other outside parties, using ice drugs, using government quarters while employees were under suspension, keeping dogs, and not being inspected by housing authorities. However, the Housing Committee, which last met on 10 November 2023, had inspected only 26 houses and had failed to inspect the remaining houses and take necessary action until the audit date of 01 April 2024.	2023	Immediate action should be taken against officials who do not follow the instructions to be followed in the use of government quarters.	A housing inspection board inspected 27 houses and handed over to the Internal Audit Division for special investigation of houses that had been closed since 2019.	No action has been taken against officials who do not follow the relevant instructions so far.

87. Head - 311 National Physical Planning Department

	Total assets Rs.	Total liabilities Rs.	Equity Rs.	Opinion
2021	365,669,267	2,670,512	362,998,755	Qualified Opinion
2022	237,453,261	39,201	237,414,060	Qualified Opinion
2023	277,411,610	82,243	277,329,367	Qualified Opinion

Se. No	Audit Observation	Year in Report	Auditor General's recommendation	Comment of the Management	Implementation status of the provision as on the date of report
01	The amount allocated for the development of infrastructure in the years 2021, 2022, 2023 under Capital Expenditure Subject No. 311-1-1-1-2506(ii) is Rs. 399,352,846 was left at the end of the year without being spent on development activities. Non-allocation of necessary provisions according to a proper plan had directly led to this situation.	2021 2022 2023	That an adequate study of future conditions should be done and arrangements should be made to allocate provisions according to a proper plan.	Due to the situation in the country, there were delays in the preparation of physical plans.	The allocated fund for this purpose remained unspent in 2024.
02	The vision of the National Physical Planning Department is to be a heading to a planned sustained and adored land and its' mission was to formulate national physical policies,	2021 2022 2023	A suitable plan should be prepared for the department focusing on the vision, mission and objectives of the department so that they can be achieved.	Even though a request had been made to assign this staff to the Ministry of Buddha Sasana to the Secretary of that Ministry, it was rejected. A meeting chaired by	Not transferred to the Ministry of Religious and Cultural Affairs.

plans and strategies and to ensure and monitor the implementation of such national policies and plans through regional and local plans with the object of promoting and regulating integrated planning of economic, social, physical and environmental aspects of land and territorial waters of Sri Lanka. However, the employees of the department had been continuously employed for cleaning the shrines and other activities outside of the mission. There are no provisions for this in the Town and Country Planning Act, and it was observed that the work to be done by the Department of Buddhist Affairs is done by this department.

the Secretary of the Ministry of Urban Development and the Secretary of the Ministry of Buddha Sasana Religious and Cultural Affairs has been arranged in this regard.

03	Even though provisions of Rs.1,033 million had been made for the Lollugaswewa City Planning Project started in 2017 and till 2023 to limit the expansion of settlements and remove illegal constructions in the Anuradhapura	2021 2022 2023	The relevant parties should be informed and arrangements should be made to transfer the project to an organization that can carry out the project since it is a task that is not related to the scope of the department.	Lollugaswewa land had been transferred to the Department in June 2021. A resettlement action plan had been requested by the Ministry of Lands. No decision has been taken by the Road Development Authority	It has not been done in the year 2024 either.

sacred city area, only Rs. 13.4 million out of this, i.e. 1 percent had been spent and only the project office had been constructed.

Therefore, it had not been possible to reach the desired goal even after 07 years, and it had been decided to recruit consultants from 04 government agencies to prepare an action plan for resettlement, but it had been suspended.

regarding the release of consultants to prepare it. Further actions will be decided after preparing the action plan.

04	The regional and city physical plans should be prepared by the department to prepare the national physical plan and make necessary amendments in time. There should be a committee comprising of academics representing various fields of the country and a staff consisting of sufficient planners for this. However, since there are not enough officers specialized for those positions in the department and the national physical plans and other regional and city plans could not be prepared and	2021 2022 2023	The physical plan should be prepared and revised by a committee consisting of expert staff and academics on a timely basis.	The National Physical Plan was prepared and revised in 2019 and is in the final stage.	It is not possible to prepare plans in time in 2024 due to leftover vacancies of planners.

implemented in time more over a necessary amendment had been made to the Town and Country Planning Ordinance No. 13 of 1946 by the Town and Country Planning (Amendment) Act No. 49 of 2000 so that the expert contribution of other government agencies can be obtained for the establishment and implementation of the National Physical Plan, and even though more than 11 years have passed since the establishment of the department, it had not been done so far.

05	A field inspection of the area considered as the Pooja lands is carried out in order to declare it as a Pooja land, and if the necessary conditions are met, it is declared as a Pooja land through a gazette. Even though it had been expected to declare, develop and plan 38 Maha Viharas as pooja lands, as end of 31 December 2023 No measures had been taken within the year of 2023 to announce	2021 2023	Actions should be taken as planned.	Even though these tasks are performed by this department, it should be coordinated by a number of institutions including archeology, surveyors, and divisional secretariats. There are land rights issues also.	109 lands had been developed as pooja lands as at 30 September 2024.

those viharas as a pooja lands through a gazette notification.

06	Even though it had been planned to prepare regional physical plans for the 3 provinces namely Central, Uva and East in the year 2023, no any plan had been completed even by the end of 2023. Even though it had been planned to prepare a series of consultations for a sensitive environment in the central province, it had not been done. This was due to poor management supervision. Furthermore, unplanned, inappropriate constructions and lack of proper public facilities had led to environmental problems.	2021 2022 2023	Measures should be taken to prepare and submit the physical plans as per the plans.	The preparation of these plans could not be carried out as planned due to lack of staff.	It has not been completed even in the year 2024.
07	The approved staff was 291 as at 31 December 2023, and there were 126 vacancies out of 165 actual staff. This had been directly affected to not being able to prepare the physical plans of the department in due time.	2021 2022 2023	Adequate staff to fulfill the functions of the department should be maintained by the department.	The recruitment of Assistant Directors in connection with the preparation of the physical plan is being carried out.	There was no recruitment in the year 2024 either.
08	Even though the non-financial assets	2023	The surveyor's reports should be	Arrangements are being made to	It had not been done.

	should be properly identified and accounted for in terms of the section 8.2 of Public Accounts Guidelines 2022/05 dated 13 December 2022, the ownership of 06 lands and 04 buildings owned by the department had not been transferred, valued and accounted for.	obtained promptly and the valuations should be done and accounted for.	obtain survey plans and title deeds from the Divisional Secretaries. The valuation will be done upon receipt of ownership.
09	Action had not been taken to provide Living quarters/ official residences bearing no.104 situated on Diyawanna park Road, Battaramulla purchased for a value of Rs.5,160,000 in 2015 to employees since 2017 considering the requirement of official residences or to use for another requirement of the department and the asset had been maintained idle.	2021 Efforts should be made to make use of the assets owned by the department	During the period, no requests were made for the guarantors and it will be possible to allocate properly in the future. It had not been utilized.

88. Head - 320 Department of Civil Security

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	3,036,737,319	439,079,386	2,597,657,934	Qualified
2022	3,018,104,412	229,980,938	2,788,123,473	Qualified
2023	2,384,204,629	84,984,184	2,299,220,445	Qualified

Se. No	Audit Observation	Year of the Report	Recommendation of Auditor General	Preventive actions taken by Auditee Entity	Status of Implementing Recommendations on the Date of Report
01	A cashew cultivation project in Kondachchi of Mannar over an area of 1,200 acres comprising 27,000 cashew trees has been maintaining by the department for a long period. Comparing the revenue and expenditure for the 05 proceeding years, the expenditure had exceeded the revenue by 10.6 million. It was observed that the loss would be further increased when the expenditure on salaries of the 180 civil security personnel deployed therein was taken into consideration. A number of 120 civil security personnel had been deployed only to secure the cultivation from wild elephants, and only 14,700 cashew trees had been numbered and recorded. Furthermore,	2021	Proper management of cultivation, harvesting, and storage should be carried out to minimize costs and achieve the expected benefits.	In the future, steps will be taken to construct an elephant fence around the land, number the unnumbered cashew trees, properly supervise the harvesting process and provide adequate storage facilities.	All the cashew trees in the Kondachchi Cashew Project have been numbered, confirming a total of 27,152 trees. As the land of the cashew project belongs to the Sri Lanka Cashew Corporation, the department does not have the authority to construct permanent buildings using departmental funds. Therefore, it had been stated that permanent storage facilities for cashew harvests cannot be built. During harvesting, drying, and storage, records are maintained

	harvesting and recording process was done without proper supervision, and sufficient storage facilities had not been provided for storing the harvest.				separately for wet weight and dry weight. Additionally, discussions are currently underway to hand over the cashew project back to the Cashew Corporation.
02	With the objective of promoting agriculture in line with the Honorable Presidents concept of Vistas of Prosperity, a sum of Rs.18.37 million including Rs.17.67 million spent on purchasing construction materials and equipment, had been spent in the year under review to construct a greenhouse for a chili cultivation at a land of 20 acres maintained by the Kebitigollewa Force of the department. As those expenses had been incurred without a proper feasibility study, the project could not be implemented and had become unsuccessful.	2021	Projects should be implemented after proper feasibility study.	Agreed to the audit observation and as of now, actions have been initiated to implement the pilot chili cultivation project on a 4 acres land area to maximize the use of the items which were obtained for cultivating 20 acres project without plan as originally intended. Furthermore, it has been stated that similar projects in the future will be implemented only after proper planning and conducting a feasibility study.	At the initial stage, an income of Rs. 19,737,736 was generated. Subsequently, after completing the initial cultivation, it was restarted in 2024 and is currently ongoing, generating an income of Rs.3,736,695 so far. It has been stated that this project will be continuously maintained to generate further income in the future. Furthermore, it was emphasized that similar projects will be initiated in the future only after proper planning and feasibility studies. However, some projects had been continued

without a
feasibility study.

03	As for the procurement of goods and equipment for the chili cultivation project in a greenhouse incurring a sum of Rs.17.67 million under 11 files, the goods had been received by the stores before executing the procurement activities such as, opening bids, providing Technical Evaluation Committee recommendations, granting decisions of the Procurement Committee, and ordering the items. After making the purchases, forged documents had been prepared to verify the legality in order to misguide the Audit. Due to the rapid execution of the relevant procurement processes, goods and equipment purchased at an additional cost of Rs. 3.23 million under four procurement files have remained idle in storage for over a year. As such, one-year warranty period of electric items had lapsed without being utilized. The number of minimum bids that should be obtained under the shopping method had not been obtained. In purchasing 02 Rotavators at a sum	2021	Procurement activities should be carried out in accordance with procurement guidelines to ensure they are conducted in a manner that is more advantageous to the government.	Under the instructions of His Excellency the President, guidance was provided to initiate the relevant project promptly, and accordingly, the officers have taken the necessary actions to proceed with it. It is acknowledged that this method is incorrect, and actions are being taken to ensure that it does not occur in the present or future. Due to the COVID-19 pandemic, many businesses were not operating, and therefore, market price surveys were conducted through field inspections. Based on the lowest price offers from suppliers, goods were procured, and subsequently, procurement documents were submitted to the Procurement	It was informed that all procurement activities are currently being done according to the Procurement Guidelines.

of Rs.2.78 million under the stock of those goods and equipment, bids had been opened by one member, and the lowest bid that complied with the specifications, was rejected thereby proceeding with the procurement under a higher bid value of Rs.1.98 million. As for the purchase of Insect Proof Nets incurring a sum of Rs.05 million, two products with minimum bids from Taiwan and Israel that had satisfied the requirements of the specifications, were turned down without being justified, and the procurement had been done under higher bids. The contract agreements had not been entered into when purchasing building materials and spray machines at an expenditure of Rs.3.75 million.

Division for procurement activities.

- 04 Approval of the local Authority had not been sought before commencing the construction of other ranker's holiday resort building in Kataragama at an expenditure of Rs.11.13 million excluding labour cost. Once the approval had been obtained, the building plan had been amended in several

Constructions Subsequently, This building has should be started approval was been constructed based on prior approval obtained from with religious approval from the Local funds and other Provincial Council Council, and non- and subsequent minor changes governmental changes must also were made to charitable funds, the original and approval Actions must be plan. Due to the from the Local carried out in lack of approval Council was accordance with from local obtained later. the procurement authorities for The deficiencies in the building guidelines. The procuring have been construction locally available

instances. Instead of supplying the building materials worth Rs.2 million from within the division itself, Government funds had been spent thereon. The building materials had been purchased without following the competitive building process. Furthermore, the essential documents relating to the constructions had not been updated and filed. Due to failure in seeking guidance and instructions on the weight of the building and a part of the old foundation had been made use of without being consulted or supervised by an engineer, cracks had developed on several brick walls in the height of 4 feet during constructions which had become leaned out of the building. As such, those walls had been removed and tie beams were built with walls constructed again upon reinforced pillars thereon. The value of labor and materials so lost was not computed. This situation had given rise to a longer period for the constructions of the building to be completed with construction cost increased by 100 per cent. As treated and dried timber had not

works should be operated based on technical or engineering recommendations and guidelines. Further, Attention should be given to selecting building materials and completing construction based on technical recommendations.

materials, purchases had to be made. Instructions were given to ensure that procurement activities were conducted in accordance with the relevant procurement guidelines, to maintain files and documents properly, and to follow the necessary procedures for future construction projects. The doors and windows were completed with labor contributions from forces, most of whom were not trained for constructions, which led to this situation. However, following an audit observation, instructions were given to address the deficiencies in the door windows and areas where water leakage occurred identified by audit.

completed. However, according to the audit recommendation s, the ongoing construction work is now being carried out under the supervision and consultancy of an engineer or an expert in the field. It was also informed that the Ministry of Defence conducted an investigation into the holiday resort that had been observed by audit.

been used for doors and windows, and unskilled labor had been used, many doors and windows had become deformed with difficulties in closing smoothly. Spaces were observed after the doors and windows were closed. No verification had been made through a technical report relating to the quality of timber used. As floor tiles had not been applied properly at the bathrooms and several other palaces, water remained leaking.

05 A number of 4,534 personnel had been deployed comprising 3,300 personnel for maintaining the electric fence, 845 personnel for chasing away the wild elephants, and 389 personnel for affairs for wild life offices. The total length of elephant fences constructed in Sri Lanka to date is 4,756 km, of which 4,725 km, or 99 percent, have been handed over to the Civil Security Department for maintenance. However, no common agreement has been reached regarding the coordination between the two relevant departments, the provision of mutual services, or the

Considering the total government expenditure to control of human-elephant conflict and the deployed security personnel, it is necessary to take measures to manage and mitigate the property damage and loss of life resulting from the human-elephant conflict.

Although an agreement has been drafted between our department and the Department of Wildlife regarding the maintenance of electric fences, it has not yet been finalized despite two reminders sent to the Department of Wildlife. Additionally, we have requested that proper training be provided to the personnel. The assistance now provided by our personnel to the wildlife officers is limited to

At the request of the Department of Wildlife, the Civil Security Department has been providing security personnel, with the coordination of them and the activities were being fully monitored by the Department of Wildlife. In 2021, a total of 4,534 civil security personnel were deployed for elephant fence maintenance, but this number has now decreased to 3,881. The length of the elephant fence, which was 4,756

allocation of funds. Annually, over Rs. 427 million is spent on salaries and allowances for 845 Civil Security personnel deployed for chasing elephants, but these personnel have not received formal training for this purpose. Additionally, no officers from the Civil Security Department or the Wildlife Department have been formally appointed to supervise the activities of these personnel. Furthermore, the personnel engaged in chasing elephants were not adequately provided with the necessary equipment, weapons, or sufficient firecrackers. From 2010 to 2020, the total capital expenditure incurred for constructing elephant fences in Sri Lanka amounted to Rs. 1.64 billion, while from 2016 to 2020, the total expenditure for maintaining these fences, including officials' salaries, was Rs. 1.16 billion. During this period, 989 humans and 3,646 elephants lost their lives due to human-elephant conflicts. While the loss of lives has increased in recent years compared to earlier years, the deployed Civil Security

supporting to km in 2021, had chase the now reduced to elephants. 2,111.05km due According to the to the current wildlife deployment of data, there has multi-purpose been a decrease personnel. in elephant and human deaths.

personnel have been unable to control this situation effectively.

06	The department had been utilizing 128 buildings, totaling 130,769 square feet and 2,000 square meters which were temporarily rented from various organizations and individuals across the country. This situation arose due to the absence of a long-term plan for office maintenance, provision of official residences and accommodations, and storage facilities. Additionally, renovations had been carried out in some rented premises at the expense of the department.	2021	The building requirements should be completed through a long term plan after identifying the building requirement.	These building requirements will be reviewed and next steps will be taken.	Currently, the department was proposed to be restructured. After a decision is made, it has been communicated that actions will be taken according to a plan addressing long-term building requirements.
07	239 personnel from the Kantale Force had been deployed for the production and distribution of exercise books for the children of the department's members by Seva Vanitha Unit. A salary expenditure of Rs. 45.1 million was incurred for these personnel, but this amount had not been reimbursed to the department.	2021	The steps should be taken to fully recover the relevant salary expenses.	Attention has been focused on purchasing exercise books from the open market instead of manufacturing them for the upcoming years, and a committee has been appointed for this purpose.	The project had been operated from 2013 to 2019 in Trincomalee Force. During that period, personnel assigned to the project were engaged in additional duties beyond their assigned responsibilities, and it was confirmed that they were not involved in the project full-time

once freed from their regular duties.

According to audit recommendation s, from 2021 onwards, the project was discontinued, and exercise books were purchased from the open market through the Seva Vanitha Unit for the children of Civil Security personnel. Since this is a welfare activity of the department, it was reported that there was no established procedure for the payment of the salary expenses amounting to Rs.45.1 million for the personnel engaged in the project, and this was communicated to the Ministry's Audit and Management Committee.

08	In the year 2022, 11 machines related to the production of organic fertilizers, 06 numbers of 5000 liter water tanks, 07 other machines used for various purposes, a	2022	Should accurately assessed properly accounted.	be and	It has been informed that the value of machinery for organic fertilizer production and other equipment will be assessed	It was not included in the financial statements by the date of the report.

	digital scale and a grease pump received by the department from Land Reform Commission were not included in the statement of non-financial asset in the year under review.			and presented as a balance sheet note in the 2024 financial statements.	
09	A cab belonging to the Mihintale Force Headquarters was mechanically damaged on 14 th December 2021. It is estimated that an amount of Rs.1.06 million will be spent to repair the damage, and an initial report regarding the damage, as required under Financial Regulations 104(3) and (4), was not issued within 07 days, and complete reports were not submitted even by 31 st March 2023.	2022	Should be complied with relevant financial regulations.	It has been stated that in future, internal measures have been taken to obtain reports within the prescribed timeframe in financial regulations.	A committee has been appointed in accordance with financial regulations, and actions will be taken based on the committee's recommendations and will be reported in future.
10	Department collects income every year from the income sources of agriculture, livestock and other, music and dance, security services, construction and maintenance services, and in the year under review also the total from those sources of income were Rs.1,547.8 million had been collected. In the year under review, actions had not taken to obtain a separate revenue code by consulting the	2023	Steps should be taken to obtain a Revenue Code.	It has been informed that prior to obtaining a Revenue Code, a revision must be made through a Cabinet Memorandum regarding the duties of Civil Security Department. However, as the department is proposed to be restructured and plans are being developed for	A revenue code had not been obtained.

Department of State Fiscal Policy to account for this annual income.

this, taking steps to obtain a Revenue Code is not practical at the moment.

11	On 12 th June 2022, a sum of Rs.1,200,000 had to be received to the Uhana Force from the sale of 4,500 kg of Red Raw Rice for Rs. 720,000 and 3,000 kg of White Raw Rice for Rs.480,000 to Diyatalawa Army Training School. Additionally, Rs.1,063,047 had to be received to the Mahaoya Force from the Sewa Vanitha Unit for the sale of 12,014 kg of White Ball Rice to Mahaoya Force members during December 2022, January, February, and March 2023. Furthermore, Rs.62,758,801 had to be received to the Sri Lankan government from the sale of paddy, grains, and other force-produced goods by the Welisara Force in 2021, 2022, and 2023. The total receivable amount of Rs. 65,021,848 was not identified or reported by the project division, and as a result, it was not included in the financial statements for the year 2023. Consequently, the	2023	All project revenues should be accurately identified and updated in the accounts.	The guidance has been provided to properly identify and report any arrears of revenue in the future. Accordingly, instructions have been given to update records related to the revenue receivables and arrears of revenue, and to establish an information system for this purpose.	It has been informed that the amount to be settled with the force is lower than audited amount. 1.72 kilograms of paddy needed for one kilogram of white and red raw rice and 1.67 kilograms of paddy needed for one kilogram of Samba and Nadu steamed rice. Based on that certain balances related to paddy during the relevant period have already been settled. It has been further informed that an outstanding amount of approximately Rs.27 million remains to be cleared between the Welisara warehouse and the forces. A departmental committee has conducted an investigation into the recovery of funds for rice sold to the

amount of arrears of revenue was understated by this amount.

Diyatalawa Army camp, and these funds will be settled after the conclusion of the Army's investigation. Additionally, the Ministry of Defence is conducting an inquiry into the amounts payable for rice obtained from the forces. Once the related report is received and directives from the Secretary of Defence are issued, necessary recoveries will be made from the responsible parties.

12	The arrears of income in 2019, 2020 and 2021 respectively, Rs.122,000, Rs.274,000 and Rs.147,000, totaling Rs.543,000 which was outstanding had been deducted from the balance of outstanding income showing that it could not be recovered from the institutions due to various reasons. However, no evidence was submitted to the audit that such reduction or waiver of income had been done in accordance with the 113 of the Financial	2023	Steps should be taken to recover outstanding revenue and if there is a necessary to write off the revenue it should be complied with financial regulations.	Necessary instructions have already been provided to write off or waive the irrecoverable outstanding revenue balances as per Financial Regulation 113.	It has been noted that issuing invoices without proper examination of attendance records and agreements has led to amounts being recorded as outstanding revenue. As this resulted from an administrative error, these amounts were not reflected as outstanding revenue for 2023. Therefore, it is not feasible

Regulations.

to act under Financial Regulation 113 during this year. Instructions have been issued to record these amounts as outstanding revenue for 2024 and to examine the possibility of writing off these amounts under Financial Regulation 113 in that year.

