

Sabaragamuwa Provincial Council -2024

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sabaragamuwa Provincial Council for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance and cash flow statement for the year then ended and notes to the financial statements , including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154 (3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 23 (1) of the Provincial Councils Act, No. 42 of 1987 and provisions of the National Audit Act, No. 19 of 2018. The Summary Report was issued on 30 May 2025 in terms of Section 23(2) of the Provincial Councils Act and provisions in Subsection 11(1) of the National Audit Act, No. 19 of 2018. The Detailed Management Audit Report was issued on 27 June 2025 in terms of Sub-section 11(2) of the National Audit Act. This report is presented to Parliament in pursuance of provisions in Article 154(6) of the Constitution and Subsection 10 (1) of the National Audit Act and a copy of the report is submitted to the Governor for tabling at the Provincial Council in terms of Section 23(2) of the Provincial Councils Act, No. 42 of 1987.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion Section of this report, the financial statements of the Sabaragamuwa Provincial Council give a true and fair view of the financial position of the Sabaragamuwa Provincial Council as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

	Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommnedation -----
(a)	According to the audit of the financial statements of the institutions under the Sabaragamuwa Provincial Council for the year under review, non-current assets valued at Rs. 235,085,806 pertaining to 08 Ministries/Departments had been understated in the accounts. Accordingly, the value of non-current assets shown in the fund account of the Provincial Council as at the end of the year under review had also been understated by the same amount.	Action will be taken to account it during the year 2025.	The financial statements should be prepared accurately and proper supervision should be maintained.

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| (b) | <p>According to the credit notices received from the Bank of Ceylon and the People's Bank on 01 January 2025 and 03 January 2025 in respect of the Daily Deposit Management Accounts maintained by the Sabaragamuwa Provincial Council, interest income amounting to Rs. 12,110,550 relating to December 2024 had not been shown as interest income receivable in the financial statements of the year under review. As a result, the deficit had been overstated by the same amount.</p> | <p>It was noted to take action to correct and present it comparatively in the preparation of the financial statements for the year 2025.</p> | <p>The financial statements should be prepared accurately and proper supervision should be maintained.</p> |
| (c) | <p>In Contrary to Financial Rule 429.4 of the Sabaragamuwa Provincial Council, since the year 2017, the receipts of service charges and the related expenditure for providing services had not been identified as income and expenditure by the Deputy Chief Secretariat (Engineering Services), but had been adjusted them through the General Deposit Account. As a result, the accumulated fund as at 31 December 2024 had been understated by Rs. 13,706,684, and the deficit for the year under review had been understated by Rs. 2,450,705.</p> | <p>Discussions had been held with the Provincial Treasury to recognize funds to be received as income and the payments made under it as expenditure in the budget and make allocations accordingly from the year 2026 onwards.</p> | <p>The Provincial Treasury should exercise proper supervision to ensure that the income and expenditure of all Ministries/Departments under the Provincial Council are accurately accounted.</p> |
| (d) | <p>During the year under review, a sum of Rs. 4,575,000 had been provided by the Department of Sports Development of the Central Government to the Provincial Department of Sports Development for the conduct of the 48th National Sports Festival. However, since the expenditure had been incurred under the Department's expenditure head, the deficit for the year under review had been overstated by Rs. 4,575,000.</p> | <p>That the amount had been credited to the Provincial Council revenue from the deposit account on 28 March 2025.</p> | <p>Expenditure incurred from funds received from the Central Government should be accurately accounted.</p> |

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| (e) | Balances of liabilities totaling Rs. 8,552,233, comprising Rs. 7,170,000 from the Department of Sports Development and Rs. 1,382,233 from the Chief Secretariat, had not been identified as liabilities under the statement of commitments and liabilities in the respective financial statements. As a result, the deficit and the accrued expenses in the financial statements of the Provincial Council Fund had been understated by that amount. | The Prize Giving Ceremony had been scheduled to be held in December 2024. Later, it was decided to conduct it in January 2025. Since it was prepared based on the achievements of the National Sports Festival of the year 2024, these expenses had not been included in the Statement of Liabilities. | It should be accounted based on the year in which the liability was incurred. |
| (f) | According to the statement of revenue arrears of the Department of Land Commissioner, as at 31 December 2024, the arrears of long-term tax income amounted to Rs. 62,481,121 and the arrears of annual tax income amounted to Rs. 56,678,907. However, during the sample audit of 04 out of 29 Divisional Secretariat Divisions in the Sabaragamuwa Province, the arrears of long-term tax income amounted to Rs. 76,260,658 and the arrears of annual tax income amounted to Rs. 37,341,461 as at 31 December 2024. Therefore, it was not possible to ascertain the accuracy of the arrears of revenue shown in the financial statements. | Not commented. | <ol style="list-style-type: none"> 1. The Department of Land Commissioner should coordinate with the relevant institutions and maintain accurate information on the value of tax arrears, and correct amounts should be reflected in the financial statements. 2. Relevant action should be taken to promptly recover the tax arrears, and action should be taken against defaulters in accordance with the relevant circulars. |
| (g) | The valuation and accounting of non-current assets of 07 Ministries/Departments under the Provincial Council had not been completed even by the end of the year under review. These assets had not been included in the financial statements of the Provincial Council Fund, and the necessary disclosures had not been made appropriately. | That instructions had been issued to the respective Ministries and Departments to ensure that those assets are accurately valued and accounted before the end of the year 2025. | Action should be taken to value and account the non-current assets. |

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those financial statements are further described under the Auditor's Responsibility section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Management of the respective institutions including the Provincial Treasury is responsible for the financial reporting process of the Provincial Council.

As per Sub-section 16 (1) of the National Audit Act, No. 19 of 2018, the Provincial Council is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable to preparation of annual and periodic financial statements.

In terms of Sub-section 38(1) (c) of the National Audit Act, the Chief Management shall ensure that an effective internal control system for the financial control exists in the Provincial Council and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Responsibility of the Auditor for the Audit of Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards I exercise professional judgment and maintain professional skepticism throughout the audit, I also,

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control of the Provincial Council relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Provincial Council.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with management regarding among other matters, significant audit findings including any significant deficiencies in internal control that I identified during my audit.

1.5 Comments on the Financial Statements

1.5.1 Head 800 - Governor's Secretariat

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
Under the “Governor’s Wellness Programme”, a sum of Rs. 1,080,000 had been spent in two instances during the year 2024 for the purchase of 3,600 spectacles from a private institution located in Kegalle, based on the approval of the Governor, without following the procurement procedure. The stock of spectacles purchased had not been handed over to the stores of the Governor’s Office by the supplier and not issued from the stores, and payments had been made for the invoices without confirming the accuracy of the quantity supplied. Further, as per a signed document presented for audit, 358 spectacles from this stock had been distributed at clinics conducted in the Kegalle District, whereas evidence regarding the distribution of the remaining 3,242 spectacles valued at Rs. 972,600 had not been submitted for audit even up to September 2025.	As it was practically difficult to deploy the officers of this office for the distribution of spectacles, the relevant distribution activities had been carried out by the Coordinating Secretary of the former Hon. Governor, as per the instructions given by the former Hon. Governor. As these goods were purchased for distribution as grants, they had not been handed over to the stores. The relevant payments had been made as per the instructions given by the Hon. Governor.	1. Relevant financial rules/ procurement guidelines should be followed when incurring Government expenditure. 2. Necessary investigations should be carried out to identify the responsible officers in respect of the spectacles which could not be verified.

1.5.2 Head 801 – Provincial Council Secretariat

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
The land on which the Provincial Council Members' official residence had been constructed had not been vested in the Chief Secretary even by 27 June 2025.	In this connection, inquiries had been made from the Deputy Chief Secretary (Planning), and further action will be taken upon receiving a response.	Action should be taken to vest the land.

1.5.3 Head 802 – Office of the Provincial Public Service Commission Head 803 – Office of the Cooperative Employees' Commission

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
According to Paragraph 01 of the Public Administration Circular No. 22/99 dated 08 October 1999, the posts of Chairman of the Provincial Public Service Commission and Chairman of the Cooperative Employees' Commission are not entitled to an official vehicle. Although they are not required to report for duty on a daily basis, transport facilities or allowances may be provided to attend the Commission meetings held a few days each month. However, official vehicle with fuel had been provided to them as well.	Official vehicle had been provided to the Chairpersons in accordance with the instructions given in the letter No.අපක.10/3/17I-II dated 27 June 2007 of the Governor's Secretary.	Accounting officers should act in accordance with the existing circulars and take measures to prevent the misappropriation of assets.

1.5.4 Head 804 – Provincial Chief Secretariat

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) The existence of 10 old vehicles registered under the Department of Motor Traffic in the name of the Sabaragamuwa Provincial Chief Secretary could not be verified, and although it was reported that another 5 vehicles had been auctioned in the years 1993 and 1999, the relevant supporting evidence was not submitted for audit. Furthermore, 04 unserviceable vehicles continued to deteriorate due to the failure to take action for auctioning.	It was reported that the vehicles had been auctioned in 1993, destroyed by fire, had deteriorated, or remained as unserviceable parts, and that information was not available after handing them over for operational duties, and further efforts would be	Officers responsible for safeguarding assets should take necessary action, and investigations should be conducted in respect of vehicles of which existence could not be verified.

made to trace and report the relevant information.