13	By the end of the year under review, 21 plots of land with an area of 11 Hectares which had been acquired had not been valued and included in the financial statements.	2023	Accurate values should be properly accounted after valuation.	The indicated assets do not represent land values but the assessed values of the buildings existing within the respective premises. When providing these valuation amount for accounting, the accounting activities for the year 2023 have already been completed. Hence, will be accounted in the 2024 final accounts.	It was informed that the figures will be accounted in 2024.
14	Number of 58 vehicles valued at Rs.134,124,000 included in the schedules provided by the transport section were not included in	2023	All vehicle values should be included in Financial Statements.	Out of the 58 vehicles mentioned in this audit observation, accounting for 43 vehicles is	Actions have already been taken to account for 43 vehicles, and instructions have been issued to examine the

	the ACA 6 statement included in the annual financial statements. Accordingly, the value of property, plant and equipment was understated in the Statement of Financial Position by that amount.			scheduled to be completed before the end of the second quarter of 2024. Instructions have also been issued to examine the remaining vehicles and take necessary actions accordingly.	remaining vehicles and implement necessary measures.
15	According to the information submitted to the audit, it was stated that the department had 341 bicycles, but the value of those bicycles was not included in the accounts.	2023	Values of bicycles should be included in the accounts accurately.	I kindly inform you that a committee has been appointed to assess and account for the bicycles of the department.	The bicycles had not been accounted.
16	The value of property, plant and equipment in the year 2022 was Rs.2,314,614,772 and in the year 2023 the property, plant and equipment value was Rs.1,761,457,769. Accordingly, the value had decreased by Rs.553,157,003, and the reason for the difference was not revealed during the audit.	2023	Correct values of property, plant and equipment should be included in the accounts.	The machine and equipment that had been incorrectly entered into the system were removed and re-verified physically. However, re-verified all items were not entered into the computer system during the period. The reason for this observation was that difference. The remaining balance, which has been corrected, will	It has been informed that the percentage of balances entered into the computer system is 62 percent and the remaining corrected balances will be promptly entered into the computer system.

				be promptly entered into the system.	
17	Loan and Advance Register According to the paragraph 05 of Public Finance Circular No. 256/2017 dated 05 th July 2017, the loan and advance register was not prepared and the loan balances and charges were recorded with the help of a computer spreadsheet.	2023	According to the paragraph 05 of the Public Finance Circular No. 256/2017 dated 05 th July 2017, C.C.10 format and loan and advanced documents should be prepared based on the that format.	CC10- advanced register is not maintained manually by the department and instead of the loan balances and recoveries are recorded using computerized spreadsheets. The reason for that is the employment of approximately 32,000 military personnel. In the future, obtaining a computerized software system including CC10 register, P-legers have been planned.	Advanced register had not been prepared based on C.C. 10 and its formats.
18	According to the Statement of Arrears of Revenue in the financial statements, Rs.133,700,136 had to be received by the department for the security services and provision of services through projects at the end of the year under review. Out of which, for security services, Rs. 11,143,453 was to be received, and at the end of the year under review, the department failed to collect those revenues, even though	2023	Arrears should be recovered promptly.	Steps have already been taken regarding the existing outstanding balances, such as filing lawsuits and holding discussions with institutions.	A complaint regarding the amount of Rs. 8,844,478.13 to be recovered from CML - MTD Construction Ltd had been filed in the Financial Crimes Investigation Division. All recoverable income had already been collected. It had been informed that a committee

	between 01 and 06 years had passed.				has been appointed to address the recovery of the remaining income.
19	The damages from destruction of paddy and maize crop in 2023 in NLDB Agriculture Project in Polonnaruwa Force, expiration of number of 2,603 of 100g packets of Mospilan Insecticide by July 2023 used for Cashew cultivation in Marnkeni Cashew Project under Polonnaruwa Force, Showing a shortage of 20,019 kilograms of Nadu paddy stocks in Polonnaruwa Force and destruction of paddy cultivation of Lahugala Karankowa under Ampara Force during the 2022/2023 Maha season had not been recorded in registers after identifying and taking actions for them.	2023	Actions must be carried out in accordance with financial regulations.	Instructions have been provided to the project and civil administration divisions to act in accordance with financial regulations regarding this audit observation. It is also informed that investigations into the observed incidents are currently underway.	An internal investigation committee appointed by the department has conducted an investigations regarding this matter, and it has been informed that the report will be submitted to the Ministry of Defence as soon as it is received.
20	From the year 2015 to the year 2021, the department has paid over payment as salaries to 56 and 37 officers who died and retired, respectively, amounting to Rs.1,107,463 and the salaries of Rs.1,914,647, which were overpaid to 85 officers who had left the service during that	2023	Internal controls related to salary payments are needed to be strengthened, and measures must be taken to recover any overpaid salaries.	The final month's salaries of deceased and retired officers have been deposited into their accounts, and these amounts are to be recovered from their retirement or death gratuities in the future.	As of 30 th September 2024, an amount of Rs. 633,451 had been recovered from 85 individuals who left the service and a remaining balance of Rs. 1,281,196 yet to be recovered. Similarly, Rs.356,256.75

	period, had failed to recover at the end of the year under review.			Accordingly, it is kindly informed that these amounts will be charged progressively.	has been recovered from 93 retired/deceased individuals, with a remaining balance of Rs.751,206 to be recovered. It had been informed that actions are ongoing to recover the remaining amounts.
21	A jeep belonging to the headquarters had suffered a loss of Rs. 323,000 due to damage to the engine system on 17 th September 2022 in Hunnasgiriya area. As at 31 st of December 2023, the said loss had not been recovered from the respective parties.	2023	To recover the loss from the concerned parties.	Since instructions have been given to conduct a preliminary investigation again, the investigation report that has already been prepared has been forwarded to the investigation division.	No action had been taken so far regarding the loss.
22	Although an amount of Rs. 62,758,801 has to be paid to the Government of Sri Lanka in relation to the grains and other products of the forces obtained from 07 forces in relation to the years 2021, 2022 and 2023 from the special rice project run by the Welisara sub-force. But even up to 13 th February 2024, the	2023	The actions are needed to collect money promptly.	A committee has been appointed at the ministry level, and an investigation is currently underway.	It has been noted that the amount to be settled with the force is lower than this audit observation. For 1 kilogram of red and white raw rice, 1.72 kilograms of paddy are used, and for 1 kilogram of Samba and Nadu steamed rice,

money had not been settled and also the Welisara rice project did not have enough cash or rice stocks to settle those values.

1.67 kilograms of paddy are utilized. Based on this, the amount to be settled with the forces for paddy during the relevant period is lower. It had also been indicated that certain balances noted in the audit have already been cleared. The income that still need to be collected is approximately Rs.27 million. An investigation has been initiated at the ministry level regarding the non-settlement of these funds and stated that actions to be taken in the future will be determined based on the report of the investigation committee.

23 Mankerni Cashew Project

(a)	The Mankerni Cashew Project, which belongs to the Polonnaruwa force, consists of 187 acres, of which 155 acres are planted with cashew trees. However, since the land area has	2023	The land area must be accurately identified, and the income and expenses should be identified up to date and correctly.	Although it is stated that the area of this cashew project owned by the Cashew Corporation has a land area of	The land of Mankerni Cashew Project, which is located under the Polonnaruwa force headquarters,

	not been properly measured and mapped, the accuracy of calculating the income and expenses for the cultivated land area could not be confirmed.			187 acres, it has not been measured. Therefore, steps have been taken to notify the Cashew Corporation to carry out measurements and construct a proper boundary.	was in the process of being properly measured, and efforts were being made to obtain a report on the measurements.
(b)	It is stated that the Mankerni Cashew Project, which belongs to the Polonnaruwa Force, originally had 8,787 cashew trees. However, at present, only 3,682 trees remain, resulting in a deficit of 5,105 cashew trees. The department had not taken action regarding this deficit as per the guidelines outlined in Financial Regulations 103, 104, and 110.	2023	Should be acted accordingly Financial Regulations.	Due to the failure to conduct an accurate count of the cashew trees/plants at the start of the project, it was initially reported that the project had 8,787 cashew trees. However, the actual number of cashew plants currently present is 3,682. Accordingly, instructions have now been given to maintain a livestock data register corresponding to the actual number of cashew trees.	It was stated that Instructions have been given to the commanding officers of the Polonnaruwa Force to conduct a physical verification and submit a report. Once received, if there is a need to proceed according to financial regulations, actions will be taken accordingly.
(c)	The number of 2,930 packets of 100 grams each contains insecticide named	2023	Actions should be taken to purchase insecticides only as needed, and the	In order to prevent such observations from occurring	The internal investigation committee appointed by the

	Mospilan Acetamiprid, used for cashew cultivation, was purchased in 2022 and 2023. However, these packets were stored unsafely in a temporary warehouse. By July 2023, all of these packets had expired, resulting in a loss to the government amounting to approximately Rs.3,123,600.		purchased insecticides should be used for the crops in a timely manner.	again, the entire process is being reviewed separately, such as the requirements, purchases, usage, stock control for chemical used in cashew cultivation and steps are being taken to implement the necessary internal controls.	department had conducted an investigation regarding this matter, and it had been informed that the report will be presented to the Ministry of Defence as soon as it is received.
(d)	A total of 1,980 packets of Mospilan Acetamiprid insecticide had been issued from the inventory book of the Polonnaruwa force to the Mankerni sub-force. However, the inventory book of the Mankerni sub-force had showed only 1,916 packets, resulting in a discrepancy of 64 packets, which had a value of Rs.76,800.	2023	Proper management should be implemented to ensure there is no discrepancy between the inventory books of the sub-forces.	Kindly be informed that the current commanding officer have been informed to investigate this matter and further actions will be taken after receiving the report.	The internal investigation committee appointed by the department had conducted an investigation regarding this matter. It had been informed that the report will be presented to the Ministry of Defence as soon as it is received.
24	NLDB Agricultural Project				
(a)	The agricultural project carried out on the 90-acre land located in the Gallalla area, which belongs to the National Livestock Development Board under the Polonnaruwa force, was commenced without the written approval of the	2023	Written approval should be obtained for projects	An investigation has been conducted regarding the activities of the Polonnaruwa force, including this observation. Subsequently, an internal preliminary	An investigation committee had been appointed. However, the report had not been submitted yet.

Director General.

investigation committee was appointed, and an investigation has carried out. It has been informed that after reporting to the Ministry of Defence, further steps will be taken.

(b)	This land had been handed back to the National Livestock Development Board by the Polonnaruwa force. At that time, the cultivation of rice and corn on the land was incurred an expense of Rs. 1,395,060, with an income of approximately Rs. 324,100. As a result, the department had incurred a loss of Rs. 1,070,960.	2023	Agricultural projects should be carried out in a manner that prevents losses.	An investigation has been conducted regarding the activities of the Polonnaruwa force, including this observation. Subsequently, an internal preliminary investigation committee was appointed, and an investigation has carried out. It has been informed that after reporting to the Ministry of Defence, further steps will be taken.	An investigation committee had been appointed. However, the report had not been submitted yet.

25 **Lahugala Karankowa Paddy Cultivation Project**

(a)	Although a plan was approved after presenting information, stating that the 70-acre paddy cultivation project would yield 105,000 kilograms of paddy and generate an income of Rs.	2023	Project reports should be prepared based on the realistically achievable harvest.	Due to the drought weather conditions in this area, Hada Oya which flows near cultivation land has become dried up. As a	An investigation had been conducted, and the report had now been submitted to the Ministry of Defence.

12,600,000, the actual yield was only 24,500 kilograms, with an income of Rs. 1,849,750. It was observed that the target figures, which were unattainable, had been included in the project reports.

result, the necessary water for the project could not be obtained. During the preparation of the project proposal, achievable harvest per acre was estimated at 1,500 kg and the income have calculated based on the prevailing paddy prices in the area which is Rs.120 per kilogram according to the guidelines and instructions provided by headquarters. However, I have appointed a committee to investigate whether there has been any misuse or irregularity in this cultivation project. Further actions will be taken based on the findings of the report from the committee.

(b) According to the paddy cultivation project plan, it had been intended to employ 64 personnel. However, 74 personnel had been actually deployed for the project, resulting in an

2023

Management should be acted to ensure that the projects are carried out without incurring losses.

Although the project proposal initially suggested deploying 64 personnel for the project, based on necessity, 74

An investigation had been conducted, and the report had now been submitted to the Ministry of

additional 10 personnel being assigned without proper approval. Furthermore, an expenditure of Rs.21,528,146 was incurred during the year under review for the project, while the income generated amounted to Rs.1,849,750. Consequently, the government incurred a loss of Rs.19,678,396.

individuals were assigned, including 70 personnel at the rate of one per acre and 4 supervisory officers. The additional personnel for this task were deployed from the surplus workforce who had returned to the office after performing special duties. Defence.

26 It was observed that although 176 acres, 3 roods, and 39.5 perches of land located in six areas had been accounted for by the accounts division at a value of Rs. 69,310,000, the department did not actually possess such six plots of land according to information provided by the administrative section.

2023 Ensure that there are no discrepancies between the information of the accounts division and the administrative section.

To identify and make the necessary corrections, it is essential to verify these assets according to the General Form 287. For this purpose, I kindly inform you that a committee will be appointed to carry out the required future actions. As land and buildings are not verified through the annual board of survey, by paying special attention to your observation, a report will be submitted promptly by the above appointed

It was stated that a committee had been appointed for rectification, and progress will be reported upon receiving the report of the committee.

committee.
Further, I respectfully inform you that steps will be taken to make the necessary corrections based on the findings of the report.

27	Four plots of land located in four areas had been recorded at a value of Rs.198,846,000, with a total extent of 121 acres, 2 roods, and 33.12 perches by account section. However, based on the information provided by the administrative division, the total extent of these plots was 33 acres, 2 roods, and 35.48 perches. Accordingly, a discrepancy of approximately 88 acres in the land extent was observed.	2023	It is necessary to ensure that there are no discrepancies between the information of the accounts section and the administrative section.	To identify and make the necessary corrections, it is essential to verify these assets according to the General Form 287. For this purpose, I kindly inform you that a committee will be appointed to carry out the required future actions. A report will be submitted promptly by the above appointed committee. Further, I respectfully inform you that steps will be taken to make the necessary corrections based on the findings of the report.	It was stated that a committee had been appointed for rectification, and progress will be reported upon receiving the report of the committee.
28	The accounts section had recorded two plots	2023	It is necessary to ensure that there	To identify and make the	It was stated that a committee had

of land, one with an area of 2.17 hectares of Serupita Force land and the other with an area of 4 acres located at Samurdi Mawatha, Parana Madawachiya, Alapatha with values of Rs.13,400,000 and Rs.1,500,000, respectively. However, the administrative section had not provided an assessed value for these lands.

are no necessary been appointed
discrepancies corrections, it is for rectification,
between the essential to and progress will
information of the verify these be reported upon
accounts section assets according receiving the
and the to the General report of the
administrative Form 287. For committee.
section. this purpose, I
kindly inform
you that a
committee will
be appointed to
carry out the
required future
actions. A report
will be
submitted
promptly by the
above appointed
committee.
Further, I
respectfully
inform you that
steps will be
taken to make
the necessary
corrections
based on the
findings of the
report.

29	The accounts division had recorded a plot of land located at Palugaswanguwa, Siripura, with an area of 1 rood and 28.4 perches, at a value of Rs.513,000. However, according to the information provided by the administrative division, the land extent of the Sripura sub-force was not indicated.	2023	It is necessary to ensure that there are no discrepancies between the information of the accounts section and the administrative section.	To identify and make the necessary corrections, it is essential to verify these assets according to the General Form 287. For this purpose, I kindly inform you that a committee will be appointed to carry out the required future actions. A report	It was stated that a committee had been appointed for rectification, and progress will be reported upon receiving the report of the committee.

will be submitted promptly by the above appointed committee. Further, I respectfully inform you that steps will be taken to make the necessary corrections based on the findings of the report.

30	As of 31 st December 2023, the department had only taken possession of 21.086 hectares of land, corresponding to 30 plots of land out of the 554 plots that had been used for a long period across various areas of the country. The remaining 524 plots of land had not yet been fully taken over by the end of the year under review.	2023	Actions must be taken to ensure the legal transfer of ownership.	I kindly inform you that the department is currently taking action to take over the observed lands.	It was stated that a committee had been appointed for rectification, and progress will be reported upon receiving the report of the committee.
31	The 579 vehicles were included in the transportation equipment of ACA 6 statement presented with the financial statements, with a total value of Rs.740,456,671. However, the vehicle list provided by the transportation division had included only 502	2023	It is necessary to ensure that there are no discrepancies between the information of the accounts section and the administrative section.	I kindly inform you that the instructions have been given to check the reasons for the discrepancy between the vehicles included in the ACA 6 and the transportation division and registration	A committee has been appointed to promptly clarify the audit observations, including the transfer of vehicles, as well as to take the necessary steps to ensure the accurate maintenance of information in

vehicles.

details and take both the necessary transportation actions and accounts accordingly. divisions. It has been informed that the clarification of these observations is expected to be completed within two months.

- 32 The 135 vehicles, 2023 valued at Rs. 100,345,435, included in the financial statements, were not included in the documents provided by the transportation division. Furthermore, no information regarding these vehicles was presented for audit.
- It is necessary to ensure that there are no discrepancies between the information of the accounts section and the administrative section.
- I kindly inform you that the instructions have been given to check the reasons for the discrepancy between the vehicles included in the ACA 6 and the transportation division, registration details and take the necessary actions accordingly.
- A committee has been appointed to promptly clarify the audit observations, including the transfer of vehicles, as well as to take the necessary steps to ensure the accurate maintenance of information in both the transportation and accounts divisions. It has been informed that the clarification of these observations is expected to be completed within two months.

33	Out of the 444 vehicles held by both the transportation division and the accounts division, 82 vehicles, valued at Rs. 140,135,000, were not registered with the Department of Motor Traffic.	2023	Actions should be taken to transfer the ownership of the vehicles.	I kindly inform you that the instructions have been given to check the reasons for the discrepancy between the vehicles included in the ACA 6 and the transportation division, registration details and take the necessary actions accordingly.	A committee has been appointed to promptly clarify the audit observations, including the transfer of vehicles, as well as to take the necessary steps to ensure the accurate maintenance of information in both the transportation and accounts divisions. It has been informed that the clarification of these observations is expected to be completed within two months.
34	Out of the 58 vehicles listed in the transportation division's records but not included in the ACA 6 statement, 38 vehicles were not registered with the Department of Motor Traffic. Furthermore, the transportation division did not have information regarding 108 vehicles that were registered with the Department of Motor Traffic.	2023	Actions should be taken to transfer the ownership of the vehicles and the department should be maintained information regarding the vehicles belonging to the department.	I kindly inform you that the instructions have been given to check the reasons for the discrepancy between the vehicles included in the ACA 6 and the transportation division, registration details and take the necessary actions accordingly.	A committee has been appointed to promptly clarify the audit observations, including the transfer of vehicles, as well as to take the necessary steps to ensure the accurate maintenance of information in both the transportation and accounts divisions. It has been informed that the clarification of

these observations is expected to be completed within two months.

35	Out of the 135 vehicles included in the ACA 6 statement but not listed in the transportation division's records, 78 vehicles were not registered with the Department of Motor Traffic. Additionally, 71 vehicles listed in Department of Motor Traffic for the department's vehicles were not included in the ACA 6 statement. As a result, the value of property, plant and equipment reported in the financial statements for the year under review was understated.	2023	Actions should be taken to transfer the ownership of the vehicles, and all vehicles owned by the department should be included in the accounts.	I kindly inform you that the instructions have been given to check the reasons for the discrepancy between the vehicles included in the ACA 6 and the transportation division, registration details and take the necessary actions accordingly.	A committee has been appointed to promptly clarify the audit observations, including the transfer of vehicles, as well as to take the necessary steps to ensure the accurate maintenance of information in both the transportation and accounts divisions. It has been informed that the clarification of these observations is expected to be completed within two months.
36	Accordingly, there were 128 vehicles registered under the Civil Security Department with Department of Motor Traffic were not included in the records maintained by both the transportation division and the accounts division. Among these, 108 vehicles' existence (no information in the	2023	All vehicles registered under the Civil Security Department with the Department of Motor Traffic should be owned by the department.	I kindly inform you that the instructions have been given to check the reasons for the discrepancy between the vehicles included in the ACA 6 and the transportation division, registration	A committee has been appointed to promptly clarify the audit observations, including the transfer of vehicles, as well as to take the necessary steps to ensure the accurate maintenance of information in

	transportation division) were not verified with evidences in the audit.			details and take the necessary actions accordingly.	both the transportation and accounts divisions. It has been informed that the clarification of these observations is expected to be completed within two months.
37	It was noted that there were 40 vehicles, valued at Rs.43,410,000 which ownership had not yet been transferred by the department. However, one of these vehicles, with the registration number GA-4428, was registered under the Civil Security Department in the Department of Motor Traffic.	2023	Vehicle information should be accurately maintained within the department.	I kindly inform you that the instructions have been given to check the reasons for the discrepancy between the vehicles included in the ACA 6 and the transportation division, registration details and take the necessary actions accordingly.	A committee has been appointed to promptly clarify the audit observations, including the transfer of vehicles, as well as to take the necessary steps to ensure the accurate maintenance of information in both the transportation and accounts divisions. It has been informed that the clarification of these observations is expected to be completed within two months.
38	A total of 36 vehicles belonging to various ministries and departments have been used by the department for a long period. However, actions had	2023	Actions should be taken to legally transfer the ownership.	Currently, 22 vehicles are in the process of being transferred. I would like to inform you that	A committee has been appointed to promptly clarify the audit observations, including the transfer of

not been taken to legally transfer the ownership of these vehicles.

the details of 14 vehicles are missing. Additionally, there are 27 vehicles, still in a disposed condition, need to be transferred. Out of these, 5 vehicles are in the process of being handed over to the relevant government institutions for disposal. A committee is working on this matter.

39	Due to a shortage of 762,322 bricks in the brick projects carried out in the Bakki Ella sub-force under Mahaoya Force during the years 2010 and 2012, a loss of Rs.5,447,590 had been incurred to the Department. As of 31 st December 2023, the department had managed to recover only Rs. 2,255,672 of this amount, but it had failed to recover the remaining Rs. 3,191,918.	2023	The remaining amount should be promptly recovered.	A sum of Rs.3,242,165 still remains to be recovered. Furthermore, the Ministry of Defence, has informed that the recovery process should be temporarily suspended until formal approval is obtained regarding this recovery via letter MOD/CSD/CSD /03/08/1 and dated 31.01.2024. This matter was discussed during the Audit and Management	The recovery of the loss incurred by the government from the responsible individuals was carried out based on a decision made during the Departmental Audit and Management Committee meeting. However, the recovery process was temporarily halted as per the instructions provided by the Ministry of Defence. The matter was subsequently discussed and

				Committee clarified again during the Audit and Management Committee meeting, and it was informed that recovery will resume immediately upon obtaining the necessary approval.	
40	In 2016, construction materials, including cement, stones, and sand, were purchased from a private institution in the area for the renovation of the main internal road system at Kataragama Force Headquarters, which is 16 feet wide and 903 feet long. However, these materials were not delivered to Kataragama Force Headquarters, and the road renovation was also not carried out. As a result, the department incurred a loss of Rs. 579,124. As of 31 st December 2023, only Rs.144,781 had been recovered from the total amount.	2023	The remaining amount should be promptly recovered.	A request has been submitted to the Commander of the Army via letter CSD/1/1/2/8 () dated 14.12.2023 to take the necessary steps to recover the remaining amount from the responsible Army officers. Kindly note that a report will be submitted to you after the recovery of these funds.	A formal written request had been made to the Commander of the Army to recover the losses from the responsible Army officers.
41	By the end of the year under review, the value of buildings constructed on 524 land plots, which had not yet been transferred the ownership, amounted to Rs.746,203,209.	2023	Before proceeding with construction, the ownership of the land should be clarified.	It has been kindly noted that instructions have been provided to proceed with the necessary actions in	The process of transferring the ownership of government-owned land to the department is currently underway. It has

Further, there was a construction of buildings on a land that had not been transferred in Wilpattu Force and the amount spent for this construction was being Rs.16,156,769 during the year under review.

accordance with financial regulations.

been noted that this process may take some time. Additionally, efforts are being made to coordinate with the Divisional Secretary to transfer of the land where the Wilpattu Force building was constructed.

42 The amount of Rs. 2,263,047, which was due for the products sold by the Uhana and Mahaoya Forces to the Diyatalawa Army Training School and the Sewa Vanitha Unit in the years 2021, 2022, and 2023, had not been recovered from the relevant institutions, nor has it been remitted to the Government of Sri Lanka by the respective forces.

2023

Immediate action should be taken to recover the amounts owed.

It has been kindly informed that a committee has been appointed at the ministry level to conduct an investigation and recover the funds.

A departmental committee had conducted an investigation into the rice sold to the Diyatalawa Army Camp and efforts to recover the funds. Following the investigation by the Army, the matter will be clarified. Additionally, the Ministry of Defence is conducting an inquiry regarding the funds owed for the rice purchased from the forces. It is expected that, after receiving instructions from the Secretary of Defence, the necessary steps will be taken to recover the funds from the responsible

parties.

43	Without properly identifying the actual requirements, 2,291 items related to 76 types of water pipe equipment have been stored for over 15 years. Additionally, 2,000 units of poly sack bags in 2021, valued at Rs. 304,400, have been stored idly in the warehouse for more than a year.	2023	Actions should be taken to ensure that items are put to use before their effective lifespan expires, and requirement should be identified properly before making any purchases.	It has been kindly informed that, in accordance with the recommendation s made by the internal auditor regarding excess items in this training school and all forces and other training schools, actions are being taken to distribute surplus items to places where they are needed. Furthermore, measures are being taken to tender any remaining unused items through a proper process.	It has been informed that the items have been distributed to the relevant force training schools which have the necessity. Instructions were given to the procurement section for the remaining to use effectively. These items are planned to be used for the pipe repairs expected to be carried out within this year.
44	A lorry used for operations of Serupita Force was recommended by the Technical Evaluation Committee for repair at a cost of Rs.1,250,000 from a private institute that had submitted the lowest bid, as per the Technical Evaluation Committee report dated 30 th November 2022. However, according to 8.9.1 of the Procurement	2023	Activities should be carried out in accordance with the Procurement Guidelines, and vehicle repairs should be properly managed.	It is kindly informed that a contract has not been awarded for the repair of the aforementioned lorry, and a productive lifespan cannot be expected relative to the cost incurred. Therefore, steps are currently being taken to	It had been mentioned that instructions have been issued to return the vehicle, which had been sent to the garage without a formal procedure, back to the Serupita Training School. A systematic plan for vehicle repair management has

Guidelines Handbook, a formal written agreement must be entered into between the contractor and the procurement entity for service procurements exceeding Rs. 500,000. Yet, no such agreement was executed. Furthermore, the lorry was parked at the selected garage for repairs on 17th November 2022, without the approval of the Director (Transport). By 20th March 2024, the vehicle remained unrepaired. It was observed that this situation arose due to poor management of vehicle repairs.

appoint a committee to determine appropriate future actions. Additionally, to prevent vehicles from remaining in garages for a long period due to delays in obtaining approvals or repairs, necessary instructions have been provided to the transport division to conduct monthly review meetings on repair progress. have been established, and accordingly, arrangements have been made to hold monthly progress review meetings.

45	A total of 113 vehicles, removed from use by the department's forces, training schools, and offices, had been parked at Serupita Force Headquarters for disposal. These vehicles were received to this Force during the period from 2018 to 2023. Due to non-disposal of these vehicles for a long time, significant damage had occurred to these vehicles, and as of the audited date, 20 th March 2024, no action had been taken to dispose of them.	2023	The management should be ensured that vehicle disposal is carried out promptly to prevent the department from facing unfavorable circumstances.	This matter has been discussed on several times during audit and management committee meetings, and it is noted that there has been a delay in obtaining the necessary instructions regarding the actions to be taken for vehicles confiscated prior to 2016. At present, newspaper advertisements	A total of 26 vehicles had been sold to date. Efforts are ongoing to sell the remaining vehicles.

have been published, and steps are being taken to call for tenders and proceed with the sale.

46	At the warehouse of the Welisara Force, there were 31 items of official uniforms that had remained unissued for 5 to 20 years, 268 tire and tube units that had remained unissued for 2 to 8 years, 93 building materials and electrical equipment that had remained unissued for 4 to 11 years, and 26,417 units of stationery, toner, and computer accessories that had remained unissued for 5 to 13 years. Among these, the value of the 20 uniform items presented for audit was Rs. 5,946,501, the value of the 21 types of building materials and electrical equipment was Rs. 762,809, and the value of the 195 tire and tube units was Rs. 2,310,917.	2023	The requirement should be correctly identified, and purchases should be made accordingly. Additionally, existing equipment should be utilized for efficient economic activities.	Currently, regarding surplus tires, only the necessary tires and tubes for departmental needs were kept while the remaining stock is being distributed with the coordination of the Ministry of Defence to the tri-forces and the Department of Police, based on the exchange between government institutions after obtaining a representative from University of Moratuwa.	Arrangements have been made to provide 145 tires and 51 tubes from the available stock to the Navy. Efforts are ongoing to identify the need for 31 items of uniforms from all forces and training schools and to reissue them accordingly. The requirement for stationery, toner, and building materials and electrical equipment that had not been issued and those slowly being issued except bicycles has been inquired from the Deputy Director of Technology and Staff Officer (Construction). A portion of this stock had already been distributed to locations where there is a

demand. The balance had been kept for use in future requirements. After, the accounting for bicycle was completed, necessary bicycle items for repairs will be issued in due course.

47	Due to purchasing seeds without proper evaluation about seed requirements, delays in planting at the appropriate time, and the lack of follow-up procedures by Procurement and Technical Evaluation Committees, 2,112 kilograms of seeds from 8 varieties, valued at Rs. 1,067,202, were found to be in an unusable condition during the year under review.	2023	Purchases should be made only based on requirement.	It has been ensured that no further orders will be placed for these slow moving stocks currently available in the warehouse, and proper instructions have been provided by the Director of Procurement to utilize these stocks in a way that maximizes their potential benefit when preparing estimates for future needs.	A committee had been appointed in connection with this matter.
48	According to the stock records of Polonnaruwa Force, 98,539 kilograms of Nadu rice were reported. However, during a stock verification conducted by the	2023	The harvested crop should be securely stored to prevent losses, and steps should be taken to recover the value of the shortages	It has been observed that there may have been an error during the measurement process or a miscalculation.	A preliminary investigation is being conducted by a committee appointed regarding Polonnaruwa Force. It has

	appointed committee, the actual stock in the warehouse was found to be 84,035 kilograms, revealing a shortage of 14,504 kilograms valued at Rs.1,675,067. Additionally, the stock records indicated 11,054 kilograms of Samba rice, but the committee reported an actual stock of 11,585 kilograms, showing a surplus of 531 kilograms valued at Rs.55,746. The parties responsible for these discrepancies have not yet been identified.	identified.	However, kindly note that the shortage of 14,504 kilograms of Nadu rice is currently being investigated by a committee.	been informed that further actions will be taken based on the final report of the committee and upon receiving instructions from the Secretary of the Ministry.	
49	An outstanding loan balance of Rs.155,492, which was to be recovered from a deceased officer and is over two years old, remains unpaid. Additionally, outstanding loan balances of Rs.1,475,631 from 10 retired officers, also over two years old, Rs. 4,141,473 from 53 officers who left service, outstanding for over 5 years, and Rs. 7,635,965 from 78 officers, outstanding for 2 to 5 years also remain unsettled. It was observed that sufficient progress in recovering these outstanding loan balances has not been achieved.	2023	Actions should be taken to promptly recover the outstanding debt.	Steps are being taken to settle the outstanding loan balances of deceased and retired officers by deducting the amounts due from their retirement gratuities and remitting the funds to this department. Additionally, it is kindly noted that the loan balance of Rs. 155,492 has been included in the non-demand of an officer. Regarding the arrears in the Advance B account, the Director	It has been noted that the amount to be recovered from 18 deceased officers is Rs.188,257. An amount of Rs. 4,775,428 is scheduled to be recovered from the retirement gratuities of 62 retired officers. The outstanding amount to be recovered from 460 officers who left service is Rs. 27,783,158. Among these, 28 officers have been reinstated, and a sum of Rs. 1,186,355 is currently being recovered from them in

				General, through letter No. C/Ade/1/1/3/18() dated 17.08.2022, has appointed a committee to review and regularize the account. The committee has rectified most of the errors in the list of unsettled balances, and steps are now being taken to recover these outstanding balances.	installments. The remaining recoverable amounts have already been collected.
50	Out of the 102 officers, the total outstanding debt at the beginning of the year under review amounted to Rs.14,904,310. However, during the year, attempts to recover this debt were unsuccessful, and as a result, the initial outstanding debt balances were remained unchanged and included in the balance as it is at the end of the year.	2023	Actions should be taken to promptly recover the outstanding debt.	The relevant debtors have been informed through the commanding officers of forces where these debtors were last assigned to their respective duty. Actions have already been taken to recover the amounts from the salaries of the respective debtors in installments. If there is an amount to be paid to this officer by the EPF fund, Yahasadaka and Suwasaviya funds, letters	In cases where debtors have designated the Yahasadaka Fund as a guarantee, an amount of Rs. 2,859,707 had already been recovered from that fund. It has been reported that actions are being taken to recover the remaining balance through legal notices.

have been sent
to recover the
dues through
those funds.

89. Head - 322 Department of National Botanical Garden

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	7,823,463,698	236,014,435	7,587,449,263	Qualified
2022	7,908,711,106	239,635,306	7,669,075,800	Qualified
2023	8,110,908,637	277,072,115	7,833,836,522	Qualified

Se. No	Audit Observation	Year of report	Auditor General's recommendation	Preventive measures taken by the auditee entity	Implementation status of recommendation
01	Although Rs.18,581,000 was paid to the Department of Irrigation on 03 occasions between 2020 and 2022 without a memorandum of understanding for obtaining water supply from DeduruOya to Ganewatta Medicinal Garden and Rs.1,323,623 was paid to the Road Development Authority on 16 December 2021 for the related activities. However, the activities of this project were not completed even by December of the year under review.	2022	Development projects should focus on completion within the expected time frame.	The construction work of this project is being carried out under the 03 phases, and so far 95 percent of the first and second phases of the works and 88 percent of the third phase have been completed. Although an application has been made for obtaining three-phase electricity, the project has not been completed due to the delay in providing electricity connection from the Ceylon Electricity	The project had not been completed by 30 September 2024,

Board.

02	According to the section 224 of the State Land Ordinance No. 08 of 1947, the acquisition activities of land belonging to 05 gardens with an area of 362.3744 hectares had not been completed by the end of the year under review.	2023	All the lands owned by the department should be settled and taken over.	The Botanical Gardens, which were under the Department of Agriculture, have been established as a separate department in the year 2006 as the National Botanical Gardens Department and placed under it. The two buildings bearing numbers 1092 and 1092A enjoyed by the Department of Agriculture were not handed over to the National Botanical Gardens Department, a request has been made to hand over the remaining assets.	The Ministry of Tourism and Lands had forwarded a request to the Commissioner General of Lands dated 12 September 2024 to formally hand over the land allocated for the parks to the National Botanical Gardens Department.
03	According to the Sections 4 and 6.3 of Chapter XXIV of the Establishment code of the Democratic Socialist Republic of Sri Lanka, the loan balances of Rs.4,343,939 of 35 officers of retired, deceased and vacated their post at the end	2023	Arrangements should be made to recover outstanding loan balances promptly.	Approval has been received for the referred Cabinet Memorandum in respect of retired officers, so efforts are being made to reduce those loan balances from their	The outstanding loan balance was Rs.3,661,364 as on 30 September 2024.

	of the year under review had not been recovered.			gratuity amount, the irrecoverable debt balances due to death, abandonment of service, suspension of work etc. are currently being processed to be recovered from the guarantors and accordingly.	
04	The 51 machines and equipment worth Rs.6,536,374 remained idle and underutilized in a warehouse of Peradeniya Royal Botanical Garden from 01 to 05 years. There were 03 machines and equipment worth Rs.3,572,815 in them which have not been used since the date of purchase.	2023	Idle assets should be promptly put to use or appropriated and disposed of.	Discussions are underway to transfer the usable equipment mentioned here to another government agency and other equipment that can be used in the department is expected to be used for development activities in the future.	Not used as on 30 September 2024.
05	For the construction of a Ferro-cement tank of Peradeniya Royal Botanic Garden, for an amount of Rs.5,609,030 contracted on 19 August 2021, although the work was scheduled to be completed on 15 November 2021, although the work	2023	Payments should be made only for work performed.	I am kindly informed that the Attorney General's Department has been informed through the Ministry of Tourism and Lands to take necessary legal action against the concerned contractor	In addition to the legal proceedings, the investigations carried out by this department and a committee appointed by the Ministry of Tourism and Lands were not completed until 30 September 2024.

has not been completed till the last day of the year 2023, Rs.2,145,422 had been paid for the unfulfilled work subjects in the amount of Rs.5,855,645 that had been paid on 05 occasions.

regarding the unfulfilled work and other deficiencies.

90. Head - 323 Department of Legal Affairs

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	39,752,990	39,752,990	39,752,990	Unqualified
2022	38,790,771	38,790,771	38,790,771	Unqualified
2023	38,595,789	38,595,789	38,595,789	Unqualified

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current status in that regard
.01	Financial Regulation (1)103, 104, (1)109 (2)109 Actions had not been taken even by 02 September 2024 to complete the investigation and submit a full report regarding the missing laptop computer with a value of Rs.216,155 in the year 2021.	2023	Actions should be taken in terms of Financial Regulation.	Future actions should be taken in compliance with the investigation as per F.R. 104(1) (a) and the Police investigation as per the recommendations of the Committee appointed to identify those responsible. It is stipulated to take further actions after uncovering specific facts through police investigation.	Even though 03 years had elapsed, action as per financial regulations had not been completed.
.02	It had been impossible to get the approval of the Parliament even by 01 August 2024For the following 09 Acts included in the Annual Action Plans in the years 2021 and 2022out of the 24bills submitted for the approval of the Parliament in the year .2023 • The Lady Lahore	2023	Annual activities should be achieved as planned.	Passing an Act is a very complex process which is carried out based on policy decisions and regular discussions are held with the institutions related to the relevant subjects before sending the Bills to the Parliament for adoption and it is indicated that the occurring delays in presenting them to Parliament according	The approval of the Parliament had not been received for the relevant 09 Acts up to the present.

Loan Fund Act
No. 38 of 1951

- The Demutualization of the Colombo Stock Exchange Bill
- Institute of Certified Management Accountants of Sri Lanka Act No. 23 of 2009
- Amendments to Prevention of Money Laundering Act No. 05 of 2006
- Amendments to the Financial Transactions Reporting Act No. 06 of 2006
- Amendments to the Convention on the Suppression of Terrorist Financing Act No. 25 of 2005
- Amendments to the Regulation of Insurance Industry Act No. 43 of 2000
- Excise (Special Provisions) Amendment Bill No. 13 of 1989
- Amendments to the Sri Lanka

to the decisions of those bodies is not the responsibility of our Department.

Due to the economic problems exist in the country in the years 2021 and 2022, the adoption of the bills related to the domestic debt restructuring process, which is necessary to raise the economic situation to a higher level, was a prominent task of the Parliament and it has happened according to the policy decisions of the Government.

Accounting and
Auditing Standards
Act No. 15 of 1995

.03	The number of cases not finalized at the Department of Legal affairs as at 31 December 2021 was 381 and 77 cases had been received during 2022. Out of that, 06 cases had been resolved during the year 2022 and unresolved cases as at 09 October 2024 was 362.	2023	Immediate action should be taken to complete the legal cases received to the department.	Agreed with the audit observation.	Only 90 cases had been finalized and 362 cases remained unresolved.

91. Head - 324 Department of Management Audit

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	39,752,990	39,752,990	39,752,990	Unqualified
2022	38,790,771	38,790,771	38,790,771	Unqualified
2023	38,595,789	38,595,789	38,595,789	Unqualified

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current status in that regard
.01	Reference to Laws, Rules and Regulations & Non-compliance				
	Financial Regulations of the Democratic Socialist Republic of Sri Lanka: F.R..315 The drivers of the Department had not kept security deposits.	2023	Actions should be taken as per the provisions of the Financial Regulations.	After deciding the security deposit amount for the drivers' security deposits, arrangements are being made to quickly keep the security deposits.	Arrangements are being made to decide and keep the security deposits. .
.02	The approved number of posts in the Department was 50 and out of which 09 posts had remained in vacant. Four out of the vacancies were at senior level posts.	2023	Actions should be taken to fill up vacancies or to revise the approved cadre.	Nine posts are already in vacant out of approved staff for the Department. In particular, the lack of senior level officers has become a critical factor for the performance of the organization. The Ministry and the relevant service boards have been constantly informed in order to complete this deficit.	It had been informed the relevant Ministry and service boards to fill vacancies.

92. Head - 325 Department of Sri Lanka Coast Guard

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	2,181,043,514	9,825	2,181,033,689	Qualified Opinion
2022	2,338,652,678	3,477,679	2,335,174,999	Qualified Opinion
2023	2,547,673,953	1,131,202	2,546,542,751	Qualified Opinion

Se. No	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 in terms of Chapter 12 of the Department of Coast Guard Act, No.41 of 2009, the advisory council should conduct a review of the annual activities of the Department and submit a detailed report to the minister, but the reports have not been submitted so far.	2021	Relevant reports should be submitted within due period .	An advisory council has been established by the letter No. MOD/CSD/CG/01/21 and dated 30.09.2023 of the Secretary to the Ministry of Defense.	Activities relevant to preparation of draft Rules are being carried out.
02.	Lands 1159.92 perches (1.91825 hectares) in extent belonging to other Ministries/Departments had been utilized without proper acquisition.	2021	Actions should be taken to complete the proper acquisition proceedings as soon as possible.	The lands such as Haritha Udyanaya, Wellawatta, land of Mirissa , land of Kirinda , Maoya outfall (Wennappuwa) and land of Passikuda have been acquired and acquisition of other lands is being carried out.	Acquisition of the lands such as Roxywatta, land of Mount Lavenea Oluwil fishing harbour , land of Oluwil fishing harbour, land of Dikowita fishing harbour , Dikowita Yard ,Land of Panadura (Lansiyawatta) and land of Thoduwawa(Ma hawewa) are

					being carried out.
03.	The post of Accountant, a senior level post in the approved cadre, had continued to be appointed as an acting appointment.	2021	That the senior level post which has been continuously appointed as an acting appointment should be converted into a permanent post.	The Ministry of Defense has been aware by the letter No. DGCG/ADM/3 dated 29.09.2022 for appointing the post of accountant in a proper manner.	A permanent appointment has not been provided for the post of accountant up to now.
04.	The estimated provision of the Department for fuel in the year under review was Rs. 2,400,000 and the total actual expense was Rs.582,759,746. Accordingly, the fuel expense was Rs. 580,359,746 i.e. 24,180 percent more than the estimate. Since additional fuel is obtained from the Navy without reimbursement due to insufficient estimates, the budget of the department was not used as an instrument of financial control.	2022	Action should be taken to forecast the expenses properly and make provisions for object.	Necessary instructions have been requested from the Ministry of Defense by the letter No. DGCG/LOG/10 and dated 10 August 2024 of the Director General of the Department of Sri Lanka Coast Guard.	The value of fuel obtained from the Navy is not reimbursed back to the Navy due to the insufficient provision allocated by the Budget Department for the daily fuel requirement of the department. Since it was necessary to get a permanent solution for that, proper instructions have been requested from the Ministry of Defense through the letter bearing No. DGCG/LOG/10 dated 10th August 2024 of the Director General of Department of Sri Lanka Coast Guard.
05.	Even though 07 ships and vessels Valued Rs. 283,829,893	2022	Priority should be given to repair the vessels and measures should	Spare parts have been requested by Naval Headquarters for	Out of 07 vessels which were inactive, 02 vessels have been made

	remained inactive for a period ranging from 03 months to 3 years, they could not be repaired and put into service due to non-availability of provisions.		be taken to put those vessels into service.	CG 405, CG 203, CG 204 vessels and repairing of CG 403 vessel has been temporarily stopped due to lack of funds. Further, the CG 408 vessel is due to be done the needful as the cost of repair is high.	operational.
06.	The estimated provision for fuel for the year under review amounted to Rs. 2,400,000 and the actual total expenditure amounted to Rs. 532,118,353. Accordingly, the fuel expenditure had increased by Rs. 529,718,353, which is 22.071 percent more than the estimate, and upon the inadequacy of the estimates, fuel had been obtained from the Navy without any additional reimbursement for fuel. This expense had not been stated as an expenditure in the statement of expenditure or imprests reconciliation statement of the Department	2023	Actions should be taken to obtain necessary provisions for the Object after accurately predicting the expenses.	It is informed that it was failure to reimburse the value of fuel to the Navy due to the provisions allocated for fuel in this department is continuously insufficient. .	It is informed that approval has been requested to obtain fuel from the Navy without reimbursing for the year 2025.
07.	The officers and sailors performing duties in the	2023	Expenses should be properly projected, and	It is informed that the officers who have been attached	Advice from the Ministry of Defense has been

	department had been paid their salaries under the expenditure head of the Sri Lanka Navy. This expense was not stated in the department's expenditure statement or the imprest reconciliation statement as an expenditure.		necessary provisions for the Object should be secured accordingly.	to this department from the Sri Lanka Navy on a secondary basis, their salaries and wages have been paid by the Navy from the inception of this department up to the present.	requested in relation for the payment of salaries and wages.
08.	Although a net provision of Rs. 82,700,000 was allocated for the construction of two proposed new buildings, the abandonment of the construction activities resulted in a remaining balance of Rs. 68,989,858 in the buildings and construction Object by the end of the year under review, which represents 83 percent of the net provision.	2023	Provisions should be utilized with maximum efficiency.	It has been informed that instructions in this connection has not been given by the Ministry of Defense.	It has been informed that new estimates for building construction have not been presented by the "Waruna" institute and "Rohana" institute for the year 2025.
09.	Although the multi-day fishing vessels and single-day fishing vessels operating along the Sri Lankan coastline had been documented by the Department at the respective fishing harbors, steps were not taken to establish a centralized database	2023	A centralized database system should be established	It has been informed that Regional directors of the Department have established fisheries offices to input information regarding fishing vessels	It has been reported that an effort has been made to store all data as much as possible as there is no provision for a centralized system

system containing information related to those vessels.