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| (b) | Although, in terms of the Sabaragamuwa Provincial Financial Rule 76.2.5, it is the responsibility of the accounting officer to ensure that assets owned by or entrusted to the Provincial Council are kept securely and adequately safeguarded, due to the failure of the accounting officers to take the necessary measures within the prescribed time period, an amount of Rs. 13,945,278 spent for repairs relevant to accidents of two vehicles belonging to the Governor's Secretariat and the Chief Ministry could not be recovered from the relevant insurance company as insurance claims. | Action is being taken to recover the insurance claim. | Action should be taken to recover the loss incurred to the Government from the responsible parties. |
| (c) | The five-year integrated development plan of the Sabaragamuwa Provincial Council for the period 2019–2023 had been prepared and approved in 2019 at a cost of Rs. 28,353,251 from foreign aid. However, a report on its progress had not been prepared even by 20 July 2025. A sum of Rs. 11,711,620 had been spent on the three main activities of the plan, namely, developing a provincial revenue collection system, developing a web-based system for project monitoring at the Deputy Chief Secretariat (Planning), and preparing a provincial land utilization plan, but those activities had not been implemented. As the remaining activities of the plan constituted routine functions carried out by institutions, the expenditure incurred on the five-year plan exceeding Rs. 28 million had been a fruitless expenditure. | Although the Department of Provincial Revenue and the Deputy Chief Secretariat (Planning) had not fully implemented the relevant systems, training and equipment had been obtained for that purpose. | <p>1. After preparing a five-year development plan, annual action plans should be formulated to implement it, and progress should be reviewed annually.</p> <p>2. Action should be taken to utilize the equipment obtained and operate the systems.</p> |

1.5.5 Head 809 – Department of Provincial Revenue

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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As at the end of the year under review, the revenue arrears amounted to Rs. 111,493,172 and out of that, revenue arrears aggregating Rs. 5,465,896	As at the end of the year under review, the revenue arrears of Rs. 104,870,834, which had existed for a	Revenue arrears should be recovered promptly in accordance with a

represented a balance that had existed over an extended period of 10-23 years, and Rs. 1,156,440 represented a balance that had been outstanding for a period of 05- 10 years.

period of 01-05 years, had been reduced by Rs. 41,355,963 to Rs. 63,514,871.

systematic plan.

1.5.6 Head 810 - Provincial Ministry of Law and Order, Finance and Planning, Local Government, Health, Indegeneous Medicine, Women's Affairs, Cooperatives, Trade and Food, Transport, Estate Welfare, Environment, News, Housing and Construction and Religious Affairs

	Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a)	The Chief Ministry of the Sabaragamuwa Province had incurred a sum of Rs.58,308,411 in the year 2015 for the purchase of 14 compactors without conducting a proper assessment of the requirements of the Local Authorities. These machines had been distributed among 14 Local Authorities in the Sabaragamuwa Province. However, since the machines were not suitable for the roads, they had remained idle without being used.	One machine had been put into use, 03 machines which could not be utilized had been handed over to the Chief Secretary, action had been taken to convert 04 machines into normal trailers and 06 machines had been removed from running.	1. Procurements should be carried out in accordance with actual requirements, and appropriate action should be taken against the officers responsible for inappropriate procurements. 2. Suitable action should be taken by the management regarding the utilization of idle assets.
(b)	According to the Procurement Guidelines of the Democratic Socialist Republic of Sri Lanka- 2006, procurement activities should be carried out. However, contrary to the said Guidelines, the Ministry of Education and the Chief Ministry had awarded 41 construction contracts valued at Rs.472,838,470 to the Development Design and Machinery Authority with the approval of the Governor. Due to the lack of adequate engineers in the Authority, it had also subcontracted the execution of those contracts to external parties.	According to the Provincial Council Financial Rules, the Governor has the authority to instruct that the construction works be entrusted to the Development Design and Machinery Authority, which is managed under the Provincial Council, without calling for bids. Accordingly, action had been taken in terms of that authority.	In terms of Section 32(1) of the Public Financial Management Act, Government institutions should follow the procurement procedure.

- (c) The Chief Ministry had called for bids during the year 2023/2024 for the purchase of 1,500 solar-powered LED street lamps of 90 watts, which can operate continuously for 1 hour and 20 minutes, to give Local Authorities without carrying out a prior assessment of the requirements of the respective Local Authorities. Further, the Procurement Committee and the Technical Evaluation Committee had not properly acted to identify matters such as the submission of two bids by the same bidder, the fact that the selected supplier was not an importer of solar-powered lamps, the submission of forged documents, and the financial capacity of the supplier. Moreover, contrary to Procurement Guideline 8.12.3, the 1,500 lamps had been procured at a total cost of Rs.29,250,000 at Rs.19,500 per lamp on cash basis with a warranty period of 02 years, without carrying out a formal inspection to ensure conformity with the required specifications prior to acceptance of goods. Subsequent to audit inquiries, it was confirmed through laboratory tests conducted by the Faculty of Electrical and Electronic Engineering of the University of Peradeniya that the lamps supplied by the contractor did not conform to the required specifications. Although the street lamps had been distributed to the Local Authorities, they had later been taken back and stored at the Ministry due to their unsuitability. Even though the supplier had been informed in this regard, action had not been taken to take back the lamps or to replace them with lamps conforming to the specifications, up to September 2025.
- As the street lamps supplied were not in conformity with the required specifications, letters had been sent to the supplier on 02 occasions, instructing the supplier to take back the lamps and supply lamps that meet the specifications. The funds obtained from 07 Local Authorities have been retained in a deposit account, to be released only after the supplier delivers the lamps in accordance with the specifications. A letter has also been referred to the Legal Division seeking instructions on this matter.
1. Specifications should be prepared in accordance with the actual requirements.
 2. A proper technical evaluation should be carried out based on the evaluation criteria during the technical evaluation process, and it should be confirmed through appropriate inspections, prior to the acceptance of goods, that the goods supplied conform to the required specifications.
 3. Appropriate legal action should be taken against bidders who have submitted forged documents.