10.	A budget allocation of Rs. 40,000,000 had been made for the first phase of constructing a new four-story building with residential and administrative facilities for the Waruna Coast Guard Institution located in Wellawatte for the years 2022 and 2023. Out of these funds, construction materials worth Rs. 17,781,033 were purchased, including Rs. 4,728,914 in 2022 and Rs. 13,052,119 in 2023, and were stored at the Wellawatte regional headquarters. However, construction was halted due to a dispute over the land's ownership, and the materials purchased were at risk of deterioration due to pests and the proximity to the sea.	2023	Proper steps should be taken to safeguard and make use of the construction materials.	The materials have been stored securely and properly at the Sri Lanka Waeuna Coast Guard Institution. However, there is a risk of deterioration of the timber types (plywood and second-grade timber) due to pests and environmental conditions caused by the proximity to the sea. The timber imported for this project in 2022 is already at risk of damage.	It has been proposed to provide the materials related to this project to another project or to find another suitable solution.
11.	In the year 2023, 13 officers and sailors who completed local and foreign training courses related to Coast Guard duties were re-attached to the Navy within a	2023	Actions must be taken according to the agreements related to the training courses	It has been informed that calling back can be occurred without completion of two years period due to unavoidable	It was informed that only the officers who were completed the foreign courses and elapsed 30 days are signed for the agreement for

period ranging from less than a month to 09 months after completing the relevant training. As a result, the services that could have been obtained from these officers and sailors for the department were minimized. Additionally, it was observed in the audit that there were instances where individuals left the department before completing the minimum periods stipulated in the bonds of the foreign training courses.

circumstances.

the period of following 2 years from the completion of the course.

12.	Although Cabinet approval was granted in 2016 to repeal the Coast Guard Department Act and draft a new Act, it had not been possible to draft the new legislation even by the end of the year under review.	2023	Formulation of the new Act should be finalized without delay.	It has been informed that a new Act has been formulated by repealing the Act..	Has been forwarded to the Ministry of Defense for further actions .
13.	Although there was an error in updating the stock due to issues with the computer system in operation within the department during the issuance of uniforms, the task of organizing that computer system had not yet been completed.	2023	The computer system should be updated and maintained regularly	It has been informed that steps have been taken to notify the Information Technology Department for update the computer system. properly and systematically	It has been informed that appropriate action is currently being taken in this regard by connecting with the Navy Head Quarters

14.	Although steps were being taken to take over the land, 132.64 perches in extent , located in Wellawatta where the Department's Western Regional Office is situated, to the Colombo Municipal Council for the Greater Colombo Water and Wastewater Management Improvement Investment Project, the Department was unable to find a suitable land to establish the Regional Office.	2023	Action should be taken to obtain a suitable land.	It has been informed that a discussion has been requested with the President's chief of staff to clarify the problematic situation existed.	Has been forwarded to the Ministry of Defense for further actions.
15.	The coastal zone surrounding Sri Lanka has been divided into four regions according to the operational needs of the Department, which has assigned a total of 573 personnel by the end of the year under review and it has been recognized that an additional 106 personnel are required. However, due to the failure to precisely identify the approved staff allocations for each zone, it was impossible to definitively determine whether there is a staff shortage or surplus.	2023	Actions must be taken to approve and attach sufficient staff for each zone.	It has been informed that the vacancies have been identified in the performance of existing duties according to the zones.	It has been informed that the number of vacancies existing in each zone has been identified.

93. Head - 326 Department of Community Based Corrections

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Audit Opinion
2021	80,323,207	236,595	80,086,612	Unqualified Opinion
2022	81,351,650	195,224	81,156,426	Qualified Opinion
2023	102,760,150	58,750	102,701,400	Qualified Opinion

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive measure taken by the Audited institution	Implementation as at the date of the report
01	According to Paragraph 1 of the Public Administration Circular No. 02/2018 dated 24 January 2018, annual performance agreements should be entered into with respect to entire staff of the Department. Nevertheless. It had not been done so.	2021 2022 2023	Action should be taken in accordance with the referenced circular.	Agreements have been sent to the Senior Community Correction Officers and Community Correction Officers, and it has been informed that currently activities are being proceeded with according to the Public Administration Circular 02/2018(1).	According to the Public Administration Circular 02/2018(1), the Human Resources Development Plan has been prepared for the period from 2024 to 2029
02	According to Paragraph 6.1 of the above circular, a training opportunity of at least 12 hours per annum should be mentioned in the human resources plan for each member of the staff. Nevertheless, it had not been planned to implement such a training plan.	2022 2023	Action should be taken in accordance with the referenced circular.	Although an annual training plan has not been prepared in accordance with the human resources plan, it has been stated that even though the prepared annual training plan was designed to cover all officers, training could not be	As of now, for the year 2024, training sessions of at least 12 hours have been conducted in accordance with the annual training plan for Senior Community Correction Officers, Community Correction Officers, Development

				conducted due to funding issues.	Officers, and Work Inspectors. Additionally, a two-day training workshop has been organized on November 26 and 27, 2024, for Management Service Officers, Development Officers, Clerks, and KKS officers serving in the head office.
03	In accordance with Section 40(i) of the National Audit Act No. 19 of 2018, the department had not established an internal audit unit.	2021 2022 2023	Actions should be taken in compliance with the Audit Act.	The establishment of an internal audit unit was not possible due to the absence of an internal auditor in the department.	The Ministry of Public Administration has been informed to appoint an internal auditor however, the appointment has not been made to date.
04	According to Financial Regulation 880 regarding the furnishing of securities by government officers as amended by Section 9 of the Public Finance Circular No. 01/2020 dated 28 August 2020, as the responsibility for the custody and security of public funds lies with the accounting officer, he should ensure that the concerned officers give securities. However, officers holding positions such as accountant,	2021 2022 2023	Steps must be taken to obtain securities from officers required to deposit securities as per the circular.	The relevant templates and documents have already been obtained from the Bonds Section of the Ministry of Justice, and it has been informed that the process of identifying the required officers and completing their details and forms to be sent to the Secretary of the Ministry of Justice is underway.	At present, the necessary forms have been collected from the Ministry of Justice, and further action is being taken by coordinating with the Bonds Section of the Ministry of Justice to review the accuracy of the forms completed for one officer.

cashier, and storekeeper, who are required to give securities under Financial Regulation 315, had not deposited the relevant security amounts.

05	To monitor the attendance and departure of officers, 97 fingerprint machines were installed in 2018 at a cost of Rs. 2,889,145, covering the department's head office and regional offices across the island. These machines were installed with temporary electrical circuits in small rooms with limited facilities in many regional offices. During the review year, the data system for obtaining information from all regional offices under the head office's control was not improved. As a result, the expected objectives of installing the fingerprint machines were not achieved.	2022 2023	Steps should be taken to achieve the intended objectives of installing fingerprint machines.	At present, the process of centralizing the fingerprint machines installed at regional community correction offices with the head office is ongoing. Out of the 96 machines, approximately 84 have been centralized so far, and it has been informed that their reports are being directed to the senior community correction offices by the head office.	Currently, 91 regional offices have been centralized with the head office, while approval has been granted to repair four malfunctioning fingerprint machines. Steps have also been taken to purchase 05 new fingerprint machines for offices that do not currently have installations, using the available provisions
06	Due to the delay in constructing the Community Correction Office at	2022 2023	Investigations should be initiated to identify the responsible	A preliminary investigation report regarding the office fire was	Since a court case regarding the Puttalam office fire is ongoing, the

the Puttalam Court premises, the officers engaged in community correction activities such as counseling community offenders and other office activities had been operating in a small 11*11 square-foot room located within the court premises, under various difficulties. However, a fire broke out on 21 June 2022 destroyed office equipment, including a computer worth Rs. 163,302, a photocopier, a fingerprint machine, and other office equipment. Despite this, no investigations had been initiated by the department during the review year.

officers.

prepared and the a request was made to the Secretary of the Ministry of Justice seeking approval to write off the destroyed items from including 06 items of equipment from books following a comprehensive investigation. However, the Secretary informed that no decision could be made until the court case related to the fire at the Puttalam office is resolved.

Ministry Secretary has stated that no decision can be made until a verdict is delivered.

- 07 The Department had not taken action in the year under review either to find a temporary place for the destroyed community correction office at Puttalam or complete the constructions of the half constructed building.

2023

It is necessary to expeditiously find a location or complete the constructions.

It has been stated that, based on the proposals and decisions of the Departmental Audit Management Committee meeting, the Ministry of Justice has been informed to allocate a suitable location for the establishment of the Puttalam

A request has been made to the Ministry of Justice to provide a suitable location for the Puttalam Community Correctional Office. Accordingly, the Ministry of Justice, through a letter dated 11 June 2024, directed the Chief Technical Officer

				Community Correctional Office.	of the Puttalam High Court to prepare and submit the necessary estimates for completing the construction of a partially built structure within the Puttalam Court premises for this purpose.
08	According to Paragraph 04 of the Public Finance Circulars Circular No. 02/2020 dated 28.08.2020, the annual Procurement Plan for implementing the recurrent and capital programmers of the ensuing year should be prepared prior to 10 December of the current year and approval of the Chief Accounting Officer should be obtained thereon. Nevertheless, only capital programmes had been included in the Procurement Plan for the year 2023 and approval of the Chief Accounting Officer had been given on 30 December 2022.	2023	Action should be taken in accordance with the referenced circular.	It has been indicated that preparing a procurement plan for implementing recurrent programs for the upcoming year is practically not feasible. However, the procurement plan related to implementing capital programs has been prepared and submitted to the Secretary of the Ministry of Justice for approval on 20 December 2022. It was stated that actions will be taken accordingly from this year.	It is practically not feasible to prepare a procurement plan for implementing recurrent programs. However, a procurement plan for capital programs has been prepared, and actions will be taken in accordance with the relevant circular from 2025 onward.
09	Although all reporting institutions were required to prepare a reconciliation	2023	Actions should be taken in accordance with the State Accounts	It has been stated that steps will be taken to prevent such occurrences	Action will be taken to prevent such occurrences hereinafter.

	statement for deposits and submit it to the State Accounts Department, along with a copy to the Auditor General, on or before 28 February 2024, this was not done.	Guidelines.	in the future.
10	Under the provision of the Department of Community Based Corrections for the year 2010, the Ministry of Justice had spent a sum of Rs.1,009,934 on the construction of building of the Department at the court in Puttalam. However, the constructions had not been completed.	2022 2023 Action should be taken to expedite the completion of constructions.	In 2010, the procurement activities, contract awarding, and all payment processes related to this building were carried out by the Ministry of Justice. Although the Ministry was officially informed in writing to expedite the completion of the halted section, no response has been received to date. Therefore, it has been stated that steps will be taken to notify the Secretary of the Ministry of Justice in writing once again regarding this matter.
			The Ministry of Justice issued a letter dated 11 June 2024, to the Technical Officer of the Puttalam High Court, instructing him to prepare and submit the necessary estimates to complete the construction of the partially built structure intended for the Community Correctional Office within the Puttalam Court premises.

94. Head - 327 Land Use Policy Planning Department

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	587,797,626	4,000	587,793,626	Unqualified
2022	581,616,194	136,665	581,479,529	Unqualified
2023	581,319,702	6,000	581,319,702	Unqualified

Se. No	Audit Observation	Year of the Report	Auditor General's Recommendat ion	Preventive measures taken by the auditee entity	Implementation status of the recommendation as at the date of report
01.	The approval of the cabinet of ministers had been granted in August 2018 to amend the national land use policy for management of the land resources of Sri Lanka in optimum and sustainable manner. Accordingly, even though the preparation of the national land use policy for Sri Lanka as a main task and the final draft prepared for amendment it as per a timely requirement had been submitted to Ministry of Land and Tourism, the activities of preparation of the national land use policy had not	2023	The activities for preparation of national land use policy should be immediately completed.	In accordance with recommendation of Auditor General, the activities for preparation of the national land use policy had been already completed.(This Department 's role)	The activities for preparation of national land use policy had been completed up to now by Department of Land Use Policy Planning and the national land use policy finalized by Ministry of Land had not been submitted for the approval of the cabinet of ministers.

been completed.

02.	Even though the approved cadre for department was 697, the actual cadre was 620. And there were total vacancies of 77 as 21 vacancies in senior level, 01 in tertiary level, 36 in secondary level and 19 in primary level.	2023	A review should be carried out again on approved cadre based on performance indicators.	The necessary recommendations had been forwarded to Department of Management Services on 13.02.2024 having reviewed the cadre of this department and a discussion in relation to that had been conducted on 20.04.2024 at Department of Management Services.	This cadre amended had not been approved by Department of Management Services so far.

95. Head - 328 Department of Manpower and Employment

	Total Assets (Rs.)	Total Liabilities (Rs.)	Equity (Rs.)	Audit Opinion
2021	178,315,366	191,900	178,123,466	Qualified Opinion
2022	194,591,476	532,406	194,059,070	Unqualified Opinion
2023	207,178,640	352,690	206,825,950	Qualified Opinion

Se. No	Audit Issue	Reference number	Auditor general Recommendation	Preventive measures taken by the audited institution	Implementation status of recommendation as on date of report
01	The project related to Korea-Sri Lanka policy advisory programme by the Ministry of Defense and Labour of the Republic of Korea under the “Rekiya Piyasa” programme has been implemented since the year 2017 under the fields of employment policies and labour market activation programmes, organization of public employment services, effective method exchange on structure and programmes. Accordingly, the approval of the Department of National Planning was obtained on 18 November 2020 to indicate the project	2021 2022	Projects should be planned and executed according to achieve the desired objectives and maximize the performance.	No activity related to this project conducted in the year 2021. A discussion was held with the Korean government under the chairmanship of the Director General of the Department of Manpower and Defense through the online system on 23/02/2022 and the Korean government agreed to present future plans and we discussed those plans. The current status and future plans of this project were further discussed with the ministry on 23/03/2023 and it was proposed to obtain a report through the University of	The project is not in progress.

concept paper related to the development of information and communication technology infrastructure for the promotion of the public employment service in Sri Lanka on 23 June 2020. No activity related to this project had done in the year 2021 due to the corona epidemic and so it was observed that no progress had been achieved in relation to this project.

Moratuwa regarding the suitability of the project and the Korean government agreed to provide further information.

02	It was observed that only procurement activities had been commenced to select a software company on 31 December 2021 regarding the installation of a management information system for labour market information and no progress had been achieved in that project.	2021 2022 2023	Projects should be planned and executed according to achieve the desired objectives and maximize the performance.	Belvantage (Pvt) Ltd was selected through procurement to build this management information system and an amount of Rs.1,980,000 was given to Belvantage (Pvt) Ltd for the implementation of its first phase. Its second phase is successfully completed now.	The information management system is not finished.
03	That the Chief Counting Officer and Counting Officer shall ensure that the Department develops and	2022 2023	Should act in accordance with the provisions of Section 38 of the National Audit Act No. 19 of 2018.	The internal financial control system will be reviewed and reported in the future.	The report has not been provided yet.

maintains an effective internal control system for financial control and that the effectiveness of that system be reviewed from time to time and any necessary changes made accordingly to make the system effective, Those reviews should have been done in writing and a copy of the same should have been submitted to the Auditor General, but statements that such reviews were done were not submitted to the audit.

04	According to the special gazette No. 1640/31 of the Democratic Socialist Republic of Sri Lanka, the Department of Manpower and Employment under the Ministry of Labour Relations and Manpower was established on 01 January 2010, it was unable to obtain its primary objective of "preparing and implementing a manpower and security policy" by the year 2022.	2022 2023	Action should be taken to obtain the main object of establishing the Department.	Programs are implemented annually and it has been more than 5 years since the policy was formulated and no responses have been received for the amendments.	The policies have not yet been implemented.

05	Based on the collection of labour market information and referred to the Department by the President's Office for the progress of the project (Smart Sri Lanka Project) for the establishment of a youth human resources data bank, according to the observations included in the inspection report made by the University of Moratuwa, the system cannot achieve the desired objectives of installing the software. The objectives had not been achieved. As at the year under review, the department had spent Rs.84,082,617 in the years 2021 and 2022 for these projects and had spent Rs.83,582,617 under the above projects for the purchase of computer accessories, household appliances and furniture.	2022	Action should be taken to achieve the desired output level.	Due to the various crises in the country, the general public as well as the government institutions were affected. The furniture and fittings obtained are used by the field officers.	This project has been abandoned.
06	A financial cost of Rs.11,372,667 was	2022	Information about job candidates	Follow-up process will be facilitated	The follow-up process is not

	incurred for the period 2018-2022 on collecting information about job candidates and employment, but the employment rate of job candidates was in the range of 10-16 percent. It was observed that there is no system to check the engagement in those employments.		should be collected and employed.	by the online job development system.	being done formally.
07	In terms of Section 38 (1)(F) of the National Audit Act No. 19 of 2018, it should be ensured that there is an effective system for the proper execution of internal audit tasks under the responsibilities of a Chief Counting Officer and a Counting Officer, but the position of the internal officer of the department has been vacant for several years. It was questionable whether the tasks had been done properly.	2022 2023	Actions should be taken to strengthen internal audit.	Vacancies have been requested but priority was not given.	Internal audit is not being done formally.
08	According to section 8.2 of the series of instructions bearing 05/2023 of	2023	Asset costs should be accounted accurately.	That our department does not have the purchase value of the minivan and,	Assessment was not done.

Department of State Accounts of General Treasury regarding the accounting of non-financial assets, if there are non-financial assets, they should be properly identified and accounted for at cost or in cases where cost cannot be identified, at the estimated value, the minivan registered in the name of the department in the year 2023. The value of the vehicle was not identified and only Rs.1,500,000 spent for registration was recorded in the CIGAS program.

we will work to assess its value and include it as an asset in the Cigas program in the future.

09	In terms of F.R.880 Officials who are administratively responsible for receiving or being in charge of government money, revenue or belongings, or distributing government money or issuing stamps or belongings, or who have been assigned the same tasks under the delegation of authority, certifying vouchers related to the	2023	Should be dealt in accordance to the finance regulations and circulars.	Since the officials of this department have not made a bail so far, the decision about it can be made by a Secretary of Ministry according to the State Finance Circular 07/2019, so the current Director General was given written instructions to ask from the Secretary of Ministry in this regard.	The bailout process has not been completed.

government account, signing cheques, according to the Government Officers' Bail Ordinance, which is the 612th authority to ensure that they perform their duties honestly, no such bail was observed by the officers of the department.

10.	A program named "Garusaru" was implemented in the year 2023, which was not reflected in the annual action plan of the department, and Rs. 342,456 had been spent to publish newspaper advertisements for this program.	2023	Should be acted as per approved plans.	The inaugural program of the project was held on 01.11.2023 under the chairmanship of Hon'ble Minister of Labour and Foreign Employment. These expenses have been incurred with the prior permission of the Secretary of the Ministry of Labor and Foreign Employment for the pre-campaign activities related to this program, which is being implemented for the first time in Sri Lanka, targeting those employed in the informal sector.	Action plan has not been revised.
11.	Although Rs.859,935 had been spent for the creation of 13 promotional video programs and 6 promotional video	2023	Actions should be taken to fulfill the roles efficiently.	06 promotional videos (that is 03 Sinhala media and 03 Tamil media translations) were prepared under the expenditure head	The task has not been completed.

clips for career guidance programs under the expenditure code of creating a human resource with appropriate skills that are most suitable for the labour market, the work was not completed.

328-2-2-4-2509.
Here, 03 Sinhala videos were received to the department and it was observed that some editing should be done in those Sinhala videos. As the amendments are currently being made, the Tamil language media videos will be edited after it is completed.

12. On 11 May 2023, 2023 a jeep belonging to the department was sent to a garage in Thalawathugoda for repair due to the explosion of the upper bar part of the radiator on the highway. An estimate of Rs.1,551,000 had been submitted for the repair by the relevant garage on 25 May 2023, and it has being taken three months of delay for the mechanical engineer's recommendation that the related prices and repairs were suitable to be done by that company. The damage caused by the explosion of	Motor vehicles repairs should be done with proper inspection and supervision.	As observed, the relevant vehicle has been sent to the repair company based on the recommendation given by the transport officer to obtain a price estimate with the carrier on the notification of the driver (over the phone) regarding the fault situation that occurred here. Letters are attached that containing the recommendations of the then Transport Engineer and Mechanical Engineer regarding the repair of the vehicle. After this incident, the new Director General, who was transferred to this department in May	No follow-up and necessary action has been taken regarding the observation.

the radiator top bar was reported, and the repair was carried out using all the spare parts for the work that was not reported by damage.

2023, has decided to carry out the repair of this vehicle with the approval of the procurement committee due to the high value of the relevant price estimate. The new Director General has appointed a new mechanical engineer for the departmental vehicle maintenance. After obtaining the recommendation of the new Mechanical Engineer for the above referred price estimate dated 22.08.2023, the said price estimate has been forwarded to the Procurement Committee and the relevant repairs have been carried out.

13. A camera and accessories were purchased at a cost of Rs. 548,435 for the implementation of the job fair and career fair programs conducted by the Public Employment Services Division of the department, for the preparation	2023	Assets should be procured based on need and utilized with maximum efficiency.	This camera was purchased at the request of the Public Employment Services Department and purchased following the procurement process using the provisions from the Furniture and Office Equipment expenditure code for the camera and	Assets are not being used at maximum efficiency.

of related videos, posting on the website, and posting on the Facebook page. In the year 2022, 30 cameras were purchased at a cost of Rs. 5,228,193 for these needs, but Rs. 859,935 were paid to external organizations in the year 2023 for video production.

Machinery and equipment (improvement) expenditure code for its accessories.

The cameras purchased in 2022 are not equipped with the above-mentioned facilities, and the cameras (specialized for video) are mainly acquired for the officers working in the field and since those cameras are given to the districts, a new camera was acquired based on the above-mentioned special need.

14. The Urban Development and Investment Private Company has to pay a monthly lease installment of Rs.3,548,342 and an annual cost of Rs.42,580,104 for the building maintained by the head office of the department, and for dealing with the ministry and for administrative convenience, in a premise that is not used in the mission or labor secretariat	2023	The cost of maintaining the department in a more efficient manner should be borne.	The Ministry of Labour and Foreign Employment has proposed to move this department to the General Secretary's office premises or the Mission Square building in order to reduce the cost incurred due to the maintenance of this department in the Setsiripaya second floor premises, but since no formal notification has been made in this regard, until then this	No formal decision has been taken yet.

building.
Necessary steps to
establish had not
been taken.

premises is
required to run the
department, the
department will
continue to be run
in this premises
until a formal
decision is taken.

96. Head - 329 Department of Information Technology Management

	Total Assets	Total Liabilities	Equity	Opinion
	Rs.	Rs.	Rs.	
2021	53,244,775	53,244,775	52,916,993	Unqualified
2022	54,773,622	54,773,622	54,054,905	Unqualified
2023	60,375,188	60,375,188	59,970,468	Unqualified

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current status in that regard
01	The approved cadre had been increased by 16 posts in the year under review with 03 posts at senior level, 04 posts at tertiary level and 09 post at secondary level. Accordingly, the approved cadre of the Department stood at 73 and out of that number, 21 posts including 03 posts at senior level, 06 posts at tertiary level, 11 posts at secondary level and 01 post at primary level, remained vacant.	2023	Proper action should be taken to fill up the vacancies or revise the approved cadre.	The observations made in this regard are correct.	There were 03 vacancies at senior level, 03 vacancies at tertiary level, 14 vacancies at secondary level and 01 vacancy at primary level, existed as at 30 November 2024.

97. Head - 331 Department of Samurdhi Development

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	1,494,385,936	1,494,385,936	-	Qualified Opinion
2022	1,679,988,852	1,679,988,852	-	Qualified Opinion
2023	2,136,460,967	2,136,460,967	-	Qualified Opinion

Se. No	Audit Observation	Year of the Report	Recommendation of the Auditor General	Prevention measures obtained by the audited entity	Implementation status of recommendation as on date of report
01	No action had been taken to settle amounting to Rs.2,374 million which was obtained from the Samurdhi Authority by the then Samurdhi Commissioner General Department for the payment of Samurdhi subsidies in months of August, September and October in 2013, even 10 years period have passed.	2023-2.2 2022-2.6 (b) 2021-2.7 (f)	Action should be taken to settle the balances.	Necessary action had taken to submit Cabinet Memorandum to settle this amount.	Provision has been requested by a Cabinet Memorandum on 09.08.2023 and although the provision has made by the budget in 2024 the treasury imprest has not been released up to the date.
02	Divineguma Development Fund should be established in accordance with the paragraph 36 of Divineguma Act No. 01 of 2013 and all grants, rewards by Banks ,Bank societies established by Rewards Act, other contributions , money determined by the Minister from the	2022-3.4 (b) 2023-3.4 (b)	Fund should be established in terms of the Act.	The approval of the Department of Treasury Operations had been requested regarding establishment of Samurdhi Fund.	The approval of the Treasury had not received so far.

profit of banks as a percentage, all receipts should be credited to the Consolidated Fund. Even though after that, credited to the Divineguma Fund with the approval of the Parliament, Divineguma Fund had not been established up to date.

03	No reimbursement received money from the Samurdhi Prajamula banks. Money remained in compulsory savings accounts of Samurdhi beneficiaries and fund accounts for granting an allowance of Rs.5,000 to the low income families with a view to maintain the life condition properly in the year 2020 within the above value, even though 03 years had been elapsed as at 31 December 2023 by obtaining an amount of Rs.32,418 million from the banks, necessary actions had not been taken to reimburse the amount to the Samurdhi Prajamula banks.	2023-1.6.1 (iii) 2022-3.4 (g) 2021-2.6	Action should be taken to repay the money borrowed from the banking system.	Taking necessary actions to forward a cabinet memorandum for the reimbursement of this amount.	Provision has been requested by a cabinet memorandum on the date of 09.08.2023 and although the provision has allocated from the budget of 2024, treasury imprest has not been released up to the date.
04	Financial frauds 165 number of financial frauds valued at Rs.234.9 million	2023-3.2 (a) 2022-3.4 (a) 2021-	Deficiencies prevailing in the bank system should be prepared as per the financial	Computerizing the banking system and action is being taken to impose	No significant progress has been achieved regarding reducing frauds

	have been reported to the investigation division of the Department relevant to the time period from the year 2019 to 31 March 2023 and furthermore disciplinary actions of 98 financial frauds amounted to Rs.218.4 million are being carried out and actions relevant to 15 out of irregularities of Rs.263.8 million occurred in banks and bank societies from 03 January 2014 up to 31 August 2018, had not been completed. The increasing of frauds caused to carry out frauds by the officers continuously due to non -correcting of the deficiencies in the bank system and lenient punishment are imposed through disciplinary orders.	3.1.5	frauds may not be occurred and to tighten disciplinary orders and activities regarding frauds should be promptly done.	disciplinary orders	and errors and issuing disciplinary orders.
05	Loss of earning interest income to Community Banks Compulsory savings amounting to Rs. 43,472 million are remained in the bank finance sector retained as compulsory savings from the subsidies of the Samurdhi beneficiaries as at 31 December 2023 had been invested as fixed deposits as the same amount was investment interest as	2023-1.6 (e) (i) (g) 2022-3.1(e)	Action should be taken to utilize compulsory savings effectively for the livelihood development activities of the beneficiaries.	After receiving the provisions of Rs. 36 billion owned to the compulsory savings account, receivable from the treasury utilize for the livelihood development of the beneficiaries.	Although the provision has allocated from the budget of 2024, treasury imprest has not been released up to the date.

at 31 December 2023 amounted to Rs.2,819 million. Even though bank finance sector had invested compulsory saving money under the interest rate from 11 per cent to 26 per cent during the year 2023, lower interest rate such as 5 percent had been given to the banks in terms of the management decision the interest to be paid to the Samurdhi beneficiaries by banks for compulsory savings is 4 per cent. Due to investing compulsory savings money remaining in bank finance section without remitting directly to the bank, unfavorable condition had been arisen such as receiving of less interest than the interest income could be received by investing by the Community Based Bank itself and impossible to utilized for the livelihood development activities of people.

06	Granting loans for 12,309,875 beneficiaries under 34 categories of loans through the Samurdhi Community Based Banking System had been done. Loans had been granted for	2023-3.2 (e) 2022-3.1(e)	Action should be taken to improve granting loans to the beneficiaries than investing money owned by the banking system, recovering of loans should be	Introducing some new types of loans to increase the loan percentage and giving instructions to the officers	Issuing loans has not improved with compared to the total investments and recovering of loans was also in a weak condition.

350,604 Beneficiaries in in the year 2023 and the loan balance in arrears as at 31 December 2023 amounted to Rs.73.8 billion. Out of the loan balance in arrears as at 31 December 2023. 8 per cent had been provisioned as bad debts. It is increased by 1percent with compared to the year 2022. Even though the total investment belonging to the whole bank system amounting to Rs.242 billion, the loans granted for the beneficiaries amounting to Rs.73.8 billion. It is only 30 per cent out of the total investment.

efficiently done.

properly recovering the installments.

07	Paying salaries for 9894 officers of the bank staff from the expenditure head of the department is being carried out and the money paid for the year 2023 was amounted to Rs.853 million. Allocation from the annual profit for the same salary expenditure had been done by the Community Based Banks and societies. Accordingly, allocation of money as the salaries payable to the government from the beginning of banks and up to date of 31	2021-5 (f) 2022-4 (d) 2023-5 (b)	Action should be taken to credit the salaries that paid to the Banking staff from the expenditure head of the department to the Government revenue.	Forwarding facts to the Board of Bank Management regarding the salary amounting to Rs.43.4 billion had been paid for the banking staff further action to be taken accordingly.	Action has not been taken to credit to the Government revenue up to the date.

December 2023
amounted to Rs.43.4
billion however, no
any action taken up to
date in relation to
paying back that
money to the
government. In
addition to that, the
lands and buildings
owned to the
Samurdhi department
had been utilized for
the establishment of
Community Based
Banks and bank
societies.

98. Head - 332 Department of National Community Water Supply

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	92,460,664	238,423,338	(145,962,674)	Qualified
2022	145,620,702	228,995,074	(83,374,372)	Qualified
2023	152,030,839	274,669,374	(122,638,535)	Qualified

Se. No	Audit Observation	Year of the Report	Recommendati on of the Auditor General	Preventive Actions Taken by the Auditee Institution	Implementation Status of the Recommendation on Reported Date
01	As per random test check audit of 09 projects implemented under the Praja Jala Abhimani scheme, it was observed that a sum of Rs.2,577,811 had been paid to Community Based Organizations during the year 2020 and 2021 for unfulfilled works.	2021	Over payments need be charged back or work need to get completed and disciplinary actions should be taken against the officers that worked carelessly.	Preliminary investigation has been done and warning letters and letters including advice have been issued.	Audit Recommendations had not been implemented.
02	As per section 3.1 of Public Administration Circular No. 30/2016 dated 29 December 2016, the audit test check conducted in relation to the vehicle log books, it was observed that fuel consumption had not been checked in relation to the vehicles owned by the department, even though a fuel consumption should be checked after a period of 12 months	2021	Need to work as per the provisions in Public Administration Circular	Instructions have been given to Conduct fuel consumption tests.	Fuel consumption tests have not been done.

from each fuel test or after running a distance of 25,000 km or after a major overhaul of the engine, whichever occurs earlier.

03	PVC pipes and fittings in different diameters worth of Rs.788,006 exceeding estimate requirement by 27 percent prepared for the Elpitiya Gulankanda drinking water project implemented in Galle district had been handed over to the Community Based Organization. However, no actions had been taken to get them back to the Department.	2021	Need to have a proper method to distribute pipes and fittings purchased by the Department and internal control methods related to it needs to be strengthen.	Permission has been granted to give surplus items to other suitable Organizations.	Recommendations had not been implemented.
04	Three hundred eleven water projects of Community Based Organizations in 23 districts registered under the Department were inactive from the year ranging from 2000 to the end of the year under review.	2021	Immediate actions need to be taken to re-active the inactive status Community Based Organizations.	Programs are operated to re-active the inactive status Community Based Organizations based on annual allocations received.	Implementation of audit recommendations have been slowed.
05	Although the water storage tanks constructed under water projects should be secured by using protective covers so that outside parties cannot access them, no such protective coverings had been	2021	Should confirm the safety of drinking water distributed to public.	Could not be completed as not receiving of allocations	Safety covers for storage tanks had not been placed even by September 2024.

used for the water storage tanks constructed under Baddegama Keimbiyakanda drinking water project, Imaduwa Mayura drinking water project and Elpitiya Ambana Pehesera drinking water project even at the end of the year under review.

06	Information about the water pumps and accessories that were purchased and distributed to community-based organizations for the construction of community water supply projects and 2,543 water meters that had been received as donations had not been included to inventory books as per Financial Regulations 751(1), 752 and 763 of the Democratic Socialist Republic of Sri Lanka.	2022	The department should introduce a formal internal control system for the equipment and accessories that are purchased and distributed and should conduct a survey regarding the goods currently in the warehouse and get a confirmation of the physical existence of all the equipment and deal with the shortages and excesses according to the financial regulations.	Instructions have been given to record all receipts in the stock books in future.	Records in inventory books in district offices were made after the year 2023 while purchases before that had not been recorded.
07	A three-member committee consisting of two representatives nominated by the Head of the	2021, 2022, 2023	Offering contract without following formal method has directly	An evaluation by a committee had not been done as projects below Rs. 5 million	New water projects had not been started after the year 2022. Necessary

Department and the Regional Secretary of the area may award water supply project construction contracts to community-based organizations as per Section 3.1 of public Finance Circular No. 01/2012 dated January 05, 2012 and Section 2.1 of Circular No. 01/2021 dated September 29, 2021. Nevertheless, the construction works of 05 water projects in Mathale district with an estimated total value of 48 million rupees had been awarded to Community Based Organizations on the recommendations of the District Officer-in-Charge. Although these 05 water projects were expected to provide water to 970 families, water supply was actually provided to only 377 families and there were no reports confirming that the water was clean drinking water.

affected to failures in projects so necessary disciplinary actions should be taken against responsible officers.

were given to the benefitted Community Based Organization.

disciplinary actions had not been taken to relevant officers that were responsible for offering contracts without following a formal method.

08 In relation to 04 2022 water supply projects implemented in Monaragala district, a total of Rs. 2,195,071 was not completed in 84 works included in the construction contracts and a total of Rs. 777,347 was

It is observed that losses to the government had incurred due to ensuring payments and making payments without proper supervision of

The relevant performance guarantees and advance guarantees are being extended and work is in progress.

Project activities had not been finished. Actions had not been taken for relevant responsible persons according to the financial regulations for paying without

paid for 17 construction works that were half completed or were done contrary to the standards mentioned in the measurement sheets, on the certificate of the district engineers. For one more project, Rs.3,929,236 was paid in advance and no work related to it was done and by March 2023, all the above projects had been abandoned in the middle. Accordingly, the amount of Rs. 17,730,116 that had been spent for that was becoming an idle expense.

these contract activities, the relevant responsible persons should be dealt with according to the financial regulations.

proper supervision.

09 Public funds of 2022 Rs.295,000 had been paid without proof or confirmation of the performance of several works in the contracts given for the construction of 4 dug wells and a water tank in 5 areas of Batticaloa district and Rs.4,148,606 for overpayments for unfulfilled works and over the amount of work done. Before starting these projects, a feasibility study had not been conducted including water condition testing in the respective places and

As it has been revealed in the audits that losses had incurred to the government in this contract work due to the negligence of the officers, necessary disciplinary action should be taken against the responsible officers as per the financial regulations. Also, these constructions should be expedited to fulfill the

Actions have been taken to deduct Rs. 295,000 from retention money and final bills and informed the contractor to complete the not completed works promptly.

Projects had not been finished and actions had not been taken as per Financial Regulations and Establishment Procedure for the officers that incurred losses to the government by overpayments.

it was confirmed in the water sample tests that the condition of the water in 03 wells that had been constructed was below the expected level and unfit for use. Accordingly, it had been revealed that the officials related to these water supplies have been very negligent in dealing with losses to the government.

drinking water needs of the people in those areas.

10	Although 9½ years have passed since the cabinet approved the bill for the establishment of the National Community Water Supply Department, the bill had not been adopted by the end of the year under review. Therefore, the department did not have the legal background to carry out the tasks mentioned in the cabinet paper related to starting the department.	2021 2022 2023	Should form legal background needed to formalize the activities of the Department by expediting to pass the act.	This draft bill had been forwarded to state minister for observations.	The act had not been passed so far.
11	The Department had awarded contracts for the construction and installation of 80 Nano Filters under the annual budget provisions in the year 2021, and only 25 had been built and completed by the audited date of 31	2022	Disciplinary action should be taken against the responsible officers in accordance with the financial regulations and the contract works which have been	Have made the constructions by altering the plans.	Activities of 30 nano filters had not been finished. Actions had not been taken according to Financial Regulations and Establishment Procedure for losses made to the

December 2022, and a total of Rs. 120,718,050 had been spent by that date. In relation to this, as revealed in the sample audit conducted on 05 Nano Filters that were proposed to be constructed in Monaragala district, although the construction has been stopped in the middle without extending the contract period as per 8.14.1 of the Procurement Guidelines, there has been no arrangement to collect the late fees and encash the performance guarantee, total amount of Rs.7,385,602 had been paid on the basis of false certificates given by the technical officers while the construction was done contrary to the standards mentioned in the approved measurement sheets related to the construction.

stopped in the middle of the construction should be completed promptly, since the loss to the government due to the informality and carelessness of the officers in the procurement process, as well as the failure to fulfill the needs of the people who are expected to benefit from the work being done in a proper standard.

government.

12	The National Water Supply and Drainage Board had carried out geological investigations to construct 4 tube wells in 4 selected villages domain in Monaragala district with a total	2022	The loss caused due to this informal contract work should be dealt with according to the financial regulations and the construction of 04 tube-wells	A water project can not be finished within a short period of one year. Future activities are planned by giving new estimates in this year.	The project had not finished and actions had not been taken according to Financial Regulations for losses made.

expenditure of Rs.183,600 and work had started in the year 2021 and by the audit date of March 2023 only 2 wells had been constructed at a total cost of Rs.1,260,058. The Department had not carried the work of water distribution through the constructed tube wells. Accordingly, including the amount of Rs. 183,600 spent for the above geological research, the total amount of Rs. 1,443,658 spent for this purpose was becoming an idle expenditure.

should be completed promptly and the service should be provided to the people who are expecting benefits.

13	A total of 2022 Rs.28,530,317 was paid to a private contractor for the performance of 14 tasks of the project of providing clean drinking water to 800 families in Menikkadwara and Pallegama villages and the construction of the pump house and sand filter was not done by February 2023. Although more than 03 years have passed since the first phase of this project was started, as of the date of audit, the amount of Rs.28,530,317 spent had become an idle expenditure as the	As stated in the audit observations, necessary disciplinary action according to Financial Regulations should be taken against the responsible officers for negligently causing losses to the government in this contract work and for not providing the service promptly to the people who are expected to receive the	The project is to be operated on the recommendation of the National Building Research Organization.	The project had not been finished so far even Rs.33 million had been spent by March 2024. Actions had not been taken according to Financial Regulations for the officers that had worked making losses to the government.

	project had not been completed.		service.		
14	Contracts related to 4 water projects in Anuradhapura district with an estimated cost of Rs.53,537,675 were awarded to a private company in the year 2021 and the construction should have been completed in about a year. The audit had revealed that the construction of the pump house is only one of these projects had been completed, but the rest of the works had been left unfinished for over a year.	2022	A proper evaluation of the contractor's financial and physical capacity as well as prior work should have been done while awarding the contract. Also, there should be continuous monitoring of the contracts while they are in progress.	Works have been started by extending relevant performance guarantees and advance guarantees.	Projects had not been finished so far.
15	945 water meters were purchased during the year under review with a warranty period of one year for Rs.4,290,300 and as of the audited date of March 2023, the water meters had been idle for more than a year without use. Accordingly, the purchase of those water meters with warranty had become fruitless.	2022	The need should be properly identified and procured and necessary disciplinary action should be taken against the officials who do not understand that it is the responsibility of the officials to use the government money effectively.	New estimates have been made for civil constructions and these water meters will be used after the finishing of these constructions.	Disciplinary actions had not been taken regarding officials that did not made use of government funds effectively.
16	In relation to 5 water supply projects in Batticaloa area and 04 water supply projects in	2022	Management attention should be directed to prevent such irregularities	Had not mentioned the	These projects had not been finished even by September 2024.

Monaragala area, contracts were awarded at a higher value of 24 percent to 29 percent higher than the engineering estimate values, and due to such excesses, the total cost of the contracts had been increased by Rs. 14,463,172.

Accordingly, as per the instructions in paragraph 4.3 of the procurement guidelines, preparing the engineering estimates will not achieve the expected objectives and the cost spent for the same had become useless.

during contract evaluation and awarding and to avoid losses to the government.

17	It was planned to construct a water tank at an estimated cost of Rs.1,665,984 under the second phase of providing water to 500 families in Ranugalla area of Monaragala and the contract was awarded for Rs.2,314,123 and Rs.462,824 had been paid in advance. It was decided to suspend the construction of the tank due to technical issues on 17 November 2021. For the construction of the first phase of this project, the sum at that time was Rs.6,147,244 had	2022	Project implementation should be done with proper study and planning and for that there should be proper supervision of the relevant officers. The losses incurred to the government due to failure to do so should be dealt with as per the financial regulations.	Estimates are being prepared for the third stage of the project.	Not done according to the Financial Regulation regarding officers who acted without proper plan.

been spent, but the intended purpose remained unfulfilled till now.

18	In terms of Section 40(1) of the National Audit Act No.19 of 2018 and Regulation No. 128(a,b) and 133 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, an audit division should be established to implement a strong internal control system in the performance of the duties and responsibilities of the Accounts Officer. According to Section 41 of the National Audit Act, Audit and Management Committee meetings should be held properly. However, even though the position of internal auditor was approved in the Department's approved carder, the internal audit unit had not been established to maintain the performance and productivity of the Department at a high level by the end of the year under review.	2022, 2023	The provisions of the National Audit Act should be followed.	A request has been made to the Department of Management Services to revise the post of Accountant Grade II/III as Accountant Grade I for the post of Internal Auditor.	Internal Audit Division has not been established according to the National Audit Act.
19	04 motor vehicles belonging to other organizations worth	2022,2023	Necessary steps should be taken to formally take	These vehicles belong to the Water Supply	Still not taken over by September 2024.

	Rs.10.7 million were included in the transport equipment worth Rs.73 million included in the report on non-financial assets in the financial statements.		over the assets belonging to other organizations that are being used and include them in the financial statements.	and Sanitation Project and the Lunawa Environmental Promotion and Community Development Project and are in the process of being taken over.	
20	Under the foreign grants received by the United Nations International Children's Emergency Fund (UNICEF) for the development of infrastructure in the country, 62 percent that is Rs.2.3 million remained in the year 2022 and 66 percent that is Rs.6.6 million in the year 2023. A significant amount of the allocation received from this fund had been saved annually without being utilized for the related functions.	2022, 2023	Proper attention of the management should be directed to spend this money received as foreign grants for the relevant purposes.	Preventive measures are not mentioned.	The provision of Rs.3 million for the year 2024 has been utilized by now.
21	The Ministry of Housing and Urban Development and the Ministry of Water Supply and Estate Infrastructure Development have allocated Rs.389 million for the implementation of rural water projects and Rs.217 million which was 56 percent of the total allocation was not used in the	2023	The management should work responsibly to utilize the allocations for the given tasks, provided by other ministries and departments for the implementation of rural water projects.	Preventive measures are not mentioned.	As of September 30, only 20 percent of the allocation received from the Ministry of Housing and Ministry of Water Supply and Estate Infrastructure Development for the year 2024 had been utilized.

year 2023.

22	The amount received by the department from other institutions for the implementation of water projects and kept in the deposit account the balance for more than 2 years was Rs.30 million by 31 December 2023 and the completed projects had not been identified and the balances had not been apportioned in accordance with Financial Regulation 571.	2021 2023	Should be act as per financial regulations.	After the completion of the work, the remaining money of all the projects has been credited to the government revenue.	The balance for more than 2 years from retention money of unfinished projects was Rs.10.38 million by 30 August 2024.
23	Government funds were misused by overpaying Rs.1.4 million for the unfulfilled work of 05 water projects built in Balangoda, Pelmadulla, Ayagama and Madampe in Ratnapura district.	2023	Necessary disciplinary action should be taken against the responsible officers to ensure payment for unfulfilled work.	Instructions have been given to the relevant technical departments to prevent overpayments from happening now.	Necessary disciplinary action should not be taken against the responsible officers.
24	Although water quality tests should be done as per Sri Lanka Standards Institute No. 614: 2013 "Specification for Drinking Water" and according to the Cabinet Memorandum No. 17/2014 dated March 13, 2014 related to the establishment of the Department, although water quality tests should	2023	Since the basic role of the department is to provide clean drinking water to the people, the methods introduced for that should be maintained with good supervision.	Informed to Community Based organizations that the water quality should be tested twice a year. Methods are being preparing to use mobile water testing laboratory.	Not working as per planned by September 2024.

be done, according to the physical audit observations, out of the 92 water supply projects that were started and completed in 2019, water quality tests were not done in 12 projects and as of September 2023, the last water test of 05 projects had been done for 04 years earlier. Also, water quality tests were done in 08 projects one year ago, 06 projects 02 years ago, 08 projects 03 years ago and only 28 projects had water quality testing done in the year 2023.

25	The estimated cost of providing clean drinking water to 220 families was started at Rs.7 million in 2019, the construction work of Opalgala Methsith water project in Mathale district was given to 04 community water organizations and although 7 million rupees were spent on the construction of the project, only 5 family units were supplied with water. This project was handed over to the people on October 6, 2020 and it was not confirmed that clean drinking water was	2023	A formal investigation should be conducted on the matters included in the audit observations and disciplinary action should be taken against the officers who are responsible for the related losses.	Actions has been taken to coordinate the officers who registered of disciplinary investigation pool Ministry of Public Administration	Investigation had not been conducted by September 2024.

provided from the beginning. It was reported that the water samples obtained from this were unfit for use when tested by the laboratories of the National Water Supply and Drainage Board. According to the audit and physical inspection, the government had incurred losses by paying Rs.1.2 million for the construction and installation work that had not been completed in this project without inspection.

26	In the year 2021, Kurunegala district had entered into agreements with a private company to construct 09 community water projects with a total estimated value of Rs.78 million. The contract was awarded without regard to the technical ability, adequacy of machinery and previous experience of this contractor. Accordingly, out of the 9 contracts awarded by February 2024, the construction of 6 contracts with an estimated value of Rs.51 million had been abandoned and	2023	A formal investigation should be conducted regarding the irregularity that has taken place in the procurement process and if there is any loss to the government, necessary disciplinary action should be taken against the responsible officials.	Estimates for unfinished works are being prepared and construction is being completed.	Necessary disciplinary actions had not been taken regarding losses incurred to the government to responsible officers.

the contracts had been terminated by mutual agreement and the total amount spent on those contracts was Rs.38 million.