- (d) According to Financial Rule 76.1.1 of the Financial Rules of the Provincial Council of the Sabaragamuwa Province of the Democratic Socialist Republic of Sri Lanka, the Chief Accounting officer is responsible to the Governor through the Chief Secretary for ensuring the adequacy of financial administration in all Departments, Authorities and Institutions under the Ministry. However, action had not been taken by the Secretary of the Provincial Chief Ministry to recover the financial losses identified from the officers responsible and to implement the recommendations of the preliminary investigation report issued in January 2022 in respect of the Development Design and Machinery Authority of Sabaragamuwa, even by 31 December 2024.
- All recoveries that could be made at the institutional level as identified in the preliminary investigation have been recovered by the Development Design and Machinery Authority. Further, in respect of Recommendation No. 23, action will be taken in accordance with the judgement of the case pending before the Ambilipitiya Magistrate's Court. With regard to Recommendation No. 52, the Board of Directors has approved that recoveries be made either from the salaries or from the gratuity amounts, after receiving the report of the appointed committee.
1. The Chief Accounting Officer should perform his duties in accordance with the Financial Rules, and the identified financial losses should be recovered without delay.
 2. Appropriate control mechanisms should be established and maintained to strengthen the internal control system of the Authority.
- (e) According to the Circular on Public Expenditure Management No. CA/1/17/1 dated 14 May 2010 of the Secretary to the President, the Chief Minister had been paid monthly fuel allowances amounting to Rs.9,850,170 for 1,700 litres in respect of 03 vehicles from 2014 to September 2017. However, in accordance with the decisions of the Cabinet of Ministers of the Sabaragamuwa Provincial Council No. 2014/60 and 2014/61 dated 02 July 2014 taken based on incorrect recommendations, the Chief Minister had been approved fuel allowances of 1,500 litres monthly from the Development Design and Machinery Authority and 1,500 litres monthly from the Road Passenger Transport Authority. Accordingly, a total of Rs.5,319,864 had been provided from the Development Design and Machinery
- The approval had been granted on 02 July 2014 to the cabinet paper presented with the certification of the Secretary to the Chief Ministry and the recommendation of the Deputy Chief Secretary (Financial Management) in response to the undated request letter of July 2014 from the Chief Minister. In the event that any loss has been caused to the Government, action is being taken to conduct an investigation in accordance with the Financial Regulation 104.
- Disciplinary action should be taken against the relevant officers who have violated circular provisions.

Authority and Rs.5,329,112 from the Road Passenger Transport Authority from July 2014 to September 2017. Thus, the total fuel allowance of Rs.10,648,976 had been paid, exceeding the approved fuel limit to the Chief Minister. However, the Former Chief Minister had credited Rs.10,649,476 to the Provincial Council Fund on 21 October 2025.

1.5.6.1 Development Construction and Machinery Authority of Sabaragamuwa

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
A total amount of Rs.7,732,141, due from 02 debtors exceeding Rs. 01 million, which remained outstanding over a long period of time, had not been recovered even by the end of the year under review.	Action is being taken to recover the outstanding debts.	Action should be taken to promptly recover the outstanding debts.

1.5.6.2 Sabaragamuwa Road Passenger Transport Authority

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) Although a cab of the Authority met with an accident in March 2022, the investigation in this regard had not been completed even by 15 May 2025. Further, responsibility had not been determined in respect of the loss of Rs.594,200, which was not covered by insurance.	At present, the preliminary investigation activities relating to this cab are being completed.	The investigation should be completed promptly, and the loss should be recovered from the responsible parties.
(b) As at 31 December 2024, the outstanding log sheet income amounted to Rs.9,451,725, of which Rs.7,425,050 represented the arrears due from 108 buses over a period of 13- 53 months. Action had not been taken to recover these amounts.	At present, procedures have been established to recover these outstanding balances, and action is being taken to submit some of the balances to the Board of Directors for write-off from the accounts.	1.The maximum amounts recoverable should be recovered. 2.A proper procedure should be followed and written off from the accounts with formal authorization.