27	Although 3 months to 15 months have passed since the completion of the construction of 3 water tanks built at a cost of Rs.15 million for the Sada Diya Community Based Organization in Kurunegala district and the Rambewa drinking water project by March 2024, the relevant water connection has not been provided after the completion of the project. These tanks had fallen into disrepair after being unused.	2023	Projects should be started according to the existing provisions and necessary steps should be taken to provide water to the people by completing the started projects promptly.	Are to be completed in stages according to the amount of funds received.	Had not been completed even by September 2024.
28	In the Kurunegala district, 19 community water projects started in the years 2019, 2020 and 2021 had not been completed and the beneficiaries could not be supplied with drinking water. As of December 31, 2023, 106 million rupees had been spent on 14 projects. Also, the construction work of 11 community water projects started in the year 2021 in the	2023	Necessary actions should be taken to supply water to public by finishing existing projects while starting projects as per the remaining allocations.	Instructions have been given to complete within two months.	Projects had not been completed by September 2024.

districts of Puttalam, Trincomalee, Mathale, Batticaloa and Galle had been stopped and at that time the amount of Rs.18.6 million incurred by the department for those projects had been idle.

29	In Anuradhapura district, it was planned to install Nano-purification machines for 08 community water projects in the year 2021 and 2022 at a cost of Rs.19 million, out of those projects, the refinery buildings related to 03 projects had been stopped in the middle without completing the construction work for more than 02 years. Accordingly, the total cost of Rs.6.6 million spent by the department had been idle.	2023	Contractors should be selected as per the provisions in the procurement guideline and necessary disciplinary actions should be taken against the officers who had offered contracts without considering the financial and work feasibility of contractors.	Had informed to the relevant company to finish quickly.	Projects had not been completed by September 2024. Relevant disciplinary actions had not been taken against the officers who had offered contracts without considering the financial and work feasibility of contractors.
30	Matara, Weligama Poramba Kananke (South) community water supply project with an estimated value of Rs.56 million was started on November 8, 2019 and the construction work was divided into 08 parts and assigned to the Community based Organization. Due to	2023	Construction works of projects need to be expedite and necessary actions should be taken against responsible officers for extra cost born due to delays.	Investigation activities had been completed.	Actions taken against the responsible officers had not been mentioned for extra cost born due to delays.

the increase in the market prices due to the non-completion of 02 work subjects of the project before the scheduled date, new estimates had to be prepared which were Rs.7 million more than the original estimate. As at December 31, 2023, Rs.27 million had been spent on this project and although 4 years had passed, the project was not completed and the amount spent for it was becoming an idle expense.

31	The number of vacancies in all categories including 18 posts out of 36 senior level approved posts was about 14 percent. However, an excess of 72 employees and 09 employees hired on contract basis for approved positions were also observed.	2023	Necessary actions should be taken to maintain required officers for the functioning of the Department.	Letters had been submitted for filling positions vacant. Requests had been made from Management Services Department to form new posts for excess posts.	Vacancies and excess in posts remain as same due to not receiving relevant permissions.

99. Head - 333 Comptroller General's Office

	Total Assets	Total Liabilities	Equity	Opinion
	Rs.	Rs.	Rs.	
2021	17,255,802	17,255,802	17,255,802	Unqualified
2022	17,593,702	17,593,702	17,593,702	Unqualified
2023	18,637,632	18,637,632	18,637,632	Unqualified

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive Measures taken by the Entity	Current status in that regard
.01	The Comptroller General's Office had been established as per a budget proposal approved by Parliament of Sri Lanka in 2017 with objectives of management of government assets, cost management on assets and monitoring through the central documentation of the all assets of the government. The central documentation of the all assets of government locally and internationally including land, buildings, motor vehicles, ships, aircrafts, and machineries had been identified as a priority task to be performed by Comptroller General's Office. However, even				

though 06 years had elapsed as at 31 December 2023 from the establishment of Comptroller's Office, the Comptroller General's Office could not perform the central documentation including all the above-mentioned assets. The under-mentioned observations are made on status in relation to the central documentation on the assets by Comptroller General's Office as at 31 December 2023.

(i) Even though 1, 773 public institutions (public institutions and public enterprises, provincial councils and local government institutions) on which the information related to central database on non-financial assets of the government should be inserted had been identified as at 31 December 2021, the information on land and buildings had	2023	The action should be taken to fulfill the objectives of the establishment of Comptroller General's Office.	It had been taken efforts to establish this central data system through online information management system since 2017, online Non-Financial Assets Management System (NFAMS) had been established with effect from 01.09.2023 through Assets Management Circular No.06/2023 and the information on vehicles had	The data system which includes information on land and buildings had not been updated up to 31 December 2024.

not been updated in the data system with regard to such institutions by office.

been called as its first module on 01.09.2023.

(ii)	Even though Non-Financial Assets Management System (NFAMS) had been established on 01 September 2023, the information on vehicles had been called only covering that date under vehicle module. However, the information on ships, aircrafts, trains, and passenger transport buses belonging to the government couldn't be entered into the data system so far.	2023	Prompt action should be taken to establish the Non-Financial Assets Management System by calling the information.	-Do -	Under the vehicle module, information relevant to all the vehicles belonging to the government including ships, aircrafts, trains, and passenger transport buses, had not been entered and updated in the data system up to 31 December 2024.
(iii)	Even though it had been informed to submit the information on plants, machineries, constructions, office equipment and furniture through Assets Management Circular No.01/2017 of	2023	-Do-	- Do-	The relevant data system had not been updated even by 31 December 2024 by obtaining information on machineries, constructions and office equipment, from government institutions.

Comptroller General, it couldn't be obtained the information from any institute up to 31 December 2023.

(iv) A method for reporting the information on purchase and disposal of other assets except vehicles by the public institutions to the Office had not been established even up to 04 September 2024.	2023	The steps should be taken promptly to establish the Non-Financial Assets Management System having entered the information on purchase of assets and disposals.	Non-Financial Assets Management System (NFAMS) is an online information system which reports current data and the vehicle module had been implemented as the first module and the action will be taken to systematically implement the other non-financial assets modules.	A strategy was not available to report purchase and disposal of other assets except vehicles, even as at 31 December 2024.
(v) As per the directives given by Committee on Public Accounts on 09 August 2023, a time frame within the time range from 31 December 2023 to 31 December 2025 had been submitted for completion by implementing online data system for each asset for entering	2023	The information system should be updated having immediately obtained the information from the public institutions which had not provided the information.	Progress on the implementation of vehicle module of NFAMS system – Presently, 95 percent of data entry points of the public institutions (public institutions, public enterprises, provincial councils and local	Information on vehicles only had been reported as at 31 December 2024.

data into NFAMS by Office.

Accordingly, even though it had been indicated that the data system will be completed by implementing the vehicle module since 01 September 2023, the information on vehicles of 110 public institutions couldn't be obtained as at 31 December 2023.

authorities) had reported the information.

(vi)	It couldn't be verified the accuracy of the non-financial assets balance mentioned in the government account owing to non-preparation of the central document including the assessment values on all non-financial assets of government by comptroller General's Office.	2023	The prompt action should be taken to prepare the system enabling to accurately show the value of the non-financial assets indicated in the government account.	The vehicle module had been implemented as the first module of Non-Financial Assets Management System (NFAMS) and the measures will be taken to systematically implement the other non-financial asset modules.	The centralized document had not been prepared including the assessed values of all non-financial assets of the government.

.02	As at 31 December 2023, there were 09 vacancies in the office and 06 vacancies out of that existed in the senior level. It was 50 percent from the	2023	The action should be taken to fill the essential vacancies or revise the approved staff for performing the role of the department.	In order to maintain the functions of this office, it is required to fill the vacancies. It had been informed to fill	There were 13 vacancies in the Office as at 31 December 2024.

approved number of
posts.

the vacancies.

100. Head - 334 Department of Multipurpose Development Task Force

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	111,725,148.6	-	111,725,148.6	Unqualified
2022	133,113,115.07	-	133,113,115.07	Unqualified
2023	137,767,817.22	-	137,767,817.22	Unqualified

Se. No	Audit Observation	Year of the report	Recommendation of the Auditor General	Preventive measure taken by the Audited firm	Implementation as at the date of the report
01	Due to reasons such as the demise of officers and vacation of service, there was an outstanding loan balance of Rs. 346,480 continued to exist for more than a year, from employees who are no longer in service in the department as at 31 December 2023.	2023	Action should be taken for prompt recovery of loan balances.	Taking measures to recover the outstanding loan balance.	Steps are being taken to recover the outstanding loan balance of 250,000 through loan protection insurance and Rs. 126,480 from the guarantor. As of 31 December 2023, the entity has been closed.
02	Out of the 34,605 trainees enrolled in October 2020, only 22,306 had completed the third phase of training and fulfilled the payment conditions by 2022, following 06 months of training. However, the	2021 2023	Reasons for not receiving NVQ certificates should be ascertain from those who had not received such certificates, and corrective measures should be taken. Steps to confirm them in their appointments should be expedite.	Steps have been taken to award NVQ certificates to trainees who have completed their training but have not received permanent appointments, as well as to	Although the institution has been closed, while there are still trainees without permanent appointments, the administrative functions of the Multipurpose Development

NVQ Level 3 certificates had not yet been issued to those who successfully completed the training by May 2022. As of 31 December 2023, there were 41 Multipurpose Assistants who had neither received permanent appointments nor obtained NVQ certificates.

grant them permanent appointments. Task Assistant trainees have been transferred under the Director General of Combined Services.

03	Although in 2021 there were plans to provide NVQ Level 3 certification to the trainees after their training and subsequently appoint them to suitable government positions, the number of trainees who dropped out during the training period was 2,470. The monthly expense of Rs. 22,500 paid to these trainees became an idle expenditure. The monthly allowance alone for these 2,470 drop-out trainees amounted to 55.58 million. In 2022, under Phase 1 of the One Hundred Thousand	2021 2022 2023	As the expected objectives of the department cannot be achieved due to the dropout of trainees, appropriate measures should be taken to minimize such departures. The reasons influencing trainees to drop out should be identified, and remedies should be implemented.	No measures had been taken to minimize the departure of trainees	There is a number of Multipurpose Assistants who have not completed their training, as well as those who have completed their training but left the institution. As the institution is closed, accurate data has not been presented to the audit

Jobs program, 34,605 appointees recruited in 2020 participated in a NAITA training program, of which 1,592 had dropped out at the end of the training. Under Phase 2 of the One Hundred Thousand Jobs program, 3,544 Elephant Fence Maintenance Assistants participated in a training program at the NAITA institute, of which 94 dropped out at the end of the training. In 2022, under the One Hundred Thousand Jobs program, there were 38,375 trainees recruited as of 31 December 2022. The expenses of Rs. 22,500 paid monthly to each of the trainees who dropped out became unproductive expenditure. The monthly allowance for these 7,317 drop-out trainees amounted to Rs. 164.63 million. By 2023, 8,841 of the recruited trainees had dropped out for various reasons, representing

23percent of the total number of recruited trainees.

04	The officers who were required to provide surety according to Financial Regulation 880 of the Democratic Socialist Republic of Sri Lanka had not provide such securities.	2022	Action should be taken in accordance with Financial Regulation 880 of the Democratic Socialist Republic of Sri Lanka.	No measures were mentioned.	No measures were stated, and the institution is currently closed
05	A record of liabilities had not been maintained as per the Financial Regulation 214.	2023	According to Financial Regulation 214, a register of liabilities should be maintained in a way that allows for inspection.	A register of liabilities was maintained in a computer spreadsheet.	No action had been taken, and the institution is closed.
06	It is the responsibility of the Chief Accounting Officer and the Accounting Officer to ensure that an effective internal control system for the financial control exists in the Department 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. Those reviews should be done in	2023	Action should be taken in accordance with the provisions of Section 38 of the National Audit Act No. 19 of 2018.	While an effective internal control system for financial management of the department was established, maintained, and periodically reviewed, with necessary alterations implemented to ensure its effectiveness, no actions were taken to maintain those reviews	No actions were taken to maintain it in writing, and the institution is closed.

writing and a copy thereof should be furnished to the Auditor General. Nevertheless, no statements had been made to the Audit that such reviews had been done.

in writing.

07	By 2023, the total number of trainees who completed training was 34,727 comprising 31,463 in the first phase and 3,264 in the second phase, for which a total of Rs. 114,008,194 had been paid. However, as of December 31, 2023, only 23,024 multipurpose assistants had been appointed. Although a period of 04 years had lapsed since the implementation of the "One Hundred Thousand Jobs" program in 2020, there were 3,178 assistants in the interviewing stage without being appointed whereas there were 3,207 assistants waiting to be appointed/nominated. As of 31 December 2023, there were 6,385 multipurpose development work	2023	Action should be taken to finalize the relevant work and grant permanent appointments to the assistants who are at the interview stage and those who are yet to receive appointments/nominations. Furthermore, immediate action should be taken to grant permanent appointments to the multipurpose assistants who have not yet received them.	Even though action was taken to grant permanent appointments, appointments were not granted to all multipurpose assistants.	Although action had been taken to grant permanent appointments, it was not possible to grant permanent appointments to all multipurpose assistants. As the institution was closed on by 31 December 2023, the administrative functions related to the multipurpose development task force trainees have been transferred to the Director-General of Combined Services.

assistants who had been temporarily attached to the institution but had not yet been recruited to permanent service.

08	The vacancy percentage across all levels, from senior to junior positions, in the approved staff of the year 2021, ranging from 25percnet to 100percnet, has become an obstacle to the smooth functioning of the department. It was observed that the vacancy of two administrative officer positions, 15 out of 20 information and communication technology assistant positions, and 23 out of 30 management service officer positions hampered the department's daily operations. In 2022, vacancy rates in the approved staff, from senior to primary levels, ranged from 28 percent to 100 percent.	2021 2022	Attention should be focused on filling vacancies to improve performance.	No action had been taken.	No action had been taken, and the institution was closed on 31 December 2023.

101. Head - 335 National Education Commission

	Total Assets	Total Liabilities	Equity	Opinion
	Rs.	Rs.	Rs.	
2021	47,494,100	33,250	47,460,850	Qualified Opinion
2022	46,186,098	50,050	46,136,048	Qualified Opinion
2023	47,241,739	52,950	47,188,789	Unqualified Opinion

Audit Observation	Year of Report	Recommendation	Preventive measures taken by audit institutions	Implementation status of recommendation
The commission's office premises were maintained in a building in Nugegoda with a 10,000 square feet for a monthly rent of Rs.650,000. But due to the establishment of the Commission's office in Bandaranaike International Conference Hall premises with 4,748 square feet with a monthly rent of Rs.1,424,400 from 01 July 2021. An additional cost of Rs.7,184,596 had to be incurred annually.	2021 2022	While entering into service contracts, management should make decisions to enter into the most effective and profitable service contracts, considering the competitive rates prevailing in the market.	Arrangements were made to hand over nearly 1,000 square feet acquired in the premises of the Bandaranaike Conference Hall until this institution is established in another suitable location with lower rental cost and the lease agreement of 2023 is being revised.	So far no action has been taken as per the recommendations.

102. Head - 336 Merchant Shipping Secretariat

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	-	-	-	-
2022	139,626,119	134,585,889	5,040,230	Qualified
2023	102,640,388	98,545,880	4,094,508	Qualified

Se. No	Audit Observation	Year of Report	Recommendation	Preventive measures taken by audit institutions	Implementation status of recommendation
01	A Memorandum of Cabinet of Ministers was presented to move the office to a new building due to the collapse of the Merchant Shipping Secretariat's old building and accordingly, it had been determined that expenses should be managed in the overall provision of the year. Similarly, even though it had been stated in the Finance Regulation 94(1) that commitments and liabilities shall be incurred only if there is provision in the annual estimates, commitments and liabilities had been entered into for Rs.9,938,532 in 11 cases for excess of the provisions in contrary to the said regulations.	2023	The Secretariat should take actions in accordance with the provisions of F.R.94 (1).	Memorandum of Cabinet of Ministers has given approval to manage within the overall provision as far as possible and supplementary provisions may be made if required.	Supplementary provision had not been got approved.

02	i.	Although the 2022 Annual Procurement Plan should be prepared and got approved by the Chief Accounting Officer as per the Paragraph 04 of Public Finance Circular No.02/2020 dated 28 August 2020, an Annual Procurement Plan for the years 2022 and 2023 had not been prepared.	2023	The Secretariat should take actions to prepare the Annual Procurement Plan as per circular provisions and obtain the approval of the Chief Accounts Officer.	Responsibilities have been assigned to the officers who are required to prepare the Procurement Plan and to submit it to the Accounting Officer.	A Procurement Plan had not been prepared and got approved from the Secretary of the Ministry for the year 2024.
	ii.	A Human Resource Development Plan had not been prepared as per the Public Administration Circular No.2018/02 dated 24 January 2018.	2023	The Secretariat should take actions to prepare a Human Resource Development Plan as per circular provisions.	Responsibilities have been assigned to the relevant officers.	The Human Resource Development Plan had not been prepared for the years 2023 and 2024 as per the provisions of the Circular.
	iii.	The Citizen Client Charter introduced had not been prepared and implemented in terms of the Public Administration Circular No.05/2008 dated 06 February 2008 as amended by Circular No.05/2018/(1) dated 24 January 2018.	2023	The Secretariat should take actions to prepare the Citizen Client Charter as per circular provisions.	Responsibilities to be implemented have been assigned to the relevant officers.	Actions had not been taken to prepare the Citizen Client Charter.
03		Although the Activity Plan prepared according to the	2023	The Secretariat should take actions to prepare	Responsibilities have been assigned to	The Secretariat had not taken actions to prepare

		priorities based on the approved Budget for the year, the implementation Time Line, approved revenue collection action plans for the Revenue Heads and the expected Output/Outcome of those activities should be included to achieve the Vision Mission and Objectives in terms of Guideline No.12 as per Para 03 of Public Finance Circular No.02/2020 dated 28 August 2020, a formal Action Plan had not been prepared accordingly.	the Annual Action Plan in a formal manner as per approved budget based on priorities as per Public Finance Circular instructions.	prepare the Action Plan to the relevant officers. The Action Plan will be prepared by the Ministry and the information related to our office for that has been submitted to the Ministry.	the Annual Action Plan in a formal manner.
04	i.	Although the 2023 Action Plan should contain the organizational structure of the institution, approved staff, current staff, capital requirement plan for annual activities and Internal Audit Plan, those matters had not been included in the Action Plan.	The Secretariat should take actions to prepare the Annual Action Plan in a formal manner including all the matters to be included as per the instructions of the Public Finance Circular.	All the relevant documents and reports have been prepared for this and instructions have been given to include those reports in the Action Plan.	The Secretariat had not taken actions to prepare the Annual Action Plan in a formal manner.
	ii.	According to the 2023 Draft Annual Report of the Merchant Shipping Secretariat for the year 2023, although 12 main tasks, 4 short-term	The Secretariat should take actions to include the main tasks included in the Draft Annual Report as well as long-term and short-term plans	Instructions have been given to include the relevant plans into the Action Plan by now.	The Secretariat had not been taken actions to prepare the Action Plan by including long-term and short-term plans.

	plans and 03 long-term plans had been given as future plans, due to the fact that those key tasks and plans were not included in the Action Plan, it was impossible to check the performance of the Secretariat.	and to prepare the Action Plan.		
05	A sum of 2023 Rs.79,279,747 had been spent during the period from 2017 to 2021 for the construction of the Sub-office of the Merchant Shipping Secretariat in Kayts, Jaffna and the Circuit Bungalow and the Slipway Project and a feasibility study had not been conducted before the construction and maintenance expense of Rs.3,466,187 had also been incurred for the years 2022 and 2023 and it has become an idle asset at present. Since no actions had been taken to properly allocate the Circuit Bungalow to the applicants from the year 2020, it has become an idle asset and a revenue receivable to the government had been lost.	The Secretariat should take actions to take assets on lease basis as per a formal procedure.	Officers have been instructed to implement the Auditor General's recommendat ions. Actions are being made to provide it to external parties on long term lease basis.	Actions had not been taken to deploy in a productive activity.
06	The main machine of the Jaffna Slipway Project experienced a	2023 Actions should be taken to identify those responsible	Steps have been taken to protect the	Although the management should prepare

damage of Rs.2,088,808 in the year 2020 due to the natural Buravi Cyclone and the Government had to bear the entire loss due to the failure of the management to obtain warranty and damage insurance to minimize the loss. Likewise, actions had not been taken to identify the officers responsible for this in accordance with F.R.104 and to act accordingly and to adequately disclose it in the financial statements of the year under review.

and submit company's advance plans to preliminary and assets from prevent natural full reports in now on. disasters, it had terms of F.R. 104 . According to not been done so. the paragraph c of F.R.102(2), it is stated that damage and loss caused by flood lake banks, culverts, bridges, roads, railways and buildings etc. are not counted under losses and damages. Accordingly, since the damage caused to the Jaffna Slipway is such damage, it has not been included in the Register of Losses and Damages.

07 An Internal Audit had not been conducted in terms of Finance Regulation 133 of the Democratic Socialist Republic of Sri Lanka and in terms of Section 40 (1) of the National Audit Act No. 19 of 2018 and that responsibility had not been properly covered by the Ministry's Internal Audit Division in terms of F.R. 133 (b) and as per Management Audit Circular DMA/01-2019.

2022
2023

The Secretariat should take actions to conduct a proper internal audit as per F.R.133 and circular.

To carry out activities as per the recommendations of the Auditor General.

Formal internal audits had not been conducted in the Merchant Shipping Secretariat and the Merchant Shipping Secretariat had also not been included in the Internal Audit Plan 2024 of the Ministry.

08 i. Details of approved, actual and vacant staff are given below as at 31 December of the year under review.

2022
2023

The Secretariat should take actions to maintain human resources optimally and efficiently.

Although the relevant approvals to recruit for professional executive positions in the naval sector were obtained and advertisements were published twice in national newspapers, no one had submitted applications for that. Therefore, arrangements are being made to recall applications. Written and verbal

Actions had not been taken to maintain the human resources in an optimum levels.

Type of employee	Approved No.	Actual No.	Number of vacancies
Senior	25	10	15
Tertiary	04	01	03
Secondary	66	48	18
Primary	30	14	16
	<u>125</u>	<u>73</u>	<u>52</u>

Sixty per cent of senior level employees and 53 per cent of primary level employees in the Secretariat had remained in vacant.

notices have already been given to the Ministry of Public Administration to fill up the existing vacancies at tertiary, secondary and primary levels. Accordingly, the Ministry of Public Administration is systematically assigning officers by now.

09	ii. A Scheme of 2022 Recruitment had not 2023 been prepared and got approved for the recruitment of 11 officers in relation to 07 posts including the Director General of the Secretariat in terms of Paragraph 34 of the Procedural Rules published by Special Gazette No. 1589/30 dated 20 February 2009 of the Democratic Socialist Republic of Sri Lanka and Paragraph 38 of the Procedural Rules published by Special Gazette No. 2310/29 dated 14 December 2022 .	The Secretariat should take actions to prepare and get approved formal Scheme of Recruitment as per the circular.	The post of Director General is an appointment of Cabinet of Ministers. Formal Scheme of Recruitment have been prepared and approved for 4 posts. Nevertheless preparation of Scheme of Recruitment for the other two posts are being done now.	Actions had not been taken for the preparation of Scheme of Recruitment. .