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| (c) | Outstanding entrance fees of Rs.4,097,450 had arisen from 70 buses for inter-provincial entry, of which Rs.3,892,700 related to 49 buses and had remained outstanding for a period of 13- 70 months. | At present, procedures have been established to recover these outstanding balances, and action is being taken to submit some of the balances to the Board of Directors for write-off from the accounts. | -Do- |
| (d) | The Road Passenger Transport Authority had not taken action to recover fines and surcharges amounting to Rs.1,358,350 levied on 138 buses during the period from 2020 to 2024. | At present, procedures have been established to recover these outstanding balances, and action is being taken to submit some of the balances to the Board of Directors for write-off from the accounts. | Fines and surcharges levied should be recovered promptly, and there should be no opportunity to write off the arrears of road inspector fine income and surcharges indicated. |
| (e) | A total of 48 officers had been recruited in excess of the approved number for the positions of Officer-in-Charge, Management Assistant, Station Officer, Driver, Timekeeper, and Watchman. | Although the recruitments were carried out under the authority of the previous Minister or Governor, the 48 employees had performed duties for the institution. Since the scheme of recruitment has been approved by the Department of Management Services from September 2024, action will be taken accordingly in the future. | As per the letter No. DMS/SG/0505 dated 16 January 2024 of the Department of Management Services, disagreement had been expressed regarding the approval of the excess posts. Therefore, disciplinary action should be taken against those responsible for retaining employees beyond the approved number. |
| (f) | In terms of Section 26 of the Road Passenger Transport Service, Charter No. 01 of 1994 of the Sabaragamuwa Provincial Council, 08 officers had been recruited for the staff during the period from 01 January 2022 to 31 March 2024 without obtaining the approval of the Board of Directors, which is the appointing authority (approval of the Authority). | Since the scheme of recruitment has been approved by the Department of Management Services from September 2024, action will be taken accordingly in the future. | An investigation should be conducted regarding the recruitments carried out without approval. |

1.5.6.3 Pinnawala Iperanigama Theme Park

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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According to Section 02 of the Pinnawala Iperanigama Theme Park Charter, No. 01 of 2016, the Institution had been established to achieve 12 objectives of the Theme Park. However, by the end of the year under review, out of those 12 objectives, 07 objectives had not been achieved.	Action will be taken in the future to implement conference programmes and field visits for the protection of future heritages.	Action should be taken to achieve the objectives that have not been fulfilled so far.

1.5.7 Head - 811- Provincial Department of Health

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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Although the Public Circular No. 01-18-2020(1) dated 27 December 2021 issued by the Secretary to the Ministry of Health had specified the required facilities to be available at Primary Hospitals of Grades A and B, Balangoda and Karawanella Primary Hospitals had been classified as Grade A Primary Hospitals, while Eheliyagoda, Kolonna, Kalawana and Warakapola Primary Hospitals had been classified as Grade B Primary Hospitals in the Sabaragamuwa Province. However, all the required facilities had not been provided to those hospitals.	The main reason for the failure to provide the required facilities to the Primary Hospitals of Grades A and B was the inadequacy of the required human resources. Although requests had been made from time to time to revise the cadre of these hospitals in accordance with the criteria of the Ministry of Health and the requests of the Province, a shortage of medical officers existed due to the migration of specialist doctors in the recent past.	Necessary steps should be taken expeditiously to provide the physical and human resources required for the hospitals.

1.5.8 Head - 812- Provincial Department of Ayurveda

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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The Department of Ayurveda, together with Ayurvedic hospitals and central dispensaries, possessed approximately 17 acres of land. However, action had not been taken to identify suitable medicinal plant varieties and cultivate	Issues such as the insecure nature of cultivating medicinal plants with economic value, not owning the right to the land, difficulties in maintenance, and lack of time for making recommendations and	Appropriate projects with feasible solutions to the identified issues should be prepared and implemented

them on the lands belonging to hospitals that had not been utilized for medicinal cultivation, nor to estimate the annual medicinal requirements of the hospitals and cultivate suitable medicinal plants accordingly.	raising awareness on medicinal cultivation due to annual transfers of medical officers to different institutions were observed.	expeditiously to utilize the idle hospital lands effectively for medicinal cultivation.
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1.5.9 Head -813 – Provincial Department of Cooperative Development

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
Loans amounting to Rs. 2,350,000 granted to 04 cooperative societies by the Cooperative Development Fund during the period from the year 2002 to 2018 had been defaulted by the respective societies. As at 08 May 2025, a total balance of Rs. 3,165,078 including interest was recoverable from these societies.	The loans of cooperative societies under inactive level, can be recovered following a final examination. The matter has been referred to the Governor for approval to write off the interest. Once the intended liquidation process for the societies is completed, recovery of the loans will be possible.	Action should be taken to recover the loans granted by the Fund within the stipulated period.

1.5.10 Head- 820- Provincial Ministry of Provincial Road Development, Rural Infrastructure, Tourism and Sports and Youth Affairs

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
The work item of laying stacked soil, which was covered under paid expenditure object of 21 playground development projects implemented under the supervision of the Kolonna Pradeshiya Sabha based on the provisions of the Provincial Roads Ministry during the years 2016 and 2017, was included as an additional work item, and a total of Rs. 5,928,010 had been over-estimated and paid for 38,872 cubic meters of soil. However, even up to the year under review, action had not been taken to recover the excess payments made, and disciplinary action had not been completed against the responsible	Disciplinary actions are currently ongoing.	The loss incurred to the Government should be recovered, and disciplinary action should be taken against the officers who performed duties negligently.

officers. Furthermore, in the year 2017, the Provincial Roads Ministry had incorrectly paid Rs. 17.87 million for projects executed by the Embilipitiya Pradeshiya Sabha, and Rs. 4.16 million had been spent ineffectively on 03 projects. As at the end of the year under review, action had not been taken to recover the mispaid amounts or to complete disciplinary proceedings.

1.5.11 Head 821- Provincial Department of Sports Development

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
The Governor's approval had been obtained through letter No. CS 03/01/අ.ක.මාර්ග -2024 dated 24 June 2024 to provide a special financial aid for the purchase of shoes for athletes representing the Sabaragamuwa Province for the 48th National Games. However, in contrary to that, vouchers were erroneously prepared showing that Rs. 204,000 had been paid as an allowance to 24 Mallowapora athletes at Rs. 8,500 each, and Rs. 800,000 to 40 football players at Rs. 20,000 each and forged documents had been submitted. However, in June 2024, the Department of Sports Development had purchased shoes and distributed them directly to the athletes without following the procurement procedures, and no cash payments had been made.	Action will be taken to submit responses to this audit query after conducting a formal investigation.	As it has been observed that forged documents have been prepared, appropriate disciplinary actions should be taken against the relevant officers, and if any financial loss has occurred, necessary recoveries should be made.

1.5.12 Head 830- Provincial Ministry of Social Welfare, Probation and Child Care Services, Rural Development and Rural Industries

1.5.12.1 Provincial Social Services Fund

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) According to Section 06 (iv) of the Charter No. 04 of 1994 pertaining to the	A project report has been prepared in the year 2024 and	Measures should be taken to fulfil the

establishment of the Sabaragamuwa Provincial Council Social Services Fund, the Fund may be utilized to provide assistance for nutrition, health, and educational purposes to underprivileged and differently-abled children. However, in the year 2024, any Divisional Secretariat had not granted educational assistance, and only two Divisional Secretariats had provided nutritional support to two beneficiaries. Accordingly, the public of the Sabaragamuwa Province had not adequately benefited from the Provincial Social Services Fund.

approval of the Governor has been obtained. Accordingly, actions will be taken to implement the proposed activities from the year 2025 onwards.

intended objectives of the Fund, and proper supervision over its operations should be exercised by the Chief Accounting Officer / Accounting Officers.

- (b) According to Regulation 24 of the Regulations prepared and approved under the powers conferred by Section 7 of the Charter establishing the Social Services Fund, relief may be provided to individuals in extremely poor families who do not receive assistance under any other aid or welfare scheme. However, surveys had not been conducted by the Social Services Officers of the Province to identify such families who do not receive any form of assistance.

It is expected that, in future, identification of families not receiving any form of assistance will be carried out by obtaining the necessary data at Divisional Secretariat level.

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1.5.13 Head 831- Provincial Department of Industrial Development

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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According to the annual estimates, the Department of Industrial Development is entrusted with functions such as providing necessary support for the protection and promotion of traditional handicrafts, extending assistance and encouragement, training youth and facilitating self-employment, uplifting small industrialists and craftsmen, conducting industrial surveys and establishing new industries, organizing exhibitions, and motivating industrial entrepreneurs. However, adequate attention had not been paid to the implementation of these functions.	Measures such as conducting handicraft competitions to encourage and uplift traditional handicraft artisans and appreciate them, and providing market opportunities have been implemented.	Attention should be focused on fulfilling all functions assigned to the Department.

1.5.13.1 Industrial Development Authority

	Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a)	The land on which Balawinna precast concrete yard is situated has been utilized by the Industrial Development Authority since the year 1990. However, ownership of the land had not been formally transferred to the Authority even by 2025.	This land lot has been requested from the Godakawela Divisional Secretariat. However, the transfer has not yet been completed. It is expected that another request will be made in the future and actions will be expedited to secure the transfer.	Actions should be taken to transfer the ownership of the land.
(b)	By May 2025, 04 Development Officers and 18 Labourers had been deployed at the Balawinna precast concrete yard. However, its cadre had not been approved despite approximately 35 years had elapsed since its establishment.	Even though it had been requested from the Department of Management Services to approve a cadre since 2021, it has not yet been approved. The new Board of Directors will submit the request along with a rationalization report in the future.	The cadre should be approved.