103. Financial Statements of the Government

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Opinion
2021	2,838,018,184,276	17,817,028,444,958	(14,979,010,260,682)	Qualified
2022	4,873,546,457,604	27,350,908,982,178	(22,477,362,524,574)	Qualified
2023	5,840,717,133,216	28,639,816,557,056	(22,799,099,423,840)	Qualified

Se . No	Audit Observation	Year of the repor t	Recomme ndation of the Auditor General	Preventive Measures taken by the Entity	Current status in that regard
.01	Even though the surplus or deficit of the year under review and other retrospective adjustments should be included in the opening balance of the General fund shown in the statement of changes in equity/net assets prepared based on accounting principles, the statement of changes in equity/net assets had been prepared including variations in the net asset adjustment account during the year under review and removing the balances to be set off with the Consolidated Fund. Due to this, although the cumulative net foreign exchange gain of Rs.1,572,718 million on the conversion of the foreign loan balances, the domestic loan balances in foreign currency and on-lending balances to be adjusted in the statement of financial performance into local currency, was included in the statement of changes in equity/ net assets, the basis for the same had not been properly disclosed by the accounting policies or notes. Nevertheless, if that adjustment was made, correctly the revenue deficit of the year under review could have been reduced by Rs. 1,572,718 million. Due to the preparation of the statement of change in equity /net assets in this manner adjustments made to financial and non-financial assets during the year under review, adjustments made in relation to loan balances and corrections of errors had been indirectly adjusted to the statement of change in equity /net assets. Therefore, it was observed that users of financial statements are not able to get a clear understanding about it.	2023	The statement of change in equity/ net assets should be prepared based on accountin g principles	Since the balance of the General Fund consists of the totaling of the balance of the Consolidated Fund and the balance of the Net Asset Adjustment Account, the changes in the Net Asset Adjustment Account during the year under review had also been adjusted to the General Fund.	This situation was observed as at 31 Decemb er 2023.

.02	Even though it had been stated that the statement of financial performance shows how the financial deficit of the year under review has been financed under the notes to the financial statements of the government (Note to Readers), the statement of financial performance of the year under review prepared on the basis of the financial reporting requirement did not indicate how the financial deficit has been financed.	2023	The financial statements should be prepared so as to reveal the accurate information to users of financial statements.	The relevant correction will be made in the financial statements of the government for the year 2024.	This situation was observed as at 31 December 2023.
.03	Even though the deficit of Rs.2,172,190,285,821 arising from the statement of financial performance and the deficit of Rs.1,650,857,019,989 arising after deducting the recurrent expenditure from the total income of the statement of budget performance and financing the deficit are different to each other, both the deficits were presented under the same name as revenue deficit.	2023	Financial statements should be prepared and presented in a manner that does not confuse users.	The statement of financial performance and the statement of budget performance and financing the deficit are not 02 statements prepared for 02 purposes and revenue deficit should be defined according to the purpose of the respective statement.	-Do-
.04	Assets and liabilities included in the statement of financial position had not been classified as current and non-current. Due to this, financial statement users and interested parties could not get a clear understanding of the amount of external liabilities to be paid by the government in the coming year.	/2023 2022/ 2021	The financial statements should be prepared so as to reveal the accurate information to users of financial statements.	Financial statements of the government are not prepared on accrual basis and accordingly assets and liabilities are not classified as current and non-current.	-Do-

.05	The value of Rs.515,895,718 received from the realization of non-financial assets in the year under review had been accounted as income without removing the cost of the assets from the books, in contrary to the accounting principles.	2023	Since statement of financial performance is introduced on the accounting basis, transactions and events should be accounted in accordance with accounting principles.	The accounting policy currently in use regarding the sale of non-financial assets and accounting for the relevant sale value is clearly disclosed in the Statement of Accounting Policies.	-Do-
.06	Provision for depreciation had not been made according to the Prudence Accounting Concept by systematically allocating the depreciable value for non-financial assets totaling Rs.882,576 million throughout their useful life except for lands, work-in-progress in the financial statements of the Government. Moreover, residual value and useful life of these assets should be reviewed at least at the end of each financial year. However, action had not been taken accordingly. Accordingly, the fair value of these assets is not represented in the financial statements. As such, the opportunity of getting a specific understanding of the carrying amount obtained after deducting accumulated depreciation and accumulated impairment losses of these assets, if any, had been lost by the users of the financial statements of the government.	/2023 2022/ 2021	-Do-	Financial statements of the government are not prepared on accrual basis and accordingly accounting of depreciation is not provided on assets.	-Do-
.07	Even though the total value of non-financial assets in the financial statements of the government as at 31 December 2022 was Rs.2,093,287,997,716, this balance relevant to the year under review as at 01 January	2023	Components of financial statements should be	It is the responsibility of the chief accounting officers of	-Do-

	2023 was Rs.2,017,866,940,344. Accordingly, a difference of Rs.75,421,057,372 was observed between the closing balances of the previous year and the opening balances of the year under review in non-financial assets.		properly identified and accounted for only after verification.	each reporting entity to properly account for non-financial assets and the required instructions had been given.	
.08	Even though a value of Rs.385,393,946,314 under purchase of physical assets or acquisition of construction and other investments had been stated in the cash flow statement of the financial statements of the government, the relevant assets had been increased by Rs.377,486,249,808 only as per the financial statements. Accordingly, a difference of Rs.7,907,696,506 was observed.	2023	-Do-	Proper answer was not received.	-Do-
.09	Even though the capital premium payment amounting to Rs.609,482,108 for leased vehicles in the year under review should be stated as a cash outflow under financing activities in the cash flow statement, it had been stated as a cash outflow under investing activities.	2023	The cash flow statement should be prepared in compliance with Accounting Principles.	Proper answer was not received.	-Do-
.10	A sum of Rs. 25,501,817,303 was included as grants in the cash flow generated from financial activities in the cash flow statement included in the financial statements of the Government. Nevertheless, the said value comprised receipts of materials and equipment valued at Rs. 11,208,048,717 as grants without cash inflow.	/2023 2022	-Do-	-Do-	-Do-
.11	The foreign exchange gain or loss resulting from the conversion of the financial assets (Monitory Assets) denominated in foreign currency into local currency should be adjusted to the statement of financial performance according to the accounting principles. However, the cumulative value of	2023	These adjustments should be made to the statement of	It was noted to include in the financial statements and to change the relevant account's	-Do-

	Rs.57,388,881,470 that has arisen in that way, without making adjustments to the statement of financial performance in the respective years, had been accounted to the foreign debt revolving fund and continued to be presented as a fund account in the statement of financial position. This was not in accordance with the accounting principles, and it was observed that it was not a statutory or non-statutory established fund.		financial performance prepared on the accounting basis.	name appropriately	
.12	The value of Rs.1,028,542,891 transferred to the government from the profit of the Central Bank of Sri Lanka, which was not accounted in the year 2022, had been accounted during the year under review in contrary to the periodic concept.	2023	Financial statements should be prepared in accordance with basic accounting principles.	The relevant officers had been made aware as per the recommendation of the Auditor General.	-Do-
.13	A sum of Rs.1,167,945,184 calculated on the basis of the unutilized loan balances relevant to 39 foreign loan agreements, had been paid as commitment fee during the year under review. Even though, that value should be shown under the financial cost of the statement of financial performance, it had been shown under other goods and services	2023	Classification of expenses should be done correctly.	A separate object has not been allocated for the commitment fee paid in respect of loan agreements and the value paid is accounted under expenses for miscellaneous services.	-Do-
.14	As per the financial statements of the government as at 31 December 2023, the balance of advances (8493) of public officers of the central government was Rs.30,720 million, but according to the age analysis submitted to the audit, the balance was Rs.30,516 million. Accordingly, a difference of Rs. 204 million was observed.	2023	Prompt action should be taken to settle the balances and improve the existing	It had been informed to take action to check the annual age analysis reports of all the institutions, follow up	This situation was observed by the end of the year 2023.

			system.	regularly, and to maintain the balances correctly by coordinating the relevant institutions.	
.15	Even though capital contributions amounting to Rs.270,520,862,758 had been stated under investing activities in the cash flow statement of the financial statements of the government, according to note no. 15 of the financial statements, it was Rs.269,386,448,439 and a difference of Rs. 1,134,414,319 was observed.	2023	Capital contributions of the government should be accounted at correct values with the balances of the respective institutions.	Proper answer was not received.	-Do-
.16	During the year under review, under domestic debt restructuring, Sri Lanka Development Bonds valued at USD 788,237,384, the loan amount of USD 85,943,611 obtained from the People's bank in relation to the foreign exchange banks issued under the domestic law of the government, and the treasury bonds which were Rs. 3,204,461,897,219 had been converted into new treasury bonds. Treasury bills with a value of Rs.2,368,416,351,609 purchased by the Central Bank of Sri Lanka and the advance amount of Rs.344,728,000,400 given by the Central Bank of Sri Lanka to the government, had been converted to as new treasury bonds with a value of Rs.2,492,347,352,009 and new treasury bills with a value of Rs.220,797,000,000. Even though cash inflows or outflows had not occurred in these conversions, the cash flow statement had been prepared considering those conversions as cash inflows and outflows.	2023	The cash flow statement should be prepared in accordance with accounting principles to reflect its meaning.	Proper answer was not received.	-Do-

.17	When comparing the CSDRMS 854-1 report of the computer system used to record foreign public debt with the financial statements of the government, the value of unaccounted foreign loans as at 31 December 2023 was Rs.15,823 million. Furthermore, according to explanatory notes 24(II) of the financial statements of the government, the total value of unaccounted foreign loans as at 31 December 2023 was Rs. 17,103.2 million. Accordingly, the value of foreign loans in the statement of financial position as at 31 December 2023 had been understated by Rs.15,823 million due to the existence of unaccounted loan values that have been disbursed in the year under review as well as in previous years.	/2023 2022/ 2021	Accounting for Public borrowing and debt servicing should be formalized.	Recording of obtaining public debt, disbursement and statements are to be carried out by new Public Debt Management Office.	This situation was observed by 31 December 2023.
.18	According to the accounting policy related to the recognition of expenses under material accounting policies of the financial statements of the government, although it has been stated that all the expenses have been accounted in the period in which the payments have been made, it was observed that the expenses incurred using unaccounted foreign loans stated above had not been accounted in the year under review.	/2023 2022	All loans should be accounted and related expenses should be recorded correctly.	Compared to the previous years, there was a progress in the relevant accounting procedures and required supervision is made regularly.	This situation was observed by the end of the year 2023.
.19	Realizations of Rs. 10,645.2 million had been accounted in the year under review relating to 19 types of loans maintained outside the statement of financial position which were realized in the year 2022 or prior years and no disclosures whatsoever had been made thereon in the financial statements of the Government. Accordingly, it was further observed that even though it was realized during the relevant year, certain foreign borrowings had not been accounted continuously during the said year in contrary to the periodic concept.	/2023 2022/ 2021	Debt accounting should be done in accordance with the time period concept.	The disbursements are not confirmed by the relevant Ministry or department in the expenditure year itself and as a result, this condition had occurred. However, the relevant institutions were informed continuously	-Do-

in this regard.

.20	Due to the use of an erroneous exchange rate related to loan number 2016035, that loan value had been understated by Rs.962 million as at 31 December 2023.	2023	Proper attention should be given while converting foreign currency into local currency.	This difference was due to the use of USD exchange rate instead of XDR exchange rate as at 31/12/2023. The relevant officers were informed in writing stating not to repeat in future.	-Do-
.21	According to the CSDRMS 854-1 report, although there is no disbursement related to the loan number 2018003 for the year 2023, it had been stated that € 727,053 has been disbursed as per Note No. 24(II) of the financial statements of the government and Note No. 11 under Budget Performance and Deficit Financing. According to the information submitted by the Department of Treasury Operations, the loan value disbursed in the year 2022 or earlier years and accounted in the year 2023 in relation to this loan amount was only € 335,930. Accordingly, a difference of € 391,123 was observed between the disbursements in the year 2023 in relation to this loan amount.	2023	Borrowings should be accounted correctly in the correct period.	Actions are being taken to make aware the creditors to minimize the delays of receiving disbursement notes. Further, credit balances are checked annually. All the values received had been entered to the system without delay as per the values in the disbursement notes received from the lenders and the pay back entries received from the Central Bank of Sri Lanka. Further, accuracy of	This situation was observed by the end of the year 2023.

data entries is checked with each bilateral creditor in the debt restructuring discussions being held for current unpaid loans .If any non-compliance is revealed, immediate actions are taken to update.

.22	In the CSDRMS 854-1 report, a difference of Rs.30,401 million was observed between the total balances as at 31 December 2022 and as at 01 January 2023 in respect of 23 loan agreements. Accordingly, it was also observed that the correct value of actual loan disbursements during the year under review is not depicted in the Note No. 24(11) of the government's financial statements for the year ended 31 December 2023 and Note No. 11 under Budget Performance and Deficit Financing.	2023	Accounting for Public borrowings and debt servicing should be formalized and arrangements should be made to minimize the delays in the disbursement.	-Do-	-Do-
.23	In the year 2022, when accounting for the loan balances of Rs. 518,293 million relating to 08 types of loans maintained outside the financial statements of the government, the investments or capital grants made by the government corresponding to those loans had not been recognized in the financial statements of the government. Furthermore, as per the Cabinet decision No. MF/PE/001/CM/2023/05 dated 20 January 2023, relevant to the transfer of the loan obtained for the Mattala Airport project that	/2023 2022	Assets acquired through loans should be properly accounted.	Not answered.	-Do-

included in the above loans to the government's financial statements, the Airports and Aviation Services Company be directed to remit an amount equal to the debt servicing amount to the General Treasury in accordance with the loan repayment schedule, and that the Airports and Aviation Services company was supposed to sign a new Memorandum of Understanding (MOU) with the General Treasury in this regard. However, such an agreement had not been submitted to the audit and the loan amount of Rs.29,852 million had not been accounted as on-lending.

24. According to the financial statements of the government and CSDRMS 854-1 report, it was observed negative loan disbursements totaling Rs. 821,115,454 in respect of 04 loan agreements during the year under review.	2023/ 2022/ 2021	The reasons for arising negative loan values should be disclosed in the financial statements and action should be taken to settle those balances.	Reasons for disbursement refunds can be confirmed by the reporting entity through inquiry from Project Director, relevant Line Ministry or expenditure heads. Accordingly, that matter is expected to be stated in the financial statements in future.	This situation was observed as at 31 December 2023.
25. When comparing the Foreign Currency Banking Unit Loan (Project) balances presented in Note No. 24(I) of the financial statements of the Government with the CS-DRMS 854-1 report, a difference of USD 227,823 equivalent to Rs82,724,927. had been observed as at 31 December 2022 and 01 January 2023 in relation to the Loan Agreement No. 2017045. Further, even though a difference of USD 227,823 was observed in the repayments of loans, a difference was not observed in its local currency value. Further, it was observed that an unusual foreign exchange rate of	2023	Accounting for Public borrowing and debt servicing should be formalized	The error indicated by the audit had been rectified in the data system and an internal strategy had been established to recheck the recoded data. To remove the technical error	This situation was observed by the end of the year 2023.

Rs.524.6050 per USD 1 had been used in converting the repaid amount of USD 332,704 into local currency as per the financial statements of the government.

arose here, procurement activities have been commenced to purchase a data management system which accepted internationally having sustainable technical support and the affairs of Foreign Debt Data are assigned to the Public Debt Management Office in future.

.26	Even though detailed information related to domestic debt repayments had been disclosed in the Note No. 14 in the Statement of Budget Performance and Deficit Financing, such note had not been presented in relation to the foreign debt repayment value of Rs.337,296 million during the year 2023.	/2023 2022	Consistency should be maintained in the presentation of information.	Proper answer was not received.	-Do-
.27	When loan balance confirmations sent by the lenders are compared with the financial statements of the Government and 854-1 report of the computerized debt management system, it was observed that loan balances related to 13 and 14 loan types had been overstated and understated by Rs.4,775 million and Rs.5,126 million respectively in the financial statements of the Government.	/2023 2022/ 2021	Loan balances should be regularly reconciled with lending agencies, necessary corrections made after due diligence and	Actions are being taken to make aware the creditors to minimize the delays of receiving disbursement notes. Further, credit balances are checked annually. All the values received had	This situation was observed by the end of the year 2023.

disclosure should be made as required. been entered to the system without delay as per the values in the disbursement notes received from the lenders and the pay back entries received from the Central Bank of Sri Lanka. Further, accuracy of data entries is checked with each bilateral creditor in the debt restructuring discussions being held for current unpaid loans .If any non-compliance is revealed, immediate actions are taken to update.

.28	During the sample test of loan balance confirmation letters received from lending agencies, it had been stated USD 50,793 as fee overdue amount and EUR 92,032 as liquidity fee. However, this was not either accounted or disclosed in the financial statements of the year under review.	2023	Loan balances should be regularly reconciled with lending agencies, necessary correction s made after due diligence and	In view of the policy decision taken by the government to temporarily suspend certain foreign loan payments, a decision will be made regarding the unpaid installments,	-Do-

disclosure interest and
s should penalties of
be made the affected
as loans in the
required. compromise
negotiations
related to the
debt
restructuring
process.

- .29 Considering the disbursement period, even though certain disbursed foreign loans related to the year 2023 were included in the 814-1 report of the computerized debt management system printed on 07 May 2023, it was observed that those disbursements were not included in the said report printed on 17 February 2024. Accordingly, foreign loans balance amounting to Rs.1,290 million had not been accounted for as disbursed loans in the financial statements of the Government.
- /2023
2022/
2021
- Accountin
g for debts
should be
done in
the correct
period.
- Do- -Do-
- .30 As at 31 December 2023, the government had provided Rs.1,124,665,353,761 as capital contribution to 13 state enterprises and that value as at 31 December 2022 was amounted to Rs. 1,047,966,900,772. According to the financial statements of those enterprises, the value of net assets (Total Assets- Total External Liabilities) as at 31 December 2022 had been negative Rs.630,632,144,273. Accordingly, it was observed that these capital contributions have been shown under financial assets in the government's financial statements, but their value has been fully impaired, and the related institutions have reached to a state of being operated under external liabilities. Furthermore, it was further observed that the main reason for this is that the retained profit is negative due to the losses of the respective institutions.
- 2023
- The
financial
position of
the
governme
nt-owned
institution
s should
be
evaluated
in time
and the
decrease
in their
values
should be
properly
included
in the
financial
statements
of the
governme
nt.
- Action will be
taken in the
future to
evaluate the
financial
position of the
government-
owned
institutions in
a timely
manner and to
disclose the
decrease in
their values.
- This
situation
was
observed
by the
end of
the year
2023.

.31	The value of net assets of 05 public enterprises comprising government capital value of Rs.1,019,627,985,708 as at 31 December 2023, and Rs.892,034,785,542 at 31 December 2022, had been Rs.371,771,137,033 as at 31 December 2022. Accordingly, it was observed that the capital contribution value invested in these public enterprises is undergoing impairment.	2023	-Do-	Action will be taken in future to evaluate the financial position of the government-owned institutions in a timely manner and to disclose the required revisions in the financial statements of the government.	-Do-
.32	According to the financial statements of the Government as at 31 December 2022, the value of capital contribution to public enterprises was Rs.2,165,981,657,905, and out of that, Rs.2,121,653,720,125 had been invested in government corporations, statutory boards and state-owned companies. Nevertheless, the total value of the net assets of these business entities had been Rs.1,669,676,388,290 by that date. Accordingly, it was observed that the government's capital contribution related to the above three types of institutions had been impaired by Rs.451,977,331,835 or 21 percent compared to the net assets of those institutions.	2023	-Do-	Action will be taken in future to evaluate the financial position of the government-owned institutions in a timely manner and to disclose the required revisions in the financial statements of the government.	-Do-
.33	In the year 2022, even though a net profit of Rs.117,718,706,426 had been earned by 32 statutory boards in which the government being invested, 36 state corporations and 30 state-owned companies have earned net losses of Rs.804,795,113,607 and Rs.133,722,486,417 respectively. It was observed that a total net loss of Rs.820,798,893,548 had been incurred in relation to the 98 institutions. According to the report of the Central Bank of Sri Lanka, the average annual population in the year 2022 was 22,181,000 and accordingly, it was	2023	-Do-	With the stabilization of the economy through the structural reforms made by the General treasury to the economy recently, considerable number of loss-making	-Do-

further observed that the per capita net loss incurred for the year 2022 in respect of 98 government-owned business institutions was amounted to Rs.37,000.

public enterprises are being transformed to profit making condition. Accordingly, per capita net loss incurred for government-owned business institutions can be minimized in the future.

.34	According to the direct confirmations of balances submitted by 8 public enterprises, the government's capital contribution of those institutions was Rs. 10,803 million as at 31 December 2023, and that balance was Rs. 4,323 million according to the financial statements of the government. As a result, the capital contribution had been understated by Rs.6,480 million in the financial statements of the government at 31 December 2023.	/2023 /2022 2021	Action should be taken to obtain timely balance confirmations and evaluate with state-owned institutions and to take appropriate action and ensure the accuracy of accounts.	Required actions are currently being taken to identify the reasons of the differences and after properly identifying the relevant differences, it is expected to be recorded in the general ledger accounts with a formal approval.	-Do-
.35	According to the direct balance confirmations received from Sri Lanka Institute of Biotechnology Pvt Ltd as at 31 December 2023, it was mentioned that 52,472,573 shares with a price of Rs.10 per share, were owned by the treasury. However, it had been stated in the financial statements of the government that there is a capital contribution of 200,000 shares at Rs.100 per share. Accordingly, a mismatch of Rs.504,725,732	2023	-Do-	This difference has arisen due to the non-recording of the capital contribution given under the capital expenditure object of the	-Do-

in share ownership and capital contribution was observed in relation to that institution as at 31 December 2023.

relevant line ministry in the main ledger accounts and the relevant reporting will be done in this year.

.36	Although the share value as at 31 December 2023 had been Rs. 5,141 million in the calculation made according to the number of shares owned by 02 state companies and according to their nominal value, it had been indicated as Rs. 14,476 million in the financial statements of the Government. Accordingly, a mismatch of Rs.9,335 million in capital contribution was observed in the financial statements of the Government as at 31 December 2023.	/2023 2022	-Do-	It is noted to correct the relevant calculations in Bogala Graphite Lanka PLC. Since loan payable to state banks by Mihini Lanka (Private) Company could not be recoverable and treasury guarantees had been issued by the government for those loans, the annual interest portion of those loans is set off against the levies paid by the state banks to the government and the balance is remitted. Since this amount is for the Mihini Lanka (Private) Company and the capital is the only	-Do-

commitment for the government with this company of which the liquidation process been commenced, that amount had been recorded as capital.