1.5.13.2 Establishment and Administration of Textile Industrial Workshops

	Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
	It was observed that there was an excess of handloom machines compared to the available staff in the Department's handloom institutions and a significant proportion of the workforce are overaged, with 175 out of 282 workers being above 55 years of age. The Department has not taken measures to attract young industrial workers. Furthermore, 02 handloom centers located in the Kegalle and Ratnapura districts have remained inactive, resulting in underutilization of buildings and equipment valued at Rs. 4,128,000 and land valued at Rs. 2,400,000 for a long period.	The Department has participated in awareness programs conducted through Divisional Secretariat offices to recruit new industrial workers and has carried out awareness activities accordingly.	Immediate measures should be taken to ensure the continuous operation and sustainability of the handloom industry.

1.5.14 Head 832 - Provincial Department of Probation and Child Care Services

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
The three-storey Counselling Centre building for the Muruththettuwa Boys' Remand Home, constructed at a cost of Rs. 17,095,205, was opened on 26 September 2019. However, it had not been put to use even by the end of the year under review.	This Centre generally accommodates fewer than 15 children, and in some instances fewer than 10, making it unnecessary to transfer them to another centre for counseling. At present, it has been proposed to establish a saloon on the ground floor for residential children to follow a "Saloon" course.	1.The building plans should be prepared based on a study of the optimal utilization of the buildings. 2.Management should ensure that benefits comaparative to the expenditure incurred are obtained.

1.5.15 Head - 840- Provincial Ministry of Education, Information Technology and Cultural Affairs

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) The Borala Schools' Agricultural Training Centre was established to achieve 10 primary objectives. However, during the 18 years from 2006 up to the year under review, only 2 of these objectives had been achieved. Furthermore, it was observed that 26 school programs were conducted over 26 days, and training for 11 students was carried out for the NVQ final examination from 01 April 2024. It was observed that plans were not made to conduct programs throughout the year, indicating that management attention had not been sufficiently focused on utilizing the institution optimally.	It is expected that programs will be organized through the Provincial Department of Education and Zonal Education Offices, and the training activities will be commenced accordingly.	Measures should be taken to ensure that the Training Centre achieves its intended objectives.
(b) Under the General Education Modernization Project, according to Clause 05 of the contract for the procurement of book cupboards, the goods should have been distributed before 28 November 2023. However, distribution had not been completed even by 05 April 2024. Accordingly, although a delay charge of Rs. 306,577 was payable under the contract, it had not been recovered.	Not commented.	Delay charges should be recovered in accordance with the terms of the contract.

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| (c) | According to the relevant bid documents and contract agreements, computer chairs, computer tables, teacher chairs, and steel teacher tables were to be delivered to schools within the stipulated time period. However, in 06 schools examined by the audit, the delivery of equipment was delayed. Consequently, delay charges of Rs. 972,497 which has to be recovered under the contract, had not been recovered. | The supplier had informed that it was not possible to deliver the computer chairs, computer tables, teacher chairs, and steel teacher tables by the stipulated date and requested an extension of time. Accordingly, the delivery period was extended up to 30 December 2023, and therefore there is no basis for recovering delay charges. | 1. Delay charges should be recovered in accordance with the contract terms.
2.If payments have been made without considering the delay, actions should be taken to recover the resulting loss to the Government from the responsible officers. |
| (d) | Activity rooms for Mathematics and English were established and handed over for student use in 30 schools. However, for the reopening activities, expenditures of Rs. 639,465 had been incurred on items such as commemorative plaques, newspaper advertisements, and entertainment costs. | The Hon. Governor highlighted the need for the public of the province to be informed about the investments made by the Provincial Council. Accordingly, instructions were issued to this Ministry, with the approval of the Chief Secretary, to make the relevant payments for newspaper advertisements. Therefore, the above expenses were incurred under the administrative costs of the project. | Public funds should not be spent in a manner that is unproductive or fruitless. |
| (e) | In the Dehiovita Education Zone, there was no adequate water facilities for both students and teachers in 49 schools accommodating students ranging from 3 to 924. | The matter has been reported to the Provincial Ministry of Education. | Immediate measures should be taken to fulfill the basic requirements of all schools. |

1.5.15.1 Sabaragamuwa Early Childhood Education Development Authority

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) Although the primary responsibility of the Authority is the registration, regulation,	It is noted that the primary criterion for registration had	The Authority should intervene to ensure

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| and | supervision of all early childhood development centres in the Sabaragamuwa Province, out of 1,500 pre-schools as at 31 December 2024, registration had not been renewed for 519 pre-schools where the relevant pre-school teachers had not completed the Diploma course, which is a key criterion for consideration for the year under review. Furthermore, formal action had not been taken regarding these pre-schools. | not been met, which is the pre-school teachers not having completed the Pre-School Diploma course. Required instructions have been issued to fulfill this criterion by now. | that the registration of pre-schools is renewed. |
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| (b) | In accordance with the National Policy on Pre-School Education, during the implementation of tasks by Provincial authorities and the execution of provincial plans for policy enforcement, decisions taken and their status should have been reported through the Pre-School Education Advisory Committee to the National Coordination Committee on Early Childhood Care and Development. However, such reporting had not been carried out. | At present, the relevant matters have been highlighted at the National Committee as a province. However, based on the audit observations, steps are being taken to report these matters in writing to the National Committee from this year onwards. | Decisions taken during the implementation of provincial plans should be reported to the National Coordination Committee. |
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| (c) | The Department of Management Services had approved a total of 05 posts for the Authority by the letter No. DMS/SG/05/1 dated 06 September 2019, comprising 01 senior-level post, 02 secondary-level posts, and 02 primary-level posts. However, action had not been taken to fill these posts and 04 Development Officers and one Director continued to serve on an acting basis. | This matter will be presented at the next meeting of the Board of Directors, and necessary actions will be taken to make a decision regarding it. | Action should be taken to prepare a scheme of recruitment for the approved cadre, to recruit the staff, and enhance the efficiency of the Authority. |
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1.5.16 Head 841- Provincial Department of Education

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a)	In terms of Paragraph 5.6 of Chapter XIX of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, the economic rent charged from official residences belonging to the Dehiovita Zonal Education Office had not	Steps are being taken to revalue all official residences.	Economic rent should be assessed periodically and collected accordingly.

been revised over a period exceeding 05 years, and the old economic rent continued to be collected.

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| (b) | A total of Rs. 15,569,045 had been paid for 77 work items relevant to renovations of 32 schools and a Divisional Education Office under the supervision of 04 Zonal Education Offices. However, during the physical verification conducted by the audit, it was confirmed that payments exceeding by Rs. 1,212,697 had been made. These excess payments had not been identified by the respective technical officers, and they had certified the accuracy of the measurements. | Action has been taken to recover the excess payments. | 1.Measures should be taken to streamline the final bill certification process.

2.Disciplinary action should be initiated against officers who certified the excess payments. |
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1.5.17 Head 850- Provincial Ministry of Lands, Provincial Irrigation, Agriculture, Animal Production and Animal Health and Fisheries

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
There was no data system existed within the Ministry for ornamental fish entrepreneurs in the Province. Furthermore, attention had not been given to development needs in the ornamental fish industry, mechanisms for awareness of assistance projects, or criteria for selecting beneficiaries. As a result, although 190 entrepreneurs who obtained aquatic management licenses in the Sabaragamuwa Province in the year 2024 had been registered, only 17 beneficiaries had received assistance amounting to Rs. 1,549,592 out of the Rs. 3,500,000 allocated for the year under review.	Instructions have been issued to the Assitant Director (Planning) to prepare a list of criteria in collaboration with the National Aquaculture Development Authority and to update and maintain the existing computerized data system accordingly.	Annual allocations should be utilized efficiently to achieve maximum benefits.

1.5.18 Head - 851 – Department of Provincial Land Commissioner

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) A 20-perch land lot at Mirishena Mukalana in Samagipura, 182 C Grama	Not commented.	Since the communication

Niladhari Division, Muwagama Pothgul mountain, Ratnapura Divisional Secretariat Division, had been released to a private company for the construction of a communication centre subject to obtaining long-term lease approval by the Ratnapura Divisional Secretary on 03 January 1995. However, although 30 years have elapsed, action had not been taken to collect long-term lease rent for this land lot.

company has utilized the land lot for commercial purposes, long-term lease approval should be obtained and lease rent should be collected accordingly.

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| (b) | A 2.161-hectare portion of government land, identified as land lot No. 05 in ඉ.පි.ක.2868, Yatiyantota Divisional Secretariat Division, had been leased to the Independent Television Network Ltd. on 22 March 2002 for the construction of a broadcasting centre. However, the Independent Television Network had defaulted paying lease rent since 2008, resulting in an outstanding lease rent of Rs. 10,189,120 as at 31 December 2024. | Not commented. | The outstanding lease rent should be recovered either in installments without further delay. |
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1.5.19 Head 852 – Provincial Department of Agriculture

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
The Marukwathura Estate, primarily cultivating coconut and assigned to the Provincial Department of Agriculture in 2020, has continuously reported financial losses since 2021 and in 2024, the estate incurred a financial loss of Rs. 13 million. Attention had not been given by the Chief Accounting Officer and the Accounting Officer to improving the estate's financial performance to generate profits for the Provincial Council Fund. Accordingly, the cumulative loss as at 31 December 2024 amounted to Rs. 21,506,096. Furthermore, in July 2025, 600 coconuts valued at Rs. 78,600 from the harvest were not included in the estate harvest records and transferred by the Estate Manager to the Office of the	Not commented.	Measures should be taken to identify the reasons for the financial losses of the estate, adopt new technologies and equipment, provide training to workers, and ensure full utilization of underutilized estate land in order to increase revenue.

Deputy Director of Agriculture, Kegalle, without revenue collection, as observed during the audit. This indicates that the estate's coconut produce was being mismanaged and has been a significant factor contributing to the substantial financial losses. Additionally, out of the total estate area of 33 acres, only approximately 27 acres had been utilized.