- 37 Although it has been stated that all the transactions related to foreign aid should be carried out by the Department of External Resources of the Treasury according to the State Accounts Circular No. 30/94 dated 20 April 1994, foreign grants totaling Rs. 22,210 million had been directly received for 11 institutions in the year 2023 without making the Treasury aware of that as per the information obtained from an audit test check, and action had not been taken to make provision for those values and to include them in the financial statements. /2023 2022 Action should be taken according to the circular instructions, to act in a good relationship and coordination between the various departments under the Ministry and to take appropriate measures related to the parties who work contrary to it. Legal provisions to deal with full grants have been included in the Public Finance Management Act, No. 44 of 2024. Accordingly, after the approval of relevant provisions, the chief accounting officers will be made aware by this department circulars regarding the procedures to follow with respect to full grants. This situation was observed at the end of the year 2023.
- 38 Even though the payments of Rs.1,439,066 million as loan installments payable in relation to 401 loan agreements since 13 April 2022 to the end of the year under review and /2023 2022 Information that is important to users of It is expected to disclose in the next year. This situation was observed

Rs.673,964 million as the interest of the loans had been suspended according to the policy decision of suspending the payment of foreign loans issued by the Ministry of Finance, Economic Stabilization and National Policies on 12 April 2022, a proper disclosure had not been made in the financial statements of the Government in this regard.

financial statements should be disclosed appropriately.

as at 31 December 2023.

.39	Although the negative value of Rs.990,490,932,444 in the consolidated fund and the negative value of Rs.14,040,298,131,574 in the net asset adjustment account as at 31 December 2021 had been added and Rs.15,030,789,064,018 had been recorded as the General Fund in the statement of changes in equity /net assets, this accounting treatment had not been properly disclosed in the financial statements.	2023	-Do-	In order to reduce the deficiencies of the financial reporting system in the preparation of the financial statements of the government, according to the decisions made by the committee appointed on the recommendations of the Committee on Public Accounts, it was decided to state the total value of the consolidated fund and the value of the net asset adjustment account as the General Fund. In the statement of changes in equity /net assets, the opening balance of the	This situation was observed as at 31 December 2023.

year under review and the changes made during the year, as well as the opening balance and the changes made during the year relevant to the previous years, should be included.

Therefore, the balance of the consolidated fund as at 31 December 2021 and the balance of the net assets adjustment account had been added up and presented.

.40	When presenting the Government equity contribution in the financial statements, it had not been classified as investments made in the listed companies in the Colombo Stock Exchange and unlisted companies. Further, the share ownership value in companies listed in the Colombo Stock Exchange had been accounted on the basis of its nominal value, and their market value as at 31 December 2023 had not been disclosed in the financial statements.	/2023 2022	-Do-	Action will be taken to disclose the market value as at 31 December in the financial statements of the next year.	-Do-
.41	In accordance with Fiscal Management (Responsibility) Act No. 3 of 2003 as amended by Fiscal Management (Responsibility) (Amendment) Act No. 12 of 2021 and Fiscal Management (Responsibility) (Amendment) Act No. 15 of 2013, the maximum liability as of the end of a particular year shall not exceed 80 per cent of the estimated GDP of that year, whereas that	/2023 /2022 2021	Provisions of the Act should be adhered to.	The Fiscal Management (Responsibility) Act, No. 03 of 2003 had been abolished by the Public Financial Management	-Do-

limit had been 104.06 percent as at 31 December 2023. Details are given below.

Liability	Value of Liability as at 31 December 2023* Rs. Billion
-----	-----
Bank Overdraft	80
Advance form the Central Bank	-
Public Debt	29,150
Liabilities not accounted for in the financial statements.	
- Unaccounted foreign borrowings	15
Total Liabilities	29,245
Estimated Gross Domestic Product	28,103
Total Liability as a percentage of estimated GDP (%)	104.06

*The value of the collaterals and the letters of comforts given to banks for loans taken by public enterprises on General Treasury guarantees amounting to Rs. 2,034 billion and Rs.117 billion worth of liabilities according to the statement of liabilities and commitments submitted to the Audit relevant to ministries, departments and special expenditure units have not been included in the above liabilities.

Act, No.44 of 2024. Instead of the previous public fiscal rules, this new Act had introduced public fiscal rules.

Accordingly, even though a public financial rule regarding public debt is not included in this new Act, “ensuring that public debt is reduced to, and maintained at a sustainable level” had been stated as an objective of fiscal management in the Act. Accordingly, steps have been taken to reduce public debts by reducing public debt obtaining requirements through revenue based public financial contemplated efforts by now.

- .42 It is specified in Section 3 (a) of the Fiscal Management (Responsibility) Act, No.3 of 2003 that “The reduction of Government /2023 Provisions of the Act should be The Fiscal Management (Responsibilit -Do-

debt to prudent levels, by ensuring that the budget deficit at the end of the year 2006, shall not exceed five per cent of the estimated Gross Domestic Product for the year and to ensure that such levels be maintained thereafter,” is an objective with responsibility that forms the basis to the financial management which is required to be followed by the Government. Nevertheless, the Ministry of Finance, Economic Stabilization & National Policies had failed to estimate the budget deficit in the year under review in a manner not to exceed five per centum of the estimated Gross Domestic Product and to maintain the actual budget deficit so as not to exceed five per cent of the GDP. Details appear below.

Estimate d GDP	Budget Deficit		Estimate d Budget Deficit as a Percentage of the Estimate d GDP %	Actual Budget Deficit as a Percentage of the Estimate d GDP %
	Estimate d	Actual		
Rs.Billi on -----	Rs.Billi on -----	Rs.Billi on -----	-----	-----
-				
28,103	3,783	2,584	13.46	9.19

2021 adhered to.

y) Act, No. 03 of 2003 had been abolished by the Public Financial Management Act, No.44 of 2024 and this new Act has introduced public fiscal rules based on primary balance and not on budget deficit. Accordingly, it was able to obtain a surplus of 0.6 percent in the primary account in the year 2023 and it is expected to obtain a primary surplus of 0.8 percent in the year 2024 and 2.3 percent since the year 2025.

.43 As per the Financial Regulation 373 of the Democratic Socialist Republic of Sri Lanka, debit balance of Rs.3,782 million remained unsettled in 99 Imprest Accounts of the ministries and departments as at 31 December 2023. Out of this, a balance of Rs.50 million continued to exist over a number of years and no effort had been made to settle those balances even by 31 December 2023.

/2023
/2022
2021

Action should be taken in accordance with the financial regulations.

The responsibility of settling the imprest balance is vested with the relevant institution and this Department's duty is only to supervise those activities. Accordingly,

This situation was observed at the end of the year 2023.

necessary instructions for settlement of this balance have been given to the relevant institutions in writing and many discussions have been held with those institutions.

.44	Foreign grants of Rs.73,426,055 received in the year under review from 07 donors relating to 10 projects, had been returned to the donors without being utilized on the intended purpose.	/2023 2022	Action should be taken to ensure that the foreign grants received by the Government of Sri Lanka are used to the maximum extent for the relevant purpose.	It is expected to follow procedures by the Department of Treasury Operations to prevent such conditions in future.	-Do-
.45	A balance totaling Rs.1,293,506, 349in government approved 07 Treasury advance accounts as at 31 December 2023 had been continuously carried forward over a number of years without being settled.	/2023 2022	Prompt action should be taken to settle the advance account balances that remained unsettled over a long period of time.	Follow up actions are being taken.	-Do-

.46	A balance totaling Rs.9,027,522 in 14 advance accounts of public officers and a negative balance totaling Rs.408,233 under 2 other advance accounts had been continuously carried forward over a number of years without being settled.	/2023 /2022	-Do-	Action is being taken to analyze the old information available in the department regarding these balances, to accurately identify the reasons for being inactive and settle these balances.	-Do-
.47	Paragraph 07 of the Extraordinary Gazette No. 1550/7 dated 22 May 2008 states that a surcharge of US \$ 60 or equivalent amount should be recovered on every passenger ticket issued or sold outside Sri Lanka for flights originating from Sri Lanka irrespective of how the ticket is issued or sold, and the surcharges so collected should be credited to the Consolidated Fund as directed by the Director General of Civil Aviation as per Paragraph 08 of the said Gazette. Accordingly, a sum of Rs. 22,113 million had been collected as surcharges by the Civil Aviation Authority relating to the period from 01 August 2008 to 31 December 2023, but those surcharges had not been credited to the Consolidated Fund. Furthermore, Attorney General's Department had informed the Director General of the Department of Public Enterprises that it is still possible to recover the surcharges and it is a legal liability to credit the surcharges to the Consolidated Fund, by the letter dated 07 April 2017. Nevertheless, action had not been taken even by the date of audit to recover the said surcharge from the Civil Aviation Authority.	/2023 /2022 2021	Plans should be made properly and implemented with respect to the collection of government revenue.	Action had been taken to credit an amount of Rs.1,373,269,517 to the consolidated fund on 10.05.2024 after retaining an amount of Rs.393,000,000 from the foreign sales surcharge income of Rs.1,766,269,517 from November 2023 to March 2024. The Chairman of the Sri Lanka Civil Aviation Authority has informed that, this income will be collected from the airline companies for two quarters of two weeks,	Action had not been taken to recover money relevant to the period from 01 August 2008 to November 2023.

and the money of the second quarter will be received on the 15th day of the next coming month, and accordingly the remittances related to the coming months will be sent before the 20th day of the next coming month after the end of a certain month.

.48	An on-lending balance of Rs.190,789,890,831 remained receivable as at 31 December 2023 as per financial statements of the Government. Due to defaulting on payments contrary to on-lending agreements, an on-lending balance of Rs. 1,316,324,489 remained due over a period of 05 years relating to 03 institutions.	/2023 2022	The on-lending process of the Government, control, and accounting for on-lending agreements should be formalized.	With the implementation of the Public Debt Management Act, No.33 of 2024, on-lending is done only after obtaining recommendations that the debtor is not in a financial difficulty based on a debt risk analysis.	As at 30.09.2024, out of that loan, Rs. 3,866,667 only had been recovered during this year.
.49	The value of interest receivable on on-lending, amounted to Rs.9,439,025,443 as at 31 December 2023 and as per the agreements relating to 03 institutions, the total of interest that remained unpaid over a period of 05 years, amounted to Rs.912,059,388.	/2023 2022	-Do-	-Do-	Interest receivable for on-lending had not been recovered up to

					present.
.50	As at 01 January 2023, the total value of on-lending balances under 4 on-lending agreements, related to 2 institutions was Rs.114,487,221 and out of that, any outstanding balance could not be recovered during the year under review.	2023	-Do-	-Do-	These outstanding on-lending balances had not been recovered by the end of the year 2023.
.51	Supplementary allocation had been provided to the head 130- the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government under the object- supplementary ancillary services and emergency cases liability which is stated in the Clause 6(1) of the Appropriation Act No. 43 of 2022, for the damages caused to the private property of the Members of Parliament due to the crisis situation in the country during the period from 31 March 2022 to 22 July 2022, without making any provision in the annual estimates of the year 2023. It was observed that a total of Rs.1,050,339,626 had been paid as compensation for 41 members of parliament through the said ministry in the year under review.	2023	Action should be taken to identify the assessed compensation in advance and provision should be made through annual estimates.	If there's a possibility for prior compensation assessment relevant to such damages at the point of preparing budgetary estimates for a particular year and indemnity can be delayed until next year, in future, action will be taken to include required provision in this regard, in the budgetary estimates of the next year.	This situation was observed at the end of the year 2023.
.52	In relation to the restructuring of public enterprises, a State-Owned Enterprise Restructuring Unit had been established under the Ministry of Finance, Economic Stabilization and National Policies and it had been operated from 01 December 2022. Accordingly, the following observations were made in relation to the restructuring of public	2023	Action should be taken according to the decision of the Cabinet of	Since the Public Enterprises Reform Act is still under drafting stage, a holding company	This situation was observed even by now.

enterprises.

- (i) It had been decided to establish a holding company as per the Principle 02 of the State-Owned Enterprise Reform Policy and as per the paragraphs 4.2 and 4.3 of the Cabinet Memorandum No. MF/036/CM/2023/107 dated 08 May 2023 which was approved by the Cabinet on 15 May 2023, to transfer 72 entities listed in Annexure 02 and 03 of the Cabinet Memorandum to the holding company for restructuring as its subsidiaries. However, such Holding Company (HOCO) had not been established even as at 31 December 2023.

Ministers. (HOCO) had not been established up to present.

- (ii) Furthermore, out of the 8 institutions listed in Annex 02 of the above memorandum, which were proposed to be transferred to the holding company (HOCO) and restructured, several stages of the bidding process for the divesting process of the government shares under the State-Owned Enterprise Reform Programme had been implemented for 07 institutions by hiring transaction advisors without acquiring by the holding company even up to present. It was observed that one of the institutions under this had been temporarily suspended on the advice of the Attorney General.

2023

-Do-

The divesting process of the government shares of 07 public enterprises selected under the priority of the government then, had not been completed up to present. Relevant activities had been completed up to discussion level with regard to Hilton hotel and final stage of calling proposals with regard to Lanka Hospital Corporation Ltd.

-Do-

.53	The introduction of an integrated treasury management information system (ITMIS) to automate treasury operations had been commenced in the year 2010, and the estimated cost of the total investment in this regard was amounted to US\$ 60 million equivalent to Rs.7,920 million. As at 31 December 2023, 13 years had elapsed approximately and as per the information received to audit, the 13 basic main activity areas expected to be implemented by this system had not been fully developed and implemented despite an expenditure of Rs.5,647 million been incurred. However, it was observed that, according to the agreements entered regarding the ITMIS system as at 31 December 2023, a sum of Rs.43,887,382 and US\$ 989,103 were still remained payable to the service providers as at 31 December 2023.	2023	Since, it has been delayed already, prompt action should be taken to fully develop and implement the system.	08 main processes of the system had been implemented for 164 out of 172 expenditure heads of the government relevant to ITMIS expansion. Covid pandemic, instability of the country due to social and financial crisis, distraction of electricity and transport services, studies done by internal and external specialists/committees regarding the system, etc. were caused for the delay. Since all 5000 user licenses purchased according to the initial agreement had been used by now, system integration of the remaining institutions above, had been delayed. The Ministry has discussed with the	It was revealed that the ITMIS system is not fully operative even by now.

service provider to obtain the remaining licenses required without any additional expense and it is expected to receive the licenses at the beginning of the next year after updating the operation and maintenance agreement of the system.

54.	In the year 2016, another payroll management system called e-Payroll had been introduced only to the Ministry of Finance without installing and implementing the salary management activity area which was expected to be implemented since the beginning of the ITMIS system, and an expenditure amounting to Rs.5,704,871 had been incurred for that as at 31 December 2023.	2023	Implement ation of a payroll manageme nt system for the entire public sector should be expedited with special attention to economy and efficiency.	The e-payroll salary management system established according to the decision to obtain another software for payroll management for the entire public sector in the policy meeting of the Ministry held in April 2016, is currently being implemented as a test run in the Ministry of finance and treasury departments.	The e- payroll salary manage ment system had been introduc ed only to the Ministry of Finance and treasury departm ents even by present.
.55	According to the age analysis of advances (8493) of government officers submitted as	2023	Prompt action	It is the responsibility	Long term

at 31 December 2023, the balance between 5 and 10 years to be recovered from officers who have transferred to the institutions of provincial councils, officers who have been permanently released for corporations, boards and provincial councils, dead officers, retired officers, suspended officers, officers who left/ terminated the service, officers employed on secondary basis, officers on expatriate/domestic leave and others, was amounted to Rs.112,939,218 and the receivable balance over 10 years was amounted to Rs.277,066,082.

should be taken to settle the balances and improve the existing system. of the Chief Accounting Officers and Accounting Officers of the respective institutions to follow the provisions in the Establishment Code, financial regulations and existing circulars and settle these loan balances. Follow up actions are being taken regularly by calling the progress of those institution on a quarterly basis, checking the recovery progress of loan balances and providing necessary technical advices. unsettled balances were observed even by the end of the year under review.

- .56 By the end of the year 2022, the current ratio relevant to 17 state-owned enterprises remained in a weak condition. In particular, it was observed that the current ratio of Sri Lankan Airlines is at a very low value of 0.15. Accordingly, it was further observed that these public enterprises have a high risk of facing liquidity difficulties.
- 2023 The financial position of the government-owned institutions should be evaluated timely, taken The limited financial space had been negatively affected for increasing the investments in state-owned enterprises. However, action had been taken to This situation was observed by the end of the year 2023.

proper action and the decrease in their values should be properly disclosed in the financial statements of the government. give required funds situationally to manage the liquidity difficulties faced by the state-owned enterprises.

.57 By the end of the year 2022, it was observed a high debt to equity indicating a levered condition in respect of 16 state-owned enterprises. In some institutions, the long-term debt to be paid was higher than the government's capital. Further, public enterprises were observed where the government's capital contribution was negative and those institutions were financed entirely by long-term debt. Accordingly, it was further observed that all these institutions are facing a high financial risk as well as a severe risk of going concern.	2023	-Do-	Reforms are being done since the year 2023 to minimize the financial risk of public enterprises and as a result, it was possible to bring the levered situation in the enterprises to a good condition.	-Do-
.58 According to the financial statements of the government, during the year under review, the increase in capital contribution of state-owned enterprises was Rs.241,651 million, of which Rs.34,090 million, or 14 per cent, was in the form of recurring nature which consisted of money released from the General Treasury to individual institutions for payment of loans, loan interest and payments of salaries and wages.	2023	As there is no increase in the capital contribution of the institutions through incurring recurring expenses, a proper method should be followed for that.	All these institutions are fully owned by the General Treasury. Accordingly, the Treasury should provide the necessary financial contribution for the existing working capital problems or other recurring	-Do-

			expenses of those institutions.	
.59	According to the financial statements of the government, capital contributions of Rs.176 million were made for 05 state-owned enterprises during the year under review, but there was no change in the number of shares held by the General Treasury.	2023	Prompt action should be taken to obtain the share certificate s related to the investment in shares made by the government.	Relevant subject officers had been made aware to obtain the share certificates promptly. This situation was observed by the end of the year 2023.
.60	The proposal No. (a), (b), and (c) of the Cabinet Memorandum No.MOF/DG/LAD/CO/142/2017 and dated 30 October 2017 regarding the liquidation of Mihin Lanka (Private) Company had been approved by the Cabinet decision No.CP/17/2383/733/026-1 dated 08 November 2017. Accordingly, the Secretary to the Treasury had passed a special resolution for the liquidation of the company and according to the request made from the Commercial High Court, a liquidator had been appointed by the Court on 18 March 2018. In such a situation, a sum of Rs. 272 million and Rs.441 million in total amounting to Rs.713 million had been given by the Treasury in the year under review for that company to pay installments and interest for the year 2021 and 2022 respectively in relation to the loans taken by the company from the People's Bank.	2023	In providing funds, the government should minimize the possible disadvantages and the existing conditions should be formally evaluated.	It is noted to discuss with the Department of National Budget to obtain required provisions under a suitable object code to cover up expenses to be incurred in respect of treasury's commitments up to the closure of these institutions completing the liquidation process, and to take future action. -Do-
.61	The number of shares invested in Sri Lanka Telecom was not recorded under accounting note 15 in the financial statements of the	2023	Accuracy of accounts	Due to an omission, the relevant -Do-

	government of year under review and the value was stated as Rs.1,271,480,516. Furthermore, according to the balance confirmation letter received from Sri Lanka Telecom, although the Sri Lankan government's shareholding in Sri Lanka Telecom is 50.23 percent as at 31 December 2023, it was stated as 49.5 percent in the government's financial statements.		should be ensured by obtaining timely balance confirmations from state-owned entities.	number of shares has not been stated, and will be included that value in the future. This difference in percentage occurred due to a mathematical error in calculating the relevant percentage and is noted it for future correction.	
.62	According to the government's financial statements, the increase in the capital contribution of state-owned enterprises during the year under review was Rs.269,386 million, of which Rs.228,771 million or 85 percent had been increased due to equity investments made in the Ceylon Electricity Board and Sri Lankan Airlines Limited under restructuring of balance sheets as per the decision of the Cabinet of Ministers No. 23/1812/604/118-1 dated 26 September 2023.	2023	As the government may be affected by a financial problem due to the government taking over the identified liabilities of the state-owned enterprises, a proper system should be established to settle those liabilities.	Agreed and noted. The balance sheets of these institutions should be restructured according to the programme of the International Monetary Fund. This one-day transaction had been done in parallel to that.	-Do-
.63	Even though the General Treasury had entered into agreements to obtain foreign grants from 01 January 2019 to 31 December 2023 with 13 foreign donor agencies in	2023	Action should be taken to obtain the	Delay in the procurement activities, interruption to	This situation was observed

different currencies with aggregated values of Japanese Yen 984,000, EUR 134,810,000, USD 58,417,841, Korean Won 400,000, Chinese Yuan 2,000,000,000 and Rs.4,545,750, evidence was not presented to the audit even as at 31 December 2023 that those foreign grants had been received.

full foreign grants that are entered into agreement s and make arrangements to use them for the purpose as much as possible. works due to Covid pandemic, not utilizing the loan and grant proceeds properly by the relevant institutions due to non-completion of debt restructuring activities, administrative deficiencies of the institutions implementing projects and delays of credit institutions have been affected in general for non-disbursement of foreign grants as expected. However, it is expected to take all the efforts by this Department in the future period to obtain a high contribution to the economic development of the country through the maximum utilization of grant funds. by the end of the year 2023.

.64 Although it was informed to the audit that due to the temporary suspension of loan 2023 Additional costs As per the interim policy This situation

	payments, the commitment fee has not been paid on the unused balances related to those loan agreements from 12 April 2022, it was further observed in the audit that there is a risk of having to pay a normal commitment fee or higher value due to delay in payment, on the unused balances related to these loans.	related to suspension of loan payments should be identified in advance and appropriate strategic solutions should be provided	declared by the Sri Lankan government to apply when suspending the payment of several loans, the affected foreign debt servicing had been temporarily suspended since 12.04.2022. Accordingly, it will be discussed regarding unpaid commitment charges and penalty interest loan balances in the compromise negotiations related to the debt restructuring process.	is observed even by now.
.65	According to Financial Regulation 85 (2) (b), The Revenue Accounting Officer should only inform the Department of Fiscal Polices to revise the revenue estimate, and hence, lack of accountability was observed in estimating revenue realistically as a revenue estimate already approved by Parliament had been allowed to be revised without consent of the Parliament.	/2023 /2022 2021 Estimates should be prepared by accurately assessing the revenue, attention should be brought in revising them as to how the budget deficit will be financed	The answer given is not relevant.	It was not stated clearly in this regard even in the Public Financial Management Act, No.44 of 2024.

and the ability to amend revenue estimates approved by Parliament without formal parliamentary approval should be limited.

66	As per the financial statements of the Government of the year under review, it was observed that treasury guarantees valued at Rs.115,977.35 million issued on 10 occasions to external institutions and letters of comfort valued at Rs.28,838.4 million issued on 10 occasions had expired by 31 December 2023 and action had not been taken to extend their validity period.	/2023 2022	The process of issuing treasury guarantees and letters of comfort should be maintained formally and updated.	With the implementation of the Public Debt Management Act, No.33 of 2024, treasury guarantees are issued only after obtaining recommendations that the debtor is not in a financial difficulty based on a debt risk analysis.	This situation was observed by the end of the year 2023.